Mendel University in Brno
Faculty of Business and Economics

Intercultural aspects and success factors of European companies entering the Indian market

Bachelor Thesis

Thesis supervisor:
Ing. Hana Stojanová, Ph.D.

Written by:
Ondřej Pilný

Brno 2015

Statutory declaration

Herewith I declare that I have written my final thesis: Intercultural aspects and success factors of European companies entering the Indian market by myself and all sources and data used are quoted in the list of references. I agree that my work will be published in accordance with Section 47b of Act No. 111/1998 Coll. On Higher Education as amended thereafter and in accordance with the *Guidelines on the Publishing of University Student Theses*.

I am aware of the fact that my thesis is subject to Act. No. 121/2000 Coll., the Copyright Act and that the Mendel University in Brno is entitled to close a licence agreement and use the results of my thesis as the “School Work” under the terms of Section 60 para. 1 of the Copyright Act.

Before closing a licence agreement on the use of my thesis with another person (subject) I undertake to request for a written statement of the university that the licence agreement in question is not in conflict with the legitimate interests of the university, and undertake to pay any contribution, if eligible, to the costs associated with the creation of the thesis, up to their actual amount.

In Brno on 20th May 2015

Signature:

Abstract

PILNÝ, O. Intercultural aspects and success factors of European companies entering the Indian market. Bachelor thesis. FBE MENDELU in Brno, Czech Republic

This bachelor thesis focuses on the Intercultural aspects and success factors of European companies entering the Indian market. Its main objective is to evaluate Intercultural aspects and success factors. Partial aims are to evaluate attractiveness of chosen emerging segments in Indian market. Analyse external business environment in India. Recommend market entry strategy, business communication and Intercultural management.

Keywords

India, intercultural aspects, critical success factors, international trade, market attractiveness, business environment analysis, market entry strategy

Abstrakt

PILNÝ, O. Interkulturní aspekty a faktory úspěchu Evropských firem vstupujících na Indický trh. Bakalářská práce. PEF MENDELU Brno, Česká republika

Tato bakalářská práce se zaměřuje na Interkulturní aspekty a faktory úspěchu Evropských firem vstupujících na Indický trh. Hlavním cílem je zhodnotit Interkulturní aspekty a faktory úspěchu. Dílčí cíle jsou zhodnotit atraktivitu vybraných rozvíjejících se segmentů Indického trhu. Analyzovat vnější podnikatelské prostředí v Indii. Doporučit strategii vstupu na trh, obchodní komunikaci a interkulturní management.

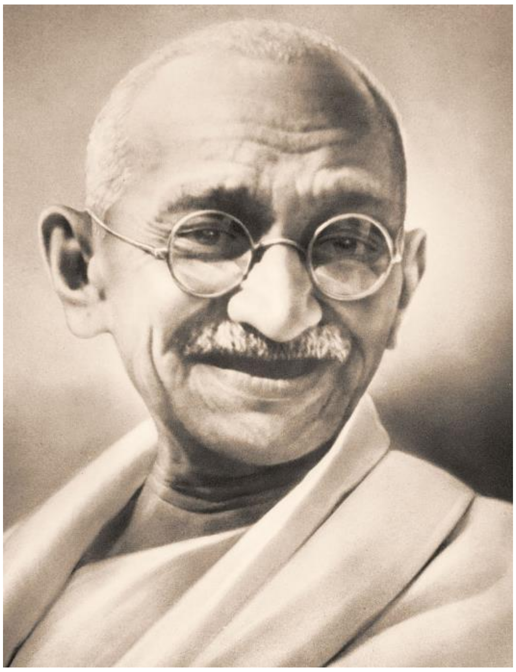
Klíčová slova

Indie, Interkulturní aspekty, kritické faktory úspěchu, mezinárodní obchod, atraktivita trhu, analýza podnikatelského prostředí, strategie vstupu na trh

Table of Contents

“Live as if you were to die tomorrow. Learn as if you were to live forever.”

Mahatma Gandhi
(1869 – 1948)



1 Introduction

India is considered to be one of the fastest growing markets around the world. With the large amount of purchasing power India is becoming one of the major players of the business world. Many European companies have noticed this opportunity and would like to enter Indian market because of its attractiveness.

Although India is a very attractive market with lots of possibilities, doing business in India is not an easy task. Common problems connected with expansion to India are defining whether there will be a suitable market for certain products or services and if specific companies will be successful in Indian market. Many companies have made severe mistakes or even failed to enter Indian market because they did not understand the business environment, did not focus on the success factors or did not take into consideration the intercultural aspects.

This bachelor thesis focuses on the most important success factors and intercultural aspects that European companies should consider when entering this highly competitive market. European companies entering Indian market need to know the success factors on which they will focus their activity and need to understand the importance of different business communication and intercultural management.

2 Objectives

The aim of this bachelor thesis is to evaluate the Intercultural aspects and success factors that European companies should consider when expanding to Indian market. Before market entry, it is important to analyse and fully understand common problems and risks of doing business in India, which arise from different business environment and culture clash. The main objective is then divided into these partial topics:

- Analyse the external business environment in India.
- Evaluate the attractiveness of chosen emerging-market segments in India.
- Recommend the market entry strategy, intercultural communication and intercultural management.

Based on this bachelor thesis, the European companies entering Indian market could consider expansion to Indian market. However, it should not serve as a guide or manual how to do business in India but rather as one of the tools that can be used to help decide whether expansion to Indian market has a sense. This thesis does not focus on particular industry, market segment neither on specific company but rather on the Indian market as a whole.

3 Methodology

This bachelor thesis is divided into five parts: the theoretical background with literature overview, practical part summary of recommendations, discussion, and conclusion.

The Theoretical background focuses on the problem from the perspective of scientific literature. Theoretical background is divided into four parts: first part explains the important terms of researched topics. Second part describes the different business analyses that can be used to analyse Indian business environment. The third part describes different market entry strategies. The last part focuses on the intercultural aspects such as intercultural communication and intercultural management.

In the first part of the practical part will be described the history of international trade with India. In the second part will be analysed the external business environment in India using the PESTEL analysis. The third part summarizes the differences between the business environment in representative EU countries and India. In the fourth part will be evaluated the critical success factors. Fifth part will cover the recommendation of which market entry is most suitable for European companies entering the Indian market. In the last part will be evaluated the intercultural aspects such as business communication and intercultural management. During the development of this bachelor thesis was decided that the method of t-test will not be used. For the elaboration of this bachelor thesis secondary data will be used. Secondary data have been obtained from Eurostat (2014), business.gov.in (2015). In the summary of recommendations will be summed up the most important critical success factors that influence European companies entering Indian market. In the discussion part will be compared the results of similar researches.

4 Theoretical background

The Theoretical background focuses on the problem from the perspective of scientific literature. The first part of theoretical background focuses on the explanation of important terms. Second part describes the business environment and business environment analyses. The third part of theoretical background describes distinct market entry strategies. Last part covers important Intercultural aspects such as culture, intercultural communication and intercultural management.

4.1 Explanation of important terms

4.1.1 International trade

International trade[1] is the exchange of goods and services, between different countries. Trading globally gives consumers and countries the opportunity to be exposed to goods and services which are not available in their own countries. A product that is sold to the global market is an export, and a product that is bought from the global market is an import. Some countries may produce the same good more efficiently and therefore, sell it more cheaply than other countries. If a country cannot efficiently produce an item, it can obtain the item by trading with another country.

4.1.2 Intercultural aspects

All intercultural aspects that can influence international business operations have to be measured before entering a new foreign market. Different language, culture, the way of thinking, religion, business communication, body language, dress code, project management, customer behaviour and many others can differ according to diverse cultures (MEAD, 2009). For those who are unaware of them, intercultural aspects remain invisible and can easily undermine their business operations. Concrete cultural dimensions will be described in the chapter Intercultural management. (FERRARO, 2002)

4.1.3 Critical success factors

Definitions

"Critical success factors are those few things that must go well to ensure success for a manager or an organization. Therefore, they represent those managerial or enterprise areas, that must be given special and continual attention to bring about high performance. CSFs include issues vital to an organization's current operating activities and to its future success."[2]

[1] Source: www.investopedia.com

[2] Boynlon, A.C., and Zmud, R.W. 1984. "An Assessment of Critical Success Factors," Sloan Management Review (25:4), pp. 17-27

"The combination of important facts that is required in order to accomplish one or more desirable business goals."[3]

The term "Critical success factor" is sometimes also called as "key success factors"(ALEDDA, 2010) or "key result areas"(HOWELL, 2006).

"Key result areas are the areas of a company that, if emphasized and if resources are applied, will produce favourable results, including increased organizational performance and enhanced customer satisfaction" (HOWELL, 2006).

Although we can find many different definitions in the scientific literature, all of them similarly describe those factors that mostly influence success/failure rate of fulfilling company's goals. It is important to mention that these goals do not have to necessarily be immediate making of profit. Market entry can have different reasons and objectives. Reason for entering a foreign market can be, for example mainly strategical and creating profit in the particular country can be only a secondary objective. For instance, technological companies that are entering Japanese market could enter this high-tech market only simply for the reason that it is globally strategic to be present there, where new trends of technology are being formed by the high-demanding customers. (WICHELEN, 2014) Many firms in the earlier years rushed into India primarily for reasons such as acquiring resources, securing key supplies, accessing low-cost factors, and diversifying sources of supply (JOHNSON, TELLIS, 2008).

When expanding to a foreign market it is crucial to identify why some companies were successful with their strategy and due to which reasons other companies have failed. Identifying those success factors can help us better understand the foreign market. After analysing the business environment we should be able to determine which factors can have an impact on undertaking of our particular business in the specific foreign market. (JOHNSON, 2008)

According to (MORISSON, 2010) each CSF should be measurable and associated with a target goal. CSFs help everyone in the team to know exactly what's most important. It helps people perform their own work in the right context and so pull together towards the same overall aims.[4] According to (MORISSON, 2010) we can divide CSFs into five basic types:

1. **Industry CSF's:** Different industries will have unique, industry-specific CSF's. There are some CSF's common to all companies operating within the same industry. In reality, each organization has its own unique goals. Not all firms in one industry will have identical CSF's.
2. **Competitive Strategy CSF's:** The nature of position within the marketplace or the adopted strategy to gain market share.

[3] Source: www.businessdictionary.com

[4] Source: www.mindtools.com

3. **Environmental CSF's:** These relate to environmental factors that are not in the control of the company but still must be considered. It can be, for example, industry regulation, population trends, political development and economic performance of a country.
4. **Temporal CSF's:** These factors result from the organization's internal forces. Specific barriers, challenges, directions, and influences will determine these CSFs.
5. **Managerial position:** An individual role of a manager may be critical for the success of an organization. While expanding to foreign market, intercultural communication and management is very important.(MORISSON, 2010)

4.2 Business environment analyses

4.2.1 Definition of Business environment

Business environment[5] is the combination of internal and external factors that influence a company's operating situation. The business environment can include factors such as: clients and suppliers; its competition and owners, improvements in technology, laws and government activities and market, social and economic trends. The different layers of the business environment are shown below.

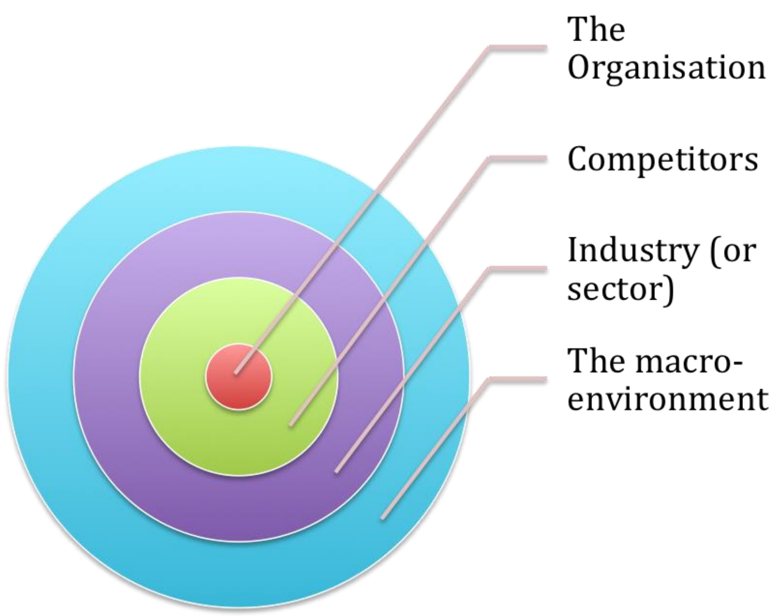


Figure. 1 Layers of Business environment
Source: www.innovationforgrowth.co.uk

[5] Source: www.businessdictionary.com

4.2.2 Macro environment – PESTEL Analysis

Before entering a new market, company has to evaluate many factors within the business environment. For evaluating macro environment was developed PESTEL analysis. PESTEL analysis is a tool which helps us to list all important macro-environmental factors that might have an influence on our business. We have to take into account that as per each country even for each industry or sector of market this analysis will be a bit different. Therefore, we cannot use the same PESTEL analysis for analysing for instance the market with personal cars and retail banking. For each industry, we have to create new analysis since there can exist various factors that could influence the success factors.

According to (JOHNSON, 2008) PESTEL analysis provides a comprehensive list of influences on the possible success or failure of particular strategies. PESTEL stands for Political, Economic, Social, Technological, Environmental and Legal. For managers, it is important to analyse which are the key factors, how they are going to change in the future and what impacts it might have on their business. Many of these factors are linked between each other and can simultaneously influence other factors. Identifying key drivers for change helps managers to focus on the PESTEL factors that are most important, and which must be addressed as the highest priority.

Sample of PESTEL matrix with important factors is given below. Typical key drivers will vary by industry or sector. Therefore PESTEL has to be done for each market separately.

Political	**Economic**
Government policies Tax policy Trade restrictions Tariffs Political stability	Economic growth Stage of the business cycle Interest rates Exchange rates Inflation rate Consumer confidence
Social	**Technological**
Culture Health consciousness Population growth rate Age distribution Ethical issues Consumer buying patterns	Research funding Technology access Intellectual property issues Changes in IT Life cycle of technological obsolescence
Environmental	**Legal**
Geographical location Natural disasters Climate Weather Pollution	Regulations Standards Labour law Consumer rights Health and safety law

Tab. 1 PESTEL analysis
Source: Own elaboration based on (JOHNSON, 2008 and Businessballs.com)

According to (PRECISION GROUP[6]) PESTEL analysis can be useful before SWOT analysis because PESTEL helps to identify SWOT factors. PESTEL and SWOT are two different perspectives but can contain common factors. SWOT stands for strengths, weaknesses, opportunities, threats. For elaborating the opportunities and threat sections of SWOT matrix, we can use the results of PESTEL analysis.

4.2.3 Industry, competitors – Porter's five forces

According to (JOHNSON, 2010) Porter's five forces analysis helps identify the attractiveness of an industry or sector in terms of competitive forces. The five forces are: the *threat of entry* to an industry; the *threat of substitutes* to the industry's products or services; the *power of buyers* of the industry's products or services; the *power of suppliers* in the industry and the *extent of rivalry* between competitors within the industry. Where these five forces are high, then industries are not attractive to compete in. There will be too much competition, and too much pressure, to allow reasonable profits.

- *Barriers to entry* are factors that need to be overcome by new entrants if they want to compete successfully.
- *Buyers* are the organisation's immediate customers, not necessarily the ultimate consumers.
- *Substitutes* can reduce demand for a particular 'class' of products as customers switch to the alternatives.
- *Suppliers* supply the organisation with what is required to produce the product or service, and include labour and sources of finance.
- *Competitive rivals* are organisations with similar products and services aimed at the same customer group.

[6] Source: PRECISION GROUP, *Undertake Marketing Activities*

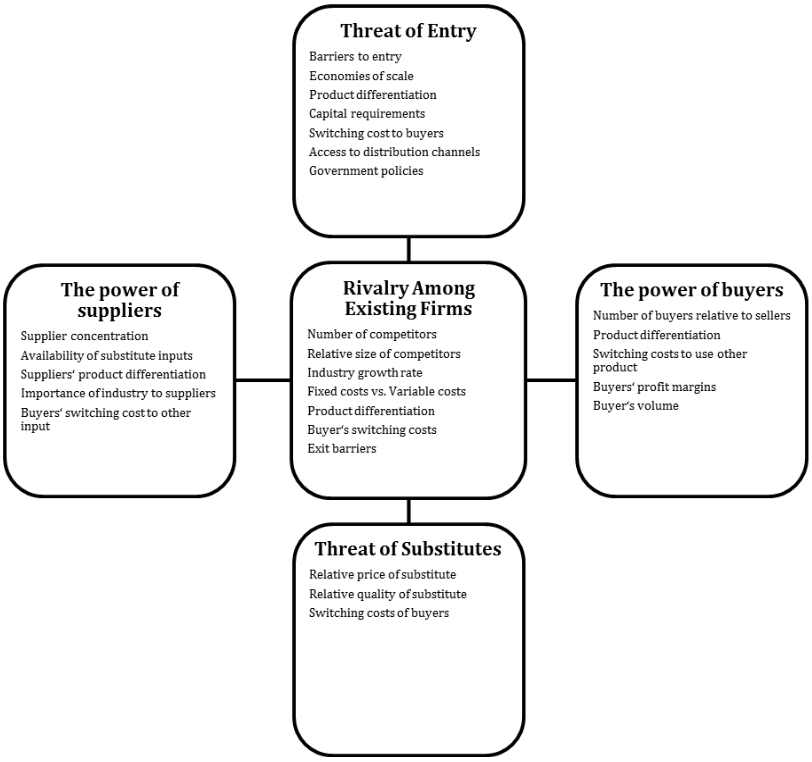


Figure. 2 Porter's five forces Model of competition
Source: Own elaboration based on www.strategy4u.com and PORTER

4.2.4 The organization – SWOT

SWOT stands for strengths, weaknesses (internal factors), and opportunities and threats (external factors). It summarises the key issues from the business environment and the strategic capability of an organisation that are most likely to impact on strategy development. SWOT can also be useful as a basis against which to generate strategic options and assess future courses of action. The aim is to identify the extent to which strengths and weaknesses are relevant to, or capable of dealing with, the changes taking place in the business environment. A SWOT exercise can generate very long lists of apparent strengths, weaknesses, opportunities and threats. However, what matters is to be clear about what is really important and what is less important. (JOHNSON, 2008)

SWOT analysis[7] can be used to:

- Explore new solutions to problems
- Identify barriers that will limit goals/objectives
- Decide on direction that will be most effective
- Reveal possibilities and limitations for change

Example of what we can include in the SWOT analysis is given below.

[7] Source: Community Toolbox: Section 14. SWOT analysis

Figure. 3 SWOT analysis
Source: Own elaboration based on http://zestebiz.com/

4.2.5 McKinsey Matrix

4.2.5.1 Definition of McKinsey Matrix

"McKinsey matrix is a strategy tool that offers a systematic approach for the multi business corporation to prioritize its investments among its business units.
It is a framework that evaluates the business portfolio, provides further strategic implications and helps to prioritize the investment needed for each business unit."(MCKINSEY, 2008)

This tool is comparing the business units and assigning them to the groups that are worth investing in or the groups that should be harvested or divested.

4.2.5.2 Market attractiveness

According to (JIE XU, 2005) Market attractiveness is a measure of the potential of the marketplace to yield growth in sales and profits. It should be an objective calculation of market attractiveness using data external to the organization. The criteria themselves will, of course, be determined by the organization is trying to achieve, but it should be independent of the organization's position in its markets.

Market attractiveness can be measured according to its size, growth, predictability, profitability, price elasticity and strategic positioning of market.

GNP[8], PCI[9] indicate wealth in a country PCI can vary significantly in different countries. However, it does not reflect the true purchasing power of consumers in less developed countries. International monetary fund (IMF) suggests using Purchasing-power parity, which takes into account differences in prices of products in different countries and is defined by International monetary fund as following: *"Purchasing power parity is the rate at which the currency of one country would have to be converted into that of another country to buy the same amount of goods and services in each country."*

Factors influencing market attractiveness

Market attractiveness indicates how hard or easy it will be for a company to compete on the market and create profits. The more profitable the industry is the more attractive it becomes. (DAVID, 2009)

Market attractiveness consists of many factors that together influence the competition level in it. These are the most common factors influencing market attractiveness according to (MCKINSEY, 2008):

- Long run growth rate
- Market and industry size
- Industry profitability: entry barriers, exit barriers, supplier power, buyer power, threat of substitutes and available complements (use Porter's Five Forces analysis to determine this)
- Product life cycle changes
- Changes in demand
- Trend of prices
- Macro environment factors (use PESTEL for this)
- Seasonality
- Availability of labour
- Market segmentation

[8] Gross national product

[9] Per capita income

4.2.5.3 Business strength

Business strength indicates how strong the company is against its competitors and whether it has a sustainable competitive advantage or not.

Factors influencing the competitive/business strength

These are the most common factors influencing competitive strength according to (McKinsey, 2008):

- Total market share
- Market share growth compared to rivals
- Brand strength
- Profitability of the company
- Customer loyalty
- Level of product differentiation
- Production flexibility

4.2.5.4 Using the tool[10]

- **List of factors.** All important factors[11] should be included when measuring industry attractiveness/business strength. Factors influencing market attractiveness and the business strength are listed in previous chapters.
- **Assigning weights.** Factors should be "weighted" in order to indicate how important each factor is to industry attractiveness/business strength. A number from 0.01 (not important) to 1.0 (very important) should be assigned for each factor. The total sum of all weights should equal to 1.0.
- **Rating the factors.** Each factor needs to be rated for each of your product or business unit. Choose the values between '1-5' where '1' indicates the low industry attractiveness/weak strength and '5' high industry attractiveness/powerful strength.
- **Calculating the total scores.** Total score is the sum of all weighted scores for each business unit. Weighted scores are calculated by multiplying weights and ratings. Total scores allow comparing industry attractiveness or business strength for each business unit.

[10] Source: www.strategicmanagementinsight.com

[11] Other factors can be added to the list. Not important factors do not have to be listed.

Tab. 2 Example of weighted and rated market attractiveness factors

Market attractiveness factor		Business Unit 1		Business Unit 2	
	Weight	Rating	Weighted Score	Rating	Weighted Score
Industry growth rate	0.25	3	0.75	4	1.00
Industry size	0.22	3	0.66	3	0.66
Industry profitability	0.18	5	0.90	1	0.18
Industry structure	0.17	4	0.68	4	0.68
Trend of prices	0.09	3	0.27	3	0.27
Market segmentation	0.09	1	0.09	3	0.27
Total Score	**1.00**		**3.35**		**3.06**

Source: www.strategicmanagementinsight.com

Tab. 3 Example of weighted and rated Business strength factors

Business strength factor		Business Unit 1		Business Unit 2	
	Weight	Rating	Weighted Score	Rating	Weighted Score
Market share	0.22	2	0.44	2	0.44
Relative growth rate	0.18	3	0.54	2	0.36
Company's profitability	0.14	3	0.42	1	0.14
Brand strength	0.2	1	0.20	2	0.40
Customer loyalty	0.1	1	0.10	4	0.40
Production flexibility	0.16	2	0.32	5	0.80
Total Score	**1.00**		**2.02**		**2.54**

Source: www.strategicmanagementinsight.com

Plotting the business units on a matrix
Depending upon the result each business unit should be positioned in the following matrix. Total score of 1.00 indicates low market attractiveness/weak business strength. Total score of 5.00 indicates high market attractiveness/strong business strength. By placing the business unit into the grid, we should get the appropriate investment strategy which should be followed.

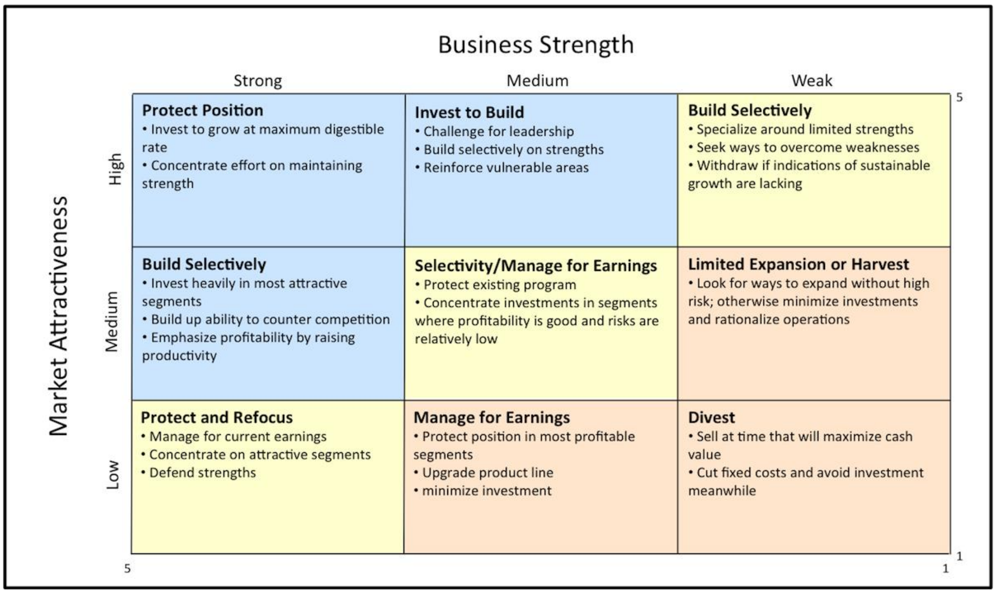


Figure. 4 Investment Strategies of McKinsey Matrix
Source: Retrieved from www.pmoxon.blogspot.cz

4.2.5.5 Investment Strategies

Grow/Invest
Companies should invest into the business units that are classified into this category because they are expect to yield high returns in the future. Investments should be split into categories such as research and development, advertising and expanding production capacity.

Selectivity
Company should invest into these business units only if there is any prospect that the business unit will generate cash later and if companies have enough money left after investments in 'grow' business units. Business units falling under this category are connected with a lot of ambiguity.

Harvest/Divest
Business units that are performing poorly in unattractive industries fall under this category. If they generate surplus cash companies should invest in them just to keep them operating. The business units that only make losses may be liquidated.

Advantages of McKinsey Matrix
This tool can help us to prioritize the limited resources in order to achieve the best returns. It increases awareness of how the products or business units perform among competitors. It is more sophisticated than the BCG matrix and identifies the strategic steps the company needs to make in order to improve the performance.

Limitations of McKinsey Matrix
Although McKinsey Matrix can be a very helpful tool, there are some drawbacks that we have to count with. There is no strict rule for weighting the factors, and this process might be subjective. For instance, weight given to one factor by more business can vary.

Another disadvantage is that it is quite expensive and time-consuming and the resulting investment strategies are sometimes difficult to implement in an accurate and proper manner.[12]

4.3 Market entry strategies

After identifying possible attractive markets for our company and analysing our position within the market, company has to choose the right strategy how to approach the market and remain there enough time in order to fulfil their objectives. Company has to make an exact decision which market entry strategy will be the most suitable for entering the particular market. Choice of strategy should depend on the size of the company, size of market and other aspects.

Trade risks should definitely be taken into account when choosing the right entry mode. Common trade risks incurred when entering new market are for example liquidity risk13, foreign exchange risk14, operational risk15 and others. All these risks should be already identified and assessed before entering a new market. For this purpose, company has to make comprehensive analyses, which were described in the chapter about business environment.(KOCH, 2001)

4.3.1 Porter's Diamond

Porter's diamond suggests that there are inherent reasons why some nations are more competitive than others, and why some industries within nations are more competitive than others. (JOHNSON, 2008)

A company entering a market from abroad typically starts with significant disadvantages relative to present home competitors, which will usually have

[12] Source: http://www.slideshare.net/sharmaarpit1/marketing-strategy-presentation "Strategic and Marketing Planning

[13] Risk that given asset cannot be traded quickly enough in the market to prevent a loss.

[14] Exists when a financial transaction is denominated in a currency other than the base currency of the company.

[15] Risk of a change in value caused by inadequate or failed internal processes, people and systems, or from external events.

superior market knowledge, established relationships with local customers and strong supply chains. A foreign entrant must have significant competitive advantages to overcome such disadvantages. Countries, and regions within them, often become associated with specific types of enduring competitive advantage: for example, Switzerland is well known for banking or the north Italians in leather and fur fashion goods. Porter's Diamond suggests there are four interrelating determinants of national, or home base, advantage in particular industries. (JOHNSON, 2008)

The home base determinants are according to (PORTER, 1990): Factor conditions; Home demand conditions; Related and supporting industries; Firm strategy, structure and rivalry; Government; Chance.

Factor conditions
These are the factors of production. It refers to raw materials, land, labour, knowledge, capital resources and infrastructure. Specialized resources are often specific for an industry and important for its competitiveness. Specific resources can be created to compensate for factor disadvantages.

Home demand conditions
Demand conditions can help companies create a competitive advantage in their home market, when sophisticated and demanding home market buyers pressure firms to innovate faster and to create more advanced products than those of competitors.

Related and supporting industries
Mutually supporting industries can produce inputs that are important for innovation and internationalization. These industries provide cost-effective inputs, but they also participate in the upgrading process, thus stimulating other companies in the chain to innovate.

Firm strategy, structure and rivalry
The way in which companies are created, set goals and are managed is important for success. However, the presence of intense rivalry in the home base is also important. It creates pressure to innovate in order to upgrade competitiveness.

Government
Government can influence each of the above four determinants. It can influence the supply conditions of key production factors, demand conditions in the home market, and competition between firms.

Chance
Chances are occurrences that cannot be controlled by the firm. They are important since they create discontinuities in which some gain competitive positions and some lose.

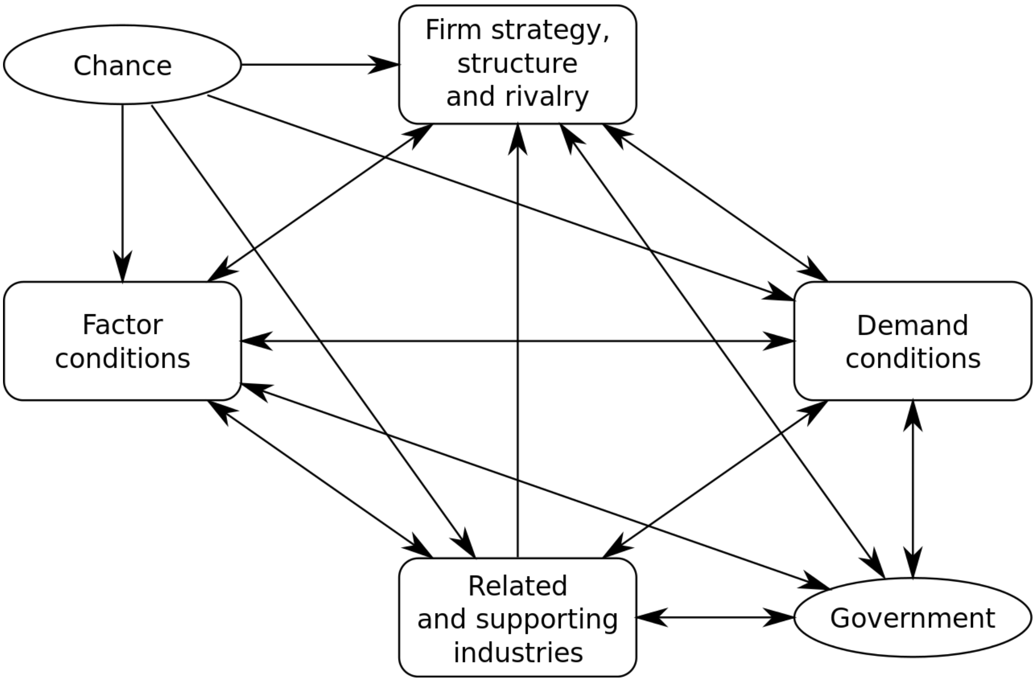


Figure. 5 The Porter's Diamond
Source: TRAILL, 1998

4.3.2 Market entry modes

Entry modes differ in the degree of resource commitment to a specific market and the extent to which an organisation is operationally involved in a particular location. The 4 basic types of entry mode according to (JOHNSON, 2008) are exporting, contractual arrangement through licensing and franchising; joint ventures and alliances; and foreign direct investment.

Exporting
Export means shipping the goods and services out of a country. The seller of such goods and services is called an "exporter" and is based in the country of export whereas the overseas based buyer is referred to as an "importer". In International Trade, "exports" refers to selling goods and services produced within the home country to other markets. (JOSHI, 2005)

Most manufacturing companies start their global expansion as exporters and only later switch to one of the other modes of serving foreign market. Advantage of exporting is that it requires significantly lower level of investment than other modes of international expansion.

Disadvantages: exporting from the company's home base may not be appropriate if there are lower-cost locations for manufacturing the product abroad. High transport costs and tariff barriers can make exporting uneconomical. (HILL, 2013)

Joint ventures and Alliances

Joint venture is a type of alliance where organisations remain independent but set up a newly created organisation jointly owned by the parents. Joint ventures are a favoured means of collaborative ventures in China, for example. Local firms provide labour and entry to markets; Western companies provide technology, management expertise and finance. Advantages of Joint ventures are: shared investment risk with partner, combining of complementary resources and know-how. Setting up joint venture with domestic organisation might even be a governmental condition for market entry. (JOHNSON, 2008)

According to (FOLEY, 1999) potential problems of joint ventures include:

- Mistrust over proprietary knowledge
- Performance ambiguity – how to split the profit
- Lack of parent firm support
- Cultural clashes
- If, how, and when to terminate the relationship

Licensing and franchising

According to (HILL, 2013) International *licensing* is an arrangement whereby a foreign licensee purchases the rights to produce a company's product in the licensee's country for a negotiated fee (normally, royalty payments on the number of units sold). The advantage of licensing is that the company does not have to bear the costs and risks connected with opening up a foreign market. Licensing can be a very good option for companies that lack the capital to develop operations in the foreign market. However, licensing has also its drawbacks. It does not give a company tight control over manufacturing, marketing and strategic functions in the foreign countries that it needs to have in order to realize scale economies.

Another problem with licensing is the confidentiality. If another business pays you for a license of production process, and your production process is very valuable property right you expose your confidential information. The more people who know your process, the higher risk that somebody will breach confidentiality.[16]

Franchising is in many ways similar to licensing, although franchising tends to involve longer-term commitments than licensing. Franchising is basically a specialized form of licensing in which the franchiser is responsible for the brand name, marketing and training of employees. (HILL, 2013)

Foreign Direct Investment (FDI)

FDI may involve the acquisition of established companies or 'Greenfield' investments, which means the development of facilities 'from scratch'. Foreign direct investment requires substantial initial investment. FDI represents highest risk ex-

[16] Source: www.smallbusiness.chron.com

posure but on the other hand, can bring the highest profit and parent company can have the full control of resources and capabilities. Acquisitions usually allow rapid market entry.

The Drawback of FDI is that acquisition of a foreign company often leads to problems with integration, coordination and intercultural management. Greenfield projects can be very time-consuming and less predictable in terms of costs. (JOHNSON, 2008)

4.3.3 Factors determining the choice of market entry strategy

None market entry is suitable to all situations. Therefore we have to determine which strategy to choose in order to achieve our goals. The most important factors that influence the choice of right market entry according to (FITT[17] 2012):

- **Company goals**: What are the objectives for entering this market? Which strategy will best meet these goals?
- **Investment**: How much investing will be required for market entry?
- **Size of a company**: Does the size mean some strategies might not be possible?
- **Resources**: Are there strategies we cannot use because of a lack of resources, such as direct investment?
- **Product or service**: Which strategy will align best with the product or service we're offering?
- **Competition**: What is the level of competition on the market? What entry strategies are our competitors using? Which strategy will give us the best competitive edge?
- **Intermediaries**: Will we need to work with intermediaries? Are there intermediaries we can use in the market?
- **Time**: How much time is available to enter the market? Do we need a strategy that will provide returns quickly?
- **Risk**: What level of risk can our company face? Which strategies are the least risky?
- **Control**: How much control does the company need over activities? (For example, direct exporting enables a lot of control, whereas indirect importing does not.)
- **Flexibility**: How much flexibility do we need? Can we withdraw from a market quickly if we need to?

[17] Forum for International Trade Training

4.4 Intercultural aspects

4.4.1 Culture definition

"Culture is the characteristics of a particular group of people, defined by everything from language, religion, cuisine, social habits, customs, music and arts."[18]

"Culture is a collective programming of the mind that distinguishes the members of one group or category of people from another."(HOFSTEDE, 1983)

Although there exist many definitions of culture, most of them agree that culture of one particular social group includes specific aspects that are typical for each culture. Not all of them will be listed but the focus will be on these aspects that are important for business communication. (LEWIS, 2012) He describes these aspects of culture.

Aspects of culture:

- Culture – general
  - Religion
  - Languages
  - Values and core beliefs
  - Concept of space
  - Concept of time
  - Self-image
- Culture – communication
  - Communication patterns and use of language
  - Listening habits
  - Body language and nonverbal communication
- Culture – interaction
  - Concept of status
  - Position of women
  - Leadership style
  - Language of management
  - Motivation factors
  - General behaviour at meetings
  - Negotiating characteristics
  - Contracts and commitments
  - Manners and taboos

Geert Hofstede says about culture:
"Culture is more often a source of conflict than of synergy. Cultural differences are a nuisance at best and often a disaster." (HOFSTEDE, 2010)

[18] Retrieved from http://www.livescience.com/21478-what-is-culture-definition-of-culture.html

4.4.2 Cultural dimensions

We cannot say whether one culture is superior to another. Therefore, we have to compare them as being equal. Geert Hofstede developed six cultural dimensions that describe the differences between cultures. According to (HOFSTEDE, 2010) and (BRUNET-THORNTON, 2010) we can divide cultural differences between 6 cultural dimensions:

Power Distance Index (PDI)
This dimension expresses the degree to which the less powerful members within a society accept that power is distributed unevenly. The fundamental issue is how a society handles inequalities among people. In societies with low power distance subordinates are less dependent on their bosses and are not afraid to oppose them. People, in societies showing a large degree of power distance, are expected to be obedient and accept the hierarchical order. (HOFSTEDE, 2010)

Individualism versus Collectivism (IDV)
Individualism can be defined as a preference for a loosely-knit social framework in which individuals are expected to take care of themselves and their immediate families. Individualists prefer independence and self-reliance.
In collectivistic societies, the good of the group is more important than the good of individual. People are more loyal than the people from individualistic societies
Individuals can expect their relatives or members of a particular in-group to look after them in exchange for unquestioning loyalty. (HOFSTEDE, 2010)

Masculinity versus Femininity (MAS)
Masculine societies value ambition, achievement, competitiveness, heroism and assertiveness. Its opposite, femininity, stands for a preference for cooperation, modesty, sensitivity and empathy. People in feminine societies care more for the weak and quality of life. Feminine societies are more consensus-oriented. In the business context Masculinity versus femininity is sometimes also related to as "tough versus gender" cultures. (HOFSTEDE, 2010)

Uncertainty Avoidance Index (UAI)
The uncertainty avoidance dimension expresses the degree to which the members of a society feel uncomfortable with ambiguity and uncertainty of the future events. People from society with low uncertainty avoidance are more confident and are not much worried what will happen in the future. Weak UAI societies maintain a more relaxed attitude in which practice counts more than principles. In strong UAI people tend to be more emotional, intolerant of unorthodox behaviour and ideas. They try to minimize occurrence of unknown by step by step planning and implementing rules, laws and regulations. (HOFSTEDE, 2010)

Long versus Short Term Orientation (LTO)
Societies which score low in this dimension prefer to maintain traditions and norms and perceive societal change with suspicion. Societies which score high attach more importance to the future. They foster a more pragmatic approach such as efforts in modern education (HOFSTEDE, 2014)

Indulgence versus Restraint (IND)
This dimension explains importance of controlling individual's your life. Indulgence stands for a society that allows relatively free satisfaction of basic and natural human drives related to enjoying life and having fun. Societies with high level of indulgence need to have a freedom of expression. They enjoy moments of life and cannot easily be motivated with material reward. Restraint stands for a society that suppresses satisfaction of needs and regulates it by strict social norms. Countries with strong restraint will not think that free expression of thoughts is important. (HOFSTEDE, 2014)

4.4.3 Indian culture

India is a very diverse country, and different regions have their own distinct language, customs and festivals.[19] Indian culture is extremely rich and for Indians it is very important part of their lives.

Religion
Religion in India is characterized by a diversity of religious beliefs and practices. Hinduism is the dominant religion of India. According to (CENSUS OF INDIA, 2011) 80.5% of the population practice Hinduism followed by Islam 13.4%.

Languages
India is a country of many languages. Prior to Independence, in British India, English was the sole language used for administrative purposes as well as for higher-education purposes (GUHA, 2001). Today each state has different official languages. English, along with Hindi, are the two languages permitted in the Constitution of India for business in Parliament.

Public holidays (GOVERNMENT OF INDIA, 2010)
Three national holidays are celebrated in the whole India: Independence Day (15 August), the Republic Day (26 January) and the Gandhi Jayanti (2 October).
Due to the cultural diversity of India, the country has many other festivals. Each state has declared its own public holidays, and it mainly depends on the religious beliefs. The two most important holidays that are celebrated in almost all states of India are Holi and Diwali.
Holi is an annual festival celebrated on the day after the full moon in the Hindu month of Phalguna (early March).

---

[19] Source: http://www.livescience.com/28634-indian-culture.html

Diwali is a Hindu festival of lights celebrated in autumn and lasting five days.

4.4.4 Intercultural management

Managing cultural differences properly is one of the key success factors when doing business in the foreign country. Companies have to respect the differences between cultures when expanding to a foreign market.

It has been documented (Economist[20]) that many companies have made considerable losses because of the mismanagement of international projects. Statistically, over three-quarters of international acquisitions and alliances fail due to cultural differences. Intercultural management is difficult to quantify financially but considering the potential losses that have been made during the past. It is extremely important for companies to consider cultural issues properly when dealing in any international venture, alliance or other cross-border project.[21] More about the Intercultural management will be described in the practical part of this bachelor thesis.

[20] Article on Corporate strategy: “Crossing the divide“ from Oct 12th 2013

[21] Source: http://www.synergy-associates.com/cultural/i_mgmt.htm

5 Practical part

5.1 International trade with India

Till the early 1990s, India was a closed economy. Average tariffs exceeded 200 percent. There were quantitative restrictions on imports and large restrictions against foreign investment. Since early 1990s India began to liberalize the international trade.[22] However, until 2011, Indian central government denied foreign direct investment in multi-brand retail, forbidding foreign groups from any ownership in supermarkets or any retail outlets. (GHOSH, 2013)

In September 2014 Prime Minister of India Narendra Modi launched the "Make in India" campaign. It is an initiative of the Government of India, to encourage companies to manufacture their products in India. The goal of this campaign is to rewrite the country's bad reputation as a tricky place to do business in, beset by bureaucracy and corruption. The government has already liberalized rules for foreign investors, willing to create work for the millions who enter India's jobs market. Prime Minister Narendra Modi visited in April 2015 France and Germany in order to promote “Make in India” and help India to become major manufacturing and investment hub.[23]

The following chart depicts the trend of Indian international trade balance.

Figure. 6 International Trade Balance of India 1999-2012
Source: Government of India 2015

[22] Source: http://web.worldbank.org/ retrieved 11/4/2015

[23] Source: http://www.ndtv.com/india-news/pms-europe-trip-to-push-make-in-india-753132 retrieved 6/4/2015.

Tab. 4 International trade of India with representative EU countries in million US$, 2013

million US$, 2013	Import to India	Export from India	Total Trade with India
Czech Republic	517.97	387.08	**905.05**
France	3,691.89	5,108.29	**8,800.18**
Germany	12,932.41	7,515.81	**20,448.22**
United Kingdom	6,045.10	9,779.07	**15,824.17**

Sources: (GOVERNMENT OF INDIA, 2015), (WORLD TRADE ORGANIZATION, 2015)

5.2 Indian business environment

5.2.1 General information about India[24]

The official name in English: The Republic of India

The official name in Hindu: Bhārat Gaṇarājya, भारत गणराज्य

Total area: 3 287 263 km2

Population (in 2011): [25] 1.210 billion

Religion[26]**:**

Hinduism	80,5 %
Islam	13,4 %
Christianity	2,3 %
Sikhism	1,9 %
Buddhism	0,8 %

Languages:[27]

English and Hindi are two languages permitted in the Constitution of India for business in Parliament. There are many other official languages that are spoken in India. Official languages may be different in each state. The most frequently spoken languages after English and Hindi are Bengali, Telugu, Marathi, Tamil, Kannada, Urdu and Gujarati. However, for the international business purpose, English is commonly used and there is usually no need for an interpreter.

Subdivisions:[28]

India is a federation composed of 29 states and 7 union territories. All states and two out of seven territories have elected legislatures and governments. The re-

---

[24] The data was taken from: Ministerstvo zahraničních věcí (MZV)

[25] Source: Census of India, 2011

[26] Source: Census of India, 2011

[27] Source: Indo-Aryan languages. Encyclopædia Britannica Online. Retrieved 10 December 2014.

[28] Source: Country Profile: India , Library of Congress Country Studies (5th ed.) (Library of Congress Federal Research Division), December 2004, retrieved 30 September 2011

maining five union territories are directly ruled by the centre through appointed administrators. Each state might have different laws and regulations for business. The tax rates may vary in each state as well.

Economically significant cities:[29]

Mumbai is considered the most developed city of India. Mumbai is the centre of trade, commerce and important financial institutions. Mumbai economy is responsible for 25% of industrial output, 70% of maritime trade in India and 70% of capital transactions to the nation's economy.

Delhi It has the fastest retail growing industries, telecommunications, health services. Foreign tourism has contributed the city in becoming the second highest developed city in India.

Bangalore also known as the silicon valley of India. Bangalore is home to various IT companies like Infosys and Wipro. Indian Space Research Organisation and Hindustan Aeronautics Limited are headquartered in this city.

Hyderabad is another important IT city that contributes highly in terms of GDP.

Ahmedabad is a home for the developing textile industry.
Chennai is the second largest exporter of IT and major automobile city.

5.2.2 PESTEL analysis

This PESTEL analysis analyses the important macro environmental factors of Indian business environment.

5.2.2.1 Political factors

The political situation in Indian market is improving since the opening of India's market for foreign investors in 1991. Nevertheless, the Indian institutions are not functioning very efficiently because of poor government regulation in design and quality of implementation. (SINGH, 2007)

Taxation policy (GOVERNMENT OF INDIA, 2010)

For the purpose of taxation, companies in India are classified as:
Domestic company means an Indian company formed and registered under the Companies Act, 1956.
Foreign company means a company whose control and management are situated wholly outside India, and which has not made the prescribed arrangements for declaration and payment of dividends within India. Effective corporate tax rate is 32.445 percent for Domestic Company and 42.024 percent for Foreign Company. Time taken for administrative formalities is in average 243 hours per annum.
VAT (KPMG, 2014)

[29]Source: indiatvnews.com

Each state in India has different VAT rate. The average standard rate of VAT in India is currently 14 percent. There are increased rates of 20 percent and above, applicable to petroleum products (such as diesel, petrol and aviation turbine fuel), natural gases used as fuel, liquor and beer. Certain supplies of goods are exempt from VAT, for example, electric energy, books, rice, wheat, vegetables and fruits, milk, fish and meat.

Political stability index

Political stability index measures perceptions about the likelihood that the government of India will be destabilized or overthrown by unconstitutional or violent means, including politically-motivated violence and terrorism. (-2.5 weak; 2.5 strong)

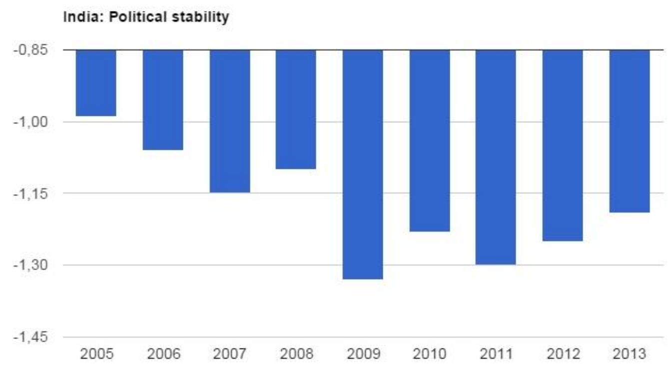


Figure. 7 Political stability of India
Source: The World Bank (govindicators.org)

5.2.2.2 Economic factors

India with a population of over 1 billion has a huge market potential. Economic growth in the past years has led to increasing consumer spending.

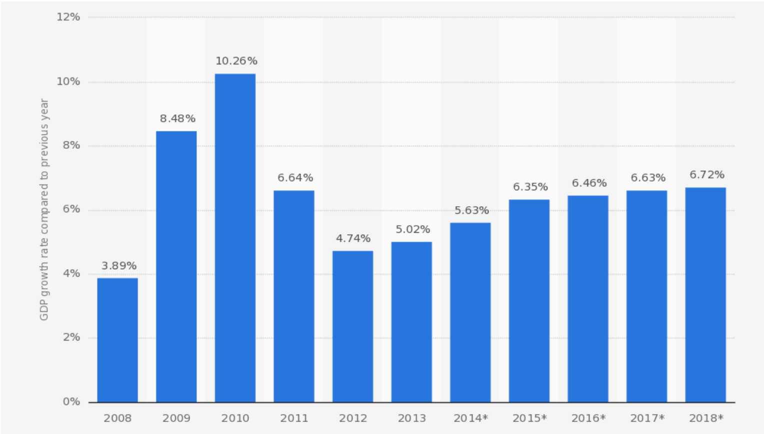


Figure. 8 Real GDP growth rate of India
Source: Statista.com

Exchange rate of Euro vs. Indian rupee

Indian rupee is the official currency of the Republic of India. The issuance of the currency is controlled by the Reserve Bank of India.
The chart below depicts the change in the exchange rate from January 2009 to March 2015.

Figure. 9 The exchange rate EUR-INR
Source: www.ecb.europa.eu

Inflation rate

The level of inflation in India as measured by the consumer price index is compared to European countries quite high.

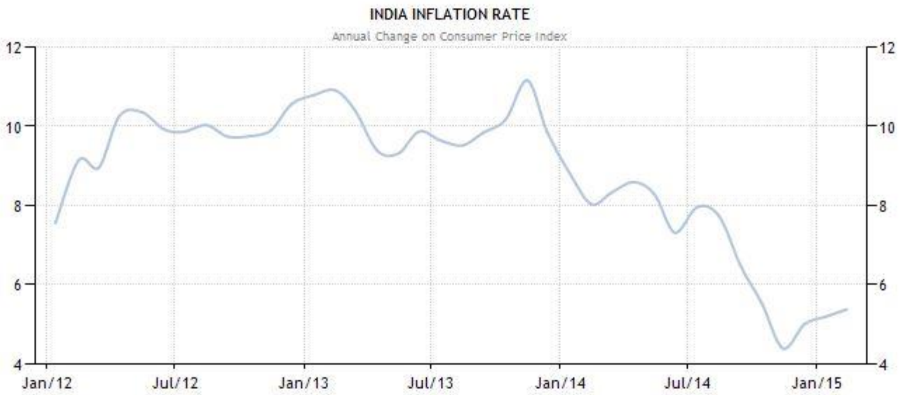


Figure. 10 India Inflation rate
Source: http://www.statista.com/

5.2.2.3 Social factors

According to (2011 Census) total population of India is 1,210 billion. Most important religions in India are Hinduism (80.5%), Islam (13.4%), Christianity (2.3%), and Sikhism 1.8%. Tradition is very important in the forming of today's Indian economy. As a result of the traditional caste system, Indians have a preference for hierarchical relationships. In rural areas, many workers are still employed based on their caste rather than skill (GRAINGER & CHATTERJEE, 2007). This may be a problem for foreign companies investing in India. One important social advantage India has over other developing countries is its English-speaking background inherited from British colonisation.

Poverty

In 2014, India's authorised poverty line was INR 972 (14.4€) a month in rural areas or INR 1407 (20.9€) a month in cities (THE WALL STREET JOURNAL 2014). In 2012, the Indian government stated 21.9% of its population is below its official poverty limit. (RESERVE BANK OF INDIA 2012)

Population pyramid

India has more than 50% of its population under the age of 25 and more than 65% below the age of 35. It is expected that, in 2020, the average age of an Indian will be 29 years. (BASU, 2007)

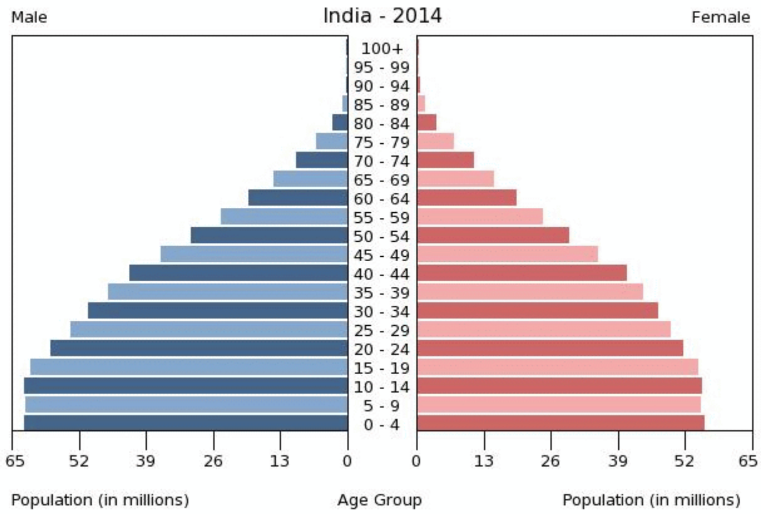


Figure. 11 India Population pyramid
Source: http://www.indexmundi.com/

Education

India provides free and compulsory education to all children.[30] Literacy in India is a key for socio-economic progress, and the Indian literacy rate has grown to 74.04%. (CENSUS OF INDIA, 2011). According to (ERNST & YOUNG, 2013) by 2030, India will be among the youngest nations in the world. One in every four graduates in the world will be a product of the Indian higher education system. Over the last two decades, India has remarkably transformed its higher education, especially the technical education has grown rapidly in recent years. It has created access to low-cost and high-quality university education.

5.2.2.4 Technological factors

Electricity sector in India[31]

In the year 2013, India became the world's third largest producer of electricity with 4.8% global share in electricity generation. The total yearly generation of electricity from all types of sources was 1102.9 TeraWatt-hours (TWh), from which 59 % of energy is from Coal, 17% Hydroelectricity, 12% Renewable energy source, 9% from Natural gas and 2% come from nuclear energy. In 2013 annual electricity consumption per capita was 917.2 kWh. Problem in India are frequent

[30] Source: http://mhrd.gov.in/policy_initiatives

[31] Source: "Statistical Review of world energy". Retrieved 17 June 2014.

power blackouts of electric network. Blackouts can happen on daily basis. These blackouts could easily interrupt any working process. The solution for companies can be installing a backup power generator or batteries into facility equipment.

Indian road network is the second largest road network in the world and has over 4 689 842 kilometres. Motor vehicle penetration is low with only 10.3 million cars registered. Around 10% of Indian households own a motorcycle. However, the number of deaths caused by traffic is unfortunately among the highest in the world and is still increasing. (GOVERNMENT OF INDIA, 2014)

Indian railway system is one of the world's largest railway network comprising a route of 65 436 Km and 7 172 stations. In 2012-13, Indian Railways carried 8 421 million passengers and 1 008 million tons of freight. (INDIAN RAILWAYS, 2013)

IT in India
The speed at which the backbone infrastructure works (network speed) and the coverage it offers are far below what other countries throughout the world have currently in offer.

Tab. 5 Mobile and Internet users in India 2014

Total population of India (2014)	1 255 777 000	penetration
Internet users	243 199 000	19 %
Active social media users	106 000 000	8 %
Active mobile subscriptions	886 300 000	70 %
Active mobile social users	92 000 000	7 %

Source: (SRIVASTAVA, 2014)

The Indian IT market currently focuses on providing the low cost solutions in the services business of global IT (MOHANRAJ, PRASANNA AND SNIGHDHA, 2014). Thanks to the improving quality of technological higher education, India can offer vast pool of skilled IT workers. This fact makes India the top outsourcing destination for research and development (R&D).

5.2.2.5 Environmental factors

Climate
India spreads to more diverse climate regions from the South to the North.
Large part of India can be described as monsoonal climate, which features wet and dry seasons. In the wet season, many areas can remain flooded during the heavy rains brought by monsoon. In the dry season weather is almost without any rain-

fall. The temperatures are highest in April and May and lowest from December to January.

Pollution

Air, garbage and water pollution are serious issues in India. Since 1995, India has made one of the fastest progresses in the world and currently focuses more and more on cleaning the environment (THE WORLD BANK, 2010). In October 2014, Narendra Modi started a "Clean India Mission" which is a national campaign by the Government of India, to clean the streets, roads and infrastructure of the country.[32] Floods are a significant environmental issue for India. It causes soil erosion, destruction of wetlands and wide migration of solid wastes.

5.2.2.6 Legal factors

Corruption

Corruption in India is a major issue that unfavourably affects its economy.
According to the Transparency International 2006 Bribe Payers Index, India ranked first in exporting countries that are likely to bribe their way through to winning contract (NEVIN, 2006)

Intellectual property issues

Intellectual property rights (IPR) like patents, trademarks, copyrights and designs are very important for investors who want to invest in India. In the past IPR violations in India were quite common fortunately in this situation is slowly improving. According to analysis of reported judgements and orders in the field of intellectual property (IP) from 1995 to May 2014, there were 2 157 reported cases in 20 years, and 1 433 decisions went in favour of IP owners. However, this situation is quite different in pharmaceutics and many drugs in India were commonly copied and produced at lower cost. (INTELLECTUAL PROPERTY WATCH, 2013)

Laws regulating labour in India (THE WORLD BANK, 2012)

Child labour is prohibited in all states of India. Each state may have special labour regulations in certain circumstances. The general regulations for India are:

- Minimum wage US$95/month
- Standard workday 8 hours
- Minimum rest while at work 30 minutes per 6-hour
- Maximum overtime limit 200 hours per annum
- Premium pay for overtime 100%
- Dismissal due to redundancy Yes, if approved by government
- Government approval required for person dismissal

[32] PM reviews preparations for launch of Mission Swachh Bharat. Retrieved 2 October 2014.

5.3 Differences between EU and India

The following tables compare differences across various factors. France, Germany and United Kingdom were chosen to represent European Union as economic leaders. Czech Republic represents the countries from former Eastern bloc.

Tab. 6 Comparison of EU countries and India (part a)

Factors	India	Czech Rep.	France	Germany	UK
Political					
Political stability index (-2.5 weak; 2.5 strong)	-1.25	1.04	0.55	0.77	0.41
Corporate tax rate	32%	19%	33%	29%	24%
Indirect tax rate	13%	20%	20%	19%	20%
Business freedom index (0-100)	36	68	84	91	95
Economical					
Gross Domestic Product billions of U.S. dollars	$1,859	$196	$2,611	$3,426	$2,462
GDP per capita Purchasing Power Parity	$5,050	$26,733	$36,085	$41,966	$34,658
Average inflation rate	9.3%	3.3%	2.0%	2.0%	2.8%
Exports of goods and services as percent of GDP	24.0%	78.0%	27.4%	51.8%	31.8%
Imports of goods and services as percent of GDP	30.7%	72.4%	29.7%	45.9%	33.9%
Social					
Minimum wage (EUR/month)	€89	€335	€1,458	€1,491	€1,553
Average wage (EUR/month)	€273	€762	€2,410	€2,054	€2,723
Unemployment rate	3.4%	7.0%	9.9%	5.4%	7.9%
Literacy rate	74%	99%	99%	99%	99%

Sources: (Census of India, 2011), (The Global Economy, 2015)

Tab. 7 Comparison of EU countries and India (part b)

Factors	India	Czech Rep.	France	Germany	UK
Technological					
Internet users per 100 people	12.58	73.43	81.44	82.35	87.48
Mobile phone subscribers per 100 people	69.92	126.85	97.38	111.59	124.76
Innovations index	35.7	49.7	51.8	56.2	61.2
Intellectual property exports	321.45	198.91	12407.94	13870.4	12485.84
Intellectual property imports	3990.06	818.93	9574.38	12242.6	8413.28
Environmental					
Employment in agriculture % of total employment	47.2	3.1	2.9	1.5	1.2
Agriculture value added per worker in U.S. dollars	672.09	6679.96	75177.87	31640.78	28439.4
Legal					
Control of corruption (-2.5 weak; 2.5 strong)	-0.57	0.23	1.42	1.78	1.64
Corruption Perceptions Index 100 = no corruption	36	49	70	79	74
The number of documents required for exporting activity	9	4	2	4	4
The number of documents needed for importing goods	11	6	2	4	4

Sources: (CENSUS OF INDIA, 2011), (THE GLOBAL ECONOMY, 2015)

From these tables, we can see, that compared to European countries, India is a developing country with many economic differences. European companies should take advantage of factors that can positively influence their business operations in India and take into account the hindering factors.

5.4 Critical Success factors

According to theory about critical success factors from (MORISSON, 2010) we can divide CSFs into four basic types: Environmental CSF's, Industry CSF's, Competitive CSF's and Temporal CSF's. Developing analysis for each type of CSF's will help companies to better understand the business environment and find their critical success factors. This thesis focuses on European companies entering Indian market in general. Therefore only PESTEL analysis of Indian environment will be done. Porter's five forces will be distinctive for each specific industry. McKinsey Matrix will be different for each specific market, and the SWOT analysis will have to be stated by each firm individually. Explanation of these analyses can be found in the theoretical part of this thesis.

Tab. 8 Critical success factors and the corresponding method of analysis

Critical Success factors	Method of analysis
Environmental CSF's	PESTEL analysis
Analysis of External business environment	
Political, Economic, Social, Technological, Environmental and Legal factors	
Industry CSF's	Porter's five forces
Market orientation	
Organizational flexibility	
Barriers to entry, Buyers, Substitutes, Suppliers, Competitive rivals	
Competitive CSF's	McKinsey Matrix
Evaluation of the market attractiveness	
Evaluation of the business strength	
Market share	
Market positioning	
Temporal CSF's	SWOT analysis
Strengths, Weaknesses, Opportunities, Threats	

5.4.1 Environmental critical success factors

Summarizing the PESTEL analysis, we can derive the following critical success factors for European companies entering the Indian market. These factors result from macro-environmental influences on an organization and will be similar to all companies entering the Indian market.

Minimize the impact of differences in cultures
Statistically over three-quarters of international acquisitions and alliances fail due to the cultural differences. Moreover Indian culture plays a big role in the lives of Indians and the culture is very different from European cultures. Therefore understanding cultural differences is one of the most important critical success factors. Intercultural aspects can be understood and learned how to adapt to different business environment.

Handle administration
Bureaucratic processes are very slow in India and setting up a company takes in average 28 days. Importing to India requires eleven documents and exporting from India requires nine documents. Companies have to count with more time for such administrative processes. Moreover, multiple legal and administrative systems make it a bit complicated for foreign companies. It is more efficient to hire local experts for local administration. Administration should be taken care of right from the beginning. If it is not done properly, then company might lose a lot of money through taxes and penalties. Having good contracts is crucial for Indian business partners, it is important to mention every aspect of a deal in the contract.

Human resources
Choosing the right skilled employees is very important as well. Companies should spend enough time, be patient and careful with choosing employees because Indian labour regulations make it difficult to dismiss any problematic employees.

Focus on the demographic structure
India has more than 50% of its population under the age of 25 and more than 65% below the age of 35. It is important to consider the needs of these young people and project the future market growth based on this fact.

India is a large population with low incomes per capita. European companies should bear in mind that 22% of Indian population is still below poverty line and earn less than 14.4€ per month. Focus of European companies will be probably on the higher class and growing middle class, which is becoming richer.

5.4.2 Industry critical success factors

For each industry sector, Porter's five forces analysis should be developed in favour of finding the industry critical success factors. These factors are the Barriers to entry, power of Buyers, Substitutes, Suppliers and Competitive rivals. Where the forces are high, there will be critical success factors on which each company has to focus to allow reasonable profits.

Evaluation of the market attractiveness of Indian market
There are many industries with large market potential with low or moderate penetration levels. Many industries in India are very attractive for foreign investors. By volume of International trade these segments are the largest: crude oil, coal, gold, pearls, precious and semi-precious stones, iron and steel. However, most of this international trade goes through other countries such as Saudi Arabia, Russia and China because these countries have a significant competitive advantage over European countries. In this bachelor thesis, the focus is on the industries that are interesting, mainly for European companies and where they might have a competitive advantage over other non-European countries in the Indian market. The following industries were chosen to represent market attractiveness of Indian market.

Tab. 9 Emerging market segments in India

Industry attractiveness factor	Automotive industry	Modern Retail	E-commerce	Retail Banking
Industry growth rate	5%	15%	45%	17%
Size	$143	$27	$13	$830
Market penetration	1.8%[33]	7%	23.5%[34]	17%
Average Margin	5%	14%	6%	3.9%
Gross profit[35]	$7.16	$3.78	$0.76	$32.37

Sources: (GOVERNMENT OF INDIA 2015), (WORLD TRADE ORGANIZATION, 2015), (RESERVE BANK OF INDIA, 2015)

[33] The figure excludes motorcycles and other two-wheelers

[34] Percentage of people that have used e-commerce

[35] Gross profit=Size*Average Margin

Using the described method of McKinsey matrix, each market attractiveness factor is weighted and rated in order to evaluate overall market attractiveness.

Tab. 10 Weighted market attractiveness of emerging markets in India 1st part

		Automotive industry		Modern retail	
Market attractiveness factor	Weight	Rating	Weighted Score	Rating	Weighted Score
Growth rate	0.25	2	0.50	4	1.00
Industry size	0.3	4	1.20	3	0.90
Industry structure	0.15	2	0.30	2.5	0.38
Profitability	0.2	2	0.40	3.5	0.70
Market segmentation	0.1	1	0.10	3	0.30
Total Score	**1.00**	**-**	**2.5**	**-**	**3.275**

Tab. 11 Weighted market attractiveness of emerging markets in India 2nd part

		E-commerce		Retail banking	
Industry attractiveness factor	Weight	Rating	Weighted Score	Rating	Weighted Score
Growth rate	0.25	5	1.25	4	1.00
Industry size	0.3	2	0.60	5	1.50
Industry structure	0.15	2.5	0.38	4.5	0.68
Profitability	0.2	2	0.40	4	0.80
Market segmentation	0.1	2	0.20	3.5	0.35
Total Score	**1.00**	**-**	**2.825**	**-**	**4.325**

5.4.3 Competitive critical success factors

Following success factors are generally applicable to more market segments. Successful companies considered these factors to be important when they were expanding to Indian market. On the other hand, companies that did not consider some of these factors were less successful. Succeeding in India requires often a new pricing strategy, manufacturing, branding, product distribution and promotion. Underestimating company weaknesses or overestimating the strengths can be the biggest mistake any company can make when entering Indian market.

Price vs quality

If a certain company wants to achieve large-scale market leadership in Indian market, it will have to focus on the price at first. Indian customers are very price sensitive and think mostly economically. In India majority of the people comes from rural areas or belongs to urban middle class, and these people cannot yet afford expensive products. “No frills” pricing strategy is very common in Indian market, and customers prefer affordable prices over a premium quality. However, the quality still needs to be good and at least match the quality of local brands in order to build long lasting relationship with Indian customers.

Product adjustment

Since the Indian culture is so much distinctive from the European cultures, it is important that companies understand cultural preferences, which should play a key role in the product adjustment. Important product adjustment that successful companies made were: product packaging, product sizes, colours, flavours, design, functionality, language and also the quality. As it was already mentioned, Indians prefer products that are sold at affordable prices. Some companies even had to do reverse innovation in order to penetrate price sensitive market. Simple, cheap and “good enough” products can be more successful than better quality products.

India does not have just one culture. Many different Indians live within this country and their customer preferences are different according to their languages, literacy, geography and culture. For that reason, it is important to approach India not as a country with one culture but as more cultures within one country. Many companies had to set up an R&D facility to help better understand what appeals to Indian customers.

Size of products

Indians need to build a trust to a brand. Lower unit price for smaller batches leads to additional volume in sales. They will first try to buy smaller amounts. Sachets sold in small units were very successful in the Indian market. Especially when the product is new in the market, it is important to offer products and services in affordable portions, sachets or sizes, so that consumers get to know and like the brand. Companies such as Unilever or Procter & Gamble offered, for example, shampoos and soaps in small sachets for single use. This rule obviously does not apply to products that cannot be divided into smaller parts.

Product distribution and promotion

Indian market is very large, and it is quite difficult to target all possible customers. For that reason, success does not mean that everyone will have to become your customer. Better approach is to focus on a specific segment of a market. Important is to acquire large enough segment of the market that is willing and able to buy your product. Indians like to buy the brands they already know. Although the part of modern retailing is increasing in India, it is important to create good relationship with customers through local small shops. Due to inherent cultural differences, marketing and promotion activities should be localized with focus on Indian culture, celebrities, cricket players, etc. Very effective way of promotion for consumer products is hiring a brand ambassador among well-known Indian figures such as Bollywood actors or cricket players.

5.5 Recommendation of market entry strategy

Porter's Diamond suggests that there are inherent reasons why some nations are more competitive than others, and why some industries within nations are more competitive than others. Porter's diamond helps to identify the home base determinants that will drive the choice of market entry strategy. On the other hand, aspects of host country have to be taken into account as well. Fortunately these aspects are in India becoming more pleasant. The situation is improving especially for the modes of entry with greater control, such as joint ventures and foreign direct investment. Doing business in India is very specific and requires a lot of attention and substantial amount of investment. Joint ventures are currently the most popular mode of entry due to the restrictions that were connected with foreign direct investment. Recommendation for types of market entry strategy:

Exporting
The problem with exporting to India is that most products can be manufactured at lower-cost in India. High transport costs and tariff barriers can make exporting from Europe to India uneconomical. Moreover products for Indian market have to be adjusted which will raise the costs as well. From the long run perspective exporting to India is therefore not the best strategy to enter the market. However exporting smaller amounts can be used to try out the product in Indian market and later derive conclusion from it's corresponding success.

Joint ventures and Alliances
The biggest advantage of joint ventures is that local firms can provide labour and entry to Indian market. The European companies can then provide technology, management expertise and finance. This type of entry is very suitable for companies that do not have any branch in India and cannot afford to build their own. Another advantage is that even if the company does not understand the Indian market, they can still be successful thanks to the help of Indian joint venture. Compared to foreign direct investment, joint ventures do not require such large amount of investment and knowledge of business environment. From all types this entry mode is the most suitable.

Foreign Direct Investment (FDI)
FDI requires substantial initial investment, carries the highest risk, but can bring the highest profit. Foreign direct investments were restricted in full amount of 100% for long time. Since 2014 these restrictions are easing.
Mergers and acquisitions are suitable for companies that can afford large initial investment, and carry the risk. These companies are usually seeking for long term investment opportunities. However both of them are risky because over three-

quarters of international acquisitions and alliances fail due to cultural differences. But aspects of culture can be learned and understood. Another type of FDI can be Greenfield projects. Greenfield projects basically mean the development of facilities 'from scratch'. They carry the highest potential risk for foreign companies. If any company chooses to do so, it is important to hire local experts to help with the planning and administration.

5.6 Impact of Intercultural aspects

Europeans might see Indian culture as one culture that is same in all parts of India. The fact is that the cultural differences across all regions in India are diverse like in other countries of Europe. Business communication and Intercultural management are important factors that play important role in doing business in any foreign country.

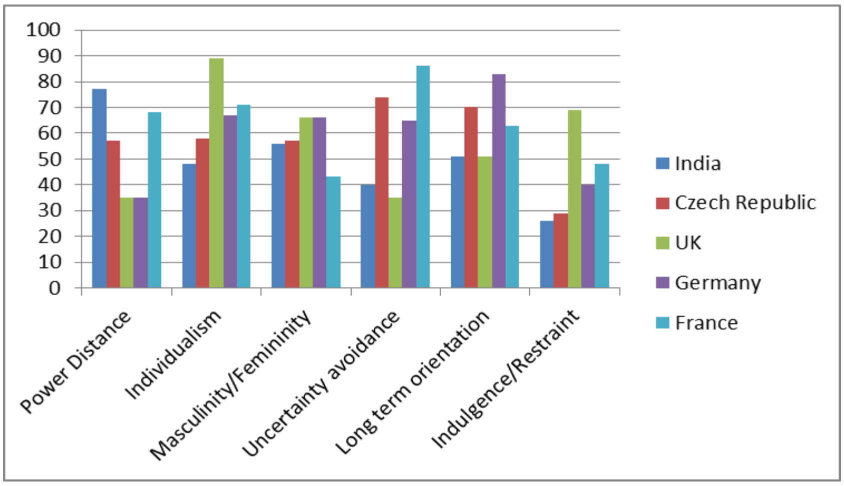


Figure. 12 Comparison of cultural dimensions–India and chosen European countries
Source: (HOFSTEDE, 2010)

5.6.1 Recommendation of business communication

Language
India is a country of variety of languages. The most commonly used is Hindi but for the purpose of business communication English language is preferred and there is usually no need for an interpreter.

Business appointments[36]
Business appointments should ideally be arranged for late morning or early afternoon, between 11:00 and 16:00. Indian business partners tend to be very spontaneous in decision making and prefer personal meetings. In India personal acquaintanceship is very important and especially in business and political circles.

[36] German Centre Delhi. Gurgaon www.gurgaon.germancentre.com

Arranging meetings is not an easy task, because the terms of meetings change frequently and punctuality is not very crucial for Indian people. Each meeting should be confirmed few hours before it takes place.

Small talk, Building trust[37]

The small talk in India does not serve only as an ice-breaker but as an investigation tool. Indian business partners need to create a good relationship before any business negotiations. They will be interested mainly about your spouse, children, father and mother. Other common topics to talk about during small talk in India are: Indian Celebrities, Weather, Education and Cricket.

In Indian business environment personal interests and private life are very important. The Indian business world is based on building good relations and trust. For Indian business partners it is very important to get to know your family. People want to know if you are married, if you have kids and so on. Indians really appreciate when you tell something about your private life because for them it is a sign of trust and interest in a long-term relationship.

Topics that everyone should avoid during conversation are: Skin colour, Caste, holy Cows, Pakistan, English Skills and Your home country.

Women in business[38]

Business women are recommended to dress conservatively. Indian men do not generally shake hands with women out of respect. In the absence of a handshake, the greeting of peace known as „Namaste“ is mostly used. All men have to be very careful when dealing with Indian women as any explicit signs of friendship or affection could be misconstrued as sexual abuse.

Negotiating price

Indians are well known for price negotiation. It is common to negotiate in the street shops as well in big businesses. Negotiations usually take some time and should always be done in a friendly manner. Although there are no given rules for negotiating, here are few tips that might help to get a better deal.

If in a position of a seller, set higher price from the beginning and be prepared to give a discount. Not offering a discount could mean to Indian business partner that you are not interested so much in the long-term relationship. Let them know, you care about business relationship and always explain that your price is actually very good compared to the quality of your product.

If in a position of a buyer, the best way how to achieve a win-win situation is to know the bottom line of your business partner. Always ask for a decent discount. Start negotiating about product in low volumes and then offer to buy more pieces if the partner can offer a better discount.

[37] Information used in this article was taken from http://isb.rlp.de/

[38] German Centre Delhi. Gurgaon www.gurgaon.germancentre.com

Signing of a contract[39]

Signing a contract with an Indian business partner can take a lot of time in comparison to Czech and European business. Multiple negotiations precede the signing of a contract. Oral contracts do not necessarily mean that the agreement is done. For Indian people it is very difficult to answer "No" to any question. Therefore we should take into account that not every time the agreement will be completed as we would anticipate. It is highly recommended to write each aspect of the business in contract.

Corruption[40]

According to (TRANSPARENCY INTERNATIONAL, 2011) more than 62% of Indians had first-hand experience of paying bribes in order to get a job done in a public office. Sometimes it is much easier to offer a bribe to an official instead of waiting too long for a bureaucratic procedure. In many cases it can be very efficient to offer a bribe nevertheless this way has to be considered by each individual and cannot be obviously recommended because it is illegal and might lead to serious penalties. Corruption in India is also known in other words as „Bypassing the system".

5.6.2 Influence of intercultural management

The Role of a Manager (KWINTESSENTIAL, 2015)

India is considered to be a very hierarchical society. For instance, it would be inappropriate for a manager to make copies or move a piece of furniture because these are tasks that lower level people do. Engaging in behaviour beneath him would lower the esteem of manager in the office. It is the supervisor's job to regularly check on the work of a subordinate and to provide regular constructive feedback. This may include monitoring work quality and the timing of its completion. The manager makes decisions and accepts responsibility for work performed by subordinates.

Explaining and delegating[41]

According to (DANIEL JURIC from German Centre Delhi, 2011) it takes a certain amount of time to explain to an employee what you really want. It happens often that when explaining something to subordinates they quickly reply: "no problem". But then it can turn out that your instructions had not been understood at all. Therefore it is very important to give enough context and stress the importance of your problem when you are asking a person to do something. You should express your expectation of result as well.

[39] Source: Ministry of Foreign Affairs of the Czech Republic 2014

[40] Transparency International – the global coalition against corruption. Transparency.org

[41] Information used in "Explaining and delegating" was taken from http://isb.rlp.de/

Communication and Negotiation Styles (KWINTESSENTIAL, 2015)
Indians are non-confrontational. It is rare for them to openly disagree. Decisions are reached by the person with the most authority but reaching that decision can be a very slow process. In general Indians do not trust the legal system.

Approach to Change (KWINTESSENTIAL, 2015)
India is seen to have a medium tolerance for change and risk. It is important for innovations to have a history noting the benefits if they are to be accepted and implemented.

Approach to Time (KWINTESSENTIAL, 2015)
When working with people from India, it’s advisable to emphasize the importance of the agreed-upon deadlines and how that may affect the rest of the organization. It is recommended to count with some flexibility with following strict standards of schedules.

6 Summary of recommendations

The most important success factors that European companies should consider when expanding to Indian market:

- Develop good analysis, market research and business plan. Consider that investment into Indian market pays in long term.
- Evaluate market attractiveness for your product based on the size, growth, profitability and competition.
- Choose market entry with greater control such as joint venture or foreign direct investment.
- Handle local administration right from the beginning. Hire local experts that understand the local environment.
- Focus on specific market segments. Do not focus on all Indians, there are too many of them.
- Minimize the impact of differences in cultures.
- Adjust the products and services for local customers according to their preferences.
- European companies should not wait any longer to capture market share in India, however they should approach Indian market with caution.

7 Discussion

During the development of this thesis were found few researches about similar topic. All of them agree that critical success factors of market entry into India are good analysis and planning.

The most similar results were found in the research called “Drivers of Success for Market Entry into China and India”, developed by (JOHNSON AND TELLIS 2008). This research used quantitative approach of regression analysis and the main results of this research were:

- Success is higher for smaller firms than larger firms.
- Success is higher for companies coming from countries that are economically close to the home market.
- Success is higher for firms that use a mode of entry with greater control.
- Joint ventures are the most popular mode of entry accounting for 41% of entry modes.

Another research that examines similar topic is named “What is your market entry strategy for India?” developed by (MEIER K. F, 2009). This research concludes that to succeed in India mainly clear market entry strategy is needed. Afterwards strong business plan has to be developed and it should answer to important questions such as:

- How attractive the market is for your individual product?
- How are you going to distribute your products?
- How will you motivate distributors?
- Where are the market leaders, and where to start? Delhi, Bangalore, Mumbai and Chennai are entry points for many products.
- How will you modify your product to sell to the Indian needs?

Another important publication that was found is called “How multinationals can win in India” from (CHOUDHARY, KSHIRSAGAR, NARAYANAN, 2012). The main message of this publication is:

“The key to reaching the next level is learning to do business the Indian way, rather than simply imposing global business models and practises on the local market.”

The conclusion of this publication suggests that companies entering Indian market should:

- Customize offerings to suit Indian market and customer needs.
- Think hard about the best way to enter the market
- Create innovative and localized business model.
- Develop strong local partners and joint ventures.

- Offer high value for money.

I would like to mention that many large companies have failed entering the Indian market, because they did not consider the critical success factors of entering Indian market. Firm size and global market position are not sufficient for successful market entry.

Well known examples of market failure in India are Coca-Cola and Apple.
Coca-Cola failed two times entering the Indian market and succeeded only after the third attempt. Apple Inc. failed to enter Indian market with their product iPhone. There were more factors for failure of iPhone in India. One of the most important was the brand positioning of Apple's product on individuals. Indian culture is more collectivistic and it is important to focus on groups of people rather than on individuals. Another hindering factor was the price of the product. Indians simply could not afford to buy such an expensive smartphone which price is equal to the third of one Nano car.

I agree that it is important to use a mode of entry with greater control, because doing business in India is very specific and demands substantial amount of investment and focus. Joint ventures are the most popular mode of entry due to the complexness of Indian business environment and due too many regulations which have been applied against foreign companies.

8 Conclusion

The aim of this bachelor thesis was to evaluate intercultural aspects and success factors that European companies should take into consideration when expanding to Indian market.

At first step of the practical part, the readers became familiar with the history of international trade with India. At the second step the external business environment of India have been analysed using the PESTEL analysis. The third step involved finding and describing the critical success factors. The success factors were divided into environmental, industry and competitive success factors. In the fourth step was recommended which market entry is suitable for European companies entering the Indian market. In the last part of the practical part were evaluated Intercultural aspects such as business communication and intercultural management in India.

During the research was found out that India's most attractive emerging market segments for European companies are retail banking and modern retail thanks to their large size, growth and profitability.

At last should be mentioned that many investors might think of Indian business environment to be similar to Chinese business environment. However, India is completely different market although both countries have similar GDP growth and the number of population is comparable.

Indian market is very specific and each aspect of entering this market should be analysed carefully. There is no such a thing as an emerging market strategy. Therefore, what was successful in China does not have to be successful in India. Every market, every consumer segment requires a specific strategy. Being successful in the rest of the world does not necessarily mean that the company will succeed in India.

9 References

9.1 Bibliographic sources

ALEDDA, R. *Key Success Factors of New Products / Product Innovations Case Study: "Kess: a key to success.* München: GRIN Verlag GmbH, 2010, xviii, 236 p. ISBN 978-364-0729-319.

BAAKEN, T. *Bewertung technologieorientierter Unternehmensgründungen: Kriterien und Methoden zur Bewertung von Gründerpersönlichkeit, Technologie und Markt für Banken und Venture-Capital-Gesellschaften sowie für die staatliche Wirtschafts- und Technologieförderung.* Berlin: E. Schmidt, c1989, xvi, 318 p. ISBN 35-030-2773-4.

BRUNET-THORNTON, R. *Introduction to cross-cultural management.* Vyd. 1. V Praze: Oeconomica, 2010, 199 s. Vysokoškolská učebnice (Oeconomica). ISBN 978-802-4516-837.

FERRARO, G. P. *The cultural dimension of international business*. 4th ed. Upper Saddle River, NJ: Prentice Hall, c2002, x, 214 p. ill. ISBN 01-309-0327-2.

FOLEY, J. F. *The global entrepreneur: taking your business international*. Chicago, IL: Dearborn, c1999, xxii, 403 p. ISBN 15-741-0124-2.

GHOSH, Nilabja. *India's agricultural marketing: market reforms and emergence of new channels.* ISBN 978-813-2215-714.

GUHA, Ramachandra. 2008. *India after Gandhi: the history of the world's largest democracy. Indian ed. India*: Picador. pp. 117–120. ISBN 978-033-0505-543

HILL, C.W. and G. R. JONES. *Strategic management: an integrated approach*. 10th ed. Mason, OH: South-Western, Cengage Learning, c2013, 1 v. (various pagings). ISBN 11-118-2584-X.

HILL, C.W. *International business: competing in the global marketplace*. 9th ed., global ed. New York, NY: McGraw-Hill Irwin, 2013, xxxi, 716 s. ISBN 978-007714065-6.

HOFSTEDE, G., G. J. HOFSTEDE a M. MINKOV. *Cultures and organizations: software of the mind : intercultural cooperation and its importance for survival*. 3rd ed. New York: McGraw-Hill, c2010, xiv, 561 s. ISBN 978-0-07-166418-9.

JOHNSON, G.; SCHOLES, K.; WHITTINGTON, R. *Exploring Corporate Strategy*. 8th ed. Harlow: Prentice Hall, 2008. ISBN 978-0-273-71191-9.

JOSHI, R. M. *International marketing.* New York: Oxford University Press, 2005, xiii, 750 p. ISBN 01-956-7123-6.

LEWIS, R.D. *When teams collide: managing the international team successfully*. London: Nicholas Brealey Pub., 2012, xiv, 303 s. ISBN 978-1-904838-35-7.

MAGRETTA, J. *Understanding Michael Porter: The essential guide to competition and strategy.* Boston, Mass.: Harvard Business Review Press, c2012, x, 236 p. ISBN 14-221-6059-9.

MEAD, R. and ANDREWS T. G. *International management: culture and beyond.* 4th ed. Chichester, England: John Wiley & Sons, 2009, xiv, 469 p. ISBN 978-1-405-17399-5.

TRAILL, Bruce and Eamonn PITTS. *Competitiveness in the food industry.* 1st ed. New York: Blackie Academic, 1998, xiv, 301 p. ISBN 07-514-0431-4.

XU, J. *Market Research Handbook: Measurement, Approach and Practice*. Lincoln: IUniverse, 2005. ISBN 978-059-5364-015.

9.2 Electronic sources

Automobile dealers demand higher margin from manufacturers [online]. [Retrieved 2015-04-07]. Available at: http://articles.economictimes.indiatimes.com/2013-09-06/news/41835377_1_automobile-dealers-associations-profit-margin-labour-cost

BASU, Kaushik. *India's demographic dividend* [online]. Available at: http://news.bbc.co.uk/2/hi/south_asia/6911544.stm

BOYNLON, A.C., and Zmud, R.W. 1984. "*An Assessment of Critical Success Factors,*" *Sloan Management Review* (25:4), pp. 17-27

Business dictionary. [online]. [Retrieved 2015-01-15]. Available at: http://www.businessdictionary.comhttp://www.innovationforgrowth.co.uk/Blog/?p=737

Business Dictionary: Key success factors Definition [online]. [Retrieved 2015-01-26]. Available at: http://www.businessdictionary.com/definition/key-success-factors.html

Business Environment - China Vs India. [Retrieved 22 Mar 2015] Available at: http://www.123HelpMe.com/view.asp?id=163952.

Can Indian e-tailers be profitable? [online]. [Retrieved 2015-04-22]. Available at: http://www.thehindubusinessline.com/features/weekend-life/can-indian-etailers-be-profitable/article4673803.ece

Census of India [online]. Retrieved 2011-03-31. Available at: http://censusindia.gov.in/

CHOUDHARY, Vimal, Alok KSHIRSAGAR and Ananth NARAYANAN. 2012. *How multinationals can win in India* [online]. [Retrieved. 2015-05-10]. Available at: http://www.mckinsey.com/insights/winning_in_emerging_markets/how_mul tinationals_can_win_in_india

Compare countries using data from official sources [online]. [Retrieved 2015-04-06]. Available at: http://www.theglobaleconomy.com/compare-countries/

Corporate taxation [online]. [Retrieved 2015-04-25]. Available at: http://business.gov.in/taxation/corporate.php

Crossing the divide: Why culture should be cool. [online]. [Retrieved 2013-10-13]. Available at: http://www.economist.com/news/business-books-quarterly/21587760-why-culture-should-be-cool-crossing-divide

DAVID, F.R. (2009). *Strategic Management: Concepts and Cases*. 12th ed. FT Prentice Hall

ERNST AND YOUNG, *Higher education in India: Vision 2030* [online]. Available at: http://www.ey.com/Publication/vwLUAssets/Higher-education-in-India-Vision-2030/$FILE/EY-Higher-education-in-India-Vision-2030.pdf

European Central Bank [online]. [Retrieved 2015-04-03]. Available at: http://www.ecb.europa.eu/stats/html/index.en.html

Explanation of McKinsey Matrix. [online]. [Retrieved 2015-10-15]. Available at: http://www.12manage.com/methods_ge_mckinsey.html

FITT *International Market Entry Strategies*. 6th ed. ISBN 9781894566551.

GHOSH, Indrashis. *Which are the next big players in India's e-commerce industry?* [online]. [Retrieved 2015-03-13]. Available at: http://yourstory.com/2015/02/next-big-players-india-ecommerce/

GRAINGER, R. J. & CHATERJEE, S. R. (2007 Jul-Sep). *Business Systems and Societal Context: Comparing Chinese and Indian Models,* South Asian Journal of Management.

HEAKAL, R. *What Is International Trade?.* [online]. [Retrieved 2015-01-31]. Available at: http://www.investopedia.com/articles/03/112503.asphttp://smallbusiness.chron.com/advantages-disadvantages-licensing-rights-companys-production-process-15460.html

HOFSTEDE, G. *Dimension Data Matrix.* [online]. [Retrieved 2015-01-31]. Available at: http://www.geerthofstede.eu/dimension-data-matrix

HOFSTEDE, G. Http://geert-hofstede.com. [online]. [Retrieved 2014-12-05]. Available at: http://geert-hofstede.com/dimensions.html

HOWELL, M. T. *Actionable performance measurement: a key to success.* Milwaukee, Wis.: ASQ Quality Press, c2006, xviii, 236 p. ISBN 08-738-9664-5.

Index mundi-India [online]. [Retrieved 2015-04-22]. Available at: http://www.indexmundi.com/india/

India: Foreign Trade Policy [online]. Available at: http://go.worldbank.org/5W3SN7N4A0

Indian Culture: Traditions and Customs of India [online]. [Retrieved 2015-05-11]. Available at: http://www.livescience.com/28634-indian-culture.html

Indirect tax rates table [online]. [Retrieved 2015-04-06]. Available at: http://www.kpmg.com/global/en/services/tax/tax-tools-and-resources/pages/indirect-tax-rates-table.aspx

INTELLECTUAL PROPERTY WATCH, *The Judgment In Novartis v. India: What The Supreme Court Of India Said* [online]. [Retrieved 2015-04-29]. Available at: http://www.ip-watch.org/2013/04/04/the-judgment-in-novartis-v-india-what-the-supreme-court-of-india-said

Intercultural Management - India. [online]. [Retrieved 2015-02-02]. Available at: http://www.kwintessential.co.uk/intercultural/management/india.html

JOHNSON, Joseph a Gerard J. TELLIS. *Journal of Marketing- Drivers of Success for Market Entry into China and India*. May 2008 Available at: http://gtellis.net/Publications/ChinaIndia.pdf

JUREVICIUS, O. GE *McKinsey Matrix*. [online]. [Retrieved 2015-10-19]. Available at: http://www.strategicmanagementinsight.com/tools/ge-mckinsey-matrix.html.

Know the 10 most developed Indian cities based on GDP [online]. Available at: http://www.indiatvnews.com/news/india/latest-news-10-most-developed-indian-cities-gdp-32256.html?page=11

KOCH, Adam J. *Factors influencing market and entry mode selection: developing the MEMS model.* Available at: http://www.econ.uniurb.it/materiale/7326_MEMS%20model.pdf

Library of Congress – *Federal Research Division: Country Profile: India*, December 2004 [online]. retrieved 30 September 2011 Available at: http://lcweb2.loc.gov/frd/cs/profiles/India.pdf

MATHUR, Sameer. *9 examples of firms implementing global strategy by Adaptation* [online]. [Retrieved 2015-05-09]. Available at: http://www.slideshare.net/ProfessorMathur/9-examples-of-firms-implementing-global-strategy-by-adaptation

MCKINSEY. *Enduring Ideas: The GE–McKinsey nine-box matrix*. [online]. [Retrieved 2014-12-12]. Available at: http://www.mckinsey.com/insights/strategy/enduring_ideas_the_ge_and_mckinsey_nine-box_matrix

MEIER, Klaus Friedrich. 2009. *What is your market entry strategy for India?* [online]. India: M+V newsletter [Retrieved. 2015-05-10]. Available at: http://www.maiervidorno.com/what-is-your-market-entry-strategy-for-india/

Ministerstvo zahraničních věcí ČR. [online]. [Retrieved 2014-12-05]. Available at: http://www.mzv.cz/jnp/cz/encyklopedie_statu/asie/indie/

MOHAN, Prasanna, Niranjan RAMESH a Snigdha BIYANI. *Indian IT industry- a model based approach to a shift towards a prominent presence in the global market.*

MORRISON, Mike. *How to write a Critical Success Factor.* [online]. [Retrieved 2015-01-26]. Available at: https://rapidbi.com/how-to-write-a-critical-success-factor-csf/

National Highways Development Project: An Overview [online]. [Retrieved 2015-04-30]. Available at: http://164.100.47.134/intranet/NHDP.pdf

Nations with MOST number of cars per 1,000 people [online]. [Retrieved 2015-04-08]. Available at: http://www.rediff.com/business/slide-show/slide-show-1-auto-nations-with-most-number-of-cars-per-1000-people/20110909.htm#1

Opportunities & Challenges in the Indian Market: Lessons learned from Dutch Companies in India [online]. [Retrieved 2015-05-09]. Available at: http://india.nlambassade.org/binaries/content/assets/postenweb/i/india/doing-business-in-india/opportunities--challenges-in-the-indian-market

Pest market analysis tool. [online]. [Retrieved 2014-12-07]. Available at: http://www.businessballs.com/pestanalysisfreetemplate.htm

PESTLE analysis history and application, CIPD. [online]. [Retrieved. 2014-12-11]. Available at: http://www.cipd.co.uk/hr-resources/factsheets/pestle-analysis.aspx

PM reviews preparations for launch of Mission Swachh Bharat [online]. Retrieved 2 October 2014. Available at: http://pmindia.gov.in/en/news_updates/pm-reviews-preparations-for-launch-of-mission-swachh-bharat/

Policy Initiatives [online]. [Retrieved 2015-03-09]. Available at: http://mhrd.gov.in/policy_initiatives

PORTER, M.E. *The competitive advantage of nations*. New York: Free Press. (1990)

PRECISION GROUP. *Undertake Marketing Activities* [online]. 2012 [Retrieved 2014-12-07]. Available at: http://books.google.cz/books?id=gu5RQ8BbxsAC&sitesec=buy&hl=cs&source=gbs_vpt_read

Prime Minister Narendra Modi's Europe Trip to Push 'Make In India' [online]. retrieved 6/4/2015 Available at: http://www.ndtv.com/india-news/pms-europe-trip-to-push-make-in-india-753132

Reserve Bank of India: Currency Matters [online]. [Retrieved 2015-04-21]. Available at: http://www.rbi.org.in/scripts/FAQView.aspx?Id=39

SHARMA, A. *Strategic and Marketing Planning*. [online]. [Retrieved 2014-10-19]. Available at: http://www.slideshare.net/sharmaarpit1/marketing-strategy-presentation "Strategic and Marketing Planning

SINGH, N. *Productivity in India and China,* Financial Express, The Financial Times Limited. (2007 Jan 31).

SPOHN, D. *Evaluating Market Attractiveness: - A New Venture Perspective -. Bamberg*, 2004. DISSERTATION. der Universität St. Gallen, Hochschule für Wirtschafts-, Rechts - und Sozialwissenschaften (HSG).

SRIVASTAVA, Bhavya. *Mobile And Internet In India 2014: 349 Million Unique Mobile Phone Users, 70% Traffic From Mobile* [online]. [Retrieved 2015-05-11]. Available at: http://dazeinfo.com/2014/07/11/mobile-internet-india-2014-349-million-unique-mobile-phone-users-70-traffic-mobile-india-shining-infographic/

Statistical Summary—Indian Railways [online]. [Retrieved 2015-04-22]. Available at: http://www.indianrailways.gov.in/railwayboard/uploads/directorate/stat_econ/IRSB_2012-13/PDF/Statistical_Summary/Summary%20Sheet_Eng.pdf

Statistical tables relating to banks in India [online]. [Retrieved 2015-04-08]. Available at: https://www.rbi.org.in/scripts/AnnualPublications.aspx?head=Statistical%20Tables%20Relating%20to%20Banks%20in%20India

Strategic Product Management. [online]. [Retrieved 2014-12-06]. Available at: http://pmoxon.blogspot.cz/2011/09/product-strategy-tools-gemckinsey.html

SWOT Analysis Making Business Strategy Easy. [online]. [Retrieved 2014-12-08]. Available at: http://zestebiz.com/swot-analysis-making-business-strategy-easy/

SWOT Analysis: Strengths, Weaknesses, Opportunities, and Threats. [online]. [Retrieved 2014-12-07]. Available at: http://ctb.ku.edu/en/table-of-contents/assessment/assessing-community-needs-and-resources/swot-analysis/main

The problem with "no problem": How to get along in a foreign culture [online]. [Retrieved 2015-05-09]. Available at: http://www.germancentre.de/user/eesy.de/germancentre.de/gurgaon/dwn/GC_India_6_2011_GCDG.pdf

The Statistics Portal [online]. [Retrieved 2015-04-06]. Available at: http://www.statista.com/

The Worldwide Governance Indicators (WGI) project [online]. [Retrieved 2015-04-06]. Available at: http://info.worldbank.org/governance/wgi/index.aspx#home

Time required to start a business (days) [online]. [Retrieved 2015-05-01]. Available at: http://data.worldbank.org/indicator/IC.REG.DURS

Total number registered motor vehicles India [online]. [Retrieved 2015-04-12]. Available at: https://data.gov.in/catalog/total-number-registered-motor-vehicles-india

Why PM Modi's Bank-Accounts-For-All Project is a Huge Challenge [online]. [Retrieved 2015-04-07]. Available at: http://www.ndtv.com/india-news/why-pm-modis-bank-accounts-for-all-project-is-a-huge-challenge-654692

WICHELEN S *Global Participation Strategies* (study material for subject International marketing)

ZHONG, RAYMOND. 2014. *New Poverty Formula Proves Test for India* [online]. Available at: http://www.wsj.com/articles/new-poverty-formula-proves-test-for-india-1406487289