

## **FUZZY AHP-BASED THEORETICAL MODEL FOR INTERNATIONAL MARKET ENTRY STRATEGY SELECTION**

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When companies decide to expand beyond their domestic borders, they are immediately confronted with a defining strategic puzzle: how to enter a foreign market effectively. While classical decision-making tools like the AHP have been widely applied, our analysis suggests they often fall short in practice. The integration of fuzzy logic, pioneered by Zadeh (1965), with the AHP framework offers a promising path forward. In this paper, we propose a tailored theoretical model that leverages Fuzzy AHP to navigate this very uncertainty. Our primary aim is to move beyond a generic methodology and provide a structured, yet adaptable, framework that mirrors the real-world complexities managers face.

Our model sits at the intersection of two well-established fields: international business strategy and advanced decision science. From the strategy side, we draw on the classic typology of IME modes – such as Exporting, Franchising, Joint Ventures, and FDI – each presenting a distinct trade-off between control, risk, resource commitment, and reward (Root, 1987). Interestingly, it is precisely in evaluating these trade-offs that traditional AHP (Saaty, 1980), for all its merits, shows limitations. It forces crisp numerical judgments onto what are often vague, linguistic assessments. This is where our approach diverges. By employing Fuzzy AHP (Buckley, 1985; Chang, 1996), we translate qualitative expert opinions into triangular fuzzy numbers (e.g., representing "medium importance" as a range rather than a single value). This shift is crucial; it allows our model to absorb the inherent imprecision of human reasoning, making the output not just mathematically sound but also pragmatically credible.

The heart of our proposal is a practical, three-level hierarchy designed for direct application. At the top sits our Goal: Selecting the optimal IME strategy. The Criteria level (Level 2) is where managerial judgment is formally structured. We propose five core dimensions, synthesized from both theory and common strategic concerns: Market Potential (C1): Beyond just size, this includes growth trajectory and sustainable profitability; Risk Exposure (C2): A composite of political, economic, and operational uncertainties; Resource Commitment (C3): The tangible and intangible investments required; Control Level (C4): The degree of command a firm can exert over operations and strategy; and Flexibility & Speed (C5): Often overlooked, this criterion assesses adaptability and time-to-market. The Alternatives (Level 3) are the concrete strategic options to be evaluated: Exporting (A1), Franchising (A2), Joint Venture (A3), and Foreign Direct Investment (A4).

The operational steps of our model follow a logical, iterative process: Expert Elicitation: A diverse panel of managers and experts provides pairwise comparisons using a linguistic scale (e.g., «Strategy A is moderately more preferable than Strategy

B regarding Control»)). Fuzzification: These linguistic terms are converted into Triangular Fuzzy Numbers (TFNs), creating fuzzy pairwise comparison matrices. Consistency Validation: We check the logical coherence of judgments by calculating a consistency ratio for the defuzzified matrices, discarding inconsistent inputs. Weight Aggregation: Using the geometric mean, we aggregate individual fuzzy judgments. The fuzzy weights for both criteria and alternatives are then computed via the extent analysis method (Chang, 1996). Synthesis and Defuzzification: The final fuzzy scores for each alternative are calculated by combining the weights across the hierarchy. These fuzzy scores are then converted into crisp values using the Center of Area method, yielding a clear, ranked order of the IME strategies.

By explicitly accommodating vagueness, it produces results that seasoned managers find more trustworthy and reflective of actual decision-making contexts. Secondly, its structured hierarchy forces a comprehensive evaluation, ensuring that critical factors like «Flexibility» are not sidelined by more obvious criteria like «Market Potential.» For practitioners, this model is not a black box but a transparent framework that facilitates dialogue, challenges assumptions, and builds consensus among decision-making teams. It transforms a potentially contentious strategic debate into a disciplined, evidence-informed discussion. Theoretically, our contribution is a focused adaptation of a powerful MCDM tool to a specific, perennial challenge in international business, thereby bridging a notable gap in the applied literature.

Selecting an international market entry strategy remains a daunting task under the best of circumstances. The theoretical model we propose here, grounded in Fuzzy AHP, is designed to bring clarity and robustness to this process. We believe this framework offers a significant step toward more resilient and defensible internationalization choices. Looking ahead, the true test will be in its application. We see promising avenues for future research in applying this model to detailed industry case studies, comparing its strategic recommendations with real-world outcomes, and perhaps integrating it with other fuzzy decision-making techniques for even greater analytical depth.

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