

Contemplations for Opening the First McDonald's Restaurant Franchise in the IT Capital of India's Bangalore



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ABSTRACT

To open any new business in a foreign country, especially a restaurant, it must be attainable, in a centralized location, and suited for the culture, traditions, and customs, it must cater to all age groups and generations, and the decor should communicate beautiful smiles with an impeccable customer service. Who can give us all this and more but a brand new McDonald's Franchise Restaurant being introduced for the very first time in Bangalore, India? As a life time member of the Girl Scouts of the USA, the first author is jubilant with the memory of a song taught to the girls at their very first troop meeting: "make new friends, but keep the old. One is silver, and the other, gold ..." (Girl Scout troop 47, personal conversation, September 1992); therefore, keeping with tradition of the Indian McDonald's menu, new items will be added to turn the silver into gold, continuing with the authenticity of McDonald's history of customer service, and team effort in building a McDonald's to the satisfaction of the clientele of the host country. The paper offers strategies for effectively expanding into new territories across borders.

Keywords: Culture, Tradition, Heritage, History, Norm, Menu, McDonald's, India, Bangalore, Service, Authenticity.

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1. THE FIRST MCDONALD'S FRANCHISE IN BANGALORE, INDIA

No other fast-food franchise has been as successful as McDonald's in regards to growth, service, and consistency of quality from location to location (Mujtaba and Patel, 2007). As authors, we will assume that we are the employees of McDonald's Corporation, responsible for expanding and managing the international business South Asian market. As such, the paper will be written based on real world challenges and cross-cultural issues that need to be effectively managed if we are entering new territories in India. Our responsibilities among many are to work together with our team of experts within our organization in the home country as well as in the foreign country to implement new restaurants in the South Asian Market.

Bangalore, or Bangaluru as it is officially known, the capital of the state of Karnataka located in the southern part of India. It is a city growing faster than it can accommodate the demands of the national and international business worlds, especially in the areas of information technology; hence its name the "IT

Capital of India” or the “Silicon Valley of India” (Matthew, 2014). Since Karnataka has the highest number of engineering colleges with equally premier graduates who speak and understand the English language clearly, and that they have a state based support with the demand of job market from international companies growing in record number, it seemed only logical to select Bangalore as the Electronic City industrial park.

According to [Indiaonlinepages.com \(2016\)](#) Bangalore is the number three most populous state in India, with a population of over 11.5 million people. A vibrant, cosmopolitan city, skillfully earned the name “garden city” due to its spectacular parks, exquisite gardens, luxurious buildings, and streets flanked by trees ([Expat Info Desk, 2008-2016](#)). Absolutely an immaculate location to open the very first McDonald’s Restaurant in the southern part of India.

McDonald’s in Bangalore will continue the traditional menu that has been shared throughout the eastern, central, and northern part of India since 1996; thus, keeping the old, but adding new, local favorites such as McRings, McBiryani Bowl, McKulfi, and McLassi; adding to the silver and turning it into gold.

2. INTERNATIONAL BUSINESS AND MCDONALD’S

On any trip to McDonald’s, one can often notice their *Golden Arch* with the writing saying something like *Over 4 Billion Served*, which seems to be “bending over like a rainbow to protect and support how many they have sold” (Ramen Paine, Personal Conversation, April 30, 1969). Naturally, they have successfully communicated their brand name while serving food with consistent quality across borders all over the world ([Gibens and Mujtaba, 2016](#)). Since India is culturally different from most western markets, McDonald’s managers have to make a number of adjustments to be successful with people of diverse faiths.

On October 13, 1996 at Basant Lok, Vasant Vihar, New Delhi, McDonald’s opened its very first fast-food restaurant in India ([Shilkar, 2015](#)) today over 250 restaurants are in operational in the eastern, central, and northern parts of India ([Restaurant Locator, 2014-2015](#)). Future plan includes, within the next two years, opening successfully operational McDonald’s Franchise Restaurants in the western and other southern states of India. For the purpose of this case, we are in the process of opening the very first McDonald’s Franchise in Bangalore, India. Any time business is conducted in a foreign country, accommodating the needs and wants of the host country in order for the relationship to grow and prosper at the same time continue to provide McDonald’s ethical standards and quality of service is priority number one.

Products. McDonald’s prides itself on founder, Ray Kroc, standard of QSCV “Quality, Service, Cleanliness, and Value” ([McDonald’s, 2010-2016](#)) therefore McDonald’s standard of products continues to be fresh, top brand quality, balanced, and well-adjusted to suite the diverse international market. In the Indian market McDonald’s has created a well-adjusted menu to suite its high demand vegetarian population and completely eliminated, for the very first time, beef and pork product from its menu while at the same time maintaining the same quality of taste.

Sales and Revenues. McDonald’s has experienced its peaks and valleys since entering the Indian market in 1996 introducing the *fast food* concept at an era when the only means of enjoying a delicious meal outside of home was by hauling a *tiffin lunch box* which is a horizontal stainless container with three to four removable and stackable bowls with two tight seal on each side. According to [Dutta \(2013\)](#) revenue has seen its peaks “compounded annual growth rate of around 28.5 percent over the past six

years. In the last five years alone (FY08-FY13) its revenues have shot up over threefold to around Rs 1,300 crore for the year ended March 31, 2013, based on revenue clocked by its franchisees in the country.” The accomplishments of peaks in the sales and revenue were not an overnight success; convincing the local cliental of the fast food concept and gaining their trust was the biggest hurdle managers had to overcome. Once this was resourcefully and efficiently achieved there was no limit to the growth of McDonald’s in India. The franchise chain grew from one restaurant in 1996 to 100 in 2006 to 300 at the end of Fiscal Year 2013 as shown in Figure 1; thus, increasing its revenues “which shot up 45 percent to Rs 544 crore for FY12 overtaking McDonald’s N & E for the first time. McDonald’s N & E grew its sales 27 percent to Rs 490 crore in the same period. McDonald’s W & S revenue rose 25 percent last fiscal to Rs 681 crore” (Dutta, 2013).

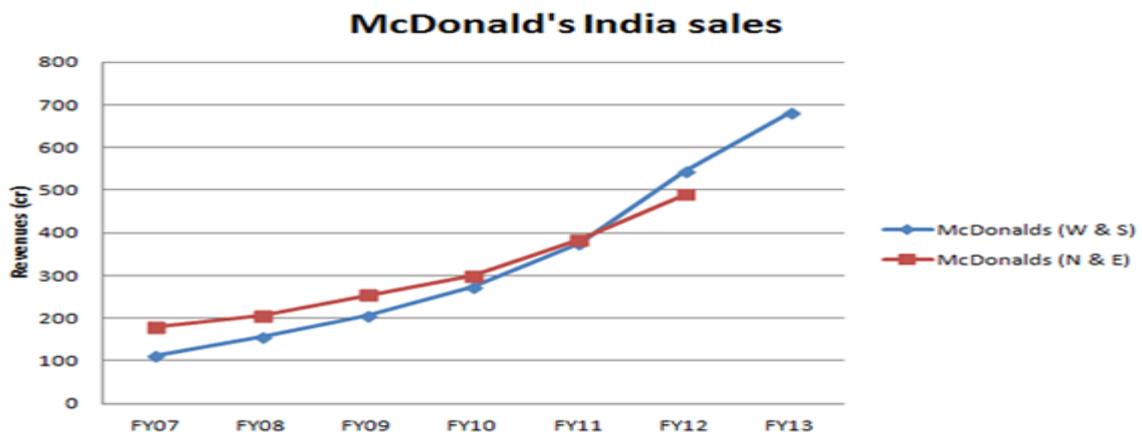


Figure-1. Sales of McDonald's Corporation

Issues. McDonald’s challenges from the discussion table to opening the door on the first day of business are numerous from menu planning, to acceptance, to trust, to affordability, to satisfaction of the customers are just to name a few.

- India has a diverse multicultural religion population consisting of “Hindu 80.5%, Muslim 13.4%, Christian 2.3%, Sikh 1.9%, Other 1.8%, Unspecified 0.1%” (Religion Facts, 2016) where cows are considered sacred by the Hindus and only Halal Meat is acceptable by the Muslims; thus eliminating any form of beef products of the menu as well as any and all pork products since it is forbidden in the Muslim religion to consume pork.

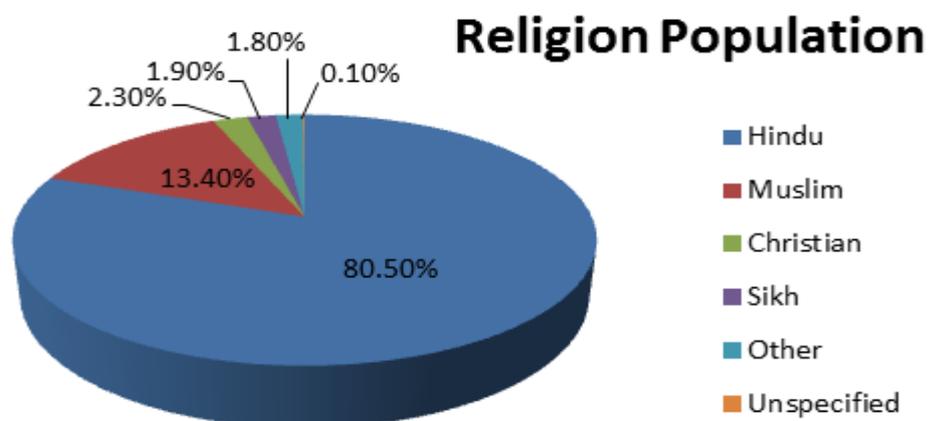


Figure-2. Religion Population in India

- The traditional family structure has been a joint family where three to four generations can live together under one roof. Generally the male members of the family would purchase fresh groceries every morning from the market and the female members are in charge of preparing fresh, home cooked meals three to four times every day. Going out to eat in a restaurant is an extravagant pleasure. The word *fast food* is not the vocabulary of the Indian family culture. Executing a Public Relations and Marketing strategy where the concept of fast food is clarified to the public in order for the culture to accept and welcome the concept and to take complete advantage of the services is issue number 2.
- Indians have significantly high populations of complete vegetarian. As mentioned above any and all beef and pork products must be completely eliminated of the menu. Many vegetarians will not consume onion and garlic products. Meal preparation and meal time for widows follow a strict regimen. Some religions in India, such as the Jain Religion, will not consume any products grown underground.
- Customers must be able to trust and feel completely content with the products they are consuming. If at any point the trust is deviated, the concept of fast food as well as the market will be completely dissolved.
- As of June 10, 2016 according to The Money Converter “Latest Exchange Rates: 1 United States Dollar = 66.974 Indian Rupee” or 1 dollar equals 67 rupees. Affordability is a key factor; the price of the products must be affordable for all consumers at all levels. The *cast system* in India is the world’s oldest forms of social stratification surviving where its originality can be traced back more than two thousand years ago “which is associated with Hinduism, people were categorized by their occupations. Although originally caste depended upon a person's work, it soon became hereditary. Each person was born into a unalterable social status” (Szczepanski, 2016). India continues to carry the power of status - the very rich, the rich, the poor, and somewhere in between is the middle class - those that are privileged and are able to afford the luxuries are relishing in the standard of living; however, those that are not so fortunate (which is higher in population number than the very rich and the rich) are still struggling to survive everyday. Thus, the cost of each item must be in consideration at the time of planning the price for the menu.
- What McDonald’s of India promises, it must deliver. Satisfaction of the customer is particularly important in every aspect of the business to grow and develop. Happy customer builds a business; unhappy customer dissolves a business which is true for every organization.

One of a Kind. McDonald’s products are one of a kind which is made the McDonald’s way. McDonald’s is not a *made-to-order* restaurant where each item on the menu is cooked to the specification of the customer’s taste; the customer may not select to add or delete an item from the ingredient list. In McDonald’s across the international market the French Fries are cooked in the same temperature, in the same amount of oil, with the same amount of time; each burger has its own sauce, with its own bun, the patties are cooked in the same temperature, with the same amount of time, in the same amount of oil. Adding to the current, delicious menu are few local favorites such as *McRings* traditional Onion Rings but dipped in a corn meal batter with McDonald’s special blend of Indian spices and deep fried similar to the famous French Fries; *McBiryani Bowl* completely based on the traditional Indian Biryani but serving it in a

special McDonald's crispy flat bread bowl. The Biryani can be either chicken or vegetable both are prepared with McDonald's Indian species; *McKulfi* added to the dessert menu is an ice cream made out of heavy cream, condensed milk, and pistachio served either in a cone or a cup. This delicious confectionary will follow the same process as McDonald's ice cream; *McLassi* a perfect drink to quench the thirst on any day, made out of plain yogurt, water, salt and/or sugar and served in special McDonald's glass. Taking all the ingredients from traditional Indian recipes and making it the McDonald's way.

Slogans and Marketing. With new menu comes new slogans and new marketing strategy. The current McDonald's slogans for the Indian market is great but with new items added to the menu, new marketing strategy must be created to inform and attract; another words "... *keep the old. One is silver, and the other, gold*". The current marketing strategy and/or slogan aims to attract children, young adults, middle aged, and the family population; with the new added menu, especially the new desert and drink, the slogans for the marketing strategy will be targeting the above 55 years of age and the widow population.

3. INDIA AND ITS CULTURE

India, the land of strong culture, tradition, and history is located in south-central Asia positioned in the Indian subcontinent in the eastern and northern hemispheres. The Indian Ocean, Bay of Bengal, Gulf of Mannar, and the Arabian Sea border India as well as countries such as China, Nepal, Bhutan, Bangladesh, Burma (Myanmar), and Pakistan ([Location of India, 2016](#)).

As of June 2016, based on estimates by the United Nation, India's current population is 1.33 billion the second most populous country in the world next to China, India's population is equal to 17.85% of the total world population by [Worldmeters \(2016\)](#). India gained its independence in 1947 from British colonies making it only 68 years old.

Language and communication is not a barrier in India since everyone speaks English, even though every state has its own language and dialects, with Hindi being the official language and English as the second official language, "there are 22 major languages in India, written in 13 different scripts, with over 720 dialects" ([Just Landed, 2003-2016](#)). Even though English is spoken and understood (as well as reading and writing) throughout India, many instances English is difficult to understand as it is a mixture of British and Indian English with the added accent of their state language and has a somewhat of a speed when speaking as "*Hinglish* is basically English, but with traces of *Hindi*. Indian English is derived from British English, though it includes some elements of American English. The main difference between British English and *Hinglish* is its pronunciation. You will certainly have difficulties understanding Indian English in the beginning, as its pronunciation is strongly influenced by *Hindi*" ([Just Landed, 2003-2016](#)).

History. Indian history ([Indohistory, 2008](#)) is full affluence tracing back to 9,000 years ago when the first known permanent settlements appeared which gradually developed into the Indus Valley Civilization in western India in 3300 BCE. Followed by the Vedic Civilization which was responsible for establishing Hinduism and other cultural aspects of early Indian society. India has been ruled by many dynasties and moguls for centuries until the sixteenth century when several European countries arrived as traders and eventually took advantage of the fractious nature of relations between the kingdoms to establish their own colonies in the country. Of course the importance of Indian history took place during the first half of the twentieth century when protests and campaigns for India's independence was led by Mahatma Gandhi, who displayed commitment to non-violence, while encouraging millions of protesters in mass campaigns of civil disobedience. India was blessed with its independence from British rule on August 15, 1947, but was

eventually partitioned, in accordance with the wishes of the Muslim League, along the lines of religion which created the modern Pakistan. Three years later, on 26 January 1950, India became a republic and a new constitution was in place. Though India's history throughout time has been a blend between East and West, it continues to be a paradise for invader's, and at the same time its natural isolation along with its magnetically diverse religions allowed it to adapt to and absorb many of the peoples who penetrated its mountain passes. No matter which country or culture came into India, many contributed to India's society thus building India as a country full of diversity related to its culture, religion, language, and architecture.

India is the home of "accept all and everyone"; it is a country of multicultural diversity. Though religion, culture, customs, and tradition are rich in heritage and obeyed the same, however, each state will have its individual addition for celebrating the occasion. In order for McDonald's to continue its high functioning operation in India and business relationship, one must be familiarized with the local norms, especially in Bangalore where the culture is devoted to the traditional aspects of religion. Most important welcome and/or bid farewell customers with the traditional *Namaskar* or *Namaste* greeting, especially the elder generation, which is marked by placing both the palms together and raised below the face to greet a person. Although other forms of greetings, such as *hello*, *hi*, *good to see you* are used by the younger generation, *Namaskar* or *Namaste* is the respectable form of greeting.

Due to India's multicultural society, many traditional and religious holidays are observed throughout the year as well as many western holidays; McDonald's marketing must be diligent in observing and obeying such traditional holidays. One such holy observance is *Diwali* the festival of lights. It is the largest and most important holiday celebrated throughout India for five days where lights are lit on small candles throughout individual homes, businesses, and streets to "symbolize the inner light that protects them from spiritual darkness" (Zimmermann, 2015). On the topic of tradition, one cannot exit without mentioning the traditional garments for both men and women. *Sari*, a long six yards of material, made out of beautiful textiles, designs, and color, wrapped delicately with intricate pleats around the body is traditionally worn by women accompanied by long skirt called *petticoat* and midriff top called *blouse*. While men wear the traditional *dhoti*, a long, six yards of unstitched material, that is mainly in white or cream color, delicately tied around the waist and between the legs with pleats; a loose shirt about knee length, comes in many colors and designs called *kurta* accompanies the dhoti.

When introducing a specific form of uniform, McDonald's managers will need to be flexible and understanding the tradition and culture of the locals regarding the garments.

Imports and Exports. Since McDonald's Corporation has already built a strong and positive relationship with India and its government regarding trade and tariffs associated with international business, which benefits McDonald's in executing new and improved restaurants in the southern and western sectors of India effortlessly. Of course being a member of the World Trade Organization (WTO), which "deals with the global rules of trade between nations. Its main function is to ensure that trade flows as smoothly, predictably and freely" which since January 1, 1995 has benefited India economically. Moreover ratifying the new Trade Facilitation Agreement (TFA) on April 22, 2016, has clarified its economic status in the international market. "India is one of the most dynamic economies in the world today and has become a top recipient of foreign investment. Ratifying the WTO's Trade Facilitation Agreement will help India further boost economic growth by reducing trade costs and supporting its integration into the global economy" (World Trade Organization, 2016). According to Reference (2016) India's total value of international export trade was \$275 billion in 2012 exporting such goods as refined

petroleum, jewelry, chemicals, gem, pharmaceuticals, agricultural products, and textiles to countries such as the United Arab Emirates, China, Singapore, Netherlands, and the United States. On the other hand, India's total value of import trade was \$448 billion in 2012, importing such goods as gold, diamonds, crude petroleum, coal briquettes, and petroleum gas from countries such as Saudi Arabia, Switzerland, China, United Arab Emirates, and the United States.

Government. Indian government is democratic, officially identified as the Union Government of India. The central government or the government of India is the governing authority of the country which governs it as per the Constitution of India. From the capital of India, New Delhi, government operations are carried out. The total Republic of India comes within the purview of the central government. Constitutional Functionaries of the Indian Government is operated by the President who is the Chief of State, and the Prime Minister who is the Head of the Government. As for India's International Relations and Foreign Policy Trends "India is currently strengthening its political and commercial ties with the U.S., Japan, the EU, Iran, China, and the Association of Southeast Asian Nations. It has bilateral and regional relations with the following: Pakistan, the South Asian Association for Regional Cooperation (SAARC), China, and formerly with the Soviet Union" ([Global Edge, 1914-2016](#)).

Why McDonald's for India? India is a diverse multicultural country so is its population. Though India continues to practice its originality in its customs, traditions, and culture, it has also expanded to enjoy, experience, and explore the non-traditional Indian norms since the introduction of outsourcing of business from America, the entrance of foreign markets almost 22 years ago. In the past, the strict Indian culture stated male and female cannot sit together, talk to each other, be friends, and/or interact with each other socially in any form or way unless they were married. A man can have social interaction any time of the day and night with only his male friends, and a woman can only have social interaction during day light and only with her female friends and any activities after sun down must be escorted by an adult. In today's modern India, the strict culture has modified itself tremendously. The teens and young adult generation of today is in the work-force earlier than their previous generations mainly due to the outsourcing business by the West, thus providing opportunity for employment which means money in hand for spending. Due to the "recent increases in FDI and the abundance of call centers, India's youth have more money than previous generations did. And without the families and other obligations that drain the wallets of their elders, these nouveau wealthy youth are free to exercise more discretionary spending than previous generations" ([Gordon et al., 2016](#)). Both men and women are congregating together as friends, as couples, or just hanging out any time of the day and night "the country has 356 million people between the ages of 10 and 24, giving it the world's largest youth population, according to a United Nations report" ([Gaubu, 2015](#)). These young generations need a place to call their own, a *cool place* to hang out without the lectures and responsibilities of home, work, or school, a place to be their own. Of course, McDonald's Restaurant in India provides all this plus the ambiance as well as a well-rounded menu catering to the taste buds of everyone from vegetarian to non-vegetarian with specially updated menu with local favorites "this is exactly the memory that Indian youth associate with McDonald's. They see the restaurant as something different, unique, and fun. They see it as a great place where they can get out of the house and away from their parents. This is where India's youths go to hang out with their friends and treat themselves to some great tasting reasonably priced food" ([Gordon et al., 2016](#)).

4. GLOBAL WORLD ECONOMY

India has been a picture perfect poster in the global world economy for quite some time due to its low labor cost, negative language barrier, highly educated and trained professionals, and the high demand of outsourcing services from America. Of course, with the entrance of fast food restaurants in India, such as McDonald's, the opportunity for employment has been significantly rising thus contributing to the positive status of India's economy at home which in turn signifies a positive improvement in the global world economy. The International Monetary Fund (IMF) in its World Economic Outlook Update predicted India to be the fastest growing economy for the second year in a row in 2016 at 7.5 percent "even as it lowered its current year global economy growth forecast to 3.3 percent" (Business Economy, 2015). According to the Central Statistics Organization (CSO), "India has emerged as the fastest growing major economy in the world". "The improvement in India's economic fundamentals has accelerated in the year 2015 with the combined impact of strong government reforms, RBI's inflation focus supported by benign global commodity prices" (India Brand Equity Foundation (IBEF), 2016). As a country with *mixed economy* status which is between market economy and command economy where the government controls and decides some segments and other segments are decided by the private or free market, thus, utilizing the characteristics of both capitalism and socialism (Hill, 2013) India's economy has become stronger in the past decade since the government of India has begun to reduce controls on foreign trade and investment. Of course, practicing *free trade*, which "refers to a situation where a government does not attempt to influence through quotas or duties what its citizens can buy from another country, or what they can produce and sell to another country" (Hill, 2013) has also encouraged India to open its doors to foreign investments.

With all the tremendous achievements India has made in its economic growth within its own soil as well as the global world economy, it continues to be considered as a third world country (Sabhlok, 2011):

It is not the people but their leaders - and it is not what they do but the systems they create - that matter. India has a deeply problematic governance system that leads to the worst possible outcome for its millions of people. Instead of being ENORMOUSLY WEALTHY and HONEST as a nation, they have been converted into the garbage bin of the world ... India was a Third World country from day one ... Third World countries are genuinely third rate in virtually every way. They are arrogant and refuse to learn. They boast about tiny worthless "victories". They delude themselves at every step. Their deplorable performance in virtually everything tells the true story about them...more than HALF of the Indians can't afford a toilet.

India's economy is diverse comprised of traditional farming, agriculture, services, and modern industries. If India wants to delete the name *third world country* from its global identification, India must continue to build and improve its economic status, thus, cultivating the standard of living since more people will be employed with quality work, which means better quality of life, better social life, thus enhancing personal and professional life, health, quality time spent with family and relationships which all turns into consumers spending more to add to the improvement of the Indian economy.

5. CULTURAL AND POLITICAL DIFFERENTIATION

Since McDonald's entrance into India 20 years ago with operational restaurants in the eastern, northern, and central parts of India, most of the issues related to politics, ethics, and culture have been resolved; however, there is always room for new arrival of these issues.

The sheer mention of the name McDonald's screams beef in a country where cows are considered sacred animals. One of the biggest challenge, in the *political* sector, we will encounter is opposition from local political parties. Bangalore is home to many Hindu temples, ashrams, mosques, and churches; it is a state rich in spiritual and religious cultures and home to many spiritual gurus as described by Menon (2016). Even though the menu of McDonald's India has been completely revamped, eliminating totally all aspects of beef and pork products, and replacing it with burgers made with Indian ingredients and species for flavor and taste for both vegetarian and non-vegetarian customers, there will be those nonbelievers who will accuse McDonald's India of not telling the truth and start the path of protest just to ruffle some feathers. A factual scene all too familiar "the Hindu nationalist group Swadeshi Jagran Manch, a branch of the influential Rashtriya Swayamsevak Sangh (RSS) said it would oppose McDonald's plans and described them as an attempt to "humiliate Hindus". "It's an attempt not only to make money but also to deliberately humiliate Hindus. It is an organization associated with cow slaughter. If we make an announcement that they're slaughtering cows, people won't eat there. We are definitely going to fight it," its national co-convenor S. Gurusurthy told The Daily Telegraph" (Nelson, 2012) and this was over a completely, clean, 100 percent kosher vegetarian restaurant. This entangles with the *ethical* and *cultural* sectors. India's rich culture is centuries old and respecting it in all levels in order to continue the business relationship is a key component. However, ethically McDonald's is seen as a foreign business that slaughters the most sacred possession in the Hindu culture and religion to satisfy their palate and McDonald's wants to do business in India and encourage the Indian consumers into purchasing their products. In order for McDonald's to be accepted in India, it must commit to the community, be responsible, honest, trustful, and respectful.

Another issue McDonald's in India will encounter in both *political* and *ethical* sectors is the expectations of bribes and bending the rule starting from the hierarchy of the government to the cleaning service "by demanding bribes from businesses in return for the rights to operate in a country, industry, or location" (Hill, 2013). McDonald's Corporation does not support nor does its protocol accentuate such behavior; therefore McDonald's Corporation supports and follows the *Foreign Corrupt Practice Act* which "makes it illegal to bribe a foreign government official to obtain or maintain business over which that foreign official has authority, and it requires all publicly traded companies (whether or not they are involved in international trade) to keep detailed records that would reveal whether a violation of the act has occurred" (Hill, 2013). Furthermore McDonald's Corporation also supports the Organization for Economic Cooperation and Development (OECD) "on Combating Bribery of Foreign Public Officials in International Business Transactions. The convention obliges member states to make the bribery of foreign public officials a criminal offense" (Hill, 2013).

McDonald's Corporation strongly believes providing quality training to managers is priority number one; without training there is no success! Among many levels of rigorous training a manager must complete one such training is *understanding* why it is happening, such as the protest above; *compassionate* about the reason it is happening; *sympathize* with the cause; and *educate* with honesty and example. For example, the protestors bring the group inside the restaurant, give them a complete tour of the facility from how the food is delivered, to the storage and refrigeration, to the ingredients and the process of the food, to who is making the food, to serving, and finally leading to the taste. Knowledge is powerful, but visionary knowledge is beyond powerful.

6. GOING GLOBAL STRATEGIES

Companies are forced to expand globally to inflate the market which increases sales, which turns into bigger profit and bigger profit means bigger success for the business. Hill states, “for businesses, this globalization process has produced many opportunities ... firms can expand their revenues by selling around the world and/or reduce their costs by producing in nations where key inputs, including labor, are cheap” (2013). McDonald’s decision to expand globally especially to India was based on:

- Cheap labor which means lower cost.
- As India grew in demand for its call centers and outsourcing business so did the craving for western fast food. McDonald’s understood the need and want for this craving not to mention the growth and profit it can benefit, thus taking complete advantage of the opportunity.
- As the demand for outsourcing and call center business progressed, so did the need for employees. As mentioned previously, the young population was not only able to obtain employment faster than their previous generation but they also had pocket money to spend as they pleased. McDonald’s quickly realized the business potential and the economic growth, thus leaping into action for complete advantage.

McDonald’s promise to localize the menu with precision quality delivery at a price that is affordable was also the main brilliancy behind McDonald’s India. “McDonald’s India has carved a niche for itself in an increasingly competitive Indian fast food market by adapting itself in ways uncommon for the company in other parts of the globe. Though the company’s focus is on teenagers and young adults as well as a highly specialized menu, McDonald’s has found success in India when many people said it could not be done” (Gordon *et al.*, 2016).

Due to the success in McDonald’s India, moving forward, McDonald’s Global Market will take into consideration of utilizing the same strategy such as add local flavors and taste to the menu with flexibility, meet the demand that the clientele wants and needs, follow McDonald’s standard for QSCV, respect customs, traditions, heritage, and history in other international markets.

While McDonald’s entry in the Indian market has not been easy, “McDonald’s has made success in India seem easy, many other companies have found out that in reality it is not” (Gordon *et al.*, 2016). There are many reasons a company decides to expand its business operation in a foreign market. A company may decide to enter into an international business decision only to set forth and be involved in a competitive advantage and resourcefully adjust to the ever-changing business environment. Not realizing that to every competitive *advantage*, there is a *disadvantage* that is not competitive. The significant *advantage* is operational and strategic control and/or power a home company can have over its foreign satellite company. As Basu illustrated, “It is easier to establish common operating processes, especially when a parent company sends its executives to manage its subsidiaries. There is less risk of losing intellectual property to the competition because the parent can implement common data access and security protocols. Cost synergies are possible because a parent and its subsidiaries could use common financial systems, share administrative services and develop joint marketing programs. A parent company also controls the assets of its subsidiaries and can invest these assets as it sees fit” (2016. Para. 3). Equally in the *disadvantage* zone, a company can experience major expenses in the establishment of the business in the foreign market such as overpaying for the company’s assets, especially if there are other companies involved in the bidding war. Time and patients are required in building relationships with customers and suppliers; however, the process can be acquired much more quickly if a bond can be built.

“It may be difficult to find skilled employees to work and manage subsidiaries, and cultural barriers may prevent the integration of parent and subsidiary operations. The parent company also bears all of the risk of its subsidiaries. For example, a lawsuit aimed at a subsidiary could lead to financial losses for the parent company” (Basu, 2016).

7. SUGGESTIONS AND RECOMMENDATIONS

Among multiple responsibilities, one primary responsibility is to provide solid, comprehensive, and well-rounded training to all McDonald's India managers equally across the board from east to west and north to south. To understand and be knowledgeable regarding the customs, culture, traditions, and history of the host country as well as the needs, wants, flexibility, and the demand of the local clientele is the key to the survival and growth of business. Focus on what the local market wants, for example, in order for McDonald's to operate successfully in India the traditional menu that consisted of beef and pork had to be completely redone without any beef or pork products and complete with pure vegetarian menu, chicken and fish selections along with adding local favorites and spices. Firms should never repeat Vodafone in Japan's mistake which “was to focus too much on building a global brand and not enough on local market conditions in Japan” (Hill, 2013). It would be most beneficial for McDonald's India to utilize *localization strategy* which focuses on “increasing profitability by customizing the firm's goods or services so that they provide a good match to tastes and preferences in different national market” (Hill, 2013) since with “customizing the product offering to local demands, the firm increases the value of that product in the local market”. Customizing for McDonald's India, again, is its menu, we kept the old such as McAloo Tikki Burger, McVeggie Burger, McSpicy Paneer Burger, Filet-O-Fish, McChicken, French Fries, Ice Cream and Coke just to name a few. However, adding few local favorites in the Bangalore restaurant will not only increase productivity and profit to the firm but most importantly satisfy the customer demand and request which will benefit business relationships. Of course, the new items in the menu will eventually be added to all the menus across McDonald's India.

A general recommendation for any company that has a desire for business relationship with India is to follow McDonald's policy, strategy, and protocols; educate the home firm regarding the host country government, tradition, norms, history, etc.; satisfy customers by providing and answering to their request; be flexible; educate the locals, governments, and businesses regarding the firm's values and services; work together as a team not against each other; be a positive role model; and familiarize yourself with the local cuisine.

8. SUMMARY

Traditionally Indians are humble, welcoming, and responsible people who are open to experiencing new ideas, learning new products, and tasting new cuisines. People in India also value and respect their religion deeply as well as their customs and traditions. Among all their values, norms, and beliefs, people of India, especially the younger generation, has grown and matured tremendously since the entrance of foreign business. They are being resourceful and taking advantage of the foreign business market thus adding to the economic structure of the country. Though India itself, as a country, has been recognized in the global world for its highly established foreign business market, powerful Information Technology, exceptionally educated professionals, and wide spread of western fast food restaurants, it continues to struggle to come out of the third world country status. Until India completely abolishes the cast system and

accepts every one as equals without any status it will continue to be challenged and fight its status quo in the eyes of the international countries.

In the meantime, India will continue to provide outsourcing services to the Western World which will provide employment opportunities for India's young generation, thus providing them the opportunities to experience life better than their previous generations.

9. REFLECTIVE DISCUSSION QUESTIONS

- 1 Apart from what has already been stated and discussed, what other issues and/or problems can McDonald's in Bangalore encounter?
- 2 Since McDonald's is an equal employment corporation, how will McDonald's in Bangalore handle the cast system during recruitment process?
- 3 Based on McDonald's Equal Employment Policy, will the status of an individual, such as the cast status, be a question in the Employment Application? Or will the question be asked during interview?
- 4 Will McDonald's deny employment based on an individual's cast status? If so, then will McDonald's be going against or working with its Equal Employment Policies?
- 5 If a lower cast employee is hired, how will McDonald's in Bangalore handle the customer service relationship? Employee relationship?
- 6 Since one of McDonald's Bangalore's goal is to reach out to the widow community who has significant restrictions with food, especially who can serve them and how it is served, what action will McDonald's be taking and/or planning to accommodate this particular group of customers?
- 7 What benefits will be offered by McDonald's Corporation to the employees of McDonald's in Bangalore?
- 8 Will the salary range be equal for both men and women?
- 9 What method should be used to educate the employees in McDonald's Corporation regarding the culture, tradition, norms, history, etc. of India, especially Bangalore?
- 10 What are the struggles and/or obstacles employees of McDonald's Corporation may face during the process of building the McDonald's in Bangalore? What can they do to overcome these struggles and/or obstacles? How can they accomplish them?
- 11 What are the struggles and/or obstacles the citizens of Bangalore may face or see while the McDonald's is being constructed? Or when an individual may decide to apply for employment?

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