

UNIVERSITY OF ECONOMICS IN BRATISLAVA
FACULTY OF BUSINESS MANAGEMENT

Registration number: 104300/I/2025/36146475406354948

ENTRY MODE OF THE COMPANY INTO FOREIGN MARKET

Diploma Thesis

2025

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UNIVERSITY OF ECONOMICS IN BRATISLAVA
FACULTY OF BUSINESS MANAGEMENT

Diploma Thesis

Study program: General Management

Study branch: Economic and Business Management

Department: Department of Management

Mentor of the bachelor's Thesis: Ing. Katarína Procházková, PhD.

BRATISLAVA 2025

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ZADANIE ZÁVEREČNEJ PRÁCE

Meno a priezvisko študenta: Bc. Mohammadreza Tatlari
Študijný program: všeobecný manažment (Jednoodborové štúdium, inžiniersky II. st., denná forma)
Študijný odbor: ekonómia a manažment
Typ záverečnej práce: Inžinierska záverečná práca
Jazyk záverečnej práce: anglický
Sekundárny jazyk: slovenský

Názov: Entry mode of the company into foreign market.

Anotácia: The theoretical part of the thesis explains the basics of business internationalization and defines strategies and entry modes into foreign markets. In the practical part, the focus is on examining the company's entry into foreign markets through selection and segmentation, identifying key threats and opportunities, and pointing out suitable forms and expansion strategies for the analyzed company.

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Katedra: KM FPM - Katedra manažmentu
Dátum zadania: 31.08.2024

Dátum schválenia: 05.04.2024

prof. Ing. Nadežda Jankelová, PhD.
osoba zodpovedná za realizáciu študijného programu

Acknowledge

I would like to thank my thesis supervisor Ing. Katarína Procházková PhD for her valuable guidance, support and constructive feedback during the development of this thesis. Her expertise, encouragement, and being very supportive were very important for the direction and quality of my work.

Declaration

I declare that I wrote this diploma thesis titled "Entry Mode of the Company into Foreign Market", with only the sources from the bibliography.

I confirm that all information taken from published or unpublished sources has been clearly cited and properly referenced. The thesis has not been submitted previously for the award of a degree or diploma at any other university or institution according to my declaration.

Abstract

The primary purpose of this thesis is to use theoretical knowledge from international business expansion and entry mode strategies to analyze a real-world business case. The research focuses on the strategic planning of Motrexperts s.r.o. which is a new Slovakian subsidiary of Tatkhodro, an Iranian company, during its market entry into Slovakia. The research divides into five chapters which create a complete understanding by uniting theoretical concepts with real business knowledge.

The first chapter explores internationalization theory through its fundamental motives and models and entry mode typologies. It outlines the internal and external elements which affect international market entry while discussing foreign market expansion risks and control systems and essential challenges. The second and third chapters present the research aim together with its objectives and methodology which uses a qualitative case study design. The analytical framework consists of PEST analysis, Porter's Five Forces, SWOT, VRIO and market landscape evaluation. These tools enable a comparative evaluation of two entry strategies: direct exporting and wholly owned subsidiary. The fourth chapter contains analysis results which use strategic data together with market information and company-level findings. The evaluation of Slovakia's market attractiveness and competitive environment and entry barriers combines both secondary research findings and primary managerial insights. The thesis demonstrates that Motrexperts will achieve better long-term advantages through the wholly owned subsidiary model as it enables superior control and brand credibility and growth opportunities. The discussion chapter evaluates these findings using theoretical models while providing practical strategic recommendations. The thesis functions as a connection between theoretical knowledge and practical applications in international expansion while delivering useful insights to organizations dealing with comparable strategic challenges.

Keywords:

Market entry strategy, internationalization, entry modes, wholly owned subsidiary, export, strategic analysis, Motrexperts, Tatkhodro, Slovakia

Abstrakt

Hlavným cieľom tejto práce je využiť teoretické poznatky z oblasti medzinárodnej obchodnej expanzie a stratégie vstupu na trh na analýzu reálneho obchodného prípadu. Výskum sa zameriava na strategické plánovanie spoločnosti Motrexparts s.r.o., ktorá je novou slovenskou dcérskou spoločnosťou iránskej spoločnosti Tatkhodro, počas jej vstupu na slovenský trh. Výskum je rozdelený do piatich kapitol, ktoré vytvárajú ucelený obraz spojením teoretických konceptov s reálnymi podnikateľskými poznatkami.

Prvá kapitola skúma teóriu internacionalizácie prostredníctvom jej základných motívov a modelov a typológie spôsobov vstupu. Načrtáva interné a externé prvky, ktoré ovplyvňujú vstup na medzinárodný trh, a zároveň rozoberá riziká expanzie na zahraničný trh a systémy kontroly a základné výzvy. Druhá a tretia kapitola predstavujú cieľ výskumu spolu s jeho cieľmi a metodikou, ktorá využíva kvalitatívny dizajn prípadovej štúdie. Analytický rámec pozostáva z analýzy PEST, Porterových piatich síl, SWOT, VRIO a hodnotenia trhového prostredia. Tieto nástroje umožňujú porovnávacie hodnotenie dvoch stratégií vstupu na trh: priamy vývoz a dcérska spoločnosť v úplnom vlastníctve. Štvrtá kapitola obsahuje výsledky analýzy, ktoré využívajú strategické údaje spolu s informáciami o trhu a zisteniami na úrovni spoločnosti. Hodnotenie atraktívnosti slovenského trhu a konkurenčného prostredia a prekážok vstupu kombinuje zistenia sekundárneho výskumu a primárne manažérske poznatky. Táto práca dokazuje, že spoločnosť Motrexparts dosiahne lepšie dlhodobé výhody prostredníctvom modelu dcérskej spoločnosti v úplnom vlastníctve, pretože umožňuje lepšiu kontrolu a dôveryhodnosť značky a možnosti rastu. Kapitola diskusia hodnotí tieto zistenia pomocou teoretických modelov a zároveň poskytuje praktické strategické odporúčania. Práca funguje ako spojenie medzi teoretickými poznatkami a praktickými aplikáciami v oblasti medzinárodnej expanzie, pričom prináša užitočné poznatky pre organizácie, ktoré riešia porovnateľné strategické výzvy.

Kľúčové slová:

Stratégia vstupu na trh, internacionalizácia, vstupné módy, úplne vlastnená dcérska spoločnosť, export, strategická analýza, Motrexparts, Tatkhodro, Slovensko

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Introduction

In an era of globalization, international expansion has become not only a strategic choice but a necessity for firms seeking to maintain competitiveness, diversify risk, and access new growth opportunities. Strategic decisions regarding international market entry represent one of the most complex and consequential areas of business planning—especially for firms preparing to expand beyond their domestic context for the first time. The selection of an appropriate entry mode is not only a matter of legal or logistical preference, but a reflection of the company’s internal resources, its understanding of the target market, relationships with suppliers, and the nature of its long-term objectives.

Among the accessible entry methods that can be named as export-based approaches, partnership models and wholly owned subsidiary establishment as firms consider their market entry options. The selection of an entry mode requires a thorough analysis of external factors together with competitive analysis and internal capability evaluation before starting market operations. Domestic businesses which operate within restricted domestic markets need international expansion to survive because they cannot rely on domestic growth alone. The journey to achieve this goal has no single solution. The evaluation process demands careful assessment of entry modes which present distinct control levels and investment requirements and strategic compatibility levels. Our thesis examines market entry strategy through an investigation of Tatkhodro, an Iranian heavy vehicle spare parts company, and its Slovak-based entity Motrexparts s.r.o. The Slovak company created with direct strategic support from Tatkhodro to become a European supplier procurement center while maintaining EU legal and logistical operations and functioning as a re-export and distribution hub for neighboring regions. Traditional entry mode frameworks need careful evaluation of Motrexparts through both theoretical foundations and practical conditions to determine if it functions as a wholly owned subsidiary or direct exporting subsidiary.

The main objective of our thesis aims to determine the best entry strategy for Motrexparts s.r.o. through analyzing external market settings together with internal organizational characteristics. The research combines internationalization theories with PEST and Porter’s Five Forces environmental tools alongside SWOT and VRIO strategic resource assessments. The research focuses on analyzing export-based entry against full equity ownership modes due to they offer the most suitable entry modes for Tatkhodro's European market expansion.

1. Theoretical Background

1.1. Theories of Internationalization

1.1.1. Internationalization

For the majority of academics and business managers, the term "internationalization" is still frightening and incomprehensible. We shall attempt to explain the term internationalization and its history, starting in the 1960s with the academics who contributed to the coining of related phrases and concepts in both business and economics literature. To put it simply, internationalization is the practice of conducting business operations outside national boundaries, or nation-states, as it relates to a business firm, company, or enterprise. the gradual evolution of a company's global involvement in terms of the geographic dispersion of markets, goods, and operational forms. As long as the international is taken into consideration, the study of internationalization has been combined into marketing, company management, economics, and business strategy (Valle, A. R. 2013).

A significant number of businesses work internationally. Internationalization affects many family-owned businesses like Haribo and Kärcher in addition to stock-market listed companies like Daimler and General Electric. Furthermore, a large number of start-ups and small and medium-sized businesses are not limiting their operations to their nation of origin. One Some businesses thrive well overseas, while others struggle. Nevertheless, there is no denying that crossing international borders can have positive economic effects. For economic purposes, people have successfully crossed borders for thousands of years (Schmid 2013).

Assumptions regarding the philosophy a company want to adhere to when going international are implied by its fundamental orientation. it has been discovered by Howard Perlmutter's groundbreaking work in the literature on international management while looking for a straightforward way to classify the philosophies of businesses that operate worldwide.

Perlmutter claims that there are basically four options: Businesses can be:

- ethnocentric,
- polycentric,
- regiocentric
- geocentric.

It's factual that the differentiation between geocentric, regiocentric, ethnocentric, and polycentric orientations is overly straightforward. In the end, a company's overall orientation influences its internal operations, including its decision-making, information sharing, communication, control, and sanctioning processes. In summary, a company's management, organization, and strategy are influenced by its philosophy.

An ethnocentric business operates internationally in the same manner as it does domestically. Other corporate entities overseas are "forced" to adopt the company's own domestic culture. On the other hand, foreign entities are managed in line with local customs in a polycentric company. Experiences, values, attitudes, and practices from both sides of the border combine to create a sort of "symbiotic and synergetic corporate culture" in a geocentric company. Regional subcultures coexist with a primary corporate culture in regiocentric businesses.

Although ethnocentric businesses initially seem to "break down" boundaries, it soon becomes clear that they are more akin to colonization and monopolization. Polycentric businesses embrace both the productivity of borders and their existence. They understand that it may be beneficial to do business differently in several nations. Beyond national boundaries, geocentric companies aim for a "dissolution of borders." However, because of their (newly developed) strong corporate cultures, new "demarcations" are frequently made at the same time, such as "demarcations" between themselves and other organizations. Regiocentric businesses acknowledge regional boundaries, but they also need to make sure that regional entities don't completely distance themselves from one another in terms of culture.

A simplified graphic representation of the distinctions between the four internationalization philosophies is presented in Figure 1. Regardless of the prevailing philosophy, globalization is not a goal unto itself for businesses. Internationalization should have well-defined goals; therefore, every company should constantly consider why it truly wants to operate internationally or why it wants to continue or expand its worldwide operations. In essence, there are four different types of goals.

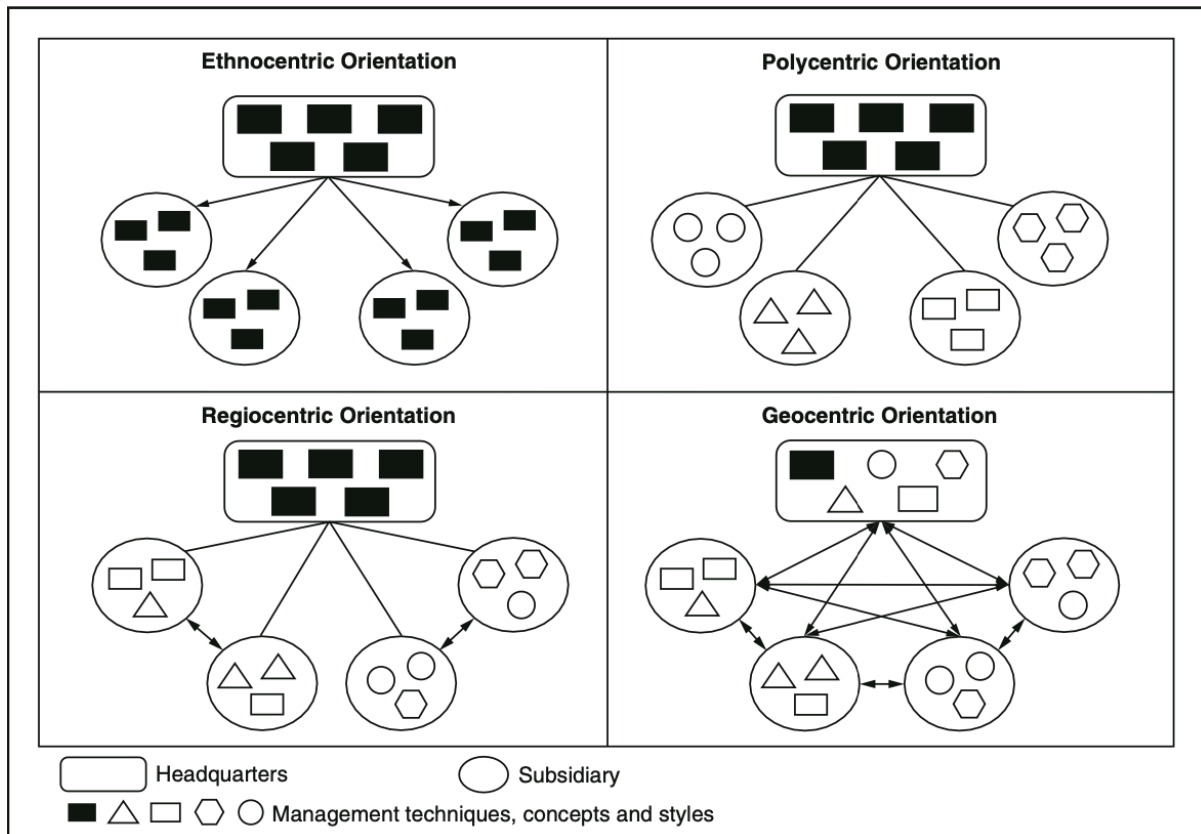


Figure 1 The difference between ethnocentric, polycentric, regiocentric and geocentric orientations. Source: Adapted from Bleicher (1992, p. 10)

It is crucial to distinguish between various internationalization goals because it is essentially from these goals that rational strategic options emerge (Ghoshal 1987). Internationalization takes a different form if a company's primary goal is to exploit new markets (i.e., acquire new consumers) than if it is merely seeking to obtain access to specific resources (such as limited raw materials). If the goal is to increase efficiency, for example, through economies of size or scope, or if the main motivation for internationalization is to obtain access to local networks in other nations, then internationalization takes a different path. Additionally, it should be mentioned that most internationalization initiatives are not founded on a single goal. Often, a company's internationalization actions are motivated by a comprehensive set of goals. Furthermore, the goals—as well as the reasons for them—shift with time. As a result, over time, numerous additional motivations may supplement the initial reason for entering a given nation.

1.1.2. Motives of Internationalization

Both the process and the actions businesses take to get access to overseas markets have been described as internationalization (Ribau et al., 2018). Internationalization is defined as "the process of increasing involvement in international operations" by Welch and Luostarinen (1988). SME internationalization as a process does not always follow a predetermined set of steps; instead, it has been seen that many examples display divergent event sequences. It can be accomplished by a variety of initiatives that go beyond the national economy, including as product and research exports, foreign direct investment (FDI), overseas affiliates, and cross-border partnerships. Although more and more SMEs are serving overseas markets through "constellation and investment modes," such as interorganizational networks, alliances, and subsidiaries, exports have remained the most popular method of SME internationalization (Dimitratos et al., 2003; Stoian, Dimitratos & Plakoyiannaki, 2018). It has been demonstrated that SMEs' internationalization strategy is influenced by contextual elements such foreign trade laws, the existence of niche markets, and the advancement of information technologies (Child, John, Joanna Karmowska, and Oded Shenkar, 2022).

It is essential to distinguish between the characteristics that must exist for international commercial endeavors to be successful (i.e., profitable) and the immediate motives for conducting international business. Market, economic, and strategic considerations are among the immediate motivations. distinct business activities have distinct motivations, which results in a variety of incentives for a multinational company that conducts a wide range of operations across the world.

Both defensive and offensive **market motives** are possible. Using trade or investment to take advantage of market opportunities in other nations is an offensive motive. Protecting and maintaining a company's market dominance or competitive position in the face of threats from domestic competition or shifting governmental regulations is known as a defensive purpose.

Economic motives apply when businesses expand overseas, they do it for economic reasons, such as increased income and/or reduced expenses. Through international commerce and investment, a company can take advantage of variations in labor, capital, and natural resource costs as well as in regulatory policies, including taxation, between nations. For instance, over 2,000 factories have appeared close to the US-Mexico border in order to assemble American-made parts for re-export to the US using low-paid Mexican labor.

Strategic motives are concluded as businesses engage in international trade for strategic reasons, such as to take use of unique domestically created resources or capabilities (e.g., economies of scale and technology). Businesses may be able to boost their cash inflows by expanding production through international trade or deploying their resources or competencies overseas. To obtain strategic advantages like technological leadership, brand image, customer loyalty, and competitive position, businesses may also want to expand internationally in order to enter the desired foreign market before a significant rival does (Shenkar, O., Luo, Y., & Chi, T. 2021).

1.1.3. Internationalization Models

Uppsala Model

Given the evolution of business practices and theoretical developments since 1977, the Uppsala internationalization process model is reviewed. The corporate environment is no longer seen as a neoclassical market with numerous independent providers and customers, but rather as a network of relationships. Uncertainty stems more from outsider ship than from psychic distance in connection to the relevant network. Although including trust-building and knowledge creation—the latter to acknowledge that new knowledge is created in relationships— The Uppsala Model addresses learning, or the acquisition of knowledge. Four fundamental principles form the basis of the model: market information, market commitment, commitment decisions, and present activities. It is expected that market commitment and knowledge at a given moment will impact commitment choices and the way activities are conducted in the next period, which will then impact market commitment and knowledge at a later stage. Using the incrementalism assumption and these four ideas as a foundation, rather than investing in multiple countries at once, the model predicts that the basic pattern of firms' internationalization is 1) to start and continue investing in just one or a few neighboring countries, and 2) to make investments in a particular country cautiously, sequentially, and concurrently with the learning of the firm's people operating in that market. Businesses are expected to penetrate new markets with increasing psychological distance, and market investments are made in accordance with the so-called establishing chain (Johanson, J., & Vahlne, J. 1990). How companies learn and how learning affects organizational behavior are topics covered by the Uppsala Model. Through the continuous activities, experiential learning is the primary focus. Experience-based learning is the emphasis of the Uppsala Model. In their

description of market knowledge, which comes from "personal experience" and "arises from their current activity," the model builders make this clear. Therefore, the way the firm's internationalization behavior is modeled is not significantly affected by learning by imitation, learning by incorporating individuals or organizations, or seeking and scanning for new information.

Networking Models

The network approach best explains modern business models, which have concentrated on increased levels of technology and global marketing. According to researchers, a network of enterprises, including focal and external actors, conducts internationalization in an interactive environment. These actors' interactions inside networks can assist businesses in obtaining the knowledge, resources, and activities required for internationalization (Awuah et al. 2011). To classify the network theories of internationalization, this study has determined two primary criteria: Industrial networking, which was first designed to describe how firms connect, has been the focus of European universities. And individual networking interactions, that supported by American universities. European models as following:

- **IMP Interaction Model**

The three components of interaction—actors, atmosphere, and environment—were the main focus of this model created by Hakansson in 1982. These factors may have an impact on interactions between people or organizations. The model's main objective was to examine how suppliers and buyers interact in industrial markets. It can describe both short-term and long-term transactions including goods, services, information, money, and social interactions. The macro factors that impact an encounter, such as institutional or political systems, are referred to as the environment. The atmosphere highlights the small factors that have an impact on cooperative business dyads. At this stage, the key elements are proximity, power, reliance, and expectations. Both actors' actions are influenced by these circumstances. The organizations' motivation to strengthen their relationships may be impacted by the market's institutionalization. Actors' relationships can also be strengthened by adaptations (Spekman, R. E. (1984).

- **ARA-Model**

The initial layer of this paradigm, which was introduced by Hakansson and Johanson (1992), consists of three primary components: actors, actions, and resources. Actors are businesses or people in charge of resources, who transform them to add value. Because of their high interdependencies, the consideration of these three factors should be collectively. The analysis of network relationships based on actor boundaries, resource ties, and activity links is the focus of the model's second layer. This model's ultimate goal is to use the aforementioned layers to support the role of commercial connections. Interlinking activities in a unique way to assist the players in transforming resources for the creation of optimal values is the primary role of business relationships (Hakansson and Johanson 1992).

- **Network Embeddedness Model**

This approach was created in Finland by Halinen and Tornroos (1998). They maintained that businesses are a part of larger business networks. According to their locations within these networks and their contacts with other players, these networks may have an impact on the firms. Investigating how organizations behave in a network context requires taking into account the six different types of network embeddedness. Time is referred to as temporal embeddedness. According to this, every business has a past, present, and future. The firm's current operations may be impacted by past performance and future expectations. The impact of location and space on a firm's conduct is the subject of spatial embeddedness. In turn, social embeddedness, market embeddedness, and political embeddedness highlight how social, commercial, and political structures influence how people make decisions. The impact of the firm's and industry's level of technology on business operations is indicated by technological embeddedness. (Halinen, and Törnroo1998).

There are three recognized theories that were first put forth by American institutions in the context of networks:

- **Relationship approach**

This approach breaks down the process of choosing a suitable foreign exchange partner into three ongoing parts. The first step is awareness; during this phase, the company looks into potential partners and learns about their advantages and disadvantages. The most crucial issue at this time is the information's source, and businesses use a variety of sources to gather sufficient data. Selecting the most desirable mates based on predetermined criteria is the next

phase, known as exploration. The most crucial factors at this stage are the couples' beauty and willingness to compromise in order to establish mutually beneficial relationships. Choosing the best partner to help a focal firm reap greater rewards in the future is the final phase. The most crucial factors at this pace are trust, goal congruence, and improving performance through collaboration (Andersen 2002).

- **Social Network Analysis**

This model has concentrated on the methods and procedures that members of social systems employ to obtain knowledge and resources. To support a network-based phenomenon, this viewpoint has mostly concentrated on the unofficial connections between players and the applications of various forms of connectedness, including weak, strong, direct, and indirect linkages, in addition to certain network structural elements like size, density, and variety. Social capital, which is the number of relationships of a special actor in a network, is one of the most used notions in this type of analysis (Granovetter, M. (2002).

1.2. Overview of Business and Entry Modes

1.2.1. Definition of Business Expansion

According to Rugman and Verbeke (1992), "global expansion" generally refers to a combination of responsiveness, and worldwide integration, such as exporting standardized products, enforcing common routines on international operations, and spreading shared values among company employees. Examples of these include tailoring products to local needs, adjusting routines in each host environment, permitting polycentrism in terms of host environment managerial attitudes (Verbeke, A., & Kano, L. 2016).

Many small businesses use business expansion as a tactic to meet their growth goals. Businesses that are unable to expand in their current location but think that their goods or services might be attractive to customers in other markets are best suited for this strategy, which entails moving their operations from their original location to one or more additional geographic sites. The small company sector as a whole is seeing extraordinary development, a significant area of focus in the discipline has been characterizing the difficulties, obstacles, and success factors connected with the expansion of individual enterprises (Hill and Narayana

1989; Ibrahim and Goodwin 1987). Internal expansion (i.e., increasing capacity in a given site, franchising, mergers and acquisitions, exporting, and geographic expansion are popular ways for small businesses to grow.

A preliminary theoretical model of the factors that contribute to successful small business geographic expansion

Figure 1 depicts an early model of the factors that lead to successful small firm regional growth. Literature research aimed at determining the factors that seemed to be most relevant to geographic expansion as determinants to small company growth was used to choose the variables that would be included in the model. This method is in line with Yin's (1989) contention that case studies ought to begin with theoretical claims that may be improved and honed by the real-world examples.

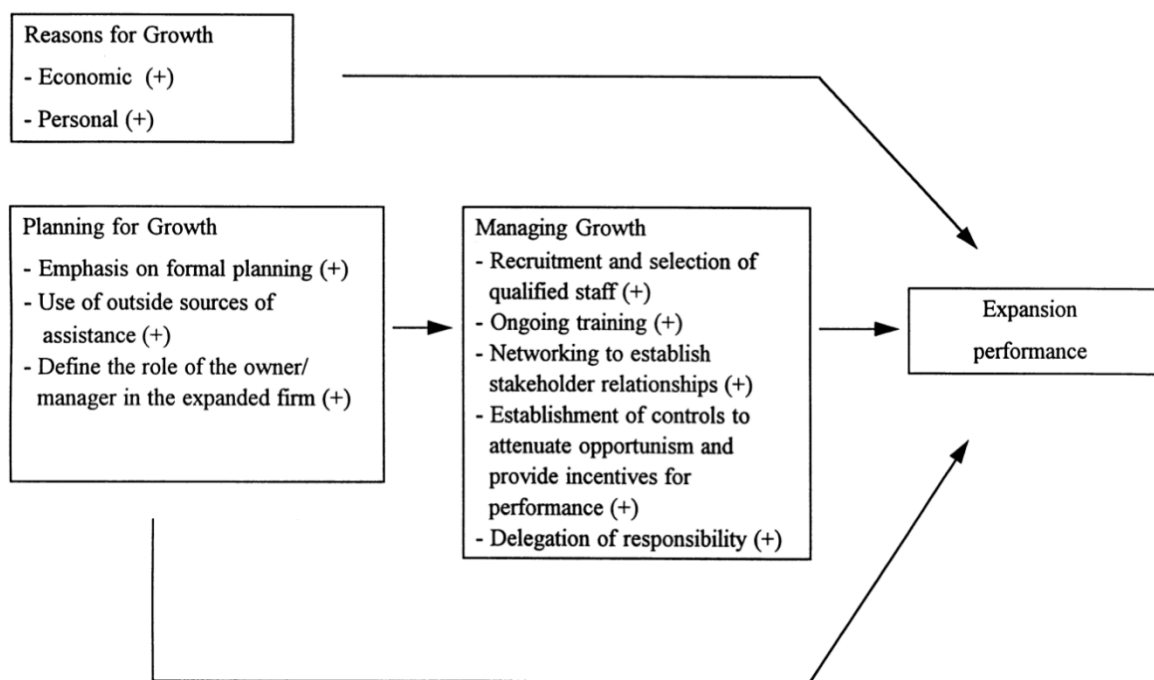


Figure 2 Preliminary theoretical model of the antecedents of effective small business geographic expansion Barringer, B. R., & Greening, D. W. (1998a).

Planning for Growth

The growth and performance of new ventures may be explained in large part by planning. Furthermore, according to small business growth stage models, when a company moves into

the growth stage of its life cycle, administrative tasks like planning become more important (Churchill and Lewis 1983). Geographic expansion as a growth strategy is expected to make formal planning even more necessary. Establishing communication channels between the headquarters location and the expansion site, recruiting and selecting suitable staff, and planning for site selection are all necessary to get a new geographic site up and operating. Furthermore, an expansion site may be vulnerable to some of the liabilities of newness noted by Stinchcombe (1965), even if a small business may be well-established at its headquarters location. According to Stinchcombe, new organizations struggle to survive because they don't have strong connections with established companies, they don't have a track record to fall back on when attempting to build business relationships, and their employees haven't spent enough time together to build trustworthy relationships. The primary owner/manager of the company will be geographically separated from the expanding sites; therefore, a growth plan of geographic expansion is likely to speed up this process. This makes it even more important to take the primary owner's or manager's continuing position into account when preparing for growth. whereas assessing expansion site locations, for instance, the level of oversight the company's principal owner/manager intends to keep over expansion site staff must be taken into account. As the company grows into farther-flung areas, supervision will become increasingly challenging.

Managing Growth

The management of small business growth, with stage models outlining firms' life cycles through start-up, expansion, maturity, and decline phases (Hanks et al., 1993). These models highlight key growth challenges such as attracting skilled personnel and creating structures to handle increasing size (Kazanjian & Drazin, 1990). Geographic expansion often mirrors start-up challenges, including achieving legitimacy, overcoming newness liabilities, and training personnel. Networking is critical to building stakeholder relationships and legitimacy in new locations. Beyond stage models, small business growth presents common challenges like training, delegating responsibilities (Bitner & Powell, 1987), and recruiting qualified staff (Terpstra & Olson, 1993). Effective geographic expansion requires management controls and incentive systems to prevent opportunism and ensure performance, as agency theory suggests fixed salaries may reduce motivation in expansion sites (Jensen & Meckling, 1976).

Reason for Growth

The impact that "reasons for growth" has on small businesses' geographic expansion performance, which fall under the economic and personal areas. For instance, the owners of a small business might expand geographically to accommodate a son or daughter in the family business or to build money. The component of reasons for growth was added to the early model for completeness's reasons, and it was proposed that expansion performance is positively impacted by both personal and economic motivations for growth. The International relation focus on environmental pressures must be combined with a longitudinal view of the firm's growth and expansion process, which results in a growing diversity of company resources that can be redistributed to various ends, in order to comprehend the strategic dynamics of regional management (Barringer, B. R., & Greening, D. W. 1998).

1.2.2. Types of Entry Modes

The mode of entrance into a foreign market is one of the most crucial strategic considerations for a company looking to expand its operations internationally. In addition, it usually entails a large and sometimes irreversible investment of both human and financial resources. The reasons behind entering overseas markets can range from competitive ones like battling with foreign rivals in their home market (Watson, 1982) to strategic ones like expansion and profitability that cannot be achieved by only competing in the home markets (Root, 1994). Businesses looking to reach international markets also have several options. These include of contractual entrance, exporting, and cooperative tactics. But there are notable distinctions between these choices, especially when it comes to the degree of ownership and control that each one entails.

Studies on the predictors of entry mode choices, predictors of foreign equity ownership levels, and outcomes of entry mode selections are all included in entry mode research, which has a direct connection to businesses' global operations (Werner, 2002, p. 281). An entry mode is a structural agreement that permits a company to carry out its product market strategy in a host country either by conducting only the marketing operations (i.e., via export modes), or by conducting both production and marketing operations there independently or in collaboration with others (contractual modes, joint ventures, wholly owned operations), according to Sharma and Erramilli (2004).

Equity and non-equity are the two categories into which Pan and Tse (2000) split entry modes. They clarify that there are significant differences between these two types of entrance approaches in terms of control and investment requirements. First, they contend that because equity modes (such as joint ventures and wholly owned ventures like acquisitions, brownfields, and greenfield) entail a comparatively significant investment commitment, company headquarters must have greater levels of supervision over them (Pan & Tse, 2000). Second, they imply that non-equity modes (e.g., contractual modes like as licensing, R&D contracts, and alliances) require lower degrees of control since these forms of entry are substantially less investment demanding (Canabal, A., & White, G. O. 2008). Choosing an entry mode frequently involves balancing several factors. Exporting is a low-risk, low-return option because it requires little resource (investment). Although this mode gives a company operational control, it does not give marketing control, which may be crucial for companies looking to enter new markets. However, the solo venture model is a high investment and, as a result, a high risk/return alternative that also gives the investing firm a great degree of control. As the joint venture model requires comparatively less capital, it offers risk, return, and control that are proportionate to the investing firm's level of equity participation. Lastly, the licensing option gives the licensing firm the least amount of control and is low investment, low risk, and poor return (Agarwal, Sanjeev, and Sridhar N. Ramaswami 1992).

Direct Export

Direct exporting is the process by which a manufacturer enters into and carries out an overseas sales agreement by establishing direct communication with an external client. With a well-organized organizational structure that includes subsidiaries, branch offices, and representation offices, the exporter (maker) is able to oversee the whole contracting and marketing process, which is what defines this type.

We list the following advantages of this operation: the factory brand, the ability of the producer to market its goods, the fact that the producers have direct access to the international market, and the opportunity for the producers to directly share in the commercial profit (Popa, 2008). Due to the exporter's greater distance from the ultimate customer and the fact that they occasionally must interact with independent international distributors who handle a majority of the marketing activities, direct exports give management substantial operational control but less marketing control.

Indirect Export

Sales to an intermediary that then sells the goods directly to consumers or to importers are referred to as indirect exporting. The most basic form of indirect commerce is to sell to an intermediary in the nation where the business operates. Businesses that use this strategy are typically not responsible for arranging shipment logistics or collecting payment from the foreign client.

The first benefit of indirect export is that it requires less investment because the company does not need to establish an export department, an overseas sales staff, or a group of overseas colleagues. Secondly, it entails less risk. Global intermediaries typically result in fewer mistakes for the vendor because they contribute services and expertise to the partnership. The main disadvantage of indirect export can be considered as merchants, rather than the company's products, have a significant impact on the growth of the international market. Additionally, the indirect exporter may lose brand recognition and loyalty in international markets by employing an intermediary, which would leave this opportunity and sector to larger businesses.

Joint Venture

One effect of business internationalization is joint ventures with foreign involvement. At least two trends have aided in their spread: the first is economic in nature and seeks to increase competitiveness by capitalizing on regions with abundant and inexpensive resources, while the second is more recent and stems from a combination of factors with the globalization trend of the global economy. An international company and a local company can enter into a common partnership arrangement and operate the joint venture as a partnership. Alternatively, two firms can contribute capital to a newly established body that they operate either together or through a separate management structure that is accountable to the parent establishments. The ability to balance each other's strong points so that each company may focus on what it understands and does best is one of the biggest advantages of working with an indigenous company. Additionally, resident partners can provide local knowledge, connections, and insights that will help the business thrive in the new market.

Franchising

Franchises are a specific type of licensing arrangement in which the franchisor provides an independent franchise with ongoing business support through training, sales, and promotions in addition to selling the franchisee the right to use an intangible property (typically a registered trademark) that is crucial to the company taking over. Buying a franchise might be a quick way

to launch a company without having to start from scratch. A franchise is a business arrangement that takes the shape of a contract in which a company known as the franchisor authorizes other company, known as the beneficiary or franchisee, to use a set of industrial or intellectual property rights for the manufacturing or promotion of specific kinds of goods and/or services. An entrance fee and yearly fees, typically expressed as a percentage of turnover, must be paid in order to obtain a franchise. Both the franchisor and the franchisee may have drawbacks from a franchise agreement. The following are possible risks that the partners should be aware of franchisees' disadvantages include high costs and fee payments, stringent product guidelines, and poor support from unsupportive franchisors; franchisors' disadvantages include a lack of control over franchisees, reputational risks, and slow progress through franchising related to M&A.

International Acquisitions and Mergers

To increase the assets of this economic organization, an acquisition entails purchasing a business or separate division from another business. The process of a foreign firm acquiring the assets and activities of a domestic company, or subsidiaries established in the host nation, with the former becoming a subsidiary of the latter, is known as an international acquisition. By definition, a merger is the union of two or more businesses with the goal of uniting the patrimony to form an economic entity. Legally speaking, a merger is the process through which a concentration of commercial businesses occurs; these businesses may have the same legal structure or distinct forms (Dinu, Ana-Maria 2018).

1.3. Factors Influencing Market Selection, Entry Mode Selection

The context plays a major role in determining the relative importance of the various categories and how the pertinent inputs will be applied during this decision-making process (Bradley, 1984; Cavusgil, 1980; Minor et al., 1991). The lists and related discussion are based on a thorough analysis of the body of literature as well as the author's 17 years of direct experience in international business, which is supplemented by his consulting work in the field. Due consideration was paid to the growing globalization of strategic vision among many organizations and the expanding importance in supplying information about worldwide markets. The two main types of elements that have been suggested to impact the market selection/market entry mode selection process are internal, and external. The complexity of the

decision-making process under discussion may increase if some of the suggested categories of criteria have an impact on others.

1.3.1. Internal Factors, and External Factors influencing market Selection

- **Internal Factors**

- Strategic orientation of the company

Businesses create strategic orientations that take into account their individual and collective experiences, the values and attitudes of their employees (both current and former), changes in their business environment, and the strategic goals they have set for themselves (as well as the degree of stretch (Hamel and Prahalad, 1994) necessary to meet these goals). Strategic orientation is likely to have a significant impact on the process of corporate internationalization and may predisposition organizations to more or less collaboration with their competitors.

- Internationalization stage

International business in general or a company's export engagement in particular are the subjects of classifications of internationalization stages (Cavusgil, 1980; Johanson, 1997). For theoretical as well as practical reasons, it is worthwhile to investigate the relationship between these categories and the ethnocentric, regiocentric, geocentric, and polycentric forms of international marketing strategies. Both a company's worldwide competitiveness and its strategic orientation have a significant impact on the stages of its internationalization. The first one either raises, lowers, or removes the company's interest in the internationalization process. Depending on its degree, the latter would either accelerate or postpone the growth of the company's global engagement. The conventional understanding of the phases and dynamics of the internationalization and export development processes would need to be revised in light of the growing amount of information about global markets that is available online (Hamill et al, 1997).

- Strategic goals of the company

The choice of strategic objectives might be influenced by industry specificity, corporate tradition, or the individual preferences and interests of the people responsible for creating them. For instance, they could be referring to export/total sales revenue ratios, increase in global/local market sales revenue, global/local market shares, or profit-oriented goals. Some of these might seek to lower strategic risks related to the company's survival or expansion, or they might seek to create or strengthen the company's reputation as a market leader. In this regard, the strategic planning horizon is a crucial component. According to Johansson (1997), the longer a company's strategic planning time horizon, the more likely it is that it will select nations with better long-term prospects over those where simply the short-term market prospects seem relatively positive. This would suggest that businesses with a limited planning horizon would typically miss out on opportunities to improve their competencies, capacities, and skills by participation in international markets.

- Experience in selecting markets abroad

Assessing an organization's foreign business experience entails looking at its level of intensity, recentness, applicability, character (positive vs. negative), etc. Experience plays a significant role in determining organizational culture, conventional wisdom, and strategic goals. Global marketing decisions tend to be riskier and more unpredictable when there is a lack of adequate, pertinent expertise and information. This, in turn, limits the freedom of choice of market servicing modalities, at least subjectively, if not objectively.

- International competitiveness of the company

Companies must have or be able to access specific competencies and skills that are seen to be crucial for a wide range of industries and business scenarios in order to succeed in the current global business climate. In addition to these, a successful international marketer may need additional competencies and skills unique to the firm, industry, and plan. Although a company's competitive performance is usually evaluated in the end based on certain standards or goals, benchmarking and bench trending are terms used to describe both types of important success aspects (generic and specific). The general relies on inductive processes for definition, whereas the specific rely more on deductive ones. International competitiveness is often examined in an opportunistic manner, for example, by utilizing easily accessible information on global market shares held by individual companies (Koch, A. J. 2001).

- **External Factors**

- Potential of the national market

One common consideration in market selection is country market potential. However, the importance of judgment and the possibility of political tainting of pertinent product data or nation rankings are frequently overlooked. A lot of focus has been placed on the accuracy of the pertinent data and the techniques employed to acquire it (Cavusgil, 1985; Van Wood and Goolsby, 1987).

- The market's competitive importance

The significance of lead markets as indicators for evaluating a company's present performance and forecasting its future developments is another conventional area of focus. In global marketing, leading (or lead) markets, which are often big, robust at the top end of the product line, unregulated and unprotected, with fierce rivals and picky consumers—are strategically important (Elliott and Cameron, 1994). The organization has a great chance to raise its capabilities and talents to the highest levels needed globally if it can successfully enter and remain in these areas. However, this presence can be exploited to strengthen the company's competitive credentials during its initial promotion in third markets.

- Product Performance

There may occasionally be significant differences in product performance and customer expectations between lead markets and other nations. The competencies, capacities, and talents of rival businesses can be compared using these gaps as a foundation. The risk of creating rankings based on out-of-date market data is decreased by ongoing analysis of the pertinent developments. One tactic that is becoming more and more common among those who are pursuing a worldwide strategy is attacking the competitors' profit base, which is often their home market. Another is preventing a rival from entering a new, significant market.

- Expected risks in foreign markets

Assessment of foreign market risks is another component of market selection that has gotten more attention than most others. This has been fueled by the interest of banks, businesses engaged in international trade, and export credit guarantee agencies. There are three main types of risks associated with doing business internationally: ownership risks, which include expropriation, confiscation, and domestication; operating risks, which

include exchange risks, overinvestment, and pricing control risks; and transfer risks. Managerial perception of hazards, reliability, lack of bias, and "up-to-dateness" of inputs and risk estimations are equally significant areas. The influence of perception increases significantly when there is no established mechanism for evaluating certain dangers according to Czinkota and Ronkainen (2010).

1.3.2. Internal, and External Factors Influencing Market Entry Mode Selection

- **Internal Factors**

- Size and resources of the company

Smaller businesses typically have fewer options for servicing the market because of their own restricted resources, which may prevent or deter certain market entry strategies (Benito and Welch, 1994). For instance, creating a completely owned subsidiary frequently entails a large financial outlay and a high degree of risk. In a similar vein, small businesses could lack the managerial capacity and specialized knowledge necessary to access worldwide markets through international joint ventures or completely owned subsidiaries located abroad. Industry-specific resource demands for individual market entry modes determine how much a company's size influences its freedom of choice in choosing a market entry mode and its associated preferences. For example, compared to the computer software business, this relationship will be substantially greater in the chemical industry.

- The locus of control for management

It is common to undervalue, if not completely ignore, the importance of management locus of control for the level of a company's international commercial participation and the preferred market entry technique. Strong internal or external loci of control, however, are likely to have a significant impact on managers' views; the way they use their intuition and choose how to enter the market may therefore determine the outcome of this decision-making process, especially in less seasoned businesses. There is a chance of locus of control dispute if several managers have a major influence on the choice; The company will either ignore loci of control that conflict with the decision maker's (authoritarian end of the spectrum) or take steps to

achieve perceptual consensus regarding the current situation (participative end of the spectrum) depending on its management style.

- proficiency with MEMs

The factors such as company's or its competitors' success rates and degrees, the frequency and recentness of their use of a particular market entry mode, and the circumstances (similar or dissimilar) in which they have done so. Instead of looking for contractual ways in a region, companies who have accumulated a significant amount of knowledge about it would rather spend resources in business endeavors. These factors clearly affect the process of choosing a market entry strategy as well as the decisions made (Van Fleet, 1991). Decision-makers' and decision-influencers' behavior will be influenced by the management cultures of their organizations. Decision-makers at the company will avoid untried modes if, for example, supporters of a failing untried entrance method are guaranteed to suffer negative personal consequences. The amount of experience that people have accumulated and the frequency of reflection sharing within the organization determine how effective and efficient organizational learning is. It would appear that there may well be a certain optimal duration of the above-mentioned responsibility in any given context; going beyond it may increase the chances for experience, both group and individual, to continue to affect the decision process outcomes as strongly as before. It has been suggested that managerial succession often explains the changes in the preferred market servicing modes. The market entry selection process is more likely to be subject to scrutiny and ongoing improvement, if the shared reflection-in-action becomes commonplace. Increased accessibility of information on the Internet can be anticipated to speed up experience acquisition (Hamill, 1997).

- Attitudes toward risk management

The firm's financial status, strategic options, competitiveness of its surroundings, relevant experience determines the extent to which the organization will accept different foreign business risks. With the use of suitable formulas, risks can be assessed. However, one should keep in mind that the perception of risks related to specific market entry methods or nations may also have a significant impact on business decisions. The corporation is more likely to choose nations that have better long-term prospects and promise to improve the firm's skills if the management is less risk adverse (Johansson, 1997).

- Targets for market and profit share

Market entry options that are thought to have the best chance of producing the intended outcomes within predetermined planning periods will be given preference when choosing a market entry method based on the criterion of maximizing sales or market share. For example, the business may choose to use a totally owned/majority marketing subsidiary as the entry method into a particular foreign nation if increasing market share seems to depend on building its own distribution and after-sales network. It might be more likely to choose indirect exporting over other methods of entering new markets if it wants to optimize the growth of export sales revenue over the following two or three years. It's possible that different market entry strategies will yield varying amounts of profit; more significantly, the ways in which different strategies generate profit for instance, indirect export versus investing in a new production and marketing operation abroad may differ greatly. Whereas the latter may result in no profits for several years (with the construction cycle, time needed to establish all necessary market contacts, acquire/build all necessary assets, train the salesforce as needed, and develop a customer base), the former will almost immediately show some profits before leveling off. While a short decision horizon will favor the former, a long one may favor the latter. Two other significant issues are input reliability, and the appropriateness of the methodology used to estimate and compare expected earnings across different entry types. According to Johansson (2002), a corporation is more likely to choose nations that exhibit better long-term prospects and hold the potential to improve the firm's skills if the goal rates of return are lower.

- **External Factors**

- Aspects of the business environment in foreign countries

It is typically quite easy to obtain the broad features of business environments in foreign countries, but it is typically more difficult to collect information particular to a company or industry. While the latter is regarded as highly sensitive and typically not offered for free; in fact, it may be somewhat expensive to obtain, which is a problem for tiny starters in especially, the former type of information is not always impartial, comprehensive, and current. Among the traits that would typically draw the interest of potential entrants into a foreign market are the similarity and volatility of general business regulations and practices, business infrastructure and supporting industries levels of development, forms, scope, and intensity of competition, customer sophistication, and customer protection legislation.

- Market obstacles

The following factors are thought to be of primary importance among the obstacles that may make it more difficult to reach international markets (e.g. Cavusgil, 1985; Johansson, 1997; Van Wood and Goolsby, 1987):

- Tariff obstacles
- Government controls
- Distribution access
- Natural barriers (consumer loyalty and commercial performance)
- Developed versus emerging nations
- Exit hurdles

- Rate of market expansion

The market growth rate is anticipated to be a highly significant consideration for market entry selection. The business would be well advised to seize the chance as soon as possible and employ direct or indirect exporting if a market is expanding quickly and this pace of expansion does not appear to be sustainable over a number of years. Establishing your own production and marketing subsidiaries might be the ideal course of action if it is predicted that demand in a foreign market will be very high, but only in a few years.

- Requirements for global management efficiency

As a company's involvement in worldwide commerce grows, it becomes more conscious of its resource restrictions and eventually re-defines its global strategy. From the perspective of strategic efficiency, some businesses may find that a standardized, worldwide strategy is more suitable than a varied, international manner of operation. Finding the best organizational structure and strategy requires analyzing key success criteria and a company's core competencies. For the majority of multinational corporations, it may be wise to steer clear of an overly diverse portfolio when entering international markets. The organization structures and strategies of all competitors must be taken into consideration, as well as any potential economies of scale (and scope) that might result from such a portfolio. Another deciding element may be the reduced level of corporate headquarters participation needed for particular entry modalities.

1.3.3. Risk and Control in Entry Mode Decision-Making

The decision making in the selection of the entry mode with consideration of both risk and control can be consider as a complex and strategic process that requires business organizations to evaluate various numbers of variables to identify the most effective way of entering into foreign markets. When a company first enters a host country market, choosing its foreign market entrance technique is a crucial strategic choice that affects its organizational structure, it takes to account an in-depth analysis of the environment of the market in which one operates, and the market that the firm is consider entering, the capabilities internally available, and the trade-off between risk and control.

Assessment of Risk

Research that addresses risk in theory, definition, or as the accepted conceptual foundation for risk is found in the fields of economics, finance, marketing, and strategy. When potential outcome states can be categorized into classes and can be gathered to show the frequency of those classes, risk is measured using statistical probability (Buckley, P. J., Chen, L., Clegg, L. J., & Voss, H. 2020). Classification of risk in entry mode can be as following, Market Risk: Businesses need to be aware of cultural quirks, political unpredictability, and economic volatility. Research indicates that the risk tolerance of family businesses varies due to generational factors, often resulting in a conservative approach. Financial Risk: Financial exposure, cost structure, and currency fluctuations must be carefully evaluated. When developing FDI entry decisions, both endogenous and exogenous risks must be considered appropriately. Operational Risk: Supply chain management, logistics, and regional operational difficulties are crucial. Companies with significant international experience may be better equipped to mitigate these risks (Hollender, L., Zapkau, F. B., & Schwens, C. 2017).

Control Points

According to Watson (2018) control in the market entry divided into two sections level of desired control, and strategic flexibility. Level of Desired Control: The extent of control over branding, operations, and intellectual property can influence entry options. Fully owned subsidiaries provide the highest level of control but require significant investment. Strategic Flexibility: The ability to adapt plans quickly in dynamic markets is essential. Digital and hybrid modes of entry can provide greater flexibility.

Assessment and Choosing is essential for the cost-Benefit Analysis: Firms must weigh potential costs against the benefits of each entry mechanism in alignment with their objectives. Strategic Fit: The chosen entry mode should align with the firm's long-term goals and overall strategy, considering both internal capabilities and market conditions. Risk-Reward Balance: Balancing risks and potential returns is key to identifying the most practical entry strategy (Buckley, P. J., Chen, L., Clegg, L., & Voss, H. 2020).

Execution and Surveillance

Execution Strategy: A successful market entry requires a well-planned implementation strategy, including schedules, resource allocation, and stakeholder engagement.

Performance Monitoring: Establishing KPIs or other performance metrics allows firms to adapt to market changes and refine their strategies accordingly (Lin, F., & Ho, C. 2019).

Adaptation and Adjustment: Businesses must be prepared to adjust their plans based on performance data and market changes to achieve long-term success in global markets (Martín, O. M., Chetty, S., & Bai, W. 2021). The choice of entry mode is a complex process requiring careful analysis of both internal and external factors. Current research highlights the importance of aligning entry method decisions with market conditions, resource capabilities, and strategic goals. By striking the right balance between risk and control, businesses can strategically navigate the challenges of globalization.

1.4. Challenges and Opportunities in International Expansion

1.4.1. Opportunities for Growth in International Expansion

SMEs have a number of advantages over larger companies when it comes to pursuing the objective of global expansion. These might include the capacity to react swiftly to market developments, increased flexibility in the interchangeability of people, and quicker decision-making (Mintzberg 1979, Rumelt, Schendel & Teece 1994). This is mostly due to the fact that SMEs usually operate in an organic framework that allows staff members to comprehend how their job fits into the bigger picture (Mintzberg, 1983). This natural flow provides a vital source of competitive advantage in markets where innovative items predominate. International expansion is becoming a more attractive option for SMEs seeking to grow (Prasanna et al., 2019, Zhao & Kennedy, 2020). Due to the frequently prohibitive costs of trading goods and

services outside of their borders, small and medium-sized businesses previously favored domestic prospects over international expansion. SMEs lacked the size and expertise of major corporations to properly comprehend and capitalize on global prospects (Etemand, 1999). SMEs can now, however, consider expanding internationally (Knight, 2001). Due to rising internal rivalry, free trade, and technologically lowered costs, SMEs are increasingly looking to foreign markets for expansion. Many markets, such as consumer goods, computers, and autos, where difference was formerly common, have now developed into price rivalry. Airlines and telecommunications are two examples of businesses that were once tightly regulated by the government but are now competitive. As a result, businesses are motivated to seek out international markets where there is less fierce competition, more room for pricing, and the potential for larger profit margins. Furthermore, the elimination of tariffs and restrictions between countries has led to a decrease in costs as a result of increased free trade. (Verhun & Zayats 2021). Additionally, technological advancements have reduced transaction costs for SMEs and made it possible to coordinate international expansion. Technology has reduced costs for SMEs, whether it is through international supply chain optimization, worldwide customer information exchange, or timely product and service delivery (Buckley & Ghauri, 2004). Even though globalization has given SMEs a lot of chances to expand internationally, they typically can't do it on their own. Larger companies can enter new markets through a variety of strategies, such as joint ventures, acquisitions, and the opening of new operations and the development of their own sales and distribution networks. However, because to their limited financial means, small businesses are unable to expand their operations in the new market or make acquisitions, therefore they must find partners in the new market (Wheelen, Hunger, Hoffman & Bamford, 2018).

1.4.2. Challenges in International Expansion for Small Businesses

Entering foreign markets is regarded as a crucial tactic for SMEs looking to expand and endure over an extended period. Making the decision to join a foreign market is not a simple endeavor. Smaller businesses often have higher chance to face a greater variety of obstacles that can block their operations and cause the organization reduction on their profitability compared to the larger businesses.

Economic Challenges

Formal institutions include political and legal restrictions, which act as economic hurdles to the internationalization of SMEs. In addition to managing governmental and state issues, politics is the culmination of the government's and other organizations' efforts to provide the nation with future direction while taking into account the values and interests of its citizens (Daunton, 2011). Generally speaking, the government uses a political and legal framework to create the policies and guidelines for daily living. Since business is regarded as an essential component of daily life, it cannot be carried out in opposition to the political and legal framework (Sethi et al., 2012). Every nation's political and legal structures have a direct impact on the business climate through the introduction or modification of laws, rules, and policies. Second, the government sets monetary and fiscal policies that have a direct impact on how businesses operate. Lastly, the way business is handled is greatly influenced by political stability. By establishing export processing zones (EPZs) where businesses can produce and sell in favorable conditions, or by lifting trade restrictions and embargoes, political forces can help businesses become more global. Similar to this, several legal and political problems, like political instability, procedural obstacles, corruption, and a lack of competent legal support, may make it difficult to reach international markets (Bhatti and Awais, 2012).

Social Challenges

The attitudes, tastes, beliefs, behaviors, lifestyle, and interpersonal interactions of individuals are all part of the social and cultural environment. While people's requests are based on social necessities, functional requirements, and cultural factors, business actions objectively satisfy those demands. The social and cultural context has a more significant influence when it comes to international company operations. Businesses engage with a different culture and society by stepping over national borders through the internationalization process (Gomes et al., 2011, p. 238). The Uppsala model clarified the concept of "psychic distance," despite the fact that the majority of theories highlighted these cultural elements as the primary driver of internationalization (Ellis, 2011). The concept of "psychic distance" was clarified by the Uppsala model. Psychological distance is "the sum of factors preventing the flow of information from and to the market," according to Johanson and Vahlne (1977). Additionally, they have provided examples of comparable distances in the areas of language, education, culture, politics, business practices, and industrial development. Culture is a component of

psychological distance in Uppsala's internationalization model. Social and cultural elements, such as sociocultural features, verbal and nonverbal language disparities, habits, and attitudinal components of foreign customers and clients, are collectively identified by previous studies as hurdles to internationalization (OECD, 2006). Similarly, one of the most significant obstacles to internationalization, according to Barkema and Vermeulen (1997), is cultural distance, identified a strong connection between cultural dimension and internationalization.

1.4.3. Overcoming Barriers in Market Entry (Regulatory, Financial, and Cultural)

Compared to just twenty years ago, small and medium-sized businesses (SMEs) are operating in a global market that presents both new opportunities and increased competitive pressures. Research indicates that SMEs are seeking the chance to enter new markets as viable and frequently alluring options (Alon 2004, Zhao, Kang & Kennedy 2020). International expansion stands out as a significant opportunity for SMEs. Examining this pattern, however, reveals a serious problem: market failure. When entering new geographic markets, SMEs encounter many obstacles. Most SMEs require a collaboration of some kind in order to enter a new market because of their modest size. The SME must locate and verify the partner in every situation, regardless of whether the collaboration takes the shape of a joint venture, distribution agreement, or license arrangement. For possible collaborations, a market must therefore balance supply and demand. Such a market would naturally arise in a classical economy. According to classical economics, a market for international SME partnerships would develop organically when supply and demand were present (Kates 2005). The development of such a market has not followed the predictions of classical economics. There isn't a single location where SMEs may locate partners. For three reasons, SMEs cannot just look for partners online or in the phone book: market-clearing mechanisms are nonexistent (Kaiser & Kirby 1996), scale economics makes classical markets prohibitively expensive, and there is no trust-building mechanism to confirm the caliber of possible partners.

SMEs do, however, locate partners and effectively grow globally (Kates 2005). Outside of the realm of traditional economics, SMEs have managed to establish a market that balances supply and demand. Network theory explains how SMEs get beyond issues with trust, market clearing processes, and scale economics. Existing social networks offer pre-verification of possible partners, reduce the cost of locating partners, and eliminate the need for third parties to establish a market. Social networks offer an imperfect market for balancing supply and demand, even

though they are not "efficient markets" in the sense of traditional economics. Due to the nature of social networks, SMEs have some advantages over larger companies, such as quicker collaboration partnerships and better understanding of local networks. In economic behavior, the idea of embeddedness distinguishes between different kinds of network links, especially strong and weak ties. Strong ties are described as (embedded) relationships, as those between close friends or immediate relatives, that are founded on a strong shared bond. Conversely, weak links are characterized as loosely affiliated, arm's-length relationships, as those between members of the same association, friends of friends, or college graduates. For growth, SMEs can take use of both strong and weak network connections, SMEs are more likely to thrive in a partnership with weak ties by drawing on scholarly research on embeddedness theory and network linkages. In addition to avoiding the entanglements that come with stronger tie ties, these relationships offer complementary expertise and wider access to other partners (Granovetter 1973; Uzzi 1999).

2. Aim of The Thesis

The main aim of our diploma thesis is to apply acquired theoretical knowledge in the field of entry mode strategies to the expansion strategy of Motrexperts s.r.o. from Iran to Slovakia with focus of analyzing the strategic choices and the factors influencing market entry. The thesis aims to study the multiple factors, including market selection, entry mode strategy, risk assessment, and regulatory conditions to identify the most suitable entry mode strategy through exporting, joint ventures, franchising, wholly owned subsidiaries, or other methods, balancing risk and control to bridge the gap between internationalization theories and practical business decisions.

The research aim will be achieved through the following objectives established by this thesis:

- The research aims to study entry mode strategies through their theoretical foundations which explain international expansion and their application to Motrexperts s.r.o.'s market entry.
- A PEST analysis will evaluate political economic social and technological factors affecting Motrexperts s.r.o.'s Slovak market entry.
- The competitive analysis will use Porter's Five Forces framework to evaluate supplier and buyer bargaining power and industry competition and substitute threats and new market entrants.
- The competitive analysis will evaluate Motrexperts s.r.o. against existing Slovak market competitors through an assessment of market positioning and pricing strategies and differentiation factors.
- The analysis will assess two entry mode alternatives (Direct Exporting versus wholly own subsidiary) through an evaluation of their risks and benefits and strategic implications for Motrexperts s.r.o.
- The analysis will determine the most appropriate entry mode through a risk-control-long-term market success equilibrium.
- The research aims to connect theoretical internationalization frameworks with real-world business choices by offering strategic advice for companies undertaking similar market growth initiatives.

3. Methodology

This chapter describes the methods that have been applied to achieve the research aim and objectives in this thesis. The focus of the methodology is to identify and analyze the best evaluated entry mode strategy for Motrexparts s.r.o. as it moves from Iran to the Slovak market. The strategy combines the relevant theoretical components with an appropriate case analysis in such a way that a strategic recommendation is developed that considers the realities associated with international expansion. In this research, a qualitative, descriptive, and case study approach was used. The qualitative method was used because of the need to explore the complex decision-making and international expansion strategies. This method is set to study Motrexparts s.r.o. that undertook an expansion case into Slovakia which enables extensive study of real time decisions made within a bounded business environment.

3.1. Company Case Overview: Tatkhydro and Motrexparts s.r.o.

The case study revolves around a dualistic viewpoint of an Iranian company, Tatkhydro which operates in automotive spare parts, and its expansion Slovakian branch, Motrexparts. It is of great concern to have a basic understanding of both in order to appreciate the context and rationale underlying the internationalization process alongside their selected entry mode strategy. This part will provide a comprehensive breakdown of each company which includes their structure, operations, strategic goals and relevance to the thesis.

Tatkhydro:

Tatkhydro is a family-owned business based in Iran which has been in operation for over thirty years. Interestingly, the company has garnered a reputation and dominance within the Iranian automotive aftermarket due to its prowess in servicing heavy vehicle spare parts as one of the first companies in this field. Its primary office is located in Tehran, and currently, Tatkhydro holds considerable influence in the market with regard to the distribution of spare parts for European trucks, especially parts for Volvo, Scania, and Renault trucks. Tatkhydro simultaneously engages in both retail and wholesale, operating three shop outlets in Iranian cities where repair shops, transport companies and individual users can directly buy parts. Wholesaler resellers and local distributors are also served through wholesale channels. Servicing hundreds of cash customers daily, he merges in-person sales with subscription groups

serviced monthly ranging from Bronze and Silver to Gold and Platinum, granting master tier patrons extensive bonus-based tiered streamer support.

Tatkhydro has developed unique international supplier and manufacturer relations over the years. The company currently holds exclusive distribution agreements with several brands from Turkey, Taiwan, and the European Union. It offers a complete catalog for spare parts of European trucks including engines, body parts, suspension, axel, brakes, and coolers. With an annual revenue of over €4 million, the company is known for outstanding customer service and after sales support exuding strong domestic reputation. The firm's flexibility in attending international exhibitions and participating in the procurement of goods demonstrates its strong adaptability to local Iranian economy shifts as well as international trade challenges. It has earned accumulated market knowledge which, along with its agility, helps the firm remain competitive, even with local market regulatory, financial, and infrastructural constraints.

Tatkhydro came to understand that import dependency on intermediaries, alongside operating inefficiencies bound solely within Iranian borders, highlighted the need for geographic diversification through direct procurement to European brands. This strategic goal motivated the foundation of Motrexperts s.r.o. in Slovakia.

Motrexperts s.r.o.:

Motrexperts s.r.o. established its operations in Bratislava, Slovakia during 2024. The company operates as an independent Slovak limited liability firm but received its strategic backing from Tatkhydro at its founding. Motrexperts exists to fulfill three main objectives which include direct EU supplier procurement and EU market legal and logistical support and distribution and export services for GCC region re-export. The strategic selection of Slovakia as the business location benefits from advantageous trade rules and EU membership and its strategic position and well-developed logistics system.

The strategic alignment between Motrexperts and Tatkhydro remains clear, yet the exact nature of their organizational relationship remains purposefully ambiguous for further analysis in following chapters. The entry mode classification together with control and risk assessment and long-term strategic fit evaluation depends on this distinction.

3.2. Data Collection Methods

The research employed a qualitative descriptive case study methodology which combined secondary data with practitioner-based insights. The research design of data collection followed the research aim to determine the best entry mode strategy for Motrexperts s.r.o. within the framework of Tatkhodro.

Most of this thesis data originated from secondary sources which included academic journal articles together with market research publications trade reports corporate documents and institutional datasets. The materials served as the essential base for conducting external environment analysis through PEST and Porter's Five Forces and competitive landscape evaluation. The research focused on obtaining data from peer-reviewed academic journals and industry-leading consultancies (e.g., Mordor Intelligence, Grand View Research) as well as official EU documents and recognized news outlets. The research used triangulation to confirm the consistency and reliability of findings when multiple reports covered the same subject. The research drew its insights from both documentary sources and firsthand managerial experience within Tatkhodro and Motrexperts. The author participated directly in the company's establishment and handled procurement activities and supplier communication. The research gathered informal information from managerial team members who worked at the company Tatkhodro.

3.3. Analytical Tools Used

To achieve the goals of the thesis and evaluate the proposed market entry strategies, the following analytical tools were employed: The PEST Analysis framework analyzed the Slovakian macro-environmental factors which affect foreign market entry. The European truck spare parts sector received evaluation through Porter's Five Forces to determine its competitive intensity and industry dynamics. The SWOT Analysis framework helped to reveal both internal strengths and weaknesses together with external opportunities and threats facing the firm. The VRIO Framework assessed the strategic value of the firm's internal resources and capabilities for long-term success. The analysis compared export/re-export strategies to wholly owned subsidiary (WOS) entry methods. The Internal Factor Evaluation (IFE) and External Factor Evaluation (EFE) matrices served as tools to analyze both internal and external environments. The selected tools matched both strategic planning requirements and international business literature standards.

4. Research Results

This chapter aims to present the findings of the study that was made to assess the strategic environment and entry mode decisions that are suitable for Motrexperts s.r.o. as it prepares to venture into the Slovak market. The results of the study are based on the analysis of the international business theories, industry reports, academic journals, and country information and are presented at different levels of analysis. These include a PEST analysis of the external macro environment, followed by Porter's Five Forces and finally a comparison of potential entry modes. Based on both theoretical research and practical sources, the analysis includes real-life challenges and opportunities in the political, economic, social, and technological context of Slovakia. These findings are expected to provide a solid basis for the selection of the most suitable market entry strategy for the company and also shed light on the implications of doing business in Central Europe.

4.1. PEST Analysis of Slovakia

The PEST analysis is a tool used to assess the macro environment that may affect Motrexperts s.r.o. as it enters and operates in the Slovak market. The analysis is presented according to four categories: political, economic, social, and technological, which determine the possibility and effectiveness of establishing a distribution and export hub in the country.

Political Factors

As a member of the EU, Schengen Area and Eurozone, Slovakia is politically stable and offers investors a common legal and regulatory framework. The Slovak government has actively encouraged foreign direct investment especially in export-oriented sectors like the automotive industry through incentives and development of infrastructure (Pavlínek, 2016). The government-led privatization programs in the 1990s and early 2000s made Slovakia an attractive destination for foreign capital by providing tax breaks and simplified procedures (Pavlínek, 2016).

However, the same policies have also resulted in strategic sectors being heavily owned by foreigners, with the automotive sector being the most affected as it had 97% foreign ownership in 2004 (Pavlínek, 2016). Even though this has helped the country to be in line with the global

production systems, it may also mean that the country has less control over changes in regulations. The government of Slovakia has emphasized on green transformation and industrial development in its current policies which encourages foreign companies that focus on sustainability or innovation (Muzikářová, S., & Ostatník, V.2024). Slovakia offers a wide range of investment incentives to attract foreign direct investment (FDI). These include corporate tax relief, cash grants, contributions for newly created jobs, and transfers of state or municipal property at discounted prices. Such incentives are part of the government's strategy to foster economic growth and competitiveness by creating a favorable environment for foreign investors (U.S. Department of State 2024). The political stability and FDI friendliness of the environment makes high control entry modes like wholly owned subsidiaries more appropriate although there is the need to comply with EU-wide trade/export regulations.

Economic Factors

Slovakia is an export-led economy that is well-connected to the global value chains and has a strong industrial sector with a focus on automotive and machinery. The country's car production increased from approximately 3,000 units in 1993 to almost one million units in 2013, which ranked Slovakia as the world's largest car producer per capita in 2012 (Pavlínek, 2016). The Slovak automotive industry produced about 1.08 million vehicles during December 2023 while continuing its position as a major automotive manufacturer. The production numbers show a minor reduction from last year because major manufacturers adjusted their production strategies which number of productions fell below one million units (CEIC 2024). The presence of industrial zones, logistics, and the strategic location of the country make it suitable for re-export. Though, the economy is also characterized by cost competition since wages are relatively low compared to Western EU countries. This provides a cost benefit but also creates pressure on firms to keep prices and operations cost effective (Pavličková, 2013). Furthermore, it has been pointed out that there is low R&D spending in the country and high dependency on assembly-type production (Muzikářová, S., & Ostatník, V.2024).

According to Poliaková and Kameníková (2023), housing affordability and consumer debt levels as well as inflation rates have an indirect effect on wage expectations and costs of doing business. Average household debt burdens and rising mortgage rates are among the highest in Central Europe, which could impact on the availability of cheap and skilled labor in the long run. Subsidiary-based models are more appropriate for firms that want to reduce costs and be close to EU production and distribution centers.

Social Factors

The western region of Slovakia had more than 924,600 active individuals in its labor market during 2023 with 25.5% of workers holding tertiary education and 70.9% holding secondary education. The employment rate reached 58.4% which matched the national employment rate (EURES, 2025). The OECD average of 79% was exceeded by 92% of adults aged 25-64 who completed upper secondary education. The Roma population faces ongoing systemic barriers that prevent their social integration despite the fact that 92% of adults aged 25-64 have finished upper secondary education (OECD, 2024).

Slovakia has a relatively well-educated and vocationally trained workforce especially in industries related to industry and logistics. Labor mobility across the EU and previous manufacturing experience makes the workforce both flexible and interesting to international investors (Bajzíkova & Bajzík, 2020). Nevertheless, the country is still facing demographic problems including an ageing population and brain drain to Western Europe. Youth Slovaks show minimal language differences especially within urban areas. Research shows an increasing number of Slovak citizens younger than 35 who speak English and German fluently because both languages serve as standard communication tools in logistics and supplier connections (Bajzíkova & Bajzík, 2020). The workforce is influenced by three main social factors including increasing housing expenses and wage differences between regions and the separation between urban and rural areas. The high cost of living in Bratislava may prevent workers from accepting low-wage jobs but smaller towns provide budget-friendly employment options (Poliaková & Kameníková, 2023). Social factors support both direct investment (due to skilled workforce) and export-oriented models (especially with remote or decentralized teams).

Technological Factors

Slovakia is experiencing digital transformation through rising investments in automation and industrial innovation together with customs digitization. Slovak SMEs face important technology challenges that separate them from their Western European peers. The country lacks systemic support for R&D activities within the home country and experiences fragmented innovation policies (Muzikářová, S., & Ostatník, V.2024). The automotive industry transforms

into digital and green production through EU funding alongside public-private partnerships. These advancements originate from foreign-owned OEMs who do not provide substantial benefits to the domestic SME sector. The lack of spillover impact on supplier ecosystems and innovation diffusion stands as a result of this situation (Pavlínek, 2016). The modern logistics infrastructure of Slovakia enables just-in-time and cross-docking distribution systems which benefits companies like Motrexperts s.r.o. that operate regionally and handle multi-country logistics management. The implementation of Just-in-Time (JIT) and cross-docking logistics strategies leads to substantial improvements in supply chain efficiency. The approaches reduce inventory costs and storage needs while speeding up delivery times through supply-demand synchronization. The automotive industry benefits most from these efficiencies because timely component delivery ensures production schedule maintenance. The technological infrastructure enables wholly owned subsidiaries to maintain internal supply chain management while connecting to regional network platforms.

Political	Economic
EU & Schengen membership	Eurozone, stable inflation
Favorable trade laws and customs framework	Competitive labor costs
Pro-business legal environment	Strong road/logistics infrastructure
Social	Technological
Educated and skilled industrial workforce	Modern warehouse and logistics systems
Multilingual younger generation	Digital invoicing & customs integration
Openness to foreign businesses (B2B-friendly climate)	Alignment with EU digital trade regulations

Table 1PEST Analysis of Slovakia Summary Table (Own Work)

4.2. Porter's Five Forces Analysis of the Slovak Automotive Aftermarket

Porter's Five Forces model is a strategic tool used in the analysis of the external environment of a business. In this part of the study, we use this approach to explore the competitive forces that Motrexperts s.r.o. faces during its entry and operation in the Slovak aftermarket for heavy vehicle and truck spare parts. The analysis is based on Slovakia's industrial environment, structural conditions and literature and policy reports.

Threat of New Entrants

The threat of new entrants into the Slovak automotive aftermarket is moderate, due to a combination of institutional openness and embedded competitive complexity.

From a policy perspective, the country has an open FDI regime which is supported by tax incentives, a flat corporate tax rate of 21% and government grants which have been higher than the standard EU rates. The Industrial Parks Act of 2001 provided for foreign suppliers to locate their plants near OEMs and provided public infrastructure support. These conditions decrease the administrative and financial costs of entry for new market participants. However, structural barriers remain formidable. It is established that more than 90% of the Tier-1 suppliers are foreign-owned and are well integrated into the local industrial clusters through relational and logistical links. The concentration of suppliers around OEMs in a one-day delivery radius generates time-accessibility advantages that are hard for new players to emulate (Rusnák, J., Ďurček, P., Takáč, M., & Óvári, K, 2022).

Moreover, the technological complexity of the market is intensifying with the shift toward electric vehicle (EV) technologies. The emergence of Volvo's BEV-only plant in Valaliky by 2026 and quick OEM electrification plans make it challenging for new entrants to enter the market. "Traditional vehicles have 80-90% more moving parts than EVs thus reducing aftermarket parts demand and service needs altogether" (CIPE, 2024).

Bargaining Power of Suppliers

Suppliers in the Slovak automotive industry—especially Tier-1 and Tier-2—wield high bargaining power.

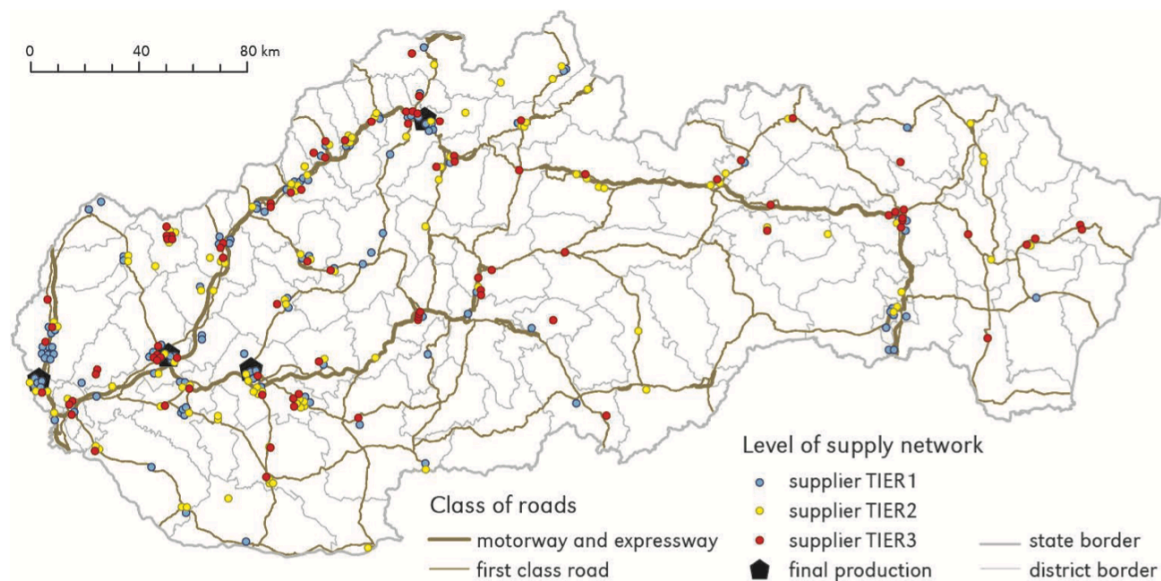


Figure 3 Spatial distribution of automotive firms in Slovakia based on their supplier hierarchy (Rusnák et al., 2022).

The map demonstrates how automotive suppliers are distributed across Slovakia according to their supply chain position. The map displays firms according to their supplier tier level which includes Tier 1, Tier 2, Tier 3 suppliers and final producers while showing their locations relative to Slovakia's expressway and first-class road network. The data shows that Tier 1 suppliers and final production facilities have their main locations along major transport routes in the western regions of Slovakia including Bratislava, Trnava, Žilina and Trenčín. The supplier clustering pattern demonstrates the need for time-accessibility logistics and modular assembly networks which place suppliers near each other to support just-in-time (JIT) and just-in-sequence (JIS) manufacturing models. The spatial asymmetry demonstrates how Slovakia's industrial past and state-led investment strategies during the post-transition period shaped the country's development. Motrexparts as a new market entrant must consider both integration possibilities and competition challenges against established actors in this pattern. The Slovak automotive industry includes Tier 1 suppliers who deliver products directly to original equipment manufacturers (OEMs) while providing complex modules such as seating systems and electronics and chassis components. The suppliers at this level work with OEMs to develop products and ensure quality while maintaining advanced research and development capabilities. Tier 2 suppliers deliver components or sub-assemblies to Tier 1 suppliers while maintaining minimal direct contact with original equipment manufacturers. The main function of Tier 3 suppliers involves delivering raw materials and basic industrial components. The level

of integration into OEM networks decreases with each higher tier but new firms face lower entry barriers.

Slovakia has one of the highest foreign-ownership rates in Europe's supplier structure with 91% of Tier-1 suppliers being under foreign control from Germany, South Korea and France. The suppliers operate in modular, integrated cluster systems and use Just-in-Time (JIT) and Just-in-Sequence (JIS) logistics models which enables them to secure premium contracts because of their proximity, quality assurance and reliability expectations. Furthermore, macro-component producers such as Adient and Faurecia are located in industrial parks that are specifically designed for co-location with OEMs and they form industrial condominiums or modular consortiums that further strengthen their bargaining power. Due to the logistical dependency and lack of major local alternatives for high-volume, time-sensitive supply, buyers like Motrexperts must rely on foreign-controlled sources, particularly for components that are critical to engine systems, transmission and electrification. "Tier-1 suppliers have the most responsibility in R&D, therefore they have long-term cooperation contracts with OEMs" (Rusnák, J., Ďurček, P., Takáč, M., & Óvári, K, 2022).

Bargaining Power of Buyers

Buyers in the Slovak spare parts market displays moderate to high bargaining power, depending on their market segment. The country's automotive market is very sensitive to price, especially among retail clients and small workshops who tend to choose price over brand loyalty. The increase in parallel imports, digital B2B channels, and aftermarket online platforms increases the options available to buyers and reduces the costs associated with changing suppliers.

At the same time, the country's regional wage differences and the limited purchasing power outside Bratislava and Košice makes pricing a key consideration in B2B and B2C markets. For instance, in 2023, R&D expenditure in Slovakia was less than 1% of GDP which means that there is not much differentiation among sellers (CIPE, 2024).

Yet, larger institutional buyers (fleet operators, public utilities) are now more concerned with predictability, delivery speed and multi-brand integration which create entry points for players such as Motrexperts who focus on logistics excellence and after-sales service.

Threat of Substitutes

The threat of substitutes is on the rise but still remains moderate in the short-to-medium term. With the move towards electrification of fleets, parts such as pistons, fuel injectors and exhaust systems are becoming less relevant. EVs have fewer mechanical parts which means that there are less parts to replace and less often (CIPE, 2024). The implementation of authorized servicing ecosystems by OEMs includes battery maintenance and software diagnostics functions that decrease independent spare part supplier dependence. The transition has not been consistent throughout Slovakia because of inadequate infrastructure as well as limited EV adoption and numerous older diesel-based vehicles. Motrexperts can generate profits through traditional spare parts sales (brake pads, suspension, filters) during the upcoming ten years especially when targeting export clients in non-EU markets.

Industry Rivalry

The automotive market in Slovakia experiences intense competition between various industry players who battle against both domestic fragmentation and external market competition. Slovakia maintains a highly dense automotive supply chain which comprises more than 300 registered part suppliers who operate in three tiers and duplicate their product portfolios (Rusnák, J., Ďurček, P., Takáč, M., & Óvári, K, 2022).

Companies compete primarily through price points and delivery speed and payment conditions rather than technical product differences. E-commerce cross-border operations have raised price visibility across different markets. Slovak wholesalers compete aggressively with Czech and Hungarian online platforms that integrate logistics systems and dynamic pricing technology.

The location of strategic decision centers outside Slovakia particularly among VW, Stellantis and Kia creates challenges for local adaptation because it leads to slower response times for domestic needs (CIPE, 2024).

<i>Force</i>	<i>Impact Level</i>	<i>Key Insights</i>
<i>Threat of New Entrants</i>	Moderate	EV transition + local clusters create barriers despite FDI incentives
<i>Bargaining Power of Suppliers</i>	High	91% of Tier-1 suppliers are foreign-owned and embedded
<i>Bargaining Power of Buyers</i>	Moderate–High	Price-sensitive and fragmented buyer landscape
<i>Bargaining Power of Buyers</i>	Moderate	EV shift is reducing demand for combustion spares
<i>Industry Rivalry</i>	Very High	Local fragmentation + regional competition + price focus

Table 2 Porter's Five Forces for Motrexparts Summary Table (Own Work)

The Slovak automotive aftermarket presents a complex and highly competitive environment for new entrants like Motrexparts s.r.o. While the country's institutional framework characterized by EU membership, tax incentives, and FDI openness—lowers formal barriers to entry, the real competitive landscape is shaped by deep structural dynamics. Industrial clusters, high foreign ownership of Tier-1 suppliers, and technological transformations in the sector contribute to substantial barriers that cannot be easily overcome by new players without strategic adaptation and resource commitment. The bargaining power of suppliers remains strong due to Slovakia's reliance on foreign-controlled firms embedded in modular logistics ecosystems. This dynamic requires any new player to either align with dominant supply networks or source strategically across the EU to avoid dependency risks. On the buyer side, power is equally pronounced, particularly among cost-sensitive customers who value price and delivery over brand loyalty. However, this pressure can be mitigated through value-added services, flexible logistics, and tailored solutions for institutional clients. While the threat of substitutes is rising due to the electrification of vehicles and digitalization of servicing, the current fleet composition and export demand offer a stable mid-term window for spare parts distribution. However, intense rivalry—driven by local fragmentation and cross-border competition—demands that Motrexparts clearly differentiate itself through logistics performance, specialization, and regional export orientation. Ultimately, success in the Slovak market will depend not just on market access, but on the ability to strategically navigate and position within these five competitive forces. Motrexparts must treat these challenges not as static barriers, but as evolving dynamics that can be leveraged through adaptation, regional knowledge, and long-term vision.

4.3. Competitive Landscape of the Slovak Automotive Spare Parts Sector

The Slovak automotive spare parts sector operates in a competitive market environment which combines foreign direct investment (FDI) and weak domestic innovation together with uneven regional development and emerging digitalization trends. This section offers a comprehensive investigation of market competition dynamics that affect Motrexparts s.r.o. while exploring multinational market supremacy alongside Slovakian SME obstacles and digital transformation impacts on distribution systems.

FDI-Driven Structure and Market Dominance

Slovakia's automotive sector exists as an integral part of multinational corporation (MNC) dominated global production networks. Foreign ownership controls more than 90% of Tier 1 suppliers within Slovakia which have their primary business connections to Western European OEMs including Volkswagen, Stellantis, Kia and Jaguar Land Rover (Rusnák et al., 2022). The market structure operates as an export-oriented vertically fragmented system which excludes domestic companies from achieving scale or integrating horizontally for major production networks. FDI-driven growth successfully generated employment and GDP expansion yet failed to build a sustainable national supplier industry or improve domestic firms' innovation capabilities (Pavlínek et al., 2017). The apparent strength of Slovakia's global competitiveness exists because it depends completely on foreign capital and external business decisions. The competitive landscape of spare parts focuses mainly on price battles and efficient logistics alongside access to OEM-controlled distribution systems instead of innovation-based or brand-specific differentiation. Pavlínek et al. (2017) note that Slovakia functions as a low-value-added part of the automotive value chain because strategic decisions and technological leadership exist outside the country. The control of multinational importers and global networks over commercial vehicle and truck parts distribution creates structural obstacles which prevent new domestic businesses and smaller import-based operators such as Motrexparts from entering the market.

Weak Supplier Linkages and SME Constraints

The automotive supply chain and distribution system remains inaccessible to Slovakian SMEs. The main obstacles preventing entry are a deficiency in trust-based networks and insufficient

technical capabilities along with limited capital opportunities for operation expansion (OECD, 2023). Domestic firms usually fail to establish formalized innovation alliances or partnership programs with major MNCs which have established logistics bases in proximity to their operations. According to Pavlínek et al. (2017), Slovak SMEs demonstrate the lowest collaboration rates with multinational enterprises among Visegrád nations and maintain separate local operations which prevent knowledge transfer between companies. The absence of integration within spare parts distribution creates market disadvantages which increase operational expenses and decrease pricing flexibility. The innovation linkages between FDI firms and domestic firms remain non-existent despite multiple support programs according to OECD (2023).

The disadvantage affects export capabilities in addition to all other areas. Slovak SMEs face obstacles in exporting since they lack essential digital tools and customs support alongside scalable inventory management which prevents them from serving international markets successfully. FDI-led firms have built streamlined export channels which combine EU-wide logistics networks to achieve better export capabilities.

Spatial Concentration of Suppliers

The spatial arrangement of automotive suppliers and distributors across Slovakia creates competition imbalances between different areas. According to Rusnák et al. (2022) in Chapter 4.2.2 Tier 1–3 suppliers and final producers concentrate in western Slovakia around major industrial corridors close to Bratislava, Trnava, Žilina and Nitra. Clustered firms gain substantial cost and speed advantages because of their proximity to OEMs and highway access which supports JIT logistics operations against new market entrants. A distributor located in eastern Slovakia needs longer delivery periods and weaker negotiation powers when competing against established suppliers in well-connected locations.

According to Pavlínek and Ženka (2016) the benefits of location-based proximity to infrastructure and high-density industrial parks and logistics hubs result in what they call "geographically asymmetrical competitiveness. "Emergence of Digital Spare Parts Distribution

The digital transformation process is currently changing the entire supply chain of spare parts procurement and distribution. Market power has started to shift away from traditional wholesalers because Digital Service Providers (DSPs) and online ordering platforms continue to expand (Hasenfuß et al., 2025). Original Equipment Manufacturers (OEMs) now develop

complete aftersales platforms that eliminate independent distributors through custom software and diagnostic systems and subscription-based part distribution.

According to Hasenfuß et al. (2025, p. 6) the "Digital platforms enable OEMs and Tier-1 suppliers to establish aftermarket control which leads to technological restrictions for independent participants." The Slovak market now demonstrates early signs of these emerging market trends which remain more developed throughout Western Europe. Distributors who do not implement ERP systems or fail to integrate ordering APIs and customer portal solutions will become peripheral in the competitive market that is increasingly technology-based.

Research from Eurostat and E-commerce Europe (2022) indicates that Slovakia ranks behind numerous EU countries regarding B2B digital maturity especially for SMEs. Digital entrants including Motrexperts can capitalize on this market gap through their implementation of API-connected ordering processes along with export-specific payment solutions and automated fulfillment services.

Retail vs Wholesale Market Dynamics

Available data reveals that the Slovak aftermarket operates through two distinct channels although no document presents specific retail vs wholesale statistical information. The market consists of two major segments:

- The retail industry contains numerous separate independent repair facilities along with independent garages which operate based on price competitiveness
- The wholesale distribution sector is controlled by multinational suppliers and vertically integrated logistics firms together with importers

The OECD (2023) indicates that Slovakia's wholesale and retail industries maintain 15% of the workforce and attract major capital investments. The advantages from these benefits exist only for large wholesalers who are foreign-controlled because local retailers face volume restrictions and lack integration with supply chains.

Slovak wholesale operators maintain multiple drop-points throughout their regions through centralized inventory systems which enables them to gain better cost efficiency and market

coverage than single-location competitors. Motrexperts must balance warehouse scalability with local fulfillment options to remain competitive in the retail and wholesale segments.

Key Regional Distributors and Market Dynamics

The Slovak market for truck spare parts consists of various stakeholders including local distributors as well as multinational suppliers alongside regional logistics operators who serve the expanding yet fragmented market demand for heavy truck components. The truck parts market differs from passenger vehicles because it is primarily influenced by specialized logistics requirements and component availability and brand matching instead of standard retail distribution. This section reviews various significant distributors serving the Slovak and Central European regions together with essential market data for understanding market competition levels and entry potential.

Leading Distributors in Slovakia:

- FerMi s.r.o.: Since its establishment in 2008, FerMi has focused on IVECO truck spare parts distribution while providing both original and aftermarket products. The company operates a live inventory system that holds 6,000 items available for same-day business delivery nationwide because it caters its services toward repair shops and fleet operators (FerMi, n.d.).
- The LKQ RHIAG Group maintains its European brand in Slovakia where it functions as a leading power within the independent aftermarket. Under LKQ Europe the company operates across 18 European countries through its 100,000+ customer network with 900+ branches (LKQ Europe, 2024). The local operation maintains well-developed supply chain operations and broad part availability together with excellent connections to repair facilities.
- Autos Polska operates its SK Division from Poland although it maintains a rising presence across Slovak border regions. Autos Polska serves customers as a competitively priced distributor that delivers suspension systems along with lighting components and steering parts and semi-trailer parts through its efficient regional logistics network (Autos Polska, 2023).

Prominent Central European Networks:

- Rhiag Group (Apax Partners) operates in nine countries including Slovakia and Czechia and manages several brand lines Rhiag, Bertolotti and AutoKelly. The company has a strong focus on the independent aftermarket with a product catalog exceeding 150,000 products and good IT integration with workshops (Apax Partners, 2024).
- Hedin Mobility Group: Hedin is a fast-growing importer and distributor; Hedin manages the spare parts operations for a number of European brands. Their strength is in multi-brand warehousing and vertical integration, especially in Sweden, Czechia, and Hungary (Hedin Mobility, 2024).
- OPONEO.PL Group: OPONEO is traditionally known for tire e-commerce, however OPONEO operates in 12 EU countries, including Slovakia, with full-service tire delivery and on-site installation services. The model demonstrates the increasing convergence between logistics innovation and spare part retailing (OPONEO, 2023).

Market Size, Concentration, and Entry Barriers

The European automotive aftermarket spare parts market is expected to reach USD 107.83 billion in 2025, at a compound annual growth rate (CAGR) of 3.2%, with Central Europe contributing a large share of this growth (Mordor Intelligence, 2024). However, the market is moderately concentrated, with several dominant regional and global players maintaining exclusive supplier contracts and private label strategies. These include Continental AG, Bosch, Valeo, ZF, and HELLA.

However, the entry barriers for new entrants are high because:

- The need for localized logistics centers
- Brand credibility and warranty compliance
- The EU standards for safety and emissions
- The trust-based relationships with the independent repairers

For Motrexperts s.r.o., entering the Slovak truck spare parts market means entering a regional competitive structure that is highly specialized in distribution. Unlike global OEM-affiliated suppliers, these companies are positioned at the crossroads of logistics performance, catalog

breadth and relationship capital. Local players like FerMi and Autos Polska are leaders in delivery speed and technical knowledge in truck-specific categories while pan-European networks such as LKQ and Rhiag leverage massive procurement ecosystems to undercut smaller entrants on cost and coverage.

In this context, Motrexparts' entry strategy must focus on:

- Offering a diverse multi-brand catalog
- Establishing high-efficiency fulfillment centers
- Tapping into export potential across borders, especially in underserved Eastern and non-EU markets
- Leveraging relationships with non-affiliated repair garages that resist brand lock-in

At the same time, global dynamics – including the growth of Chinese EV part exporters and Turkish manufacturers – point to the possibility of non-traditional sourcing models as a way to compete on price and product range. If properly used, these suppliers can enable Motrexparts to work with cost agility without sacrificing EU compliance. Therefore, the understanding of the real, region-specific landscape is crucial for developing a sustainable competitive position. The challenge is not to displace Bosch or ZF — but to outperform middle-scale distributors in service speed, international reach, and digital integration.

4.4. Internal Analysis of Tatkhodro and Motrexparts s.r.o.

A company's internal capabilities establish its potential to expand internationally. The internal capabilities of Tatkhodro as a long-established Iranian automotive parts distributor and its Slovak subsidiary Motrexparts s.r.o. are evaluated for their market readiness and strategic potential in the European market.

Internal Resources and Capabilities

The evaluation of market entry feasibility requires proper assessment of internal resources. The two companies share ownership through Tatkhodro while operating under separate regulatory conditions and economic environments which have shaped their internal resources differently.

Tatkhodro (Iran)

The operational strength of Tatkhodro stems from its experience and established procurement networks together with its logistics capabilities. The company maintains three physical locations in Tehran and Isfahan which span 3,000 square meters of warehouse space to handle large inventory levels and daily order volumes. The company has 24 employees who perform sales and warehouse operations and procurement functions alongside customer service and management positions. Tatkhodro maintains long-term manufacturing agreements with Turkish and Taiwanese and European Union suppliers which demonstrates its successful negotiation power and supplier retention ability. Tatkhodro maintains efficient demand responsiveness through its daily interactions with both fleet customers and retail buyers.

The business demonstrates several key capabilities which include:

- Multichannel distribution to B2B and B2C buyers
- Market-specific pricing strategies informed by historical trends
- Tactical procurement methods, including bulk buying to hedge against currency fluctuations
- Brand trust developed through consistency and after-sales service

The company operates within Iran's regional limitations which include legal constraints and currency restrictions as well as procurement barriers for international businesses. Motrexperts was created as a strategic solution to address these operational limitations.

Motrexperts s.r.o. (Slovakia)

The company stands at the beginning of its development but maintains a clear strategic direction. The location in Bratislava gives access to Central European supply hubs and EU-level legal infrastructure. The management team consists of two people who direct the company alongside an accountant and administrative support staff. The company exists solely for logistics and sourcing operations between European manufacturers and non-EU regional market centers and does not operate as a retail business.

Internal assets include:

- Physical infrastructure prepared for warehousing and export processing

- Established institutional ties with Tatkhodro, enabling channel confidence in supply and resale
- Low overhead, allowing flexible adjustment of operational scope
- Management with in-depth market intelligence on Iran and surrounding non-EU territories

Motrexparts faces two major obstacles at present which include generating revenue and building EU supplier relationships with credit trustworthiness. When properly executed the structural role of this procurement node enables high scalability with minimal risk exposure.

4.4.1. Evaluation of Internal Resources Using the VRIO Framework

The VRIO framework (Barney, 1991) serves to evaluate the strategic value of internal resources that Tatkhodro and Motrexparts possess. The framework assesses resources for their value, rarity, imitability and organization to determine their potential for sustainable competitive advantage. The combined analysis shows the current operational capabilities of both firms and their strategic importance for their joint market entry initiative.

Resource/Capability	Valuable	Rare	Inimitable	Organized to Capture Value	Competitive Implication
Long-standing supplier network (Tatkhodro)	Yes	Yes	No	Yes	Temporary competitive advantage
Geographic presence in EU (Motrexparts)	Yes	Yes	No	Yes	Temporary competitive advantage
Iranian market expertise	Yes	Yes	Yes	Yes	Sustainable competitive advantage
Digital tools and integration	No	No	No	No	Competitive disadvantage
Warehouse infrastructure and logistics	Yes	No	No	Yes	Competitive parity
Low operational overhead (Motrexparts)	Yes	No	Yes	Yes	Short-term flexibility (cost-based)

Table 3 VIRO Analysis of Internal Resources (Own Work)

The VRIO analysis shows that the firms lack fully inimitable resources but their Iranian market intelligence, supplier relationships, and European logistical base give them meaningful temporary competitive advantages. The combination of Tatkhodro operational depth with Motrexperts' strategic positioning enables the creation of sustainable advantage through additional digital infrastructure development and exclusive partnership establishment. The temporary advantages of these firms' risk being eliminated by EU competitors who possess better resources. According to Barney (1991) sustainable advantage needs more than location or legacy because it requires systems of coordination, knowledge and innovation that are difficult to replicate.

Strategic Fit with the Slovak Market

The success of a firm in a new market depends on both the external environment attractiveness and the internal capabilities' alignment with that environment which is known as "strategic fit." The internal resources and orientation of Motrexperts need to be analyzed against the Slovak market conditions that were described in the previous sections. The previous analysis revealed that Slovakia provides multiple external benefits which include political and legal stability within the EU framework, proximity to automotive manufacturing hubs, export logistics to non-EU countries benefit from easy customs clearance processes, new businesses receive tax incentives and investment support from the government.

The market comes with specific obstacles that include LKQ RHIAG and Autos Polska operate as major regional distributors that compete strongly in the market, medium market concentration dominated by international buying groups, Weak integration between local SMEs and multinational suppliers, The market shows rising requirements for digital procurement systems and fulfillment technology.

Tatkhodro procurement expertise combined with Motrexperts' EU location provides a strong basis to seize these market opportunities. The company's strategic location enables Motrexperts to: The company can purchase directly from European manufacturers at prices that exclude intermediary costs. Act as a fulfillment hub for non-EU markets, which could be consider as CCG (Gulf Cooperation Council), that includes Bahrain. Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates.

The company maintains a cost structure that allows it to stay competitive within price-sensitive market segments. The company faces short-term disadvantages because it lacks digital infrastructure and has minimal EU brand recognition and no Slovakian supplier agreements. The company maintains low overhead costs through its B2B operations which allows it to excel in export and re-export logistics more than domestic retail operations thus requiring a strategic Slovak market approach instead of complete local integration.

4.5. SWOT Analysis of Motrexperts & Tatkhodro

A SWOT analysis was conducted to identify the internal strengths and weaknesses of Motrexperts s.r.o. and the external opportunities and threats in the Slovak market. This qualitative assessment is the basis for the subsequent quantitative strategic evaluation using IFE and EFE matrices.

Strengths	Weaknesses
30+ years of market experience (Tatkhodro)	No financial track record for Motrexperts
Exclusive relationships with trusted suppliers	No existing supplier contracts in Slovakia
Warehouse capacity and established logistics	Small team with limited immediate capacity
Deep understanding of non-EU markets	Limited digital integration or automation
Geographic advantage of Bratislava as EU base	Dependency on Tatkhodro for initial orders
Opportunities	Threats
Sourcing efficiency via direct EU procurement	Competitive pressure from regional distributors
Serving high-demand non-EU markets	Fluctuations in customs/export policy
Forming new supplier partnerships in the EU	Entry barriers into EU supplier networks
Potential future scalability	Risk of non-payment in external markets

Table 4 SWOT Analysis Motrexperts & Tatkhodro (Own Work)

The SWOT analysis demonstrates how Tatkhodro and Motrexperts position themselves through their internal strengths and weaknesses together with external opportunities and threats. Tatkhodro provides market experience and logistical infrastructure, but Motrexperts

delivers EU market access through its geographic and legal advantages. The two companies create a harmonious system of capabilities through their combined resources. The success of their strategic partnership depends on their ability to overcome entry barriers and establish supply partnerships while managing operational risk in the competitive European market.

In the following chapters The Internal Factor Evaluation (IFE) and External Factor Evaluation (EFE) matrices functioned as tools to examine the internal and external environments of Motrexperts s.r.o. The strategic tools enable organizations to convert their qualitative assessments into quantifiable results through structured methods which reveal important organizational strengths and weaknesses and opportunities and threats. The company assigns strategic response scores to each factor while the weight indicates the relative importance level of each factor. The IFE matrix evaluates internal elements to establish their strategic position impact while the EFE matrix examines external elements that affect the firm. The cumulative weighted scores from these matrices according to David (2017) enable organizations to obtain a simple evaluation of their internal capabilities and external market conditions which supports strategic initiative decisions in complex competitive environments.

4.5.1. Internal Factor Evaluation (IFE) Matrix

The SWOT analysis requires an additional organized evaluation method to determine the exact value of internal factors. The Internal Factor Evaluation (IFE) matrix enables companies to evaluate internal factors through a two-step process of weight assignment and performance rating assessment. The weight value determines the relative strategic importance of each factor for Motrexperts s.r.o. while the rating measures the organization's existing response to the factor. The weighted score for each factor becomes final after multiplying the assigned weight with its respective rating value. The weighted scores' sum produces an evaluation of Motrexperts internal strategic standing.

The weights were distributed using a scale which ranges from 0.00 for unimportant to 1.00 for very important while maintaining a total weight sum of 1.00.

The rating scale contained four points that started from 1 (Major weakness) and reached 4 (Major strength).

Each strength factor received a rating between 3 and 4 and weakness factors received ratings from 1 to 2. The strategic weight distribution and rating assignments stem from the realistic assessment of Motrexperts internal environment which was determined in the previous SWOT analysis.

Internal Factors	Weight	Rating	Weighted Score
Strengths			
Established reputation in Iran	0.14	4	0.56
Strong supplier relationships	0.14	4	0.56
Exclusive distribution agreements	0.14	4	0.56
Operational flexibility	0.1	3	0.3
Deep market knowledge in the automotive spare parts sector	0.1	3	0.3
Weaknesses			
New brand in Slovakia (low local brand awareness)	0.08	2	0.16
Limited local market experience	0.08	2	0.16
High initial capital investment requirement	0.07	2	0.14
Dependence on Iranian management experience	0.07	2	0.14
Limited digital integration and automation	0.08	2	0.16
Total	1		3.04

Table 5 IFE Matrix for Motrexperts s.r.o. (Own Work)

Motrexperts IFE matrix total weighted score reaches 3.04. The IFE matrix framework evaluates internal positions through a scoring system which assigns:

- 2.5 represents a middle ground between internal strengths and weaknesses.
- A score above 2.5 demonstrates that strengths exceed weaknesses.
- A score below 2.5 reveals that weaknesses take precedence over strengths.

A score of 3.10 demonstrates that Motrexperts s.r.o. has an advantageous internal strategic position. Motrexperts established reputation in Iran along with its strong supplier relationships and exclusive distribution agreements represent the company's most vital internal strengths. The company needs these essential factors to achieve successful procurement as well as market entry and negotiation with new partners and customers in Slovakia.

The company experiences two major weaknesses which stem from limited brand recognition in Slovakia as well as minimal experience in the local market. Although these weaknesses could pose short-term challenges, they are relatively minor compared to the strengths and can be addressed through appropriate marketing and localization strategies. The IFE analysis confirms Motrexperts s.r.o. holds strong internal capabilities to execute an active market entry strategy which will help overcome entry barriers in Slovakia.

4.5.2. External Factor Evaluation (EFE) Matrix

The External Factor Evaluation (EFE) matrix extends IFE analysis through structured external environment assessment of Motrexperts s.r.o. The SWOT analysis tools help organizations evaluate and quantify their most critical opportunities and threats discovered previously. The analysis includes two components: A weight representing the relative importance which ranges between 0.00 for not important and 1.00 for very important. Every factor in the analysis must have a total weight that equals 1.00. The company should evaluate its present strategic response effectiveness by using ratings from 1 to 4 where 4 stands for exceptional response and 1 represents very poor response. 4 = The company is responding exceptionally well to the opportunity/threat. 3 = The company is responding well. 2 = The company is responding poorly. 1 = The company is responding very poorly. To determine the final weighted score each factor's weight must be multiplied by its corresponding rating. The external position of Motrexperts s.r.o. will be determined by summing up all weighted scores.

Opportunities maintain a higher combined weight than threats do which indicates a mostly favorable environment outside the company. The 3 and 4 rating scores for opportunities demonstrate Motrexperts' preparedness to utilize the external environment. The company should remain vigilant about threats since its current threat ratings are lower than expected.

External Factors	Weight	Rating	Weighted Score
Opportunities			
Slovakia's EU membership and strategic logistics hub	0.25	4	1
Growing regional demand for heavy truck parts	0.2	3	0.6
Access to neighboring EU and non-EU markets	0.2	4	0.8
Potential to establish exclusive European supply agreements	0.15	3	0.45

Threats			
Strong competition in the Slovak automotive aftermarket	0.1	2	0.2
High price sensitivity among Slovak customers	0.05	2	0.1
Regulatory risks related to EU product standards	0.03	2	0.06
Economic fluctuations affecting industrial and transportation sectors	0.02	2	0.04
Total	1		3.25

Table 6 EFE Matrix for Motrexperts s.r.o. (Own Work)

Motrexperts s.r.o. achieves a total weighted score of 3.25 in the EFE matrix. A score of 2.5 on the EFE framework represents a neutral reaction to environmental factors. The ability to use opportunities and protect against threats is superior when the score exceeds 2.5. Strategic positions that fall below 2.5 demonstrate weak response capabilities to external elements. The score of 3.25 demonstrates Motrexperts s.r.o. maintains an advantageous position within the Slovak market together with the broader regional market. Important opportunities for growth include Slovakia's EU membership and its strategic location and the expanding demand for truck parts throughout the region. The company gains enhanced strategic advantage through the potential expansion of its operations into Austrian and Hungarian markets. Strategic attention should be given to both competitive forces and customer price sensitivity among external threats. The company should monitor EU product standard compliance risks together with regional economic changes. The EFE analysis demonstrates that Motrexperts s.r.o. faces more beneficial external factors than threats which supports the company's decision for active market entry.

4.5.3. Strategic Position and Action Evaluation (SPACE) Matrix

The Strategic Position and Action Evaluation (SPACE) matrix is a strategic management tool that is used to combine the results of internal and external analyses in order to identify the most appropriate strategic posture for a company. It shows which company should adopt an aggressive, conservative, defensive or competitive strategy.

The SPACE matrix examines the following four key factors:

- Financial Strength (FS) (internal)
- Competitive Advantage (CA) (internal)
- Industry Strength (IS) (external)
- Environmental Stability (ES) (external)

Each dimension is scored according to company-specific and industry-specific assessments:

- The Financial Strength and Industry Strength are scored on a positive scale from 0 (weak) to +6 (very strong).
- The Competitive Advantage and Environmental Stability are scored on a negative scale from 0 (neutral) to -6 (very unfavorable).

The company's position on the matrix is determined by graphing the average scores on the X- and Y-axes:

- X-axis: Competitive Advantage (CA) + Industry Strength (IS)
- Y-axis: Financial Strength (FS) + Environmental Stability (ES)

The resulting coordinates indicate the company's strategic profile and recommend a particular strategic posture. The inputs for the SPACE Matrix are drawn from the results of the IFE and EFE matrices as discussed previously as well as the wider strategic evaluation of Motrexparts s.r.o.

Dimension	Evaluation	Assigned Score
Financial Strength (FS)	There is a good availability of internal resources, supplier relations, and exclusive distribution agreements of Motrexparts which is a good entry point for Slovakia.	+4.5
Competitive Advantage (CA)	Although the brand has good supplier relations the brand is new in the Slovakian market and has no local experience and is not very digital, which results in a moderate competitive disadvantage.	-3
Industry Strength (IS)	The Slovakian market is very attractive because of regional logistics advantages, EU integration, and increasing demand for truck parts.	+5
Environmental Stability (ES)	Moderate environmental risks exist, including strong competition, price sensitivity, and potential economic fluctuations. These factors are associated with moderate instability.	-3

Table 7 Determination of SPACE Matrix Inputs (Own Work)

The X- and Y-axis coordinates for the SPACE matrix are calculated as follows:

- **X-axis** (Competitive Advantage + Industry Strength):

$$X = (-3.0) + (+5.0) = +2.0$$

- **Y-axis** (Financial Strength + Environmental Stability):

$$Y = (+4.5) + (-3.0) = +1.5$$

Thus, Motrexperts s.r.o. position in the SPACE matrix is at coordinates **(2.0, 1.5)**.

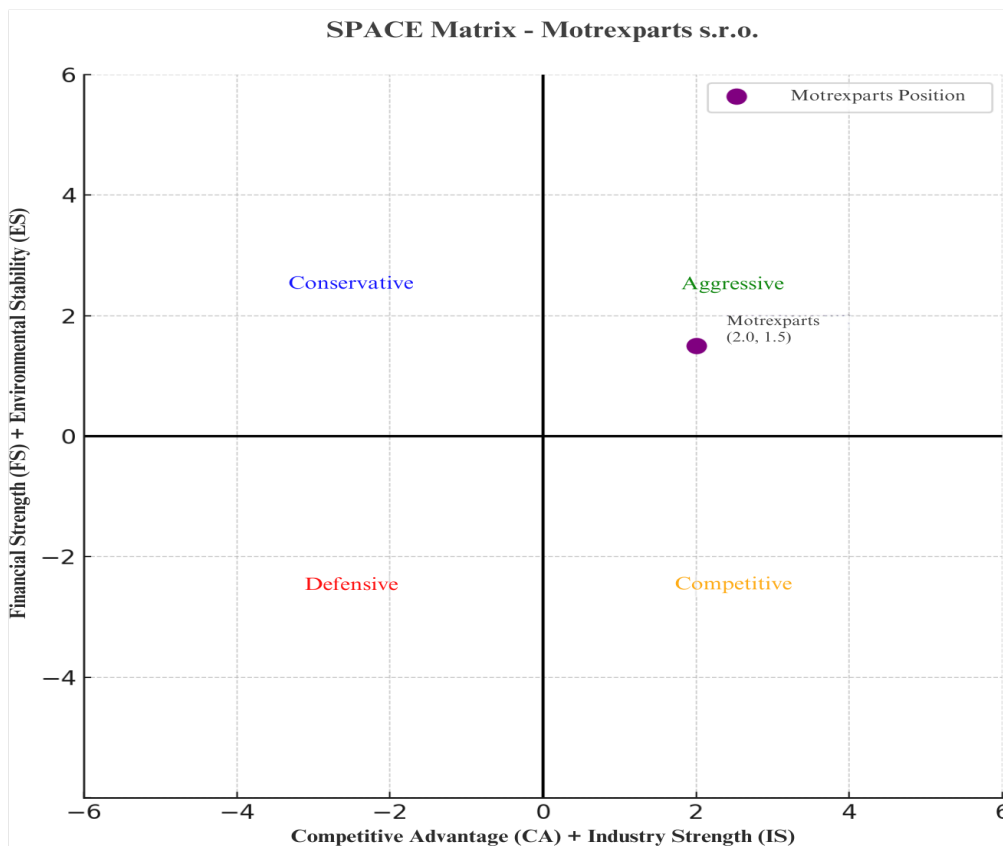


Figure 4 SPACE Matrix Motrexperts s.r.o. (Own Work)

Motrexperts s.r.o. is positioned in the Aggressive quadrant, which means that the company is ready to implement growth-oriented strategies. An aggressive strategic posture is most appropriate when a company's internal strengths and favorable external conditions are greater than its weaknesses and environmental threats. This strategic position is characterized by the company has strong financial foundations and resource advantages (the IFE score is 3.04), the ability to effectively leverage market opportunities (the EFE score is 3.25) low to moderate competitive and environmental risks.

As a result, Motrexperts should focus on the following proactive strategies such as:

Market penetration, Market development into surrounding regions (Austria, Hungary, Czech Republic), Investment in brand development and digital infrastructure, Strategic partnerships with local distributors and service providers. Thus, opening a wholly owned subsidiary in Slovakia will align well with the company's aggressive strategic posture as it allows Motrexperts to have high operational control, build direct customer relationships and strengthen its brand presence in the region.

4.6. Evaluation of Entry Mode Alternatives

Our thesis has purposely refrained from assigning Motrexperts s.r.o. to any specific entry mode classification until this point. The company's structure matches different theoretical models based on how factors such as control, risk, and operational scope are evaluated. The following analysis directly compares the two most relevant options—direct exporting and a wholly owned subsidiary—based on both practical evidence and theoretical alignment.

4.6.1. Export/Re-export & Wholly Owned subsidiary comparison

A company's control level and operational risk together with investment commitment and long-term positioning depend on its foreign market entry mode selection. The theoretical section of this thesis explains that entry modes exist in two main categories which include equity and non-equity forms (Pan & Tse, 2000). The classification framework shows particular importance for small and medium-sized enterprises (SMEs) including Tatkhodro and its Slovak subsidiary Motrexperts s.r.o. because they need to manage their international ambitions with restricted resources while facing high environmental uncertainty.

Non-equity entry modes including exporting and re-exporting prevent firms from making ownership investments abroad because they depend on external partners or direct home operations shipping. The Johansson (2002) study shows that these modes present low risk levels together with minimal capital requirements and restricted control capabilities. Equity-based modes specifically the wholly owned subsidiary (WOS) require substantial investment and risk exposure but enable firms to operate independently and maintain complete business control (Agarwal & Ramaswami, 1992). Root (1994) stresses that entry mode selection should be based on strategic goals alongside market competition and internal resource capabilities. This chapter examines whether Motrexperts achieves better results by establishing a wholly owned entity in the Slovak Republic instead of using the export/re-export methods Tatkhodro used before. The analysis in this section applies the theoretical framework to the empirical case by evaluating each entry mode against the firm's objectives and market conditions and internal capabilities. The evaluation uses control, risk, investment and strategic fit as key decision factors which match the analytical models developed by Johansson (2002), Koch (2001) and Canabal and White (2008).

Export and Re-export: Case Application

The export and re-export model have traditionally been the most important way that Tatkhydro has been able to get European-made spare parts. In this structure, the company procures the products from third party entities within the EU and ensures that the products are delivered to either the home market in Iran or to the nearby regions. This approach is classified under non-equity entry modes by Pan and Tse (2000) and involves no direct ownership stake in the host country.

This strategy enabled Tatkhydro to join international supply chains without the financial and regulatory costs of foreign direct investment (FDI). According to Johansson (1997), export is often the preferred mode for firms with limited international experience or where the target market presents high institutional complexity. Tatkhydro, however, did not have to incur the costs of establishing a physical presence in the EU, but still was able to gain indirect access to European products.

However, these early advantages of the export/re-export model have become less significant as the company expands its operations. First, using intermediaries or short-term contracts has prevented Tatkhydro from negotiating the best prices or establishing reliable supply chains or guaranteeing product authenticity. The lack of a local legal entity in the EU also means that the company cannot take advantage of many direct partnerships, credit terms or B2B pricing tiers that are offered by European manufacturers. Besides, export-based sourcing is not in line with the long-term strategic objectives of building a scalable, transparent and efficient procurement platform. According to Koch (2001), firms that want to remain competitive in international markets in the long run must eventually develop mechanisms to internalize value-added activities – a requirement that export models fail to meet.

From a control and operational perspective, the export/re-export model is still not optimal. Tatkhydro has limited visibility into logistics chains, inconsistent product pricing, and longer lead times. Although these issues may be acceptable at lower transaction volumes, they become increasingly problematic as the company moves towards bulk procurement and multi-market exports.

“Non-equity modes offer flexibility and speed but restrict the firm’s ability to scale operations or secure preferential access to host-country resources” (Canabal & White, 2008).

Wholly Owned Subsidiary: Case Application

The Motrexperts s.r.o. follows an equity-based entry mode which uses the establishment of a wholly owned subsidiary (WOS) in the Slovak Republic. This approach requires substantial investment but allows the firm complete authority in product sourcing pricing operations and strategic planning.

The WOS model follows the equity entry mode typology described by Pan and Tse (2000) which most firms choose to establish long-term operational autonomy and supply chain control. Root (1994) states that wholly owned subsidiaries work best for firms with unique capabilities or market knowledge that requires value chain function internalization. Motrexperts enjoys this advantage through Tatkhodro 30+ years of industry experience.

Motrexperts achieves legal EU status through incorporation which allows European manufacturers to conduct business directly with the company since institutional barriers previously prevented Tatkhodro from sourcing from OEMs or first-tier suppliers. This status enables the company to:

- Receive B2B price quotations and establish formal purchase agreements
- Participate in EU-based logistics and customs simplification schemes
- Build credit history and supplier trust under EU regulations
- The company avoids extra expenses from using middlemen and export restocking fees.

The WOS structure offers clear advantages regarding control and transparency. Motrexperts exercises direct control over its procurement activities as well as warehousing and outbound delivery processes within this model. The WOS structure enables superior inventory management which results in faster lead times and supports essential bulk order strategies for cost optimization in the Middle Eastern and Central Asian markets. The implementation of this model comes with certain dangers. The process of establishing a subsidiary requires businesses to fulfill host-country regulations and spend money on initial fixed costs such as warehousing and registration and accounting services and market entry into established

competitive markets. The firm needs to create supplier partnerships and operational procedures while funding its initial operational costs before it reaches profitability. Johansson (2002) warns that equity modes need companies to have enough internal resources alongside a detailed long-term strategic approach (which Motrexperts is currently building). The company's lean operations combined with low overhead expenses and access to Tatkhodro procurement expertise reduce most of the potential risks. The strategic location of Motrexperts in Slovakia's central European logistics hub enables it to deliver efficient value chain services to suppliers and customers alike.

According to Canabal and White (2008) wholly owned subsidiaries provide maximum strategic alignment with long-term control but firms need to accept both operational uncertainty and complexity.

The following table presents a comparison between export/re-export and wholly owned subsidiary (WOS) as entry modes for Tatkhodro and Motrexperts. The evaluation relies on key decision criteria which are widely referenced in international business literature including control, risk, investment, strategic fit, and scalability (Pan & Tse, 2000; Johansson, 2002; Canabal & White, 2008).

Criteria	Export / Re-export (Tatkhodro)	Wholly Owned Subsidiary (Motrexperts)
Level of Control	Low – relies on intermediaries and external suppliers	High – full control over procurement, pricing, and logistics
Investment Required	Low – no physical presence or legal registration required	Medium to High – fixed costs for setup, registration, and operations
Operational Risk	Low to Medium – less financial exposure but risk of poor coordination	Medium – risk of compliance and setup challenges but more predictable long-term
Supplier Access	Limited – many OEMs avoid working with non-EU entities	Strong – legal status allows direct sourcing from European suppliers
Logistics & Delivery	Slower – multiple parties and longer routes	Faster – in-house logistics and centralized coordination
Strategic Fit (PEST)	Weak – doesn't leverage EU tax, legal, or infrastructure advantages	Strong – aligns with Slovakia's export-friendly and industrial policy environment
Competitive Positioning	Weak – hard to differentiate or scale	Moderate to Strong – flexible positioning as a B2B intermediary in niche markets
Scalability	Limited – constrained by third-party contracts	High – potential to grow regionally and expand supplier network
Brand Credibility in EU	Low – lacks direct EU representation	Moderate to High – can establish its own reputation and contracts

Table 8 Comparative Analysis: Export vs. Wholly Owned Subsidiary (Own Work)

5. Discussion

5.1. Synthesis of Research Objectives, Findings, and Theoretical Foundations

Our thesis aimed to determine the best entry mode for Motrexperts s.r.o. as a Slovakian subsidiary of Tatkhodro to enable its integration into European truck spare parts supply chains. The main research objective received backing from several specific research goals which included:

- The research analyzed Slovakia's external environment using PEST and Porter's Five Forces frameworks.
- The research examined the internal capabilities and strategic positioning of Tatkhodro and Motrexperts as separate entities.
- The research compared export/re-export and wholly owned subsidiary (WOS) entry modes by assessing their risk levels and control capabilities and investment requirements and scalability potential.
- The research proposed a market entry approach by matching internal capabilities with external market requirements.
- The thesis achieved its research objectives through a combination of theoretical and empirical analysis which followed a systematic approach.

The external evaluations showed that Slovakia provides an advantageous business environment for export-based operations because it belongs to the EU and has strong industrial capabilities and political stability. The internal evaluation showed that Tatkhodro maintains strong experience in procurement and distribution, yet its export model no longer matches the strategic requirements of Motrexperts. The evaluation of entry modes showed that the wholly owned subsidiary model represents the most suitable option because it offers optimal control and market access together with long-term scalability in response to European aftermarket supplier dynamics and competitive forces. The research findings directly support the research aim while providing practical recommendations for Motrexperts' upcoming growth.

The outcomes of this research match previous theoretical research on entry mode choice in particular in relation to small and medium-sized enterprises (SMEs) which are

internationalizing in developed countries. A review of export/re-export and wholly owned subsidiary (WOS) models on Tatkhodro and Motrexparts demonstrates the strategic path laid out by the literature on control, risk management and resource-based decision making.

The distinction between equity and non-equity entry modes presented by Pan and Tse (2000) offers an effective perspective to explain the shift of Tatkhodro from export-driven business model to Motrexparts wholly owned subsidiary model. Non-equity modes such as export and re-export channels are associated with lower financial commitment but at the same time provide limited control and scalability. The case of Tatkhodro illustrates this: Although exporting enabled the company to gain access to EU-manufactured goods at the beginning, it limited the company from negotiating directly with suppliers or from responding to market requirements effectively. On the other hand, WOS model offers complete operational control, full integration with EU legal systems and long-term relations with suppliers. This is also in line with Pan and Tse's (2000) observation that equity modes are suitable when a firm requires market commitment and strategic autonomy.

Johansson (2002) and Agarwal and Ramaswami (1992) also argue that entry mode options have trade-offs in terms of risk, control and investment. This framework is particularly relevant for SMEs, which must manage capital expenditure carefully in order to sustain international presence. Motrexparts' decision to set up a Slovakian subsidiary was a conscious decision to accept moderate investment risk in return for better control and strategic growth opportunities, particularly in a market as structured and regulatory dependent as the EU. This is in line with Johansson's (2002) conclusion that "firms that can manage foreign operations internally and have strategic motives that go beyond opportunistic trade will find higher-control modes more conducive to long-term success" (Johansson, 2002).

According to Koch (2001), internal factors such as managerial experience, resource flexibility and logistical readiness play a significant role in determining entry mode choices. The internal analysis of Motrexparts showed that even though the company is newly established, it has the following:

- A lean structure with low operational overhead
- Strategic support from Tatkhodro's extensive procurement experience
- Geographic proximity to EU supplier networks

The strategic evolution witnessed in the Motrexperts–Tatkhodro case is in line with the general theoretical expectations. The move from indirect export to a fully owned EU subsidiary is in line with the internationalization pathway identified in other SME case studies (Canabal & White, 2008). Although the rate of expansion is limited by resources, the choice of entry mode is a rational and theory-consistent approach to control, cost and strategic positioning.

5.2. Strategic Implications for Motrexperts

The conclusions of this research have major implications for Motrexperts s.r.o. due to the company willingness to become an influenceable player in the European truck spare parts market, wholly owned subsidiary (WOS) should be the entry mode is not a decision to be made in isolation, but it requires consideration of operations, partnerships and long-term business development.

1. Firm Repositioning to be Considered as a Legitimate EU Business

Motrexperts needs to work on creating its brand in the European supply chain as a reliable and credible purchaser from EU suppliers. The legal form of the Slovakian subsidiary provides an opportunity to establish B2B relations with suppliers, obtain VAT registration, establish credit relationships and integrate logistics. But these benefits can only be realized through the following commercial efforts: Setting up of supplier accounts with well-known European companies, taking part in trade shows, trade fairs, or supplier associations, investing in procurement professionalism and transparency, the formal legal structure may not be used to its full potential unless these steps are taken; and the strategic benefits of the WOS model may not be fully achieved.

2. Developing operational efficiency and logistics capabilities

As a logistics based intermediary Motrexperts will need to focus on optimizing its warehousing, inventory management and export processing. Even though the company at the moment has low fixed costs and a lean team, it should not let the operations to be hampered by the following: Investing in basic digital procurement and inventory management tools outsourcing or partnering for last-mile logistics within the EU, setting up of standard shipment procedures to non-EU destinations, in the early stages, the company should focus on

simplicity and reliability as opposed to scale in order to lay the foundation for future expansion.

3. Utilizing Tatkhodro's Market Knowledge

One of the strengths of Motrexperts is its relationship with Tatkhodro, which has a good understanding of the demand in the non-EU markets especially Iran and its neighboring countries. This enables the company to export not as a general distributor, but as a specific exporter of EU quality parts that are in high demand by regional customers. From a strategic point of view, Motrexperts should: Focus on parts categories that Tatkhodro has market expertise in, sing price benchmarking and customer feedback from Iran in procurement, designing marketing and negotiation strategies that are based on cultural and commercial knowledge, this dual market understanding of European supply and Eastern demand is a critical strategic asset that should be intentionally leveraged.

4. Challenges and Future Scalability

The entry strategy for Motrexperts s.r.o. requires evaluation of multiple emerging risks in addition to the strategic opportunities found in Slovak and Central European markets. The main risk factor involves the rising business tax costs which affect both Slovakian and EU-based companies. The Slovak government recently implemented a 23% business tax which exceeds all previous corporate income tax rates. The new development requires thorough integration into financial planning and pricing strategies because it affects profitability projections. The European Union has strengthened its regulatory enforcement of product compliance standards and sustainability reporting obligations and digital operational transparency requirements. The failure to comply with regulations would result in substantial penalties together with import restrictions and negative impacts on company reputation. The geopolitical situation in Europe together with Eastern European instability and global trade disruptions creates a wide range of uncertainties that affect demand patterns and foreign exchange rates and cross-border transaction difficulties.

Motrexperts s.r.o. needs to execute both an aggressive growth plan and implement strong risk management systems which include financial reserves and supply chain diversification and regular audits and flexible pricing structures. Although current operations may be limited in

scope, the WOS model has high long-term scalability. If properly structured, Motrexperts could eventually: Expanding to other non-EU markets (for instance, the Caucasus, Central Asia or MENA), negotiate semi-exclusive agreements with suppliers, developing digital or platform-based tools for procurement consolidation, this will only be possible if the company first demonstrates its operational reliability and commercial intent within the EU.

5.3. Strategic Recommendation: Wholly Owned Subsidiary for Motrexperts

The evaluation of strategic implications requires determining the most suitable entry strategy for Motrexperts s.r.o. to successfully enter the Slovak market. The selected entry mode must integrate with market environment factors and internal business capabilities to balance risk management requirements with control needs and strategic objectives. The analytical results obtained from PEST, Porter's Five Forces, SWOT, and VRIO analysis demonstrate that Motrexperts should choose a wholly owned subsidiary (WOS) as its entry mode.

The PEST analysis demonstrated Slovakia maintains political stability while being part of the European Union and Eurozone and benefiting from favorable trade conditions and robust logistics systems. The market conditions support direct investments because these factors demonstrate both institutional backing and sustainable stability. Slovakia maintains its status as a European automotive production center which creates a robust industrial foundation suitable for automotive spare parts operations. A skilled multilingual workforce combined with modernized customs and logistics systems enhances direct operations while reducing the need for external intermediaries.

The Slovak automotive aftermarket sector showed average levels of supplier power and buyer power and average competition intensity during the Porter's Five Forces assessment. The entry barriers into this market remain substantial but a firm with robust supplier relations and logistics abilities can still succeed. A properly established brand that maintains effective supply chain management would obtain a strong competitive position according to the evaluated substitutes and new entrants threat level. The analysis confirms that Motrexperts should invest more in its wholly owned operation because such an investment will lead to better market positions and protection against competitors.

Internal analysis results demonstrate that the WOS model becomes an even stronger strategic option. Motrexperts possessed internal strengths according to SWOT analysis which included its supplier network from Tatkhodro as well as procurement experience and market standing in heavy vehicle spare parts. According to the VRIO framework Motrexperts possesses valuable and rare resources which are hard to duplicate and embedded in its organizational structure including exclusive distribution rights and supplier connections and operational flexibility. The company needs to establish a wholly owned subsidiary because direct exporting does not enable Motrexperts to maximize its internal capabilities.

The WOS model demonstrates superior advantages compared to direct exporting according to the comparative analysis. The WOS model provides full strategic control over operations yet demands higher capital investment and presents more extensive risks compared to direct exporting. The company faces potential supply chain vulnerabilities through its dependency on third-party logistics providers and resellers because this arrangement limits operational control over branding and customer relationships and pricing strategy management. The automotive spare parts industry demands strategic control of procurement distribution branding and customer service which the wholly owned subsidiary model provides.

Motrexperts establishes a wholly owned subsidiary which allows the company to dominate both the Slovak market and prepare for EU and non-EU expansion in the future. The automotive industry benefits from Slovakia's prime location that combines excellent transportation infrastructure together with Schengen Area membership for seamless access to Central and Eastern European markets. A WOS enables better compliance with EU product standards and trade regulations and consumer protection requirements which becomes difficult when exporting alone. The WOS method demands substantial initial capital expenditure together with local business operation risks, yet these challenges are managed by Slovakia's stable political conditions and business-friendly environment as well as Motrexperts' domestic capabilities. The long-term advantages such as brand development alongside enhanced profitability and customer loyalty acquisition along with market intelligence collection exceed all short-term expenses and threats. Motrexperts s.r.o. should select wholly owned subsidiary entry mode as the preferred strategy. The chosen strategy aligns with the external market conditions and the internal strategic resources of the company to provide the maximum potential for sustainable growth, strategic flexibility, and enhanced competitive positioning in Slovakia and the broader European market.

5.4. Limitations of the Study

The thesis presents an extensive assessment of market entry approaches for Motrexperts s.r.o. Yet it is vital to acknowledge multiple limitations which influence both generalizability and scope together with interpretation of findings. The identification of these limitations serves dual purposes for academic honesty and research direction. Since Motrexperts operates as a new business entity there are no available data sets about its operational performance or financial activities and sales information. The absence of empirical performance indicators forced the analysis to use strategic assumptions instead of actual performance indicators for projections about scalability and cost structure and long-term profitability.

The analysis of financial feasibility for the chosen entry mode remains restricted because of this. The research consists of a single case study examining one company that expands into Slovakia as its host country. The detailed evaluation of this approach restricts the ability to apply findings across different industries or company types or geographic settings. The market conditions together with institutional frameworks and industry dynamics show substantial differences among European Union member states.

The company's early operational phase made it impossible to perform direct interviews or surveys among EU suppliers and customers and competitors. The study lacks external viewpoints which would strengthen the wholly owned subsidiary model's attractiveness while potentially exposing new entry barriers that remain undiscovered. The research was purposefully designed to apply exclusively the theoretical models from the theoretical background chapter for consistency reasons. The use of Dunning's Eclectic Paradigm (OLI) and Transaction Cost Economics (TCE) frameworks became unavailable for evaluation because they were introduced too late in the thesis.

The rapid changes in EU-Iran trade relations alongside customs law and supplier compliance standards may impact the time-sensitive validity of specific research findings. Strategic recommendations in this thesis need to be re-examined periodically because of shifting external environmental factors.

Conclusion

My initial knowledge of international market entry strategies focused mainly on the typical business principles of cost, investment, and control. The typical business approach to foreign market entry decisions relies on technical analysis of numbers along with logistics and legal forms. Market entry represents a strategic process which combines relational dynamics with contextual elements and transcends basic structural or financial considerations.

The main objective of this research examined the ideal entry mode strategy for Motrexparts s.r.o. as a new Slovak subsidiary of the Iranian company Tatkhodro within the European truck spare parts market. The research analyzed Motrexparts s.r.o. through both theoretical and contextual case studies to determine between maintaining export/re-export operations and establishing a wholly owned subsidiary (WOS) for better strategic alignment and enduring success. The research successfully achieved its purpose through both analytical depth and empirical application.

The research utilized a qualitative case study approach to analyze internal resources and market environment and strategic goals in detail. Secondary data sources combined with company records and academic frameworks enabled the study to create an organized assessment of both internal and external variables influencing entry decisions. The research results presented environmental (PEST, Porter's Five Forces), internal (SWOT, VRIO) and competitive landscape analyses to demonstrate the complex relationship between opportunity and constraint. Slovakia presents an attractive political and economic environment for export business but requires operational transparency and legal legitimacy which export/re-export operations cannot achieve. The firm's lean structure combined with its strategic location and existing procurement experience created ideal conditions for adopting a control-driven integrated model.

The evaluation of export versus WOS entry modes using Pan and Tse (2000), Johansson (2002) and other theoretical models demonstrated that WOS provides Motrexparts with better supplier access and control as well as alignment with their long-term strategy. The export model functioned as a valuable initial stage for Tatkhodro to start its international trade, but it no longer aligns with the company's mission to build trust while scaling operations in the EU

market. As discussed in previous chapters our thesis supports Motrexperts to adopt the WOS strategy. The WOS approach requires significant administrative and regulatory obligations, but the thesis endorses this strategy. The firm's internal readiness combined with its strategic location in Slovakia creates advantages that surpass the associated risks in supplier relations and logistics efficiency and market credibility. Our thesis contributes by demonstrating how EU-based subsidiaries function as strategic procurement and export centers for non-EU firms and by showing how clear internal resource assessments lead small firms to compete effectively in complex regulated markets where large multinationals typically hold dominance.

Résumé

Táto diplomová práca skúma stratégiu vstupu na trh spoločnosti Motrexparts s.r.o., slovenskej pobočky iránskej spoločnosti Tatkhodro, ktorá sa zaoberá predajom náhradných dielov pre ťažké vozidlá. Hlavným cieľom tohto výskumu je nájsť najvhodnejšiu stratégiu vstupu na slovenský trh prostredníctvom kombinácie teoretických rámcov, praktickej strategickej analýzy a reálnych skúseností manažérov. Výskum pomáha preklenúť priepasť medzi teóriou a praxou a poskytuje štruktúrovanú metodiku výberu spôsobov vstupu na trh v prostredí s dynamickými a konkurenčnými podmienkami medzinárodného trhu.

Teoretický základ práce vychádza z Uppsalského modelu a teórií internacionalizácie založených na sieťach. Skúma tiež dôvody rozvoja medzinárodného podnikania, klasifikuje spôsoby vstupu od priameho vývozu po dcérske spoločnosti v úplnom vlastníctve a hodnotí premenné, ktoré ovplyvňujú rozhodnutia o spôsobe vstupu. Do teoretického rámca sú zahrnuté aj koncepcie hodnotenia rizika a kontroly, aby sa zachytila mnohostranná povaha medzinárodnej podnikateľskej expanzie firiem, ktoré sa vydávajú mimo svojej domovskej krajiny.

Výskumný dizajn práce je kvalitatívna prípadová štúdia. Zdrojom údajov sú výsledky recenzovaných akademických článkov, oficiálnych správ a trhových štúdií a osobné skúsenosti autora ako manažéra v spoločnostiach Tatkhodro a Motrexparts. Analýza bude zahŕňať aplikáciu analýzy PEST, Porterových piatich síl, analýzy SWOT, rámca VRIO, hodnotenia interných faktorov (IFE), hodnotenia externých faktorov (EFE) a matice SPACE, aby sa zabezpečilo komplexné strategické hodnotenie slovenského trhu a interných schopností spoločnosti Motrexparts.

Výsledky externej analýzy ukazujú, že Slovensko je politicky stabilná krajina s ekonomikou orientovanou na export a dobrou logistikou, najmä v automobilovom priemysle. Napriek tomu je potrebné zohľadniť novú daň z podnikania vo výške 23 %, zvýšenie logistických nákladov, zvýšené regulačné požiadavky a geopolitické výzvy. Z analýzy modelu PEST a Porterovho modelu piatich síl vyplýva, že trh je pomerne konkurenčný a že existujú príležitosti na reexport a riadenie dodávateľského reťazca v rámci EÚ.

Interná analýza spoločnosti ukazuje, že spoločnosť Tatkhodro má silné znalosti trhu, dobré vzťahy s dodávateľmi a dobré prevádzkové skúsenosti, ktoré podporia spoločnosť Motrexparts v samostatnej činnosti. Boli však zistené niektoré vnútorné nedostatky, ako napríklad nízka úroveň digitalizácie a závislosť od materskej spoločnosti, ktoré je potrebné odstrániť.

Porovnanie dvoch hlavných spôsobov vstupu, priamy vývoz verzus dcérska spoločnosť v úplnom vlastníctve, ukazuje, že dcérska spoločnosť v úplnom vlastníctve je pre spoločnosť Motrexparts najlepšou možnosťou. Tento model poskytuje spoločnosti väčšiu kontrolu nad jej činnosťami, väčšiu dôveryhodnosť na trhu a viac príležitostí na rast na trhu EÚ. Model dcérskej spoločnosti tiež pomáha pri flexibilitate reexportu do krajín GCC pri dodržiavaní noriem EÚ.

Strategické dôsledky zahŕňajú potrebu zachovať prevádzkovú kontrolu, posilniť digitalizáciu a pripraviť sa na regulačné a daňové riziká v slovenskom podnikateľskom prostredí. Vzhľadom na identifikované riziká sa v práci navrhuje, aby spoločnosť Motrexparts prijala opatrenia na riadenie rizík, ako je finančné plánovanie a riadenie dodávateľského reťazca.

Preto tento výskum dospel k záveru, že stopercentná dcérska spoločnosť je najlepším spôsobom vstupu na trh pre spoločnosť Motrexparts s. r. o. Tento výskum nielenže aplikuje teoretické poznatky na reálny prípad, ale poskytuje aj praktické strategické odporúčania pre spoločnosti, ktoré plánujú vstúpiť na konkurenčné zahraničné trhy v podmienkach nestabilného globálneho trhu. Spojením analytického rámca s manažérskymi skúsenosťami poskytuje práca cenný príspevok do diskusie o stratégiách vstupu na medzinárodné trhy.

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