

Introduction



Figure 1: Rio Tinto company

Source: (Team, 2022)

The purpose of this report is to target a UK- Based company and expanding its production facilities to a developing country. The company chosen for this research is Rio Tinto and the target developing country is India. An international mining and metal company is Rio Tinto which carries out the processing, exploration, and mining of various resources of mineral. The company offers employment to almost 50 thousand employees in London as well as Melbourne. The revenue generated by the company is nearly about 64 billion US Dollars in the year 2021. The net income stood for the company was about 21.2 billion US Dollar (Anderson et al., 2019). A range of metals and minerals supplied by it includes diamonds, aluminum, copper, uranium, iron ore, and gold. Industrial minerals are also supplied by Rio Tinto such as titanium dioxide, borax, and salt. Smelters, rail and port facilities, processing plants, refineries, research and commercial facilities, and shipping are operated by the company. Technology, exploration, and business innovation are also carried by it through the centers of research (Global data, 2022). The company has operations in Africa, Europe, the Middle East, Asia-Pacific, and the Americans. In London, Greater London, the UK is the headquarters of Rio Tinto. In 1873, the company Rio Tinto was founded. The activities of Rio Tinto span the world but are represented strongly in North America and Australia with

businesses significantly in Asia, South America, southern Africa, and Europe (Global data, 2022).

Background of India as a developing country

In this report, the country is taken for the expansion of the company in India. The UK and France overtook India last year to become the fifth largest economy in the world (Estate et al., 2022). Due to its competitive salaries, educated workforce, and growing middle class, foreign investors have long been attracted to it. The service sector of the country is not in the world the fastest growing sector. Many local businesses from hotel chains to start-ups of tech despite of rapid and enormous growth of the domestic market are looking across the borders to expand. More fully developed economies expansion like the US and the UK can increase the margins of profit and shorten cycles of sales. While providing infrastructures in a first-class way and regulatory environments that are relatively predictable. While many regulatory regimes of the countries may be stable and predictable relative to the country India (Estate et al., 2022). As each set of the jurisdiction of compliance requirements is evolving constantly and unique.

The compliance obligations in India must understand by the companies to set budgets and timelines that are realistic and reduce risks before expanding into a new country. In this area, proper due diligence is an element that is critical to any expansion successfully. In the world, one of the fastest and largest developing economies is India with a rate of growth of 7.5% (Estate et al., 2022). As a preferred destination the country India is rising with its enormous base of the market for global investors. Additionally, the government of India has made efforts in numerous ways to facilitate easy market entry and promote collaborations globally.

Patents are the foundation of the great majority of new enterprises. It means that they provide exceptional labour and products or generate them. In order to enrol their licences, they must incur a significant cost known as the Patent Cost. The government agency offers an 80 percent reduction on patent costs. Additionally, they may complete the patent enlistment and related processes more quickly. In a similar vein, the facilitator's costs for obtaining the patent are covered by the public authority (Financial services, 2022). Organizing Opportunities alludes to the opportunity to have meetings with various startup partners at a certain location and time. The government agency opens this avenue by organising two new business festivals each year (both at homegrown as well as the global level).

ATAL innovation mission, start-up India, Multiplier Grants Scheme, e-Biz Portal, and Software Technology Park are some of the government schemes that are being provided for the new start-ups that provide support financially in India (Webteam, 2022). In the most

attractive economies list, this has also pushed the country up in the world. The second most populated country is India with around 1.37 billion people (Law. Asia, 2022). A large section of an individual's high net worth is also housed by the country. The base of the Indian consumer is on the rise with better connectivity and a steady increase in the users of the internet.

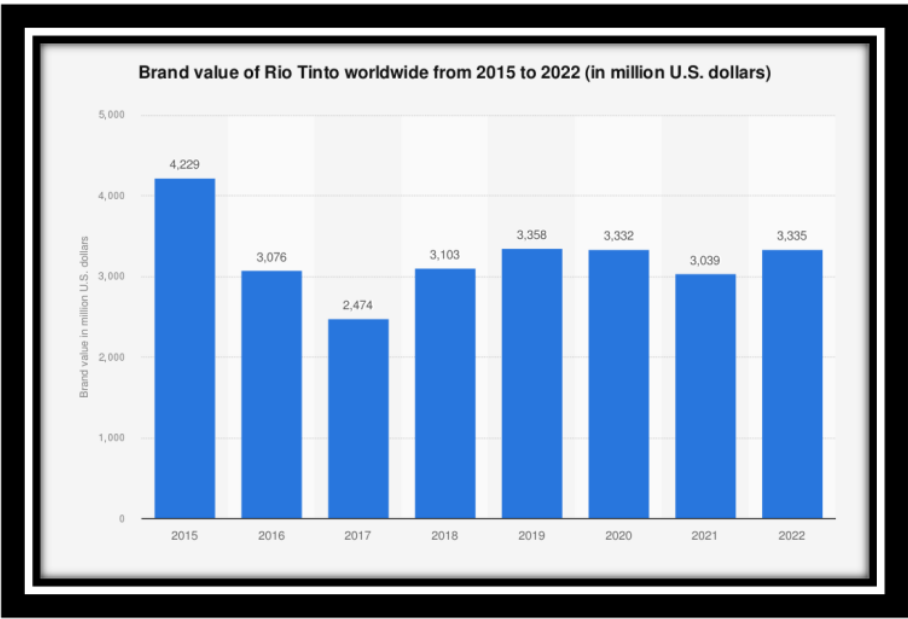


Figure 2: The brand value of Rio Tinto

Source: (Statista, 2022)

6 As the fifth-leading steel, mining, and iron company ranked Rio Tinto worldwide in 2022 based on the value of the brand, with around 3.34 billion U.S. dollars as a brand value. In 2015, the brand value of Rio Tinto peaked at around 4.23 billion U.S. dollars (Statista, 2022).

PESTEL analysis

Factors	Description	Opportunity or Threat
Political Factors	On political stability, businesses and their profitability rely on the place that the business is operating by them. The PESTEL analysis of political metrics encompasses the laws and rules of government that affect	Threat for the company in India- very steady rate in government choices because of political unsteadiness

	directly the industry finances. ⁴ Income tax, foreign trade policy, sales tax, service tax, tax policy, labor law, corruption, and environmental law are included in this. The capital market impacts directly the political issues of a country. Several attempts have been made by the country to reduce political or government interference in start-ups, enterprises, and operations of the business in general through privatization (Baliyan, 2021).	
Economic Factors	The profitability of the business is determined by these factors and helps them to set long and short-term goals. Employment, inflation, economic growth, the consumer's purchasing power, and the unemployment rate are the factors that determine the financial performance of the company. The increasing country's GDP promises opportunities for growth for businesses.	Opportunities- Despite the fact that ² India's manufacturing sector has lagged behind China's, there will be plenty of opportunities to invest in reputable businesses and create jobs. India will tempt potential financial investors with more than just its low cost of labour, as its creators are constructing ruthless businesses to tap into the vast and expanding local market. Additional improvements and governmental framework initiatives

		could make it easier for a variety of assembling organizations—both foreign and Indian—to achieve scale and competency (Financial services, 2022).
Social Factors	Factors molding and shaping the attitude of the consumer come under the category of society. These are the socio-cultural norms of traditions, place, beliefs, values, health concerns, population growth, career attitude, lifestyle, and more. It aids the industries to know the preferences and tastes of the audience that is being targeted. A land of diversity is India (Anderson et al., 2019). The company must be aware of the beliefs, local culture, other things, and acceptability in the nation to run a business.	Threat of Public Violence- A wave of strikes in India has sparked violence and irritation among the populace, as reported in the international and public media. Strikes, India's second-largest gambling event, disrupt normal business.
Technological Factors	An essential role plays by advancements in technology in economic growth. Automation, innovation, and awareness of technology impact the operations of the business. It influences the communication, distribution, and production with consumers. The technology industry in India is growing	Future cyber security opportunity- Industry studies predict that India's advanced economy, currently estimated at close to \$250 billion, would grow to around \$1 trillion by 2025. The growth of the Indian economy may

	steadily (Anderson et al., 2019). One of the most robust sectors of IT has the country that ensures constant advancement and upgradation of the software.	possibly be driven by new firms to some extent. While researchers applaud India's booming economy, it's also time for everybody to double down on digital security projects and development, set a high standard for the least amount of security for every online service, and make sure that advancement and development is based on areas of strength for the protection of customer privacy and data security.
Environmental Factors	Towards awareness of the environment, an inclination can open up more opportunities for growth for businesses in India because the key is sustainability. Pollution, raw materials scarcity, climate change, and carbon footprint are included in these. Over issues of the environment, a growing concern is ongoing ecological crises result.	Threats- The main ecological problems India is currently dealing with include air pollution, poor waste management, a growing water deficit, declining groundwater levels, water contamination, the preservation and nature of forests, unfavourable biodiversity trends, and soil and land degradation.
Legal Factors	Regarding foreign trade, the regulations of flexibility in the	Opportunity- After Covid, the Indian

	country offer opportunities for growth for foreign brands. By the laws and rule, the companies must abide that exclusive to each region or country that operate them (Baliyan, 2021).	Government took a initiative for offering allowances to non-resident citizens or foreign companies in accordance with registering a pay arrival in India if the non-resident citizen's whole pay consists of sovereignty or fees for specialised services (FTS) (Anderson et al., 2019)
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Porter Five Forces:

<i>Threat for entry</i>	<i>Buyer's Power</i>	<i>Threat of Substitution</i>	<i>Competitive Rivalry</i>	<i>Supplier's Power</i>
Cost Advantage	Identification of Brand	Price-Performance	Diversity among Rivals	Difference among the inputs
Identification of Brand	Sensitivity to the Brand	Cost needed for Switching	Growth of the Industry	Existence of replaceable inputs
Capital Requirements	Differentiation among Products	Substitute's Trade-off	Cost needed for Switching	Supplier absorption
Scaled Economies	Bargaining Power	Identification of buyers	Identification of Brand	Effect over costs of input

Opportunities and Challenges in India

Challenges

The discussed challenges will affect the cultural sensitivity, business strategy, and corporate governance in India while doing business as price sensitivity is a factor that will directly affect

the sales of the company as the consumer's price sensitivity. Infrastructure plays a vital role in the company's growth and expansion so it will also impact the company directly or indirectly.

Price sensitivity: The companies and consumers of India were price sensitive extremely even before the ensuing slowdown of the economy and the pandemic. The companies of the UK like Rio Tinto must evaluate whether at prices that are willingly paid Indians can sell by them or not and accordingly the models of sales may need to adjust by them. For instance, the products sold by some companies with fewer features or smaller sizes reflect the price sensitivities of Indian consumers (Trade chakra, 2022).

Protectionist policies and high tariffs: Investors and exporters of the U.K., face non-transparent and often tariff regimes and unpredictable regulations. Some services and goods have limited the market access by the UK (Trade chakra, 2022). The highest average applied tariff has India of any G20 country and among the members of the World Trade Organisation, there are some of the rates of highest bound tariff (Trade chakra, 2022).

Infrastructure: Significant infrastructure development improvement and the needs has India in this sector are crucial to the economic growth of the country. Within the budget costs of the timely project, execution will be the key challenge even for economically viable projects if the funding is available (Spglobal, 2022). The congested road of India, inordinate delays in the freight movement of railway, transportation infrastructure, long and inefficient turnaround time at the airport, and growing fastly but highly concentrated sector of the airport. All these factors are responsible for contributing to capacity constraints significantly as if not addressed, may stymie the growth of the economy (Nazneen and Dhawan, 2018).

States power: As a system of federal, much decision-making and power in India are decentralized (Trade chakra, 2022). At the state level with differences in governance quality, political leadership, taxation, regulations, and relations of labor. The states of India hold generally greater power than their counterparts in the UK. Varying economic conditions and business are also faced by the companies of the UK across different states of India. A key to success in India is a regional strategy.

Opportunities

These opportunities will impact the business strategy, corporate governance, and cultural sensitivity while doing business in the country of India as it will help the company to develop its market in the country and also will help in the expansion of the company.

A cultural hotbed: A multi-ethnic, multilingual society is India with notable differences in culture between the south and north. In building relationships in the long-term, the business is rooted up. For the success of the business, a thorough understanding of the beliefs and underlying values of the culture locally and how the workplace can get affected by them is crucial. A difference can be made by having the help of locals to the venture's success.

Respect etiquette meeting: There are hierarchical relationships, particularly between staff and managers in India. At the highest level, the decisions are made usually (ToughNickel, 2022).

Build long-term relationships: Business decisions tend to base by the people of India on their gut feeling and trust. A great value amount placed by them on relationships and cultivation with the people with whom they do their business. Socialize and make small talk whenever there is the opportunity of doing so.

Affordable human capital: Vast pool of experienced professionals and skilled workers has the country. Also, the country India is considered to have globally one of the most dedicated and refined workforces. Their base is looking to establish by more companies in the country due to the availability of affordable human capital.

Developing market: A large high net worth section of individuals is also housed by the country. With a steady increase in better connectivity and internet users, the base of Indian consumers is on the rise. Additionally, over the next couple of decades, this base of the market is predicted to double (Horizons, 2022). An increase in the ability to purchase Indians has also led to the growth per capita of the population of India. Some additional opportunities are as follows:

- A considerable population section is proficient in English.
- A well-established democratic country is India with a fair and free judiciary.
- Policy changes have been brought by the economic reforms in terms of investment, entry freedom, location, export and import, and technology usage. An investment-friendly environment has been created by these changes.
- One of the fastest growing markets is the capital markets in India and the world, by which huge investments attract by it from FIIs.

Different barriers face by an international business in India

1. **Language barriers:** It is important to consider the spoken language in the countries when engaging in the business internationally in which the country is looking to expand. Consulting a resident of India and a native speaker, and considering an interpreter to hire. "Lost in translation" is one example of a product that comes from a luxury brand car that is Mercedes-Benz (International Trade Administration, 2022). A Mandarin Chinese name was chosen by the company when entering the Chinese market that is similar sounded to "Benz" as Bensi. In Mandarin Chinese, "rush to death" translates by the name which was not the Mercedes-Benz impression that wanted to make to its audience who are new. The Chinese name quickly changed by the company was adapted by it to Benchi which translates as "run quickly, gallop or speed" (Business Insights Blog, 2022).

2. **Cultural differences:** Just as own language is makeup has by each country, it has also its blend of cultures or cultures specifically. Arts, foods, traditions, holidays, and social norms are consists of a culture that is followed by a group of people specifically. One of the examples of the cultural differences between Spain and the United States is the typical workday hours. The working hours are 9 a.m. to 5 p.m. in the United States which extends later or earlier often. However, in Spain, the hours of working are typically 4:30 to 8 p.m. and 9 a.m. to 1:30 p.m. In the middle of the workday, the breaks allow for a siesta, which is after lunch a take of rest in many European and Mediterranean countries (Business Insights Blog, 2022).
3. **Managing global teams:** In international business, another challenge is employee management who live over the world. It can be difficult to account for cultural differences, language barriers, varying levels of technology reliance and access, and zone when a team trying to function (Business Insights Blog, 2022).
4. **Inflation rates and currency exchange:** The rupee's value in India won't be equal to other countries' currency as the same amount, nor will the currency value consistently be the same amount to be worthy of services and goods. Familiarize the company with exchange rates of the currency between India and those where planning to do business with the company. For instance, the rate of currency exchange from the US dollar to the Canadian dollar is 0.77, which means in the US currency one Canadian dollar is as equal to 77 cents (Business Insights Blog, 2022).
5. **Nuances of policy, foreign politics, and relations:** In a vacuum, the business does not exist as it is influenced by policies, politics, relationships, and laws among the countries. because those relationships can be nuanced extremely as the company must follow closely that news related to India where the business is done by the company. Taxes, raw material costs, labor laws, educational systems, and transportation infrastructure can impact the decisions that are made by political leaders (Business Insights Blog, 2022).

Recommendations for Rio Tinto

1. **Look for the solution of the middle market:** A good choice for companies is usually the country India that are looking for customized services and goods moderately as well as smaller batch sizes of manufacturing. For more standardized operations as high-volume and, goods and services that may be better suited for other countries. In India, if the company is looking to sell services and products then bear in mind that the market of India is suited better for those items that are lower-priced (Vistra, 2022).
2. **Obtain a local trusted director:** In most cases, looking for a professional that is trustworthy or other trusted person to serve as a director who is a resident that is well worth and boon the fee that is associated. In India, all the legal documentation must be

through copies that are physical and any signed paperwork in the UK would need to be further apostilled and then by the consulate of India needs to be attested. A lot of legal fees and time can save by using a local signatory.

3. **Get a tax number:** If any form of income is going to generate by the company from India, whether through personal or corporate channels then the company should obtain several taxes. Any sort of income is generally wished to tax by tax authorities that is may apply as withholding and generated in India (Knoblauch and Dargusch, 2022). A tax number needs to obtain by the company so that a lower tax withholding is applicable.
4. **From the legal system of India try not to shy away:** The legal system of India like every system could be improved as overall that should be comfortable for the company to rely on it. On a tradition of common law, the system is based upon that is in many respect to the British system is similar.

Conclusion

Based on the above discussion on the report of Rio Tinto company expansion in the country India, it has been concluded that in a volatile environment of the market, the iron ore of Rio Tinto has continued to be competitive. This is due to their capability to stick and create numerous strategies of business and their unrealized, lack of strategic drift and unintended strategy changes. There is no such mismatch between the strategy of Rio Tinto and the turbulence of the environment. On cost-competitive and long-term mines focuses by Rio Tinto. Outlast the short-term turbulence and profit, in the long run, is the aim of the company. In the current environment market with a strong position, there is no such evidence that suggests a full change of transformational structure, nor there is any evidence at Rio Tinto that this is taking place currently. There is a wide opportunity for the company while expanding its business in India along with it some challenges are also there like price sensitivity, infrastructure, state power, etc., which have been faced by the company to overcome through it.

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