



Internationalization Strategies of Portuguese Companies in India: comparison between three strategies- Águas de Portugal, Efacec and Visabeira

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ABSTRACT

Title: Internationalization Strategies of Portuguese Companies to India: comparison between three strategies- Águas de Portugal, Efacec and Visabeira

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Keywords: Strategy; Internationalization; Indian Market; Growth Opportunities.

The present dissertation deals with internationalization strategies from companies in a small country developed economy, Portugal, to one of the largest economies in the World, India, with the purpose of raise awareness of the vast the vast business opportunities that this country can offer to Portuguese enterprises.

The central research question is: “Do Portuguese companies have the capacity to satisfy the necessities of a country like India?” This investigation analyses three very different options of internationalization: Outsourcing, luxury market and Indian social problems, where an in-depth investigation is made on these segments, followed by a case study of three Portuguese companies that are currently exploring, respectively, these internationalization options.

Besides the economic, political and demographic factors discriminated by the companies as being extremely attractive for their expansion, the main conclusion of this investigation is that Portuguese enterprises have the capacity to satisfy the needs of a country with the size of India, and do not necessarily have to pass through Goa to have success in this vast market. Based on the results, personalized recommendations were made to the companies analyzed, as well as highlighting other attractive sectors for Portuguese firms.

SUMÁRIO EXECUTIVO

Title: Internationalization Strategies of Portuguese Companies to India: comparison between three strategies- Águas de Portugal, Efacec and Visabeira

Author: Diogo Gomes

Keywords: Estratégia; Internacionalização; Mercado Indiano; Oportunidades de crescimento.

A presente dissertação retrata as estratégias de internacionalização de empresas de uma pequena economia desenvolvida, Portugal, para uma das maiores economias do Mundo, Índia, com o objetivo de consciencializar as empresas portuguesas sobre as vastas oportunidades de negócio que este país pode oferecer.

Sendo a questão de investigação central “ Será que as empresas portuguesas têm a capacidade de satisfazer as necessidades de um país como a Índia?”, esta investigação analisa três opções diferentes de internacionalização: Outsourcing, mercado de luxo e problemas sociais indianos, onde uma profunda investigação foi feita nestes segmentos, seguida por um caso de estudo a três empresas portuguesas que actualmente estão a explorar, respectivamente, estas opções de internacionalização.

Para além dos factores económicos, políticos e demográficos discriminados pelas empresas como sendo extremamente atractivos para a sua expansão, as principais conclusões desta investigação são que as empresas portuguesas têm capacidade de satisfazer as necessidades de um país com o tamanho da Índia, e que não precisam de “passar” por Goa para terem sucesso neste vasto mercado. Com base nos resultados, foram feitas recomendações personalizadas a cada empresa, assim como realço outros sectores atraentes para empresas portuguesas.

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LIST OF ABBREVIATIONS

- AdP- Águas de Portugal
- B2B- Business to Business
- BPM- Business Performance Management
- BRIC- Brazil, Russia, India, China
- EU- European Union
- FDI- Foreign Direct Investment
- GATT- General Agreement on Tariffs and Trade
- GDP- Gross Domestic Product
- HoReCa- Hotels, Restaurants and Cafes
- IMF- International Monetary Fund
- INR- Indian Rupee
- IT- Information Technology
- MERCOSUL- Mecado Común del Sur
- NAFTA- North American Free Trade Agreement
- OLI- Ownership, Location and Internationalization
- PE- Percentage
- PIBHUB- Portugal India Business HUB
- RBV- Resources Based View
- UHNWI- Ultra-High Net Worth Individuals
- UM- Uppsala Model
- USA- United States of America
- USD- United Stated Dollars
- VAA- Vista Alegre Atlantis
- WTO- World Trade Agreement

1. INTRODUCTION

In a World, currently defined by globalization and internationalization, a company that doesn't have these definitions on their vision we can say it suffers from strategic myopia. Fortunately, that is not the case of the companies analyzed. Visabeira, one of the biggest civil construction companies in Portugal, Águas de Portugal, the leader in water treatment in Portugal, and Efacec, a Portuguese company in the energy sector and World leader in infrastructure in fast recharging for electrical cars, where three Portuguese companies that saw the opportunities that India was offering and took advantage of it.

India is an odd choice for Portuguese companies to have in their strategic vision when struggling with the need/opportunity of internationalization. The differences in the development of the two countries, the levels of literacy, the language, the way of doing business and especially the cultural differences, make a tough call for Portuguese companies to select this country as an internationalization option. But the Indian government is well aware of problems like poverty, pollution and living conditions, and is making massive investments on these fields and his trying to attract foreign investment to create infrastructures to solve this situation, which is getting the attention of several companies.

Going in further detail, not only getting the attention of companies, India has focused the attention of countries, and in January 2017, the Portuguese Prime Minister Antonio Costa and other Ministers visited India in a state mission. This trip has opened the door to several Portuguese companies to start doing business in India, being one of those cases Águas de Portugal.

Quoting HE the India Ambassador in Portugal, Mrs. K. Nandini Singla, "the bilateral trade between the two countries has grown 17% in last fiscal year, reaching more than 800 million euros. By itself this is a very good figure, but we can do even better".

With these aspects in mind, the present dissertation will highlight three areas on exploration in the Indian market, which are the luxury segment, social problems segment, and outsourcing segment and then explain how the Portuguese companies analyzed are exploring this internationalization options.

1.1. RESEARCH QUESTIONS

What are the factors that attract Portuguese companies to go to India?

Do Portuguese companies have the capacity to satisfy the needs of a country like India?

What are the similarities between the paths followed by each the Portuguese companies when internationalizing to India?

1.2. ACADEMIC RELEVANCE

For a better understanding of the academic relevance of this investigation, the author would like to stress the fact that this is the first study in the field of internationalization strategies of Portuguese companies to India. There fewer studies of internationalization to developing countries and even rarer to BRIC countries and precisely to India, this dissertation is pioneer.

Therefore, this investigation has the purpose of being a vital tool for the companies analysed as an outdoor vision of their strategic planning and also to create awareness of the potentiality of the Indian market to other Portuguese companies, with the desire of changing/restructuring their internationalization strategy.

To conclude, the author hopes that this dissertation might open the possibility of further studies, not only about the India market but also investigations of other countries that are also economically attractive but are simply neglected because of the lack of knowledge regarding that market.

1.3. METHODOLOGY

To have a full and well-developed answer to the research questions proposed, the author will use two types of data: primary data and secondary data.

The primary data is based on personal interviews with managers of each company. The meetings had the same structure so that they could be compared, with one part equal to every firm and other adapt to each reality. It focused on four questions: Why India; What were the

problems when entering India; what are the daily problems of doing business in India; What are the perspectives for the future.

The secondary data, so that the investigation could have a well-grounded structure, literature was revised using Top Journals and Google Scholar. Scientific papers related to Globalization, Internationalization strategies and entry modes were deeply investigated. For the contextualization of the Indian market, databases as World Bank and Asian Development Bank were used, documents from organizations as Invest India, PIB HUB and Indian Embassy in Portugal were analyzed and official websites from the Indian government were interpreted. For the examination of the companies, their sites and annual reports were scrutinized.

2. LITERATURE REVIEW

This chapter of the dissertation has the purpose of supporting my case study by framing relevant topics in the concept of internationalization companies to India. Four theoretical concepts are going to be explored in detail, more precisely: Globalization; Internationalization Strategies; International Entry Modes; Indian Economy; Emergent economies-Growth of the “BRIC.”

Thus, this section of the emergent economies the author will highlight what makes relevant the focus on this economies and what do they to differentiate from other developing countries, which should be a part of significant attention by the reader because it will be the link to the next topic, where the author will go deep in the focus on India, the economy that the companies analyzed have chosen to do their international expansion.

2.1. GLOBALIZATION

For a better framework of the topic of this investigation, it is crucial an understanding of the interconnections of all economies in the World. Nowadays, “economic globalization constitutes an integration of national economies into the international economy through trade, direct foreign investment (by corporations and multinationals), short-term capital flows, international flows of workers and humanity generally, and flows of technology” (Bhagwati, 2004).

According to several authors (Levitt 1984; Yip 1992; Bartlett and Ghoshal), globalization of markets is the most recent and dominant change in the World economy. This phenomenon is the combination of several of individual differences, for instance in the domain of technology we have: improvements in telecommunications, which enables a faster and adequate communication between the firms; improvements in transportation, for example, the containers, airplanes, and supertankers provide a more competent movement of products and people between the different countries; and developments in the production process, making it cost-effective product adaptation, like for example a flexible production system (Axinn and Matthyssens, 2002).

Also, the countries have created conditions for this innovation could have more impact on the World economy. Axinn and Matthyssens (2002) argued that has been a significant reduction on trade barriers among countries with the creation of market agreements like NAFTA and MERCOSUR (built on the experience of the EU) and over continued tariff reductions negotiated by the GATT, which now has been replaced by the WTO.

After a clear understanding of what globalization is, we should change our focus to the competing perspectives of globalization provided by Ngaire Woods (1998) where he gives three different views on globalization, describing them as market-centered, state-centered and people-centered.

The market-centered approach on globalization focuses his target on the expansion of capitalism, more precisely on the increasing extent and location of transactions in the World economy and on the qualitative changes happening in how firms produce and distribute their products and services. This analysis suggests that technological advances and a more efficient behavior from multinational enterprises can provide a more structured allocation of resources around all globe since capital will move to where is more profitable. Comparably, the price mechanism will provide a better organization of production across the planet and so a more efficient distribution of products and services. This perception of globalization is in fact quite positive because it brings benefits to investors, producers, and consumers (Woods, 2002).

Thomas Biersteker (1989) in his investigation about the way major institutional players are rebuilding their processes of thinking and operating, arguing that globalization is affecting the quality of the transactions in all over the World, and not only the quantity. Because of this, a new possibility of opportunities and challenges emerge to firms, workers, and consumers from all over the planet.

The second perspective, the state-centered, emphasizes the role where states do in facilitating and managing globalization, and also the implications that globalization as in the internal market/competition, contrasting with the market-centred approach that predicts continuous erosion of the importance from the government policies given by the state (Hirst and Thompson, 1996; Wade, 1996). Also, these authors argue that a continuous integration between the World economies and the increasing of the welfare of the states is not a recent relationship. "Governments have used policies to "buffer" their citizens from the dislocations and vulnerabilities of World markets." By doing this, welfare states have allowed global

integration by avoiding a political answer against the global economy. This two-level process of globalization and welfarism has been called “embedded liberalism” (Ruggie, 1983).

Last but not least, Wood (2002) presents us the people-centered perspective, stating “globalization does not just affect markets and states.” This view focuses on social forces that are in the society are caused by globalization and the possibilities for change. The new transnational influence on media, music, books, general ideas and value are spreading with the purpose of creating a global culture. But, although this seems an easy process, it is wrong to think that for instance, western values like democracy and human rights are easy to spread in other cultures. According to the author, gives the example that western values might disseminate into the Middle East, but this region in the World has built a strong opposition against “the West,” and they want to continue to be tied to their national and religious identity. This way globalization releases forces that restructure global society but not in a way that can be controlled or managed by the booming zones of the industrialized countries.

In summary, globalization is changing not only what firms, states, and people do, but also their identity and preferences are facing some differences. Globalization is restructuring the sources of power in World politics as well. States, firms, and other players are losing autonomy in some areas, and improving in others. However, states have not seen the distribution of power changed. Instead, globalization has reinforced the traditional hierarchy among countries, supporting the influence of rules that were pioneer shaping globalization and strengthened their ability to control the ongoing impact (Woods, 2002).

In the next topic, I will provide the theoretical frameworks of the strategies that companies choose to embrace their international influence.

2.2. INTERNATIONALIZATION STRATEGIES

First and foremost we need to understand the meaning of “Internationalization Strategy”, as being "strategy" the capability of “ understanding and industry structure and dynamics, determining the organization’s relative position in that industry, and taking action to either change industry’s structure or the organization’s position to improve organizational results” (Oliver, 2001). In "internationalization" we have two views. According to Calof and Beamish (1995), they define as “the process of adapting a firm’s operations (strategy, structure, and

resources, etc.) to environments". But can also be defined internationalization concept by connecting the organization theory which explains international joint ventures and the trade theory that analyzes the location of the firm's operation. This approach proposes that companies to benefit from asymmetries in capabilities and knowledge, they need to develop and expand their resource across international markets (Buckley and Casson, 1976).

One of the assumptions of internationalization is that the firm has a competitive advantage to provide the international market with superior products which will be overcome by cost and accountability of foreignness (Hansén, 1981; Hymer, 1979; Zaheer, 1995). Once this issue is accomplished, Root (1987) says that the reasons for a firm to go international it's because the domestic market is stagnant, and/or the foreign market is increasing faster, with possibilities of economies of scales, by increasing the production and reducing cost, or the customers or domestic rivals are going abroad. All this process allocates an enormous amount of resources that need to be taken into account by a firm, especially the time and money is necessary for the internationalization (Root, 1987).

For a better understanding about Internationalization Strategies, the next category will be about theories/models of internationalization, which take into account different assumptions and structures, namely: The Uppsala Model; The network model; The resources-based view; The OLI framework.

The Uppsala model assumes a combination of commitment of resources and a gradual acquisition of knowledge for international operations (Johanson and Vahlne, 1990). It is the increase of knowledge that can make the firm's impression of market uncertainty decrease, which will influence the allocation of resources for the process of internationalization. Thus, incremental market knowledge sparks the business to proceed in small but progressive steps in the international expansion.

According to Johanson and Mattsson (1988), the network model is the network activities are a valuable source that provides an opportunity for the firm to form relationships, and with that, it can access to markets and resources. The business networks a company can build can be with different stakeholders, for instance, customers, suppliers and even with competitors. Also, the authors explain that there is a definite correlation between firm's internationalization efforts and the number and power of the relationship with all the business partners, which result in an approach to markets and resources.

Going now through the product life model presented by Vernon (1966), where the author explains the different stages of internationalization that depends only on the firm and the product. First, in the introduction stage, the business needs to reach a mature stage on the domestic market, being the market where the product was developed. After in the growth stage, the export activities start to increase, and the firm begins to invest in the manufacturing of his products in countries where exist an expanding demand for the product. By doing this, the company can benefit from economies of scale. The mature stage is reached when the foreign market starts being saturated, and the product demand becomes to be standardized, the manufacture is moved to the countries where the labor costs are low. In the stage of decline, the production and in some cases the demand as well leave the industrial nation goes the country that initial was where the original innovation as begun (Vernon, 1966; McKiernan, 1992).

The resource-based view (RBV) states that firms follow the path of internationalization for reasons associated with a cluster of resources that managers can use to create value (Wenerfelt, 1984). This resources need to be valuable, rare, difficult to imitate by the competitors and have no substitutes (also known as VRIN attributes), which should result in a long-term competitive advantage (Prahalad and Hamel, 1990).A firm's assets consist of all tangible and intangible resources, human and nonhuman, which a company has and with them enables to create and implement value-enhancing strategies (Wernerfelt, 1995), with an especial detail for the intangible resources like human capital and experience that allows to develop in terms of incoming production factors and the creation of competitive advantage.

The last but not least the eclectic model (also referred as the OLI framework) which analyse foreign investment activities by ownership advantages (firm's resources and capabilities, such as international experience), location advantages (production factors in a specific country, for instance the market potential) and internalization advantages (Dunning, 1980). In more detail, this last point relays on foreign firm's capacity to coordinate and manage all activities internally (Dunning, 1981).

Although these models give us some knowledge about the internationalization process, some authors stated that these theories aren't always suitable to apply when we are trying to explain the new internationalization processes. For instance, regarding the Uppsala Model, Madsen and Servais (1997) give a lot of importance to the role of the networks, and the UM does consider this variable for the internationalization process. They defended that firms cannot be

analyzed separately and the level of internationalization of the company depends on intensity, degree, and extent of relationship in the network with their foreign partners.

But the knowledge of the four models mentioned will allow us to have a complete view of the internationalization process of the companies in the study to India.

2.3. ENTRY MODES

Among the several explanations of a firm entry mode in a foreign country, it can be defined as “a structural agreement that allows a firm to implement its product market strategy in a host country either by carrying out only the marketing operations (i. e., via export modes), or both production and marketing operations there...” (Shama and Erramilli, 2004). In other investigations on entry modes connected of the international activity of a firm, it includes reviews of the choices and consequences of the entry modes, as well the global ownership levels (Sharma and Erramilli,2004; Canabal and White, 2008; Hollesen et al.,2011).

There are a considerable number of theories and surveys on the entry modes with the purpose of explaining the foreign entry mode decisions (Canabal and White, 2008). Agawal and Ramaswami (1992) illustrate that entry mode alternatives commit four factors: resources, control, risk, and profit. Also the authors and based on the relation of these variables we can have the following entry modes: Exporting is the lowest level of entry mode, which requires a small commitment of resources and a low risk/ return proving an excellent operational control, which fundamental for market seeking firms strategies. In contrast, the solo venture mode needs high allocation of resources, meaning that the risk is also going to be high and so the control increases too. The joint venture option relatively less resource commitment and thus the power, risk and return correlates with the equity participation of the firm. Lastly, the licensing mode provides the least control to the licensing business and so the allocation of resources also increases. Is also to understand that the variables control and resources/risk are positively correlated, once one enhances the other even grows (Agawal and Ramaswami, 1992).

According to Ulrich, Hollonsen and Boyd (2014), firms among five possibilities of entry modes respecting the level of control, from low to high, being them direct sales, online sales, agents/distributors, joint ventures/strategic alliances and wholly-owned subsidiaries to the

BRIC economies, they found out firms prefer low commitment modes when entering this markets. The authors state the agent/distributor is the most popular solution in Brazil and Russia, while direct sales to the customers are as popular in India and China, although the subsidiary option is a much more valuable entry mode in China compared to other countries. This choice of firms choosing low commitment modes when entering the BRIC economies it's not just because they want to reduce market risk, but it's much more with the purpose of building a long-term business network and sustaining the developed relationships with the agents and distributors of the BRIC countries.

Buckley and Casson (1998) also defined entry mode strategy, with a more practical approach. The necessary method is to determine the set of all possible market entry strategies, to measure the profitability of each, and to identify the most profitable strategy. The following issues define the dimensions of the plan set: 1- Where production is located; 2- whether production is owned by the entrant; 3- whether the distribution is owned by the entrant; 4- whether the distribution is outright, or shared through an International Joint Venture; and 5- Whether ownership is obtained through greenfield investment or acquisition.

2.4. EMERGING ECONOMIES- “BRIC” COUNTRIES

In 2001, the acronym BRIC was present by Goldman Sachs (O'Neill, 2001) that stands for the countries Brazil, Russia, India, and China and according to the study, this four represent the developing countries that will have the biggest economies by the year of 2050. Some information we should take into account about is that the BRIC's population account represents more than 40 percent of the World's population, yet “only” more or less 20 percent of the World's GDP (Wilson, 2003).

The BRIC countries are quite happy with this status, and for the last couple of years, they have organized summits to create common strategies and to have more weight and power on the global agenda. All these four countries after the financial crisis in 2008-2009 have emerged undamaged and reasonably quickly (Aloui, 2011).

Although these countries are categorized as a group, among themselves, they have very little in common. According to Wilson (2003), India and China are manufacturing-based

economies and big importers, while Brazil and Russia are significant exporters of natural resources.

Going even more in-depth on the differences among the BRIC countries, China is in the lead compared to Russia, India, and Brazil regarding growth rate. This phenomenon is related in large extent to China's early focus on ambitious infrastructure projects. Russia is the odd one among the BRIC's; its characteristics are entirely different from the others. While the remaining three all had a demographic boom, counting on a young population for innovation, Russia has an aging population, and the birth rate is decreasing. His economic success is firmly connected to its gas and oil reserves (Ulrich, Hollensen and Boyd, 2014). Brazil is the only country that capacity to provide all elements, for instance, manufactured services and natural resources supplying (Wilson, 2003).

In the most recent study from Goldman Sachs (2010), they predict that China is going to surpass the USA's GDP in 2030 and by 2050, India is going to be the second biggest economy in the World. Also by 2030, the combined GDP of the BRIC would be more significant than the GDP of the G-7 countries.

According to Crespo (2007), foreign direct investment in developing economies has been viewed over the years as a relevant factor contributing to the development and economic growth. Developing countries can attract more FDI because of their economic growth and investment-friendly policies (Khondoker, 2007). Focusing on the research of Agrawal (2015), there is a definite correlation between economic growth and foreign direct investment in BRIC economies, where various policies to attract inward FDI could become unnecessary, which means that the focus should be to encourage potential sources to sustain economic development.

So concluding, the economic factors are more significant than institutional and political in BRIC economies, more precisely market size that is measured in the GDP when attracting foreign direct investment, concerning Jadhav (2012). The author states trade openness is also positively related to inward FDI and natural resources availability has an adverse effect on inward FDI, which means that foreign investment is not motivated by resources-seeking purpose in BRIC economies.

In the next chapter there will be the continuation of the study regarding this subject of economic growth and development, but concentrating the focus in India, the economy chosen

by Visabeira, Águas de Portugal and Efacec to expand their influence and where they decide to invest.

3. MARKET CONTEXT- INDIA

For a better understanding of the strategic vision chosen by VisaBeira, Águas de Portugal, and Efacec, the author understood it was critical an examination of this yet unusual country for Portuguese companies to internationalize, that is India.

With this said, this chapter is going to be divided into three parts: “Overview of India”; “How does the USA and Europe see India” and “How does Portugal see India.” This last topic is also going to be divided in two, “Luxury market” and “India Social Problems,” where the author highlights the importance of these two segments because they are the ones that the companies analyzed want to fit in.

3.1. OVERVIEW OF THE INDIAN MARKET

Till recent years, India was not seen as an economic power as we know it today. It was only after the publication of “India’s Rising Growth Potential” by Tushar Poddar and Eva Yi (2007) and then “EM Equity in Two Decades: A Changing Landscape” by Goldman Sachs (2010) where the incredible influence that the World’s biggest democracy, with more than 1.364 billion of people (World Bank, 2016) and a GDP of about 2.264 trillion US Dollars (World Bank, 2016), started to be seen by more developed countries as the economic and political power it is and by the opportunities it presents to the World economy.

A glimpse of the “recent” past, after independence in 1947, India implemented protectionism laws and state-interventionism policies which tied up the economy with strict regulations, damaging the economic freedom and trade (Poddar and Yi, 2007). The result of these measures was a low grow GDP (appendix 1) for several decades. Facing this problem, in 1991 the government started implementing economic reforms, were gradually removed obstacles to economic freedom and allow India to catch up, steadily being again included in the global economy. With this opening to the exterior, “since 2003, India has been one of the fastest-growing major economies, leading to rapid increases in per capita income, demand, and integration with the global economy.” (Poddar and Yi, 2007)

Currently, the country is seen as very appealing to major players for strategic investments because of India's vast range of industries, expenditures approach, and a supportive government and especially with a huge and young population (appendix 2 and 3), which is a high driver for demand and an excellent source of the labor force.

This south Asian nation with the capital in New Delhi is divided into 29 States and 7 Unions totalizing 2,973,190 square km of land and has as the head of the government Mr. Narendra Modi, prime Minister since May 26, 2014, and he has been pointed out has one of the biggest responsible for India's current growth.

Focusing now on the economic factors, India has emerged as the economy with the most prominent growth rate in the World as we can see in the International Monetary Fund (IMF) and is predicted to be one of the top economic players in the World in the next 10-15 years, and by 2050 even being the second most significant World economy, right after China (Moe et al., 2010). According to the World Bank (2016), India has a GDP growth of 7.9% in 2015, is expected an increase of 6.8% in 2016 and till 2020 is predicted a growth above 7% (appendix 2). This is one of the biggest economic indicators to attract FDI. (Jadhav, 2012; Ulrich et al., 2014; Agrawal, 2015) The gross value added regarding the composition by sector is divided in the following way 2016-2017 PE: Services- 51.5%; Industry-31.1%; and Agriculture-17.4%.The Balance of Payments, also an economic factor that attracts FDI (Jadhav, 2012) (appendix 7), is contrary with the exports of goods and services being 443 Billion US Dollars (appendix 6) and the imports reaching almost 530 Billion US Dollars (World Bank, 2015) (appendix 5). This deficit is also seen as a decisive factor for investors, and so, since 2000 the foreign direct investment has totalized around 400 Billion US Dollars (World Bank) and registers the highest number ever in 2016, reaching almost 45 Billion US Dollars (World Bank) (appendix 8). Facing this, the sectors that most attracted FDI were the service sector (18%), construction development (7%), computer software and hardware (8%), telecommunications (7%), automobile (5%), drugs and pharmaceuticals (4%), chemical (4%), trading (4%), power (3%) and hotel and tourism (3%).

For the future, India and the Asian Development Bank are establishing a strategy for 2018-2022, with the purpose of creating a stronger middle class and achieving a sustainable economic growth. This approach will focus on three main pillars. The first one will develop economic competitiveness by creating better and more jobs for better and more qualified people through an expanding infrastructure network for transport and energy alongside economic agglomerates. The second Pillar will improve the infrastructure in lagging regions

that need them for systems and social services, especially in rural areas with the target of rising agricultural productivity and decrease rural-urban income gap. The last Pillar will promote the renewable resource use in projects designing so that the negative impacts of the global warming can be mitigated.

3.2. HOW DOES THE USA AND EUROPE SEE INDIA

Europe and the United States of America are two of most prominent export partners of India with the USA responsible for 16% and Europe for nearly 20%. Also, these two together correspond to around 27% of FDI in India, since April 2000 till June 2017. US responsible for 6% and the European Union for 21% (focusing on the leading countries: UK, 7%, Netherlands, 6%, Germany, 3%, Cyprus, 3%, France, 2% and a small note for Portugal that represents 0.02%, which is around 76 million US Dollars) (appendix 9).

The reason for this fact is that companies in the areas mentioned above outsource some part of their business line to India, mainly for reasons related with the cheap labor (Kobitzsch et al., 2001; Liu and Trefler, 2008; Flecker, 2015). For instance, the minimum wage in India is around 60 US Dollars per month (June 2017) which allows the companies to cut cost and have more competitive prices.

Although the labor cost is an excellent factor for outsourcing, there are others that also have a vast weight in this decision, as the access to knowledge and availability of labor (Flecker, 2015). The rise of the outsourcing in India brought something new, where for the first time educated US workers are competing with also educated but lower-paid foreign workers (Kobitzsch et al., 2001). Other advantages are cost saving that is the result of the economies of scale and corporates can restructure themselves by concentrating on their core business and outsource service providers and intermediaries (Flecker, 2015). This was the case of European companies that relocated their work to India where they found quickly the resources in need or to carry out projects at all (Flecker and Kirschenhofer, 2002).

But this phenomenon is also part of the Indian government strategy that aims to enlarge the number of jobs by creating a World-class infrastructure and establishing economic corridors, because the manufacturing sector can create more jobs per unit of output than services sector

and one the objectives of the government is to reduce the unemployment rate (Asian Development Bank).

Make in India, as they call it, was introduced by the prime Minister at 15 of August 2014, where he said: “I want to tell the people of the whole World: Come, make in India. Come and manufacture in India. Go and sell in any country of the World, but manufacture here. We have the skill, talent, discipline and the desire to do something. We want to give the World an opportunity that come make in India”. The program targets 25 sectors, that include: automobiles, aviation, chemicals, IT & BPM, pharmaceuticals, construction, defense manufacturing, electrical machinery, food processing, textiles and garments, ports, leather, media and entertainment, wellness, mining, tourism and hospitality, railways, automobile components, renewable energy, biotechnology, space, thermal power, roads and highways and electronics systems. The incentives are provided by the central government like subsidizing projects from companies that invest more than 1 Billion INR (almost 15.5 million US Dollars) in 15%, export incentives like contract drawback or contract exception schemes and incentives for particular areas and sectors, and also incentives from the states government that are different in every state, but some examples of the incentives are the exemption of the land acquisition, refund or waiver of taxes or companies do not need to pay electricity. This way the investment is facilitated, innovation is encouraged and labor skills are developed, uniting the conditions to achieve the primary objective of this initiative that is to attract foreign investment and empower India’s manufacturing sector. According to the Asian Development Bank, this project has the purpose of increasing the contribution of manufacturing from 16.5% of GDP in 2016 to 25% by 2022.

Having a critical view on this matter, the creation of jobs in the manufacture sector is not a long-term solution for India. Analyzing only in the short term, what this program can do it’s incredible, since it gives the opportunity for people to move from the agriculture to the industrial sector, where the salaries are better paid, and gives the chance of unemployed people to have a salary. But what happens, and its one concern of Invest India, is that in the value chain of the final product, only a small part of the value stays in India, where the big part goes to the developed countries. This will create two problems: first, the deficit of the balance of payments will continue to increase and second, this will not enable the creation of a stronger middle class. Efforts have been made by Invest India that companies give better working conditions to the workers, especially give better salaries so that employees can develop more consumption habits.

3.3. HOW DOES PORTUGAL SEE INDIA

Even though Portugal is in Europe, the way Portuguese companies see the Indian market is not in the same way as other companies. By not having a strong manufacturing field, compared of course with other European countries and also the USA, Portugal targets his focus in niche markets, for instance, the luxury market, and in social problems where Portuguese companies have the knowledge to help India solve them.

Starting with the luxury market, even though India is placed in the seventh position in the ranking of countries with highest GDP (World Bank, 2016) India is also divided into several states where the wealth is not equally distributed. For a better understanding about the distribution of wealth among Indian people, the Global Wealth Report (2017) creates a hierarchy where we will only focus on the millionaires that have their wealth bigger than 1 million US Dollars and the ultra-high net worth individuals (UHNWI), which their wealth is bigger than 30 million US Dollars. According to this study, an UHNWI in India owns more than three houses.

In India, there are around 264300 millionaires in 2016, where 6740 are UHNWI. This last group witnessed a growth of 12% and in the next decade is predicted to increase by 150%. This means that in 2026, India is going to be the third country with more UHNWI in the World, right after USA and China.

The top four Indian cities with more millionaires in 2016 were Mumbai, Delhi, Hyderabad, and Kolkata. Mumbai its city with more rich people, where itself accounts for 1340 UHNWI, which is almost the double than Delhi (680) has, which earns the second place, followed by Kolkata (280) and Hyderabad (260). The rise of UHNWI in these cities' regarding 2015 was also incredible, reaching values between 10% and 15%. Even these four cities account for 33% of all millionaires in India, again with Mumbai on the top with 46000 people, followed by Delhi (22700), Kolkata (9600) and Hyderabad (9000).

Even though it doesn't appear in the study, the author selected Bangalore to close the top five wealthiest Indian cities. According to City Momentum Index 2017, Bangalore is the World's fast-changing city and regarding UHNWI, the growth between 2015 and 2016 it was 15%(the same has Hyderabad). The so-called Indian Silicon Valley has attracted a vast number of World's technology firms, as well as a significant number of successful national start-ups, by creating conditions for them to establish there.

Now focusing on the social problems, India has one the most prominent GDP's in the World, but the GDP per capita in one of the lowest, which is almost 1700 US Dollars (World Bank, 2016). There has been done a lot of progress to reduce the poverty rate in the last two decades, where the rate decreases from 45.9% in 1993 to 38.2% in 2004 and 21.2% in 2011 (World Bank, 2016) . Even though we see a considerable reduction, in absolute numbers this means that in 2011 around 268 million people were living with less than 1.90 US Dollars per day (World Bank 2016).

Although we see a decrease in the poverty levels, a large proportion of the population it continues exposed to any economic collapse. Also, the poverty level is not equal spread in all states: for instance, about 54% of poor Indian people live in five low-income states (Bihar, Jharkhand, Madhya Pradesh, Odisha and Uttar Pradesh) (Asian Development Bank, 2016).

Another point we should take into account his the economic effort in environment and climate change matters. Air pollution, cropland degradation, and insufficient water supply are critical contributors estimated to cost about 5.7% of the GDP a year (World Bank, 2013). The access to fresh water is a severe problem since only 3% of the World's clean water it's in Indian Territory while accounting with 16% of the World's population. The water resources are extremely contaminated, where most of the rivers are terribly polluted by uncontrolled discharge of garbage and industrial outflow (Mukherji et al., 2012).

The Indian government is fully aware of this problems, and in the United Nations Sustainable Summit 2015 they target these issues. In fact, most of the national government's flagship programs have the purpose of solving them, supervised by a strict attention by the state and local governments regarding the planning, budgeting, developing implementation and monitoring systems on these programs.

The areas where they are focusing their attention are considered priority areas to achieve sustainable growth in the long term. The areas identified are Smart Cities- development of 100 smart cities that can provide infrastructure and intelligent solutions like efficient energy systems, environment-friendly public transportation and green building that can save energy. The purpose of this is by 2030 the urban share of GDP increases to 75%; Atal Mission for Rejuvenation and Urban Transformation- The plan is to build infrastructure to the biggest 500 cities and towns that can provide clean water supply, proper sewerage systems and management, stormwater drains and adequate public transportation. The government wants this project to be complete by 2019; Clean India Mission- The purpose is to increase access to

sanitation services in rural and urban areas so that by 2019 there exists 0% open defecation in urban areas; Revitalized power sector- this program aims to provide full access to electricity at affordable, by repair the financial health of energy distribution companies. The objective is by 2018 every rural area has voltage and by 2019 24x7 power for everyone; Skill India- Aims to increase the skills of about 400 million people by 2022. Another project that also has a huge impact is the cleaning of the Ganges River to allow competent abatement of pollution so that the stream can recover. (Asian Development Bank, 2016)

To conclude, we clearly see the enormous effort of the Indian government to provide sustainable conditions that give dignity to his population. But they also know the lack of internal knowledge that exists in the country, so they want to attract foreign companies to help them solve these problems.

4. CASE STUDIES

The following chapter is going to analyze Efacec, Visabeira and Águas de Portugal strategy in the in the Indian Market. It will be divided into three parts: Outsourcing Strategy; Indian Social Problems Strategy; Luxury Strategy.

For a better understanding for the reader of the approach of each market segment, the author decided to separate Vista Alegre Atlantis (one of the companies that belong to Visabeira Indústria) from Visabeira Global (appendix 12). Even though they belong to the same company and their internationalization strategy is correlated, their target group is different and so the way they position themselves also differ.

4.1. OUTSOURCING- EFACEC

Founded in 1948, Efacec is a B2B company in the energy, engineering and mobility sector. By being present in more than 60 countries, in 2016 the company had profits of 431.5 million €. The core business of the company is divided into three areas: Systems, batteries, and products.

In 2007, Efacec was losing competitiveness to other European companies in the sector and was struggling to win it back. The company had to develop a strategy to solve this, otherwise, they could go bankrupt. Since increasing the prices of the products wasn't a solution, because their clients could quickly change to the cheaper products of the competitors, Efacec had to move the production facility from Portugal to another country for two reasons: to lower the costs and to have a fast and reliable resource of the materials required for the final product. There were certain countries that fulfill these requirements, for instance, Western Europe countries, Turkey and India. But the increase of inflation and labor cost in the European and the political instability in Turkey put aside this two options. Adding to this, in 2007 there was a state mission by the Portuguese president, something that helped Efacec in the internationalization process to India.

To expand for this new country, also because of the high bureaucracy and the difficulty of finding a green-field, Efacec did a partnership with a local company in the sector, and they

created two companies, both of them with equal control share for Efacec and the local business. One of the companies was for outsourcing the products in need by Efacec and would be controlled by Efacec, and the other was to sell the products, that were produced in the other company, in India that was going to be managed by the local partner. But this wasn't a good strategy. The company responsible for commercializing the products wasn't efficient in doing it, and part of the justification was because the Efacec product wasn't adequate for the Indian market, being considered a premium product. Facing this management problem, in 2013, Efacec decided to change the strategy and acquire the totality of the outsourcing company, and in exchange, they sold their share of the commercialization company to the local partner. In 2013, was born Efacec India Private Limited, a company 100% Efacec only with the purpose of producing Efacec products.

Efacec faces several problems of having a solo company in India. The quality of the final work is one of those. Indian patterns of quality, and also regulation, are significantly lower than Portuguese ones, demanding by the company a huge resources allocation in giving formation to their employees that currently are 120 Indian people. Even with this matter, is still cost efficient having a factory in India, since in average the producing a product in India the costs are 30% lower than producing it in Portugal, with some of the products reaching 50% in cost advantage. Another problem is the Portuguese people Efacec has allocated to India because of the difficulty of managing their expectations regarding living abroad as an expatriate. The third issue is the tax system in India, that since the begin of the year of 2017 there was a meaningful tax reform that substituted a huge group of indirect taxes, taxes that used to differentiate products from services and weren't the same in different states, to only one tax called GST- Goods and Services Tax.

The strategy for 2020 is divided in two parts: first to increase the production of the Indian company and second to improve the features of the products. Even though Efacec India corresponds 30% to 40% of Efacec total production, the company wants to increase this percentage to 60% to 70% in order to become more competitive. Also, the company has a problem with the customization of the final product to some countries. For instance, there are countries where the final product it goes directly from India, like Morocco, and others the products need to go to Portugal to be customized and then go to the last destination, like Australia. By doing all of this in India, the company would save resources and lower the costs.

4.2. LUXURY MARKET- VISTA ALEGRE ATLANTIS

Being one of the oldest and most known companies in Portugal, Vista Alegre was founded in 1824, and this group produces porcelains for a premium segment. In 2001 the company merged with Atlantis, a company that produces crystals, creating Vista Alegre Atlantis. In 2009, the company was bought by Visabeira, and both companies started sharing their internationalization strategy. VAA has a physic presence in 13 countries, and itself has made profits in 2016 were 75.4 million €.

With the state visit of 2017, it was official that Vista Alegre Atlantis was going to expand to India. With an already well-developed analysis of the Indian luxury market, VAA found out a large segment in absolute numbers of people with high demand for their products, and so they used the state visit to do a partnership with a local player and together they created Shree Sharda Vista Alegre, with an equal share for both members.

The barriers to enter India where diluted by having a local partner, but this also created some problems. One of those is the differences of rhythms of work of the two cultures is too different, being the Indian one much slower. For instance, the first physical store in Delhi should have been opened in September 2017, but because of Indian partner took more time than agreed to make internal decisions, the store will only open to the public in December 2017.

Since this is still a recent expansion, the company yet didn't have the opportunity to prove the value of the Indian market, but the strategy is extremely ambitious. VAA has different plans to reach the general public and the HoReCa channel. In the B2C approach, VAA wants to open more physical shops in strategic cities, where the potential clients live. In the B2B segment, the company intends to rely on the website, with strong marketing campaign behind it. VAA will use the social media to reach their consumers. Also, Word-of-Mouth is a valuable tool, since the company is addressing a niche market, the people in this segment know each other and so far is the most effective marketing tool. A more long-term strategy, VAA is using India to enter in other Asian countries, but first, the company wants to grow strong and in a sustainable way in India and then address other destinations.

4.3. INDIAN SOCIAL PROBLEMS- ADP AND VISABEIRA

Águas de Portugal was founded in 1993, and their core business is water treatment. Adp is present in 9 countries and by offering services of water supply and sanitation services management, operation and maintenance of infrastructures, planning and investment management, strategic studies and training and capacity building, the company reached more than 8 million of people all over the World and achieved profits of 646,1 million € in 2016.

Until this year, 2017, India wasn't on the plans of AdP for internationalization destination. The strategy was to continue to develop in countries where they on-going projects especially in Angola and Mozambique, two countries that have a high demand for the services that AdP provides and a significant support from the local government.

But in January, there was organized a state visit to India where the Portuguese prime Minister and other Ministers travelled together with around thirty managers of Portuguese companies, and Águas de Portugal was also in the visit represented by Alexandra Serra, manager director of Águas de Portugal Internacional SA, and other managers. In this visit, they had the opportunity to see several social problems that India faces, but also to know the significant amount of projects develop by the central government with the purpose of solving those problems. After encountering this considerable demand for AdP services, when the managers return to Portugal, there was a new mindset with the objective to reorganize the internationalization strategy of the company.

Going a little bit deeper on the reasons that sparkled the choice of this new country for expansion, the main factors that had a huge influence on the internationalization decision were the demographic and political factor. Starting with the demographic, with a big population that India has, there are a lot of needs to be satisfied, and some of those are the access to clean water and proper sanitation services, two of the most significant problems India faces. To solve these issues, the government developed state-funded programs, called flagships programs, to target these issues, but because of lack of knowledge and skills, they also need foreign partners to address this matter. Two of the flagship programs that got AdP's attention was the Smart Cities Mission that was the purpose of renewal the biggest 100 cities so that they can offer a better quality of life and be sustainable, and the National Mission for Clean Ganga that is a plan to cleaning in a sustainable way the Ganges river. The political factor is not only the increase relationships between Portugal and India, with the creation of

the Indian Visa Gold for Indian people that invest in Portugal, but also the Europe and India that under the agreement of India-EU Water Partnership, the European Union will help India on the cleaning Ganges river mission.

Being India a country with an enormous demand for AdP services, the company wants to provide all his services, but only in the long term. So far, the company is targeting very low-risk operations by focusing on the task of technical assistance. The strategy to do these operations was first to create partnerships with local partners and second to focus in the state of Goa, where now the company has signed a protocol to work in two priority areas that belong to the smart cities program. Also, AdP is applying for an entirely subsidized by the European Union program called Call 2020, that has the purpose of helping in the cleaning the Ganges River operation.

Águas de Portugal didn't find many barriers when trying to enter India since almost all of the obstacles were diluted by the contacts they made during the state mission and by the partnership with the local partner, but there are some problems of being in this country. The first one is that Indian people have a different speed of doing tasks, comparing to Portuguese people, which doesn't allow AdP to be as efficient as they wanted to. Another factor is the fact EU subsidizes some programs in India for water treatment, making it a highly competitive market since other European companies in the water treatment sector also want to take advantage of these programs.

For the future, the company still doesn't have a structured long-term strategy regarding India, part of it because it's still a recent expansion and they are still checking expectations. So far they want to win the Call of the Ganges River and be successful in the two pilot projects in Goa so that they can increase their influence in this state.

In the same segment selected by the author, Visabeira also fulfills social problems that India people face. Founded in 1980, Visabeira is one of the biggest companies in the civil sector in Portugal with services related to telecommunication, energy, technology, and construction. Visabeira closed the year of 2016 with profits of 601 million €, with 3.5 million € being from transactions with India.

Being dynamics and aggressiveness two words that characterize Visabeira, the company is always looking for new countries to expand their influence. Together with this, in 2007 there was a Portuguese state mission to India, one of the countries already targeted by the internal department of internationalization as one country with high demand for Visabeira services

and with tremendous potential to do business, and so the company also joined the state mission to India.

In this visit, Visabeira did several contacts that allow the company to do a partnership with Aditya Birla Group, an Indian multinational with several subsidiaries in the civil construction sector, and together they created a joint venture called Birla Visabeira Private Limited, a company 50% Visabeira and 50% Birla Group. This is also part of the strategy of Visabeira when facing risky markets. While in Europe they have firms 100% Visabeira, in developing countries like Angola and Mozambique, and now India, they do a partnership with a local partner, something quite “easy” for Visabeira since they have a broad curriculum of collaboration with a lot of European telecommunication companies.

The Birla Visabeira Private Limited focus on telecommunication projects, especially in installing and doing maintenance of optical fiber cables. Recently, Visabeira started doing consulting projects in this field since the optical fiber technology is well developed in Portugal, but it’s quite new in India.

But by doing business in India, two problems emerge on this fact. The first is the Indian group gives a lot of trust in the people of Visabeira, and not on the institution itself. This is a huge concern because in some cases a small problem that with the European companies could be clarified by an email, in India sometimes it requires to Visabeira managers to travel there to solve it. The second is also something that concerns AdP in their regular basis activities. By Portuguese and Indian people having different rhythms of work, it is complicated to harmonize everything and manage the expectations of everyone. The most common problem is with public contests is that when published, the company stresses to try to fulfill the requirements to win it, and then sometimes the contests are postponed to time periods where there are no longer are attractive to Visabeira, making them wasting resources unnecessarily.

In the future, Visabeira wants to continue to grow alongside his partnership and is developing a new strategy where the company will be connected to every part of the value chain in optical fiber infrastructures, where they will do the planning, construction, and maintenance of all projects they operate in. Example of that is the construction of an optical fiber backbone, which is an infrastructure of many fiber optic cables that together increase the capacity of the system, which will have more than 1000 km. Once constructed, the purpose is to rent it to telecommunication companies. Also, Visabeira is studying the possibility to expand to other Asian countries, for instance, China and Indonesia, but this is only part of a

long-term strategy, and first they want to strengthen themselves in India's market. To conclude, since Águas de Portugal and Visabeira are complementary companies, once the two companies have more influence in the Indian market, they want to create a partnership of Portuguese companies where AdP does the planning of a water treatment infrastructure and then Visabeira will construct it.

5. CONCLUSIONS

This section of the dissertation will be divided into two parts. The first part will be based on the investigation that has been done in the chapters 3 and 4. This section will answer the research questions proposed, focusing on the main points discovered during the analyses of the Indian market and the strategy of the Portuguese companies to address that market. The author will also make some recommendations to the companies, based on the information gathered during the investigation.

The second part is going to focus on other business opportunities that were not genuinely analyzed in this investigation and also in the openings provided particularly by the state of Goa, because of the historical proximity that it has with Portugal.

5.1. FINDINGS

5.1.1. WHAT ARE THE FACTORS THAT ATTRACT PORTUGUESE COMPANIES TO GO TO INDIA?

As suggested by the literature review and then confirmed by the interviews with the managers of the companies, the economic factors, and the political factors have a huge weight on the choice of India. Since 2003 we have observed an incredible GDP growth with an average of 8.3% per year, due to the economic reforms that the Indian Government have implemented with the flagship programs, as example Make in India, Smart Cities program, Atal Mission for Rejuvenation and Urban Transformation, Clean India Mission, Revitalize Power Sector program and Skill India. These were the primary drivers allowing India to attract 45 billion US Dollars in 2016 in foreign investment, position the country in the eighth position of the countries with highest FDI in the World.

Also, the demographic indicators have an impact on the decision of the companies, contrarily of what was found in the literature. It seems like the fact that India has a population of more than 1.3 billion people, where around two thirds in with age between 15 and 35, it represents a significant factor seem is this fact that makes the government invest such substantial amounts

of money the programs already mentioned. As said by the managers, it's not a factor that makes them go to India, by itself not enough for the internationalization process, but together with the economic and political factors, it helps in differentiating India from other previously consider countries.

5.1.2. DO PORTUGUESE COMPANIES HAVE THE CAPACITY TO SATISFY THE NEEDS OF A COUNTRY LIKE INDIA?

Unlikely to what the author thought at the beginning of this investigation, the answer to this question is yes. Compared to his European competitors, the Portuguese companies have a low manufacture industry in the country and the labor costs in Portugal are also smaller, meaning that the need for outsourcing is reduced. That's why there was a focus on the other two market possibilities, Indian social problems, and luxury markets, where Portugal was companies capable of fulfilling this needs. The truth is that, for the three different options of internationalization, there are three successful cases of internationalization for each option. Vista Alegre Atlantis is positioned themselves carefully in the luxury market with the porcelains, Visabeira and Águas de Portugal is targeting the Indian social problems in the infrastructure necessities and the water treatment sector respectively and, against the odds, Efacec has a factory in India to do outsource of part of their products with the purpose of lower their costs and remain competitive when facing their European competitors.

This represents an incredible change in the mindset of the managers since in this three so different market segments there are respectively three Portuguese companies that are embracing this opportunity and taking advantages out of it, whether is by increasing the profits or reducing the cost. In this dissertation, it is proved that Portuguese companies are at the same level with European companies when trying to enter the Indian Market.

5.1.3. WHAT ARE THE SIMILARITIES BETWEEN THE PATHS FOLLOWED BY EACH PORTUGUESE COMPANY WHEN INTERNATIONALIZING TO INDIA?

When comparing the path and strategies of the three companies analyzed, even though their core business is in different sectors and also the markets they approach isn't the same, we can see some aspects that are similar between them, such as:

State Mission to India: In 2007, 2013 and 2017 there was a state visit to India, and is also the years where Efacec, Visabeira, and Águas de Portugal, respectively, internationalize to India. At a first sign it might seem just a coincidence, but according to the managers of each company, these visits have facilitated the expansion of the three companies. As the companies were represented in each visit, respectively, by internal managers it enabled to make contacts and to celebrate contracts, which without the all-state visit atmosphere it would be very difficult, not to say nearly impossible;

50/50 partnerships: The creation of a new company, 50% of the Portuguese company, 50 % of a local partner in the sector, is something we see in the three strategies. Even Efacec that has a factory 100% of the company, in the beginning, it started with a partnership. This a necessary procedure, otherwise the complication with the bureaucracy with the entry in India would just create several problems and also would not allow the company to position themselves as they want to, being quickly annihilated by the local competitors.

Starting with low-risk operations: Even though the companies know the incredible opportunities India has to offer and also the advantages they take from it, they know that a wrong step might compromise all the process of being successful in India. That why they choose to do smaller operations, both in cost and profits so that they can create trust in that market. Only after that, the companies can start target more challenging projects were also the advantages are higher.

Problems with the rhythm of work: Having Indian people a different way and speed of work comparing to Portuguese ones, it makes difficult to conjugate expectations by both parts. This represents the biggest problem that the Portuguese companies face, making them articulate extra costs to confront this issue, both in time and in money.

Increase influence in India: Is part of the long-term strategy of the three companies to increase their projects in India. Vista Alegre wants to expand to other cities, Águas de

Portugal intends to win the Call of the Ganges River, Visabeira wants to construct the 1000 km fiber optical backbone, and Efacec wants to increase their factory to produce even more products in there. The companies are well aware of the possibilities of the India market, and they want to take the maximum leverage they can get from it.

5.2. RECOMMENDATIONS

Based on the profound investigation done to the Indian Market in the dissertation and the understanding of the strategy of the companies in India, the author decided to conjugate the knowledge acquired in these two sections of the investigation to formulate personalized recommendations to each company.

Starting with Vista Alegre Atlantis, since is part of the strategy to expand to other cities and their target group is the 1% wealthiest people in India, and considering VAA has already a shop in Delhi, the author suggest the company to go to Mumbai, where most of the Indian richest people live by far when comparing to other cities in India. After increasing their influence in Mumbai, VAA should expand, in this order, to Hyderabad, Kolkata and Bangalore, the cities that complete the top five of the richest cities in India.

For Visabeira and Águas de Portugal, the author advises the companies to analyze carefully the Mission of Rejuvenation and Urban Transformation and Clean India Mission, two programs that are in the water treatment sector that requires the construction of enormous infrastructure, where the partnership between the two companies can be successful.

Last but not least, according to Efacec's managers, the company doesn't belong to the program Make in India, thus foregoing the opportunity of getting tax benefits and government support that would allow the company to be more cost efficient. As such, the suggestion of the author would be for the company to enter in the program since Efacec is the perfect example of the companies according to Prime Minister Modi, when in the presentation of this program he said "Go and sell in any country of the World but manufacture here (India)".

5.3. GOA STATE- AN OPTION RATHER THAN A PATH

The reason for this topic appears in the conclusion is because the author would like demystify the relation between Portugal and Goa as the only way for Portuguese companies enter in the India market. The false common sense exists because Goa is historical connect to Portugal and this Indian state is considered a mix of the two cultures. As the author analyzed, only Adp is present in Goa but is already targeting bigger projects, for the cleaning of the Gangues River. The other two companies don't have any business in Goa and don't plan to have, meaning that a Portuguese company can have success in India without "pass" through Goa.

But even though these facts, two reasons made the author discriminate this particular state: the first is the huge efforts already made between the governments of the two countries to provide help for the internalization process in this state, more specifically the Indian Embassy in Portugal and Portugal India Business HUB, an organization that helps Portuguese companies go to India and vice versa and has offices in Lisbon and Goa, being this the state where they can provide a better service.

Goa is one of the smallest states in India with about 1.5 million people, but with a GDP of 8 billion us Dollars, being one of the states with biggest GDP per capita in India. In this western state there are two sectors are extremely attractive for Portuguese companies: Tourism and Pharmaceutical sector.

A quick overview on these sectors, the tourism is the largest segment in services sector in Goa. It is considered a paradise for tourism and that's why it attracted 680683 tourists in 2016, getting the state on the top 10 of India that attract more tourists. The pharmaceutical sector is extremely appealing as Portuguese companies carry out a lot of research in the field, and India already attracts a large number of pharmaceutical companies due to increased research opportunities, as well as the provision of government incentives through the program "Pharma Vision 2020" by the government's Department of Pharmaceuticals. All these initiatives provide partnership and growth opportunities for Portuguese research companies to expand into India.

5.4. INDIA BEYOND THE STUDIED FRONTIERS

As a result of the investigation in the last months about the Indian market, and also as discriminated by the Indian Embassy, several sectors outside the scope of this dissertation were identified as extremely attractive for Portuguese companies to explore, but were not analysed in depth as currently there aren't any National enterprises operating in such sectors.

The sectors in question are: Defence sector, where around 370 Portuguese companies of defence technology have huge opportunities in the Indian market; Energy sector, where Portugal is the World leader in renewable wind energy; Footwear sector, where shoes moulds have a huge demand; agriculture sector, where food processing technology in very advance; and Information technology sector, where there focus in the two countries artificial intelligence, algorithms and online platforms.

The exploration of the sectors listed above can lead to a win-win scenario for both countries.

5.5. LIMITATION AND FUTURE RESEARCH

Throughout months of research and hard work, the author was able to provide some significant conclusions, thanks to transparency of the companies interviewed and the organizations involved.

But, through the process, there were a couple of limitations that don't allow the investigation to reach a unique truth if Portuguese companies can satisfy the necessities of the Indian market. The first is the small sample of companies interviewed that do business in India, what does not grant an equal pattern in other companies. The second is the briefness of the expansion of some of the companies investigated, which at this stage do not own financial evidence of the success of the strategy proposed.

Also not forgetting the way of the interview was taken and how the questions were structured might have misguided the interviewee on his answer and not answering of what the author really wanted.

Despite all of this, the author suggests for future investigations the continuation of this study, by focusing in other relevant areas and sectors and can also be economically interesting for

Portuguese companies, for instance the energy sector, in more detail the renewable energy sector and the tourism sector. Also the author would like to see a new analysis on the companies investigated, but in a 5 years' timeline with the purpose of confirming the expectations of the current strategy.

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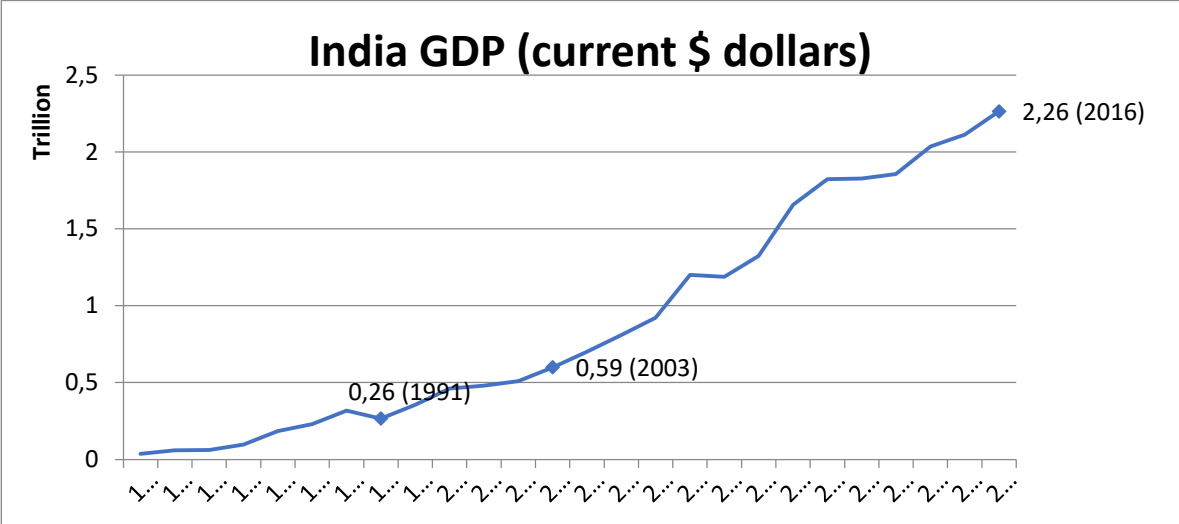
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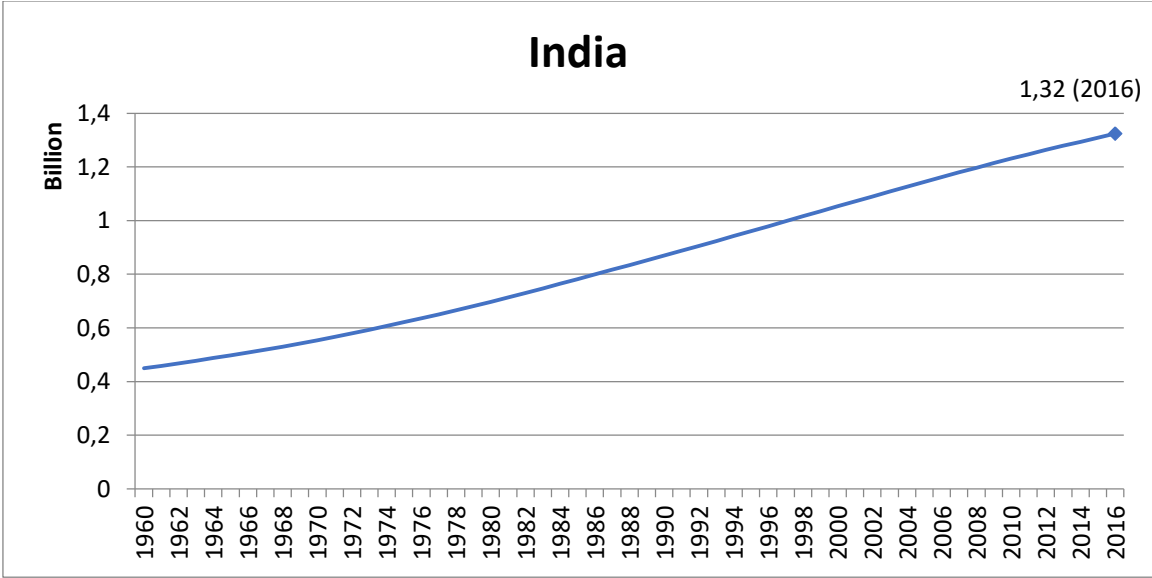
7. APPENDICES

7.1. APPENDIX 1



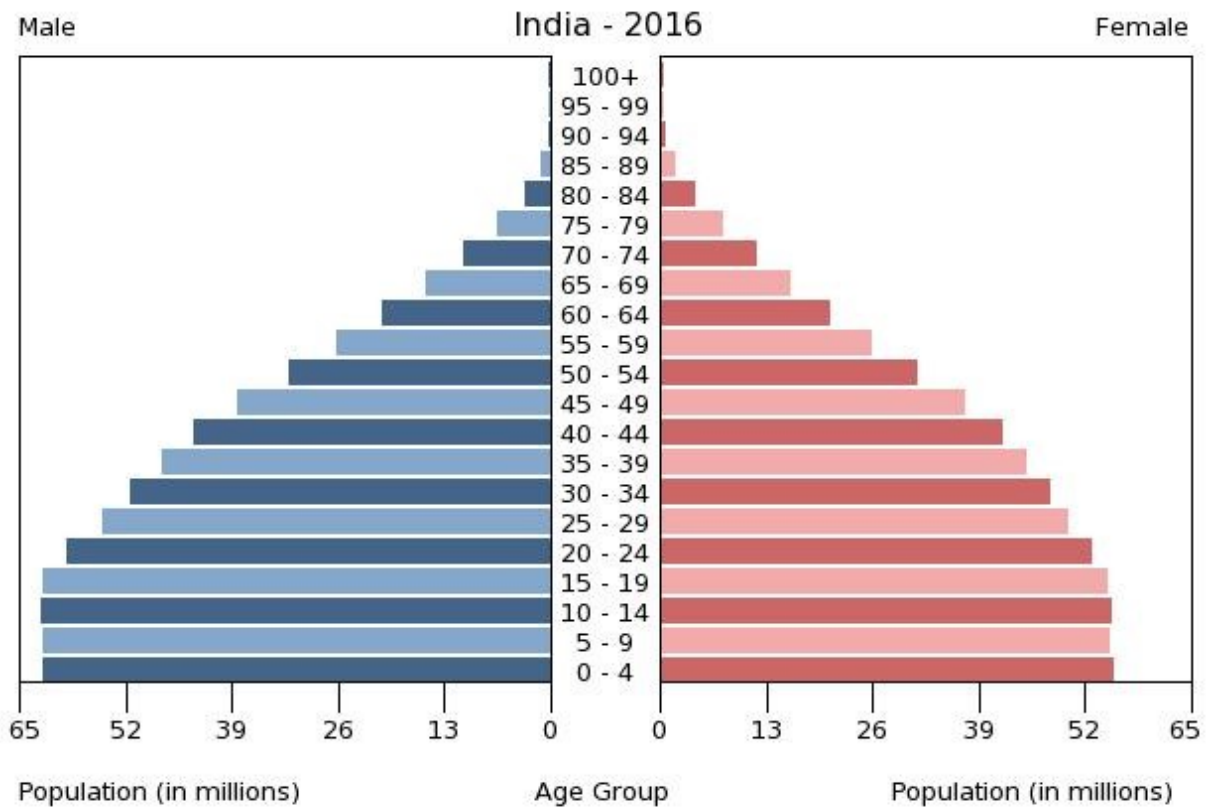
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7.2. APPENDIX 2



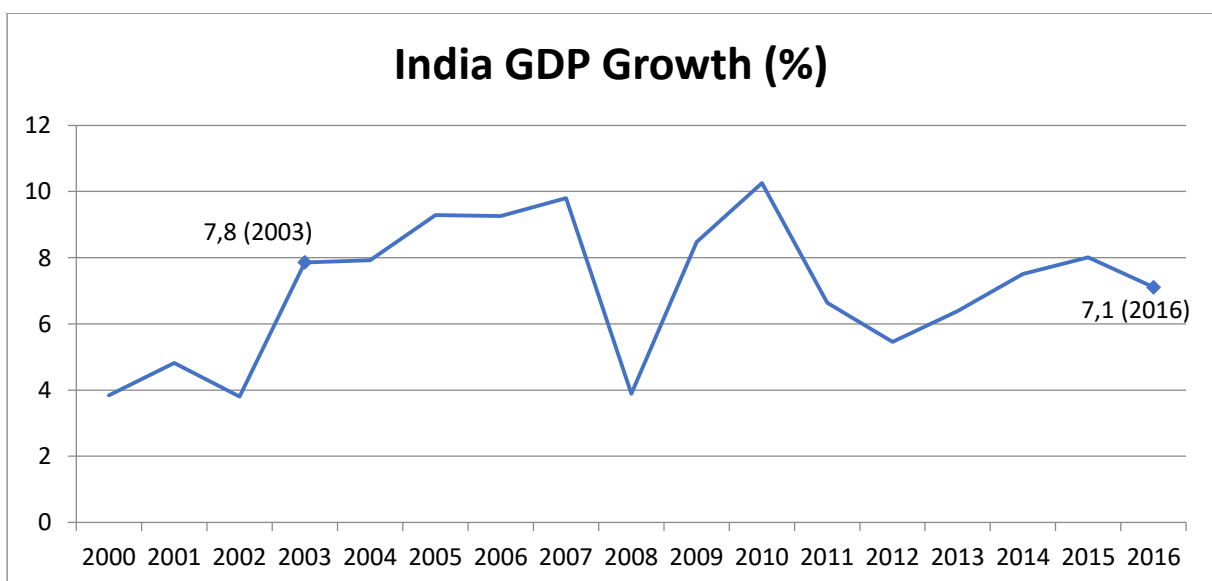
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7.3. APPENDIX 3



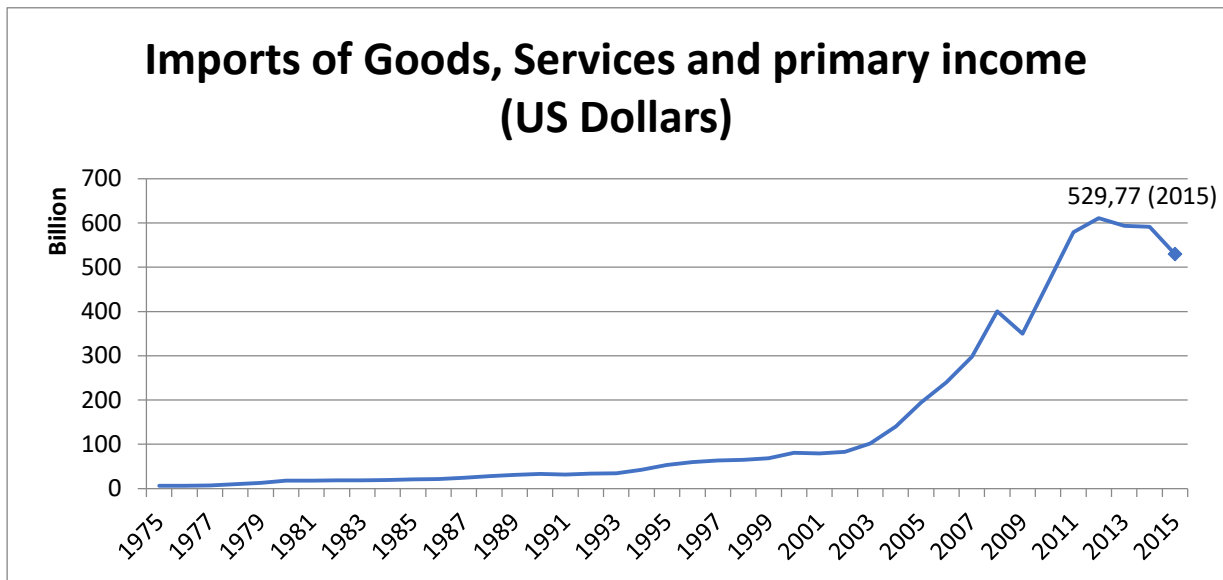
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7.4. APPENDIX 4



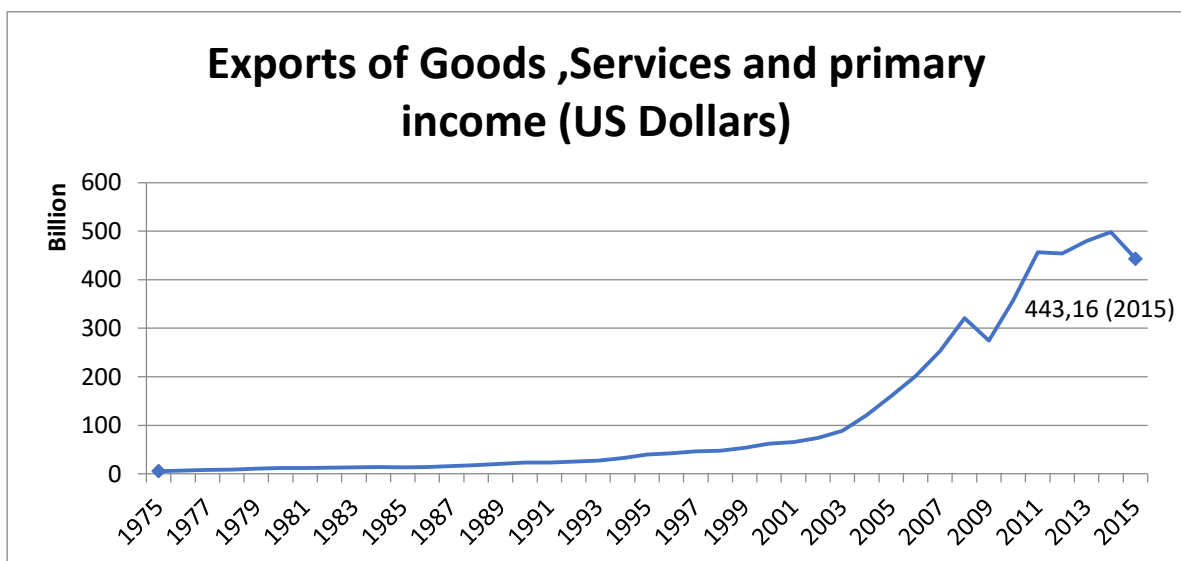
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7.5. APPENDIX 5



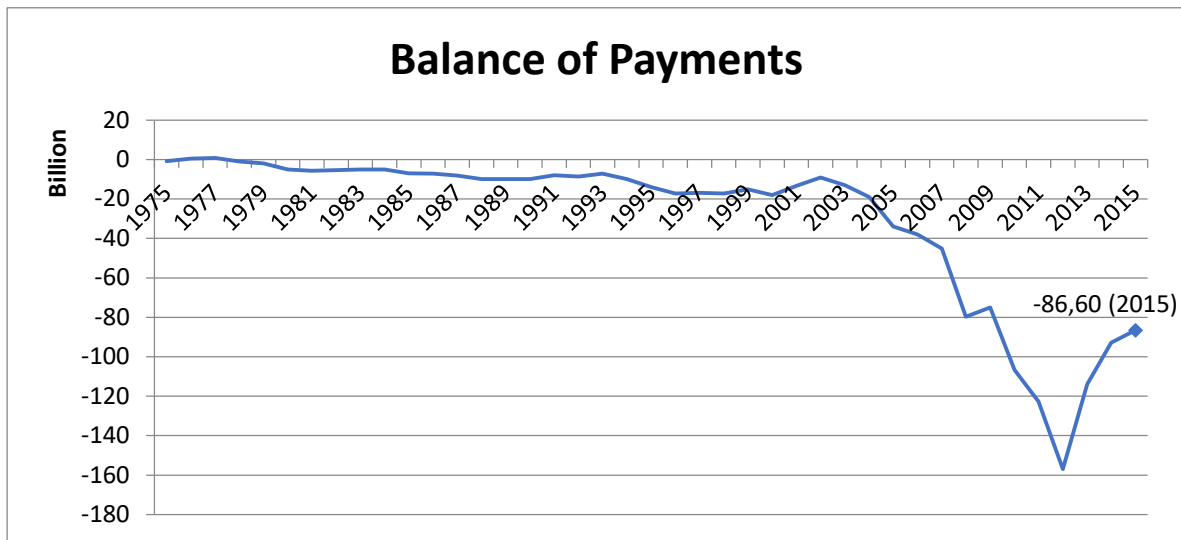
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7.6. APPENDIX 6



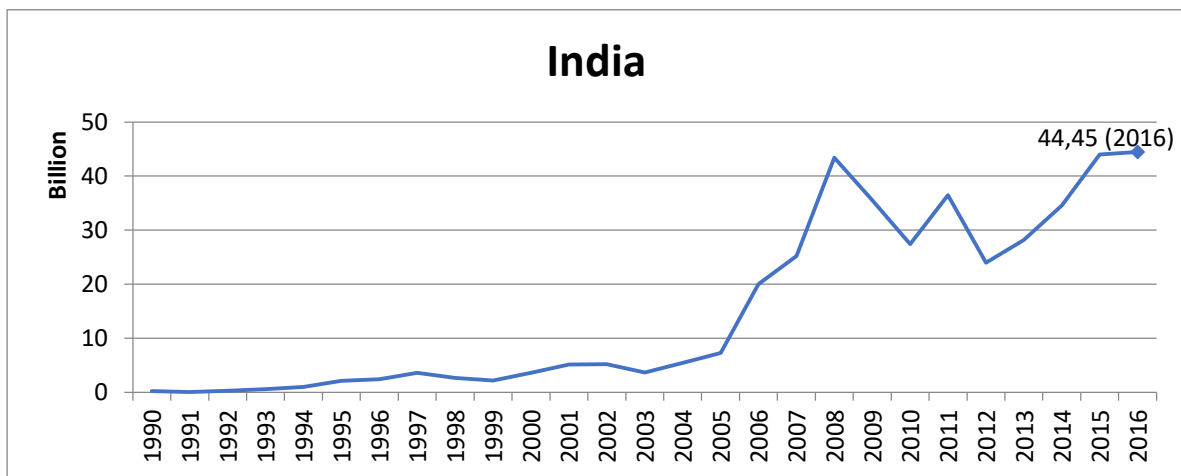
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7.7. APPENDIX 7



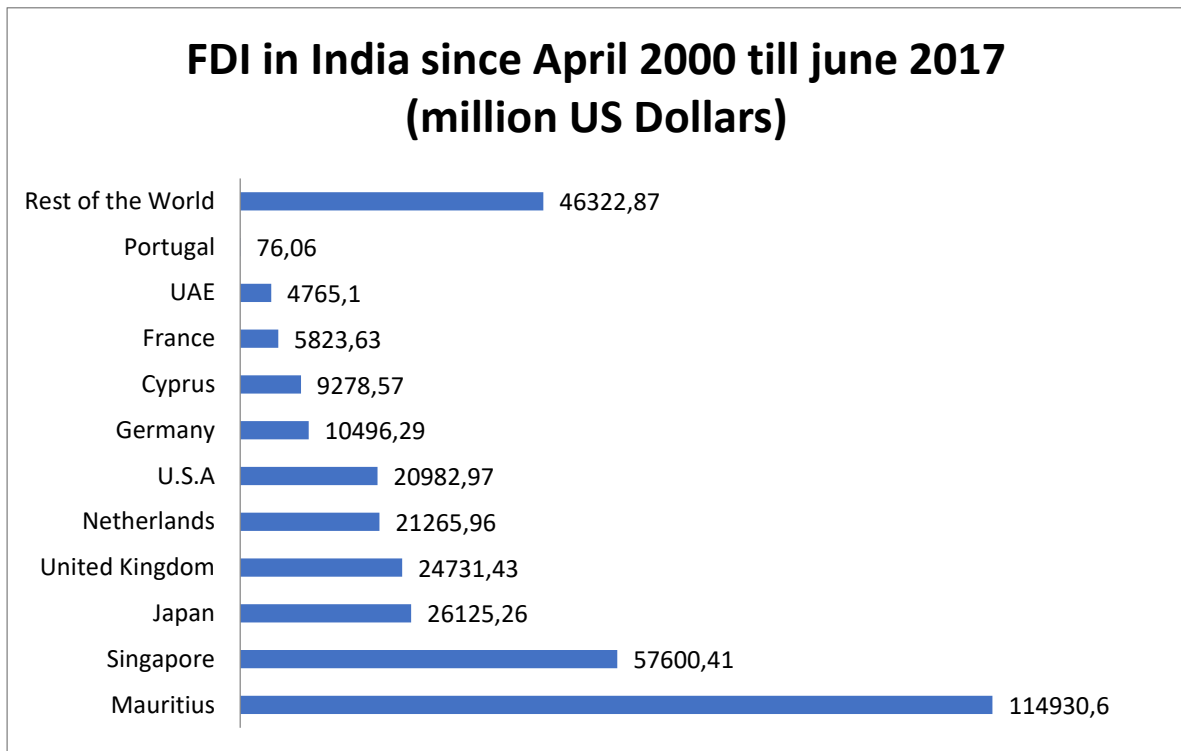
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7.8. APPENDIX 8



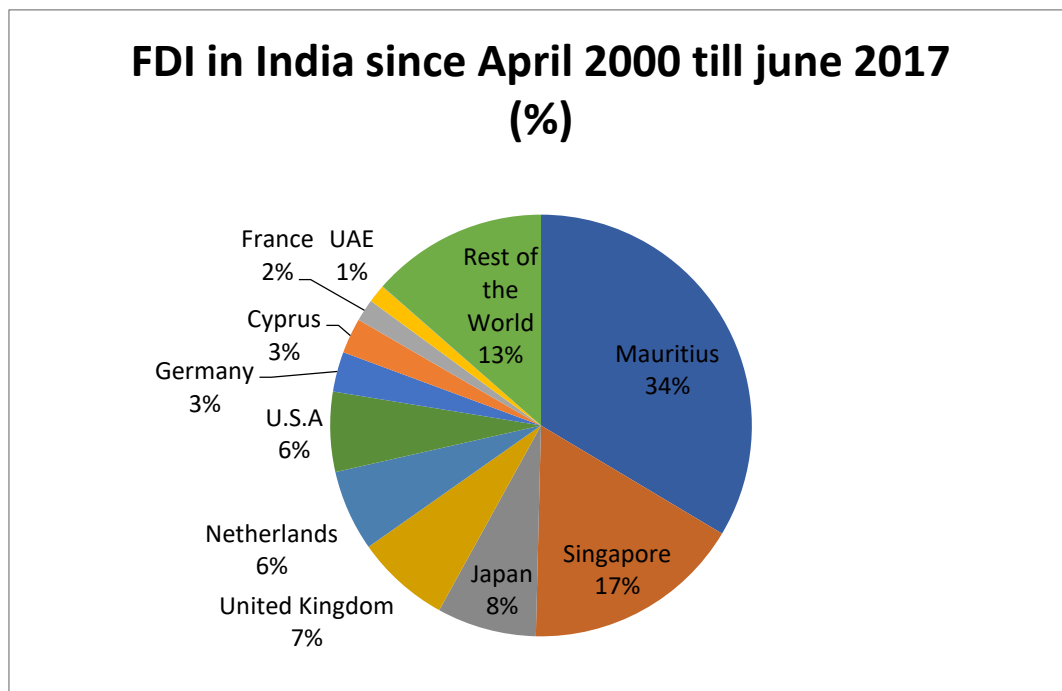
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7.9. APPENDIX 9



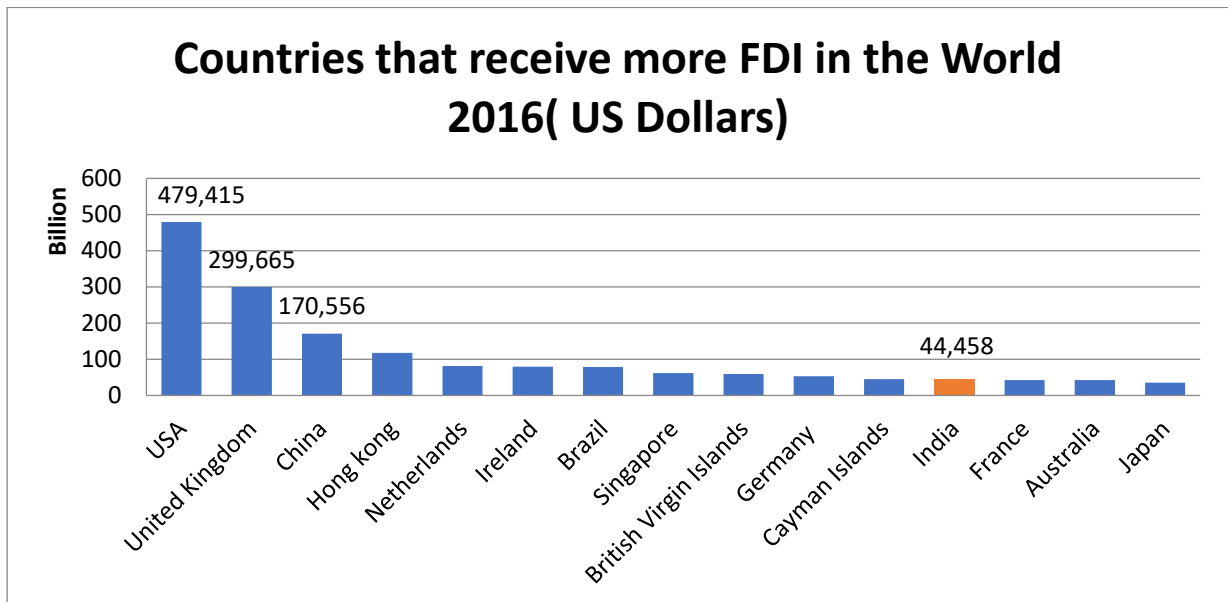
Source: Fact Sheet FDI India, 2017

7.10. APPENDIX 10



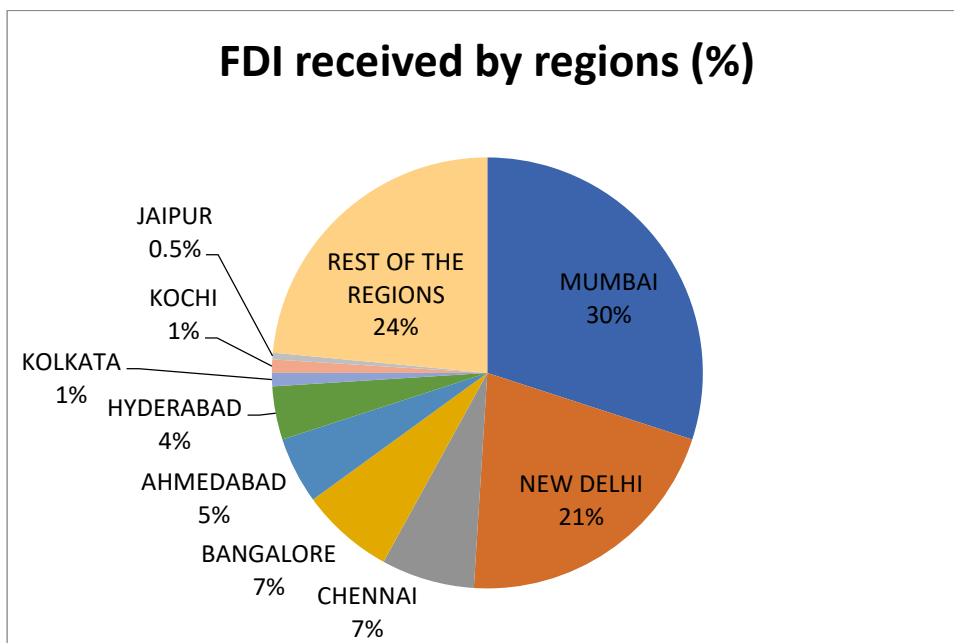
Source: Fact Sheet FDI India, 2017

7.11. APPENDIX 11



Source: World Bank, 2016

7.12. APPENDIX 12



Source: Fact Sheet FDI India, 2017

7.13. APPENDIX 13



Source: Annual Report Visabeira, 2016

7.14. APPENDIX 14 - EFACEC

Why India?

“The company needed a country to outsource their products in order to lower the internal cost of the company and remain competitive to his European competitors”

“Many countries fulfil the requirements like Turkey, Western Europe and India. The first had political instability, the seconds and high inflation and the labor costs where increasing. In 2007 there was a state visit by the Portuguese government that helped the company take his decision”

What were the entry barriers when entering India?

“The company entered India by creating a joint venture by a local partner. This partnership created two companies: one for producing the products and other to sell them in India. This didn't end help well and in 2013 Efacec to power of the producing factory and in exchange the local partner kept the selling company.”

What are the daily problems for being in India?

“Quality of the final work is one the main problems, demanding the company to have a strict control in all process and a big investment on the formation of his 120 indian employees”

“Tax system used to be a big problem, but now with GST is more simplified”

What are the perspectives for the future?

“So far 30-40% of all products is outsource in India. The target is that percentage increases to 60-70%”

“Part of the unsuccessful of the partnership with the local company was because Efacec's product was consider a premium product to India. For the future we want to adapt our products to try to reenter the Indian market”

“The products produced in India are final and intermediary products at the same time. For some countries the product is ready to be transport to his final destination, others the product needs to come to Portugal to be personalized and them be transported to his final destination. For the future, we want to do these changes in India in order to be more cost efficient”

Other answer provided by the interviewee

“The company does not belong to the program Make in India”

“In 2007 there was help from the Portuguese government for Portuguese companies to expand to India”

“Efacec sells in all continents, but only outsource his products in India”

7.15. APPENDIX 15- VISABEIRA

Why India?	“Internal internationalization department target India as expansion option; Economic and demographic factors where extremely attractive; State Visit in 2013 helped in the process”
What where the entry barriers when entering India?	“Especially the culture, but the a partnership with the Birla Group all barriers where diluted”
What are the daily problems for being in India?	“Rhythm of work; Different way of working comparing with the Portuguese way;
What are the perspectives for the future?	“Open more Vista Alegre’ physical stores; Construction of fiber optical backbone of 1000km and rent to telecommunication companies; developing projects where the company is present in all value chain, from the planning till the construction and maintenance”
Other answer provided by the interviewee	“Part of the internationalization strategy of the company is understanding the culture they are going to enter” “When struggling with a problem, in Europe it can easily be solve by an email, while in India sometimes it requires the manager to move to the country” “Visabeira and Vista Alegre have the same when strategy when entering in India: Joint Venture with a local partner” “Visabeira works fundamental in telecommunication projects, related with fiber optical cables; Vista Alegre sells porcelain and crystals to a luxury segment”

7.16. APPENDIX 16- ADP

Why India?	“Three reasons: population factor- the need for water treatment and flagship programs; Increasing relationship between Portugal and India (state visit in January 2017); EU-India water partnership.”
What where the entry barriers when entering India?	“Non-existing/ abolished by partnership with local company”
What are the daily problems for being in India?	“Validation of expectations; delay on the process; Indian market extremely competitive because EU subsidizes all expenses of the projects, making AdP be in a constant adaptation and alert to new programs”
What are the perspectives for the future?	“Win the Call for the Ganges River and focus in Goa, more precisely in two priority areas (smart cities program)”
Other information provided by the interviewee	“AdP seeked India to internationalize and wants to provide all services they have” “ AdP wants to use India to reach new african markets” “AdP is creating a partnership of Portuguese companies with Visabeira, because they have complementary services”
