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Strategic Triangulation in Foreign Market Entry: A Configurational Alignment of Capabilities, Risk, and Market Conditions Under Uncertainty

Keywords:

Strategic triangulation, foreign market entry, internationalization strategy, configurational alignment, risk governance, knowledge formalization.

Abstract

Foreign market entry represents a multidimensional strategic decision requiring the alignment of internal capabilities, external market conditions, risk exposure, and organizational knowledge. Although the literature offers numerous analytical models—ranging from the resource-based view and dynamic capabilities to internationalization theories such as the Uppsala model and growth frameworks including Ansoff's matrix—these models are often applied in isolation. Such fragmentation may weaken decision quality and strategic coherence.

This study develops and empirically applies an integrated triangulation-based framework for foreign market entry decision-making. The framework combines internal environmental analysis (resources, capabilities, and knowledge management), external market analysis (market attractiveness and institutional risk), and the strategic selection of entry and market positioning models. Methodologically, the research adopts a qualitative case study design, integrating semi-structured managerial interviews, analysis of internal company databases and strategic documents, and secondary market data. The triangulation of data sources and theoretical lenses serves not only to enhance validity but to structure decision-making under uncertainty.

The empirical findings demonstrate that foreign market entry is justified when internal organizational readiness, experiential knowledge, and adaptive capabilities align with moderate external risk and sustainable market potential. The study further shows that incremental entry logic, consistent with the Uppsala model, combined with market development positioning (Ansoff) and an operationalized marketing mix, provides a coherent and risk-adjusted strategic pathway.

The paper contributes by demonstrating how classical strategic and international business frameworks can be integrated into a unified decision architecture. It offers both theoretical implications and a practical roadmap for managers evaluating foreign expansion under uncertainty.

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1. Introduction

Foreign market entry constitutes one of the most consequential and complex strategic decisions faced by firms. Entering a foreign market exposes organizations to institutional uncertainty, competitive pressures, cultural differences, and operational risk (Root, 1994). Particularly for small and medium-sized enterprises (SMEs), such decisions require careful evaluation of internal readiness, external market conditions, risk exposure, and strategic alignment (Meyer & Peng, 2016).

The strategic management and international business literature offers a wide range of analytical frameworks to support foreign expansion decisions. Internal environment analysis is commonly grounded in the resource-based perspective (Barney, 1991), which emphasises valuable and organizationally embedded resources. Contemporary strategic analysis further highlights the importance of organisational adaptability, knowledge integration, and alignment between resources and environmental conditions (Johnson, Scholes & Whittington, 2020).

External environment analysis typically relies on competitive structure and market attractiveness frameworks (Porter, 1980). In international contexts, structured risk assessment becomes particularly important, as foreign expansion is associated with financial, institutional, and operational uncertainty (Müllner, 2016).

Internationalization decisions are frequently interpreted through process-oriented models such as the Uppsala model, which conceptualizes foreign expansion as an incremental learning process characterized by gradual commitment and experiential knowledge accumulation (Johanson & Vahlne, 1990). Growth strategies are commonly conceptualized using Ansoff's product–market matrix (Ansoff, 1957), while competitive positioning logic draws upon Porter's generic strategies (Porter, 1985). Operational market entry is typically structured through the marketing mix framework, encompassing product, price, place, and promotion variables, as well as extended service elements (Kotler, 1998).

Despite the richness of available models, these frameworks are often applied independently. The literature remains analytically fragmented, with limited integration between internal capability assessment, external market evaluation, internationalization logic, and operational market positioning (Johnson et al., 2020; Grant, 2021). As a result, managerial decision-making may become analytically inconsistent, with strategic models applied sequentially rather than coherently.

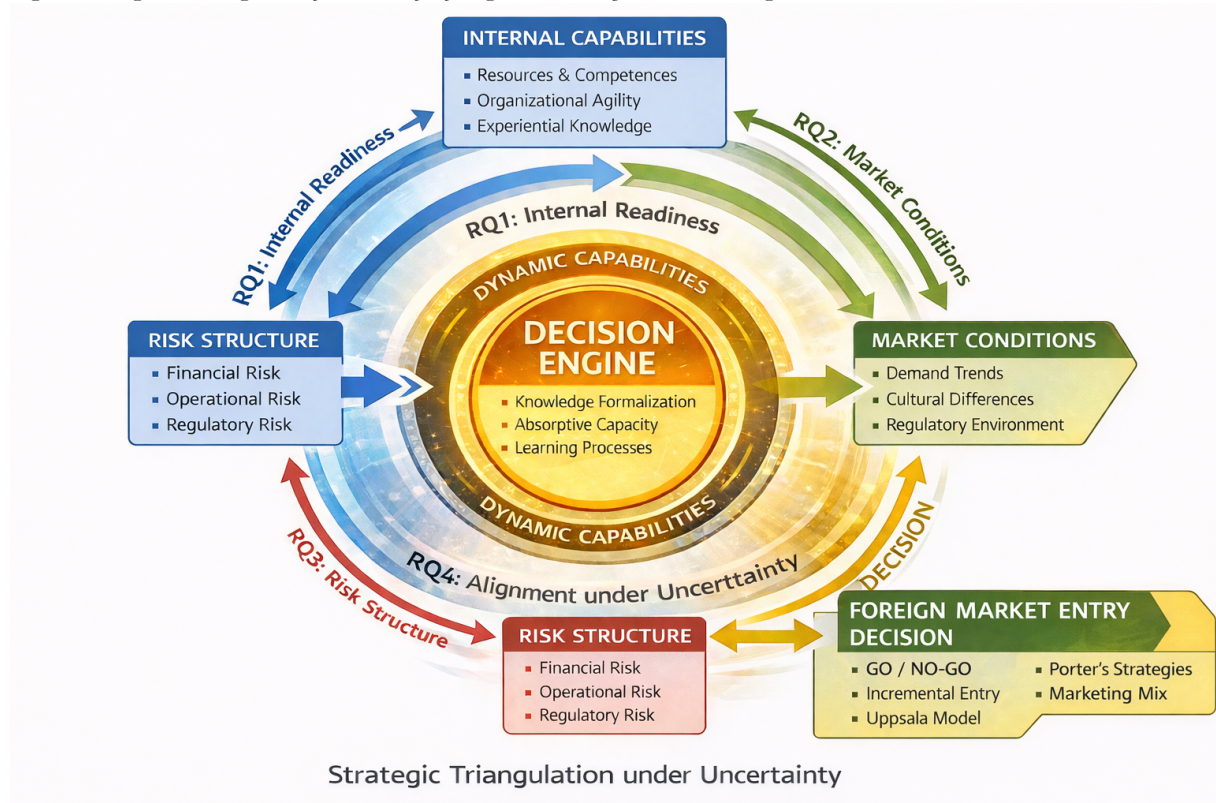
Methodological discussions in qualitative research emphasise the importance of structured research design and the systematic use of multiple analytical perspectives to enhance validity and interpretive depth (Braun & Clarke, 2006). However, the integration of multiple strategic frameworks into a coherent decision-support architecture remains underdeveloped in the context of foreign market entry. In environments characterised by uncertainty and risk, such structured integration is particularly critical.

This study addresses this gap by developing and empirically applying an integrated triangulation-based framework for foreign market entry decisions. The framework systematically connects:

- internal environmental analysis (resources, capabilities, and knowledge management),
- external market analysis (market attractiveness and institutional risk),
- internationalization logic (Uppsala model),
- growth positioning (Ansoff matrix),
- and operational market execution (extended marketing mix: 4P + 7P).

To enhance conceptual clarity, Figure 1 presents the integrative triangulation framework developed in this study. The figure visualizes the relationships between internal capabilities, external market conditions, risk governance, and knowledge formalization as interdependent dimensions shaping foreign market entry decisions

Figure 1: Integrative triangulation framework for foreign market entry decision-making



The figure presents a configurational decision-support framework based on the triangulation of three core analytical dimensions: internal organizational capabilities, external market conditions, and risk exposure structure. Each dimension is operationalized through a corresponding research question (RQ1–RQ3), reflecting the analytical decomposition of the foreign market entry problem.

At the center of the framework, knowledge formalization and governance mechanisms act as a moderating and integrative layer, shaping the firm's ability to interpret, absorb, and respond to environmental signals under uncertainty. This central component reflects the role of organizational learning, information structuring, and absorptive capacity in aligning internal and external factors.

The interaction of the three dimensions produces a configurational alignment that determines the strategic justification of foreign market entry (RQ4). The framework further connects this evaluative process with established strategic models—such as the Uppsala internationalization model, Ansoff's product–market matrix, Porter's competitive strategies, and the marketing mix—which provide operational pathways for implementation following a positive entry decision.

The model emphasizes that foreign market entry is not determined by any single factor in isolation, but by the coherent alignment between capabilities, risk, knowledge, and environmental conditions under uncertainty.

Rather than proposing a new theoretical model, the study demonstrates how established frameworks from strategic management and international business literature can be combined into a coherent analytical architecture grounded in empirical evidence.

Methodologically, the study adopts a qualitative case-study approach and draws on multiple data sources to strengthen analytical robustness through structured thematic analysis and cross-perspective evaluation (Braun & Clarke, 2006)

To enhance analytical clarity and operationalize the triangulation-based framework, the study formulates three interrelated research questions corresponding to the core dimensions of the model.

The primary research question guiding the study is: Under which conditions can foreign market entry be considered strategically justified when evaluated through an integrated triangulation-based framework?

To address this overarching question, the analysis is structured around the following sub-questions:

- RQ1: To what extent does the firm possess adequate internal capabilities and organizational readiness for foreign market entry?
- RQ2: What is the structure and intensity of risk exposure associated with the targeted foreign market?
- RQ3: How favorable are the external market conditions in terms of attractiveness, stability, and institutional environment?

In addition, the study introduces a higher-level integrative question:

- RQ4: Under which conditions can foreign market entry be considered strategically justified when internal capabilities, external conditions, and risk exposure are evaluated in a configurational alignment mediated by knowledge formalization?

These research questions directly correspond to the analytical dimensions of the triangulation framework and guide both data collection and thematic analysis. RQ1–RQ3 represent the core analytical pillars, while RQ4 integrates their interaction into a unified decision logic.

The study contributes to the literature in three ways. First, it reconceptualizes triangulation as a strategic decision-support mechanism rather than merely a validation technique. Second, it demonstrates how classical strategic and international business models can be meaningfully integrated into a coherent analytical structure. Third, it provides practical guidance for managers by translating theoretical evaluation into a structured recommendation regarding market entry justification.

The remainder of the paper is structured as follows. Section 2 presents the literature review and theoretical background. Section 3 outlines the methodology and data sources. Section 4 reports the empirical results. Section 5 discusses implications and provides a conclusive assessment of market entry justification.

2. Literature Review and Theoretical Background

Foreign market entry has been extensively studied across strategic management and international business literature as a complex decision involving resource commitment, uncertainty exposure, and long-term strategic implications (Meyer & Peng, 2016). The decision does not concern only geographical expansion but reflects an organisational assessment of internal capabilities, external opportunity structures, competitive positioning, governance mechanisms, and risk tolerance. As such, it requires multidimensional theoretical grounding. Recent research on SME internationalization further emphasizes the role of dynamic capabilities, digitalization, and network embeddedness in shaping international expansion trajectories under uncertainty (Paul & Rosado-Serrano, 2019).

Internal environment analysis traditionally draws upon the resource-based perspective (Barney, 1991), which argues that competitive advantage stems from resources that are valuable, rare, and organizationally embedded. These resources may include financial capital, supplier networks, relational trust, organisational routines, and managerial competences. However, resource endowment alone does not sufficiently explain performance in dynamic and uncertain foreign environments. Contemporary strategic analysis emphasises the importance of organisational adaptability and strategic alignment in responding to environmental change (Grant, 2021). In foreign market entry contexts, adaptive capacity and organisational flexibility become critical determinants of sustainable success.

The knowledge-based perspective further deepens internal analysis by conceptualizing firms as knowledge-integrating institutions (Nonaka & Takeuchi, 1995). Tacit and experiential knowledge plays a particularly important role in internationalization, where uncertainty is high and formal information incomplete. Management of knowledge, whether through formal systems or informal relational mechanisms, shapes organisational learning processes and influences strategic judgement (Davenport & Prusak, 1998). Experiential learning, as emphasised in stage-based internationalization theories (Johanson & Wiedersheim-Paul, 1975), reduces perceived uncertainty and affects entry mode commitment. Managerial interpretation and organisational learning therefore become central components of internal readiness.

External environment analysis complements the internal perspective by examining industry structure, macroeconomic conditions, and institutional risk. Porter's five forces framework evaluates competitive intensity and industry attractiveness (Porter, 1980), while macro-environmental tools such as PESTEL and related strategic frameworks assess political, economic, social, technological, environmental, and legal conditions (Johnson et al., 2020). In international contexts, country risk—including regulatory volatility, exchange rate exposure, and political instability—becomes a fundamental consideration (Root, 1994). Importantly, objective risk indicators interact with organizational knowledge and experience, meaning that risk perception is partially endogenous to firm characteristics.

Strategic portfolio models provide additional lenses for evaluating foreign expansion. The Boston Consulting Group (BCG) matrix and the GE matrix are used to assess market attractiveness and competitive position, supporting strategic resource allocation decisions (Johnson et al., 2020). While these matrices are traditionally applied at corporate portfolio level, they can also inform evaluation of new geographic markets by structuring the interplay between market attractiveness and organizational strength.

Growth strategy frameworks further contribute to foreign market analysis. Ansoff's product–market matrix distinguishes between market penetration, market development, product development, and diversification (Ansoff, 1957). Foreign expansion with existing products is typically classified as market development, associated with moderate strategic risk. Porter's generic strategies—cost leadership, differentiation, and

focus—also provide positioning logic that shapes foreign competitive approach (Porter, 1985). These frameworks connect international expansion decisions with broader corporate growth orientation and competitive positioning.

Internationalization theories offer distinct explanatory mechanisms for entry behaviour. The Uppsala model conceptualizes expansion as an incremental learning process characterized by gradual commitment and experiential knowledge accumulation (Johanson & Vahlne, 1990). Network-based perspectives emphasise relational embeddedness and inter-organizational connections as drivers of foreign expansion (Cavusgil & Knight, 2015). Broader international business literature further highlights the importance of organisational capabilities and strategic intent in shaping international expansion trajectories. These perspectives offer complementary but distinct decision logics.

Risk management literature further reinforces the importance of uncertainty evaluation in foreign expansion. Strategic risk includes operational, financial, institutional, and reputational dimensions (Root, 1994). Effective decision-making requires systematic evaluation of exposure and implementation of structured risk management mechanisms, linking external volatility with internal organisational preparedness.

Finally, market entry strategy must be operationalized through concrete market actions. The marketing mix framework provides a structured representation of market-level decisions. The classical 4P model addresses product, price, place, and promotion variables (Kotler, 1998), while the extended 7P framework incorporates people, processes, and physical evidence, reflecting service-dominant and B2B contexts. Strategic intent without operational coherence may undermine foreign market performance.

Collectively, the literature demonstrates extensive theoretical richness but also analytical fragmentation. Internal capability theories, external environment frameworks, portfolio matrices, internationalization models, growth strategies, risk management perspectives, and marketing execution tools each illuminate specific aspects of foreign expansion. However, their simultaneous and unstructured application may result in conceptual overload rather than strategic clarity.

Accordingly, this study maintains theoretical openness at the literature stage and refrains from privileging any single model a priori. The empirical analysis that follows evaluates internal capabilities, knowledge management processes, external market attractiveness, institutional risk, and organizational positioning in order to determine which theoretical logic most appropriately supports and explains the foreign market entry decision. In doing so, the study allows empirical findings to guide theoretical alignment rather than imposing theoretical preference in advance.

3. Methodology and data collection

This study adopts a qualitative single-case study design aimed at evaluating the strategic justification of Company X's entry into the Serbian market. The methodological structure is grounded in a systematically developed empirical research framework. The study adopts a pragmatic interpretive stance, emphasizing analytical coherence and decision relevance over statistical generalization. This positioning is consistent with qualitative case study research aimed at understanding complex strategic configurations within real-world organizational settings.

The study addresses two central research questions:

- (1) whether Company X possesses adequate internal capabilities for entering a foreign market, and
- (2) whether the Serbian business environment provides sufficiently stable conditions for long-term market presence.

The qualitative research design was selected due to the complexity of the strategic decision and the need to capture experiential, relational, and organisational dimensions that cannot be adequately measured through quantitative indicators. The single-case design was selected intentionally, as the objective was not

comparative generalization but in-depth configurational analysis of capability–risk–environment alignment within a specific strategic context. Such analytical generalization is consistent with established case study methodology in strategic management research.

3.1 Data collection

Primary data were collected through eight semi-structured interviews with actors directly involved in foreign market decision-making and cross-border operations. The sample comprised five internal decision-makers responsible for evaluating and implementing foreign market entry strategies, and three external stakeholders providing functional support in logistics, legal advisory, and accounting/financial administration. The interview guide was structured around thematic clusters corresponding to the core analytical dimensions of the study (internal capabilities, external environment, risk exposure, and knowledge management), ensuring alignment between data collection and the theoretical framework.

The internal participants represented senior management and functionally responsible roles in strategic planning, sales coordination, procurement, and financial oversight. The external participants were selected due to their operational involvement in transport coordination, contractual structuring, and financial administration, thereby ensuring coverage of both strategic and execution-level perspectives.

Participants were selected through purposive sampling based on their direct relevance to internationalization processes. Interviews were conducted individually, lasted approximately 45–90 minutes, were audio-recorded with consent, and subsequently transcribed. All respondents were anonymized (S1–S8). Data collection continued until thematic saturation was achieved, defined as the point at which subsequent interviews did not produce substantively new thematic categories or alter the structural configuration of identified dimensions.

Interviews were designed to elicit both descriptive and evaluative insights. Particular attention was devoted to:

- sources of information about foreign markets,
- mechanisms of knowledge transfer,
- identification of operational bottlenecks,
- perceived barriers to international expansion,
- competence gaps relevant for foreign market entry

The interview material was complemented by documentary evidence, enabling data triangulation. The analyzed internal documents included:

- internal database of potential Serbian customers (Podjetje X, 2024a),
- internal competitor analysis for Serbia (Podjetje X, 2024b),
- supplier evaluation reports (2024) (Podjetje X, 2024c),
- quality management manual (2024 version) (Podjetje X, 2024d),
- archival record of Serbian inquiries (2021–2024) (Podjetje X, 2024e)

In addition, financial verification data from the e-Bonitete platform were used to assess creditworthiness and payment discipline of Serbian counterparties, allowing comparison between perceived and objective risk indicators.

Secondary macroeconomic and institutional data were incorporated into the PESTEL analysis, relying on official statistical databases and institutional reports to ensure data validity and contextual accuracy.

3.2 Data analysis

Interview data were analyzed using thematic analysis following Braun and Clarke (2006). The coding procedure combined deductive elements derived from the predefined analytical framework with inductive

identification of emergent themes arising directly from the interview material. The method was selected for its flexibility and its capacity to connect empirical patterns with the theoretical framework.

Manual coding was conducted in multiple steps:

1. Initial familiarization with interview transcripts.
2. Identification of recurring themes and conceptual categories.
3. Systematic coding of responses across all participants.
4. Construction of a code \times respondent matrix displaying the distribution, frequency and explanation depth of themes.

To enhance analytical reliability, coding iterations were conducted in multiple rounds, allowing refinement of thematic boundaries and reduction of category overlap. Emerging patterns were continuously compared across respondents and functional roles to ensure internal consistency.

The coding matrix enhanced analytical transparency by enabling comparison across functional roles and highlighting both convergent and divergent perceptions. The analysis identified consistently recognized competitive strengths (e.g., agility, personal approach, rapid decision-making) and recurrent structural challenges (e.g., low formalization of knowledge, limited digital process support, constrained market analytics). Thematic analysis also allowed differentiation between function-specific concerns, such as logistical constraints, legal risks, and financial structuring requirements.

Table 1: Thematic Category Coding Across Interview Participants

Thematic Categories / Participant	S1	S2	S3	S4	S5	S6	S7	S8	Intensity scores (Σ)
K1 – Competitive Advantage	2	2	2	2	2	1	1	1	13
K2 – Motives for Internationalization	2	2	2	1	1	1	1	1	11
K3 – Organizational Readiness	2	2	2	2	2	2	1	1	14
K4 – Barriers and Risk Factors	2	2	2	1	1	2	2	2	14
K5 – Knowledge Management	2	2	2	2	1	1	1	1	12
K6 – Competency Gaps	2	2	2	1	1	1	1	1	11
K7 – Cooperation with External Partners	2	2	2	2	2	2	2	2	16
K8 – Regional Market Opportunities	2	2	2	1	1	2	2	2	14
K9 – Conditions for Successful Market Entry	2	2	2	2	2	2	2	2	16

Coding Scheme

2 – Clearly identified: The theme is explicitly emphasized, repeatedly mentioned, or elaborated with substantive argumentation.

1 – Partially identified: The theme appears, but is addressed narrowly, mentioned only once, or discussed from a limited perspective.

0 – Not identified: The theme is not present or only indirectly and marginally referenced.

3.3 Triangulation logic

Triangulation constituted the central methodological principle of the study. Triangulation was operationalized not merely as a validation mechanism but as a structured comparative procedure,

systematically confronting managerial perceptions with documentary evidence and objective macroeconomic indicators. Rather than serving solely as a validity enhancement mechanism, triangulation was operationalized as an analytical integration process.

Three data domains were systematically compared:

- managerial and operational interview perspectives,
- internal documentary and archival evidence,
- external macroeconomic and financial indicators.

For example, perceived credit risk expressed in interviews was compared with objective solvency indicators from financial databases. Similarly, identified knowledge gaps were evaluated against documented process formalization levels in internal quality manuals and operational records

This cross-comparison was conducted iteratively, allowing empirical patterns to be validated, nuanced, or reinterpreted through multiple lenses. The triangulation process thereby functioned not only as a credibility check but as a structured decision-support architecture connecting internal readiness with external risk exposure.

3.4 Methodological boundaries

The study is limited by its single-case design, which restricts statistical generalizability. Potential interpretive bias was mitigated through systematic cross-verification of interview statements with documentary evidence and external statistical indicators. Analytical credibility was strengthened through data source triangulation, cross-role comparison, and iterative validation of interpretive categories. However, the depth of qualitative insight and systematic triangulation enable analytical generalization consistent with case study methodology. Confidentiality constraints restricted disclosure of certain financial and contractual details, although this did not materially affect analytical conclusions.

While contextual specificity limits statistical generalization, the configurational logic identified in this study may offer analytical transferability to comparable SME internationalization contexts characterized by moderate institutional volatility and relational business cultures.

4 Results

The internal analysis evaluated whether Company X possesses sufficient organisational, operational, and knowledge-based capacity to support foreign market entry. Thematic coding across eight interviews (S1–S8) revealed a high level of convergence regarding core competitive strengths, particularly agility, responsiveness, and relational orientation.

The theme “Competitive advantage” reached a cumulative intensity score of 13 (Σ), indicating consistent and repeatedly emphasized recognition across respondents. Internal decision-makers (S1–S5) highlighted rapid decision-making and minimal bureaucratic delay as structural advantages.

As one senior manager noted, “We can respond faster than larger distributors because decisions are made immediately, without multi-layer approvals” (S2). External stakeholders similarly confirmed operational flexibility, particularly in logistics coordination and supplier communication.

The theme “Readiness for internationalization” achieved one of the highest intensity scores ($\Sigma = 14$), reflecting cross-functional recognition of operational preparedness. Respondents consistently emphasized strong supplier relationships, logistics adaptability, and prior experience with Serbian inquiries between 2021 and 2024.

Archival documentation confirms recurring demand signals and existing business contacts in the Serbian market, suggesting that entry would represent expansion rather than initial exposure.

At the same time, the thematic matrix reveals several structural constraints. The categories “Barriers and risks” ($\Sigma = 14$), “Knowledge Management” ($\Sigma = 12$), and “Competence gaps” ($\Sigma = 11$) indicate that internal limitations were also clearly recognized.

Knowledge processes were described as predominantly informal and experience-driven. As one participant stated, “Most of what we know is in people’s heads, not in systems” (S4). Archival review supports this observation, showing dispersed documentation of pricing trends, customer risk assessments, and market intelligence.

Although financial risk tools such as e-Bonitete are systematically used for credit checks, monitoring remains largely manual and reactive rather than integrated into a structured decision-support system. CRM utilization and digital analytics were repeatedly identified as development priorities, particularly under conditions of cross-border scaling.

The coding matrix further demonstrates that themes related to “Collaboration with external partners” ($\Sigma = 16$) and “Conditions for successful entry” ($\Sigma = 16$) were unanimously recognized across respondents. This indicates strong alignment regarding the importance of structured coordination and the early involvement of legal and logistics expertise.

Table 2: Internal strategic readiness – thematic frequency and analytical interpretation

Theme	Σ Intensity Score	Cross-Functional Convergence	Analytical Interpretation
Competitive Advantage	13	High (Internal + External)	Strong operational agility and relational capital
Internationalization Drivers	11	Internal dominant	Proactive diversification logic
Readiness Assessment	14	High	Operationally prepared for export-based entry
Barriers & Risks	14	Mixed	Structural vulnerabilities recognized
Knowledge Management	12	Internal dominant	Predominantly tacit knowledge structure
Competence Gaps	11	Internal	Digitalization and analytics limitations
External Collaboration	16	Unanimous	Strong reliance on partner integration
Regional Opportunities	14	High	Serbia identified as priority market
Entry Conditions	16	Unanimous	Conditional readiness logic

Overall, the internal evidence indicates a dual configuration: strong operational and relational capacity combined with underdeveloped knowledge formalization and digital system integration. Internal readiness can therefore be characterized as operationally robust but structurally evolving.

Importantly, the empirical pattern does not suggest a lack of capability. Rather, it points to conditional scalability. The company appears well-positioned for controlled, export-based international expansion, provided that knowledge governance mechanisms and digital support systems are progressively strengthened alongside market development.

At present, high-commitment or capital-intensive entry modes would exceed the organisation's systemic maturity.

4.1 External environment assessment

The external environment was assessed using the PESTEL framework in order to evaluate macro-level stability, institutional predictability, and sectoral relevance for Company X's expansion into Serbia (Johnson, Scholes & Whittington, 2020). The analysis focuses specifically on environmental dimensions that directly affect industrial supply chains, credit exposure, and cross-border governance conditions.

Serbia operates as a stabilized transition economy with ongoing EU accession negotiations (European Commission, 2024). According to official macroeconomic data, Serbia recorded strong post-pandemic recovery, with real GDP growth reaching approximately 7.5% in 2021, slowing to around 2.3% in 2022, and stabilizing at roughly 2.5% in 2023 (International Monetary Fund, 2025). This trajectory reflects post-pandemic recovery followed by external shock adjustments and inflationary pressure. Industrial production represents a significant share of national economic activity, particularly in metallurgy and metal-processing sectors relevant to Company X's product portfolio (European Commission, 2024). The industrial sector accounts for a substantial proportion of gross value added, with heavy industry and metal processing structurally important for cross-border supply relationships. Trade integration within CEFTA and regional frameworks reduces tariff barriers and facilitates cross-border industrial exchange, lowering formal entry obstacles for export-based strategies.

However, institutional predictability remains moderate, and administrative enforcement procedures may be slower and less standardized compared to EU markets (European Commission, 2024). This increases the importance of structured contractual governance and early legal involvement when scaling cross-border transactions (Root, 1994).

From an economic perspective, Serbia's population of approximately 6.5–6.6 million provides a concentrated but regionally clustered industrial demand base (International Monetary Fund, 2025). Industrial hubs in Belgrade, Novi Sad, Smederevo, Kragujevac, and Niš represent key demand nodes (European Commission, 2024). Geographic proximity to Slovenia reduces transport lead times and logistics complexity relative to more distant export markets. Nevertheless, the macroeconomic environment remains exposed to inflationary pressure and exchange rate variability, which can influence purchasing stability and payment discipline (Root, 1994). Inflation peaked above 15% in 2022 before moderating in 2023, illustrating volatility in purchasing conditions and reinforcing the relevance of risk-adjusted pricing and credit monitoring (International Monetary Fund, 2025). Financial verification data further indicate variability in solvency indicators among Serbian counterparties, particularly within medium-sized industrial firms (Bisnode, 2025). For Company X, this combination implies moderate growth potential coupled with non-negligible financial exposure requiring structured monitoring.

Social and cultural conditions further shape market attractiveness. Although demographic trends reflect ageing and outward migration of skilled labour, Serbia retains technically educated workforce concentrations within manufacturing regions (European Commission, 2024). Business culture remains strongly relationship-oriented, with emphasis on personal trust, responsiveness, and long-term cooperation. These characteristics align closely with Company X's relational competitive model, which is based on agility, direct communication, and personalized coordination rather than scale-based cost leadership (Porter, 1985). In this context, relational capital may represent a more decisive success factor than pure price competitiveness.

Technological infrastructure in urban areas is relatively well developed, including digital payment systems and expanding e-government services (European Commission, 2024). However, industrial technological maturity varies between modernized facilities and legacy production environments. This heterogeneity

creates both opportunity and pressure. On one hand, supply reliability and advisory support may be particularly valued where optimization gaps exist. On the other hand, increased digitalization expectations indirectly raise the strategic importance of internal digital strengthening within Company X, particularly regarding CRM utilization, documentation structuring, and analytical monitoring of price volatility.

Environmental and regulatory conditions are evolving under EU harmonization pressure (European Commission, 2024). Serbia’s energy structure remains significantly dependent on fossil fuels, contributing to environmental challenges and increasing regulatory scrutiny. Environmental compliance requirements for industrial actors are gradually tightening, potentially increasing operational costs for local firms but simultaneously favouring suppliers capable of providing traceable and quality-assured materials (Johnson et al., 2020). Climate-related logistical risks, including seasonal flooding in certain regions, require structured transport planning but do not constitute systemic barriers to entry.

Table 3: PESTEL-based external attractiveness assessment – analytical summary

Dimension	Observed Conditions	Impact on Company X	Risk Level	Strategic Interpretation
Political-Legal	EU harmonization in progress; moderate enforcement predictability	Contract governance critical	Moderate (institutional variability)	Manageable with structured legal oversight
Economic	Industrial growth with inflation volatility (>15% peak in 2022)	Market potential + credit monitoring need	Moderate–High (macroeconomic volatility)	Requires conservative financial structuring
Social	Relationship-oriented business culture	Aligns with relational model	Low (cultural alignment)	Supports differentiation strategy
Technological	Mixed industrial maturity; digital expansion ongoing	Opportunity + digital pressure	Moderate (process heterogeneity)	Necessitates internal digital strengthening
Environmental	Regulatory tightening; fossil energy dependency	Compliance relevance	Moderate (regulatory transition)	Favors quality-differentiated suppliers

However, the sensitivity of the Serbian economy to external shocks—particularly energy price fluctuations and regional geopolitical spillovers—suggests that macroeconomic stability cannot be assumed as structurally guaranteed, thereby increasing the importance of adaptive scaling mechanisms. The aggregated PESTEL assessment indicates that Serbia represents a market of moderate attractiveness characterized by industrial relevance, manageable institutional risk, and relational compatibility. No environmental dimension presents a prohibitive entry barrier. However, macroeconomic volatility, payment variability, and regulatory complexity increase the importance of internal governance and structured scaling.

When interpreted in conjunction with internal readiness findings, the external environment supports incremental export-based expansion rather than high-commitment market establishment.

4.2 Risk structure and exposure

Risk exposure represents the critical mediating layer between external market attractiveness and internal capability maturity. While the PESTEL analysis identified Serbia as a moderately attractive industrial market (European Commission, 2024), the empirical findings indicate that effective entry depends less on macro conditions alone and more on the interaction between environmental volatility and Company X's governance structure.

Interview data consistently identified customer credit risk as the most salient exposure dimension. As one internal decision-maker emphasized, *"Payment discipline is the main uncertainty when we move outside our established markets"* (S3). This perception is supported by financial verification data (Bisnode, 2025), indicating measurable variability in solvency indicators among Serbian industrial firms, particularly within medium-sized counterparties. Given the inflation peak exceeding 15% in 2022 and subsequent macroeconomic adjustments (International Monetary Fund, 2025), liquidity pressure within certain industrial segments cannot be excluded. According to macroeconomic monitoring reports, Serbia experienced elevated inflationary pressure and currency stabilization measures during the post-pandemic adjustment period (European Commission, 2024). The combination of inflation volatility and exchange rate exposure increases the probability of delayed payments and margin erosion if not proactively managed.

Raw material price volatility constitutes a second structural risk dimension. Company X operates within metal supply chains subject to global commodity fluctuations. Macroeconomic monitoring institutions have documented increased commodity price volatility during the 2021–2023 period, driven by global supply chain disruptions and geopolitical shocks (International Monetary Fund, 2025). Interviewees highlighted that price adjustments often occur with limited advance notice, increasing the need for contractual flexibility. As one participant noted, *"In volatile markets, timing is everything; a delayed price update can erase the margin completely"* (S5). While supplier diversification and continuous monitoring practices are already present internally, cross-border scaling increases coordination complexity and amplifies exposure if governance remains partially informal.

Logistical and operational risk was assessed as moderate but conditional. Serbia's geographic proximity reduces transport distance and lead time relative to more distant export markets. However, infrastructure heterogeneity and administrative procedures may introduce coordination delays, particularly in cross-border industrial transactions (European Commission, 2024). External stakeholders stressed the importance of early logistics integration to prevent transaction friction under higher volumes.

Competitive risk is present but structurally manageable. The Serbian market includes established regional distributors and local intermediaries capable of exerting price pressure during initial market penetration. Nevertheless, triangulated evidence suggests that Company X's differentiation logic—based on responsiveness, relational capital, and flexibility—partially offsets pure price competition. The key vulnerability does not lie in competition per se, but in margin compression under macro volatility combined with insufficiently formalized monitoring systems.

The integrated risk structure therefore reveals a layered configuration. External volatility (inflation dynamics, exchange variability, industrial cyclicity) interacts with internal system maturity (credit monitoring formalization, documentation structure, CRM integration). Risk is neither uniformly high nor negligible; it is conditional and scalable, depending on the degree of alignment between environmental monitoring and internal governance mechanisms.

Table 4: Integrated risk structure – exposure, probability, and governance mediation

Risk Dimension	Source of Exposure	Probability Level	Impact Severity	Governance Mitigation Capacity	Overall Risk Assessment
Credit Risk	Payment variability, inflation pressure	Moderate–High	High (cash flow impact)	Partial (manual monitoring)	Moderate–High (conditional)
Commodity Price Volatility	Global metal markets	High	High (margin erosion)	Moderate (supplier diversification)	Moderate–High (structural)
Logistical Risk	Infrastructure variability, coordination delays	Moderate	Moderate	Moderate (partner network)	Moderate (manageable)
Competitive Pressure	Regional distributors	Moderate	Moderate	High (relational differentiation)	Moderate–Low
Regulatory / Administrative Delays	Institutional variability	Moderate	Moderate	Partial (legal support available)	Moderate

The table illustrates that risk exposure is not uniformly distributed across dimensions. Commodity price volatility represents a structurally persistent exposure independent of geographic market. Credit risk, by contrast, is context-sensitive and partially amplified by macroeconomic volatility. Governance maturity—particularly the formalization of credit monitoring, contract structuring, and digital tracking systems—emerges as the decisive moderating variable.

Importantly, the risk configuration suggests vulnerability under rapid scaling rather than under controlled expansion. High-commitment entry modes would increase fixed cost exposure and reduce flexibility in responding to macro fluctuations. Conversely, an incremental export-based strategy allows adaptive learning, contractual recalibration, and progressive strengthening of governance mechanisms.

The empirical evidence therefore supports a conditional risk logic: market entry into Serbia is feasible under structured monitoring and proportional scaling, but aggressive expansion without concurrent system formalization would significantly increase financial and operational exposure.

4.3 Knowledge and capability gap integration

The empirical findings indicate that knowledge structure represents the central moderating variable between market opportunity and risk exposure. Although Company X demonstrates strong sector-specific expertise, relational capital, and operational agility, the conversion of tacit knowledge into formalized and scalable systems remains incomplete.

Thematic coding shows broad recognition of structural limitations, particularly in knowledge management and competence gaps. Knowledge transfer occurs predominantly through direct communication and case-

based problem solving. As one respondent noted, *“We solve most issues through direct communication; documentation usually comes afterwards, if at all”* (S4). While this informal coordination model functions effectively within a small, agile organization, it introduces systemic vulnerability when transaction volume and cross-border complexity increase.

Archival analysis confirms that pricing history, customer credit assessments, market signals, and supplier performance data are dispersed across documents and individual records rather than integrated within a unified analytical system. Although tools such as e-Bonitete are used for counterparty verification, their outputs are not embedded within a formalized risk evaluation framework. CRM utilization and systematic tracking of margin evolution and demand patterns remain limited relative to the requirements of sustained international scaling.

Importantly, this configuration does not reflect lack of competence. Interviews consistently confirm deep industry expertise, established supplier networks, rapid coordination capacity, and strong trust-based relationship management. These represent significant operational capabilities. The structural asymmetry lies in the relatively low level of documentation, digital integration, and process codification compared to the strength of tacit expertise.

This imbalance becomes strategically relevant under conditions of macroeconomic volatility. In stable domestic environments, tacit coordination may suffice to maintain performance. However, in cross-border contexts characterized by higher credit variability, exchange exposure, and regulatory complexity, the absence of structured monitoring systems increases coordination risk and transaction costs. Knowledge formalization therefore directly influences the organisation’s absorptive capacity—its ability to recognize, internalize, and apply new information under uncertainty.

The findings suggest conditional readiness rather than structural inadequacy. Company X possesses sufficient capability to enter the Serbian market, provided expansion follows an incremental logic that allows experiential learning and progressive system strengthening. Rapid scaling or high-commitment entry modes would likely exceed current governance maturity and amplify exposure. Knowledge structure thus emerges as the pivotal determinant linking internal capability, external volatility, and feasible entry mode.

5. Discussion and conclusion

Unlike prior studies that employ triangulation primarily as a methodological validation tool, this study advances triangulation as a configurational decision-support architecture. By systematically integrating internal capability assessment, environmental analysis, and risk structuring into a coherent evaluative sequence, the framework shifts triangulation from a credibility-enhancing technique to a strategic alignment mechanism under uncertainty.

This study set out to determine under which conditions foreign market entry can be considered strategically justified when evaluated through an integrated triangulation-based framework. Rather than privileging a single theoretical perspective *ex ante*, the research deliberately maintained theoretical breadth at the literature stage and allowed empirical findings to determine model alignment. In doing so, the study responded directly to the fragmentation problem identified in the introduction of the article.

The findings demonstrate that foreign market entry decisions cannot be reduced to isolated evaluations of market attractiveness or internal competitive strength. Strategic justification emerges from the interaction between four interdependent dimensions: internal organisational capability, macro-environmental stability, risk exposure structure, and knowledge formalization maturity. None of these variables independently determines feasibility; their configurational alignment determines strategic coherence.

In the examined case, internal analysis revealed strong relational capital, operational agility, supplier integration, and rapid coordination capacity. Simultaneously, knowledge management processes remain predominantly tacit, and digital integration is only partially formalized. The external environment assessment classified Serbia as a moderately attractive industrial market characterized by relevant sectoral demand and manageable institutional risk, albeit under conditions of macroeconomic volatility. Risk analysis further demonstrated that exposure is conditional rather than absolute: credit variability and commodity price fluctuations are material but manageable under structured governance. Knowledge structure emerged as the central moderating variable influencing scalability.

The findings can be systematically interpreted through the research questions that structure the triangulation framework. With regard to RQ1, the analysis confirms that Company X possesses sufficient internal capabilities for foreign market entry, particularly in terms of operational agility, relational capital, and supplier integration, although limitations in knowledge formalization constrain scalability. Concerning RQ2, the results show that risk exposure is not prohibitive but conditional, with credit variability and commodity price volatility representing the most significant factors, manageable through structured governance mechanisms. In relation to RQ3, the external environment is assessed as moderately favorable, characterized by relevant industrial demand and acceptable institutional risk, albeit under conditions of macroeconomic volatility.

Taken together, these findings provide a coherent answer to RQ4, demonstrating that foreign market entry is strategically justified when internal capabilities, external conditions, and risk exposure are aligned through a governance structure that supports learning and gradual adaptation. This reinforces the central premise of the study that strategic justification emerges not from isolated factors, but from their configurational alignment under uncertainty.

The triangulated configuration therefore supports a conditional entry logic. Expansion is strategically justified under incremental, export-based engagement that allows progressive experiential learning and parallel strengthening of governance systems. High-commitment or capital-intensive entry modes would create misalignment between resource commitment intensity and organisational system maturity.

The primary theoretical contribution of this study lies in reconceptualizing triangulation as a structured decision-support architecture rather than merely a validation mechanism. While prior literature emphasizes triangulation primarily as a credibility-enhancing technique, this study demonstrates its potential as an integrative analytical process that systematically connects internal capability assessment, external market evaluation, risk structuring, and model selection. The research thus offers a methodological contribution by illustrating how classical frameworks—Uppsala internationalization logic, Ansoff's growth categorization, and the extended marketing mix—can be layered into a coherent multi-level decision architecture grounded in empirical evidence.

Second, the study contributes to internationalization theory by highlighting knowledge formalization as a pivotal moderating variable between opportunity and exposure. While experiential learning is central to the Uppsala model, this case demonstrates that the degree of tacit versus codified knowledge materially shapes feasible commitment levels. International expansion speed is therefore not merely a function of market attractiveness but of governance maturity relative to environmental volatility.

From a managerial perspective, the study provides a structured roadmap for foreign expansion decisions under uncertainty. Managers should evaluate not only market growth indicators but also internal absorptive capacity and system formalization readiness. Incremental commitment should not be interpreted as strategic conservatism, but as alignment between organisational maturity and environmental complexity. Structured credit monitoring, documentation formalization, and digital integration should develop in parallel with market expansion to prevent governance gaps under scaling.

Several limitations of this study should be explicitly acknowledged. First, the research is based on a single-case qualitative design, which means that the findings cannot be fully generalized across firms, industries, or national contexts. Although triangulation of interviews, internal company data, and external analytical tools strengthens the internal robustness of the study, the conclusions remain shaped by the specific organizational and market setting examined. Second, the external environment assessment was primarily structured through PESTEL analysis; future research could strengthen this dimension by incorporating comparative institutional risk indices, industry-level quantitative modelling, or cross-country benchmarking tools. Third, the present analysis focuses on the justification of foreign market entry prior to implementation and therefore does not capture post-entry execution challenges or long-term performance effects.

Despite these limitations, the study offers a broader contribution through the triangulation-based framework itself, which may be applied beyond the focal case. Its practical value lies in providing a structured decision logic for firms assessing foreign expansion by integrating internal capabilities, external market conditions, risk exposure, and knowledge formalization. While the specific indicators may differ across sectors, the model can be adapted to other companies and industries by aligning the analytical criteria with sectoral characteristics, regulatory demands, and organizational complexity. In this sense, the framework is best understood as analytically transferable rather than universally generalizable.

In practical terms, companies in other industries may apply the framework as a stepwise decision tool by first assessing internal readiness, then evaluating external market conditions, identifying key risk exposures, and finally matching the entry mode to their organizational capabilities and governance capacity.

Future research could extend this integrative triangulation framework through comparative multi-case designs across industries and institutional contexts. Longitudinal studies would be particularly valuable in assessing whether incremental internationalization consistently produces superior risk-adjusted outcomes compared to more aggressive entry strategies. Further research could also explore the role of knowledge formalization and digital governance as moderators of scalability and strategic coordination in SME internationalization.

In conclusion, the empirical findings demonstrate that Company X is strategically prepared to enter the Serbian market under a controlled, export-oriented, and incrementally structured expansion logic. The alignment between operational agility, relational capital, supplier integration, and moderate external market attractiveness supports a market development trajectory consistent with Ansoff's product-market framework. At the same time, the identified need for progressive knowledge formalization and governance strengthening confirms that entry should follow an incremental commitment pattern in line with the Uppsala internationalization model. Operationally, market engagement should be structured through an export-based configuration supported by a calibrated marketing mix architecture. The classical 4P elements—product standardization with contextual adaptation, risk-adjusted pricing, proximity-based distribution, and relationship-centered promotion—should be complemented by extended 7P dimensions, including process formalization, customer interface governance, and structured partner coordination. This integrated approach ensures proportional alignment between commitment intensity and organisational maturity. Strategic legitimacy therefore does not derive from environmental opportunity alone, nor from internal strength in isolation. It arises from coherent alignment between capability configuration, risk exposure management, knowledge maturity, and macro-environmental conditions. When evaluated through an integrated triangulation-based framework, foreign expansion ceases to be a speculative commitment and becomes a systematically governed progression anchored in configurational alignment.

6. References

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