



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

**Introduction to International Business Environment and Organisational Strategy: A
Case Study of Rolls-Royce in India**

Name: Kristian Nash

Student ID: 2130196

Module code: LCBB4005

Module name: The Global Business Environment

Lecturer: Dr Piyumika Kithulgoda Gamage

Contents

Introduction:	3
India Introduction	3
Applying Business Environment Theories	3
Evaluation of opportunities and challenges	5
Strategies to succeed	7
Conclusion.....	8
References	9

Introduction:

In today's world, companies often have the need to move some of the operations abroad. This expansion brings opportunities and challenges more challenge more when going to developing countries. In this essay we will explore focus on Rolls-Royce a UK-based company considering its move to India.

International business to the economic activities conducted by companies abroad. It involves lot of different people like governments, customers, suppliers, and competitors operating within cultural, political, legal, economic, and technological environments. For companies like Rolls-Royce, expanding business globally offers opportunities for market growth, costs, access to resources and talent acquisition.

To operate in a foreign country, it is important to assess the business environment. One framework for this purpose is PESTLE analysis, which looks at the Political, Economic, Socio-cultural, Technological, Legal and Environmental factors impacting business operations. Also, Porters Diamond model, Value Network analysis, Porters Five Forces and Hofstede's cultural dimensions provide insight.

India Introduction

India, officially called the Republic of India, is a developing country located in South Asia. It is the seventh-largest country by land area and the second-most populous country in the world with a population of over 1.3 billion people (Central Intelligence Agency. 2022). India has rich history, diverse culture, and vibrant traditions.

India's economy has been steadily growing over the past few decades, making it one of the fastest-growing economies in the world. Areas such as information technology, telecommunications, manufacturing, pharmaceuticals, and services provide a lot to India's GDP (World Bank. 2022).

India offers opportunities for Rolls-Royce due to its growing economy and expanding infrastructure requirements. For instance, the aviation industry in India is experiencing lots of growth with a rising demand for commercial and defence aircraft. Rolls-Royce's expertise in aircraft engines and technologies means the company can benefit from this. Also, India's commitment to renewable energy and sustainable practices has opportunities for Rolls-Royce in the field of power generation and energy solutions. (Gupta, R., Malik, D., Sankhe, S. and Unni, N. 2022)

Operating in India has challenges for Rolls-Royce. One challenge is the legal system and regulation (TMF Group 2013). It can take lots of time and requires an understanding of the Indian business. Infrastructure such as bad transportation networks and power supply are also challenges. (Kluwer, W. 2020).

Applying Business Environment Theories

I use the PESTLE framework for macroenvironment and Porter's Five Forces model for the internal environment.

PESTLE - Macroenvironment:

Political Factors:

India has a democratic government and a stable political environment. However, process can take lot of time. It can be hard for Rolls-Royce to understand the regulations and tax ways.

Economic Factors:

India has a large market and a growing demand more people want better products and services. However, income inequality (The Geopolitics. 2022), inflation and tax can make challenges.

Socio-cultural Factors:

Rolls-Royce should think about India's distinct cultures and how people live there. It is important to understand their customs and what they like. This can help Rolls-Royce be successful in India and make good marketing plans.

Technological Factors:

Technology in India is getting better and better, like in computers and the internet. This is good for Rolls-Royce because they can use these modern technologies to work better and make customers happier. They should also make new things that are advanced and helpful for India.

Legal Factors:

Rolls-Royce needs to follow Indian laws and rules to work well in India. This means they must know the laws about workers, ideas, contracts and protecting the environment.

Environmental Factors:

Rolls-Royce wants to be better for the environment. They are doing things to help, like following rules and using eco-friendly ways to make their stuff. This can make people who care about the environment like them more and want to buy their things. It can also make them more popular in the market.

Porter's Five Forces Analysis - Internal Environment:

Threat of New Entrants:

The Indian market has both opportunities and threats. While the growing economy is good for companies wanting to join the market, companies like Rolls-Royce can use the name to get customers.

Suppliers Making Deals:

Rolls-Royce needs good friends among its suppliers. They give the company important things like parts and materials. If they work well together, they can have good stuff and control costs. Making friends is important for making good deals.

Customers Have a Say:

In India, customers are different and have their own ideas about what they want. They might want things to be cheaper, so they can bargain. But Rolls-Royce can be different and offer good products and nice service. That way, customers will like them more.

Other Things Taking Over:

Some other things might take the place of what Rolls-Royce makes. That is substitutes. It is a bit scary because then people will not buy their stuff. To stay the best, Rolls-Royce must always produce latest ideas and be good in aviation and power generation.

Trying to be Better than Others:

In India, many companies want to be the best. Rolls-Royce needs to look at them and find ways to be better. They can show why they are special and do things that others cannot copy. Being strong, having good friends, and making new things will help them stay on top.

Evaluation of opportunities and challenges

Opportunities:

Rolls-Royce has some great opportunities in India. One big chance is that there are more people who can buy fancy things. India's population is big. That means more people want luxury stuff like nice cars. Rolls-Royce can target these customers and make them happy.

Another good thing is that India is improving its infrastructure. They are working on transportation, power generation and cities. That is a chance for Rolls-Royce's products and services to do well. For example, the government wants more clean energy, like solar power. This opens doors for Rolls-Royce to work together and make sustainable power ways. If they match their products with what India needs, they can become a reliable partner in the country's development journey.

Challenges:

But it is not easy for Rolls-Royce in India. There are some challenges they need to deal with. One big challenge is the rules and regulations. India has many complicated laws for foreign businesses. They need to figure out taxes, foreign investment, and other legal stuff. It can be hard to understand and follow all those rules. That is why they should talk to local legal experts and consultants to get things right and stay out of trouble.

Another problem is India's infrastructure. Some things, like transportation and power supply, are not so good. That can slow down Rolls-Royce's work and delivery of products and services. To fix this, they need to carefully study and fix these issues. Working with local partners can be a powerful help too.

Corporate Governance and Business Strategy:

To do well in India, Rolls-Royce needs to be smart about how they run their company and make decisions. They should make friends with local companies and suppliers. That way, they can learn more about the Indian market and how things work there. It also builds trust and makes their operations smoother.

Rolls-Royce should also invest in local talent. (Sayed, H. 2023) They can help train Indian workers to be better at their jobs. This not only helps the local economy but also shows that they care about the people in India. Having a strong local workforce with good skills can be a big advantage for them.

Cultural Sensitivity:

India has many distinct cultures, so Rolls-Royce needs to be respectful and adaptable. They should make products and services that match what people in various parts of India want. Customising things to suit different regions can make customers happier and more willing to buy. (Hough, M. 2021)

It's also important to build good relationships with everyone in India. That means being friendly and respectful to customers, suppliers, and the government. Rolls-Royce needs to understand Indian customs, traditions, and communication styles. Trust and good relationships go a long way in doing business in India.

Barriers for Rolls-Royce

Barriers for Foreign Businesses in India:

India has lots of good chances for foreign businesses like Rolls-Royce, but there are also some barriers. Some barriers are.

Hard Rules: India's rules can be hard to understand and follow. Getting permits and licenses takes a long time and costs a lot. For example, foreign companies may find it tough to deal with taxes.

Problems with Infrastructure: India's infrastructure is getting better, but it still has problems with transportation and power supply. This can slow down work and increase costs for businesses. For instance, bad roads can make it hard to deliver goods on time.

Different Culture and Language: India has lots of distinct cultures and languages. It can be tricky for foreign businesses to communicate and understand local customs. Language barriers can also make it hard to serve customers and do marketing.

Corruption and Bribes: Corruption is a worry for foreign businesses in India. It means there can be lie when dealing with government officials or in buying things. To do well, companies need to follow good business practices and not give in to corruption. (Deloitte India. n.d.)

Getting Good Workers: India has a lot of talent, but there's tough competition to get skilled workers. Companies like Rolls-Royce need to offer good pay, chances to grow in their careers, and a nice work environment to attract and keep good workers. (UK India Business Council. (n.d.)

Competition in the Market: India's market can be extremely competitive, especially in growing sectors. There are lots of local and foreign companies trying to get a big share of the market. To do well, Rolls-Royce needs to show why its products are the best, be innovative, and take loving care of customers.

How to Deal with Barriers:

Rolls-Royce can do a few things to handle these barriers and do well in India:

Work with Local Partners: They can team up with Indian companies they trust. Local partners can help with rules, know the business landscape, and make connections. They also know about the culture. (ymacias@ccfcanda.ca 2021)

Invest in Infrastructure: Rolls-Royce can put money into building good supply chains and supporting clean energy projects. Working with Indian companies and the government can help them with this.

Respect Local Culture: They can change their products and marketing to match what Indian people like. Hiring local workers and training them on cultural differences can build trust and good relationships.

Follow the Rules: To do well, they must follow the rules and be ethical. They should check for corruption, train employees, and do regular checks.

By doing these things, Rolls-Royce can deal with barriers and have a better chance of success in India. They can make the most of the chances and overcome the challenges to be a strong company in the Indian market.

Strategies to succeed

One way for success in India for is to work with local people. For example, designing vehicles with features tailored to Indian road conditions or introducing models specifically suited to the Indian consumer's preferences. By doing so, Rolls-Royce can increase customer satisfaction and be a better brand.

To meet the changing needs of the Indian market, Rolls-Royce should continue to invest in research and development (R&D) activities in India. Partnering with Indian institutions, universities, and research centres can provide access to local talent and leverage India's growing R&D capabilities. This approach to innovation can lead to the development of better products and services customised for the Indian market.

Building a strong talent pipeline is critical for the long-term success of Rolls-Royce in India. The company should collaborate with educational institutions and training centres to develop specialised training programs, internships and apprenticeships that nurture and empower local talent. By investing in skill development initiatives, Rolls-Royce can contribute to the growth of India's workforce while securing a skilled talent pool for its own operations. This approach not only supports the Indian economy but also fosters a sense of belonging among the local workforces.

By making a commitment to corporate social responsibility is vital for earning the trust and goodwill of Indian stakeholders. Rolls-Royce can engage these initiatives with local priorities, such as supporting education, sustainable development, and the environment. (Heyward, C. 2020)

Conclusion

To sum it up, if Rolls-Royce decides to do more business in India, it can find good things and challenges. They can do well if they understand how business works globally, look at the Indian business situation, and make good plans. India is growing and has lots of customers and chances to build things. Rolls-Royce is good at making power things and recent technology, which matches what India wants, like renewable energy and modernising stuff.

But Rolls-Royce must deal with some problems too. There are harsh rules to follow, not the best infrastructure, many distinct cultures, corruption worries, finding the right people to hire, and lots of competition.

To do well, Rolls-Royce needs to do some things. They should make their stuff fit what Indians like, work with local companies, spend money on latest ideas, use technology, help local people learn, be responsible and be flexible with their plans.

Working with Indian companies can help Rolls-Royce know more about the market, deal with rules, and use local networks. Working with schools and research places can help them produce new things and teach people in India important skills. Using technology can make their work better and make customers happier. Doing good things for society can make people trust them more.

Rolls-Royce needs to watch what is happening in the market, change plans when needed, and know what other companies are doing. They should also understand Indian ways, respect their traditions, and be liked by Indian people.

So, if they follow these ideas and plans, Rolls-Royce can be a good partner in India's growth. They can do well by fitting in with India's needs, dealing with challenges, and using the chances there. By being smart and working together with Indians, they can do well and help India develop. They need to be flexible, listen to what people want, and build strong relationships. With the right focus and working with India, Rolls-Royce can do well and have a bright future there.

References

- Central Intelligence Agency. (2022). India. The World Factbook. Retrieved from <https://www.cia.gov/the-world-factbook/countries/india/> Accessed 15/08/23
- World Bank. (2022). India. World Bank Data. Retrieved from <https://data.worldbank.org/country/india> Accessed 15/08/23
- Gupta, R., Malik, D., Sankhe, S. and Unni, N. (2022). Decarbonising India: Charting a Pathway for Sustainable Growth | McKinsey. [online] [www.mckinsey.com](https://www.mckinsey.com/capabilities/sustainability/our-insights/decarbonising-india-charting-a-pathway-for-sustainable-growth). Available at: <https://www.mckinsey.com/capabilities/sustainability/our-insights/decarbonising-india-charting-a-pathway-for-sustainable-growth>. Accessed 15/08/23
- TMF Group (2013). Top 10 challenges of doing business in India. [online] [Tmf-group.com](https://www.tmf-group.com/en/news-insights/business-culture/top-challenges-india). Available at: <https://www.tmf-group.com/en/news-insights/business-culture/top-challenges-india>. Accessed 16/08/23
- Kluwer, W. (2020). Doing business in India. [online] [www.wolterskluwer.com](https://www.wolterskluwer.com/en/expert-insights/doing-business-in-india). Available at: <https://www.wolterskluwer.com/en/expert-insights/doing-business-in-india>. Accessed 16/08/23
- The Geopolitics. (2022). Income Inequality in India. [online] Available at: <https://thegeopolitics.com/income-inequality-in-india/>. Accessed 18/08/23
- [www.ey.com](https://www.ey.com/en_in/india-at-100/how-india-is-emerging-as-the-world-s-technology-and-services-hub). (n.d.). How India is emerging as the world's technology and services hub. [online] Available at: https://www.ey.com/en_in/india-at-100/how-india-is-emerging-as-the-world-s-technology-and-services-hub. Accessed 19/08/23
- www.ETRetail.com (2023). Indian luxury market in 2023 and beyond - ET Retail. [online] [ETRetail.com](https://www.ETRetail.com). Available at: <https://retail.economictimes.indiatimes.com/blog/indian-luxury-market-in-2023-and-beyond/97915880?redirect=1>. Accessed 20/08/23
- Sayed, H. (2023). Why It's Important To Hire Local. [online] [WorkWave](https://insights.workwave.com/industry/field-service/why-its-important-to-hire-local). Available at: <https://insights.workwave.com/industry/field-service/why-its-important-to-hire-local> Accessed 21/08/23
- Hough, M. (2021). Know about Business Culture in India. [online] [Global Business Culture](https://www.globalbusinessculture.com/cultural-awareness/what-you-need-to-know-about-business-culture-in-india/). Available at: <https://www.globalbusinessculture.com/cultural-awareness/what-you-need-to-know-about-business-culture-in-india/>. Accessed 21/08/23
- Deloitte India. (n.d.). Bribery and Corruption in India | Risk faced by IT companies India. [online] Available at: <https://www2.deloitte.com/in/en/pages/finance/articles/are-it-companies-disbarred-from-the-risks-arising-from-bribery-and-corruption.html>. Accessed 22/08/23
- UK India Business Council. (n.d.). Turning to India for Talent: India's highly skilled labour force is the answer to the global talent crunch. [online] Available at: <https://www.ukibc.com/reports/turning-to-india-for-talent-indias-highly-skilled-labour-force-is-the-answer-to-the-global-talent-crunch/>. Accessed 22/08/23
- ymacias@ccfcanada.ca (2021). 3 reasons working with local partners in countries we serve is essential. [online] [Children Believe](https://childrenbelieve.ca/working-with-partners). Available at: <https://childrenbelieve.ca/working-with-partners> Accessed 23/08/23
- Heyward, C. (2020). Council Post: the Growing Importance of Social Responsibility in Business. [online] [Forbes](https://www.forbes.com/sites/forbesbusinesscouncil/2020/11/18/the-growing-importance-of-social-responsibility-in-business/). Available at: <https://www.forbes.com/sites/forbesbusinesscouncil/2020/11/18/the-growing-importance-of-social-responsibility-in-business/>. Accessed 25/08/23