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Review paper

INTERNATIONALIZATION OF COMPANIES IN SELECTED COUNTRIES OF SOUTH-EAST EUROPE

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Abstract. *The process of internationalization of companies depends on a large number of both driving and limiting factors. The purpose of the paper is to come to an answer, after having analyzed those factors, which entry mode is optimal in selected countries of South-East Europe. Based on theoretical and practical analysis, followed by a comparative analysis of numerous entry strategies of companies in other country's market, the aim of the research is to verify the primary hypothesis of the paper: Joint venture and strategic alliance represent optimal entry modes in selected countries of South-East Europe. In times of economic and financial crisis there is higher risk aversion of investors, therefore it is necessary to verify an additional hypothesis: Economic, political, legal and social environment represent determining factors for entering a foreign market. Verifying the defined hypothesis shall provide a scientific contribution to drawing conclusions and results of research for the increment of mutual company internationalization processes in selected countries.*

Key Words: *internationalization, entry modes, risks, factors, environment.*

1. INTRODUCTION

"Entry mode represents the means of company internationalization and determines the degree of exposure to international competition, commitment of resources and management efforts in activities that the company will realize abroad" (Somlev, P.I., Hoshino, Y, 2005, 577). The process of entering a foreign market can be done in phases, depending, in the first place, on the development stage of the country planning the entry on one hand, and on institutional limits and barriers, as well as competition situation of the country in which the investment is planned to be made on the other hand. Economic and financial crisis, which first appeared in the financial sector, and later spread to the real sector as

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well, affected developed countries, developing countries and countries in transition. In such economic circumstances companies planning to enter a foreign market choose entry modes with the lowest risk level, because in the unstable market conditions interested investors show higher risk aversion.

Foreign capital inflow represents a significant factor for every country. For a country to attract foreign capital it has to have certain driving factors representing the decision levers in choosing the target country for the foreign investment. Nonetheless, the impact of limiting factors is not to be disregarded, for identifying them represents the first step in finding a solution for overcoming them. The purpose of the paper is to define the basic driving and limiting factors in the Serbian market, thus allowing for such a theoretical and practical analysis to be the basis of the comparative analysis of opportunities and limitations in internationalization of companies in the markets of Serbia, Croatia and Bosnia and Herzegovina.

The aim of the paper is to verify the primary hypothesis and an additional hypothesis. The section Analytical Basis gives an overview of the most frequent foreign market entry modes, so that such theoretical analysis would serve the purpose of verifying the primary hypothesis of the paper: Joint venture and strategic alliance represent optimal entry modes in selected countries of South-East Europe. Verifying the primary hypothesis calls for the analysis of driving and limiting factors in the company internationalization processes in the selected countries to be done beforehand. By verifying the additional hypothesis: Economic, political, legal and social environment represent determining factors for entering a foreign market, the basis will be formed for drawing conclusions to provide scientific contribution in identifying the measures and the necessary conditions for the increment in company internationalization processes in the selected countries.

2. MATERIALS AND METHODS

Firstly, data will be collected through scientific studies relative to the research field and through internet presentations, secondly, the collected data will be studied and drafted, thirdly, theoretical and practical analysis will be done of the Serbian market with a special regard to the analysis of the driving factors for drawing foreign capital, fourthly, by understanding the entry strategies to the Serbian market the basis will be formed for the comparative analysis of the internationalization of the companies in South-East Europe, thus fifthly allowing for the conclusive considerations, i.e. accepting/rejecting given hypotheses.

The methods used in the paper are: descriptive method – through the inductive and deductive methods, comparative method and mathematical and scientific method used for creating tables shown in the part about theoretical and practical analysis as well as comparative analysis.

3. RESULTS AND DISCUSSION

3.1. Analytical basis

Further in the paper, several entry modes into a foreign market will be presented from a theoretical standpoint in order to have the introduction to basic characteristics of shown modes contribute to drawing practical conclusions regarding the optimal entry mode in selected countries.

Among entry strategies the export strategy is the simplest one with regard to risk, since it involves selling company's products abroad without any proprietary interest in the capital of the other company in the foreign market. Concerning entry costs involved, they are in general related to transport, servicing customers' requests, special packaging requirements and costs regarding collecting payments for sold goods and costs arising from fluctuations in the exchange rate. In addition to export, among other attractive low-risk entry modes are also licensing and franchising, i.e. selling the right to use the object of the licence or franchise, thus completely transferring the risk of entering a foreign market to the licensee or franchisee.

A joint venture implies a joint investment of two countries, most often one of which is the country in which a joint entity is founded, while the other country in this manner enters a foreign market. Joint venture implies shared ownership, decision-making, control, shared profit as well as shared losses and risks. Hence, a joint venture is especially suitable for countries with big barriers to entry, or unfavourable politics of local authorities toward direct foreign investments. By choosing joint venture as an entry mode, a company entering a foreign market in this manner avoids the risk of insufficient knowledge of the foreign market, existing competition situation, appropriate management, needed knowledge and experience, since this mode, in addition to savings in capital and resources, implies also shared risks and leaning onto the other company forming the joint entity on domestic market to be better informed about investment opportunities than the foreign company.

"A strategic alliance is a partnership in which two or more companies combine resources and capabilities with the goal of creating a mutual competitive advantage" (Carpenter, A.M., Sanders, G.W, 2007, 249). Alliances are in fact a number of long-term contracts that define sharing different activities in a value chain, and can be stipulated with and without committing capital, i.e. equity participation.

"Transaction costs, such as costs of harmonization with country's regulations, costs of negotiations in signing transactional contracts and interactions with government officials, as well as costs of gathering information about the domestic market can be substantial and subject to pressures of local governments" (Stefanović, 2010., 188). Thus, strategic alliances represent very attractive entry modes in countries where local barriers are significant and where there are various pressures and legal limits regarding foreign capital entry into their market.

Foreign direct investments are the most favourable foreign capital entry mode since they have a long-term horizon, i.e. they offer long-term development perspective as it is quite difficult to attract foreign investments from certain country in times of unstable economy and crisis. "Moreover, they offer the benefit of sharing the risk between the foreign investor and the host country since the cost of capital investment moves in step with the host country's economic fortunes" (Tarzi, S, 2005, 499).

Acquisitions represent a foreign company entry mode through a takeover of another company (target company), where the purchased company ceases to exist as a separate entity, but rather becomes a part of an acquiring company. Different motives drive this form of business restructuring, among them the following feature as the most significant: business and financial synergy, diversification, corporate control and increase in market share. Successful acquisition brings mutual benefits, for the acquiring company through the realization of synergy effects, and for the target company, in a form of payment made at time of the takeover and through the expected rise in share values after integration, capital inflow, acquiring knowledge, pooling resources, developing managerial and marketing skills and through the infusion in the field of research and development.

3.2. Internationalization of companies in Serbian Market

The process of internationalization of companies in Serbian market, if we disregard the export strategy as an entry mode, takes place along with the start of the privatization process, when the first prerequisite for drawing foreign investors was provided by including domestic companies into stock exchange listings and transforming the public and national property into private property.

As pointed out previously, choosing a suitable entry mode for a certain market, depends, in the first place, on the development stage of the country planning to apply one of the business internationalization strategies, existing environment circumstances (where we refer to the influence of several factors, which will be discussed in the part about the comparative analysis of selected countries), chosen motives that drive the investment (is the investment motivated by search for cheap workforce, new markets or increase in efficiency), as well as number of driving and limiting factors that will be discussed later in the paper.

Table 1 Leading foreign investors in Serbia and entry modes[1]

No.	Company	Country	Industry	Entry mode	Inv. in millions of Euros
1.	Telenor	Norway	Telecommunications	Privatization	1602
2.	Gazprom Neft-NIS	Russia	Oil industry	Privatization	947
3.	Fiat automobili Serbia	Italy	Automobile industry	Joint Venture	940
4.	Delhaize	Belgium	Food/Beverage	Acquisition	933
5.	Stada Hemofarm	Germany	Pharmaceutical industry	Acquisition	650
6.	Mobilkom-VIP Mobile	Austria	Telecommunication	Greenfield	633
7.	Philip Morris DIN	USA	Tobacco industry	Privatization	630
8.	Banca Intesa-Delta Banka	Italy	Banking	Acquisition	508
9.	Eurobank EFG	Greece	Banking	Acquisition	500
10.	Raiffeisen bank	Austria	Banking	Greenfield	500

Analysing *Table 1: Leading foreign investors in Serbia and entry modes*, shown above, which encompasses ten biggest investors in the Republic of Serbia in regards to the value of the investment in millions of Euros, it can be noted that prevailing industries were banking and telecommunications, while other industries also take significant place considering the amounts invested. A comparison between the branch of industry of the investor and the activity of the domestic company with some form of foreign investment indicates that investments were of horizontal type, i.e. aimed at the same branch of in-

[1] Author's table based on the data about largest foreign investors and investment values taken from the website of the Chamber of Commerce and Industry of Serbia (top 10 investors by the investment value were taken) and from the homepages of stated companies

dustry. Horizontal integrations as a direction of growth are particularly characteristic for countries in transition, such is also Serbian market, because investments in such countries allow the foreign investor to achieve significant market share increase and synergy through economies of scale as well as increase in business efficiency. If we consider applied entry modes we come to a conclusion that all modes are present, but acquisitions have some advantage compared to others.

The following factors are considered to have initiated the first wave of intensive merger activity (Redd, S.F., Lajoux A.R., 1999):

- Attempt to achieve economies of scale, through increase in business efficiency and lowering costs per product unit
- Tendency to eliminate competition and control production (monopoly motives)
- Tendency to destroy competitor companies through low price policies in order to buy them out at a low price
- Tendency to control the banking system and judicial organs

The beginnings of the first wave of integrations, that was horizontal, are linked to American market (1897-1904), and it is supported through research that the sole motive for this type of investment was the economies of scale, i.e. achieving higher efficiency through lowering production costs. Our country's example confirms this research, showing that industries most affected by the first wave of horizontal integrations, that in our country started along with the privatization process, were banking and telecommunications where there are substantial possibilities to benefit from economies of scale.

Analyzing the means of financing used with different entry modes, we come to a conclusion that using shares, i.e. medium of share trading between the foreign and domestic companies, in the circumstances of Serbian economy cannot be accepted as a justified financing model due to insufficient development and amount of share trading in our stock market. Exclusive means of financing is ready money, where the foreign investor by acquiring shares of the domestic company gains control over the management of the acquired company. Contributing to the fact that ready money is the exclusive means of financing in the Republic of Serbia, (Živković, 2004.) "deems that financing takeovers with ready money is related to wide offer of shares and existence of external small shareholders of low social and economic status".

Clearly, use of other financing means in our country should likewise be considered such as a long-term debt, i.e. loans issued by banks. This financing model is especially considered justified if banks have a significant participation in the capital of the company wanting to perform an external growth, thus using financing leverage for any of the integration models leads to transformation of the debt payment into costs that are covered from the net cash flow of the company.

It can be inferred that first entry modes into Serbian market had horizontal direction, which then brings us to a conclusion that the sole motive for the entry of foreign partners was synergy (main driving factors for the realisation of this growth motive will be analyzed later in the paper), while due to market underdevelopment ready money was used as the main means of financing, nevertheless, alternative methods of financing should not be disregarded, particularly the role of banks, in times of economic and financial crisis.

3.3. Driving factors for investing in Serbia

As it was pointed out in the beginning, the process of entering a foreign market depends, in the first place, on the development stage of the country planning to enter a foreign market on one hand, and institutional restrictions and barriers as well as competition circumstances in the country it is planned to be invested in, on the other hand. Following driving factors can be characterized as crucial in attracting foreign investors to Serbian market:

1. Privatization-transforming public and national property into private property – According to the data of the Privatization Agency[2] by the end of the year 2006 in total 1400 companies were privatized (of which 346 terminated the contract) pursuant the Privatization Law from 2005. In the period from 2006-2009 in total 851 companies were privatized. There were 537 companies that were not privatized and that were in restructuration by the end of the year 2011. Based on the Analysis of the privatization effects of the aforesaid Agency the conclusion was reached regarding the impact of the privatization process on the income, business result, productivity, property value and employment. The research showed that privatized companies increased revenue by 69% while those not privatized remained at the same level, privatized companies from losses amounting to 102 million Euros began making profit that at the end of the year 2010 amounted to 200 million Euros, while non-privatized companies constantly make losses. As far as productivity is concerned, income per employee in privatized companies increased, while this increase in the non-privatized companies can be assigned to downsizing. In privatized companies the value of the assets is increased by 47%, while in non-privatized companies there is a decrease in value by 17%. As far as employment is concerned, it has decreased both in privatized and non-privatized companies. According to (Calderon, C., Loayza, N., Serven, L., 2004) the foreign direct investments (FDI) have become a leading source of foreign financing in developing countries since 1994. In the developing countries the net FDI (inflow minus outflow of FDI) was 0.5% in 1980s, whereas it was 2.5% in 2000/01 in relation to the GDP. At the same time, there were great changes in the FDI composition, because the M&A grew faster than the greenfield investments. Thus, in the late 1990s, the inflow of M&A was almost a half of the total FDI inflow. Although the greenfield investments were growing not only in absolute values but also in relation to the GDP, they were relatively decreasing in relation to the M&A. Strong increase in M&A in developing countries is to a significant extent interpreted by privatization processes in which foreign companies acquired a national company. It is estimated that a third of M&A growth in developing countries occurred as a result of the privatization of national companies.
2. High growth potential – Serbia is at 64% of the development stage compared to the year 1989, thus expectations of the investors are to realize high growth rates by investing in our country[3], which represents one of the important motives to enter any market

[2] www.priv.rs
[3] www.makroekonomija.org

3. Cheap workforce (measured by wage and productivity ratio), but on the other hand highly educated workforce (knowledge of a foreign language and computer skills)
4. Overcoming trade barriers in exchange of goods (import-export). According to data of Chamber of Commerce and Industry of Serbia[4], Serbia has thus far signed the following international contracts of free trade: CEFTA 2006, came into effect in July 2007, and in Serbia in October 2007, EFTA, signed in December 2005 with Switzerland and Lichtenstein, which came into force in October 2010, one with Norway and Island came into force in 2011. Agreement with Russian Federation came into force in 2000, and further trade liberalization was enforced in 2009. Agreement with Belarus entered into force in March 2009, with Kazakhstan in October 2010, and with Turkey it was signed in June 2005, and came into effect in September 2010.
5. Increase in market share – mainly realizable with foreign investments of horizontal type and with those forms of foreign investments that are aimed at the market, typical for multinational companies
6. Lowest tax on profit and value added tax in the region – According to data of the Chamber of Commerce and Industry of Serbia, Serbia has the lowest tax rate on profit in the region and it is only 10%, while value added tax rate is also the lowest and it is 20%.

However, regardless of the existence of an array of concrete driving factors for the cross-border M&A, the general factor is achieving a rate of return high enough for a given risk rate that should be above the weighted capital rate of the company considering M&A projects (Moffett, M., Stonehill, A., Eiteman, D., 2003.). The return rates on overall FDI capital in developing countries and countries in transition are estimated to be 15-20% plus 3% for the licenses. These high return rates are explained by the technology transfer as well as by higher risks involved with these investments (Lehmann, 2002.). However, making conclusions about cost effectiveness of a certain investment is not an object of this study, but the results obtained in this study surely represent a basis for a deeper financial analysis and new research.

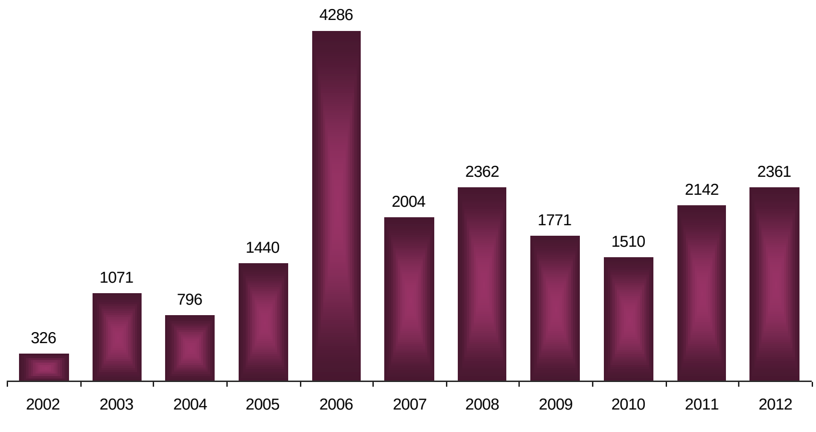

Fig. 1 Investment levels in Serbia from 2002-2012[9]

[4] www.pks.rs.

All mentioned driving factors lead to an increase in foreign investments into Serbian market what can be seen from the *Fig 1* shown above. Also, it can be concluded that the level of foreign investments was at its highest in 2006, after which there is a decrease that can be assigned to the influence of the world economic and financial crisis and higher risk aversion of the investors. However, in 2011 and 2012 there is an increase in investments into Serbian market, especially if compared to data from the region, what will be discussed in the part about the comparative analysis later in the paper.

3.4. Limiting factors to entering Serbian market

In addition to the many driving factors, you should definitely ignore the numerous limiting factors to foreign investment of course considered when making an investment decision. As for the Serbian market, as leading factors put limits could include: political risk, excessive bureaucracy, and the inability to predict the key economic indicators. Political instability in the country, excessive administration, that long wait certain licenses as clear legal basis, the risk of excessive exchange rate fluctuations are significant brake in attracting foreign investors.

In order to attract foreign investment and increase the attractiveness of investing in foreign direct investment in the Serbian market, one of the key requirements for this type of investment is a healthy market and economic environment. Select a country or target of the foreign investors to invest definitely depends on their expectations and opportunities to achieve high rates of return for a given rate risk which is particularly characteristic of developing countries and countries in transition. Risks such as political instability (conflicts, corruption, undefined ownership structure), and economic and financial instability (exchange rate fluctuations, changes in interest rates, recession, inflation) are a very important lever in the investment of building trust and creating an environment for which they are, or foreign investors are not interested.

Naturally, processes of company internationalization beside many advantages and driving factors have their disadvantages. One of first hazard factors is an underestimate of the value of domestic companies and their purchasing at very low prices, which, of course, represents a loss for the domestic economy, and these processes occurred in the Serbian market. Since it is not possible to perform technological modernization of the economy and its market-oriented restructuring in a sense of creating more efficient, profitable and export-oriented economy without foreign investments (Ćirović 2004, 185), the other factor is running the risk of having an investor solely interested in strengthening domestic production and neglecting export component which would disturb country's balance of payment.

According to (Petrović, Denčić, 2010, 28-29), in times of economic and financial crisis decrease in international direct investments usually happens for following reasons:

1. There is a decrease in investment capabilities of multinational companies that, in times of crises, face additional internal limitations (profit decrease, problem in maintaining liquidity) as well as external limitations (higher price of capital)
2. As a consequence of the most serious global recession ever there is diminished readiness of multinational companies to invest internationally, especially in developing countries, and their risk aversion is higher.

Of course, one of limiting factors for entering is economic and market environment, i.e. macroeconomic and financial stability of the country, but in order to have a complete image of limiting factors, the comparative analysis of internationalization of business in three selected countries of South-East Europe will be given later in the paper, followed by analysis of factors of economic, legal, political and social environment in carrying out mutual modes of entry into selected markets.

3.5. Internationalization of companies in the region (with special reference to markets of Serbia, Croatia and Bosnia and Herzegovina)

Inflow of foreign investments, growth of export and industry – is what distinguishes Serbia from other countries in the region. Past research confirm that in 2010 we had an inflow of foreign investments that was greater than that of Slovenia and Croatia combined. In 2010 Serbia was the leading country in the region with the inflow of direct foreign investments amounting to 1.3 billion USD.

In the first half of 2011 inflow of foreign investments also set Serbia aside from other countries in the region and their values were[5]: Serbia 1.6 billion Euros, Croatia 670 million Euros, Montenegro 310 million Euros, Former Yugoslav Republic of Macedonia 230 million Euros. However, when investments are compared in absolute amounts to the population, Serbia cannot take pride in having such good results.

According to CEFTA[6], Croatia and Serbia are countries with the highest economic potential in the region of West Balkans. Croatia is the leader, since it is undoubtedly the biggest exporter of goods in the region, has the most competitive processing industry, and hence, in the structure of trading goods, food products, i.e. products of lower processing phase, have the biggest share.

Bosnia and Herzegovina is the biggest importer of goods in the region and has big trade deficit with Croatia above all, and in second place with Serbia. Serbia has trading deficit with Croatia, but has surplus in trading goods with other countries in the region.

It is stated further in the report that investments of Croatian companies in Serbia amount to 500 million Euros and are 25 times bigger than investments of Serbian companies in Croatia. With the amount of about 0.5 billion Euros Croatia is, among CEFTA members, the biggest investor in Serbia (Croatian DFI in Serbia take up more than 19% of total Croatian FDI, what puts Serbia in the second place in Croatian investments abroad, and Croatia is in the sixth place as a foreign investor in Serbia). On the other hand, Serbian investments in Croatia amount to only about 20 million Euros.

Table 2 Biggest investments from Croatia in Serbia[7]

No.	Croatia	Serbia	Investment value
1.	"Agrokor grupa"	"Frikom"	10,2 m Euros
2.	"Agrokor grupa"	"Dijamant"	30 m Euros (purchased 67% of shares)
3.	"Pevec"	Sales centre opened in Belgrade	40 m Euros
4.	"Atlantik grupa"	"Droga Kolinska"[8]	382 m Euros

[5] www.makroekonomija.org, taken on November 13, 2012
[6] www.cefta2006.com taken on December 6, 2012
[7] www.cefta2006.com

Contrary to the Republic of Croatia whose investments in Serbia amount to about 500 million Euros, "Swisslion Takovo" is the only Serbian company that bought the factory "Eurofood market" from Sisak for total of 20 million Euros, what confirms significantly lower share Serbian companies have in Croatian market.

On the other hand, in 2011 Serbia was in the first place as a foreign investor in Republic of Bosnia and Herzegovina with the total of about 125 million BAM, and so Serbian investments in 2011 made 50% of total realized investments in that year.[9]

Table 3 Biggest investments from Serbia in 2011 in Bosnia and Herzegovina[10]

No.	Serbia	Bosnia and Herzegovina	Investment value
1.	"Delta" Beograd	"Delta Maxi" Banja Luka and "Delta Real Estate" Banja Luka	50 m BAM
2.	"Swisslion" Takovo	"Takovo" Trebinje	30 m BAM
3.	"Mercators" Novi Sad	"M-BL" Banja Luka	27 m BAM
4.	"Hemofarm" Vršac	"Hemofarm" Banja Luka	9 m BAM

Comparative analysis of the internationalization processes of companies between three selected countries left a wide space for drawing conclusions since there are significant limiting factors influencing these levels of mutual investments in selected countries. Drawing final conclusions and proving the primary hypothesis of the paper should be done after the analysis of the environment as well as existing conditions and risks in selected countries has been done, to prove the hypothesis of partial: *Economic, political, legal and social environment represent determining entry factors to foreign market.*

Selected mode of entry into certain foreign market depends on numerous factors. After brief review of three selected countries of South-East Europe with a special reference to Serbian market and two countries from the region, we can derive following conclusions:

Firstly, among economic factors influencing the choice of entry mode into a foreign market, concerning Serbian market, we can conclude that determining factors are cheap but highly qualified workforce (with knowledge of a foreign language and informational technologies) and low development rate that provides an opportunity for achieving high profits to companies that perform horizontal growth and prefer large market shares. Also, low tax rates represent a substantial incentive for investments into Serbian market.

Secondly, in regard to political factors and the institutional environment it could be inferred that Serbia as well as two selected countries have a high level of mutual political instability, thus the political risk represents a limiting factor for the increase in mutual entry modes, especially if we consider the share of foreign investments between Serbia and Croatia.

Thirdly, concerning legal environment factors, this above all refers to the rule of law, solved questions of property ownership, corruption level and existing legal impediments. Surely, privatization process contributed to solving property ownership and various signed bilateral and international agreements contributed to attracting direct foreign in-

[8] "Droga Kolinska" is Slovenian company. Belgrade companies "Grand prom", "Soko Štark"and "Palanački kiseljak"are part of "Droga Kolinska".

[9] In 2011 investments in Bosnia and Herzegovina were: -Serbia – 124.604.920 BAM (50,21 percent) , Luxembourg – 71.637.263 BAM (28,87 percent), Holland – 62.313.109 BAM (25,11percent), Saudi Arabia – 26.435.120 BAM (10,65 percent) Turkey – 24.592.110 BAM (9,91 percent)

[10] www.mvteo.gov.ba taken on October 3,2012

vestments. Joining the membership of the European Union, certainly, represents an important step in drawing direct foreign investments, but also a hazard in facing the competition of other developed countries of the European Union. For that reason, it can be concluded that Croatia will have a surge of direct foreign investments in the following period.

Fourthly, referring to factors of social environment, in the first place considering factors of organisational climate and culture, if we take into account these three countries that were once part of the same country, as far as cultural barriers go, especially language, we can say that significant differences don't exist, but considering social risk it could be high especially if we take into account the political risk of the past period.

4.CONCLUSION

If we make a brief review of the paper, at the beginning thereof, we gave a theoretical analysis of numerous entry modes into foreign markets, followed by a practical analysis of driving and limiting factors and entry modes to Serbian market. Comparative analysis given further in the paper contained data about levels of business internationalization between three selected countries, in a manner that such an analysis would provide a framework for drawing necessary conclusions to prove the stated partial hypothesis. Finally, sole conclusive considerations will provide the answers necessary for the support of the primary hypothesis of the paper: *Joint venture and strategic alliances represent optimal entry modes in selected countries of South-East Europe*

Firstly, export oriented strategy is applicable in mutual relations of Serbia and Bosnia and Herzegovina and Croatia, which is supported by CEFTA data. Export oriented strategy bears the least amount of entry risk and most often represents the first phase in further business internationalization.

Secondly, joint venture due to resource and capital sharing, as well as due to risk sharing represents an entry mode suitable for countries in transition, where there are higher entry barriers imposed by local authorities regarding legal regulations and share of foreign capital, as well as significant political instability.

Thirdly, strategic alliances because of resource combining in different activities of value chain, and often without participation in equity capital, represent a good choice primarily for achieving economies of scale in value chain and harmonizing national cultures and politics.

Fourthly, Greenfield investments, due to their term characteristics allow complete control to the investing company, but on the other hand since they ask for big and long-term investments along with sharing host country's fortunes are not suitable for countries where there are high financial and political risks.

Fifthly, acquisitions first appeared in our region through privatization of national property and through participation of foreign investors in privatization and sale of domestic companies, but like Greenfield investments acquisition are suitable as entry modes in developed and stable economies.

Theoretical and practical analysis of selected entry modes as well as practical and comparative analysis of determining factors that influence the choice of entry mode (that were analyzed in the paper) in selected countries point to a conclusion that Joint venture and strategic alliance represent optimal entry modes in the process of mutual business internationalization in selected countries of South-East Europe.

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INTERNACIONALIZACIJA PREDUZEĆA U ODABRANIM ZEMLJAMA JUGOISTOČNE EVROPE

Proces internacionalizacije preduzeća zavisi od većeg broja, kako pokretačkih, tako i ograničavajućih faktora. Svrha rada je da nakon njihove analize dođe do odgovora koji je to optimalan model ulaska u odabranim zemljama Jugoistočne Evrope. Na osnovu teorijsko-praktične, pa nakon toga i komparativne analize mnogobrojnih strategija ulaska preduzeća na tržište druge zemlje, cilj istraživanja je usmeren na dokazivanje osnovne hipoteze rada koja glasi: Joint venture i strategisjka alijansa predstavljaju optimalne modele ulaska u odabranim zemljama Jugoistočne

Evrope. U uslovima ekonomsko-finansijske krize veća je averzija investitora za ulaganje, pa je potrebno dokazati i jednu podhipotezu koja glasi: Ekonomsko, političko, pravno i socijalno okruženje predstavljaju opredeljujuće faktore ulaska na strano tržište. Dokazivanjem navedenih hipoteza pružiće se naučni doprinos u izvođenju zaključaka i rezultata istraživanja za povećanje međusobnih procesa internacionalizacije preduzeća u odabranim zemljama.

Ključne reči: internacionalizacija, modeli ulaska, rizici, faktori, okruženje