

Small Automotive Service Enterprises in Transitional Economies: Structure, Risks, and Operational Models

Nikolai Fedenev

Independent Researcher

ORCID: 0009-0004-5073-195X

Email: fedenev@internacademia.com

Abstract

This article examines the structure, operational models, and key risks of small automotive service enterprises in transitional economies, with a focus on the post-Soviet region. Based on practical experience, the study analyzes the integration of repair services, retail trade in auto parts, and customer relationship management. Particular attention is given to the influence of the institutional environment, including regulatory uncertainty and informal mechanisms affecting business operations. The paper proposes an analytical approach to assessing the resilience of small enterprises under conditions of economic and administrative instability.

Keywords

automotive service, small business, transitional economy, entrepreneurship, service infrastructure, business resilience

1. Introduction

Small automotive service enterprises play an important role in local economies by providing vehicle maintenance, supporting population mobility, and creating employment. In regions with limited industrial infrastructure, such enterprises often become a key component of the service economy.

In transitional economies, the development of small businesses is shaped not only by market forces but also by the institutional environment, which is characterized by changing regulatory frameworks, administrative barriers, and elements of informal governance.

The objective of this study is to provide a systematic description of the structure and operating principles of small automotive service enterprises, as well as to identify the main risks and mechanisms of their adaptation under conditions of an unstable institutional environment.

2. Structure of Small Automotive Service Enterprises

The structure of small automotive service enterprises in transitional economies is shaped by both market and institutional factors. Unlike developed economies, where a high degree of specialization is common, small enterprises in post-Soviet regions tend to integrate multiple functions within a single organizational unit.

This approach is driven by the need to reduce risks associated with an unstable economic environment, as well as by limited access to financial and infrastructural resources.

2.1. Integrated Enterprise Model

The most common model is the integrated one, combining:

- vehicle repair and maintenance;
- retail sales of auto parts and consumables;
- diagnostic services;
- customer consulting and support.

The integration of these functions allows enterprises to:

1. reduce operational risks through revenue diversification;
2. increase margins, as profit is generated at multiple stages of service delivery;
3. enhance customer loyalty by providing comprehensive services in a single location.

Practical example

Within the author's professional practice, an automotive service center model was implemented that combined a repair facility with an on-site auto parts store. A customer seeking repair services was able to immediately purchase the required components, which:

- reduced repair time;
- decreased dependence on external suppliers;
- increased the average transaction value.

As a result, the share of repeat customer visits increased, and the enterprise achieved a stable flow of orders.

2.2. Stages of Enterprise Development

The development of a small automotive service enterprise typically proceeds through several stages:

Stage 1- Initial stage (repair workshop)

At this stage, the enterprise is limited to basic repair services and a minimal number of employees. The primary objective is to build a customer base.

Stage 2 - Service Expansion

At this stage, diagnostic services and the sale of auto parts are added. The enterprise begins to develop its own supply channels.

Stage 3 - Integration and Scaling

A full-scale service center is formed with multiple lines of activity. At this stage, the need arises for process systematization and personnel management.

Empirical Observation

Analysis of practical experience shows that the transition from the second to the third stage is the most critical. It is at this point that the enterprise encounters:

- increased administrative burden;
- a growing number of inspections;
- the need for investment in infrastructure.

Lack of access to financing or stable institutional support may significantly slow down development.

2.3. Spatial Organization and Infrastructure

The physical structure of the enterprise plays a key role in its efficiency. Under conditions of limited resources, a combined approach is often used:

- the repair area and storage are located within the same space;
- the retail section is positioned in close proximity to the service area;
- administrative functions are performed without dedicated office spaces.

This approach reduces costs but simultaneously limits scalability.

Practical Example

In many cases, enterprises initially operate in rented premises adapted for production needs. As the business grows, the need arises for:

- building reconstruction;
- expansion of production space;
- modernization of equipment.

However, dependence on landlords and regulatory requirements often becomes a source of uncertainty.

2.4. Managerial Structure

Management in small automotive service enterprises is typically centralized. The business owner performs multiple functions simultaneously:

- strategic planning;
- financial management;
- quality control of services;
- interaction with customers and suppliers.

This model provides flexibility but creates a high degree of dependence on a single individual.

Analytical Observation

In a transitional economy, a personalized management model is not only a consequence of limited resources but also a mechanism for risk reduction. Centralization of decision-making enables faster responses to changes in the external environment, but it also limits opportunities for delegation and scaling.

2.5. Chapter Conclusions

Thus, the structure of small automotive service enterprises in transitional economies is characterized by:

- a high degree of functional integration;
- staged development from a simple workshop to a comprehensive service center;

- limited infrastructural capacity;
- a centralized management model.

These characteristics form a distinctive business model oriented toward survival and adaptation in an unstable institutional environment.

3. Operational Models and Business Processes of Small Automotive Service Enterprises

The operational activities of small automotive service enterprises in transitional economies are characterized by a high degree of adaptability and flexibility. Unlike the standardized processes typical of large service networks, small enterprises develop hybrid management models based on a combination of formalized and informal practices.

This specificity is обусловлена the need to operate under conditions of institutional instability, limited access to resources, and intense competition.

3.1. Supply Chain Management

One of the key elements of the operational model is the organization of the supply of auto parts and consumables.

In transitional economies, enterprises typically use a multi-level supply system that includes:

- local distributors;
- regional warehouses;
- direct deliveries from international manufacturers.

Key characteristics:

- 1. Price volatility**
Prices of auto parts may fluctuate significantly depending on exchange rates and logistical factors.
- 2. Unstable delivery timelines**
Supply delays lead to increased customer service time.
- 3. Dependence on a limited number of suppliers**
This increases business vulnerability.

Practical Example

Within practical operations, a strategy of maintaining partial inventory of high-demand items was implemented, which made it possible to:

- reduce repair time;
- decrease dependence on external suppliers;
- improve customer satisfaction.

At the same time, less frequently used parts were ordered on demand for specific requests.

3.2. Customer Flow and Relationship Management

Small automotive service enterprises operate under conditions of high dependence on repeat customer visits. As a result, specific approaches to managing customer flow are developed.

Key elements:

- maintaining service history records;
- personalized recommendations;
- flexible pricing policies;
- informal communication channels such as phone calls and messaging applications.

Analytical Observation

Unlike large service networks, small enterprises often do not use formal CRM systems. However, this is compensated by:

- a high degree of service personalization;
- direct interaction between the owner and customers;
- the accumulation of informal knowledge about the customer base.

Practical Effect

This model enables the formation of stable customer relationships, in which:

- customers return not because of price, but because of trust;
- sensitivity to competitive pressure is reduced;
- the customer lifetime value increases.

3.3. Organization of the Production Process

The production process in small automotive service enterprises has several distinctive features:

1. **Low level of formalization**
Processes are often not standardized and depend on employee experience.
2. **Flexible task allocation**
Employees may perform multiple functions simultaneously.
3. **Focus on individual orders**
Each repair is treated as a unique case.

Practical Example

Under conditions of limited staff, a single specialist may perform the functions of:

- diagnostics;
- repair;
- customer interaction.

This reduces operating costs but requires a high level of personnel qualification.

3.4. Financial Model and Cash Flow Management

The financial model of small automotive service enterprises is characterized by a high dependence on current cash inflows.

Key features:

- limited access to bank financing;
- a high share of working capital tied up in inventory;
- dependence on daily revenue.

Analytical Observation

In an unstable economic environment, enterprises tend to:

- minimize debt burden;
- avoid long-term financial obligations;
- operate within a short-term planning horizon.

Practical Example

Following significant operational losses, for example due to unforeseen events, business recovery was achieved through:

- the owner's personal funds;
- borrowed funds from private sources;
- gradual restoration of the customer base.

This reflects a high degree of financial vulnerability, while also demonstrating the capacity for adaptation.

3.5. Influence of the Institutional Environment on Operational Processes

One of the key characteristics of small enterprises in transitional economies is the direct influence of the institutional environment on operational processes.

Main manifestations:

- unplanned inspections;
- administrative constraints;
- changes in regulatory requirements;
- the need to adapt to informal rules.

Analytical Conclusion

In this context, the institutional environment functions not merely as an external factor but as an active component of the operational model, influencing:

- cost structure;
- development strategy;
- risk levels.

3.6. Formation of a Hybrid Operational Model

As a result of the combination of all the factors described above, a so-called hybrid operational model is formed, which includes:

- formal business processes such as accounting, procurement, and basic planning;

- informal practices such as risk management and interaction with the external environment;
- personalized customer management.

3.7. Chapter Conclusions

The operational models of small automotive service enterprises in transitional economies are characterized by:

- high flexibility and adaptability;
- dependence on external factors;
- a combination of formal and informal management mechanisms;
- a focus on long-term customer relationships.

Such models enable enterprises to function under conditions of uncertainty, but at the same time limit opportunities for scaling and standardization.

4. Risks and Institutional Pressure as a Factor in the Functioning of Small Automotive Service Enterprises

The risks faced by small automotive service enterprises in transitional economies cannot be reduced solely to standard entrepreneurial challenges such as fluctuations in demand, rising procurement costs, or labor shortages. Unlike small businesses operating within more stable institutional systems, small enterprises in transitional economies exist in an environment where a significant share of threats arises not only from the market, but also from the structure of the administrative, regulatory, and informal environment itself.

In this context, risk should be understood not as an isolated event, but as a systemic condition of persistent vulnerability within which the enterprise is forced to operate. In other words, the entrepreneur faces not merely the probability of adverse events, but a prolonged state of uncertainty in which external pressures are difficult to predict, legally contest, and economically offset.

For this reason, the analysis of risks in the small automotive service sector requires a broader analytical framework that incorporates not only economic parameters but also the institutional characteristics of the environment.

4.1. The Concept of Institutional Risk in Small Business

In the classical understanding, entrepreneurial risk is associated with uncertainty in business outcomes, such as declining demand, supply chain disruptions, rising costs, or customer attrition. However, in transitional economies, there exists a specific type of risk that can be defined as institutional risk.

Within the framework of this study, institutional risk is understood as a set of threats arising from:

- the unpredictability of actions by administrative authorities;
- ambiguous application of regulatory requirements;
- selective enforcement;
- informal pressure on business entities;
- the weakness of legal protection mechanisms.

A distinctive feature of institutional risk is that it is often not subject to precise calculation. While an increase in the price of components can be forecast based on market data, the likelihood of unplanned inspections, administrative restrictions, or the emergence of informal demands cannot be incorporated into a standard business model with the same level of accuracy.

Key characteristic of institutional risk

It affects the enterprise simultaneously in three dimensions:

1. financial, through direct and indirect losses;
2. operational, through process disruptions, delays, and activity restrictions;
3. psychological and managerial, through the need to make decisions under conditions of constant uncertainty and perceived threat.

Thus, institutional risk becomes not merely an external background factor, but an integral part of the operational environment of the business.

4.2. Classification of Risks in Small Automotive Service Enterprises

For a more precise analysis, it is appropriate to distinguish several groups of risks, which in practice most often operate not in isolation but in combination.

4.2.1. Market Risks

This category includes:

- a decline in customers' purchasing power;
- increased competition;
- fluctuations in prices of auto parts and consumables;
- seasonality of demand;
- changes in the structure of the vehicle fleet and technological requirements for repairs.

These risks are, to a certain extent, universal for small businesses and are present in virtually any economy. However, in transitional economies they are intensified by exchange rate volatility, dependence on imports, and limited access to long-term financing.

4.2.2. Operational Risks

This category includes:

- dependence on the qualifications of specific employees;
- lack of standardized processes;
- insufficient working capital to maintain inventory;
- equipment wear and failure;
- limited production space.

For example, the failure of a single diagnostic device or the departure of a specialist performing multiple roles may have a disproportionately strong impact on the entire enterprise.

4.2.3. Infrastructure Risks

This group is associated with the physical environment of the business:

- dependence on leased premises;
- condition of engineering and utility systems;
- requirements for reconstruction and use of facilities;
- risks of accidents, fires, and property damage;
- limited ability to expand premises quickly.

For small automotive service enterprises, infrastructure is particularly critical, as repair, storage, and retail functions are closely interconnected within the same physical space.

4.2.4. Regulatory Risks

These include:

- changes in requirements for the use of land plots and premises;
- inconsistent interpretation of regulations by local authorities;
- complexity of obtaining approvals for signage, renovations, and reconstruction;
- prolonged administrative procedures;
- high dependence of final decisions on specific officials.

For a small enterprise, even a seemingly minor change in the interpretation of a regulation may lead to serious consequences, including fines, suspension of operations, the need for urgent documentation revisions, or investments in facility upgrades.

4.2.5. Institutionally Asymmetric Risks

This is the most specific category. It refers to situations in which business interactions with the external environment are shaped by asymmetry in resources, access, and capacity for protection. The enterprise finds itself in a position where it is required to respond to demands from the system, while lacking comparable means of influence.

Examples of such risks include:

- inability to effectively challenge administrative actions;
- leakage of information regarding complaints and appeals;
- alignment of interests between informal groups and certain representatives of official structures;
- use of regulatory control not for ensuring compliance, but as a tool of pressure.

It is this category of risks that distinguishes transitional economies from what might otherwise be described as a merely complex market environment.

4.3. Regulatory Uncertainty as a Persistent Cost Factor

One of the most significant risk factors in small business is not only the existence of rules, but also uncertainty in their application. For entrepreneurs, the problem is not necessarily the strictness of regulations, but the fact that the same requirement may be interpreted differently depending on the authority, level of governance, or specific official.

In the practice of small automotive service enterprises, this manifests in several areas:

- requirements related to the designated use of land plots;
- approval of reconstructions and facility modifications;
- requirements for facades, signage, and advertising structures;
- fire safety and technical compliance issues;
- tax and accounting interpretations of specific operations.

Why this is particularly critical for small businesses

Large companies can typically maintain in-house legal departments and possess the time and financial resources necessary for prolonged approval processes and legal appeals. Small enterprises, by contrast, are forced to address the same issues under conditions of limited budgets and high dependence on uninterrupted cash flow.

As a result, regulatory uncertainty becomes a hidden and continuous tax on development. Enterprises are compelled to allocate resources not to modernization, service quality improvement, or expansion, but to approvals, corrections, adjustments, and repeated procedural compliance.

4.4. Administrative Pressure and Excessive Control

In transitional economies, control mechanisms often extend beyond their original purpose. Formally, inspections are intended to ensure compliance with regulations and public safety. However, in practice, they may take on characteristics of selective and disproportionate intervention.

For a small automotive service enterprise, even a series of formally lawful inspections may have a destructive effect if they:

- occur consecutively without sufficient time for operational recovery;
- involve multiple authorities simultaneously;
- require significant time investment from the owner;
- lead to temporary suspension of activities;
- create an impression among customers that the enterprise is problematic or unreliable.

Mechanism of cumulative pressure

It is important to note that pressure often manifests not as a single large intervention, but as a sequence of minor actions. Individually, each may not appear critical, but collectively they:

- deplete resources;

- divert the owner from strategic management;
- undermine reputation;
- slow down enterprise growth.

From an analytical perspective, this can be described as the effect of fragmented institutional pressure, where a disruptive outcome is achieved not through a single prohibition, but through a series of incremental burdens.

4.5. Informal Pressure and the Blurring of Formal and Informal Mechanisms

One of the most complex characteristics of a transitional economy is the blurred boundary between formal and informal institutions. In a developed legal system, an entrepreneur can usually distinguish between market competition, administrative requirements, and unlawful actions. In a transitional environment, these layers often overlap.

Informal pressure may take various forms:

- proposals for “informal resolution” of issues;
- expectations of personal loyalty or financial participation outside the legal framework;
- signals indicating the need to “reach an understanding”;
- attempts to impose dependent relationships;
- the use of intermediaries who lack formal authority but influence administrative outcomes.

A specific challenge for the entrepreneur

The entrepreneur faces a situation in which refusal to participate in informal arrangements does not guarantee legal protection and may, on the contrary, increase vulnerability. At the same time, participation in such practices undermines long-term business sustainability, as it creates dependence on extra-legal agreements.

This leads to a structural paradox:

law-abiding behavior does not necessarily reduce risk if the environment incentivizes informal practices.

4.6. Risks of Property Loss and Weakness of Compensation Mechanisms

For an automotive service enterprise, property risk is particularly significant, as business assets include:

- equipment;

- inventory;
- customer vehicles or property under service;
- documentation;
- databases;
- production and storage facilities.

Even a single destructive event, such as a fire, flooding, accident, or property damage, may have multiple layers of consequences:

1. direct material losses;
2. inability to fulfill obligations to customers;
3. loss of documents and data;
4. reputational damage;
5. the need for urgent recovery under conditions of limited resources.

The problem in a transitional environment

The risk is amplified not only by the possibility of such events, but also by the weakness of recovery mechanisms. If insurance instruments are limited, investigations are prolonged, and compensation is difficult to obtain, the enterprise is effectively left to cope with the consequences on its own.

For small businesses, this means that recovery is typically achieved through:

- the owner's personal funds;
- sale of assets;
- private borrowing;
- reduction of development expenditures;
- staff reductions.

In other words, a property shock is transformed into a long-term constraint on growth.

4.7. Asymmetry of Access to Legal Protection

One of the central conclusions of the institutional analysis is that the formal possibility of обращения to law enforcement or supervisory authorities does not necessarily imply real access to protection.

For small entrepreneurs, legal protection is constrained by several factors:

- lack of time to pursue lengthy complaint procedures;
- absence of specialized legal support;
- high costs of appeals;
- dependence on the local administrative environment;
- fear of escalation of pressure following a complaint.

Practical dilemma faced by the entrepreneur

Business owners are often confronted with a choice between two unfavorable options:

- to file a complaint and risk intensified pressure;
- not to file a complaint and effectively accept deteriorating business conditions.

From an institutional perspective, this creates a state of forced adaptation, in which the business does not fully defend its interests not because they are not violated, but because the expected cost of protection is too high.

4.8. Psychological and Managerial Consequences of Persistent Pressure

Academic and applied literature on small business often focuses on financial and organizational aspects, while the psychological dimension of entrepreneurial vulnerability receives less attention. However, in small enterprises, where management is highly personalized, the psychological condition of the owner directly affects business resilience.

Continuous pressure may lead to:

- reduced capacity for long-term planning;
- a shift in focus from growth to survival;
- increased caution in investment decisions;
- emotional burnout;
- loss of trust in formal institutions.

Managerial impact

The entrepreneur may begin to:

- postpone expansion;
- avoid public visibility;
- minimize visible signs of growth;

- reduce the scale of business ambitions;
- abandon long-term projects.

Thus, institutional pressure affects not only current operations but also the strategic horizon of the business. The enterprise ceases to develop according to market logic and instead adapts to a logic of minimizing external visibility.

4.9. Why Small Automotive Service Enterprises Are Particularly Sensitive to Institutional Pressure

Although many forms of risk are characteristic of small businesses in general, automotive service enterprises possess specific features that increase their vulnerability:

1. Physical visibility of the business

An automotive service operation cannot be concealed. Premises, signage, vehicle flow, inventory, and equipment make the enterprise highly visible.

2. Dependence on a fixed location

The business is closely tied to a specific site, its designated use, infrastructure, and regulatory approvals.

3. Combined nature of activities

Service, retail, storage, diagnostics, and handling of customer property create a complex regulatory profile.

4. High dependence on customer trust

Inspections, conflicts, incidents, or even rumors may quickly affect the flow of orders.

5. Limited mobility

Relocating an automotive service operation requires significant costs, reducing the ability to quickly exit an unfavorable environment.

The combination of these factors makes the automotive service sector not merely a form of small business, but a highly exposed target of institutional pressure.

4.10. Analytical Model: Pressure as a Constraint on Growth

Based on the factors discussed above, the following analytical model can be proposed.

In a transitional economy, a small automotive service enterprise operates between three poles:

- market logic, which requires growth, customer acquisition, and service expansion;
- resource constraints, including limited capital, personnel, and infrastructure;

- institutional pressure, including regulatory uncertainty, control mechanisms, and informal risks.

When institutional pressure reaches a certain level, the enterprise shifts its strategy. Instead of pursuing growth and modernization, it moves toward a model characterized by:

- maintaining current positions;
- minimizing visibility;
- reducing both formal and informal conflicts;
- limiting innovation activity.

Thus, institutional pressure functions not merely as a source of losses, but as a systemic constraint on entrepreneurial growth.

4.11. Chapter Conclusions

A detailed analysis shows that the risks faced by small automotive service enterprises in transitional economies are multi-layered and extend beyond standard entrepreneurial uncertainty.

The key conclusions can be summarized as follows:

- small automotive service enterprises operate under both market and institutional threats;
- regulatory uncertainty creates persistent hidden costs;
- administrative and informal pressure can transform normal business processes into a survival-oriented mode;
- weak legal protection mechanisms increase the vulnerability of business owners;
- property losses in such environments have long-term consequences due to limited compensation mechanisms;
- continuous pressure affects not only current operations but also development strategies, forcing businesses to reduce growth rates and avoid expansion.

Therefore, the resilience of small automotive service enterprises in transitional economies is determined not only by the quality of management, but also by the ability to adapt to institutional asymmetry, which in some cases becomes a decisive factor in business activity.

5. Mechanisms of Resilience, Recovery, and Adaptation in Small Automotive Service Enterprises

Under conditions of heightened institutional uncertainty, the resilience of small automotive service enterprises is determined not only by economic parameters, but also by the entrepreneur's ability to develop adaptive strategies that compensate for external risks.

Unlike classical models of sustainable development, where the primary focus is on efficiency and growth, in transitional economies resilience takes on a different character. It becomes a function of survival, flexibility, and the ability to recover from external shocks.

5.1. The Concept of Resilience under Conditions of Institutional Instability

Within the framework of this study, resilience is defined as a combination of three interrelated components:

1. **Operational resilience**, the ability to maintain ongoing activities;
2. **Financial resilience**, the ability to absorb losses and preserve solvency;
3. **Strategic resilience**, the ability to adapt the business model to changing environmental conditions.

A distinctive feature of small automotive service enterprises is that all three components are closely interconnected and depend on decisions made by a single managerial center, namely the business owner.

5.2. Strategies of Operational Resilience

To maintain continuity of operations, small enterprises employ a number of practical approaches.

5.2.1. Service Diversification

Expanding the range of services reduces dependence on a single market segment. For example:

- combining repair services with the sale of auto parts;
- adding diagnostic services;
- expanding the range of serviced vehicle brands.

Practical effect:

During periods of reduced demand for repair services, the enterprise can offset income through retail or additional services.

5.2.2. Flexibility of Production Processes

Small enterprises often avoid rigid specialization, allowing employees to perform multiple functions.

This enables them to:

- redistribute workload;
- reduce dependence on specific employees;
- quickly adapt to changes in the structure of demand.

5.2.3. Formation of Stable Customer Relationships

One of the key factors of resilience is the presence of a stable customer base.

This is achieved through:

- personalized service;
- maintaining repair history records;
- direct communication with customers.

As a result, non-price-based loyalty is formed, reducing the impact of competition.

5.3. Financial Mechanisms of Adaptation

Financial resilience under conditions of limited access to banking resources is primarily formed through internal and informal instruments.

5.3.1. Profit Reinvestment

Small enterprises often adopt a strategy of gradual capital accumulation:

- profits are not fully withdrawn;
- funds are reinvested in infrastructure development;
- a minimal financial reserve is established.

5.3.2. Limitation of Debt Burden

In an unstable environment, entrepreneurs tend to avoid long-term credit obligations.

The reasons include:

- the inability to forecast future income;

- the risk of losing liquidity under external pressure.

5.3.3. Use of Alternative Financing Sources

In some cases, the following are used:

- private borrowing;
- support from family members and partners;
- sale of personal assets.

This indicates that the financial model of small business often extends beyond the boundaries of the formal economy.

5.4. Recovery Mechanisms After Critical Events

One of the key characteristics of resilience is the enterprise's ability to recover after significant losses.

5.4.1. Nature of Critical Events

For automotive service enterprises, such events may include:

- destruction of property, for example due to fire;
- loss of equipment;
- loss of customer base and data;
- prolonged suspension of operations.

5.4.2. Stages of Recovery

Analysis of practice allows the identification of several stages of recovery:

1. Stabilization

- assessment of damage;
- minimization of obligations;
- temporary reduction of activity.

2. Reconstruction

- restoration of infrastructure;

- procurement of equipment;
- attraction of financial resources.

3. Return to the Market

- restoration of the customer base;
- resumption of services;
- adjustment of pricing policy.

Practical Observation

In the absence of insurance mechanisms, recovery often occurs through the entrepreneur's personal resources. This increases debt burden and slows further development, while at the same time demonstrating a high degree of adaptability.

5.5. Strategic Adaptation to the Institutional Environment

Under conditions of constant pressure, small enterprises develop specific behavioral strategies aimed at reducing risks.

5.5.1. Reduction of Operational Visibility

The enterprise may:

- limit the scale of expansion;
- avoid rapid growth;
- minimize visible signs of success.

5.5.2. Flexibility in Managerial Decision-Making

The business owner makes decisions taking into account not only economic efficiency but also the level of external risks.

5.5.3. Adaptation to Regulatory Requirements

This includes:

- continuous updating of documentation;
- aligning operations with changing regulatory requirements;
- interaction with various administrative bodies.

5.6. Author's Analytical Model of Resilience

Based on the analysis, resilience of a small automotive service enterprise can be understood as the result of the interaction of three factors:

1. **Flexibility of the operational model**, the ability to rapidly adapt processes;
2. **Diversification of revenue sources**, reducing dependence on a single line of business;
3. **Management of institutional risks**, adaptation to the external environment and minimization of conflicts.

Conceptual Conclusion

If at least one of these elements is absent, the enterprise becomes highly vulnerable:

- without flexibility, it fails to adapt in time;
- without diversification, it loses financial stability;
- without risk management, it faces uncontrolled external pressure.

Thus, resilience is not a static condition, but a dynamic process of balancing internal resources and external constraints.

5.7. Chapter Conclusions

The analysis shows that the resilience of small automotive service enterprises in transitional economies is formed through a combination of practical and adaptive mechanisms.

Key conclusions:

- resilience is determined not only by economic factors but also by the institutional environment;
- recovery after crises requires significant personal resources from the entrepreneur;
- diversification and flexibility are key factors of survival;
- strategic adaptation may limit growth but increases the likelihood of long-term business continuity.

Overall, small automotive service enterprises demonstrate a high capacity for adaptation, making them an important subject for further research in the fields of small business and institutional economics.

6. Discussion: Theoretical and Applied Significance of the Results

The conducted analysis makes it possible to consider small automotive service enterprises not only as economic units, but also as elements of a broader institutional system. Unlike classical models of small business that assume a relatively predictable external environment, entrepreneurial activity in transitional economies is shaped by multiple unstable factors, requiring a reconsideration of traditional approaches to evaluating efficiency and resilience.

6.1. Small Business as an Adaptive System

The findings allow small automotive service enterprises to be interpreted as adaptive systems operating under conditions of *постоянного* external pressure. Within this interpretation:

- the enterprise does not aim to maximize short-term profit;
- the priority becomes maintaining resilience and controllability;
- strategic decisions are made with consideration of potential institutional risks.

Thus, enterprise behavior is determined not only by market logic, but also by the need to balance between formal and informal environmental requirements.

6.2. Limitations of Classical Entrepreneurship Models

Classical economic models, based on assumptions of transparent rules and equal access to institutions, are insufficient for describing the actual conditions under which small businesses operate in transitional economies.

In particular:

- the rational choice model does not account for institutional uncertainty;
- the concept of competitive equilibrium does not reflect the influence of informal mechanisms;
- standard approaches to risk management do not encompass institutional threats.

This indicates the need to expand the theoretical framework to account for the specific characteristics of transitional economies.

6.3. The Institutional Environment as a Determinant of Business Behavior

One of the key conclusions is that the institutional environment not only constrains enterprise activity but also shapes its behavioral model.

Under conditions of high uncertainty, entrepreneurs tend to:

- reduce the level of business visibility;
- limit the scale of expansion;
- avoid long-term commitments;
- make decisions based not only on economic rationality but also on institutional considerations.

Thus, institutional factors become an integral part of the operational logic of the business.

6.4. Practical Implications for Small Business Development

The findings of this study can be applied in several areas:

1. **Development of small business support programs**
Taking into account institutional risks, such programs should include not only financial assistance but also mechanisms for protecting entrepreneurs.
2. **Optimization of regulatory policy**
Reducing uncertainty and increasing transparency of requirements can significantly enhance enterprise resilience.
3. **Development of educational programs**
Entrepreneurial training should address not only economic aspects but also institutional dimensions of business activity.

6.5. Directions for Future Research

The results obtained open several directions for further research:

- comparative studies of small enterprises in different institutional environments;
- development of quantitative models for assessing institutional risks;
- analysis of business adaptation mechanisms under external pressure;
- examination of the impact of institutional factors on innovation in small businesses.

7. Conclusion

Small automotive service enterprises in transitional economies represent complex adaptive systems operating under conditions of multi-layered uncertainty. Their activities are shaped not

only by market forces but also by the institutional environment, which significantly influences all aspects of business operations.

The analysis allows the following key conclusions to be drawn:

- the structure of small automotive service enterprises is characterized by a high degree of functional integration;
- operational models are based on flexibility and adaptation to changing conditions;
- risks are complex in nature and include both market and institutional components;
- business resilience is achieved through a combination of diversification, flexibility, and adaptive management;
- institutional pressure may act as a systemic constraint on the growth and development of small businesses.

Of particular importance is the fact that, under conditions of institutional instability, entrepreneurial activity takes on the characteristics of an adaptive survival strategy, in which the priority shifts from profit maximization to maintaining controllability and resilience.

The results obtained may be used for further development of small business theory, as well as for the design of practical measures aimed at supporting entrepreneurship and improving the effectiveness of the institutional environment.

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