

Chapter 11

Expats in India: Perspectives on Difficulties of Doing Business in India and Its Implications of Having Born Global Firms From India

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ABSTRACT

Born global firms are coming up mostly from the developed world (read Uber, Facebook, Airbnb, and such others). In this chapter, the author attempts to find out why born global firms (BGFs) are not originating from India. The author undertakes an exploratory study to answer the research questions. Seventeen expats working in India were interviewed by in-depth personally administered semi-structured open-ended questionnaire. The 17 expert expats provided insights on the difficulties of doing business in India. These insights helped the author to analyze and synthesize how these insights would be indicative of the difficulties in the development of born global firms from India. The data was content analyzed by thematic content analysis. The findings indicate that there are challenges for BGFs to sprout from India in the near future.

INTRODUCTION

In India, it is natural that residents have an India centric view of the world (Dixit, 2001; Jaffrelot, 2003). Indians generally are occupied with questions like how difficult it for Indian firms is to internationalize into foreign shores (Elango & Pattnaik, 2007). Literature from India is replete with studies on how difficult Indian domestic market is (Bhattacharyya, 2011), and so firms moving beyond Indian market context and internationalizing is much more challenging (Gaur & Kumar, 2009). Internationalization questions has been also on the mode of internationalizing (that is equity, non-equity, Joint venture or acquisition) (Johanson & Vahlne, 1990). Further, debate has also been on what goals should Indian firms seek by internationalizing namely strategic resources, market, brand name or just international experience (Elango & Pattnaik, 2007; Gaur & Kumar, 2009). In this study, the author takes a step aside and ponders

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on what difficulties foreign managers' faces while doing business in India. In the present-day world of increasing globalization it is desired that domestic firms are aware about international markets (Oviatt & McDougall, 2005). It is also worthwhile to reflect on the nature of being of foreign firms in India. Self-reflections would be enriching for Indian managers to better comprehend the internationalization of Indian firms. Subsequently, the author moves on to ponder given the light on the difficulties of doing business in India, what challenging context for Indian firms that intend to aggressively internationalize and become Born Global firms (BGFs) would confront.

Internationalization of business firms has become a dominant theme of growth of business firms (Hill & Jain, 2009). Indian government since the year 1991 has followed the policies of Liberalization, Privatization and Globalization (LPG) (Das, 2000; Dutta & Sundaram, 2004). Indian private sector firms were allowed to do business without the erstwhile requirements of permissions regarding manufacturing production licenses or restrictive distribution regulations (Jalan, 2004; Dutta & Sundaram, 2004). Further, foreign players entered more aggressively into the Indian domestic market by early 1990s (Srivastava, 2003; Wei, 2005). Post 1991, Indian business landscape became more vibrant. One can argue that with the coming up of foreign business in India, a large number of US, British, European, Japanese and Korean expats started working in India. Further, Indian firms that were interested to globalize, hired expats so that their top management team could have the expertise to be successful in international endeavors. Tata Group (one of the most well-known Indian conglomerate) for internationalization hired an expert Mr. Alan Roskin to lead the push for internationalization at the board level (Tata, 2004). Over the next two decades some of the Indian firms became more internationalized (Gaur & Kumar, 2009; Elango & Pattnaik, 2007). Indian firms were interested in securing substantial part of revenue and profit from international operations (Chittoor & Ray, 2007). But these internationalization initiatives of Indian firms were mostly based upon slow incremental growth (Elango & Pattnaik, 2007). This was in accordance to Uppsala model (Johanson & Vahlne, 2006; 2009) or Alain Verbeke's (2013) framework of internationalization. Thus, in classical system (similar to the tenets of Uppsala model) internationalization of Indian firms were carried out in a slow step by step manner (Johanson & Vahlne, 2006; 2009).

In the mid-1990s, internet and web based technologies started to make its impact in the economy. The advent of this technology altered many classical business models and new technology driven business models got established (Thiel and Masters, 2014). By the mid-2000s certain firms were born global (Moen & Servais, 2002). This meant that from the very inception, these firms started targeting both the domestic market as well as an array of international (foreign) markets as the intended market for operations (Weerawardena et al, 2007). These firms are called as born global firms (Rennie, 1993; Bella, McNaughton & Young, 2001). However, one can observe that most born global firms have been from the developed countries (Persinger, Civi & Vostina, 2007).

In this research, the author attempts to understand why born global firms are not coming up from the emerging economy of India. The author gathers the perspective of expatriates to comprehend why born global firms are difficult to come from India. The author is interested to get the perspective of expats (and not Indian managers emphasis added) because, expats can provide a more unbiased and objective view (Song, 2015) on Indian business landscape. In the subsequent sections, the author discusses the literature review, research methodology, data collection and analysis, findings, discussion, conclusions, scope and theoretical implications.

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