PONTIFICAL CATHOLIC UNIVERSITY OF ECUADOR
COMMUNICATION LINGUISTICS AND LITERATURE FACULTY
MULTILINGUAL SCHOOL OF INTERNATIONAL BUSINESS AND INTERNATIONAL RELATIONS

SENIOR DISSERTATION BEFORE COMPLETION OF THE DEGREE OF MULTILINGUAL BACHELOR ON INTERNATIONAL BUSINESS AND INTERNATIONAL RELATIONS

RELATIONSHIP ANALYSIS BETWEEN CULTURE AND BUSINESS WITHIN THE INDIAN MARKET. CASE: MCDONALD'S, HENNES & MAURITZ AND L'ORÉAL

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OCTOBER, 2019
QUITO – ECUADOR

DEDICATION

To God for giving me life

To my parents Glenda and Oswaldo for being my unconditional support at every step of my life.

To my brother Santiago for being my life partner and encouraging me at all stages of life

To my friends from the University who were with me during the long road.

ACKNOWLEDGMENT

To God and my family
for always being with me.

To the Pontifical Catholic University of Ecuador
for hosting me in their classrooms

To the teachers who imparted their knowledge
and made possible my academic growth

To my Thesis Director Belén Arteaga
for guiding me during this dissertation.
More than a director she became a great friend.

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I. TOPIC

RELATIONSHIP ANALYSIS BETWEEN CULTURE AND BUSINESS WITHIN THE INDIAN MARKET. CASE: MCDONALD'S, HENNES & MAURITZ AND L'ORÉAL

II. ABSTRACT

We live in a global village with thousands of different cultures, where intercultural communication becomes more and more meaningful and new economy professional challenges are mainly to communicate effectively with those cultures related with the country. In order to have a successful business abroad, not only must the respective market study be carried out; but also take into account certain important cultural factors, such as religion, food, language and all consumer preferences that are linked to how society behaves. To understand the relationship between culture and business, this dissertation will study the Indian market through the analysis of three multinationals and their market penetration process. Mc Donald's, H&M and L'Oreal. To carry out this research, Hofstede´s theory will be used.

Key words: Intercultural communication, culture, business, Indian market, multinationals, penetration process, Mc Donald's, H&M, L'Oreal.

III. RESUMEN

Vivimos en una aldea global con miles de culturas diferentes, donde la comunicación intercultural se vuelve cada vez más importante y los nuevos desafíos económicos son principalmente comunicarse de manera efectiva con aquellas culturas diferentes que se relacionan con el país. Para tener un negocio exitoso en el extranjero, no solo debe llevarse a cabo el estudio de mercado respectivo; sino también tener en cuenta ciertos factores culturales importantes, como la religión, la comida, el idioma y las preferencias de los consumidores que están relacionadas con el comportamiento de la sociedad. Para comprender la relación entre cultura y negocios, esta disertación estudiará el mercado de la India a través del análisis de tres multinacionales: Mc Donald's, H&M y L'Oreal; así como su proceso de penetración. Para llevar a cabo esta investigación, se utilizará la teoría de Hofstede.

Palabras clave: Comunicación intercultural, cultura, negocios, mercado de la India, multinacionales, proceso de penetración, Mc Donald's, H&M, L'Oreal.

IV. ZUSAMMENFASSUNG

Wir leben in einem globalen Dorf mit Tausenden verschiedener Kulturen. Interkulturelle Kommunikation wird immer wichtiger. Es gibt neue wirtschaftliche Herausforderungen. Das Wichtigste ist, zu wissen, wie man effektiv mit den verschiedenen Kulturen kommuniziert, die sich auf das Land beziehen. Um im Ausland erfolgreich zu sein, muss nicht nur die jeweilige Marktstudie durchgeführt werden; Berücksichtigen Sie aber auch bestimmte wichtige kulturelle Faktoren. Wie Religion, Essen, Sprache und Verbraucherpräferenzen, die mit dem Verhalten der Gesellschaft zusammenhängen. Um die Beziehung zwischen Kultur und Wirtschaft zu verstehen, wird diese Dissertation den indischen Markt anhand der Analyse von drei multinationalen Unternehmen untersuchen: Mc Donald's, H & M und L'Oreal; sowie dessen Penetrationsprozess. Zur Durchführung dieser Forschung wird die Theorie von Hofstede herangezogen.

Schlüsselwörter: Interkulturelle Kommunikation, Kultur, Business, indischer Markt, multinationale Unternehmen, Penetrationsprozess, Mc Donald's, H & M, L'Oreal

V. INTRODUCTION

When we talk about culture we cover many spaces that include knowledge, art, law, morals and habits acquired by the human being not only in the family but also within society. One of the fundamental characteristics of culture is that it is transmitted from generation to generation; however, there are certain aspects of culture that through time can be transformed, lost or adapted to new realities or environments. Each country has its own culture that is influenced by various factors such as music, dance, clothing, food, traditions and has a different meaning in each situation. Culture can go beyond borders, because we can find the same culture in different countries and different cultures in the same country. (Miller, 2007: 30-34).

According to the authors Jay Lorsch and Thomas J. Tierney in their article "Culture: A Force for Alignment" published by the Harvard Business School, they define culture as a set of beliefs shared by the members of a group, these members share goals, values and behaviors that are important to them and that they consider the right ones to achieve their objectives. Culture is intangible and is not codified or written in any rulebook or policy manual. On the contrary, it is the set of invisible guides that define how people should behave. It establishes the things that can and cannot be done, either for religious reasons or beliefs. (Lorsch & Thomas, 2000: 3-4).

Nowadays, countries are in the era of interdependence not only political and economic, but also social. Thanks to the flows of massive information, cultures are interconnected and have become one of the main factors to be taken into account in order to establish commercial and political relations between the States. (House, 2004: 187-189). One of the main reasons is due to the different perspectives and reactions that the same world

event, product or brand can have depending on the culture of each social group. To determine the importance of culture, it is necessary to know the role that culture plays when talking about business. There are examples of products or variations of the same product, like McDonalds, that seem to be successful in most cultures at the international level.(Trompenaars & Hampden Turner 2006:3).

However, in the fast food industry this brand, Mc Donald's, has a different meaning for each social group. On the one hand in the Western Hemisphere it is considered as a cheap fast food service, while in countries like Moscow it is a network that gives status or in India where it is considered as an option of vegetarian food. A standardized approach for companies that expand their limits does not always work, because the cultural implications are those that have a positive or negative effect on consumers and therefore on the market. It is necessary to understand the culture to determine if a product or service will be successful in the market, hence come the correlation between culture and commercial practices.(Hanges, Javidan, Dorfman & Gupta, 2004: 210-225).

Since this research analyzes the Indian market. It is important to know some facts before going abroad. One of the main multinationals challenges is to invest in the Indian market, not only because of high costs it represents; but also because of wide cultural differences that vary from region to region. According to the "Easy of Doing Business" ratings, in the year (2017), India was ranked 100 out of 190 countries. By 2018 it ascended approximately 30 positions. Currently is ranked 77 out of 190. Despite the reforms made to reduce bureaucratic processes, India is one of the most complex countries when it comes to starting a business. Since applying a variety of strategies to adapt to each region implies a high cost. (Easy of Doing Business, 2019: 2).

On the other hand the authors Iyer, LaPlaca, & Sharma, in their book Innovation and new product introductions in emerging markets, make an analysis of the Indian market, where they specify that it does not matter which product or service the company wishes to introduce in India, the fundamental is to know the strategy of how to do it. In other words, it does not matter what; but how. When they talk about strategies, they do not only refer about knowing the consumer's preferences; but adapt to the bureaucratic processes and respect the hierarchies and abstract rules that society imposes. (Iyer,La Placa & Sharma, 2017: 374).

The importance of this research lies in analyzing the close relationship that exists between business and culture. The main objective is to understand the implicit correlation of culture and business within the Indian market based on the analysis of three companies: McDonald's, H & M and L'Oreal. To carry out this research, Hofstede's theory will be used. In order to study the correlation between culture and business we are going to identify the most suitable strategy to penetrate the Indian market and understand the dynamics of the Indian market based on the 3 cases analysis. In this way we can subsequently respond to our hypothesis: The understanding of the correlation between business and culture would be a key success indicator establishing adaptation strategies to penetrate the Indian Market in the case of these three multinational corporations: Mc Donald's, H&M and L'Oreal.

The Investigation type proposed in this dissertation will be the exploratory descriptive method, since we will analyze several elements and variables to better understand the topic. The main idea is that through this method we will be able to identify the different processes and strategies that each multinational used to penetrate the Indian market. In the

same way the descriptive investigations help us to identify the specific characteristics of the proposed topic; therefore the hypothesis can be demonstrated.

Regarding the research methodology, we have the scientific method, which allows us to make systematic observations of our object of study, to later start with the elements analysis that make up the research. Within this research both theoretical and empirical scientific method were considered. Within the theoretical framework we have multinationals characteristics, while empirical reveals the successful proofs and errors of the multinationals when entering a new market. (Hernández,2010: 25-26).

CHAPTER 1
ACADEMIC FRAMEWORK TOWARDS CULTURE

1.1. Analysis Hofstede Model

In this First Chapter we analyze Hofstede dimensions. Then study the criticisms and limitations of the model, based on the studies of Professor Mcsweeney and Professor Gerhart. Later we make a comparative table between the Hofstede model and the Fons Trompenaars model. In the last sub-chapter the theoretical part will be put into practice, analyzing the countries represented by the companies vs. India (Mc Donald's: United States, H & M: Sweden, L'Oreal: France) through the Hofstede model.

Culture concept has its roots since the 20th century. Scientists began to use this term, to describe the repetitive patterns of beliefs, customs and behaviors observed in the American Indian Tribes. Decades later, studies show that businesses are directly linked to culture. Companies and firms began to develop patterns of beliefs and customs that directly influenced the behavior of employees. The author Fons Trompenaars argues that the success

of companies is to hire people who can adapt culturally and have the ability to recognize spaces and problems between cultures, contributing with adaptation strategies and change. (Trompenaars & Hampden Turner 2006: 10-15).

Nowadays culture covers a lot of spheres .The term culture can be identified in various contexts and defined in many ways. The term is used more frequently when we refer to tribes or ethnic groups also to nations in politic fields and to companies in business field. However culture transcends much further and can be determined in a particular or general way. There are cultural differences between professions (architects vs. accountants) or cultural differences between academics that develop different disciplines. (International Association for Cross Cultural Psychology, 2010: 1).

The notion of social and national culture that human acquires as a child is much more rooted in their minds than professional or academic culture. The concept of culture acquired in the business field can change depending on the environment or external factors. In this dissertation we will focus on social culture and corporate culture. We study it through Hofstede theory and its six dimensions. Hofstede defines culture as "the collective programming of the mind that distinguishes the members of one category of people from others".(Hofstede, 2011 : 5-6).

Moreover it is important to talk about cultural differences. They are one of the most important barriers to communication. It automatically limits the ability to establish connections either on a personal or business level. An intercultural misstep can ruin social, labor, economic and political relations between companies, countries or people. (International Association for Cross Cultural Psychology, 2010: 5).

After a decade of research psychologist Dr. Geert Hofstede published his model of cultural dimensions in the late 1970s. Hofstede's study was conducted on people who worked at IBM in more than 50 countries. Initially, there were two dimensions with which Hofstede began the cultural analysis. Power Distance and Uncertainty Avoidance. The first one explains how society is understood through wealth and hierarchies. The other one studies society structure; if it followed rules or avoided codes. Then, two more cultural dimensions were identified (Individualism vs. Collectivism and Masculinity vs. Femininity). However, as the years passed, it became clear that the culture was very broad and needed more dimensions to analyze it. With Drs. Michael H. Bond and Michael Minkov, Hofstede added two more dimensions (Long Term vs. Short Term Orientation and Indulgence vs. Restraint). Currently there are 6 dimensions. The rating ranges are from 0 to 100 for each dimension. (Hofstede, 2011: 6-7).

1.1.1. Power Distance

This dimension indicates the high degree of hierarchy and therefore inequality that exists and is accepted within society and companies. People understand "their place" within the system. People do not take the initiative to initiate tasks. They like to be guided and directed. On the other hand, a low score indicates that power is dispersed and shared. Society does not accept inequalities or power concentrations. (Hofstede, 2011: 8).

To have a better understanding we will review the characteristics of countries that have a high and low score in this dimension. The indexes in this dimension; tend to be higher for the countries of Eastern Europe, Latin America, Asia and Africa. Lower for West Germanic and English-speaking countries. (Hofstede, 2011: 8).

High Power Distance vs. Low Power distance

Table I

High Power Distance	Low Power distance
• Power is the most important, precedes good or evil; legitimizing power is not relevant	• The criteria of good and evil are imposed within society, before these criteria the use of power is legitimized
• The father-son treatment is hierarchical and based on obedience	• There is equality in father-son treatment
• Older people do not respect young people and are feared	• Respect is the same for both older people and young people. The elderly are not feared.
• Education is guided and built only by the teacher	• Education is built with the student
• Hierarchy means inequality but is approved	• The hierarchy is established solely for convenience, since inequality by hierarchies is not tolerated
• Employees wait for orders and are almost not consulted	• The employees wait to be consulted.
• Corruption is frequent and scandals are covered or tolerated	• Almost no corruption exits, and if so, immediately the political career ends
• Distribution of income in society very inequitable	• The income distribution of society is inclusive
• There is a hierarchy within religions; the most important is the priest.	• The equality of religions is respected. The most important are the believers.

Produced by: Melissa Calderón
Source: Hofstede, 2011

1.1.2. Uncertainty Avoidance

This dimension tells us about how tolerant a society is to face situations of uncertainty and ambiguity. It indicates how comfortable people feel about unstructured situation. Societies try to avoid situations of uncertainty by implementing rules and codes of conduct. (Hofstede, 2011: 10).

Uncertainty Avoidance

Table II

High Uncertainty Avoidance	Low Uncertainty Avoidance
• Uncertainty is not tolerated, because it is considered a continuous threat. • People live with anxiety and greater stress, including neuroticism levels • Low scores in wellness and health • The difference of ideas is not accepted, because it is considered a danger • Society needs to live under a structure. • The adults and teachers know everything. • Jobs are taken care of, even if you do not like what you do • Necessity of the codes, even if they are not obeyed • Citizens feel incompetent in front of the authorities	• Every day lives according to the environment and circumstances, ambiguities and uncertainty are accepted • Self-control of situations, low levels of stress, tranquility. • High scores in welfare • The different is curious, the new ideas are well accepted • Chaos and ambiguity are part of society • It is understood that teachers and adults do not know everything • They work in what they like, if they lose their job, there's no problem • They are not guided by rules or codes • Citizens are as competent as the authorities

• Society believes in the best known truths and theories	• Society believes in the empirical

Produced by: Melissa Calderón
Source: Hofstede, 2011

1.1.3. Dimensions of culture (Individualism vs. Collectivism, Masculinity vs. Femininity, Long vs. Short term Orientation, Indulgence vs. Restraint).

Individualism vs. Collectivism

This dimension tells us about the percentage of integration that society has. On one hand, individualism does not recognize social ties. People are expected to be autonomous and take care of themselves and their immediate family. On the other hand, collectivist societies are characterized by having extended family groups. Loyalty is fundamental and they take care of each other. The state is Paternalistic and people always depend on others. (Hofstede, 2011: 12).

Individualism vs. Collectivism

Table III

Individualism	Collectivism
• They take care of themselves and their immediate family • Individual Consciousness "I" • Right to privacy	• People belong to large families and take care of each other • Collective Conscience "We" • Collective work brings better results

• Individual harmony is the most important thing • The society is classified by individuals • Opinions and votes are personal. • Violating the laws produces culpability • Within the language the word "I" is indispensable • Learning is based on how to learn • Obligations are above personal relationships	• Group harmony is the key to healthy coexistence • The society is classified by groups • Opinions and votes are influenced by a group • Violating the laws produces shame • Within the language the word "I" is avoided • Learning is based on how to do • Personal relationships are above obligations

Produced by: Melissa Calderón
Source: Hofstede, 2011

Masculinity vs. Femininity

This dimension studies societies that have male or female oriented values. It shows how society is structured in the field of competitiveness. Countries with higher masculinity rates are those that have preference for accomplishments, public and material rewards due to success. Women are not as competitive as men and are destined to carry out certain jobs. Societies with high femininity rates have preference for cooperation, teamwork and modesty. Talking about the workplace, obligations are shared equally with men. (Hofstede, 2011: 13).

Masculinity vs. Femininity

Table IV

Masculinity	Femininity

• Maximum difference between the social and emotional role between genders	• Minimum difference between the social and emotional role between genders
• Men have to be and women should be ambitious	• Men and women must be concerned and humble
• Work prevails over the family	• There is a balance between home and work
• Admiration for the strong	• Sympathy for the less favored
• The father deals with the economic part and the mother with the social and affective part	• Both the father and the mother are concerned with the economic and the affective part
• Girls cry Boys do not. Boys fight girls do not.	• As well as girls, boys also cry and both fight
• Parents have power over the size of the family	• Mothers decide the number of children they want to have
• Few women have political positions	• Many women have political positions
• The deities and Gods are the most important factors in religion	• The human being is the most important factor in religion
• Sexuality is based on moralistic attitudes	• With regard to sexuality, sex is seen as a way of relating

Produced by: Melissa Calderón
Source: Hofstede, 2011

Long vs. Short term Orientation

This dimension tells us that the actions, decisions and challenges of society are related to the past (short term orientation), and the future (Long term orientation). Long term orientated countries take into account the adaptation and solve their problems in a circumstantial way, depending on their needs. They worry about future development. Short

term orientated countries respect and maintains traditions; do not believe in adapting their decisions according to the circumstances. Firmness in decision making is valued. (Hofstede, 2011: 15).

Long vs. Short term Orientation

Table V

Long Term Orientation	Short Term Orientation
• The most important events of life occur in the future • Good people adapt to the environment. • Good and bad things are limited by circumstances • Traditions can change and adapt depending on circumstances • People like to learn from different countries • Perseverance is one of its main objectives • Savings and investment funds • Success and failure is attributed to effort • Prosperous economic growth	• The most significant events occurred in the past or in the present • Personal stability, a good person is always the same • Good and bad things are delimited by universal guides • Traditions are linear and sacrosanct • People feel proud of their country • The service is one of its main objectives • Consumption and excessive social expenditure • Success and failure is attributed to luck • Low economic growth

Produced by: Melissa Calderón
Source: Hofstede, 2011

Indulgence vs. Restraint

This dimension tells us about emotions and control that human have over them. In indulgent societies gratification of desires and impulses that are related to enjoying life are allowed. They believe that they have control over their life and their emotions. Restrictive societies suppress satisfaction and could not freely enjoy their wishes. Emotions are regulated under strict social norms. (Hofstede, 2011: 12).

Indulgence vs. Restraint - Table VI

Indulgence	Restraint
• High percentages of people who consider themselves happy	• Few people who consider themselves happy
• Perception of control over their lives	• They consider that circumstances are in control of their lives
• Freedom of expression is fundamental	• Freedom of expression is not your main concern
• Leisure is recreational	• Leisure is not considered a form of recreation
• Always remember happy moments	• Less open to remember happy moments
• In countries with high levels of education, the rate of live births is higher	• In countries with low levels of education, the rate of live births is low.
• People are more active and relate to sports	• Few active people, not much related to sports
• In countries with abundant food, the obesity rate is high	• In countries with abundant food, the obesity rate is slight
• Maintaining order within the nation is not a priority	• High Number of police officers who maintain order and control

1.1. Critiques against Hofstede Framework

Geert Hofstede through his analysis of culture and its implications has been a great influence for nations and companies. Not only in management areas; but also in culture concept evolution. Cultural differences have been responsible for many failures in business, which is why they have done deep culture studies before entering a foreign market. One of its main exponents and most common is the Hofstede method. However, there are many contradictions in his theory, where, according to several authors such as Professor McSweeney and Professor Gerhart argue that the investigation was based on erroneous assumptions. (European Business Model, 2019: 1).

1.1.1. Assumptions by Professor Brendan McSweeney

Professor Mcsweeney is an academic, who was previously a banker, this experience allowed him to have ample knowledge of the economy and its operation. He was responsible for several accounting researches and did his Doctorate in accounting in London. He is known for his diverse research in international business field. He focuses his studies on two aspects: evolution “the specifics of contemporary business organizations and the wider political-economy”. (University of London, 2015 : 1).

Among its main recognitions is the criticism of the conceptual and explanatory weaknesses, such as "The national culture", which covers topics such as generalization, limitations and erroneous assumptions. This is the origin of one of the strongest criticisms of the Hofstede model that is based on 3 assumptions. (University of London, 2015: 1).

Sample that was taken to perform the study was micro localized, which meant that the analysis was done on generalities. The people surveyed were certain categories of IBM employees. Given this, it is debated that there was no evidence to conclude that they represented different cultures at the national level. Within the study, Hofstede ensures that the data found in IBM, are part of a "national standard" or "central tendency", which supports its analysis of employees representativeness. (McSweeney, 2002:92)

However, Mcsweeney says both claims are problematic. According to Mcsweeney each person builds their own national culture, so, it cannot be assured that every English person is violent. The generalization of answers in a questionnaire of less than 100 questions generated to a limited group of employees cannot reveal that national culture is common in all individuals. Even surveys of employees from the same country revealed radical differences. (McSweeney, 2002:100).

For Professor Mcsweeney one of the main problems in asserting that the same organizational culture existed within the company is not taking into account the cultural heterogeneity within the organizations. Well, he argues that the cultural variety can be given not only in the units but in the departments of the same organization. Hofstede ignores the recognition of emerging, organic, plural and contrary cultures within the organization. (McSweeney, 2002:150-155).

Hofstede argues that people values are preprogrammed in the mind, and they manifest in an unconscious manner, for this reason he relies on questionnaires veracity as a basis to perform cultural dimensions analysis. Mcsweeney argues that the questionnaires were not designed to identify national cultures. They were built at a time of concern in order

to intervene in management work regarding moral issues. (University of London, 2015: 5-10)

1.1.2. Limitations by Professor Barry Gerhart

Barry Gerhart is Professor at the Wisconsin Business School, specializing in International Management and Human Resources; he has some publications in the area of organizational effectiveness. He is recognized by the Academy of Administration and appointed as a member of the American Psychological Association. He is known as an outstanding author, thanks to the article about the 4 Hofstede model limitations, being one of the most cited authors in the field of international business and international administration. (Wisconsin Business School, 2018: 1).

Gerhart argues that delimiting the research to a limited sampling, converts the analysis to a questionable option when it is asserted that the results can be interpreted at the national level. There are other levels to evaluate the culture, however they are not taken into account due to the nature of their social construction. According to Professor Gerhart, the analysis is disqualified, the moment that social minorities as women, sales personnel and engineers do not participate.(Chiang, 2005:85-86).

Although the cultural dimensions became theoretical constructions, these tools must be used in practice. Hofstede maintains that his generalizations are useful to complement the market research that is required to perform. Gerhart, agrees with hofstede regarding the practicality of the tool, but disagrees about the individualities. Generalizations should be guidelines for better compression. However the analysis of individualities should be based on

particularities not on averages. There is no real analysis of the differences between the members of the societies. Hofstede's study does not study the personalities of the individuals, which would be necessary to have a real and complete cultural study. (Gerhart,2009:245-249).

According to Gerhart, Individuals are also part of organizations, and must be governed by certain values and standards created by companies. The company is the place where employees coexist a large amount of time. They begin to develop their own culture within the company. Culture that can be found in different departments of the same organization. Faced with this reality Hofstede ensures that this did not influence to infer with his study on delimiting the national culture. (Chiang, 2005:95).

1.1.3. Fons Trompenaars Model

Alfonsus (Fons) Trompenaars was born in Amsterdam in 1953. He is a Franco-Dutch consultant, theorist and author. He has a Master's Degree in Economics and a Doctorate on the differences of cultural conceptions. His interest in culture starts very early. With a French mother and a Dutch father he learned to live with two totally different cultures. His professional life helped him to build his cultural concepts. After working at the Royal Dutch Shell company in nine different countries. (Smith, 1996: 25).

After 10 years of research Fons Trompenaars together with its partner Charles Hampden in 1997 decided to publish the cultural model they developed, called Fons Trompenaars Model. The study consisted about investigating the preferences and values of 46,000 managers in approximately 43 countries. This model constitutes a framework for intercultural communication focusing on the administration and international business. The

model was published in their article "Riding the Waves of Culture". It is studied through 7 orientations. The first five focus on relationships between individuals and the last two focuses on the individual and its environment. (Smith, 1996: 35).

Universalism versus particularism

Within Universalist cultures different ideas are tolerated and can be practiced and applied in any place and circumstance. Particularistic cultures are guided by circumstances and believe that depending on the environment an idea must be applied. (Trompenaars & Hampden, 1998:98).

Individualism versus communitarianism

Individualist cultures believe in independence, freedom and personal achievements. Comunitarism studies individuals collectively. Trompenaars ensures that the communitarian cultures are influenced by non-Western countries. However, he argues that cultures are influenced by the global economy. They can be communitarians and then be individualists. (Trompenaars & Hampden, 1998:100).

Specific versus diffuse

Specific cultures people are direct, keep work and interpersonal relationships separate. While within diffuse cultures, individuals are more redundant; they believe that interpersonal relationships are fundamental within the work. (Trompenaars & Hampden, 1998:102).

Neutral versus emotional

In neutral cultures emotions are controlled. Reason is more important than feelings. In emotional cultures; as the name implies, they are carried away by emotions and are very expressive when speaking. (Trompenaars & Hampden, 1998:105).

Achievement versus ascription

Achievement-oriented jobs are determined by values, capacity, sex and age. These cultures value the achievements independent of the professional title. Cultures oriented to ascription give the value to people for what they are. This value is determined by power, title, position, parentage and gender. (Trompenaars & Hampden, 1998:106).

Sequential time versus synchronous time

In cultures where time is sequential, individuals have everything planned under a schedule. Events must occur in the established order. In Cultures where time is synchronous is a bit more abstract, because there is no concrete concern about time. For individuals, the present, past and future are connected. (Trompenaars & Hampden, 1998:108).

Internal direction versus outer direction

The way in which people analyze and confront their environment differs from one culture to another. While inward-oriented cultures want to control their environment as much as possible, outward-oriented cultures understand that there are environmental forces that cannot be controlled and the most important thing is to know how to live in harmony. (Trompenaars & Hampden, 1998:110).

Hofstede Model vs. Fons Trompenaars Model

Table VII

Hofstede Model vs. Fons Trompenaars Model	
Similarities	**Differences**
The bases of both studies were carried out within multinationals in several countries	Hofstede conducted his study in 50 countries. Fons Trompenaars carried out its study in 43 countries.
The analysis was carried out through a questionnaire.	Trompenaars was based on a questionnaire of 15 questions, which were conducted with the purpose of studying cultural differences. Hofstede was based on a questionnaire of 60 questions that by accident found in IBM
Both are Dutch and they took 10 years to publish their researches	Although it took the two researchers 10 years to publish their study results. Hofstede did it in 1970; while Trompenaars did it in 1997.
Hofstede dimension: Collectivism vs. Individualism studies the same as Fons Trompenaars Orientation: Communitarianism vs. Individualism. Both rescue the preferences of society to watch over their own interests or those of the community.	One of the main differences is that Hofstede dimensions are oriented to cultural differences, emphasizing business, while Trompenaars is based more on individual and society, he almost does not relate his orientations to business.
The orientation of Achievement vs. Ascription is linked to power distance indices. The orientation studies whether the status is granted by nature or achievements, which reflects a great willingness to accept and recognize the distances of power.	Hofstede's power distance is not only related to status, but also to the acceptability of hierarchies within society, that is something that does not take into account Fons Trompenaars. Differences in the results within countries. For Hofstede Mexico is Communist while for Trompenaars, Mexico is a country that is becoming individualistic. According to Trompenaars culture evolves with the time, for this reason there are differences between Hofstede and

Produced by: Melissa Calderón
Source: Hampden &

	Trompenaars model. Hofstede's data analysis is becoming obsolete.

1.2. Hofstede model applied to three countries represented in the cases vs. India

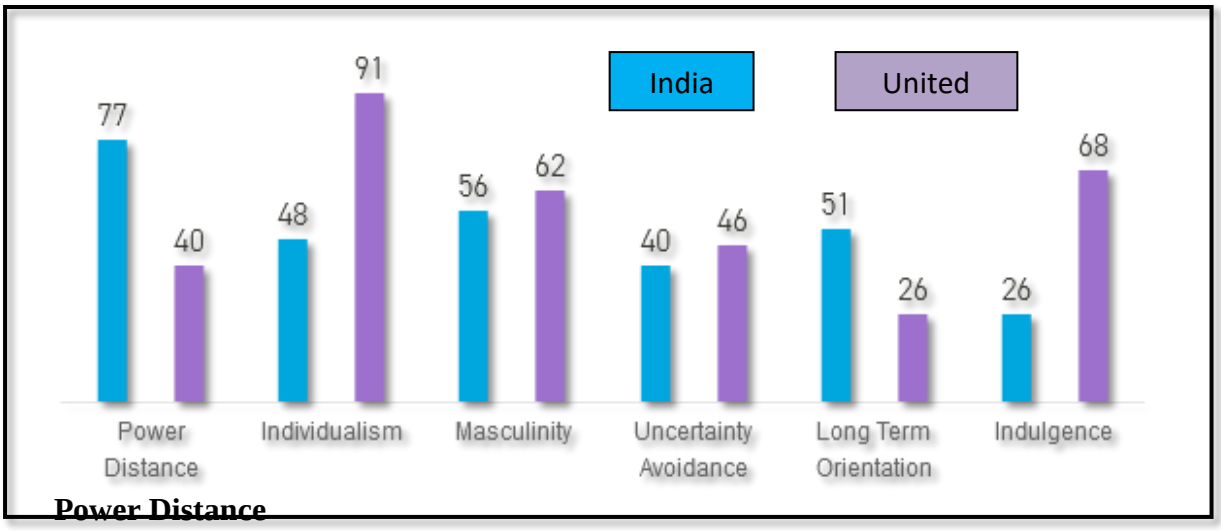
Hofstede's theory of cultural dimensions studies the effects that culture has within society and how values influence the behavior of human beings, for this analysis Hofstede

uses a structure derived from factor analysis. This theory is the framework for understanding cross cultural communication. It is important to emphasize that the 6 dimensions of Hofstede are based on a comparative analysis of data from different countries. (Mead, 1994: 31-40).

Through this tool you can know the cultural differences between countries in order to take business decisions before entering a new market. The six dimensions are Power Distance, Individualism vs. Collectivism, Masculinity vs. Femininity, Uncertainty Avoidance, Long-term vs. Short term orientation and Indulgence vs. restraint. This last dimension was added by Hofstede in 2010. (Mead, 1994: 31-40). In this dissertation, we will use Hofstede's tool in a practical way to compare the culture of the countries that each multinational represents.

1.2.1. Mc Donald's (USA)

India vs. United States
Graphic 1



Power Distance

Source: Hofstede, 1984

Regarding this dimension, India has 77 points, which means a high level of power distance. In India they recognize and respect the hierarchy. They have a top-down structure in society and organizations. Social gaps are accepted. Society is managed under a centralized system. Employees expect to be clearly directed to perform their tasks and have a reward for

it. The family nucleus is the one that gives psychological security. The treatment between families is formal and respectful. (Hofstede, 1984:5).

On the other hand, with 40 points, the United States is considered a low power distance country. The society has a thought of justice and freedom for all. The United States emphasizes equal rights in all society fields. While they believe in the hierarchy, it is established at convenience. Superiors within organizations are accessible. Employees are self-sufficient to perform tasks according to their experience. Both employees and managers expect to be consulted to make decisions regarding the organization. There is a large flow of information between the levels of the company. Communication is informal and participatory. (Hofstede, 1984:6).

Individualism vs. Collectivism

According to this dimension, India is in the middle of the score. The collectivist side shows its preference for belonging to a social group. Individual actions are influenced by the family opinion, neighbors or social structures with which they feel identified. The employer / employee relationship is important for the Indians. Loyalty is expected from the employee and almost familiar protection from the Employer. Good relationships are very important in a collectivist society, because the decisions of hiring and promotion depend on it. The individualistic aspect we can see it in their life philosophy guided by Hinduism. Hindus believe in a cycle of death and rebirth. Rebirth depends on how the individual lived his previous life, therefore each one is responsible for their actions and the impact they will have on their rebirths. (Hofstede, 1984:10).

On the other hand, the United States is an individualistic society. Society is not very structured and people are expected to be able to take care of themselves. They do not expect the support of the family or the government. They have developed a high independence capacity, thanks to the high degree of geographical mobility. Interpersonal relationships are not so important, since Americans are accustomed to doing business or interacting with people they do not know well so that decision making becomes objective. In business, the employee is expected to take the initiative and hiring and promotion are based on the merit and work. (Hofstede, 1984:12).

Masculinity vs. Femininity

In this dimension India has 56 points, which places it within male societies. India is a masculine society when it comes to power and exhibition of success and achievements. For Indian consumers, brand etiquette and ostentation in product advertising are very important. However thanks to the spirituality and the various religions that can be found India you can get great lessons about humility and abstinence. Work is part of daily life and recognition in the workplace is very important. (Hofstede, 1984:13).

The United States shares this particularity of having Male oriented societies. The behavior of their individuals is based on the effort to be the winner. They have the mentality that the winner "takes everything". They strive to be successful and have precise goals to demonstrate how well they do their work. Individuals struggle to be able to demonstrate their own success. Americans live to work and the more rewards they have, the better their status of life. They move to more ostentatious neighborhoods. They buy luxurious things. The ultimate goal will always be being the "winner". (Hofstede, 1984:13).

Uncertainty Avoidance

With 40 points India does not avoid uncertainty. There is a wide acceptance of imperfect and unexpected situations. Tolerance and patience are characteristic of the Indian population. If things do not go according to plan, they adjust to the circumstances. Unexpected events are taken positively, as a break from monotony. People adapt to routines as well as changes without questioning them. This attitude is the cause of misery and enrichment, since "nothing is impossible" in India it just has to be "accommodated".(Hofstede, 1984:15).

On this occasion the United States scores 46 points. There is a great openness to new ideas and the willingness to experience new situations, whether commercial or social ones. In the United States, freedom of expression is deeply rooted. People are more tolerant with the society opinions. In the same way, they are not afraid of change and adjust to the work circumstances they face. (Hofstede, 1984:15).

Long-term vs. Short term orientation

With 51 points, India is in the middle. Being a religious country, and having deeply rooted beliefs such as Karma, time becomes uncertain. In India there is an acceptance not only to Hinduism but also have a great tolerance for religious views from around the world. The philosophy of life lays in the future consequences of their actions. As they go along the road they adapt to the circumstances, they do not play according to an exact plan. (Hofstede, 1984:16).

The United States is a short term oriented society. They measure their work performance in short periods, because the results are what they are most interested in. They do not have a great tolerance for different thoughts either in religion or in traditions. They believe in the values imposed by society and completely reject situations such as abortion, euthanasia or the use of drugs, because the ideas of what is wrong are very solid and are transmitted from generation to generation. Even do they do it, they do not accept it. They always try to follow the plan to get their goals as soon as possible. (Hofstede, 1984:16).

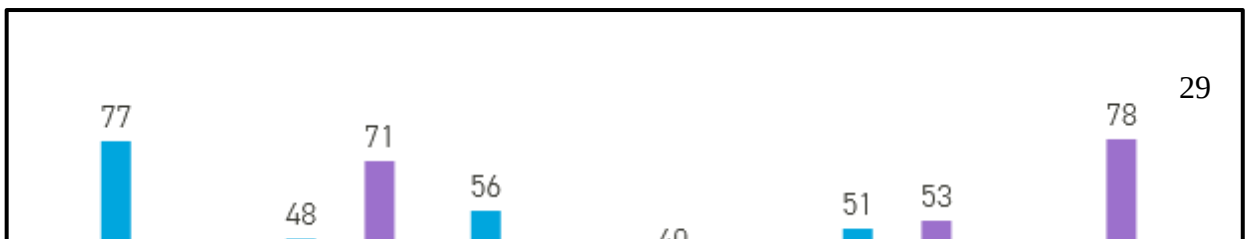
Indulgence vs. restraint

With 26 points, India is a restrictive culture. They believe in rebirth, therefore society control their actions and emotions. They do not put emphasis on free time and do not get carried away by their desires. They are governed especially by religious norms, and they feel that pleasing themselves is wrong. (Hofstede, 1984:20).

With a score of 68, the United States has an indulgent culture. They invest a lot of time in the work. People are rewarded with travel, free time and fulfill their wishes, even if they are illegal. Work hard play hard. The United States has a fight with drugs, because its consumption rates are high compared to other countries. Despite knowing that to fulfill many of their wishes are wrong, they do it because "after so much work, they deserve it" (Hofstede, 1984:20).

1.2.2. H&M (Sweden)

India vs. Sweden
Graphic 2





Source: Hofstede, 1984

In the case of Sweden with 31 points, they have the characteristic of being independent. The hierarchy is used only for convenience. They have good lines of communication with superiors. Equal rights are always present, both in the workplace and in the social atmosphere. The management of companies facilitates and empowers their employees. Power is decentralized and all team members have experience, so they do not need control. The treatment is informal and the communication is direct. (Hofstede, 1984).

Individualism vs. Collectivism

With 71 points, Sweden is individualistic. There is no structured social framework. Individuals are independent and take care of themselves, do not expect anything more from the State. They are respectful among themselves, because the offense causes loss of self-esteem. Merit is the only thing that leads to promotion and hiring. Within companies, labor contracts are based on mutual advantages. (Hofstede, 1984).

Masculinity vs. Femininity

With only 5 points Sweden is a female society. The inclusion of gender in the labor and social atmospheres is fundamental. The balance between life and work is important to keep satisfied workers. Within companies, work is participatory. Consensus and solidarity are valued. Negotiations are the only way to resolve conflicts. The Swedes have a culture that is based on the "Lagom", meaning they must have everything in moderation, that way nobody believes more than the other. It's a Scandinavian fictitious law "where everyone is in their place". (Hofstede, 1984).

Uncertainty Avoidance

In this dimension with 29 points Sweden has no preference to avoid uncertainty. They maintain a relaxed attitude. The practice is more important than the principles. Thanks to the order of society, the deviation from the norm is tolerated. People do not believe in the imposed order; but in their own. It is believed that there should be no more rules than necessary; if they are ambiguous you have to abandon them. At work schedules are flexible. Innovation is well-regarded and punctuality is not natural. (Hofstede, 1984).

Long-term vs. Short term orientation

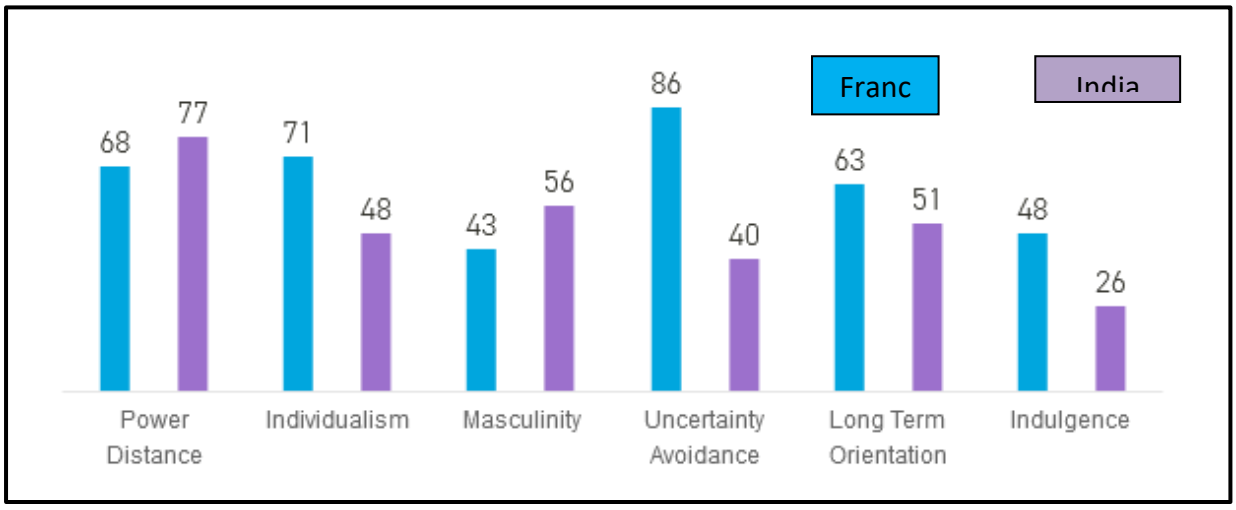
According to the Hofstede's model in this Dimension Sweden has a score of 53, so their preferences are not clear. However, we can conclude that, as in India, there is openness to different beliefs and thoughts. They improvise according to the circumstances. They prefer not to establish exact guidelines within their plans, whether in the workplace or social. (Hofstede, 1984).

Indulgence vs. restraint

With 78 points the Swedish culture is indulgent. Society shows great interest in fulfilling its desires and impulses. They like to enjoy life and have fun. Free time and reflection is the most important. They spend their money on what they want and not necessarily on what they need. (Hofstede, 1984).

1.2.3. L'Oreal (France)

France vs. India
Graphic 3



Source: Hofstede, 1984

Power Distance

Finally France, after India has the highest score compared to the United States and Sweden. With 68 points France is a high country in Power Distance. Individuals are dependent. Children are brought up to be emotionally dependent on parents, teachers and later on bosses. Power is centralized, so a certain degree of inequity is accepted. Power is found in companies and governments, as well as certain cities like Paris. All roads lead to Paris. Communication is not direct. The CEO, in France is called Mr. PDG, a more

prestigious abbreviation. These PDG have attended the most prestigious schools in France. (Hofstede, 1984).

Individualism vs. Collectivism

With 71 points in this dimension, France is classified as an individualist society compared to India. Parents raise independent children. They take care of themselves and their family. However, one of the particular characteristics is that despite having high indices of individualism, the French have great influence on the upbringing of their children. For this reason, the power distance dimension is almost as high as in India, due to the respect of elders and hierarchies. (Hofstede, 1984).

Although the employees show respect to the authority, they totally reject power. They believe that it is not changed by evolution but by revolution. Employees and unions work separately. It is believed that several opinions distort the objective. The French prefer to depend on a central government than on a private one, since it is more difficult for the central government to invade their private life. In France, the customer is not always right; he is not the "king". The French believe they are sufficiently prepared and motivated to be the best at their job, so there is no room for customer complaints. (Hofstede, 1984).

Masculinity vs. Femininity

With 43 points. France reflects having a culture with feminine and masculine traits. They have a social welfare system. The work week consists of 35 hours and five weeks of vacation per year. They give great importance to life quality. However, male scores are

present in the working class. Salaries are not equal among workers who hold the same position. There is some kind of discrimination towards foreign workers. (Hofstede, 1984).

Uncertainty Avoidance

Regarding this dimension, France almost doubles India. The French like planning and structure. They do not tolerate surprises and want to receive all the necessary information before making a decision, whether it is work or personal. The French stand out for developing complex technologies and projects in stable environments. They need emotional security and prevent uncertainty in their relationships. Laws and rules are fundamental to structure life and society. (Hofstede, 1984).

Long-term vs. Short term orientation

With 63 points in this dimension France is the most pragmatic in relation to India, the United States and Sweden. In other words, people within society believe that truth is not absolute and depends on situations, contexts and times. They focus a lot on the future, and the preparation it requires. They have a strong tendency to save and invest. Perseverance is a very common feature to achieve long-term results. (Hofstede, 1984).

Indulgence vs. restraint

France has an intermediate ranking in this dimension, with 48 points. It is important to interpret this result in conjunction with its high indices of uncertainty avoidance. It implies that the French follow a structure. They are less relaxed and enjoy less often than would be

expected. The happiness rates in France are low. They are busy working and give priority to saving instead of wasting. (Hofstede, 1984).

This chapter shows us that despite the critiques Hofstede is still an interesting and valid model to understand culture. Hofstede's comparison tool was practical and useful. We analyze each multinational through its representative countries. The relationship between business and culture was understood.

CHAPTER 2
MAKING BUSINESS WITHIN THE INDIAN MARKET

2.1. Understanding the Indian market

In this subchapter we will study the generalities of India and the necessary legal requirements. With the aim of knowing the particularities of the Indian market. So that companies interested in entering the market have useful information. On the other hand, the different modes of entry and internationalization strategies will be studied. Finally, we will analyze the strategies and modes of entry of each multinational in order to observe their mistakes and successes.

A country that looks more like a continent, with a potential market of almost 1.2 billion consumers, India is the second largest market in the world behind China, is the new input. According to the survey of multinationals established in India by AT Kearney in 2017, this is a very attractive market for information technology companies, investment in R & D and business services compared to the rest of the emerging Asian economies. 70% of the

consulted firms see a high probability of raising their investments in India in the medium term, and 75% maintain that their results have surpassed the objectives and expectations, ahead of Malaysia, Thailand and the Philippines. (Economic Times, 2017).

Thanks to the large domestic market, the Indian economy has been an attractive destination for multinationals when investing. According to Frontier Strategy Group (FSG)[1], a growth range for the Indian market is estimated between 7.4% and 7.6% over the next three years. However India is considered one of the most difficult markets to penetrate. Since one of the biggest disincentives is high costs and bureaucracy. (Frontier Strategy Group, 2017: 2).

The difficulty of doing business in India can be illustrated in the World Bank's Ease of Doing Business rankings, as India is ranked 77 out of 190 countries, 39 places behind Indonesia, 22 behind China and 9 places behind Papua New Ghinea .The country ranks in handling construction permits is ranked 181 and reinforcing contracts in position 164. (World Bank, 2018: 1-3).

Since one of the most important challenges of the companies is to penetrate the Indian market, it is considered necessary to know the 13 requirements to be able to start a business within India. Regardless of the type of company that this is, the basic requirements are the same. All requirements are imposed by The MCA. The MCA[2] is in charge of regulating, guiding and giving information related to corporate matters; it does so, through the Companies Act of 1956, 2013 and some projects and allied standards. MCA is in charge of protecting investors, as well as regulating them. (Ministry of Corporate Affairs, N/D: 1).

[1]The leading information and advisory services firm for executives in emerging markets
[2] Ministry of Corporate Affairs – Government of India

One of the first steps is to obtain the Director Identification Number (DIN). To obtain this number you must fill out form DIN-1 (Annex 1). It must be signed and sent, for approval, to the ministry. After approval and verification the ministry proceeds to issue a permanent DIN. Second, the digital signature certificate must be obtained. The DSC is the digital equivalent of the corporation's operating permit and identity. The certificate serves as evidence to identify an individual and the legality of his business. The certificate is issued by the MCA, after submitting the application form. (Ministry of Corporate Affairs, N/D: 3).

The third step is to reserve the name of the company. This must be done online through the MCA website. The applicant has the opportunity to verify the availability of the name up to 6 attempts. Once the name is approved, the website will register it. As a fourth requirement, all company documents must be stamped. In India there is a “Stamp” law approved since 1899. The “Stamp” is a tax on all documents executed in India. Since certificates are instruments all must be stamped to have legal value. The Stamping is done by the Superintendent and is an income for the MCA. (Ministry of Corporate Affairs, N/D: 4).

As a fifth step you must obtain the certificate of incorporation of the company to the Indian market, for this it is necessary to fill three forms: e form 1 (Annex 2), electronic form 18 and electronic form 32 (Annex 3). Once completed and stamped by the Superintendent, the forms must be submitted to the Registrar of Companies. The Certificate of Incorporation is sent to the company's registered office. The sixth step is to make a stamp of the company. Companies need their stamps to issue certificates and some of their own documents. The cost will depend on the number of words that are recorded and the number of stamps required. (Ministry of Corporate Affairs, N/D: 8).

The seventh step is about obtaining a permanent account number (PAN). This procedure is carried out through Form 49 A. (Annex 4). The application can be made online, however the documents must be sent to the MCA for verification. Once verified, the PAN card is delivered. Step number eight is about obtaining a tax account number (TAN). The form to be completed in this case is 49B (Annex 5). The request must be sent to the Tax Identification Department (TIN), which is regulated by the MCA. Subsequently, the TAN is designated. The objective of this number is to have a specific identification for taxes collection. (Ministry of Corporate Affairs, N/D: 9).

The ninth step is the business registration within the Municipal establishment. A statement must be made with the name of the establishment, employers and owners. The registration must be made within 30 days after opening. The tenth requirement became effective on July 1, 2017. It is a tax on goods and services. This tax replaces other taxes such as VAT, the central sales tax, among others. All businesses that exceed Rs 20 lakh annually (2 million US dollars), will have to register in the GTS (Goods and Services Tax). Step number eleven is to cancel the professions Tax. All employers are required to do so in accordance with section 5 of the Professions Act. After payment they receive a registration, which accredits them to work. (Ministry of Corporate Affairs, N/D: 10).

The twelfth step is the registration in the Employee Provident Fund Organization (EPFO). The fund is a social security for employees and it is mandatory. Half is covered by the employer and the other half by the employee. With this fund the employee can have access to his retirement and medical attention. Finally, the company must register to receive medical insurance. Apart from the EPFO, employees are entitled to State Insurance for

Employees and the Employer is obliged to register each of their employees. (Ministry of Corporate Affairs, N/D: 12).

2.1.1. Information about India

The Republic of India is located in South Asia. It is on the Hindustan Peninsula. It has 3,287,590 km² of surface; 4,103 km of borders and 7,000 km of coasts. India borders to the north with Nepal, Bhutan and China, to the east with Myanmar, Bay of Bengal, Bangladesh and the Indian Ocean, to the west with Pakistan and the Indian Ocean in the Arabian Sea and to the south with the Indian Ocean, in the Palk Strait, which they give way to Sri Lanka. (Bayly, 1993:3).

The capital of India is New Delhi. The official languages are Hindi and English. Although the most spoken languages are Hindi and English, other languages are also spoken such as Bengali 8%, Marathi 6.9%, Telugu 6.7%, Tamil 5.7%, Gujarati 4.6%, Urdu 4.2%, Kannada 3.6%, Hates 3.1 %, Malayalam 2.9%, Punjabi 2.7%, Assamese 1.3%, Maithili 1.1%, other 5.6%. English is used as a working language and for administrative and judicial matters. There are also another 21 languages in different regions and of certain ethnic groups, in addition to hundreds of unofficial languages. . The official currency is the rupee; the form of government is a parliamentary republic.(Pattanayak,1990:8).

India is the second most populous country in the world, behind China, and very close to it, with 1,296,834,042 inhabitants (July 2018). This is a population that has not yet completed the demographic transition. It has a very high growth of 1.6% per year and a slightly negative migratory balance of -0.05 ‰. The age structure is classified as follows: 31.5% of the population is under 15 years old, 63.5% between 15 and 65 years old, and 5% of

the population is over 65 years old. The birth rate is very high, more than 22 ‰, which gives a fertility rate of more than 2.7 children per woman. The mortality rate is moderate, 6.5 ‰, but the infant mortality rate is very high, more than 32 ‰. The life expectancy at birth is 69 years.(Indian Statistical Institute, 2018:5).

Talking about History. India obtains its independence from the United Kingdom on August 15, 1947, with a republican, parliamentary and democratic system. It is the most populated democracy in the world. The head of state is the president who has protocol and representation functions. It is elected by an electoral college for a period of five years. The executive power falls on the prime minister and his cabinet. The prime minister is appointed by the president. India was a British colony; therefore it is used to liberal commercial and business uses. It is part of the Commonwealth. From this time it supports the essential design of its road and rail network, and the creation of some important cities, which became good commercial ports, such as Calcutta. (Bayly, 1993:5).

2.1.2. Comparison within the regions

According to the Indian Author Pratima Singh (2017), the difficulty of doing business in India is due to the complex and unpredictable market panorama, accompanied by an inconsistent policymaking and the subjective interpretations that can be given to legislation. One of the biggest obstacles for multinationals are regulations, which can change from state to state. While this happens in other nations, the difficulty in India lies in the multiple regional differences in language, culture, customs, religion, infrastructure and well-being across the country, for example the product or service that works in the state of Gujarat can not necessarily work in West Bengal. (Singh, 2017: 1:4).

Since Indian´s Federal structure allows the states to take certain policy decisions, there are several variations and differences in business scope across Indian states. For instance Reports indicate that in order to have an assigned lot by the Indian Government, the process takes around 156 days. However, the companies that operate in the state of Himachal Pradesh, reported that the process takes only 28 days, while the companies that operate in Chhattisgarh take an approximate of 213 days.(National Institution for Transforming India, 2017: 4:6).

The most populated state, Uttar Pradesh, has a population equal to that of Brazil. While the most prosperous state. Maharashtra has an economy size of Iraq. In the same way, cultural variations are necessary, before starting a business in India. For example, South India is older, with more economic capabilities and population is more educated, while Northern India is much younger and relatively poor. South Indians prefer communicating in English, while North Indians prefer speaking in Hindi. If multinationals use the right strategy for each state, this will allow them to make the right decision, whether it is to improve performance, expand their presence, explore their potential or deprioritize a state. (Singh, 2017: 5-9).

2.1.3. Profile of Indian consumer

The economic, social, legal, political and technological environment of a country influences the client's purchasing behavior. In the last decade, India has developed in all environments. For this reason, the profile of the Indian consumer is complex. Consumers are not static in their choices. However, there are certain behaviors of the Indian consumer that

are important to know before undertaking in this country.(India Brand Equity Foundation, 2019: 8).

Indian consumers buy brands that are familiar to them. It is necessary to invest in advertising. Sell the idea of family. Currently the brand and status is important for Indian consumers. Moreover, urban consumers prefer the added value offered by the brand. They do not feel interested in the reputation of the brand. Loyalty to a brand is not as strong in India. Companies must achieve strong market penetration rates and constantly gain new consumers. The luxury sector is limited. The philosophy of the Indians is to avoid ostentation of wealth, except at weddings. (Santander Trade, 2018:3)

The preference of the Indians in the food industry is fresh and natural foods. Cows are sacred animals. The religions that predominate in India are Hinduism, Buddhism and Yainism. These religions are based on the principle of "ahimsa" (nonviolence). 80% of the population eats lamb and chicken. However, there are states like Gujarat where 99% of the population is vegetarian. The Indians prefer homemade food. The meal represents the time to share with the family. When they go out to eat they should see how their food is prepared.(Santander Trade, 2018:4)

Besides, talking about clothing industry. India has the largest young population in the world. India is becoming conscious of fashion due to the penetration of the media and social networks. This has opened opportunities to the unprecedented retail market. The promising growth rate of 9.7% makes the Indian fashion industry stand out in the retail sector. With a GDP growth rate of 7%. India has an advantage over the developed markets like USA, Europe and Japan. These countries estimate to have a growth rate of 2 to 3%.(Iribarren, 2018: 2).

Within the retail categories, the sale of clothing has shown a comparatively high receptivity. In the apparel market men have a share of 41%. Women's spending contributes almost 38%; while children's clothing represents 21% of the market. It is estimated that in the next decade the spending of women and children will show an increase of 9.9% and 10.5%. It is expected that men's and women's spending will contribute 39% each to the total market in 2026, while children's clothing will represent the remaining 22%. (India Brand Equity Foundation, 2019: 12).

There is a preference for natural things in India throughout history. The beauty market is not the exception. Indian consumers prefer natural products that especially guarantee the care of their skin. The texture of the skin has to do with status. While your skin is smoother, you belong to a different social caste. Throughout the years, people have sought to lighten their skin. However, currently other beauty products have gained strength.(Parameswaran & Cardoza, 2009:215-216).

Consumers in India are more aware of their appearance. The country has become an important destination for cosmetics companies around the world. According to Euro monitor, the Indian personal hygiene products industry was valued at 7.4 billion dollars in 2012. The market has experienced an annual growth of 18.37%. The penetration rate for soap is 90%, 50% for toothpaste and shampoo, and 23% for skin care products. The average per capita consumption of cosmetic products is limited to 1 dollar compared to 36.65 dollars in Asian countries. It is estimated that only about 20 million people consume branded cosmetic products. (Euro Monitor, 2018:2).

On the other hand, India is currently the twelfth market of one hundred that consumes durable goods in the world. According to the IBEF[3], in 2025 it will be the fifth market. It is expected that the durable consumer goods market will reach 21 million dollars in 2020. By 2025, India will be the third largest consumer market. The annual spending growth is approximately 12%. The highest percentage of consumers is found in the "urban mass". (India Brand Equity Foundation, 2019: 15).

The urban mass is made up of people with degree studies, clerks and immigrants. The urban mass is made up of 129 million workers with an average salary of $ 3,200 a year. Urban mass is concentrated in the most populated cities as Mumbai and Delhi. One of the reasons for the rapid growth of consumption in India are the transformations of family structures. Large families in India begin to disappear. They start to build nuclear homes. One or two people, with one or no children. These new family structures tend to spend more.(Santander Trade Portal, 2017: 10).

Table VIII

Population of main agglomerations

Population of main agglomerations	
Name	**Population**
Mumbai (Bombay)	18,394,912
Delhi	16,349,831
Kolkata	14,057,991
Chennai (Madras)	8,653,521
Bangalore	8,520,435
Hyderabad	7,677,018
Ahmadabad	6,357,693

[3] India Brand Equity Foundation. Is the largest governmental centre resource providing information about Business Opportunities in India.

Poona	5,057,709
Surat	4,591,246
Jaipur	3,046,163

Produced by: Melissa Calderón
Source: Santander Trade Portal, 2017

Consumption Expenditure by product category
Table IX

Consumption Expenditure by product category	
Product category	**% of Total Expenditure**
Food and non-alcoholic beverages	30.0%
Miscellaneous goods and services	15.3%
Transport	15.0%
Housing, water, electricity, gas and other fuels	14.4%
Clothing and beauty	6.4%
Health	4.5%
Education	4.1%
Furnishings, household equipment and routine maintenance of the house	2.9%
Communication	2.4%
Alcoholic beverages, tobacco and narcotics	2.3%
Restaurants and hotels	2.0%
Recreation and culture	0.8%

Produced by: Melissa Calderón
Source: Santander Trade Portal, 2017

2.2. Modes of entry within India

Since one of the main objectives of companies is to expand their business. Internationalization is the most chosen medium. To be successful in the process of taking your business abroad, it is essential to know the different ways of entering an international market. The entry modes are the channels your organization uses to enter a new international market. The alternatives can be diverse depending on the size of the company and its capacity.

Within the internationalization process, one of the most important stages is the entry mode selection to a foreign market. The main factors to be considered when choosing the mode of entry are; the environment specificities and the management costs. The mode of entry will have a great impact on the choice of market strategy; either adaptation or standardization. (Johansson &Vahlne, 2003: 85).

The methods of entry to a foreign market are divided into three major categories. The first is exports (direct and indirect). The second, the contractual cooperation agreements (licenses, concessions or agents and franchises). Finally, the agreements of shareholder cooperation through direct investment (Joint Ventures, Own subsidiaries, Mergers and acquisitions, Strategic Alliances with foreign partners,). (Hill, Hwang& Kim, 1990: 117).

Own subsidiaries

In the company's own subsidiaries, the company controls the entire internationalization process, so the risk assumed is greater. The company can establish a production subsidiary and in this way it controls its processes by its own means.

The production subsidiary can perform different activities such as finishing the final product, packaging according to the standards or requirements of that country, including the production of parts or quality control of the product. This method of entry is also known as direct investment abroad. For example, the North American company Nike, has located the different production activities in the Asian countries, doing in North America only the design of its sports products. (Peris, 2007: 5-7).

Strategic Alliances with foreign partners

Another way to enter a new market is through a strategic alliance with a foreign company, usually this kind of alliances occurs between rival companies, since they have a similar level of positioning within the market and the main objective is to share and learn the know-how of each one. This mode of entry has some benefits, first they share risks and research and development expenses, second they can take advantage of partner's complementary resources and third they become more efficient when entering a new market. Many companies are not willing to work together due to the fear of losing control and its authenticity; however, the research and development costs are so high that companies seek competitive collaboration. The main idea in this type of alliances is to learn as much as possible from the foreign partner in comparison to what the allied company can learn from this relationship. (Rathinakumar, 2012: 9-11).

In order to undertake a strategic alliance it is necessary to take into account four fundamental principles; first to know that this type of collaboration is competing in a different way, second that a measure of achievement is not the relationship of harmony between partners, third, the limits of strategic alliances; as the protection of the company against competitive commitments and finally acquire the know-how of the partner company. (Rathinakumar, 2012: 9-11).

2.2.1. Main strategies of internationalization

The authors Welch and Loustarinen argue that internationalization is that set of operations that facilitate the establishment of links between companies and international markets throughout an international projection process. Its complexity will depend on the

degree of commitment that the firm adopts. This process must be gradual and sequential through different stages. One of the conditions of internationalization is that companies must be strongly positioned in the domestic market and have a comparative advantage over the competition. (Welch & Loustarinen, 1988: 34-50).

Companies seek to exploit their advantages in foreign markets and can do so through different methods such as exports, licenses, franchises or production subsidiaries. In this way they can meet the demands of an external market. To enter into an internationalization process it is necessary to know the market, in this way the appropriate strategy is chosen to penetrate the foreign market. The strategy may vary depending on the market, needs and preferences.(Johanson &Vahlne, 1977: 23-30). In this dissertation we will study three strategies. Adaptation strategy, standardization strategy and pricing strategy.

Thanks to globalization and interdependence between states, cultural barriers are becoming more important, because when talking about services and products commercialization, multinationals are opting for adaptation strategies to enter different markets. (Cavusgil & Zoe, 1994: 4). According to the author Franklin Root the adaptation strategy is the one that adapts its products or services to the needs and conditions of the markets.

One of the reasons why companies choose this strategy to enter the market; it is because, depending on the country the markets behave differently. For example, legal differences, where products, packaging and labeling are required to make adaptations to enter the market. (Root, 1994: 25-30). When talking about an adaptation strategy one of the important factors to consider in international marketing is the culture that we face, such as the

differences in language, aesthetics, customs, beliefs and values, since these forces the adaptation of the product to the market. (Root, 1994: 30-35).

Adaptation strategy may be more costly at the time of its implementation; however, the investment is reflected in their income. Adaptation strategy creates a different need in the local consumer. Despite being a new product or service within the market, the consumers feel identified with it, so the demand increases. Another important characteristic of this strategy is the consumer knowledge. The same announcement of a product or service can cause different reactions in people "across borders", this becomes a key element that promotes the use of the adaptation strategy. (Rathinakumar, 2012: 5-7).

The standardization strategy is to commercialize the same service or product within the market without any differentiation. According to the authors Levitt and Jain, there is a union of cultures and a similar demand from clients all over the world. Technological barriers are decreasing. Companies formulate global strategies. The costs are lower. According to Levitt, the best strategy for a multinational is to move away from the articles personalization. Companies must offer standardized products that are advanced, functional and reliable. Success is concentrated in long term. It must be taking into account what everyone wants, rather than the details.(Jain, 1989:70-71)

With standardization strategy, customers can expect the same level of quality anywhere in the world. If the company has a solid reputation and identity, they insure their sales. One of the advantages is positive word of mouth marketing. Economies of scale represent a reduction in costs. Selling large quantities of the same product reduces the cost

per unit. Following a standardized approach helps companies focus on a single product. They leave enough investment and space to focus on quality.(Yip, 1989:29).

Finally the pricing strategy. According to economists Czinkota and Kotabe, a good pricing strategy helps to determine the maximum profit point in sales. To establish the price of a product or service the company should take into account some factors. Among the most common are the costs of production and distribution, the offer of the competition and the target customers of the company. The product prices cannot be less than the business costs. Among the most used price strategies we have: Pricing at a Premium, Pricing for Market Penetration and Economy Pricing.(Channon, 2015:3)

Pricing at a Premium

Companies can set higher costs than the competition and call them premium prices. These prices are effective in the first days of the product's life cycle. This strategy is used by companies that sell unique products. The company sells status and its interest is not in selling by volume. Customers should perceive that the product deserves a high cost. The company must work on the perception of value through quality, packaging, status and marketing. (Channon, 2015:5).

Pricing for Market Penetration

Penetration strategies attract buyers through their low prices. This strategy is used in the first days of the product's life cycle. Many companies use this strategy to compete with companies that have been in the market longer. Penetration prices tend to result in initial loss.

However, in the long term they recover their investment. Increasing awareness and trust with the product generates profits. Low prices are established only at the beginning of the product's life cycle. As the company gains market the price of the product can increase progressively. When companies that use a penetration strategy raise the prices of their products, they reflect their position within the market. (Channon, 2015:7)

Economy Pricing

This strategy is one of the most used by large companies such as H & M or Wal-Mart. The idea of cheaper prices is to attract more price conscious customers. This strategy is about minimizing the costs associated with marketing and the production chain. In this way, the final product price is also economical. The main interest of this strategy is to sell on a large scale. (Channon, 2015:10)

2.2.2. Joint Venture vs. Franchise

Contractual cooperation agreements

Franchises

A franchise is a business way where a company or person (the franchisor/ franchising company) gives to another person or company (franchisee/ franchised company) the exploitation right of their business system in exchange for an economic consideration. The franchises consist on a special type of license for retail distribution, where the franchising company does not simply authorize the use of its brand, but also provides the franchised company with a product, and a standardized system of operations and marketing. The franchising company is in charge of perfecting and standardizing the system. The advertising within the franchises is very important, as it reinforces the image of the brand and creates an international identity. (Hill, Hwang & Kim, 1990: 120-122).

The rapid growth of the franchise sector in the world has its explanation in the multiple advantages that this figure presents, both for the franchisor and for the franchisee. Among the most representative advantages for the franchisor are: Agility and rapidity in business expansion, brand strengthening, agility in development and maintenance of new markets, low capital investment in business expansion, collection of an initial fee for use brand rights, among others. On the other hand, the main advantages of the franchisee are: Exploit an accredited business with lower commercial risk, lower advertising expenses and greater diffusion, initial and ongoing training and education, technical and business assistance and support in the personnel selection and training, belonging sense to a consolidated franchisees network. Among others. (Kolesova, N/D: 1-5).

Shareholder Cooperation Agreements through direct investment

Joint Ventures

It is a contractual agreement between two or more companies. At the international level, it consists of a foreign company and a local company that contribute capital and other assets (technology, machinery, etc.) to create a new company in the local market, sharing the ownership and control. Normally, the foreign company contributes capital and technology while the local partner contributes capital, local market knowledge and access to it (the advantage is that risks, costs, knowledge, etc. are shared). (Lu, Tao & Wei, 2010: 1-15).

In many countries, international companies cannot invest in setting up a business unless they do so in association with a local company. Many developed countries as China, require that international companies form joint ventures with local companies, in which the latter must own more than 50% of the company. A clear example is Nutrexpa, an Spanish

Company, who made a joint venture with the Chinese government and managed to enter the market with its star product Cola-Cao under the Gao-le-Gao brand (Grow-Happy Grow). Currently it is the leading sector brand. (Lu, Tao & Wei, 2010: 1-15).

2.2.3. Mergers & Acquisitions

A merger or acquisition can be defined as the combination of two or more companies in a new corporation. The difference between these two terms lies in the way in which they combine to form a new company. On the one hand in mergers there is a process of negotiation involved between company A and company B, they usually share goals and objectives and each company contributes with its best assets and knowledge, in such a way that they form a new company. When company A and company B decide to merge to create company C, A and B cease to exist and are now a single company..(Wallace & Molce, 2016: 1- 4).

On the other hand within an acquisition the negotiation process does not necessarily take place. For example, company A buys company B and automatically becomes its property. Company B can be totally absorbed or retained in its pre-acquired form, in this way company A becomes a single company but larger, with more knowledge and more capital.(Wallace & Molce, 2016: 4- 6).

2.3. Analysis of strategies for three companies within the Indian Market

2.3.1. Mc Donald's

McDonalds' strategically planned its entry into the Indian market, despite the fact that its star product is a beef burger. This multinational managed to penetrate a market where vegetarian culture predominates as well as traditional food full of original species. McDonalds had to face a difficult market, where religious beliefs are so ingrained. Cows are sacred animals and the one hundred and fifty million Muslim Indians do not eat pork. Just as one of McDonald's biggest challenges, was the Indian gastronomic variety such as: rice, cholabhatura, samosa ,dosa, vada, sambar and a number of regional foods which the company had to compete with.(Dash, 2005: 5-7).

The key of McDonald's success was using adaptation strategy. They developed their products in accordance with Indian culture. In this way the multinational reconstructed its offer. They "indianized" their menus. McDonalds' not only adapts the name of its products to the Hindu language. The company also changed the raw material to make its products. They looked for vegetarian substitutes to prepare their food. Currently its star product is Maharaja Mac (Big Mac lamb) and McAlooTikki (chicken). They also have completely vegetarian menus, where its hamburgers are made of mash potatoes. (McDonalds, 2018: 1).

Adaptation is present as the main strategy in the development of McDonalds within the Indian market. Executing programs such as "Clean Kitchen" have been fundamental to success. Since it is important for Indian consumers to know how their food is prepared. McDonalds decided to open their kitchens for the public. Through a glass screen, customers can observe the entire process of preparing their food. This undoubtedly created an environment of trust with the consumer. Another of McDonald's well-known strategies was advertising. They started creating advertising campaigns not only with Bollywood actors, but also with Indian citizens. (McDonalds, 2018: 3).

In 1994 McDonalds' decided to enter the Indian market. The multinational rightly started looking for an adequate pricing strategy. The objective was the middle class. However, the prices were not as accessible and their market began to be limited to the upper middle class. McDonald's was not having the economic returns they expected. The company used the Pricing for Market Penetration strategy. They started entering the market with low prices and as they gained space the prices went up. This strategy did not work, because the purchasing power of Indian consumers did not allow spending more than budgeted. After 10 stable years in the market McDonalds decides to change strategy. For 2005 the lower middle class begins to increase its percentage of consumption from 25% to 50% in the food industry. The percentage of women workers increases and families become smaller.(Kishore, 2015: 25).

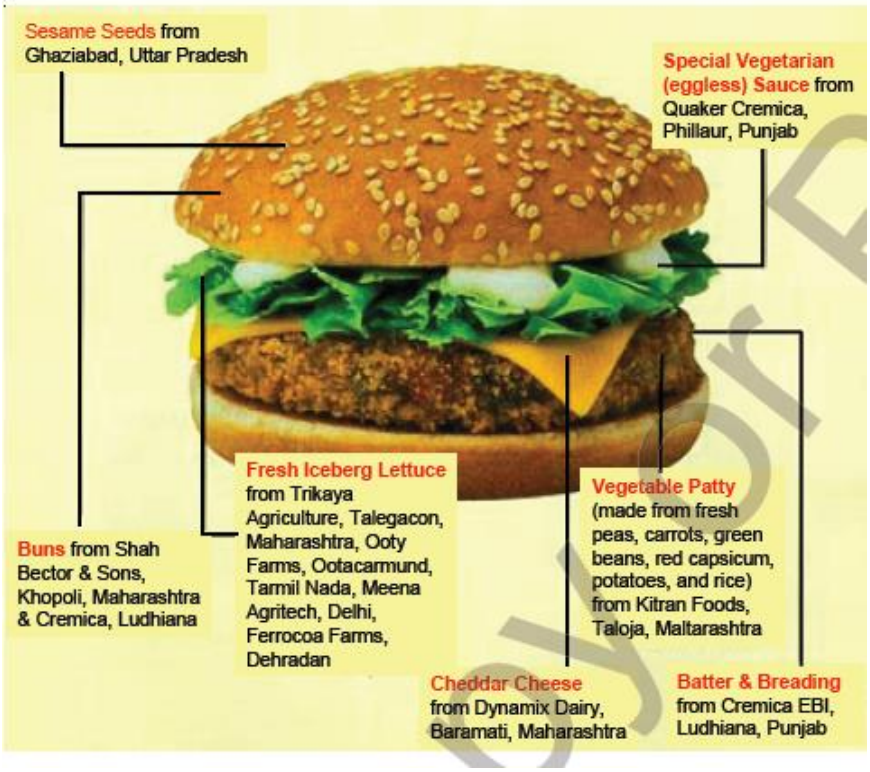
Facing this consumption increase. McDonalds' decides to win the middle and lower middle class market. To reach this new segment they changed pricing strategy. The multinational launches the economy pricing strategy. Mc Donald's prices go down considerably. For example vegetarian nuggets from 29 Rs (0, 41 US dollars) to 19 Rs (0, 27 US dollars). The ice cream cone from 15 Rs (0, 21 US dollars) to 7 Rs (0,099 US dollars). In the same way they launch a new product for children called "Veg Surprise" at 10 Rs. (0, 14 US dollars). Mc Donald's had the reputation of having expensive prices, so at the first 3 months they did not have the expected acceptance. However, after 6 months Mc Donald's became popular. It was affordable for everyone. (McDonalds, 2018: 10).

McDonalds' manages to lower the prices of its products, without losing. They did it through the change of suppliers. When McDonald's entered the Indian market they imported

certain products such as bread, French fries, among others. When they change suppliers, they choose local suppliers for each element of their vegetarian hamburgers. (Graphic 4).

Suppliers for McDonalds' in India
Graphic 4

Exhibit 10 Suppliers for McDonald's in India



"Think Global, Act Local",(Kishore, 2015). With this thought in 1994 came McDonalds' to the Indian market. The multinational decided to penetrate the market through two Joint ventures with 50:50 bases. The local businessmen were from Mumbai and Delhi. In Mumbai, the company of the entrepreneur Amit Jatia, "Hardcastle Restaurants Private Limited", was selected to run the entire Western region in India. The Northern region was run in Delhi, by Vikram Bakshi and his company "Connaught Plaza Restaurants limited". Both Bakshi and Jatia are in charge of managing Mc Donald's in India. These entrepreneurs were

selected by McDonalds' thanks to their extensive knowledge of the Indian´s bureaucracy as well as consumer preferences and traditions knowledge. .(Kishore, 2015: 30).

2.3.2. H&M

In 2015, Erlin Persson, the founder of H & M, decided to enter the Indian market. Hennes & Mauritz, the Swedish clothing chain, opened its first store in the Select Citywalk mall in New Delhi, despite being considered one of the youngest players in the Indian market; it has been very well received thanks to its economic pricing strategy. It currently has more than 29 stores in 12 cities in India. The retail giant has been successful especially with women's clothing, thanks to its variety, as it has incurred Indo-western styles. Acceptable prices range from 149 rupees (2 US dollars) to 2,999 rupees (almost 46 US dollars). Its main promoters are the Bollywood actors, as well as very famous Indian models. (Fashion United, 2015: 1).

By 2018, after meeting a series of requirements, H & M managed to open its first online store in India and, therefore, accelerate its growth in the country. The retailer offers a full range of products for ladies, gentlemen, teenagers, children, plus sizes and maternity. The country's CEO, Janne Einola, said that many exclusive pieces are sold only in the online store. Currently, India is the 45th global market where H & M has opened online stores. The CEO assures that this will allow them to reach more urban cities. Worldwide, online sales represent 12.5% compared to general sales. H & M expects the percentage in India to be stronger. The retail store did not enter the market with any partnership; however, it has an association with third parties for deliveries. (Economic Times, 2018: 2).

According to Janne Einola, the West influence on Indian clothing is deeply rooted, that is why they had to make certain adaptations to their clothing line, where their star

product are not only Kurtis, but also the Exclusive Indo-Western line. Traditional Indian clothing, such as the Punjabi Salwar, was transformed into fashionable baggy trousers, known as Palazzo Pants. One of the most famous adaptations of the Indo-western line are the traditional Saares. (Graphic 5-6).The idea is that the tradition is maintained but with a more modern design. (Einola, 2018: 5).

Traditional Saari
Graphic 5



Indio Western Saari
Graphic 6



The business model of H & M is based on the sale of products with innovative designs at reasonable prices. H & M uses fast fashion concepts. The

products are bought, worn and thrown away quickly. The key to success lies in having few intermediaries, buying in large volumes of raw materials and having an efficient distribution system. In this way consumers can obtain items that are inspired by luxury, with high aesthetic value and at affordable prices. (Yang Ling, 2012)

The Swedish giant does not own any of the factories where it produces its articles, but it has 785 suppliers around the world. The suppliers own 1,800 factories. 43.3% of them are located in countries of the Far East ('Far East'); 30% is in Southeast Asia and 26% in Europe, the Middle East and Africa ('Emea'). Its main suppliers include Bulgaria, Egypt, Greece, China, Vietnam, Bangladesh and India.(Economic Times, 2018:3).

2.3.3. L'Oreal

L'Oréal penetrated the Indian market in 1994, through a standardization strategy. The group tried to commercialize the same line of products from France. Its first entry was with its brand UltraDoux a line of natural shampoos. However, the price in the market was expensive, so they had to remove certain ingredients and the quality of the shampoo Dropped. It was a complete failure. A year later the group decided to enter with a new product, an anti - aging cream. It was its star product around the world. However in India they did not have a good reception; since the market segment for beauty products was more noticeable in young adults between the ages of 15 and 30. Wrinkles on Indian people are rare, since their diet and use of natural products is directly linked to their physical appearance. (Shamdasani, 2017: 1-5).

After this two failures to penetrate the Indian market. L'Oréal decided to use adaptation Strategy. The group began to create an exclusively line for the Indian market and adapted to its demands. Routines and purchases of natural cosmetics are firmly anchored in tradition. This is how in 1998 the group succeeded in penetrating the market with its cream dye made of Genna. L'Oréal began to train small and large stores that sold their product for free. In 2002 they opened more than five training places for people who had a beauty salon. They not only taught them to use their products, but also trained them in the area of beauty and customer service. (L'Oréal, 2013: 2).

Currently L'Oreal has been in the Indian market for over 20 years. Is the beauty company with the highest average annual growth of 30.2% and representation in more than 750,000 sale points. It has a participation in the Indian market of 8%, thus leading third place in the cosmetics market in India.

The pricing strategy they currently have is economy pricing. The versatility of its products and its different presentations has made its service accessible to people of all social strata. For example, the shampoos are available in envelopes with a price of 1.5 rupees representing 0.02 Euros. Their prices are low, thanks to local production and their Indian supply of raw materials, which covers 80% of their needs. Currently they have a research and innovation center in Mumbai. (L'Oréal, 2013: 5).

India is a very attractive country to invest. However, the difficulty of the market means that many companies do not take the risk. The bureaucratic processes are extensive. And getting to meet all consumer expectations demands a lot of time. However, using adaptation strategies to penetrate the market is the key to success. Adapting to culture to

customs and being part of Indian society is what has led these three multinationals to be the most recognized within their respective industries.

CHAPTER 3

CASE ANALYSIS: MC DONALDS, H&M, L'OREAL IN INDIA

3.1. Mc Donald's

One of the main reasons why companies seek the Indian market is to exploit their business opportunities as well as their own resources and capabilities in the market. In this third chapter we will analyze three practical cases. The history, positioning and strategies that each multinational used to penetrate the Indian market will be studied. The correlation between business and culture could be visualized through the cases.

McDonald's is one of the leading fast food chains worldwide. It has progressed in internationalization leaving its original market in United States. The multinational is recognized for opening new premises, search and innovation of new menus, experimentation with new ingredients and food combinations of its original offer with other ingredients from the regions and places where it is located. In this way, McDonald's is recognized and remain in the subconscious of individuals, when thinking about fast-food and standard quality food.. (Goldberg & Yagan, 2007:54)

McDonald's Corporation is one of the largest American fast food chains in the world. It is known for its burgers. Its headquarters are located in Oak Brook, Illinois. Brothers Maurice and Richard McDonald opened the first restaurant in 1948 in San

Bernardino, California. After its second year in the market they increased the purchase of appliances to double. Its format was simple and efficient. The secret was in the time and the price. A basic burger cost 15 cents. The brothers produced large quantities of hamburgers. The self-service eliminated the need for waiters. Customers received their hamburger in less than 30 seconds. The burgers were cooked in advance, wrapped and warmed under heat lamps. (Tonkin, McDonald & Chapman, 2016: 25).

Ray Kroc the appliance distributor saw a unique potential in McDonalds. In 1995, he offered the brothers to start a franchise program. His first Franchise was in Des Plaines, Illinois. In 1961 Kroc bought Mc Donald's. 4 years later, the company's shares began to be listed publicly. McDonalds' advertising strategy is to sell an image that is recognized all over the world. The Corporation introduced advertising symbols and products that became symbols. The clown Ronald McDonald, the symbol "m" double bow, the Big Mac (1968), the Egg McMuffin (1973), the Happy Meals (1979) and Chicken McNuggets (1983). They are products that must be in all Mc Donald's branches although they can be made from different ingredients. (Tonkin, McDonald & Chapman, 2016: 25-27).

The multinational expanded nationally and internationally, reaching a total of 10,000 restaurants in 1988. They operated in more than 35,000 points of sale in more than 100 countries. In the decade of the 90 the growth was rapid. Every 5 hours a new McDonald's opened somewhere in the world. It is currently the most popular family restaurant with fast food with affordable prices. It is located in 119 different countries in which it has 33,990 open restaurants. It is estimated that around 69 million customers visit McDonald's restaurants every day.(BBC News, 2012:1).

3.1.1. History

The entry of McDonald's in Asia began in 1971. An association contract was signed between the company and a Japanese businessman. McDonald's arrives in China in 1975, with the first opening in Hong Kong. On October 13th, 1996 the multinational opens its first restaurant in India in New Delhi. Days later, on October 23th, another store was opened in Mumbai. (Kulkami & Lassar, 2009:65)

India was the 95th country where McDonald's opened its doors. It was the first restaurant in 1996 to serve products that did not contain beef or pork. McDonald's India is a locally owned company run by Indians. Smita Jatia, under Hard Castle Restaurants Pvt. Ltd. based in Mumbai and Vikram Bakshi, under Connaught Plaza Restaurants Pvt. Ltd based in New Delhi. (Kulkami & Lassar, 2009:67)

In India, McDonald's is represented by two different companies. The first, Hardcastle Restaurants Pvt. Ltd. manages the restaurants in the south and west of the country. This company has a development license. This license implies that McDonald's has proven the long-term viability and sustainability of the business at the local level and, therefore, is willing to grant greater concessions to the entrepreneur for the management of the company. The second, Connaught Plaza Restaurants Private Ltd., manages McDonald's stores in the north and east of the country. Unlike the first company, this is a joint venture that operates together with McDonald's Corporation USA. (Chakravarty & Brushan, 2011:15).

McDonald's chose two of the largest cities in the country to start operating. However, the chain had some drawbacks and stumbles to continue its expansion in a linear way. Since the opening of the first two restaurants in 1996 until the year 2000, only two more

restaurants were opened in 1997 and 1999. The opening of its first two restaurants caused a shock with the local population. Despite having vegetarian menus, McDonalds' was popular for its beef burgers and it was not that easy to sell a new vegetarian image that could be adapted to Indian culture. McDonalds' offered vegetarian products in their menu. However, in the first three years they also offered their original star products like "BigMac" hamburger. (Colordo, 2009: 56)

In those three years there were countless protests against McDonalds' and their beef products. In the year 2000 McDonald's stepped back in credibility due to a serious mistake. It was discovered that they had not eliminated the original pre-cooked process in animal fat from their French fries. After this failure McDonalds recognizes his error, they asked for public apologies and agree to completely remove the beef from their menus and their preparations. After this McDonalds' begins its project "clean kitchens" where it was allowed, through a glass screen to see how food was prepared. (BBC News, 2005:6).

This allowed the multinational to recover quickly. Confidence in its consumers increased. After gaining the confidence of the Indians in the middle of 2000 Mc Donald's began an accelerated growth. The company successively opened restaurants in several large cities of the country. The growth of the chain was exponential as of that year. By 2013 there were already more than 250 restaurants. And by 2018 there were 300 restaurants. In the same way, new products were gradually introduced to the menu. Taking into account consumer preferences and their culture. The multinational company used adaptation methods to achieve its accelerated growth.(Craig & Dickson, 2007: 32-35).

3.1.2. Main Sales Stores

McDonald's has a total of 33,990 restaurants open around the world. It is estimated that around 69 million customers pass through McDonald's restaurants every day. The country with the largest number of McDonald's is the United States. At the end of 2014, the hamburger chain had a total of 14,339 open stores. The second market by number of restaurants is Japan, with 3,093 open stores. The third China, with 2,142 open stores. According to the avant-garde magazine (2018) in the ranking of countries with the largest number of Mc donalds restaurants. India is ranked 20 out of 40 with 310 open stores. (Avant Garde, 2018:6).

Speaking about the proportion that exists between the population and Mc Donald's premises in the world. The country where you can find more McDonald's restaurants per capita is United States. For each open place in this chain, the population is 22,497 people. The second country in this ranking is Canada, with 24,670 citizens per McDonald's. The density of McDonald's is much lower in highly populated countries such as China (650,693 inhabitants per McDonald's) or India (3.4 million per restaurant). (Avant Garde, 2018:8).

India is not the country that has more Mc Donald's open restaurants. However until now (2019) the Multinational has managed 300 sale points in different regions. Its success is not only based on adaptation strategies but also on localization. India has 28 states that are: Andhra Pradesh, Arunachal Pradesh, Assam, West Bengal, Bihar, Chhattisgarh, Goa, Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir, Jharkhand. , Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Mizoram, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh and Uttaranchal.(Graphic 7). Mc Donald's operates in 13 of those states. (Bauman, 2019: 235).

Map of India

Graphic 7



Source: Harvard Business Review

Until 2009 Mc Donald's had 130 open restaurants. They were divided between North and East India and South and West India. In the northeastern part, there were 79 localities distributed among 8 States (Delhi, Uttar Pradesh, Haryana, Punjab, Rajasthan, Uttaranchal, West Bengal, Himachal Pradesh) in the southwestern part, there were 53 localities distributed in 5 States(Maharashtra, Gujarat, Karnataka, Andhra, Madhya Pradesh). (Annex 6). The remaining 170 stores were opened in the same states but in different cities. Having a total of 300 open restaurants until today. The largest number of outlets are located in Mumbai and Delhi. (Harvard Business Review, 2009:18).

The strategy of having the highest amount of restaurants in Mumbai and Delhi is due to affordability and brand recognition. These two large cities have a metropolitan culture and western influence. The majority of upper middle class and rich population is located in these cities. They know McDonald's brand and set familiar with the fast food system. In the

same way the metropolis inhabitants have a better disposition to experiment with new foods and flavors. In addition, McDonald's has two distribution centers in these cities. What reduces transaction costs. (Craig & Dickson, 2007: 45-50).

Logistics was the most important point for McDonalds when they decided on which cities restaurants would be established. Thanks to their fast service business they decided to open their points of sale within a maximum radius of 500km from their main distribution centers located in Delhi and Mumbai. This is why McDonalds is not found in metropolitan cities like Kolkata. One of McDonalds' location strategies was to partner with state companies that would allow them to establish its restaurants in different locations. (Craig & Dickson, 2007: 65).

Mc Donald’s partnered with the state oil company, Bharat Petroleum Corporation Ltd. (BPCL). They established restaurants in service stations. BPCL is the leading petroleum retailer in India and has the largest number of oil stations in and around Delhi. It was also associated with the Delhi Metro Rail Corporation and Delhi interstate bus terminal. Thousands of people go daily to different destinations.
Their goal was to win the lower middle class market. (Colordo, 2009: 60)

3.1.3. Strategies

Trough the vision of being the best provider of fast food around the world Mc Donald’s has achieved a strong presence within India. The multinational not only sells fast food but also an opportunity to share time with the family. McDonalds' mission is to provide

the best fast food service. Their values are summarized in "Q.S.C & V". "Provide good quality, service, cleanness and value". (Mc Donald's, 2019:6).

Although India is not the country that most consumes McDonalds products, it is among the top 20 countries out of 40 that do so. Mc Donald's is known worldwide for its star product "Big Mac", a beef burger. 80% of the population in India does not consume beef and the remaining 20% does not consume pork. However, thanks to the variety of products and adaptation strategies, it has become one of the preferred fast food chains of the Indians.(Bauman, 2000:100).

One of the most important strategies used by McDonalds' to penetrate the Indian market was the segmentation of its products. They segmented the products and positioned them according to three different targets. Children, students and families. The bases of this segmentation are divided into: Demographic, Psychographic and Behavioral Segmentation. (Tonkin, McDonald & Chapman, 2016: 30).

Demographic Segmentation

This segment addresses children, families and students. They try to offer a variety of products for each target. For example the happy meal that contains a toy for children. For families it has different outlets located in shopping centers, it also offers the drive-thru service. On the other hand for the students they created a youthful environment, to hang out with friends and have their lunches there. It is important to note that each of its products are exclusive to India. The ingredients do not contain beef or pork as well as their preparations. And they contain a variety of vegetarian options and star products that are not burgers

necessarily. (Annex 7). (Tonkin, McDonald & Chapman, 2016:
31).

Psychographic Segmentation

This segment is about consumer preferences. The adaptation strategy is fundamental and must go according to the culture and lifestyle of the Indians. Since India has religious principles of non-violence, eating meat is not something daily. McDonalds had to come up with different ideas and options of vegetarian menus, without losing the image of the brand. Some of their vegetarian offerings are the Mc Veggie burger and Mc Aloo tikki burger. It should be noted that there are states in India such as Gujarat where 80% of the population is totally vegetarian. Now a day (2019) Mc Donald's has more than 10 locations in this state with totally vegetarian offers. (Tonkin, McDonald & Chapman, 2016: 33).

Behavioral Segmentation

This segment is focused on children. It is about being part of family's lives. McDonalds has built exclusive spaces for children, where they can celebrate their birthdays or special occasions. All outlets have a "Play Place" where children find games such as air hockey or arcade games. This helped the multinational attract young families who want to share time with their children and have fun. (Tonkin, McDonald & Chapman, 2016: 35).

Another of the main strategies Mc Donald's used to penetrate the Indian market was the adaptation not only of their products but also of their culture. When we talk about culture, we do not just talk about food or consumer preferences, but about social structures and constructions. One of McDonald's main challenges was Green Sensibility in India. There are

some groups of environmental activists who oppose the entry of fast food chains such as Mc Donald's or KFC. Maneka Gandhi, former minister of environment in the central government, and Dr. Vandana Shiva, director of the Research Foundation for Science, Technology and Ecology are the best known activists who lead these groups and have state support. In 2002, the campaigns against McDonald's began. They argue that their products destroy the ecological balance and cause serious behavioral disorders. The foods were very fatty and unhealthy with high levels of glutamate.(Kulkami & Lassar, 2009: 105).

To counteract the negative campaigns Mc Donald's began to build a fund to support ecological movements in Delhi and Mumbai. It not only contributes financially but sponsors community activities related to the environment care. They try to support the awareness of a healthy lifestyle by sponsoring and promoting activities related to sports. In 2005 they sponsored the "Olympic Day Race" in the State of Gujarat. In the same way they sought to optimize their image of junk food to healthier food. McDonalds added to its menu baked or toasted options like the McCurry Pan. (Mc Donald's, 2002: 10).

3.2. H&M

H & M was born in 1947 in Västerås (Sweden). Erling Persson, its founder, interested in selling fashion at low prices, opened a small clothing store exclusively for women. He called it Hennes ("for her"). At the end of the 1960s, Hennes took the initiative to expand into another range of products, not just women's clothing. This was fulfilled with the purchase of a gun and hunting store in Stockholm. As part of the purchase, Hennes received a large stock of men's clothing and quickly attached it to the company's sale offer. (Giertz, 2012:108).

That's where the name of the company changes to Hennes & Mauritz, which later became known by the acronym H & M. At the same time H & M added a line of clothes for babies, children and teenagers in 1970. (Giertz, 2012:110).

H & M is a Swedish chain of clothing, accessories and cosmetics stores with stores in Europe, North America, the Middle East, Africa and Asia. It has a total of 2,500 proprietary stores spread over 43 countries and employs approximately 94,000 people worldwide. It also sells clothing by catalog and through the Internet in some countries. H & M is the second most important textile group in Europe. (Giertz, 2012:112).

The company has its own design team, based in Stockholm (Sweden) and made up of 100 designers. H & M currently collaborates with some 700 suppliers, as it does not own any of its own factories. Most of these suppliers are located in Asia and Europe and are supported by 20 production offices that monitor compliance with the Code of Conduct that the company has established. Germany is the largest market, followed by the United Kingdom and the United States. (Polese & Blaszczyk,2012: 6).

During the 1960s, 70s and 80s, the first H & M stores were opened in Denmark, Norway, Germany and the United Kingdom. In the 90's the company started a strong period of expansion, inaugurating its first stores in France. In the year 2000, H & M entered the Spanish and American markets. In 2006, it opened stores in Dubai and Kuwait, and in 2007 the company entered the Asian market by establishing points of sale in Shanghai and Hong Kong, followed by Tokyo. The first store in the Russian market was opened in 2009, in

Moscow. In 2010, H & M opens its first stores in South Korea, Israel and Turkey. Finally in 2015 H & M opens its stores in India. (Polese & Blaszczyk,2012: 9).

3.2.1. History

H & M waited for 10 years to enter the Indian market the biggest obstacle was that the single-brand retail trade in India was limited to only 51% of foreign ownership. In 2012, the Indian government reformed the ownership of the single brand and gave foreign companies power to have full ownership of their operations. Although H & M could opt for a franchise or joint venture to enter the market before, it was not their business model. (Mo, 2015:52)

Finally, on October 2, 2015 H & M enters the Indian market. The giant Swedish clothing opened its first store in the Select Citywalk mall in Delhi. According to Fashion United, fashion experts expected the opening of H&M in India for more than a decade. The opening was made in a Bollywood style. All the celebrities were there. It was a party with live music, red carpet and the finest liquors. Some actors were present such as Ranveer Singh, Jacqueline Fernandez, Lisa Haydon, Lauren Gottlieb, Soha Ali Khan and the fashion entrepreneur Pernia Qureshi. The press described the opening of H & M as the most important fashion party in the capital. (Fashion United, 2015:9).

The opening was only with exclusive guests. They were the first buyers of H&M merchandise. According to Fashion United magazine, the most outstanding aspect of the clothing line was its sizes. They have sizes up to 14 in almost all their garments. Janne Einola, the country CEO, explained that size 14 is compared to a size 14 in the United Kingdom, not in the United States. She said that clothing sizes are for all customers. Einola

Talks about exclusivity, she said that no other highstreet store in Delhi, have those sizes and designs. (Fashion United, 2015:10).

Despite being considered a young player within India. H & M with 4 years in the market has invested 100 million Euros. The company in 2015 decides to enter alone, without strategic alliances. After 3 years of completing legal processes, launch its online store. Through its website they announced: "*We are extremely proud to launch H & M's Online Shop in India. We have also introduced the scan and buy feature which aims to seamlessly knit together online and offline shopping. At H & M, fashion never sleeps!* ".(H&M, 2015:1).

3.2.2. Main Sales Stores

The objective of H & M is always to be present in the best business locations, whether in large cities or in shopping centers. In India the company had looked different locations searching the best market conditions. H & M does not own any premises, rather it leases them and that gives the company greater flexibility and adaptability. (H&M, 2015:2).

In the long term, quality is what encourages H & M to make decisions about its expansions. Before moving to a new market, an evaluation of the potential market must be carried out, taking into account factors such as: demographic structure, purchasing power, economic growth, infrastructure and political risk. H & M also works together to make its stores sustainable in the long term with energy saving initiatives and the use of materials adapted to the environment. (Einola, 2016: 5).

In 2015, when H & M penetrated the Indian market, it was expected that at the end of 2018 30 stores will be operating around India. On November 15, 2018 its CEO, Janne

Einola, opened the 36th store in a busy subway station, in the city of Gurgaon, State of Haryana. The fashion giant has exceeded all expectations. Within India the brand is known for its varied offer of fashion and excellent prices. Currently (2019) they have 43 stores in 11 of the 28 States of India. (Mo, 2015:55).

H & M has a website of store locations within India. This makes it easier for customers to find the store closest to their location. One of the benefits of this website is that you can see the offers and discounts of stores in each location. (Annex 8). Currently H & M is located in the States of Punjab, Gujarat, Maharashtra, Karnataka, Tamil Nadu, Uttar Pradesh, Telangana, Madhya Pradesh, West Bengal, Chandigarh, and Delhi. The State where it has more stores is Mumbai. (Table X). (H&M, 2019:1).

H&M Store Locations
Table X

State	**City**	**Number of Stores**
Punjab	Amritsar Ludhiana	2 1
Gujarat	Ahmadabad	1
Maharashtra	Aurangabad Pune Raipur Mumbai	1 3 1 8
Karnataka	Bangalore Mysore	5 1
Tamil Nadu	Chennai Coimbatore	3 1
Uttar Pradesh	Ghaziabad Noida	1 2
Telangana	Hyderabad	3
Madhya Pradesh	Indore	2
West Bengal	Kolkata	1
Chandigarh	Mohali Chandigarh	1
Delhi	New Delhi	5

Produced by: Melissa Calderón
Source: H&M

3.2.3. Strategies

The fashion industry in India is diverse. Customers can find all kinds of clothing and accessories both nationally and internationally. When H & M enters India it faces giants of fashion like Zara, with more than 20 years in the Indian market. In this sense they had to look for differentiation strategies not only in quality and variety but also in the price. While it is true that the fashion industry is directly influenced by west, adaptation strategies are necessary to differentiate and give value to the product.(Quattrini, N/D:63).

H & M differentiates its products by distributing them in different sections: H & M Ladies, H & M Man, H & M Kids and Divided (young). In the case of India besides these sections they have an exclusive section, "Indo-Western" clothing. This clothing line is exclusive for India. The adaptation strategy of H & M was the key to success in some cities like Mumbai. Most of the upper middle class population life in Mumbai and Delhi. They frequently consume foreign products. As we saw in the second chapter, the mixture of Indian fashion with Western fashion marked the difference between H & M and other clothing chains. (H&M, 2019:5).

Another H & M strategies known worldwide, is the pricing strategy. The prices are cheap, thanks to the fact that they sell on large scales. H & M does not have any factories; they have more than 700 suppliers both for the elaboration of their garments and for raw material. One of its main suppliers of raw material is India and its main processing factory is located in Germany. It is important to say that garments design is exclusive because they have more than 100 designers in Stockholm. In the H & M stores prices range from 149 rupees (2 US dollars) for hair ribbons to 699 rupees. (10 US dollars) for leggings, 799 rupees (12 dollars) for shirts and shoes, 1,999 rupees (for 30 dollars) for denims and 2,999 rupees (almost US $ 46) for outerwear.(Waller, 2015: 12).

The Swedish retailer H & M, opened its online store in 2018, did not make any strategic alliance to sell its products. However in this year 2019 decided to partner with the fashion markets owned by Flipkart, Myntra and Jabong, to sell their merchandise online in India. After China India is the second nation where it is not based solely on its portal to boost online sales. H & M granted Myntra and Jabong the exclusive rights to sell H & M products online in India for five to six years.(Fashion United, 2019:12).

3.3. L’Oreal

L'Oréal was born thanks to the young chemist Eugène Schueller, in 1909. It all started thanks to one of the first hair dyes that he formulated and sold to hairdressers in Paris. With this, the first step was taken to found the group, basing itself up to the present on research and innovation at the service of beauty. The formative years of the company were from 1957 to 1973. The group begins to expand internationally. They acquire strategic brands and the beginning of growth started. Their first emblematic products were born. The group manages products for hair care, high quality fragrances, skin care and cosmetics. Its advantage is high quality products and processes, commercial procedures and its research and development budget.(Hong & Doz, 2013: 112 – 113).

L'Oréal is in 150 countries, marketing 34 brands. One of its main characteristic is its various individual products in all sectors of beauty: hair dyes, perms, skin and body care, cleaning products, makeup. The distribution channels they use are extensive. From hairdressers, supermarkets, pharmacies, to direct mail. The group has its own research and development centers. His headquarters are in Clichy, France. However, it has centers in the United States, Japan, China and India. .(Hong & Doz, 2013: 114-118).

3.3.1. History

After 20 years studying the Indian market. L'Oreal began its commercial transactions with India in 1991 through a national distributor. They set up a Partnership with MJ group for the distribution of their products. At that time foreign companies could not operate their own subsidiaries in India. Its first product was the Garnier Ultra Doux shampoo

that contained natural ingredients, however they failed with this product. (Harvard Business Review, 2013:5).

To make it more accessible to the lower middle class, they decreased the prices of the product. However, they had to remove certain ingredients to sell it at that price. The quality of the product was low and people stopped consuming the product. Its second attempt was with an antiage cream; however they put the same product they sold in all countries, without any difference. The target of clients were elderly women, however this niche was not attracted to a wrinkle cream; they preferred products to dye their hair. (Harvard Business Review, 2013:8).

Finally in 1996 they launched an exclusive product for the Indian market. After a study they realize that the women of India begin to dye their hair since they are 20 years old because they tend to generate gray hair from an early age. The dye based on gena was a success. Loreal has now become the second largest global cosmetics group in India. L'Oreal reaches out to 2,300 towns and covers seven lakh outlets. In India, it is the fifth largest media outlet in the industry. (Harvard Business Review, 2013:10).

The product lines of Loreal are the following: Maybelline NY - Garnier -L'Oreal Paris Professional Products - L'Oreal Professionnel Kerastase - Matrix Luxury Products - Lancome - Giorgio Armani - Ralph Lauren - Diesel - Kiehl's Active Cosmetics - Vichy - La Roche - Posay - Body Shop. All are available in India (L’Oreal, 2019:5).

3.3.2. Main Sales Stores

L'Oréal India has a representation in more than 750,000 points of sale. The Group is the third leading operator in the Indian cosmetics. It employs more than 1,600 people. The group has 4 regional offices with its two manufacturing facilities in Chakan (Pune) and in Baddi (Himachal Pradesh). They have their Research and Development center in Mumbai.(Brandon, 2011 : 25).

The strategy to expand the market is not focused on the factories or the financial structure, but on increasing the sales points. For this, L'Oréal carries out large advertising and promotion campaigns directed not only to its current clients, but also seeking to attract new clients. They continue to use the same factories, the same financial resources, the same administrative structure, etc. They concentrate on the development of products, producing products with novel characteristics. These modifications are, for example, the evolution of the Garnier Fructis range of hair products over the years, in which the packaging and the composition of the products have varied, as well as substantial, with the launching of completely new products such as like the retouch-roots Magic Retouch spray from L'Oréal Paris. (Brandon, 2011 : 28).

The success of the L'Oréal Group is based on the knowledge it has about the tastes of its consumers, knowing how to perfectly adapt its products to existing market segments and offering completely innovative and quality goods. The strategy developed by the Group is the differentiation, based on a strong investment in R & D and marketing, the use of quality ingredients and materials for the elaboration of the products and the prestige with which L'Oréal counts as a company. It has been ranked as the forty-fifth most valuable brand in the world according to Interbranden 2017.(Interbranden, 2017:54).

3.3.3 Strategies

To enter the Indian market L'Oreal used 4 main strategies. Understand the needs of the market, through adaptation. Create products according to the different targets. Increase distribution channels. The pricing strategy.(Chailan, 2010: 78-79)

Understand the needs of the market

L'Oreal understood that he cannot distribute the same products in India that around the world. The needs and preferences of the consumer vary. Although the Indians expect prices to be comfortable, they pay attention to the quality and components of the products. For women in India, lightening their skin with creams is more important than removing wrinkles. It is a sign of purity. One of the most famous campaigns sponsored by L'Oreal was "Stay Rooted". Consumers were invited to connect with their roots, taking the time to think about the family and appreciate it. In their campaign, L'Oreal argued that relaxing would connect them with the past. (Fayolle, 2008: 215-217).

Create products according to the different targets

They began to give each brand a different target. For example Maybelline is targeted for teenagers and young women. The campaigns were carried out with girls up to 25 years old. While brands such as Lancome, dedicated to skin care and makeup positioned themselves as a luxury brand, for adults. The advertising was done by Bollywood actresses over 40 years old. On the other hand, the segment "Masstige" has all kinds of products and is aimed at the masses. (Fayolle, 2008: 217-219).

Increase distribution channels

They increase its distribution channels, through the training of sellers of independent stores. The idea was that each distributor knows all the benefits and uses of the product, in this way sales increased. It started with small stores and ended up doing demonstrations at the most exclusive hairdressers in India. With the line L'Oreal Professionel began to give specialized training courses to learn new beauty trends. He opened his own centers to educate the entire population that was attracted to the beauty industry. (Fayolle, 2008: 220).

Pricing strategy

In order for prices to be accessible to all, his strategy was to open a research and development center in India. The products should not be imported. They are developed within the same country. In the same way they began to give new presentations without lowering the quality of the product. For example you can find sachets of dye from 69 Rupees (1 American dollar) and shampoo sachets from 1.5 rupees representing 0.02 dollars. Their prices are low, thanks to local production and their Indian supply of raw materials, which covers 80% of their needs. (Fayolle, 2008: 225).

Each company differs in the strategies and modes of entry they used. However, the adaptation of its products was necessary for them to succeed in the market. Although they have differences in their years of experience within the market. Through their strategies and innovations they have managed to be the pioneers within their respective industries.

VI. ANALYSIS

The general objective of this dissertation was to understand the implicit correlation of culture and business within the Indian market based on the analysis of three companies: Mc Donald's, H & M and L'Oreal. It was fulfilled through the analysis of three thematic subjects. First the correlation between business and culture, analyzed through Hofstede's theory. As a second thematic subject we studied adaptation as an internationalization strategy and finally the Indian market and the analysis of the three practical cases. We have taken three cases to analyze the relationship between culture and business, such as McDonalds, H & M and L'Oreal. Representing its original countries in this way, we have United States of America, Sweden and France.

In the first chapter we realized that globalization has allowed eliminating certain cultural barriers between countries, which has caused great impact within the business field. Therefore nowadays the culture is studied before undertaking in an unknown country. To analyze the cultural dimensions of different countries, the Hofstede model, with its six dimensions respectively, has been taken as a reference. These six dimensions helped us to study cultures worldwide, so that we could better understand the cultural traits that predominate in certain areas of the world and adapt. Hofstede provides us with data and concrete scores of the cultures in the six dimensions: Power Distance, Individualism vs. Collectivism, Masculinity vs. Femininity, Uncertainty Avoidance, Long-term vs. Short term orientation and Indulgence vs. restraint.

According to Hofsted's analysis, India is one of the countries with the greatest power distance, with a ranking of 77 points compared to the world average of 56.5. This means that there is a high level of hierarchy, inequality, power and wealth. Social castes within India are part of social construction and are seen and accepted as a cultural norm. On the other hand, the highest dimension in the United States is individualism, with 91 points. Unlike India, in America, hierarchy exists only for convenience. Social gaps are not so well established and communication with authorities within companies is direct and informal, because employees are expected to be self-sufficient.

As for Sweden, the highest levels are reflected in indulgence with 78 points. This dimension tells us that Swedish culture has a positive attitude and one of its priorities is to enjoy life, and fulfill their wishes. They have a tendency to optimism. Unlike France, which is a very structured country and everything needs prior planning. They do not give much

importance to free time or fun. Its highest rank is located in uncertainty avoidance with 86 points, that is, they do not like surprises. The French need all the necessary information before undertaking a business meeting, which leads them to believe in the rules and regulations for society to work.

Moreover in the second chapter, the objective is to understand the Indian market before undertaking. Taking into account adaptation strategy. Within the internationalization process, one of the most important stages is the entry mode selection to a foreign market. The main factors to be considered when choosing the mode of entry are; the environment specificities and the management costs. The mode of entry will have a great impact on the choice of market strategy; either adaptation or standardization.

Thanks to globalization and interdependence between states, cultural barriers are becoming more important, because when talking about services and products commercialization, multinationals are opting for adaptation strategies to enter different markets. One of the reasons why companies choose this strategy to enter the market; it is because, depending on the country the markets behave differently. For example, legal differences, where products, packaging and labeling are required to make adaptations to enter the market.

Finally, in the third chapter we analyze the strategies that each multinational used to conquer the Indian market. All companies use different entry methods. But they have in common the use of adaptation within their strategies. Although companies like McDonalds and L'Oreal have higher rates of adaptation. The H & M clothing chain has a lower percentage of adaptation because western fashion influence is very strong in India.

The first failures of McDonalds and L'Oreal were present when trying to use a strategy of standardization and bring the same products that worked in other countries. Both multinationals did not realize the importance of knowing the Indian culture before undertaking their business. Adapting to different factors that can be found in the Indian market such as religion, language, tradition, geography, among others, is the key to success. One of the main reasons why companies seek the Indian market is to exploit their business opportunities as well as their own resources and capabilities in the market.

On the other hand, H & M clothing chain, despite having few years in the Indian market, had a resounding success with its Indo-Western clothing line. While offering standardized garments around the world, H&M launched an exclusive line for India. According to its CEO Janne Einola (2015) the multinational chose an aggressive strategy to penetrate the Indian market, so it has no strategic partner or alliance with another company. They trust that adaptation is the key to success. Indian market is considered the third largest economy in the world with respect to purchasing power after the United States and China; what makes it an attractive market for investment, since it presents lucrative opportunities for western companies that adapt to their culture.

VII. CONCLUSIONS

After analyzing the content of the present dissertation, it is possible to affirm that the established hypothesis has been demonstrated as true. The understanding of the correlation between business and culture would be a key success indicator establishing adaptation strategies to penetrate the Indian Market in the case of these three multinational corporations: Mc Donald's, H&M and L'Oreal. To define the most influential factors that determine the hypothesis, 4 main conclusions have been presented, each one with specific elements that support and demonstrate them.

- Culture Knowledge is a determining factor in business practices and international competitiveness. It is necessary to take into account the cultural differences due to the fact that between countries there may be many cultures that should be understood and treated in the best way by the companies that have the interest to enter abroad. Therefore, to have knowledge means to understand the effect of cultural differences of countries in business practices, such as their social structure, religious and ethical systems, language, education, customs and culture at work.

- The difficulty of doing business in India is due to the complex and unpredictable market panorama, accompanied by an inconsistent policymaking and the subjective interpretations that can be given to legislation. One of the biggest obstacles for multinationals are regulations, which can change from state to state. While this happens in other nations, the difficulty in India lies in the multiple regional differences in language, culture, customs, religion, infrastructure and well-being across the country, for example the product or service that works in the state of Gujarat can not necessarily work in West Bengal.
- Consumer behavior is directly influenced by the division of society. The division of society within India is characterized by belonging to different castes. They lead the Brahmins, priests who were responsible for interpreting the sacred scriptures. The Shatrias, was the political-military class, who also held administrative positions within the state. The Vaisias, was made up of merchants, artisans, landowners and farmers. The Sudras, its function was to serve the three upper classes. Finally the Harijans or Dalits were people who did not have any social class. They have a caste system, which creates social differences; this allows a close proximity between members of the same social caste. They avoid ostentation and luxury when choosing a

product or a brand. Less in traditional dates such as weddings. Advertising works through family recommendations. Consumers often buy brands that are familiar to them, so it is necessary to invest in advertising and marketing to promote a product.

- India bet in 1991 to open both for outside companies that wanted to invest in the country and for companies in India who wanted to look for business outside. Thanks to this policy, companies such as McDonalds and L'Oreal were more open to penetrate the Indian market. Although they had a 10-year study before entering the market, their first entry was a failure. After 5 and 6 years respectively they started to emerge after using different adaptation strategies mentioned above. On the other hand H & M penetrates the Indian market in 2015 and does so without any alliance or joint venture. After 4 years in the market it is a success. It currently has more than 30 stores in 12 cities in India.

VIII. RECOMMENDATIONS

The following recommendations are presented as proposals taking into consideration the analysis and conclusions

- Carry on more research in culture of different countries to understand in a better way the whole concept.

- In order to succeed in India, multinationals must know that this country has a large, heterogeneous and fragmented market. They should use a different strategy for each Indian state. They have to understand that states are individual and that business environment varies from one state to another. Indian States are compared with individual countries. It is important to know not only the laws under which the states are governed, the coin, geography and population but also the religion, culture and language with which they work. For these reason they must choose the best entry mode, to enter the market, as long as they use a certain degree of adaptation within their strategies.

- The Indians attach great importance to brands. However, urban users still prefer the incremental value offered by a brand rather than the reputation of the brand itself. Companies must achieve strong market penetration rates and constantly gain new users. Advertising marketing should be done with famous people or Indian citizens. While advertising can be in English it is recommended that some words in Hindi be introduced. In this way, customers feel more familiar with the brand.

- One of the most important processes to internationalize a company is to choose the correct entry mode depending on the market. In the case of India as we saw, the three multinationals use different entry modes. The importance in this case does not lie in the modes of entry but in the percentage of adaptation of its various strategies. It is recommended to use adaptation as an internationalization strategy. The percentage of adaptation that is needed will depend on the product or service. The adaptation to the market must not only include the added value of the product, but understand the society and its preferences to become part of it

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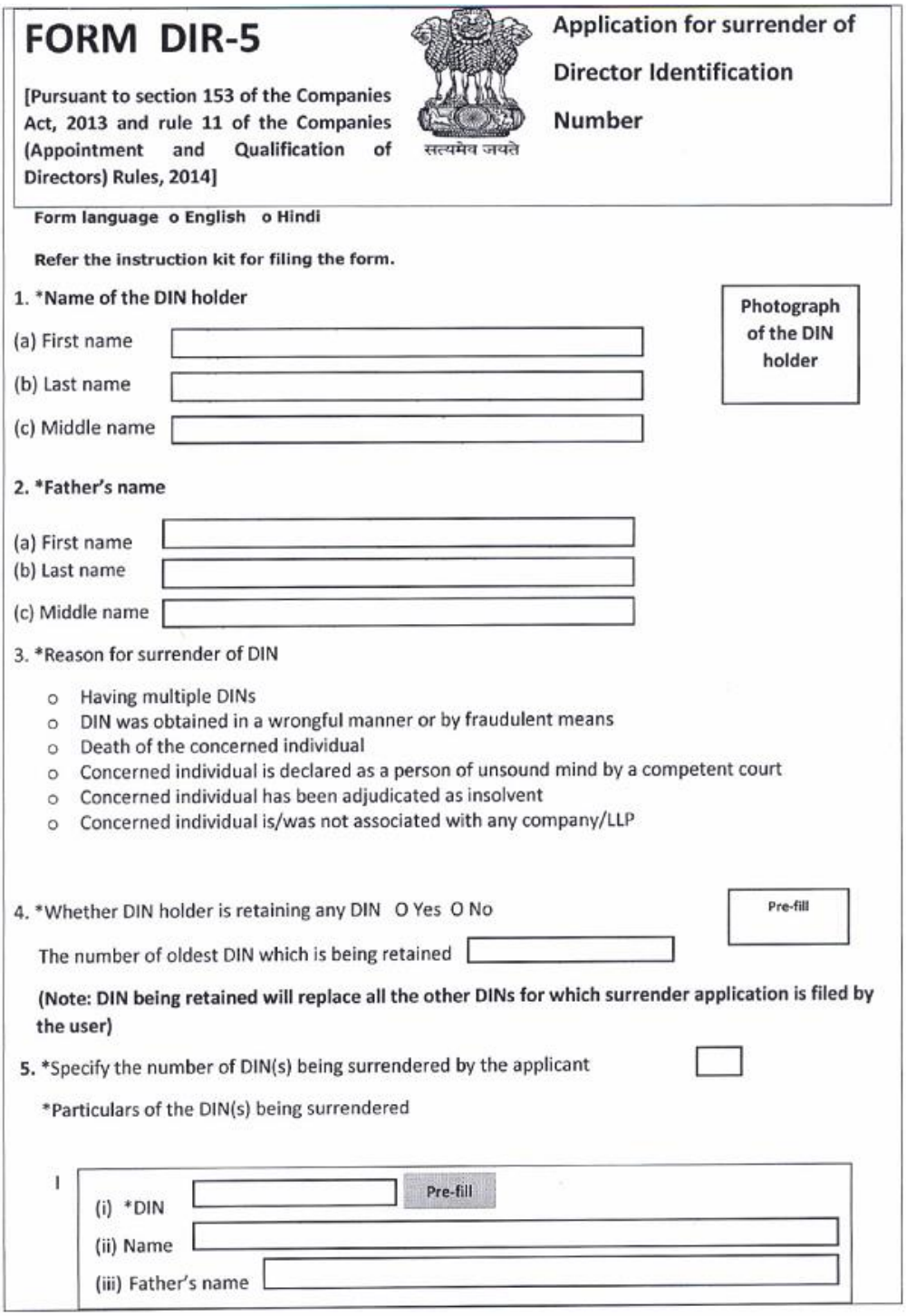
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X. LIST OF ANNEXES

ANNEX 1
FORM DIRECTOR IDENTIFICATION NUMBER-1



FORM DIR-5

Application for surrender of Director Identification Number

[Pursuant to section 153 of the Companies Act, 2013 and rule 11 of the Companies (Appointment and Qualification of Directors) Rules, 2014]

सत्यमेव जयते

Form language o English o Hindi

Refer the instruction kit for filing the form.

1. *Name of the DIN holder

Photograph of the DIN holder

(a) First name

(b) Last name

(c) Middle name

2. *Father's name

(a) First name

(b) Last name

(c) Middle name

3. *Reason for surrender of DIN

- o Having multiple DINs
- o DIN was obtained in a wrongful manner or by fraudulent means
- o Death of the concerned individual
- o Concerned individual is declared as a person of unsound mind by a competent court
- o Concerned individual has been adjudicated as insolvent
- o Concerned individual is/was not associated with any company/LLP

4. *Whether DIN holder is retaining any DIN O Yes O No

Pre-fill

The number of oldest DIN which is being retained

(Note: DIN being retained will replace all the other DINs for which surrender application is filed by the user)

5. *Specify the number of DIN(s) being surrendered by the applicant

*Particulars of the DIN(s) being surrendered

I

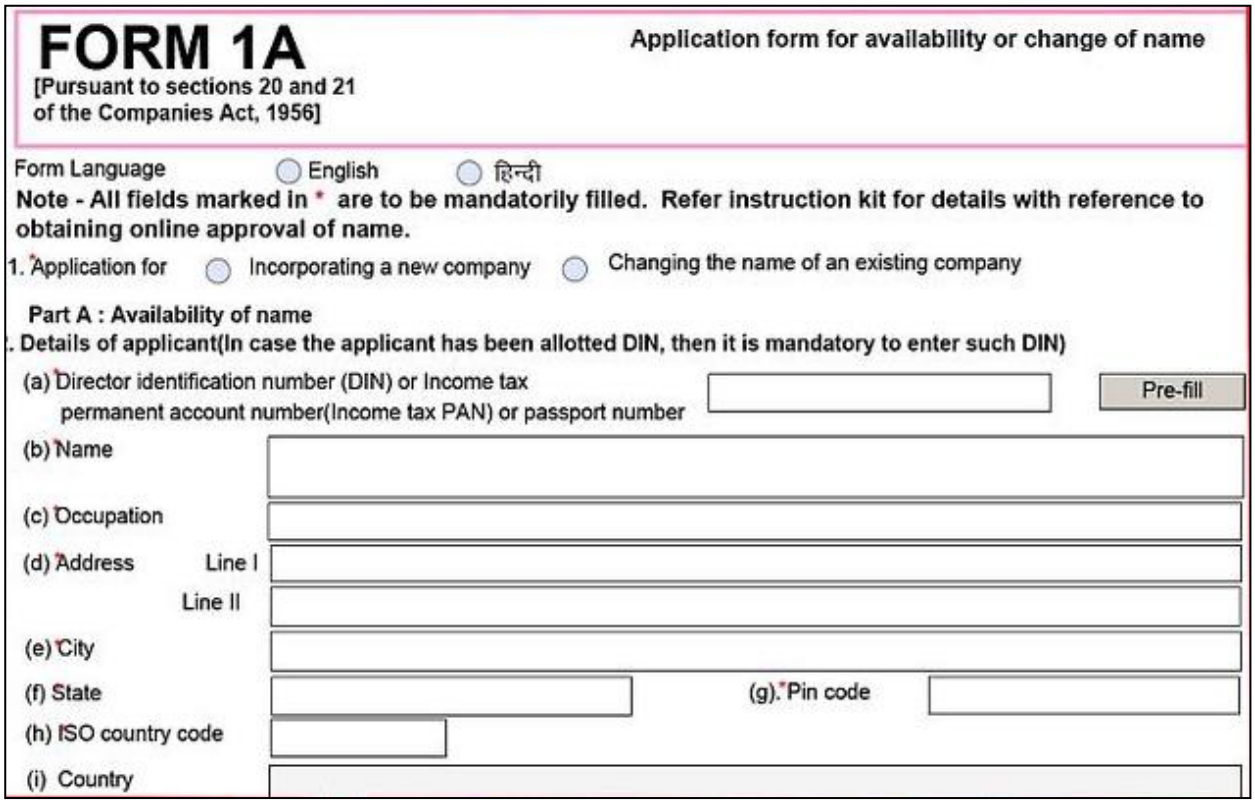
(i) *DIN Pre-fill

(ii) Name

(iii) Father's name

Source: Ministry of Corporate Affairs. Government of India, 2019

ANNEX 2
E –FORM 1A



FORM 1A

Application form for availability or change of name

[Pursuant to sections 20 and 21 of the Companies Act, 1956]

Form Language ◯ English ◯ हिन्दी

Note - All fields marked in * are to be mandatorily filled. Refer instruction kit for details with reference to obtaining online approval of name.

1. *Application for ◯ Incorporating a new company ◯ Changing the name of an existing company

Part A : Availability of name

. Details of applicant(In case the applicant has been allotted DIN, then it is mandatory to enter such DIN)

(a) *Director identification number (DIN) or Income tax permanent account number(Income tax PAN) or passport number — Pre-fill

(b) *Name

(c) *Occupation

(d) *Address Line I

Line II

(e) *City

(f) State — (g) *Pin code

(h) ISO country code

(i) Country

Source: Ministry of Corporate Affairs. Government of India, 2019

ANNEX 3
CERTIFICATE OF INCORPORATION OF THE COMPANY TO THE INDIAN MARKET



प्रारुप 1
पंजीकरण प्रमाण–पत्र

कॉर्पोरेट पहचान संख्या : U52190WB2011PTC169388 2011 - 2012

मैं एतदद्वारा सत्यापित करता हूँ कि मैसर्स

SIJN ALLIANCE LINK INDIA MARKETING PRIVATE LIMITED

का पंजीकरण, कम्पनी अधिनियम 1956 (1956 का 1) के अंतर्गत आज किया जाता है और यह कम्पनी प्राइवेट लिमिटेड है।

यह निगमन–पत्र आज दिनांक चौदह नवम्बर दो हजार ग्यारह को कोलकाता में जारी किया जाता है।

Form 1
Certificate of Incorporation

Corporate Identity Number : U52190WB2011PTC169388 2011 - 2012
I hereby certify that SIJN ALLIANCE LINK INDIA MARKETING PRIVATE LIMITED is this day incorporated under the Companies Act, 1956 (No. 1 of 1956) and that the company is private limited.

Given at Kolkata this Fourteenth day of November Two Thousand Eleven.

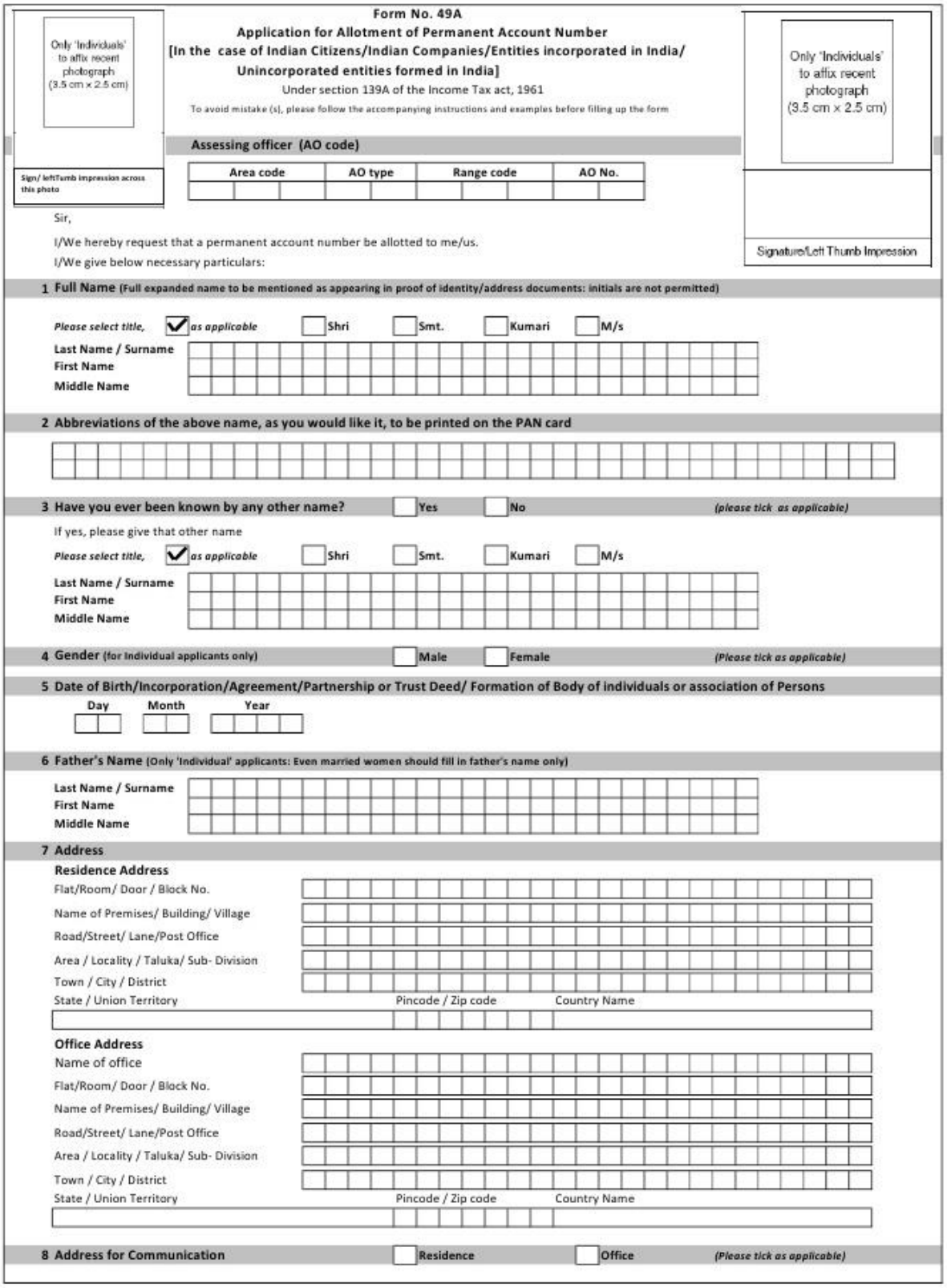
Registrar of Companies, West Bengal
कम्पनी रजिस्ट्रार, पश्चिम बंगाल

*Note: The corresponding form has been approved by SWADHIN BARUA, Deputy Registrar of Companies and this certificate has been digitally signed by the Registrar through a system generated digital signature under rule 5(2) of the Companies (Electronic Filing and Authentication of Documents) Rules, 2006.
The digitally signed certificate can be verified at the Ministry website (www.mca.gov.in).

कम्पनी रजिस्ट्रार के कार्यालय अभिलेख में उपलब्ध पत्राचार का पता :
Mailing Address as per record available in Registrar of Companies office:
SIJN ALLIANCE LINK INDIA MARKETING PRIVATE LIMITED
2ND FLOOR, 23 STARN ROAD, NEAR STARN RAILWAY STN,, PERIL PALACE, BBD BAAG, OPP RBI HEAD OFFICE,
KOLKATA - 700001,
West Bengal, INDIA

Source: Ministry of Corporate Affairs. Government of India, 2012

ANNEX 4
PERMANENT ACCOUNT NUMBER FORM 49 A



Form No. 49A

Application for Allotment of Permanent Account Number

[In the case of Indian Citizens/Indian Companies/Entities incorporated in India/ Unincorporated entities formed in India]

Under section 139A of the Income Tax act, 1961

To avoid mistake (s), please follow the accompanying instructions and examples before filling up the form

Only 'Individuals' to affix recent photograph (3.5 cm x 2.5 cm)

Sign/ leftThumb impression across this photo

Assessing officer (AO code)

Area code	AO type	Range code	AO No.

Only 'Individuals' to affix recent photograph (3.5 cm x 2.5 cm)

Signature/Left Thumb Impression

Sir,

I/We hereby request that a permanent account number be allotted to me/us.

I/We give below necessary particulars:

1 Full Name (Full expanded name to be mentioned as appearing in proof of identity/address documents: initials are not permitted)

Please select title, ☑ as applicable ☐ Shri ☐ Smt. ☐ Kumari ☐ M/s

Last Name / Surname

First Name

Middle Name

2 Abbreviations of the above name, as you would like it, to be printed on the PAN card

3 Have you ever been known by any other name? ☐ Yes ☐ No (please tick as applicable)

If yes, please give that other name

Please select title, ☑ as applicable ☐ Shri ☐ Smt. ☐ Kumari ☐ M/s

Last Name / Surname

First Name

Middle Name

4 Gender (for individual applicants only) ☐ Male ☐ Female (Please tick as applicable)

5 Date of Birth/Incorporation/Agreement/Partnership or Trust Deed/ Formation of Body of individuals or association of Persons

Day Month Year

6 Father's Name (Only 'Individual' applicants: Even married women should fill in father's name only)

Last Name / Surname

First Name

Middle Name

7 Address

Residence Address

Flat/Room/ Door / Block No.

Name of Premises/ Building/ Village

Road/Street/ Lane/Post Office

Area / Locality / Taluka/ Sub- Division

Town / City / District

State / Union Territory Pincode / Zip code Country Name

Office Address

Name of office

Flat/Room/ Door / Block No.

Name of Premises/ Building/ Village

Road/Street/ Lane/Post Office

Area / Locality / Taluka/ Sub- Division

Town / City / District

State / Union Territory Pincode / Zip code Country Name

8 Address for Communication ☐ Residence ☐ Office (Please tick as applicable)

Source: Ministry of Corporate Affairs. Government of India, 2019

ANNEX 5

TAX NUMBER ACCOUNT – 49B

Form No. 49B
[See section 203A and rule 114A]
Form of application for allotment of Tax Deduction and Collection Account Number
under Section 203A of the Income Tax Act, 1961
To avoid mistake(s), please refer guidelines and instructions

Don`t know AO details? Click here

Assessing Officer Code (TDS / TCS)	
Area code	MUM
AO Type	WT
Range Code	81
AO Number	2

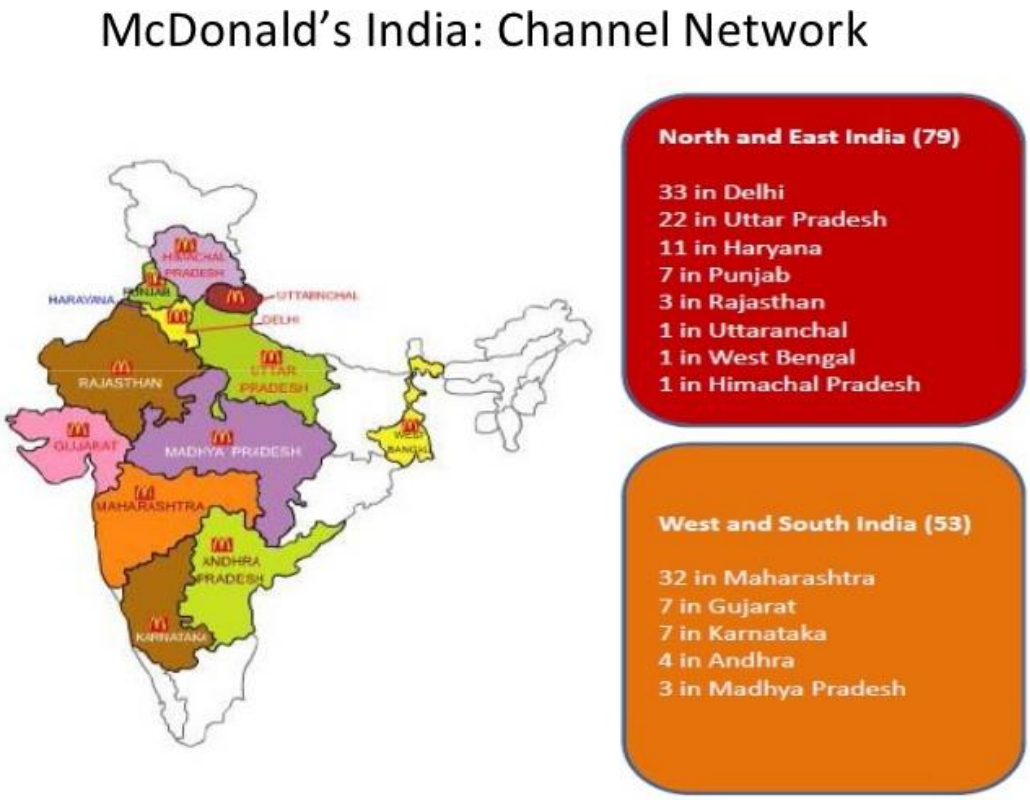
Sir,
Whereas I/we am/are liable to deduct/collect or deduct tax and collect tax in accordance with Chapter XVII under the heading 'B - Deduction at source' or 'BB - Collection at source' of the Income-tax Act, 1961;
And whereas no Tax Deduction Account Number/Tax Collection Account Number or Tax Deduction Account Number and Tax Collection Account Number has been allotted to me/us;
I/We give below the necessary particulars:

(a) Central/ State Government	
Select appropriate category: Central Government State Government Local Authority(Central Government) Local Authority(State Government)	
Name of Office	
Name of Organisation	
Name of Department	
Name of Ministry	
Designation of the person responsible for making payment/collecting tax	
(b) Statutory /Autonomous Bodies	
Select appropriate category : Statutory Body Autonomous Body	
Name of Office	
Name of Organisation	
Designation of the person responsible for making the payment/collecting tax	
(c) Company *[This column is appliacable only if single TAN is applied for the whole company.If seperate TAN is applied for different division/branches, please fill details in (d)'Branch /Division of a Company' only.]*	
Select appropriate category: Central Government Company / Corporation established by Central Act State Government Company / Corporation established by State Act Other Company	
Title (M/s) tick if applicable	
Name of Company	
Designation of the person responsible for making the payment/collecting tax	
(d) Branch/Division of a Company:	
Select appropriate category: Central Government Company / Corporation established by Central Act State Government Company / Corporation established by State Act Other Company	
Title (M/s) tick if applicable	
Name of Company	
Name of Division	
Name / Location of Branch	
Designation of the person responsible for making the payment/collecting tax	
(e) Individual / Hindu Undivided Family (Karta) *[For branch of Individual business/Hindu Undivided Family (Karta), please select category Branch of Individual Business (Sole proprietorship concern) / Hindu Undivided Family (Karta) and fill details in 1(f)]*	
Select appropriate category: Individual ◉ Hindu Undivided Family (Karta) ○	
Title *(In case of Individuals only)* Shri ◉ Smt. ○ Kumari ○	
Last Name/ Surname	JAIN
First Name	KURIAKOSE
Middle Name	SHI
(f) Branch of Individual Bussiness (Sole proprietorship concern) / Hindu Undivided Family (Karta)	
Branch of individual bussiness Branch of Hindu Undivided Family	
Title (In case of Individuals only) Shri Smt. Kumari	
Last Name/ Surname	
First Name	
Middle Name	
Name / Location of Branch	
(g) Firm / Association of Persons / Association of Persons (Trusts) / Body of Individuals / Artificial Juridical Person: *(for branch of firm / AOP / AOP (trust) / BOI / Artificial Juridical Person, please fill details in (h) only.)*	
Name	
(h) Branch of Firm / Association of Persons / Association of Persons(Trusts) / Body of Individuals / Artificial Juridical Person:	
Name of Firm / Association of Persons / Association of Persons (Trusts) / Body of Individuals / Artificial Juridical Person:	
Name / Location of Branch	
***2. Address**	
Flat / Door / Block No.	45,BUILDING NO
Name of Premises / Building / Village	KK ARCADE
Road / Street / Lane / Post Office	NAVI MUMBAI
Area / Locality / Taluka / Sub-Division	MUMBAI
Town / City / District	MUMBAI
State / Union Territory	Maharashtra
PIN Code	400057
Telephone Number	STD Code 022 Telephone Number 24555445
*** e-mail IDs**	a) jain@fmail.com
	b)
***3. Nationality of Deductor**	Indian ◉ Foreign ○
4. Permanent Account Number (PAN) *(Specify wherever applicable)*	
5. Existing Tax Deduction Account Number (TAN) *(if any)*	
6. Existing Tax Collection Account Number (TCS) *(if any)*	
I/We, JAIN KURIAKOSE in my/our capacity as INDIVIDUAL do hereby declare that what is stated above is true to the best of my/our knowledge and belief.	
Verified today DD MMYYYY 07 -11 -2016 at MUMBAI	
***Payment Details** *(select appropriate mode of payment and fill relevant details)*	
Demand Draft/Cheque *(in favour of 'NSDL - TIN' for ₹ 63)*	
○ **Demand Draft** number dated DD MM YYYY for ₹ 63 Drawn On **payable at Mumbai.**	
○ **Cheque** number dated DD MM YYYY for ₹ 63 drawn on Bank, deposited at HDFC Bank, Branch at, location (city/town).	
◉ **Credit Card / Debit Card (₹ 63 plus applicable bank charges)**	
○ **Net Banking (₹ 63)** List of Banks available	

SUBMIT

Source: Ministry of Corporate Affairs. Government of India, 2019
ANNEX 6

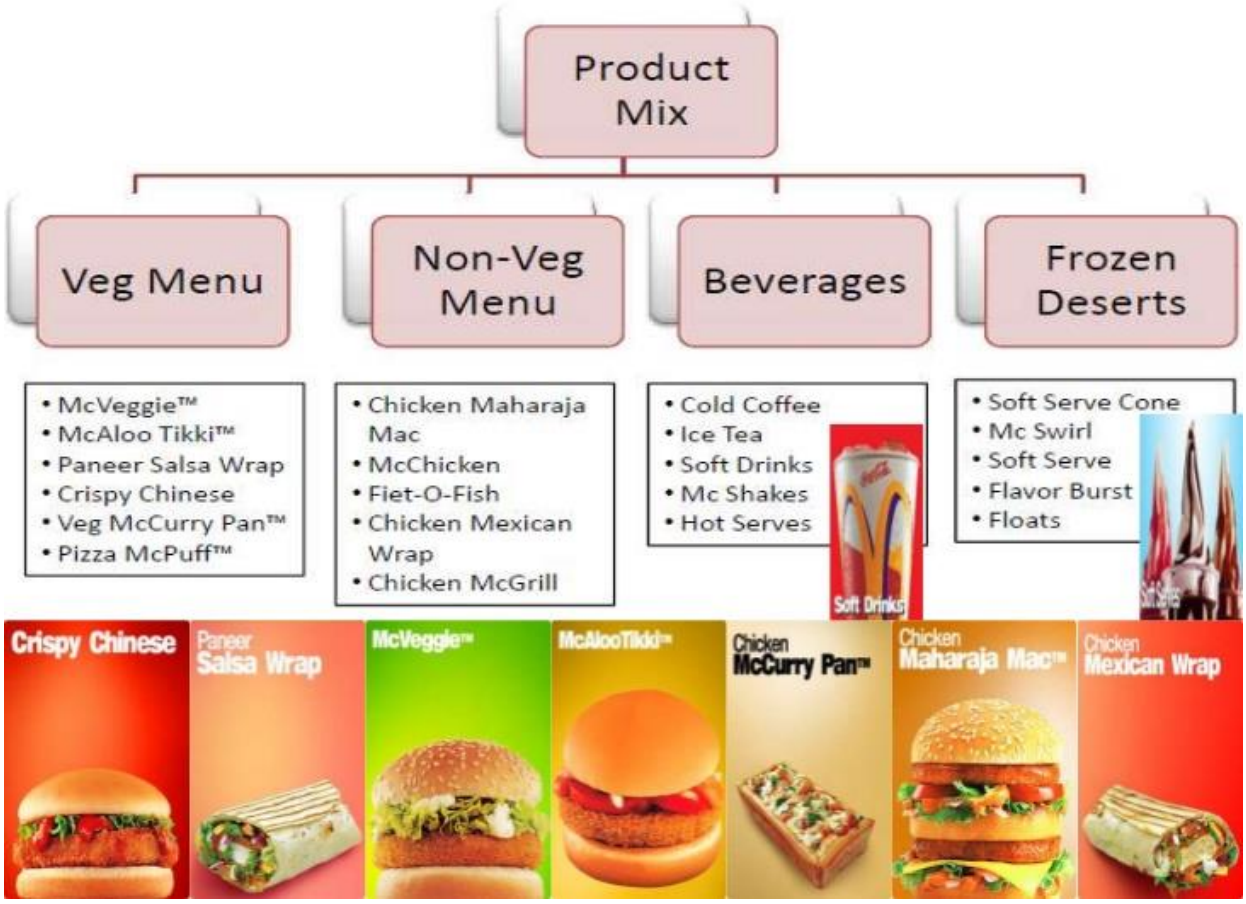
MCDONALD´S INDIA: CHANNEL NETWORK



Source: Harvard Business Review, 2009

ANNEX 7

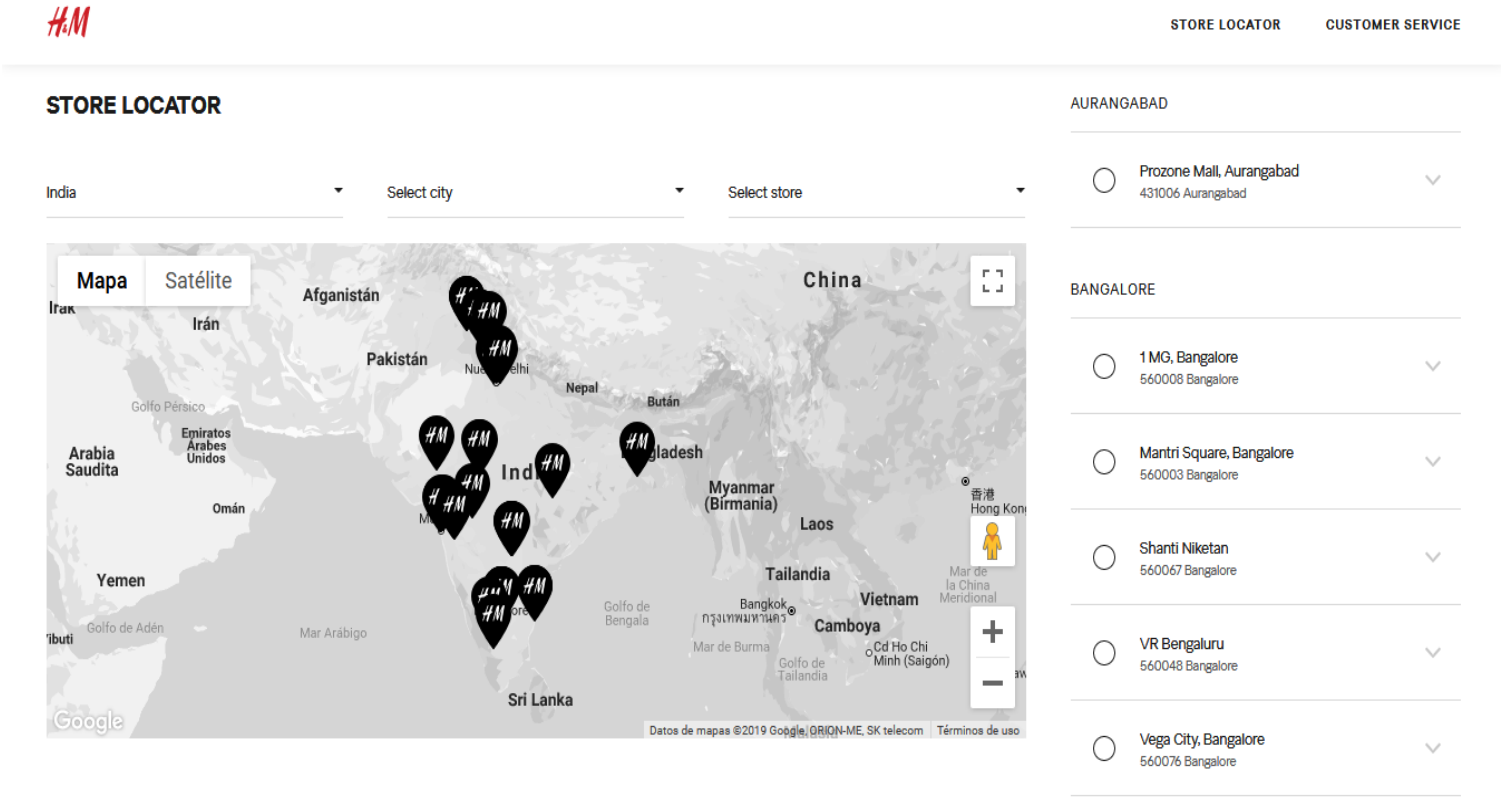
MCDONALD´S MENU IN INDIA



Source: Harvard Business Review, 2019

ANNEX 8

H&M STORE LOCATIONS



Source: H&M Store Locator