UNIVERSITY OF LJUBLJANA
FACULTY OF ECONOMICS

THESIS

EXPANSION OF A CONTRACT MANUFACTURER IN METAL INDUSTRY TO THE SLOVENIAN AND CROATIAN MARKET

Ljubljana, May 2010 **ALJAŽ URBANC**

STATEMENT:

Student Aljaž Urbanc, hereby declare that I am the author of this diploma paper which I have written under supervision of assistant professor Marko Pahor, PhD. and I authorize the text to be published on the univesity's website.

In Ljubljana, 18.05.2010 Signature: _________________

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INTRODUCTION

Internationalization is what companies are pursuing nowadays and it is a vital part for their growth. The Komas Oy company operates as a system supplier of mechanical assemblies and a contract manufacturer in the metal, machine, vehicle, and defence industry. It grows with acquisitions and has all the attributes and the desire to expand its operations abroad. A good example of growth is the acquisition with another domestic or foreign company, which has already been practised in the company's business operations.

The global market is open and there are many opportunities to expand business through acquisition, merger or partnership. Countries among European emerging economies are the targets of Komas' next international moves. The company's focus is to gain access to new markets, customer segments, product lines and cheaper labour force in Slovenia and Croatia, later also in other interesting vicinal South-Eastern European areas. On the one hand two similar former Republics of Yugoslavia, post socialist countries, which are on their way to catch up with the most developed European Union countries, but on the other hand quite different in the progress of reaching that standard. My local market knowledge and language skills will contribute to finding a number of interesting companies in machining and metal processing industry for acquisition that might happen in the near future. During the course of this bachelor's thesis, information concerning the current situation and history facts of interesting companies and both economies has been collected.

This document is based on the request of Komas, with the intention of gathering some information that can be used as a guidance for launching an expansion in one of the described countries. The results had been presented to the management of Komas for further elaboration and decision-making.

The bachelor thesis consists from seven chapters, which include introduction, five content chapters and final conclusions. First and second chapter are describing research methods and background information about Komas. In the next chapter is described what contract manufacturing is and what are its current trends. Market information and business environment of both countries are presented in fourth, fifth and sixth chapter. The thesis is concluded with final thoughts and overview.

1 RESEARCH

One of the reasons to find a partner on this market is also because Komas is a supplier for Patria (a Finnish multinational group operating in the defence and aerospace industry) that provides military vehicles to the Slovenian and Croatian government. Due to Patria's business model, local companies are directly involved in manufacturing of those vehicles, so the objective was also to identify the companies that participate in the production of Patria military vehicles.

Its Slovenian representative Rotis and Slovenian home appliance maker Gorenje, formed a joint venture for the production of 8x8 light armoured personnel vehicles for the Slovenian army. The agreement came after the Defence Ministry has chosen Patria as the contractor in the 263 million euro deal over the Slovenian defence firm Sistemska tehnika. According to Wiitakorpi (former Patria CEO), Slovenian companies will be tasked with producing basic parts for the vehicles, while Patria will train workers and provide parts for the production line. The three companies (Patria-Gorenje-Rotis) signed a memorandum of understanding, agreeing that the new company will be based in Slovenia. The company estimates that at least 30% of each vehicle will be made of Slovenian-produced parts (cutting, welding, and assembling of components) Gorenje added that at least 300 new jobs would be secured as a result directly and as many as up to 1000 indirectly.

As requested by the company, the emphasis will be both on macroeconomic and microeconomic facts in the machining and metalworking industry. The thesis will attempt to assist Komas with the information needed about both markets and individual companies which meet the used criteria.

1.1 Purposes and objectives

The purpose of this thesis is to gather reliable information that can be used as a framework and foundation for companies like Komas future expansion to Slovenia or Croatia. The objective of this thesis is to identify the companies that are interesting for acquisition or partnership in Slovenia and Croatia. This will require suitable information about both markets and the companies operating there.

1.2 Model description

First screening was based on the searching for all the companies present in the machining and metal processing industry. After consulting with the company, we defined the criteria that are relevant to Komas' needs. The identification of potential partners was based on searching for potential companies in the same field - metal subcontracting manufacturers with good customers. Internal criteria are based on a target setting discussion with the manager Mr Jukka-Pekka Nikula:

- Nature of their products and services (all sorts of machinery, metal processes and its products)
- Size of the company (from 50 to 500 employees)
- Ownership
- Organizational form (Private limited company, Public limited company, General partnership, Limited partnership)
- Turnover
- Where do they sell (main export operations)
- References (who do they sell to was the most important criteria)
- Trade marks

External criteria consists of industry analysis such as:

- General information about the economy
- Branch development and background information
- Trends
- Productivity
- Workforce (salaries, labour costs)
- Regional location
- Foreign trade
- Fairs and professional associations

1.2.1 Theoretical framework

The theoretical framework of this document, also known as the research context, is mainly based on internet search from a very wide and different range of sources. The main reason was that the latest figures were needed, so web sources were the most suitable. In addition, articles and international business related literature and text books on acquisitions were used.

Emphasis is put on acquisition and contract manufacturing, since those issues best support the objectives of the thesis. Framework is based on earlier research made on the topic.

1.3 Methods

For the introduction of the research method section, I would like to emphasise the importance to know the basic facts and history of the Western Balkan countries. By knowing the history, many answers to the behaviour of the business market and its segments can be obtained.

Secondary information has been collected from different sources, mostly through Internet research and personal experience and knowledge about the market and economy. This data was used to make stem of the research. First screening was based only on finding all the companies in the machining and metal processing industry, and to get familiar with them. As a result of this, 87 companies were found in Slovenia and 68 in Croatia. After making a revision and defining the criteria, the result was 17 interesting companies in Slovenia and six in Croatia. Research was made through catalogues of the Chambers of Commerce and web pages of the companies. Out of these 23 companies, Komas will choose a few of them for further collection of primary data. The identified potential lists of companies are attached as Appendix 1 and Appendix 2. The full list with more detailed information was handed to Komas.

General data about the economy and industries was also needed, so collecting information about historical, geographical and macro economical facts begun. Research was based on the information available at the Chambers of Commerce, other development agencies and organizations related to the economy of both countries. With this material I was able to make a good understanding of the difference between the countries. My existing knowledge combined with new disclosures about both markets helped me with an even better understanding that is presented in this document.

1.4 Questions

Komas' most important research question in this report was to identify potential companies on Slovenian and Croatian market that might be an interesting target for their business model (growing through acquisitions). Due to Komas' strategy, being a contract manufacturer, it was really important for them to find interesting companies with renowned references. Komas also needs to learn in what business environment the companies operate and the economic facts about the metal industry. Part of the research was also finding the companies that are involved in the Patria deal with both governments (see chapter 1.1).

Main research questions are:

- Which companies are interesting for acquisition or partnering on both markets and who are their main customers (a specific sub-question: Which companies are involved in manufacturing Patria military vehicles?)

- What are the special issues to consider in the business environment of Slovenia and Croatia?

2 KOMAS

Komas, founded in 2002 via MBO of Patria Comas Oy, is one of the leading providers of component and system integration manufacturing services within mechanical engineering in Northern and Eastern Europe. The Komas Group consists of 4 companies: the parent company Komas Oy, 100 percent owned daughter-company Komas Botnia Oy, 100 percent owned daughter-company Komas Koneistus Oy and 94% owned daughter-company Komas Sp.zo.o. in Poland.

Komas operates on the fast growing market of mechanical engineering manufacturing services and provides customers with an extensive service offering covering all aspects from basic component production to the full assembly of final products.
The company is headquartered in Jyväskylä, Finland, and has seven production sites in Finland and one in Poland. Currently, Komas has 1300 employees.

They are a system supplier of mechanical assemblies, subassemblies and a contract manufacturer of individual components. They supply their customers within the metal, vehicle, defence and electronics industry with mechanical components, hydraulic tubes as well as surface treatment, assembly, logistic and product development services.

2.1 Business Areas

Komas provides manufacturing services for customised parts, components and system for the mechanical engineering industry, group machines components, cuts and welds different platforms, and assembly’s ready sub-systems and systems. Sourcing services and a growing share of the basic parts that the company manufactures go to their own production line to be assembled as a subsystem or a final product to be delivered to customers which are globally operating companies and leaders in their respective fields. Business areas work closely together and provide the customer with a comprehensive array of manufacturing and product design services. Komas provides to different manufacturing needs and covers all aspects from basic component production to design and further to the full end-assembly of the final products. They focus on products that require high-quality machines and experienced workforce. One of the key success factors are the quality of its operations and its flexibility as a manufacturing partner to its principals.

The manufacturing services market is expanding very fast and the companies providing the services are seeking ways to expand their service to consolidate the currently very fragmented market. Komas wants to follow the trend of contract manufacturing, which is driven by the change in the strategies of the leading mechanical engineering companies. They decided to outsource their components and focus their key efforts on brand management, after-sales services, distribution, and financing services. As a result of this, they are exiting from their old core business, the actual manufacturing of their products. This development has opened a new market opportunity for companies such as Komas who have the competence and ability to offer a full selection of manufacturing services to these globally operating principals. Finland has a competitive advantage to be one of the leading countries in the outsourcing development, and other countries are still behind but following the same developing way.

2.2 Company's Internationalization

In recent years, Komas has focused intensively on building its service portfolio to be better positioned to exploit the business opportunities arising from the changing market environment. Since the founding in 2002, Komas has acquired several companies and business units. Through these acquisitions and internal development, Komas has created an impressive client base, an extensive combination of individual manufacturing services, and the processes to integrate these individual parts to a full and efficient system integration service. Komas can counter the customer needs for more extensive manufacturing solutions and services in the future.

Komas' customers are international companies operating within the metal, machinery, transportation and defence industries. They are among the leaders in their respective fields. Among its principals, Komas has gained a reputation as a reliable and efficient partner, who can handle even the most demanding production tasks.

Komas' strategy is to strengthen its position as one of the leading providers of mechanical engineering manufacturing services in Northern and Eastern Europe; to provide the best service offering with high reliability and operational efficiency; and to further enhance the close cooperation with the selected key customers.

In 2006, Komas already acquired the majority of shares in a Polish mechanical engineering company, which was their first major step of internationalisation. This provided them with a strong foothold to European markets and the role of the key supplier of the European construction equipment industry.

3 CONTRACT MANUFACTURING AND ACQUISITIONS

3.1 Trends in contract manufacturing

More and more Original equipment manufacturers (OEM) outsourcing their assembly. They are becoming leaner, eliminating plants and equipment, while contract manufacturers are becoming the new production partners for many industries. By outsourcing manufacturing, OEMs are able to deal with the increasing price and profit pressures, while managing to meet changing market requirements. This trend first appeared in Electronics manufacturing services (EMS) but now it is driving significant growth in other industries as well. Nowadays, it has become the basis for doing business in industries such as those that Komas is involved with. Contract manufacturers have grown and evolved quickly, expanding from simple assembly to supply chain specialists, offering services such as product design, supply chain management, repair, global distribution and logistics in addition to assembly or manufacturing.

Cost is the biggest advantage of using contract manufacturers because they have a lower cost structure than OEMs. This is how they usually reduce the cost of the product. If OEMs are divesting their manufacturing arm to these companies, they are going from fixed costs to variable costs. Contract manufacturers also keep their costs down because of their sheer buying power. A contract manufacturer can aggregate demand from a multitude of OEMs and use that in the marketplace to get better prices and a more stable supply of parts than any OEM could muster on its own (Arabe, Contract Manufacturing on the Rise, 2002).

When considering whether to outsource manufacturing or not, Ghausi (2002) and Arabe (2002) are mentioning the following strengths and weaknesses.

In collaborative environment:

- OEMs can focus on strengths such as product design, marketing and distribution which increase their flexibility in the market.
- New technology can be incorporated without an OEM investing in additional equipment and avoid building new facilities or hiring new people.
- An OEM start-up can leverage a Collaborative Manufacturing Network to immediately establish worldwide market presence.
- Costly mistakes can be avoided by minimizing miscommunications that lead to scrap, excess and obsolete inventory across the OEMs.
- Productivity is increased by focusing the manufacturing, engineering, purchasing and customer-facing workforce on higher value-added activities.

- It brings greater efficiency, improved product quality, responsiveness, advanced production technology and increased capacity.

On the other hand outsourcing manufacturing does have a downside, however:

- When they outsource, OEMs are giving up control over manufacturing. This means that extensive engineering changes can be harder to execute.
- The transition from an internal manufacturing model to outsourced assembly is an arduous process and one that many companies are not prepared for.
- Many companies believe outsourcing manufacturing will hamper product differentiation.

According to Ghausi (2002), with outsourcing production, companies have created the supply chains more efficient, responsive and flexible than traditional vertically integrated manufacturing operations. The use of outsourced supply chains has enabled companies to leverage top suppliers and partners to increase innovation and respond quickly to market changes. As companies operate globally, supply chains can link suppliers in one part of the world with plants in another to serve customers in a third. The result is that contract manufacturers are no longer supplying a service or product but are delivering customised value adding manufacturing solutions.

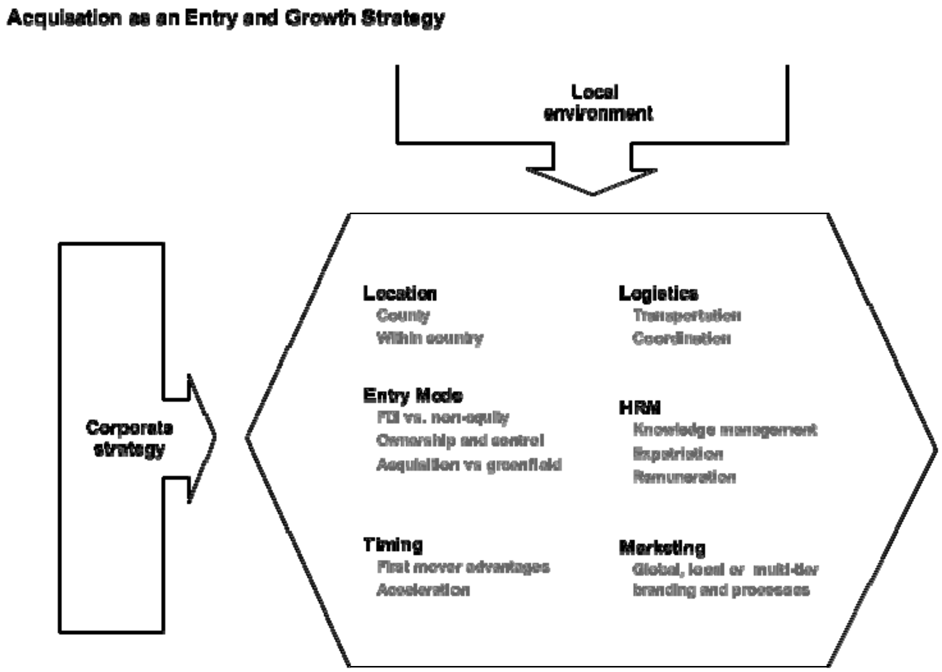
3.2 Acquisitions

An entry strategy involves a complex set of decisions to position an operation in its market. Companies may decide to enter a particular region or country and then develop, compare and assess alternative scenarios for in-country location, region development, timing mode and other key variables.

The choice of entry mode is interdependent with other decisions. For example, if timing and speed of entry are crucial – as they are for those pursuing a first-mover advantage – an acquisition or a joint venture may offer quick market access. On the other hand, acquisitions pose greater challenges in terms of marketing, logistics and human resource management, as the acquired firm's personnel, routines, and local brand names have to be integrated with the investor's global operations. Entry strategy is, therefore, a multidimensional construct.

We could think of "entry strategy" as a package of interrelated strategic decisions, illustrated in Figure 1. The design of an entry strategy requires thoughtful decisions over location, entry mode, timing, marketing, human resources, logistics, and possibly other aspects of business. Entry decisions are motivated by the investors' global strategy, yet they have to relate this global strategy to the specific local environment, which may require considerable adaptation. For expansion strategies, the same considerations apply, except the certain parameters are given by existing operations, and changing them may involve considerable sunk costs (Meyer & Estrin, 2007, p. 45 – 46).

Figure 1: Entry strategy package of strategic decisions



Source: E. Meyer, & S. Estrin, Acquisition Strategies in European Emerging Markets, 2007.

3.2.1 Acquisition strategies for emerging economies

Acquiring an existing business follows Komas' strategy, which allows quick entry, provides access to distribution channels and the existing customer base. Favourable labour costs comparing to Western or Northern Europe, management experience and local knowledge about the market, local contracts, and established brand names are inherited.

What can be seen as a disadvantages, are the integration concerns and the fact that acquisition is an expensive option when the market is saturated. Due to the smallness of studied markets, a feasible way to establish a business is to consider about partnering with a potential company. There is a transaction of great significance, when two companies are combined to achieve business and strategic objectives. Not only to the companies themselves but also to many others, such as workers, managers, competitors, community and the entire economy. What should be taken into consideration when choosing the company for acquisition or partnership is the criteria that should not be left out? For example:

- Investment incentives
- Infrastructure in place and company's facilities
- Company law and climate
- Operational costs
- Workforce considerations
- Quality of living
- Economic performance and growth
- Cultural distance
- International experience
- Management know-how

4 MARKET INFORMATION

Many Eastern European countries have transformed their economic system from socialism to capitalism during a period of more than fifteen years, staring with the fall of the Berlin wall in 1989 and culminating, for ten of them, in the membership of the European Union on 1 May 2004. However, these 'European emerging economies' (EEE) are unusual among emerging economies due to their entrenched socialist legacy, and recent deep and rapid institutional change. Thus, they were not market economies and were essentially closed to international business until 1990. By the time of the EU membership, they had developed market-oriented institutions, largely private ownership of firms, free access to international market, and shared legal framework of EU. Because of this situation they had also attracted investors willing to take risk in expectation of fast future market growth or reduced production costs. However, foreign direct investment, such as acquisitions, partnerships, alliances and contact manufacturing, are playing an important but complex role in the restructuring and upgrading of local firms and industries in these economies. Since the start of the transition process in 1990, mergers and acquisitions have become an important feature of business life in EEE. An increasing share of Foreign direct investment (FDI) into emerging economies is in the form of acquisition rather than Greenfield projects, and EEE has been participating in this global trend (Meyer & Estrin 2007, p. 3 - 4).

In the early to mid-1990s, acquisitions mostly took the form of foreign (or domestic) investors taking over state-owned firms as part of the privatisation process. By the end of the decade, the picture became much more diverse. Many domestic companies became very successful during the transition period and they entered the stage, not only as targets, but as acquirers as well. Some of them became competitive to already well known world brands and some of them are going into this direction. Especially those firms and industries on these emerging markets became a target of the Western capital.

What are the strengths and opportunities that companies are looking for on those highly potential markets?

- Growing and open market
- Favourable and skilled labour force
- Geographic position
- Good infrastructure for transit traffic
- Macroeconomic stability
- EU legal framework
- Developed business infrastructure
- Labour productivity
- Customer base

The breakdown of the socialism in Eastern Europe marked a historical event for countries on both sides of the iron curtain. Beginning with a brief account of aggregate growth and its components, the focus was on specialisation patterns and the varying contribution of industries characterised by educational intensity. Manufacturing sector demonstrates that the Eastern European countries successfully specialised in higher-tech sectors which might be explained by high productivity growth rates in these sectors.

4.1 Labour Productivity, Labour Costs and Wages

The only major natural resource that attracts FDI under resource seeking motive is the abundance of labour in EEE because other natural resources associated with land, oil and other minerals are not important endowments. However, a simple cheap labour argument may be somehow overstated in the general public discussion of location advantages sought by investors. Certainly, factor costs play a central role in some cases and have some influence on the location decisions of investors. However, it would not be appropriate to infer that cheap labour was the main location advantage of the region.

Firstly, wages and productivity are highly correlated in Europe and within EEE in particular. Fox example, Slovenia has the highest wages and the highest labour productivity amongst EEE, while Bulgaria has low productivity and low wages. Thus, lower wages are a general reflection of the fact that productivity is much lower, in part due to the lack of both capital and knowledge in production. The situation in foreign subsidiaries often varies widely. FDI typically achieves considerably higher productivity, with typical productivity levels between those realizable in the home county and generally prevailing in the host country. At the same time, foreign subsidiaries pay wages above the average local level, which diminishes the unit cost advantage. However, the realization of productivity advantages through the transfer of technology is not automatic, and requires considerable effort and time. This is, in part, reflected in their early life cycle. Furthermore, FDI does not favour the lowest wage countries, but rather the opposite. Less important role of factor cost as an investment motive may also be explained by the fact that many potential investments based on factor costs do not generate internalization advantages (Meyer & Estrin 2007, p. 19 – 20).

The following data is used from Statistical yearbooks (Slovenian Statistical Yearbook, chapter 13 & Croatian Statistical Yearbook, chapter 7 2007) and represent different labour costs for each country:

Table 1: Average monthly gross and net earnings (in EUR) per person a month by legal persons by activity, 2006.

Activities	*Earnings*			
	Gross SLO	*Net SLO*	*Gross CRO*	*Net CRO*
DJ Mfr. of basic metals & fabricated products	1060,24	695,59	679,01	494,42
Mfr. of fabricated metal, not machines	1022,04	673,90	699,75	502,53
DK Mfr. of machinery and equipment nec.	1086,58	712,42	817,04	574,22
Mfr. of motor vehicles, trailers, etc.	1097,38	716,25	856,45	606,22
Mfr. of other transport equipment	1120,51	741,36	966,87	681,76

Source: Slovenian Statistical Yearbook, chapter 13 & Croatian Statistical Yearbook, chapter 7, 2007.

Table 2: Average monthly labour costs (in EUR) per person a month in paid employment by legal persons, by sections of activities in 2006.

<table>
<tr><th rowspan="2">Section of activitiy</th><th rowspan="2">Country</th><th rowspan="2">Total labour costs</th><th colspan="3">Compensation of employees</th><th rowspan="2">Vocational training costs</th><th rowspan="2">Other labour costs</th><th rowspan="2">Taxes</th><th rowspan="2">Subsidies 1)</th></tr>
<tr><th>total</th><th>employees' incomes</th><th>employer's social security payments</th></tr>
<tr><td>Manufacturing</td><td>Slovenia</td><td>1454,47</td><td>1394,70</td><td>1206,14</td><td>188,56</td><td>7,38</td><td>8,07</td><td>47,56</td><td>(3,24)</td></tr>
<tr><td>Manufacturing</td><td>Croatia</td><td>960,14</td><td>954,10</td><td>799,04</td><td>155,06</td><td>5,63</td><td>5,91</td><td></td><td>(5,49)</td></tr>
</table>

Source: Slovenian Statistical Yearbook, chapter 13 & Croatian Statistical Yearbook, chapter 7, 2007.

Table 3: Average monthly labour costs (in EUR) per actually worked hour by legal

persons, by sections of activities in 2006

Section of activitiy	Country	Total labour costs	Compensation of employees total	employees' incomes	employer's social security payments	Vocational training costs	Other labour costs	Taxes	Subsidies [1)]
Manufacturing	Slovenia	9,84	9,43	8,16	1,28	0,05	0,05	0,32	(0,02)
Manufacturing	Croatia	6,36	6,32	5,29	1,03	0,04	0,04		(0,04)

Source: Slovenian Statistical Yearbook, chapter 13 & Croatian Statistical Yearbook, chapter 7, 2007.

Exchange rate 1 EUR = 7,2812 HRK as at 27 February 2008

Labour productivity has come into sharper focus than ever before. From Table 4, a comparison of the EEE to Germany and the positions of Slovenia and Croatia can be seen. Gross (pre-tax) pay is expressed in Euros, based on a five-day week of 40 hours. All figures are rounded to nearest Euro. Pay in Europe is published annually and contains benchmark pay tables with hourly rates for 32 standard jobs.

Table 4: Competitive wage costs (2007).

Country	Weekly pay in euros †	Index: Germany = 100
Bulgaria	48	6
Croatia	205	26
Czech Republic	204	26
Estonia	150	19
Hungary	152	19
Latvia	97	12
Lithuania	107	14
Poland	197	25
Romania	89	11
Slovakia	120	15
Slovenia	235	30

Source: Competitive wage costs, Website of Federation of European employers, 2007.

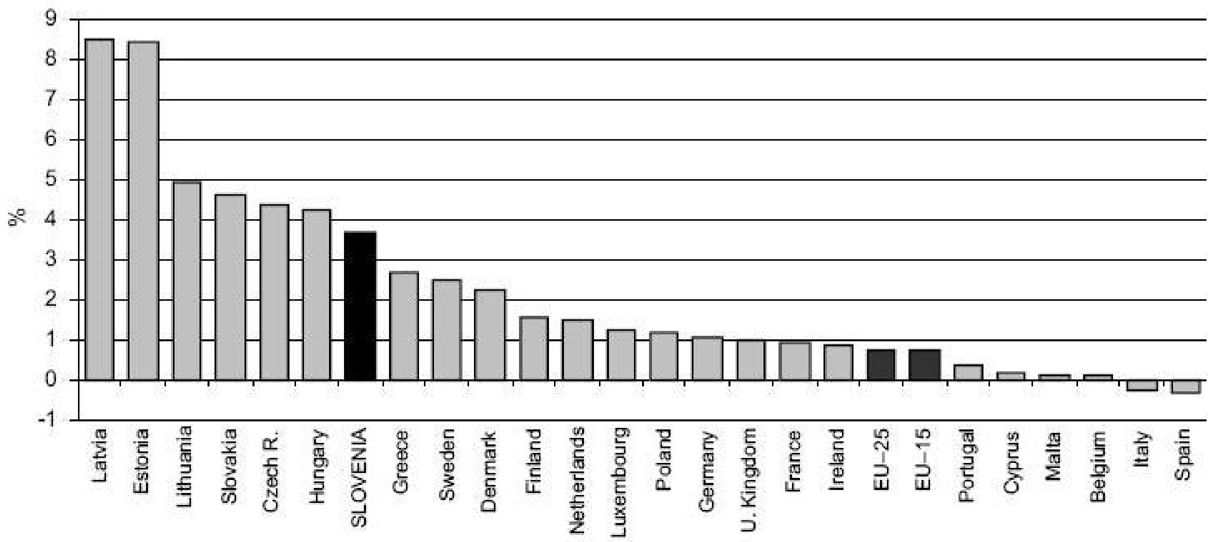
4.1.1 Labour Productivity in Slovenia

Slovenia's lagging behind the average level of labour productivity in the European Union has continued to improve. In 2005, average labour productivity in Slovenia amounted to EUR 30,168 of GDP[1] per employed person, which equals 76.8% in purchasing power standards (75.4% in 2004) or 56.2% in current prices (55.0% in 2004) of the EU-25 average. Owing to the considerably lower growth of labour

[1] Gross domestic product

productivity in most of the more advanced EU countries, the gap between Slovenia's productivity and the EU average is closing. This gap narrowed by 11.3 p.p. (current prices) from 1995 to 2005 and by 13.4 p.p. (purchasing power standards) compared to 1996. Slovenia still has the second highest labour productivity among the new EU members (after Malta). The average productivity growth in the EU in 2005 was low, at just 0.7%. Only ten member states achieved a productivity growth of over 2%. Figure 2 presents higher productivity growth than Slovenia was recorded by the Baltic States (particularly Latvia with 8.5%), Slovakia, the Czech Republic and Hungary).

Figure 2: Real annual productivity growth rate in EU countries for year 2005, in %.



Source: Development report, Web site of the Institute of Macroeconomic Analysis and Development, 2007

4.1.2 Labour Productivity in Croatia

The fundamental microeconomic postulate of cost competitiveness of the manufacturing labour force is the imperative that wage rises must derive from labour productivity growth. According to marginalist theory, the price of inputs (wages in this case) must equal the productivity deriving from the use of this input (employees in this case) (Bejaković, 2004, p. 19).

Salaries in Croatia in comparison to other, especially transition countries, do not correspond to the difference in labour productivity. If per capita GDP is used as a crude measure of labour productivity, it follows that the differences in salaries in Croatia and other transition economies are greater than the differences in productivity. For example, salaries in industrial production in Slovenia are approximately 30% higher than in Croatia, while productivity is almost twice as high, which implies that despite higher salaries, the unit cost of labour in Slovenia is lower (Bejaković, 2004, p. 20-21).

Real convergence in income and productivity levels with the EU-25 remains a major challenge. In 2004, average per capita income (in purchasing power standards) amounted to 46% of the EU-25 average. Labour productivity has continued to rise over the past five years, on average by around 3.2% annually, while total employment has moderately increased over the same period. In 2005, average labour productivity per person employed stood at 60.1% (58.4 in 2004) in purchasing power standards of the EU-25 average. This is significantly better than in the other new EU candidate countries. The Croatian labour market is characterised by relatively high real wages and high unit labour costs. In comparison with Central and Eastern European states, the wage level is high once adjusted for productivity. Currently, only in Slovenia gross wages and unit labour costs are higher than in Croatia, comparing it on the EEE (Structural policy challenges in Croatia, 2006).

Many Croatian enterprises are less competitive than those of other countries in the Central and Eastern Europe because of nominal high labour costs and relatively low productivity. High labour costs are not a problem for the competitiveness of a country if they are accompanied by high productivity. Also, total labour costs in Croatia have also risen by 18.3% since 2001, to nearly 1,000 EUR per month. That is substantially more than the cost of equivalent labour in Hungary and Slovakia, and is close to labour costs in Portugal (Bejaković, 2004, p. 45-47).

The growth of industrial productivity in Croatia was slowed down in March in comparison with first two months in 2008, and compared to March 2007 it was only 0.2 per cent higher. Compared to the first three months of 2007, this year's growth was 4.2 per cent higher, meanwhile in the first quarter of 2007, growth was 8 per cent. One of the sectors that contributed to growth was also the metal industry. At the same time, in 2007 labour productivity was 8 per cent higher than in 2006 (Croatian Statistical Yearbook '07, 2007).

5 SLOVENIAN BUSINESS ENVIRONMENT

5.1 Branch Development and Economy Background

Slovenia was the most developed and advanced economy in former Yugoslavia, despite having only small part of its population. High productivity among Yugoslav republics brought one-fifth to its GDP and one-third to its exports. Slovenia became independent in 1991 and had already quite strong market ties to the West. Nowadays it is the most developed of the transition countries and it is on its way to join the mainstream of modern industrial economies.

The metal industry consists of three main industrial branches which are, according to the Standard Classification of Activities (SCA), the following: (DJ-28) manufacture of metal products, (DJ-29) manufacture of machinery and equipment (electrical machinery and equipment excluded) and (DM-34/35) manufacture of transport equipment or, in other words, means of transport.

After the break-up of the Yugoslav federation, metal industry branches suffered a great loss of traditional markets. Transitional process caused that the number of workplaces was reduced by 45 percent and was aimed at the adjustment of industrial production to Western European markets, which lasted until 1995 when the metal industry experienced a new growth. There was great effort for the improvement of both product range and industrial services, the increase of quality and reliability of production and operations. Particularly after 1997, there was an increased economic efficiency of the metal industry companies (Petkovsek, 2008).

5.2 Trends

One of the key challenges for Slovenia's economy is keeping labour costs in line with productivity and Slovenian firms responded by specializing in mid- to high-tech manufacturing. The leading companies in the Slovenian metal industry sector are export oriented.

The metal industry sector in view of the global nature of its market, their flexible production and the size of companies which are able meet changeable customer requirements, is likely to develop towards market niche products, the production of components and assemblies with system element and development input contents, or towards high quality highly specialised products and proprietary trademarks.

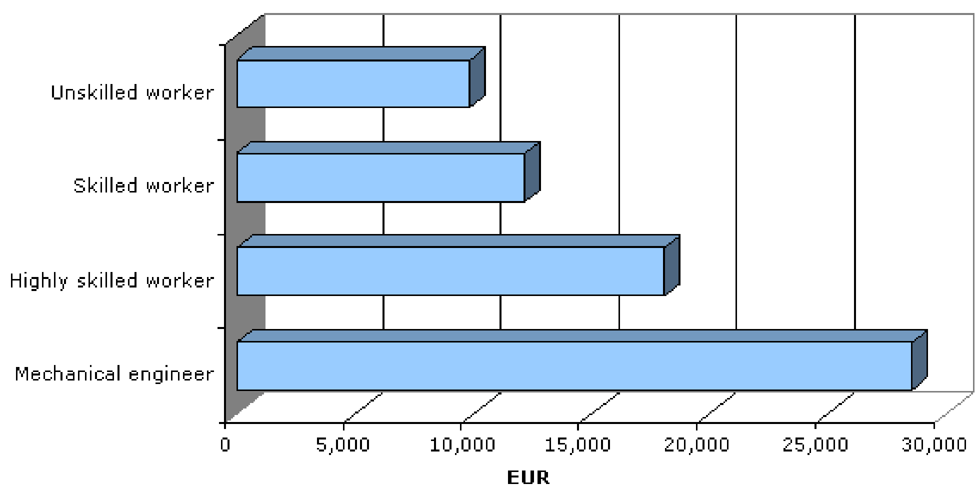
According to Petkovsek (2008), operating and development processes in economic companies pertaining to the metal industry branch are happening in the circumstances and conditions of the globalization of both foreign and domestic industrial environment and the concentration of industrial systems. This means that particularly in the field of manufacture of transport equipment, other leading programmes of metal-working industry and machine building, an increasingly lower number of multinational companies control the technology and market.

Some Slovenian metal industry medium-sized and large companies are, by means of products and facilities, strengthening their independent market and development situation on the international regional level and also in a broader perspective. Quite some of the companies develop and strengthen their position of a reliable and development contract manufacturer to the leading machine building, construction and other mainly industrial final production companies.

5.3 Workforce

Language and computer skills are strong and professional ethics and loyalty match western values. Scientific and research institutes and universities are internationally known and are supporting fundamental and applied research that addresses technological barriers facing the industry. The companies working in the manufacture of metal products co-operate closely in clusters and professional associations. Slovenians are at the European top in knowledge and skills of foreign languages, because 71% of the population can communicate in at least one world language, with the English and German being most widespread. For comparison, Figure 3 illustrates the estimated gross annual labour costs in the metal industry in Slovenia for 2008 (Total cost per employee/year in EUR).

Figure 3: Labour costs in the metal industry in Slovenia



Source: InvestSlovenia, Machining & metalworking, 2007.

5.4 Foreign Trade and Links to Regional Market

By definition, Slovenia’s trade is oriented towards EU countries, and its metals industry is a key element of the country’s export mix with 62% of sales earned in foreign markets. With exports worth 2.8 billion Euros in 2005, Slovenia’s businesses, involved with the manufacture of all kinds of fabricated metal products and machined parts, generates 19% of all exports of the manufacturing sector (InvestSlovenia. 2008). Data for Slovenia’s major trading partners are presented in Table 5.

Table 5: Slovenian trading partners

	Exports (% of total)	Imports (% of total)
EU	68,5	80,3
Non-EU states	31,5	19,7
Germany	19,7	20,3
Italy	12,9	18,6
Croatia	8,7	4
Austria	8,6	12,3
France	6,8	6,2

Source: Slovenia your business partner, 2007.

Accession of Slovenia to the European Union single market stimulated intensive export, brought same legal framework for all the member states, and intensive adjustments were made in the metal industry. The process of technical regulations harmonization, lately especially to the environmental standards, intensively continues in the metal industry.

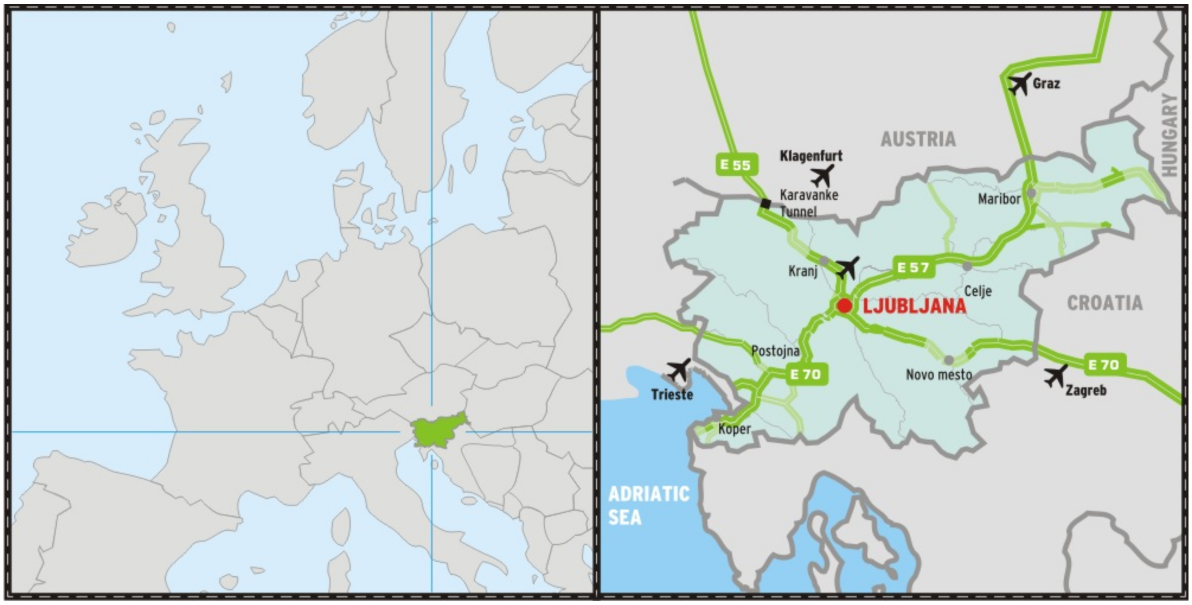
Due to its position and decades of fostering economic links with its neighbours, Slovenia is in good position to serve the markets in the region. Over the past few years, the most successful Slovenian metalworking-machining companies have been pro-active in exploiting investment opportunities in the markets of South-East Europe where Slovenia is one of the important foreign investors (InvestSlovenia, 2008).

More and more international companies are setting up their regional offices, representatives in Slovenia, attracted by the expertise of local managers, sales force and field engineers, and their in-depth knowledge of the regional markets. Slovenian people shared land with other people and lived in different political systems, which is very useful when dealing with South-Eastern Europe. They speak the language, they know their way around, they are familiar with legislation, and what is most important there are no cross-cultural barriers for them.

A central geopolitical position (see Figure 4) is the gateway between EU and South-Eastern Europe. Vicinity to key EU market is not the only reason why three quarters of its export go there. Modern transport infrastructure, two European transport corridors (5th and 10th Pan-European Transport Corridors for road and rail transport) intersect in Ljubljana and cross-roads of trade gives Slovenia a cutting edge and accounts for its historical, cultural and economic profile - the key elements of its national economy. Slovenia is well situated to serve the markets of Central, East and

South-Eastern Europe. It has all the attributes for trade, distribution and logistics hub. Its transport and IT infrastructure is well-branched. The Adriatic Port of Koper is the shortest maritime connection for cargo arriving from Asia to landlocked countries of Central Europe through the Suez Canal.

Figure 4: Transport infrastructure and geographic location



Source: TRA, 2008.

5.5 Fairs and Processional Associations

Companies, which produce machines, appliances and vehicles, actively participate every year in many specialised fairs within Pomurski fair and International Celje fair. Among the Celje fair events, what deserves a special mention is undoubtedly the largest annual international trade fair that has grown into a business event that does not only cater for craft and entrepreneurship, but also for the whole economy.

Active cooperation with industrial associations and federations of the EU plays an important role in the internationalization of the metal industry companies. The members of the Metal Processing Association are all commercial companies, prevailing in activities categorised by the Combined Nomenclature of the European Union. The Association can also include commercial companies that perform the NACE (Statistical classification of economic activities in the European Community) as subsidiary activities provided that an affiliation with the Association is in their interest and that they adjust it to the associations concerned.

6 CROATIAN BUSINESS ENVIRONMENT

6.1 Branch development and Economy background

The Republic of Croatia, after Slovenia, was the most advanced, prosperous and industrialized area, with a per capita output more than one-third above the ex-Yugoslavia average. Croatian War of Independence significantly damaged and slowed the economic infrastructure and development during the 1991 and 1992. It took 10 years to recover from recession and in 2003, Croatia reached GDP from 1990. It has since been steadily considerably growing industrial production and rising of GDP, but high unemployment, at over 13.0%, and limited job creation remain the most pressing economic concerns for Croatia.

The manufacture of machinery and equipment is a long established tradition in the Republic of Croatia and according to the Standard Classification of Activities (SCA) includes three main industrial branches as follows: (DJ-28) manufacture of metal products, (DK29) production of machinery and appliances, (DM-34/35) production of motor vehicles, trailers and semi-trailers. The production of machines and appliances for the manufacturing industry has good global prospects, which means that the branch in Croatia has good prospects for long-term development (Croatian Economic Report, 2007).

6.2 Trends

In the last few years, Croatia has been a growing market with stable political environment and favourable legal framework for foreign investments. Compared to the EU, it has lower construction and labour costs. The Government actively encourages foreign direct investment to stimulate the economy with well-established institutional and legal framework, which is currently being harmonized with European standards.

Along with the strongest branches of metal industry, growth is expected in all industries which have to do with the stimulating effect of Croatia's EU-accession process. Hence, substantial growth of direct foreign investment and transfer of technology is to be expected.

Long-term planning includes the encouragement of investment in higher technologies, methods of production providing higher added value and knowledge commercialisation. The association in clusters is creating a foundation for co-operation with foreign manufacturers of machines and appliances based on supply subcontracts, which would also enable penetration in foreign markets. The starting point for these initiatives is manufacturers' association within the Croatian Chamber of Economy.

In the Croatian Economic Report (2007) we can find that privatization under the new Croatian Government had barely begun when war broke out. Small shareholders and private capitalists are the majority owners of most of the companies that have been privatised. The remainder is still owned by banks and government funds. Larger and predominantly state owned companies with broad manufacturing portfolios are undergoing restructuring and strategic planning in order to be finely privatised.

6.3 Workforce

Nowadays, the manufacturing of machines, appliances and vehicles, including the boatbuilding industry, employs about 35,500 people and it has been restructured and reduced due to introduction of new technologies (Croatian Economic Report. 2007).

Croatia has some defectiveness concerning the labour market which remains inflexible due to burdensome employment regulations that limit employment and productivity growth. Bejakovič (2004, p. 34-36) says that the non-salary cost of employing a worker is high, and dismissing a redundant employee is relatively costly. The labour code mandates retraining or replacement before firing a worker. The cost of firing a worker creates a risk aversion for companies that would otherwise hire more people and grow. Croatia is still lacking the skills, knowledge, and abilities necessary to enable Croatian companies to fully compete in the European Union. One of Croatia's biggest challenges is the low share of population that participates in education after the entry in the world of work, i.e. "lifelong learning." That is why one of the most striving activities are further training of employees and increased productivity which will certainly raise the competitiveness of this branch.

6.4 Foreign Trade and Links to Regional Markets

Since 2000 both export and import have continuously grown in all branches. The production of machines, appliances and motor vehicles registers the continuous deficit in trade while the production of other transportation registers a positive balance largely due to shipbuilding.

With exports worth 0.3 billion dollars in 2005, Croatian's businesses, involved with the manufacture of all kinds of fabricated metal products and machined parts, generates 4% of all exports of the manufacturing sector. The Croatian economy is heavily interdependent on other economies of EU, and any negative trends, for example those of Germany or Italy, also have a negative impact on Croatia as they are its biggest trade partners (Croatian Economic Report. 2007). Data for Croatia's major trading partners in 2004 are presented in Table 6.

Table 6: Croatian trading partners

	Exports (% of total)	Imports (% of total)
EUROPE	88,2	84,1
EU	64,5	69,5
CEFTA	1,2	1,5
OTHER	11,8	15,9
Italy	22,8	17,1
BIH	11,4	
Germany	11,2	15,5
Austria	9,4	6,8
Slovenia	7,5	7,1
Russia		7,3

Source: Croatia your business partner, 2007.

Same as Slovenia, Croatia also has favourable position in dealing with cultural aspects of South-Eastern European countries. Croatian people shared same land, talked the same language, lived in various political systems, but we also must take into consideration the War for independence and their relations to Serbia.

Croatia's favourable geographical position allows the development of transport infrastructure and transport as a sector. Both make a major contribution to Croatian overall economic and social development. Each year, Croatia's transport infrastructures are better interconnected. Investment is also growing in port operations, maritime and river transport, and in the railway system. Rijeka Port, as well as all other Croatian ports, should further expand by using the advantage of their extraordinary geographical position and excellent conditions for the transhipment of all kinds of freight, as estimates predict the growth of maritime transport, especially along the North Adriatic transport route - very much due to the overload on North-Adriatic ports. It should be noted that the Republic of Croatia should use its geographical position also in air transport, as it is one of the Mediterranean countries that lie at the intersection of air routes to South, East and Central Europe.

6.5 Fairs and Professional Association

Companies that produce machines, appliances and vehicles actively participate in many specialised fairs within the Zagreb Fair every year. Croatian Chamber of

Economy organises national joint attendance of their members on both domestic and international fairs depending on the interest of their members.
Within Croatian Chamber of Economy, the Association of machinery and appliances, motor vehicles, trailers and semi-trailers manufacturers is active. The basic role of the Association is to promote activities and operation, and to protect the interests that Croatian manufacturers have in Croatia and abroad (Croatian Economic Report, 2007).

CONCLUSIONS

The expansion of business and becoming an internationally networked system provider is what Komas is pursuing nowadays. Contract manufacturing had already become the company's core business and can with further development contribute a lot to reaching that goal. Komas is aware that they have to at least double their turnover and take care of the international growth of the company, otherwise the big players on the market will cut their number of subcontractors if they are not big enough to acquire the projects. That is why they are following Patria's business model, which is the direct involvement of local companies in the manufacturing and presence of familiar subcontractors in the new markets.

On the other hand, acquiring existing companies provides access to distribution channels and existing customer base, favourable labour costs, management experience and local knowledge about the market and established brand names. This is the reason why identifying the potential companies and looking into the characteristics of the metal industries of both countries was the first step in Komas' next international moves.

In this paper, general overview of the industries and some current trends are presented, which the company can use when planning its strategy for approaching new markets. Some similarities can be seen between the countries, but of course each of them is specific and that should be considered. The evidence shows a strong macroeconomic convergence of the region's FDI trends in terms of development and income. It places both transition economies somewhere between the developed (high income) and developing (lower income) countries. Slovenia is swiftly moving towards its long-term goals and away from its present static location. On the other hand, Croatia still has a considerable way to go to reduce their lag behind Western Europe.

The data presented is just a basic overview of the current situation of both economies. It allows Komas to use it when getting a basic idea about both markets and what is most important: potential companies were identified and now it is up to Komas how they will form their strategy for further expansion.

POVZETEK V SLOVENŠČINI

UVOD

Eden izmed najbolj pogostih ciljev ekonomskih osebkov dandanes je prav gotovo vstop na globalni trg. Diplomska naloga je nastala za potrebe finskega podjetja Komas, ki v mednarodnem merilu že deluje kot dobavitelj mehaničnih delov in kot pogodbeni podizvajalec v kovinski, strojni, transportni in obrambni industriji. Podjetje se širi s priključevanjem drugih podjetij v panogi. V preteklosti so se že združili z nekaterimi finskimi podjetji in si pripojili večje podjetje na Poljskem s petsto zaposlenimi. Prav zaradi narave njihovega proizvodnega procesa je del naloge posvečen pogodbenim podizvajalcem in združevanju podjetij v mednarodnem okolju.

Evropske razvijajoče države so zaradi novih trgov in segmentov kupcev ter cenejše delovne sile postale tarča Komasove nadaljnje širitve v smislu partnerstva ali združevanja s podobnim podjetjem v panogi. V nalogi sta obravnavani Slovenija in Hrvaška, zanimive pa so prav tako tudi ostale evropske države v tej regiji. Na prvi pogled sta to zelo podobni sosedski državi, s socialistično zapuščino in na poti k zmanjšanju zaostanka za najrazvitejšimi državami EU, po drugi strani pa dokaj različni pri doseganju tega standarda.

Dokument je nastal z namenom zbiranja osnovnih informacij, ki bodo podjetju služile pri njihovih nadaljnjih korakih. Prvo poglavje, poleg uporabljenih raziskovalnih metod, razkrije še kakšno je ozadje in namen naloge. Podjetje Komas in njegove aktivnosti so predstavljene v drugem poglavju. Ker Komas ne izdeluje končnih proizvodov, sem posebej opisal kdo so, kakšno vlogo imajo in katerim trendom dandanes sledijo pogodbeni podizvajalci. Informacije o trgu in poslovnem okolju v panogi so opisane v četrtem, petem in šestem poglavju. Diplomska naloga pa se zaključi s sklepnimi mislimi.

Glavni cilj naloge je bil splošno predstaviti obe gospodarstvi, pridobiti informacije o obeh trgih in pripraviti seznam najbolj zanimivih slovenskih ter hrvaških podjetij za morebitno partnerstvo. Seznam teh podjetij se nahaja v prilogi. Rezultati so bili predstavljeni vodstvu Komasa, v pomoč pri njihovem nadaljnjem odločanju o širitvi na tuje trge.

RAZISKAVA

Glavni namen iskanja partnerja v eni izmed omenjenih držav se skriva v povezavi med Komasom in finskim proizvajalcem vojaške opreme Patria, ki ima z obema omenjenima državama sklenjen sporazum o dobavi oklepnih vozil. Prav poslovni model finskega vojaškega podjetja, ki del proizvodnje oklepnikov prenese na lokalna podjetja, razloži zakaj se Komas zanima za vstop na naš trg. Na ta način bo namreč lažje izpolnjeval pogodbene aktivnosti do Patrie, po drugi strani pa odpira nove možnosti pri zadovoljevanju potreb ostalih velikih partnerjev. Slovensko Ministrstvo za obrambo je na javnem razpisu, vrednem 263 milijonov evrov, izbralo finskega proizvajalca pred domačim izdelovalcem vojaške opreme, Sistemsko tehniko. Glavni podjetji, ki bosta vključeni v izdelavo Patrijinih oklepnikov 8x8 za slovensko vojsko sta Rotis in Gorenje in že tvorita skupno podjetje.

Kot že rečeno, je bil namen zagotoviti Komasu dovolj informacij, ki bi bile temelj za nadaljnje korake pri širitvi na enega od omenjenih trgov. Namen je predstaviti nekatere osnovne makroekonomske dejavnike, obenem pa poiskati podjetja, ki bi ustrezala njihovim kriterijem.

Za začetek je bilo potrebno poiskati vsa podjetja v kovinarsko-predelovani industriji, ki imajo vsaj 50 zaposlenih. Po posvetovanju z direktorjem podjetja, Jukko-Pekko Nikulo, smo kriterije prilagodili potrebam Komasa in jih razdelili na interne ter eksterne. Poudarek je bil na iskanju podjetij v panogi s podobnim proizvodnim programom (pogodbeni izvajalci za druga, večja podjetja v panogi).

Interni kriteriji:

- Narava njihovih izdelkov in storitev (vse vrste mehanizmov, strojev in procesov na področju strojnega inženiringa)
- Velikost podjetja (med 50 in 500 zaposlenimi)
- Lastništvo
- Organizacijska oblika (d.o.o ali d.d.)
- Promet
- Glavni izvozni trgi
- Reference (najbolj pomemben kriterij)
- Lastne blagovne znamke

Eksterni kriteriji:

- Splošne informacije o obeh gospodarstvih
- Trenutno stanje v kovinsko-predelovalni panogi in njen razvoj
- Trendi

- Produktivnost
- Delovna sila (plače in ostali stroški dela)
- Regionalna pozicija
- Zunanja trgovina
- Sejmi in združenja znotraj panoge

Teoretično ozadje diplomskega dela temelji na veliko različnih internetnih virih. Glavni razlog za to je bil, da se je nekatere informacije dalo dobiti samo tam, na drugi strani pa je bilo uporabljenih nekaj strokovnih člankov do katerih sem imel dostop samo iz šolskega strežnika. Poleg tega sem si pomagal tudi z literaturo, ki se navezuje na temo. Poudarek pri teoretičnem delu je na pogodbenem izvajanju in združevanju podjetij, kar tudi najbolje opiše Komasove poslovne procese.

Prvo iskanje podjetij po katalogih obeh Gospodarskih zbornic je bilo le identificiranje podjetij v panogi z vsaj petdeset zaposlenimi. Rezultat iskanja je bilo sedeminosemdeset podjetij v Sloveniji in oseminšestdeset na Hrvaškem. Po ponovnem pregledu in definiranju kriterijev je bil rezultat sedemnajst zanimivih podjetij v Sloveniji in šest na Hrvaškem. Lista in kratek opis triindvajsetih podjetij je v prilogi diplomskega dela, o katerih sem podrobnejše informacije dobil na njihovih spletnih straneh. Bolj podrobne informacije o podjetjih pa so bile posredovane vodstvu Komasa.

Poleg potencialnih podjetij so bile potrebne tudi splošne informacije o obeh gospodarstvih in panogi. Raziskovanje je potekalo skozi portale Gospodarskih zbornic, razvojnih agencij in drugih organizacij.

Dve glavni vprašanji na kateri je bilo treba odgovoriti Komasu sta bili:

- Katera podjetja v Sloveniji ali na Hrvaškem bi bila zanimiva za združitev ali partnerstvo ter njihove reference?
- Splošen opis poslovnega okolja in gospodarstva v obeh državah

KOMAS

Podjetje Komas, ustanovljeno leta 2002 z managerskim odkupom Patrie Comas Oy, je eno vodilnih podjetij proizvodnje komponent, integracijskih sistemov in storitev na področju strojnega inženiringa v severni in zahodni Evropi. Skupina Komas je sestavljena iz štirih povezanih podjetij: matično podjetje Komas Oy, ki je 100% lastnik hčerinskih podjetij Komas Botnia Oy in 94% lastnik podjetja Komas Sp.zo.o na Poljskem.

Komas deluje na hitro rastočem trgu strojnega inženiringa in proizvodnih storitev. Svojim strankam zagotavlja celovito rešitev, ki pokriva vse aspekte od klasične proizvodnje komponent do sestavljanja končnih izdelkov. Znotraj metalne, transportne, vojaške in elektrotehnične industrije oskrbujejo podjetja z mehaničnimi komponentami, deli in hidravliko, kot tudi z obdelavo materialov, inštalacijo, logistiko in razvijanjem končnih rešitev. Sedež podjetja je v mestu Jyväskylä, ki leži v osrednji Finski. Sedem proizvodnih obratov na Finskem in eden na Poljskem trenutno zaposluje 1300 ljudi.

Trg proizvodnih storitev se razvija zelo hitro in podjetja znotraj panoge iščejo različne rešitve kako razširiti ponudbo, da bi se utrdile na trenutno dokaj razdrobljenem trgu. Komas sledi trendom pogodbenega proizvajanja, ki jih narekuje spremenjena strategija največjih podjetij na področju strojnega inženiringa. Ta so se odločila za zunanje pogodbene izvajalce na področju proizvodnje, sama pa se bolj posvečajo drugim poslovnim procesom, kot so: razvoj blagovne znamke, marketing, distribucija, finance, itd. Rezultat tega je, da se največja podjetja v panogi počasi oddaljujejo od njihove temeljne funkcije, dejanskega proizvajanja. Razvoj trga zato ponuja priložnost za podjetja kot je Komas, ki ima kompetence in zmožnosti ponuditi celoten spekter proizvodnih storitev največjim svetovnim podjetjem v panogi. Finska ima kompetentno prednost, da je ena vodilnih držav v pogodbenem proizvajanju, med tem ko velika večina ostalih držav v tem še vedno močno zaostaja.

ZUNANJE POGODBENO IZVAJANJE

Vedno več proizvajalcev originalne opreme (OEM - Original equipment manufacturers) se odloča za zunanje pogodbene izvajalce. Organizacije skozi zmanjšanje obsega proizvodnje postajajo prožnejše, obenem pa podjetja kot Komas postajajo njihov pomemben strateški partner. OEM-i se na ta način tudi lažje in hitreje prilagodijo spremembam na trgu. Trend se je sicer začel v elektrotehnični industriji, vedno bolj pa se uveljavlja tudi v drugih panogah, predvsem na področju strojnega inženiringa. Pogodbeni izvajalci so se hitro razširili, se prilagodili in se iz navadnih montažnih obratov razvili v specialiste za upravljanje oskrbovalne verige (supply chain management), ki poleg proizvodnje in montaže ponujajo tudi storitve, kot so vzdrževanje s celotno distribucijo in logistiko ali celo dizajn. Največja prednost je prav v zniževanju stroškov, ki se na koncu pokaže tudi v nižji ceni končnega izdelka. Za OEM razpršitev proizvodnje pomeni tudi prehod iz fiksnih stroškov na variabilne, ki so bolj obvladljivi. Pogodbeni izvajalci lahko tako zberejo več povpraševanj in si tako od dobaviteljev zagotovijo nižje cene ter konstantno dobavo delov za proizvodnjo, kot katerikoli OEM samostojno. Arabe (2002).

Po mnenju avtorjev, Arabe (2002) in Ghausija (2002), je pri odločanju o zunanjem pogodbenem izvajanju poslovnih procesov potrebno upoštevati naslednje prednosti in slabosti.

Prednosti:

- OEM-i se lahko bolj osredotočijo na druge stvari, kot na primer dizajn, marketing in distribucija, kar poveča njihovo fleksibilnost na trgu.
- Podjetje lahko vključi novo tehnologijo brez investiranja v opremo, gradnjo novih objektov ali zaposlovanja dodatnih ljudi.
- Novo nastali OEM-i lahko izkoristijo povezano proizvodno mrežo pogodbenih izvajalcev in si tako zagotovijo prisotnost na novih trgih.
- OEMu prav tako prihrani veliko nepotrebnih stroškov, ker se jim ni potrebno ukvarjati z izvržki, presežki in staro zalogo.
- Podjetjem ni potrebno planirati proizvodnje, zato se poveča produktivnost, ker se lahko ostala delovna sila osredotoči na delo z višjo dodano vrednostjo.
- Doprinese višjo učinkovitost, izboljšano kvaliteto, večjo dovzetnost za potrebe trga, napredno proizvodno tehnologijo in povečano zmogljivost podjetja.

Na drugi strani pa ima pogodbeno izvajaje tudi nekatere slabosti:

- Pri pogodbenem izvajanju OEM-i prenesejo celotno (včasih samo del) proizvodnjo, kar pomeni, da je obsežne tehnične spremembe težje implementirati.
- Prehod iz navadne proizvodnje na pogodbeno izvajanje je zelo težaven in zahteven proces, zato veliko podjetij na to ni pripravljenih.
- Veliko OEM-ov verjame, da bo v primeru izbire pogodbenih izvajalcev ogrožena diferenciacija njihovih končnih izdelkov.

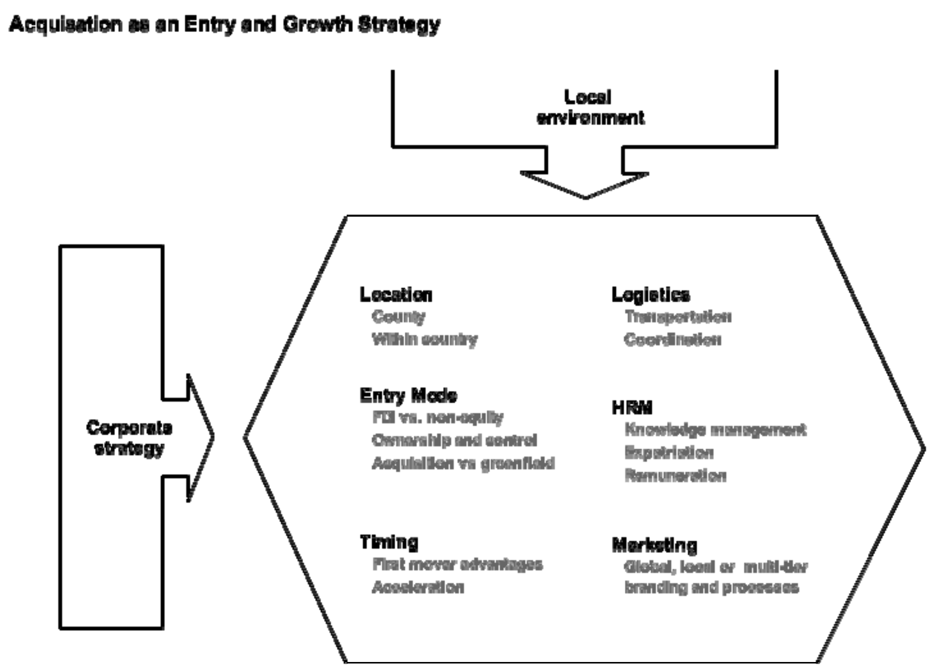
Ghausi (2002) omenja, da so podjetja preko pogodbenih izvajalcev osnovala učinkovitejše, bolj odzivne in fleksibilne oskrbovalne verige kot tradicionalne, vertikalno organizirane proizvodnje. Vzpostavitev teh oskrbovalnih verig omogoča podjetjem vpliv na dobavitelje in partnerje, slediti novostim ter lažje prilagajanje spremembam na trgu. Ko podjetja delujejo globalno te verige povezujejo dobavitelje na eni strani sveta, s tovarnami na drugi, ki nato proizvajajo za končnega kupca na tretji. Rezultat tega je, da zunanji pogodbeni izvajalci ne dobavljajo samo proizvoda ali storitve, ampak prinašajo po meri narejene celotne proizvodne rešitve, ki dodajajo vrednost končnemu izdelku in tako tudi podjetju.

ZDRUŽEVANJE PODJETIJ

Vstopna strategija vsebuje set kompleksnih odločitev pozicioniranja podjetja na trg. Lahko se najprej odločijo za vstop v določeno državo ali regijo in šele potem razvijajo, primerjajo in ocenjujejo alternativne scenarije glede točne lokacije, razvoja celotne regije, se časovno usklajujejo in rešujejo ostala ključna vprašanja.

Izbira vstopa na trg je neodvisna od drugih odločitev. Na primer, če sta pomembna odzivnost in časovno obdobje – kot sta pri zasledovanju prednosti prvega (first mover advantage) – pripojitev (acquisition) ali ustanovitev mešanega podjetja (joint venture) lahko omogočita hiter dostop do trga. Po drugi strani pa združevanja postavljajo večje izzive kar se tiče marketinga, logistike in upravljanja s človeškimi viri. Blagovne znamke, zaposleni in njihove veščine lokalnega podjetja se morajo poenotiti z investitorjevimi globalnimi operacijami. Vstopna strategija je zato sestavljena večdimenzionalno in si jo lahko zamislimo kot paket medsebojno povezanih strateških odločitev, prikazanih v Sliki 1.

Slika 5: Paket strateških odločitev vstopa na trg



Vir: E. Meyer & S. Estrin, str. 46, 2007

Namen vstopa zahteva odločitev glede lokacije, načina vstopa, primernega časa, marketinških aktivnosti, načrt upravljanja s človeškimi viri, logistike in ostalih perspektiv podjetja. Čeprav so odločitve motivirane s strani investitorjeve razvojne strategije, se morajo nanašati na posamezno lokalno okolje in lahko včasih zahtevajo precejšno prilagoditev (Meyer & Estrin, 2007, str. 45 – 46).

ZDRUŽEVANJE PODJETIJ ZA EKONOMIJE V RAZVOJU

Komasova strategija je pridobitev (acqisition) drugega podjetja, kar jim omogoča hiter vstop na trg, zagotovi dostop do distribucijskih kanalov ter obstoječe baze strank. Stroški dela so v primerjavi z zahodno in severno Evropo ugodnejši, prav tako pa so »podedovane« izkušnje managementa, lokalno poznavanje trga, poslovni kontakti in razpoznavne blagovne znamke.

Kot slabost lahko vidimo vprašanje integracije in dejstvo, da je pridobitev stroškovno zelo visoka opcija, še posebno, ko je trg že dokaj nasičen. Zaradi majhnosti slovenskega in hrvaškega trga je ena možnost tudi vzpostavitev partnerstva z enim izmed potencialnih podjetij. Za velik podvig lahko štejemo, ko se dve podjetji združita z namenom boljšega doseganja poslovnih in strateških ciljev. Ne samo za podjetji sami, ampak tudi za delavce, managerje, konkurenco, lokalno skupnost in celotno gospodarstvo. Obstaja kar nekaj kriterijev, ki jih je treba upoštevati, ko izbiramo primernega partnerja:

- Vzpodbuda za investicijo
- Infrastruktura in lokacija podjetja
- Investicijski izzivi
- Obstoječa infrastruktura
- Klima in načela podjetja
- Operacijski stroški
- Delovna sila
- Kvaliteta življenja
- Delavna storilnost
- Medkulturne razlike
- Mednarodne izkušnje
- Management “know-how”

Veliko vzhodno evropskih držav je v zadnjih dvajsetih letih prešlo iz socializma v kapitalizem. Začelo se je s padcem berlinskega zidu, leta 1989, vrhunec pa je dvanajst držav doseglo prvega maja 2004 (dve od njih leta 2007) s priključitvijo Evropski uniji. Zaradi njihove komunistične zapuščine in dokaj zaprte ekonomije za mednarodni trg, so se zgodile korenite spremembe. Države so se tržno orientirale, privatizirale dobršen del gospodarstva, sprostile dostop do mednarodnega trga in vpeljale evropsko zakonodajo. Nastala situacija privablja investitorje, ki so pripravljeni sprejeti tveganje in vlagati v hitro rastoče trge ali izkoristiti cenejše produkcijske stroške. Zato imajo tuje direktne naložbe, kot so prevzemanje podjetij, partnerstva in združevanja pomembno vlogo pri prestrukturiranju lokalnih podjetij in v končni fazi tudi celotnih ekonomij. Na začetku tranzicije, leta 1990, so prevzemi in združitve postale pomemben del poslovnih operacij. Najbolj pogosto se je to odražalo v prevzemanju državnih podjetij kot del privatizacijskega procesa. Na koncu tisočletja pa se je slika že rahlo obrnila. Veliko domačih podjetij je izstopilo iz tranzicije zelo uspešno, tako da so stopila na mednarodno prizorišče, ne samo kot tarče, ampak tudi kot investitorji. Kar nekaj jih je razvilo razpoznavno blagovno znamko, veliko jih je pa na dobri poti. Prav ta podjetja so postala tarča zahodnega kapitala (Meyer & Estrin 2007, str. 3 - 4).

Poglejmo katere so tiste priložnosti oziroma prednosti, ki jih investitorji iščejo na teh potencialnih trgih:

- Rastoč in odprt trg
- Naklonjena in izkušena delovna sila
- Geografska lokacija
- Dobra prometna infrastruktura za tranzitni promet
- Makroekonomska stabilnost
- EU zakonodaja
- Razvijajoče se poslovno okolje
- Produktivnost dela
- Baza kupcev

PRODUKTIVNOST DELA

Glavni razlog tujih naložb v novo pridružene članice Evropske unije je predvsem cenejša delovna sila, ker naravni viri povezani z nafto, plinom in kmetijskimi površinami nimajo tako pomembne vloge. Mogoče preveč poudarjen v javni debati, je preprost argument cenejše delovne sile, kot najpomembnejša prednost investitorja. Stroški dela vsekakor igrajo pomembno vlogo v nekaterih primerih in imajo vpliv na investicijo, ni pa primerno sklepati, da predstavljajo glavno lokacijsko prednost v regiji. Plača in produktivnost sta v Evropi med seboj zelo povezano, še posebej pa to velja za novo pridružene članice. Na primer, v Sloveniji imamo med njimi najvišje plače in najvišjo produktivnost, medtem ko ima Bolgarija omenjena dejavnika najnižja. Nižje plače so splošen odsev dejstva, da je produktivnost veliko nižja zaradi pomanjkanja kapitala in tehnologije. (Meyer & Estrin, 2007, str. 18 – 20).

Tuje naložbe v podružnice navadno dosežejo precej višjo produktivnost, ki jo lahko primerjajo s tisto v svoji državi. Prav tako so ponavadi v podružničnih firmah plače nad povprečjem v panogi, kar zmanjša stroškovne ugodnosti. Produktivnost dela skozi prenos tehnologije in znanja se ne poveča avtomatično, ampak zahteva veliko truda in časa (Meyer & Estrin, 2007, str. 18 – 20).

Če povzamemo, tuje naložbe niso najbolj naklonjene državam z najnižjimi plačami, včasih celo nasprotno. Manj pomembno vlogo stroška dela, kot motiv za investicijo lahko razložimo kot dejstvo, da veliko potencialnih naložb iz tega naslova ne izkoristi vseh potencialnih prednosti.

SKLEP

Komasov cilj je širitev na svetovni trg in postati podjetje z razpoznavno mednarodno poslovno mrežo. Pogodbeno izvajanje že tvori jedro podjetja, v prihodnosti pa z nadaljnjim razvojem lahko doprinese še veliko več pri doseganju tega cilja. Zavedajo se, da morajo za vsaj še enkrat povečati promet in poskrbeti za mednarodno rast podjetja, drugače ne bodo mogli zadovoljiti potreb največjih naročnikov. Prav zaradi tega sledijo Patrijinemu poslovnemu modelu, ki na novih trgih vključuje lokalna podjetja obenem pa pričakuje od svojih podizvajalcev, da jim sledijo. Širitev na nov trg in partnerstvo z že obstoječim podjetjem omogoča dostop do njihovih distribucijskih kanalov, baze naročnikov, nižje stroške dela, izkušnje, poznavanje trga in uveljavljene blagovne znamke. Prav zato je bila identifikacija potencialnih podjetij in njihovih karakteristik v kovinarski panogi, prvi korak Komasovih nadaljnjih mednarodnih odločitev.

Kar nekaj vzporednic lahko potegnemo med obema državama, vsekakor pa je potrebno vsako obravnavati posamezno. Opaziti je povezanost pri tujih naložbah, v smislu razvoja gospodarstva in dohodka ljudi, kar obe tranzicijski državi postavi nekje med razvite in razvijajoče se ekonomije. Slovenija se počasi približuje dolgoročnemu cilju, doseči razvitost zahodnih držav Evropske Unije, medtem ko Hrvaško čaka še veliko odprtih vprašanj pri zmanjševanju zaostanka za EU povprečjem. V nalogi je opisanih nekaj splošnih podatkov, trenutnih trendov, splošne situacije na trgu, priložena pa je tudi lista triindvajsetih potencialnih podjetij za partnerstvo. Ti zagotavljajo Komasu osnovne želene informacije, sedaj pa je od njih samih odvisno kakšno strategijo bodo uporabili pri oblikovanju vstopa na nov trg.

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Appendix 1. Interesting Companies in Slovenia

1. ADK D.O.O.
Development, Design, Production and Erection, Manufacture of Steel and Tubular Structure for Mobile Cranes.

2. KLADIVAR ŽIRI, d.d.
Developing, manufacturing and marketing of components and systems of fluid techniques.

3. KOSTROJ - STROJEGRADNJA, d.o.o.
A company which produces lines for manufacturing stone wool, machinery for cars, steel and paper.

4. LITOSTROJ PTS D.O.O.
Repair and maintenance of machines and devices. Gas infrared and conventional industrial heating. Industrial removals transport, assembling of all kind of machineries and devices.

5. METALNA-SRM D.O.O.
Manufacture and after sales service for cranes, manufacture of steel structures and mechanical parts, agent for foreign companies.

6. METREL MEHANIKA D.O.O.
Their business philosophy is to produce complex products by using advanced technology and appropriately skilled personnel. The products are tailor-made and if required they also participate in the construction.

7. ROTIS d.o.o. (Patria's partner in Slovenia)
Besides production of bearing they manufacture gearwheels and other turned parts, such as bolts, bungs, bushes and other turned parts. Furthermore they also produce welded constructions up to 50 tons in weight and casts.

8. SERPA D.O.O.
Maintenance of machines and devices - production of spare machine parts - general and middle repairs of processing and other machines - measurements and diagnostics of the condition of processing machines.

9. STROJ D.O.O.
Company is specialized in production of different industrial equipment, parts and tools

for construction and other machines, transport equipment, production lines and processing facilities.

10. PROIZVODNJA GONIL D.O.O.
Production of driving gears and elements of driving techniques.

11. TEHNIKA-SET D.D.
Manufacturing of steel structures, special-purpose machines, cranes and industrial furnaces.

12. SCT TKO D.O.O.
Production of machines for special purposes and composition parts for building machines.

13. ŽELEZARNA RAVNE-MONTER DRAVOGRAD D.D.
The production programme of the company Monter Dravograd includes production of steel constructions, welders and service of loading machines Jungheinrich for whole Europe.

14. ATRIK d.o.o.
Atrik is a renowned manufacturer of the equipment for the communal and sanitation service and is particularly specialized in production of vehicles for collection, compaction and transport of household refuse. Because of the expansion of their business they are looking for an experienced company who can assist them in expanding their markets.

15. RIKO RIBNICA D.O.O.
Their basic activities are production and sale of road mechanization equipment. (Production of winter and summer road cleaning devices, road and road side areas maintenance).

16. SISTEMSKA TEHNIKA d.o.o.
They produce component parts, sub-assemblies and equipment for the technological processes in metallurgical, power, transport industries and for mechanical engineering. For the manufacture of equipment, they apply customers and their own documentation.

17. STRENIA D.D.
Design and manufacture of machines for crushing and screening of mineral aggregates, equipment for quarries, manufacture of components for building machines, manufacture of skid-steer loaders.

Appendix 2. Interesting Companies in Croatia

1. PK d. o. o.

The leading world producer of hydraulic cranes Palfinger is present on the Croatian market since 1992 thanks to PK d.o.o. company, representative for Republic of Croatia.

As a result of long-time cooperation in 2001 P&R METAL was established, the company for the production of metal structures. In our hall at Industrial zone in Kukuljanovo the cranes of that renowned Austrian producer are being produced.

2. HIDRAULIKA KURELJA d.o.o.

Its main activity is manufacturing and servicing of hydraulic structures and equipment. The initial activity was only servicing, but gradually the company developed and today has an own manufacturing range of hydraulic equipment, particularly truck mounted.

3. TMT d.o.o.

Parts, components and equipment for: building machines (dredgers, loaders, bulldozers...), agricultural and communal + sanitation service, cranes and escalators, diesel engines and generators, machinery for processing of rubber and plastic, machinery for processing of textile, machinery used in food industry.

4. RASCO d.o.o.

The RASCO Company focuses on producing municipal equipment for summer and winter maintenance of roads, side banks, and ditches along roads and channels.

In addition, RASCO designs and installs vehicle equipment for trucks and tractors.

5. GRAMIP-TPS d.o.o.

Manufacturing products like, power tillers, mower-mulches, variable mulches, tractor drawn mowers, roto mowers, hydraulic loaders, hay rakes.

6. DURO DAKOVIC

DURO DAKOVIC SPECIAL VEHICLES is mainly active in the production of armoured combat vehicles. Patria and Duro collaborate in the production of the Patria AMVs at facilities in Finland and Croatia. Using Patria technology, the vehicles will be manufactured by DDSV-Patria, a joint venture equally owned by Patria and Duro.