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ANALYSIS OF THE INTERNATIONALIZATION OF THE GONET COMPANY TO COLOMBIA

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DEDICATION

I dedicate this work to my parents and grandparents who always supported me in this process.

Also, to my coworkers who were involved in this project to make it happen.

THANKS

I thank my family for always guiding me, my father for trusting me and guiding me on this path, my mother for being unconditional.

INDEX OF CONTENTS

INDEX OF TABLES AND FIGURES

Analysis of the Internationalization of the GONET Company to Colombia

Summary

Commercial expansion in the era of globalization becomes a business strategy that allows companies to enter new markets, increase their income and diversify their risks, a situation that also extends to companies in the communications sector. The work analyzes the strategies for the internationalization of GONET in Colombia, and delves into the one that would be most effective. For these purposes, it focuses on the use of franchising as an ideal means for this scenario. Therefore, through qualitative bibliographic research, it is intended to clearly provide a detailed evaluation that allows GONET to make an informed decision regarding the internationalization, seeking to maximize profitability and sustainable success in the Colombian market. As a result, the international expansion of GONET in Colombia requires the adoption of a franchise model.

Keywords:

- Internationalization, ,GONET,Colombia, ,Franchise,Profitability.

Analysis of the Internationalization of the GONET Company to Colombia

Abstract

Commercial expansion in the era of globalization becomes a business strategy that allows companies to enter new markets, increase their income and diversify their risks, a situation that also extends to companies in the communications sector. The work analyzes the strategies for the internationalization of GONET in Colombia, and delves into the one that would be most effective. For these purposes, it focuses on the use of franchising as an ideal means for this scenario. Therefore, through qualitative bibliographic research, it is intended to clearly provide a detailed evaluation that allows GONET to make an informed decision regarding the internationalization, seeking to maximize profitability and sustainable success in the Colombian market. As a result, the international expansion of GONET in Colombia requires the adoption of a franchise model.

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1. Introduction

The international expansion of legal entities understood as companies has been established in a fundamental strategy for growth and sustainable development in the globalized business environment of the globalized planet that every day finds a way to expand the accumulation of goods and services around the globe. that are offered to people. In this context, the Ecuadorian company GONET, which is domiciled in the city of Cuenca, is in an optimal position to explore new frontiers and expand its operations to other countries, with special emphasis on Colombia, since it is a company that provides internet service through fiber optics, has the necessary conditions to seek international routes in terms of the service it offers. Therefore, the motivation behind this analysis is based on various strategic foundations that seek to take advantage of the advantages of internationalization and enhance GONET's positioning in the Latin American market.

Firstly, internationalization offers a series of strategic advantages, such as access to new markets, resources, talent, strengthening of the so-called competition that encompasses the improvement of the brand image worldwide. Therefore, there is no doubt that the analysis of the internationalization of GONET to Colombia is presented as a strategic opportunity to capitalize on these benefits and consolidate its position in the region as one of the largest internet provider companies in Ecuador.

At the same time, it should be noted that the possibility of accessing new markets in the Latin American region, particularly in Colombia, represents an important opportunity for GONET, since Colombia is a country with a growing economy and a diverse consumer base, a situation which undoubtedly makes the aforementioned country a favorable scenario for the expansion of GONET as a company from Cuenca. Furthermore, it must be stated that internationalization establishes ways for the company to diversify its sources of income in order to take advantage of the wealth of growth opportunities offered by the Colombian market, a topic that was analyzed in depth within the company. since the person writing these lines holds a job position in that place.

Likewise, it should be noted that internationalization provides the opportunity to access resources that, with the correct application, will strengthen the operational and creative capacity of GONET. At this point, it should be analyzed that the cultural diversity and wealth of skills in Colombia can be strategic assets for the company, allowing it to efficiently adapt to the dynamics of the local market and enhance innovation in its products and services.

On the other hand, it should also be taken into account that improving competitiveness and strengthening brand image are key factors that drive this research project. As a result, it can be deduced from this introduction that GONET's presence in Colombia will not only allow it to compete in a different market, but will also provide it with the opportunity to learn from new competitive dynamics, which will benefit its position in the Ecuadorian market and other possible international destinations.

Finally, it is expected that international expansion will contribute to the economic growth and financial stability of GONET, therefore, this work aims to analyze the most effective strategy for the internationalization of GONET in Colombia, and determine if all of the above, which motivates this research, it may be viable for the company as a way to expand in the market.

Finally, regarding the problem, it should be noted that the internationalization of a company entails a series of challenges that must be carefully addressed. Among them are the cultural and legal barriers in Latin America, as well as the challenges related to competition and the set of regulatory provisions inherent to the branches of intellectual property, therefore, the strategic decision of whether GONET should domicile the company in Colombia or submitting to the franchise figure to carry out expansion is a key issue that requires a detailed analysis and profitability evaluation.

1.1 Objectives

General objective

Analyze the most effective strategy for the internationalization of GONET in Colombia.

Specific objectives

1. Identify the franchise contract model for internationalization
2. Identify the model of domiciling companies in Colombia for internationalization.
3. Examine the franchise model as a way to internationalize the GONET company.

2. Theoretical framework

Internationalization of companies

It should be noted that the international expansion of entities called companies is conceptualized as a process of strategic planning and execution of commercial legal entities, with the aim of spreading their operations outside the national borders of those that execute their corporate purpose (Duque et al. al. 2020). At this point, for the internationalization process, reference should be made to the identification of target markets, the adaptation to the cultural and legal dynamics of the new environments, the selection of appropriate entry methods, and the implementation of strategies to maximize penetration and profitability in international markets, are budgets that are considered essential in nature to achieve the so-called expansion objectives (Méndez et al., 2022).

For such considerations, the internationalization of the company is much more than a simple geographic expansion strategy; It is a long-term strategic commitment to diversification and growth in international markets (Stemkauskas, 2020). This process involves a gradual and dynamic evolution that transforms both the operations and the organizational structure of the company over time. As the company ventures into new economic arenas, it can be understood that its international participation not only implies the sale of products or services internationally, but also a deep integration with the global environment (Villareal, 2005).

Now, it must be understood that the aforementioned commitment is reflected in a greater involvement of the financial resources or the so-called capabilities of the company in the international arena, therefore, as the economic entity proceeds to expand towards those it considered for their owners as new territories, faces unique challenges that require a deep understanding of the different cultural, regulatory and economic environments (Adan et al, 2022). Therefore, internationalization not only involves exporting products, but also adapting marketing strategies, managing global supply chains, and establishing relationships with partners and customers around the world.

Therefore, it is necessary to indicate that internationalizing a company is a process that is highly complex, which is why it must be understood that it has been approached from various theoretical perspectives over the years in order to find what is the fundamental strategy to achieve the materialization of said goal. According to Liendo and Martínez (2011) and Ballvé (1992), small and medium-sized enterprises (SMEs) must consider key variables when internationalizing, such as the association to address competitiveness problems and the definition of common objectives among the actors involved, while maintaining independence. of each collaborator.

On the other hand, it is the Eclectic Theory of International Trade, proposed by Dunning (1981, 1988a, 1988b, 1992), which highlights investment risk as a determining factor in international trade. In this way, the referred risk is broken down into different perspectives, including the role of SMEs, high-tech companies, definitions of international performance based on resource theories, and explanations of the export phenomenon from a network perspective.

Firstly, Hymer (1960) argued that internationalization arises from the analysis of foreign investment and the competitive advantage in the external market that it granted within a complex process of globalization, which is why, in later authors such as Buckley and Casson (1976) duly argue that internationalization is based on the existence of advantages to expand abroad and on the analysis that the economic agent must carry out on the viability of the internationalization process. Finally, it is indicated that it was Root (1994) who conceived internationalization as a set of operations that establish relationships between companies and international markets, giving a better understanding of the systemic functioning of the referred process.

Now, with respect to the way to achieve it, Vernon (1966) and Kojima (1982) propose that internationalization is achieved by taking advantage of comparative advantages in the so-called export or production of so-called products, while the Theory of Internationalization by Processes, represented by Ellis (2000), suggests that entry into external markets is the result of gradually developed interorganizational interactions.

Finally, Blankenburg, Eriksson and Johanson (1992, 1999) are presented, authors who clearly explain that local companies enter external markets through networks that can include multinationals or international alliances with foreign companies as ideal mechanisms to achieve such global expansion.

The franchise contract for internationalization

The legal transaction is an agreement of wills between two or more people, whether individuals or legal entities, in order to obtain a specific result, such as acquiring, modifying or extinguishing a legally recognized subjective right (Coll, 2021). For these considerations, the authors Beltrán and Campos emphasize the importance of human cooperation and private autonomy in the construction of the legal business, this being the foundation by which it has been established that the autonomy of the will is a fundamental precept within the Law. Private. Now, from what was mentioned above, the authors affirm that human cooperation ensures that the legal business is a tool to satisfy needs through acts of will, while private autonomy guarantees the freedom of agreement between the parties and the ability to regulate their interests (Beltrán and Campos, 2009).

Then, as mentioned in the previous paragraph, the principle of autonomy of will, fundamental in contractual law, grants people the power to act autonomously, without external influence, so, in the legal business, this principle is essential to decide whether to make agreements and the parties involved, always respecting legal and moral principles (Cobo, 2018).

Finally, regarding the general concept, it is stated that a legal transaction can contain three types of elements: essential, natural and accidental (Beltrán and Campos, 2009). The essential elements, such as valid consent, the cause and the object of the business, are essential for its validity, while, on the other hand, the natural elements, although they are part of the business, can be excluded by the subjects involved such as the case of the current norm, and, finally, the accidental elements consist of the conditions or terms that can be added at the will of the parties.

The franchise is a legal business and therefore adapts to the theoretical norms established previously, for these reasons, it is about:

> a contract under which one of the parties, called the franchisor or grantor, as the owner of a business, trade name, trademark or other way of identifying companies, goods or services, or of a good or service, grants to another , called franchisee or taker, the possibility of commercially exploiting its intellectual property rights, business secrets, among other rights, as well as the activities that are carried out with such name, brand or other identification or goods or services, within the terms that are specified in the contract, in exchange for economic remuneration (Commercial Code, 2019, article 558).

Thus, it must be understood that the so-called franchise legal business plays a fundamental role in the internationalization of a company by determining the conditions and even the so-called terms that will generate regulation of the relationship between the franchisor and the franchisee in foreign markets. In this way, this type of contract provides a legal framework for the transfer of the brand, know-how and commercial models in order to properly guarantee the coherence and quality of the international operation (Gualguan and Sanchez, 2020).

Furthermore, the aforementioned contract establishes the responsibilities and obligations of both parties, mitigating risks and potential conflicts, without the need for the franchisor to domicile its company abroad to internationalize it. In short, clarity in contractual agreements facilitates effective adaptation to different cultural and legal contexts, contributing to successful and sustainable internationalization that allows the commercial legal entity to expand (Barrientos, 2018).

The concept of service distributor

First of all, it should be indicated that a distributor is understood as a key entity in the supply chain that acts as an intermediary between the producer of a product or service and the so-called final consumer (Pérez, 2021). For these reasons, this role is essential to be able to properly facilitate marketing aimed at generating the distribution of products and services within the market, in order to allow the so-called producers to focus on the creation and improvement of their offers, while that distributors manage the complexities of bringing these products to market (Guarderas, 2020). Thus, distributors can be natural or legal persons who play a crucial role in the commercial ecosystem by ensuring that products reach consumers efficiently and effectively (Marcillo, 2019).

Thus, the primary activities carried out by a distributor include the intermediation, storage, promotion and sale of products or services (Sarmiento, 2022). It must be taken into consideration that in the case of intermediation, distributors act as a bridge that connects producers with consumers, in order to properly manage commercial relationships to facilitate the negotiation and closing of sales. For its part, it is stated that storage is another vital function, since it allows maintaining sufficient inventory to help satisfy market demand without any type of delay, in order to ensure that the products are available for customers. consumers when they need them (Espinoza, 2023).

Likewise, it must be stated that the distributors are in charge of the promotion and marketing of the products or services, therefore, this attribution includes the implementation of advertising campaigns, participation in trade fairs and the use of various marketing strategies to increase the visibility and attractiveness of the product or service in the market (Padilla, 2020). As a result, it can be indicated that so-called direct selling is also an important responsibility, as distributors interact with customers, manage orders and ensure that transactions are carried out smoothly and efficiently.

Alternative models for internationalization: leasing the network to third parties, selling the commercial name to lower-level local companies and building our own network infrastructure in Colombia

Other possible forms of internationalization include the following:

First, the case of network leasing to a third party is presented, which must be understood as a form of internationalization in which a telecommunications company decides to subject its existing network infrastructure to local operators of a nation to a leasing regime. (Valdés, 2023). As a result, it is indicated that the aforementioned model will allow a company to expand its presence internationally by granting foreign operators the possibility of using the leased network to offer internet services under their own brands, while the leasing company receives regular income. for the use of your network.

Second, the so-called sale of the trade name to lower-level companies can also be an internationalization alternative. However, this alternative would still be within the franchise model, with the central difference that the knowledge and complete mechanisms for using the products would not be transmitted. the brand, but only the name (Laulleta, 2020).

And finally, the possibility of carrying out its own construction of network infrastructure abroad is raised, a fact that ends up representing a direct form of internationalization where the company decides to invest significantly in the installation of its own telecommunications network in the country. country (Paladino and Montero, 2023).

2. Literature review

For Erramilli, Agarwal and Dev (2002), franchising stands out as a versatile option for business expansion, allowing rapid and controlled growth with moderate investment levels; thus, in the United States, franchising represented more than 34% of retail trade in the 1980s and has continued to grow since then (Welsh, Alon and Falbe, 2006). In this way, it should be noted that contractual theory suggests that as there is a greater number of houses in which the corporate purpose is executed by franchisees, a more complete integration is promoted within the so-called supply chain, reducing the feared risks in order to promote investment, a fact for which this process is of great benefit to take the company to the international level (Rodríguez Rad and Navarro García, 2007).

For its part, it has also been identified that franchisee control varies depending on the business focus, as companies focused on services face challenges in controlling franchisee performance, while those oriented to products find it easier to manage them due to their standardized systems. (Shane, 1998; Burton, Cross and Rhodes, 2000). As a result, academia identifies that royalty setting depends on the franchisor's effective control over operations, which can influence the choice between fixed or percentage royalties (Sashi and Karuppur, 2002).

Now, with respect to emblematic cases, it must be remembered that the franchise is a contractual agreement that goes beyond a simple license, since it implies the provision of products or a standardized operations and marketing system by the franchisor (Padilla, 2018). Therefore, the McDonald's and Burger King companies exemplify how these franchises have penetrated global culture, showing their constant evolution and innovation to adapt to changing market demands (Padilla, 2018).

Likewise, it has been found that the aforementioned franchise legal business is a legal act of an essential nature so that the proper functioning of the business chain can occur, although it may present challenges due to the different objectives of the franchisor and the franchisee (Álvarez, 2015). . This is because efficient contracts seek to minimize agency costs and mitigate moral and adverse selection risks (Álvarez, 2015), in addition to establishing incentive systems to align the interests of the franchisee with those of the franchisor. within any contract internationalization process (Álvarez, 2015).

In turn, the authors Castro and Cataluña (2004) suggest that franchising is an effective tool for international expansion, since it allows uniformity and adaptation to the local market. In this way, the franchise model not only benefits the franchisor with additional income, but also contributes to the economy of the State itself in which said legal entity is domiciled, since the majority of the profits remain in the receiving country (Castañón Nieto, Azuara Pugliese, & Covarrubias Bravo, 2013).

Likewise, it is indicated that, at an international level, Costa Rican companies are using franchising as a strategy for internationalization, taking advantage of the benefits of the model and adapting to the needs of the market (Fernández, 2016). However, the academy also remembers that the success of a franchise depends on understanding the market together with the proper customer preferences, which highlights the importance of exhaustive market research (Rojas, 2014).

In turn, the authors Casnova and Ceniceros (2020) have developed the following reflection within the internationalization processes of Ecuadorian companies:

> For all these reasons, the consolidation, first, and then revitalization, of the Ecuadorian foreign sector requires the establishment of a long-term, stable strategy, periodically evaluated, and that acts not only on specific sectors and markets at specific times; a strategy that allows diversifying the country's export base, currently dominated by the oil trade, and also diversifying the sectors in which foreign direct investment is received. The strategy proposed in this article aims to lay the foundations for this internationalization (p.94).

For their part, Chauvet et. to the. (2020) study the viability of internationalizing the NANAPLANCHA company through the franchise contract, the authors reaching the following conclusion:

> During the course of the PAP we prepared an analysis and prior to that a plan based on the objectives to establish the franchise in Ecuador. We came to the conclusion that there was no viability of the Ecuadorian market and we worked on a new plan focused on Colombia, a very attractive market due to the fairs that are held to make you known as franchises, the support they give to franchisees and more than The presence and length of life of the franchises that have been established in Colombia are nothing. Likewise, the businesswoman had already expressed her interest in the country and took into account how much Colombia and Mexico are similar, both in economy, customs and culture (p.29).

Now, with respect to business cases, one of the most notable examples is that of McDonald's, an emblematic franchise that has achieved a significant global presence through the theory of legal business in terms of its expansion. This is how, in the United States, where the franchise has been widely used in the restaurant and fast food sector, McDonald's has evolved its expansion strategy over time, since initially, the franchise was based on the store model. independent, with its own land and employees, however, over time, it has adopted other approaches, such as stores within stores or corners, mobile units and presence in shopping centers (Rosado-Serrano, 2016; Rosado-Serrano & Navarro-García, 2022; 2023).

For its part, another relevant case occurs in Spain with the fashion company El Ganso, which has used the corner strategy within the prestigious stores called “El Corte Inglés” in order to properly expand its presence. in the international market. It should be noted that the aforementioned strategy has also been observed in Latin America, since brands such as McDonald's and Subway have established corners in department stores and supermarkets to reach a broader audience and improve the international expansion process (Rosado-Serrano & Navarro -García, 2022).

Furthermore, it should be indicated in relation to corners that another strategy used by some companies to internationalize is the creation of temporary stores called Pop up, which operate for a short period of time in order to properly interact with consumers in a unique way. , allowing customers to create memorable experiences. For example, in Puerto Rico, the Plaza Las Américas shopping center established a temporary Cottonelle brand store at the entrance to the bathroom hallway, promoting its hygiene products in an innovative and surprising way, commercial elements that come from the hand of the franchise contract (Rosado-Serrano & Navarro-García, 2022).

Also, McDonald's and Mango have used different approaches in their franchising strategy, since the first company operates and franchises fast food restaurants in 119 countries, with the franchise regime representing 93% of its system, while Mango, on the other On the other hand, it has a large number of stores around the world, with 63% of them being franchises. At this point it should be noted that both companies use their own stores as a basis for innovation and staff training, while collaborating with franchisees to improve operating standards and marketing strategies (Rosado-Serrano & Navarro-García, 2022; MNG Holding SAU, 2020).

As a result, it can be inferred that the analysis of the state of the art on the internationalization of companies through the franchise contract reveals that this model represents a versatile and effective option for international expansion. The reasons that allow us to reach this conclusion are the following:

First, it allows companies to grow quickly and maintain control over their operations with a moderate investment, as long as proper market research and the appropriate selection of franchisees are carried out in order to guarantee the success of internationalization. Second, the importance of establishing efficient contracts that minimize risks and conflicts between the parties is highlighted.

In turn, emblematic cases, such as McDonald's and Mango, show how franchises can penetrate global culture and adapt to changing market demands through the simple contractual figure, in addition to the fact that franchises contribute to the economic development of countries. recipient countries by generating additional income. Therefore, the franchise contract emerges as a strategic tool for the internationalization of companies, but its success depends on the understanding of the market, the appropriate selection of franchisees and the capacity for constant adaptation to be able to effectively satisfy the so-called needs of who hold the quality of clients.

Now, it should be mentioned how the history of GONET begins, this background being proof that the aforementioned business is a testimony of innovation and growth in the field of telecommunications in Ecuador. The business in question was founded in 2018, GONET being a brand that acquired the so-called trademark registration by a legal entity called MARVICNET Cia. Ltda., whose corporate purpose is to provide Internet services via fiber optics. high quality. As a result, it is said that since its inception, the company has forged a valid reputation based on the due commitment that it has implemented with the indispensable excellence in service and its focus on cutting-edge technology in order to achieve to satisfy the internet connection access needs of its clients in the best possible way (GONET, 2022).

Thus, it is indicated that GONET's journey began in the province of Oro, specifically in the Canton of Santa Rosa and its surroundings, because this strategic location allowed the aforementioned business to begin its operations in an environment where Demand for internet services was high and competition was still developing, so, over time, GONET expanded the corporate purpose to cover to the neighboring cantons called Arenillas and Pasaje, in order to consolidate itself as the main company in the provision of so-called internet services through fiber optic material in the region (Farfán, 2022).

At this point, Farfán (2022) comments that the key to GONET's success lies in its commitment to quality and innovation at the moment in which it decides to exercise its corporate purpose of internet service, since, from the beginning, the business was has strived to offer ultra-speed Internet connection by using GPON technology. This is based on the fact that the aforementioned technology allows data transmission to be generated in a more agile and reliable way, in order to guarantee an optimal browsing experience for users.

Now, it is stated that in 2019 GONET took a bold step by introducing the franchise model in its business expansion strategy nationwide. It is under this idea that the business owners, recognizing the potential of this business model to accelerate their growth, began to look for strategic partners in other provinces of the country in order to expand the company. As a result, the franchise modality not only allowed GONET to expand geographically, but also gave it the opportunity to establish alliances with local entrepreneurs, generating employment and contributing to economic development in different regions of Ecuador (Farfán, 2022).

This is why, under the direction of MARVICNET Cia. Ltda., GONET has become an important reference within the economic sphere of telecommunications in Ecuador, because the referred business is distinguished by its commitment to quality of service. service, guaranteeing an efficient, reliable and secure internet connection for its clients. Furthermore, GONET is committed to complying with all technical and quality regulations established by the competent authorities, thus ensuring excellent execution within the provision of internet services (GONET, 2022).

Therefore, in line with its vision of becoming the company that holds important national leadership in Internet access services based on the use of the tool called fiber optics, GONET is a line of business that has established a systematic ambitious expansion plan that includes the opening of new franchises throughout the country. In this way, it is indicated that currently, the company operates in several provinces, including Azuay, Loja and Cañar, El Oro and Zamora with projections of expansion locally and now internationally in the near future.

On the other hand, the phenomenon of the company Claro is exposed, which had a high impact in the world of telecommunications, a business that has its roots in América Móvil, a Mexican company that is part of the conglomerate of companies of the Carso group, led by magnate Carlos Slim. The history of Claro dates back to a time when many commercial legal entities that held leadership within the so-called telecommunications sector disappeared, leaving room for new experiences in the field of both cable television and the well-known telephone lines. as a necessary service in the new globalized world (Marketing Food, sf).

As a result, América Móvil initially emerged as one of the best telephone line brands in Mexico, but over time, deep investments led to Claro's expansion into other Latin American countries. Brazil was one of the first destinations of this expansion, followed by Guatemala, Ecuador, Colombia, and later, the United States. Starting in 2003, Claro began to establish itself as a leading telecommunications brand throughout Latin America (Marketing Food, sf).

In Ecuador, Claro has been essential in keeping the population connected and communicated, with coverage that exceeds 96% of the country's inhabitants. Since 2016, the company has offered various plans for calls, messages and access to applications such as WhatsApp. In Mexico, Claro's headquarters is linked to Telmex and Telnor, also offering Claro Video as an option for the transmission of television content (Marketing Food, sf).

Finally, the example is given of the +FiberHome franchise expansion business model, which focuses on sharing its extensive experience in connectivity and fiber optic internet with entrepreneurs interested in the sector, with its commercial headquarters being in Huaquillas, Ecuador. Through this model, the company seeks to accompany franchisees by providing all the knowledge and tools necessary to satisfy the growing demand for internet services in homes and strategic businesses (+FiberHome, s,f).

In the first phase, +FiberHome focuses on the design plus the essential execution of optimal GPON network infrastructures, working together with franchisees to analyze and carry out projects that generate value quickly and effectively. This initial phase is characterized by an initial operating capacity that allows determining a solid foundation to materialize the required future growth (+FiberHome, s,f).

In the second phase, +FiberHome actively supports the growth of franchisees, offering highly competitive internet plans and providing ongoing technical and commercial support. The objective is to accompany entrepreneurs in their business growth and connect more users in this era of digital transformation through the expansion of fiber optic internet services.

Domiciliate, franchise or distribute GONET: tax barriers in Colombia

It must be expressed that the internationalization of a company entails a series of tax challenges that must be carefully considered before making any decision. This is because, in the case of GONET, a company providing Internet services through fiber optics that is considering expanding to Colombia, it is crucial to carefully analyze the tax implications regarding the destination country in which it seeks to undertake business.

Thus, with respect to Colombia as the recipient country of the internationalization of GONET, a complex tax panorama is presented that must be evaluated in depth, since first of all, it is important to highlight that Colombia has a significantly higher tax burden for companies in comparison with other emerging or low-income countries, a topic that has been widely analyzed by Colombian tax doctrine (Junguito and Rincón, 2007). As a result, this situation is reflected in the fact that the income tax collection comes mostly from companies, representing 90% of the total of this tax between the years 2005 and 2021 in Colombia, while it should be stated that Only 10% of said collection comes from the owners' income or labor income. In addition, the doctrine also indicates that the effective tax rates on the capital of commercial legal entities are much broader than the rates on the income of the owners of capital or labor (Rincón and Delgado, 2017; Rincón and Castro, 2021).

Likewise, with respect to the tax burden, it should be noted that Colombia faces challenges in terms of income and wealth inequality, as well as high levels of labor informality in terms of employment opportunities for its citizens (Hamann et al., 2021; Arango et al. al., 2022). Therefore, it must be stated that this situation can affect the economic and financial stability of companies that are exercising their corporate purpose properly within the country, especially those that depend largely on a formal labor market and consumers who have a high stable purchasing power.

With the given context, we proceed to comment that the internationalization of GONET through the franchise contract could present tax advantages and disadvantages for companies. This is supported by the fact that, on the one hand, opting for franchising could allow GONET to establish itself in Colombia with less financial and legal risk, because the franchisee would assume the responsibility of operating the business under the GONET brand, a situation that could certainly help avoid some of the tax and regulatory complications associated with personal domicile in a foreign country.

However, it should also be noted that it is important to take into account that the franchise contract could imply certain limitations in terms of control over operations in Colombia and the commercialization of all the so-called income that was generated in the country, in addition to, GONET would continue to be responsible for ensuring that the franchisee complies with local tax obligations and that the operation in Colombia can become profitable, that is, economically productive in the long term.

As described in the preceding paragraphs, it should be noted that domiciled personally in Colombia could provide GONET with greater control over its operations in the country and greater flexibility to adapt to local conditions and take advantage of market opportunities, however, this It would also imply assuming greater financial and legal risks, as well as facing a potentially higher tax burden that has been the subject of criticism by Colombian tax doctrine.

At this point, it is stated that the income tax for legal entities within the Colombian State is regulated primarily within the legal body called the Tax Statute, a current provision that prescribes the accumulation of rules and procedures related to taxes in the Colombian State. country. Then, it is indicated that specifically article 240 of the aforementioned legal body is the regulatory provision that defines what is called the generic rate of the analyzed income tax that is implemented based on the generating event executed by the so-called national and foreign companies. that operate in Colombia, which is why the aforementioned article has been modified by different laws over time, the most recent being Law 2277, which was specifically enacted in 2022.

Thus, it is analyzed that article 240, which is part of the aforementioned tax regulation, prescribes that the general income tax rate for companies will be 35% for the taxable year 2024, a fact that determines that this rate applies to all companies, both national and foreign, that are required to display the so-called annual declaration of the aforementioned tax within the Colombian State.

Furthermore, it must be taken into consideration that the aforementioned Statute also contemplates differential rates for certain economic sectors. For example, if the wording of article 240 of the Tax Statute modified by Law 2277 of 2022 is reviewed, it can be seen that the rule in question orders the imposition of a 15% rate for the so-called hotel services, parks ecotourism or agrotourism themes, however, does not determine any type of benefit for companies that provide internet services, such as GONET.

Likewise, it is stated that the Tax Statute establishes other differential rates for specific sectors, such as publishing companies and legal entities of industrial and commercial commerce of the State, and it must be understood that these differential rates may vary depending on the economic social purpose of the company. and are designed to promote certain sectors or activities that are considered priorities for the economic development of the State. However, it should be noted that GONET is not a company that determines in its corporate purpose activities inherent to trading with the State, but rather that carries out its activity on individuals.

Therefore, the tax analysis allows us to conclude that, with respect to the so-called compliance with tax obligations, it can be established that both foreign companies that operate in Colombia through franchises and those that are domiciled personally in the country are subject to the same rules and procedures established in the Tax Statute, a situation that allows us to affirm that this includes the physical documentary display of income statements, the payment of taxes and compliance with other tax obligations, such as the so-called withholding at source and the issuance of tax returns. tax instruments known as withholding certificates.

Now, international tax regulations must also be taken into consideration, this is because Decision 587 of the Andean Community seeks to avoid double taxation of income and assets between member countries, which in this case includes Ecuador and Colombia as States that are the object of analysis within this work.

First, according to Article 3 of Decision 578, the income obtained will be taxable only in the country where they have their producer source, as a result, it must be stated that this means that the income generated in Colombia by the franchises will be taxed exclusively in Colombia, not The companies that manage GONET at the national level have tax responsibility. That is, what is referred to consists of indicating that Ecuador will not be able to tax this income, which avoids double taxation for companies that are within this market.

Second, it is also stated that the regulations analyzed order that business income is taxable in the country where the business activities are carried out (Decision 587, Art. 6). Consequently, in the event that the GONET brand opens offices, factories, or any other facility in Colombia, the income generated by these facilities will be taxed exclusively in this country, so the company that manages GONET must establish a tax structure that allows to clearly distinguish the income generated in Ecuador from those generated in Colombia to ensure tax compliance in both countries.

Third, at this point it must be understood that in the event that the Ecuadorian company that owns the GONET trademark receives royalties for its use in Colombia, these royalties will be taxable in Colombia, where the good is used or has the right to use it. intangible (Decision 587, Art. 9). As a result, brand owners must ensure that franchise or distribution agreements clearly establish the conditions and amount of royalties, and the accumulation of reports of these income must be duly recorded in accordance with Colombian legislation. .

Fourth, it should be indicated that in the event that the company that manages GONET in Ecuador participates directly or indirectly in the management, control or capital of the franchises in Colombia, any income not realized due to conditions not in line with those of the market can be adjusted. to reflect market conditions (Decision 587, Art. 7). Therefore, said regulation is that the Ecuadorian company must keep clear and precise accounting of all transactions between entities in Ecuador and Colombia, a situation that will avoid unfavorable tax adjustments within the economic system of expansion.

Fifth, the indicated regulations order that the assets located in Colombia will be taxable only by Colombia (Decision 587, Art. 17). Thus, the company that manages GONET must exhaustively evaluate the assets generated in Colombia and comply with local tax obligations related to assets through the entity that acts as franchisor or distributor within the aforementioned State.

Sixth, it should also be noted that the State of Colombia cannot apply to MARVINTEC a less favorable tax treatment than that applied to Colombian companies (Decision 587, Art. 18), a situation that ends up ensuring that the company that owns the GONET brand does not You will face tax discrimination in Colombia, providing a fair competitive environment for your franchise operation within said location.

Intellectual property barriers

It should be noted that the internationalization of a brand like GONET in Colombia implies following specific procedures to obtain trademark registration in this country, especially considering its membership in the Andean Community (CAN), like Ecuador. To understand the process, it is essential to analyze Decision 486 of the CAN, it is an international legal norm with which the common regime on industrial property is systematically prescribed, including the provisions related to the registration of trademarks, being then in said regulations, the legal provisions essential to complete the legal-administrative path of registration in this trademark expansion process.

According to Decision 486, the registration of a trademark right within a country that is a member of the CAN, such as Colombia, has a duration of ten years, in addition to the fact that the norm prescribes the possibility that the owner of the aforementioned trademark right can request its renewal for continuous periods of ten years, regulations applicable to both Ecuador and Colombia. As a result, it can be stated that it is essential to request the renewal of the registration within the six months prior to its expiration, accompanying the corresponding payment receipts so that the aforementioned procedure proceeds properly. Similarly, Decision 486 indicates that proof of use is not required for renewal, but the owner of the trademark right can reduce or limit the corporate objects of the owner that are registered at the time of updating his trademark.

On the other hand, Decision 486 prescribes that the registration inherent to a trademark right confers on the owner of this property the exclusive use in commerce of that trademark, preventing third parties from carrying out acts such as applying or placing the trademark on similar products or services without consent, among others. This right is acquired through the regulated trademark registration process that must be carried out before the national office that has jurisdiction, which in the case of Colombia would be the Superintendency of Industry and Commerce (SIC). As a result, this rule demonstrates the importance of registering the trademark at the time of initiating the essential process for the international expansion of the commercial legal entity GONET, since in order to properly exercise the corporate purpose in the provision of the internet service, it is necessary the referred trademark registration.

Now, to start the registration process in Colombia, certain requirements established in Decision 486 and national regulations must be followed:

1. Background Investigation:

First of all, it should be noted that, before beginning the respective trademark registration process, it is crucial to carry out an exhaustive background investigation to ensure that the proposed trademark does not infringe pre-existing rights of third parties, for this reason, the so-called search must be carried out. phonetics in order to avoid future conflicts. Thus, the aforementioned search must be carried out both in Colombia and in other countries where it is intended to operate.

2. Submission of the Application:

Likewise, it must be taken into consideration that every trademark registration application is submitted to the institution that operates as the competent Intellectual Property Office in Colombia, complying with the established formal requirements. These requirements include:

- The duly completed application form.
- The graphic reproduction of the brand.
- Payment of the corresponding fees.
- Authorizations required, if applicable according to legislation.
- Certificate of registration in the country of origin, if you wish to take advantage of the right of priority.

3. Examination of Form and Publication:

At this point, it must be mentioned that the Intellectual Property Office will examine the application to verify that it complies with the budgets prescribed within the current regulations of the referred State. As a result, it must be understood that, if the application is compliant, it will be published in the Official Industrial Property Gazette to allow the presentation of possible oppositions by those who feel that the registration of said trademark may affect their intellectual rights.

4. Opposition and Resolution:

In this section it should be commented that during a certain period after publication, any party with a legitimate interest may present a reasoned opposition against the registration process of the trademark right that is intended to be generated, so the Intellectual Property Office will evaluate the oppositions and will resolve accordingly.

5. Grant of Registration and Renewal:

On the other hand, it should be noted that, if no valid oppositions are presented or those that were filed ended up being rejected, and the trademark complies with all legal requirements, registration will be granted. As a result, it must be stated that this registration will have an initial duration of ten years, which may be renewable for successive periods of equal duration as mentioned in previous lines.

Now, once the registration process has been established, it is important to highlight that the legalization of a trademark in a member country of the CAN does not guarantee protection outside that territory, so, when internationalizing a trademark like GONET, it is necessary to register it individually. in each country where it is intended to operate with said brand, unless the proper regional registrations exist, such as in the European Union or under agreements such as the Madrid Protocol. This is because trademark law is territorial, and registration in one country does not automatically grant protection in others, so the registration process must be carried out individually (National Intellectual Rights Service, sf).

As a result, the need to register the trademark in each country lies in the legal sovereignty of each nation and in the due safeguarding of the rights that are part of the so-called legal branch of intellectual property within its territory, so, although Colombia and Ecuador are part of the same regional community, it must be understood that trademark registration must be carried out independently in each one to ensure legal protection and avoid possible conflicts with trademarks that transcend the national territorial sphere of each country (National Intellectual Rights Service, sf).

It is for this reason that Decision 486 does not guarantee trademark registration in the member countries, but rather consists of a legal body that guarantees a common regulatory system on industrial and intellectual property in the States that are considered members of said entity. international state, thus guaranteeing no less favorable treatment to the nationals of the other members in terms of trademark protection. That is, the regulatory framework for trademark registration will be identical in the member countries; however, that does not mean that a trademark registered in one State will also be registered in the others. Consequently, the internationalization of the Cuenca brand GONET implies, therefore, its registration in Colombia if it is intended to operate in this market.

The distribution model.

At this point, it should be indicated that, in the event that GO NET decides to adopt the service distribution model in Colombia, it is crucial that the aforementioned entity understands how the legal management works in a process in which a foreign entity is granted the distribution of the service, a fact that will allow exhaustive compliance with the tax and intellectual property regulations applicable in both countries. As established in previous paragraphs, Colombian regulations determine the general income tax rate for companies will be 35% for the taxable year 2024, a fact that prescribes that this rate applies to all companies, both national and foreign, that are obliged to display the so-called annual declaration of the aforementioned tax within the Colombian State.

However, from a tax point of view, it must be taken into consideration that the distributor in Colombia will be the entity or person responsible for complying with local tax obligations, since the indicated distributor will be the entity that generates income through of the provision of the internet service, that is, he is the one who executes the event generating the tax, so he will be responsible for declaring and paying the corresponding taxes to the Colombian State.

On the other hand, with the scenario described above, it is the Ecuadorian company GO NET, as the entity granting the distribution of the service, which will continue to be subject to income tax in Ecuador, a situation that takes into consideration that it is the GONET entity. which must declare these income in order to pay the corresponding taxes in Ecuador, and the aforementioned entity can ensure that it fully complies with all current tax provisions.

For its part, in terms of intellectual property, it is still essential that GONET and its distributors adhere to the regulations established in Decision 486 that was analyzed in previous lines, since trademark protection is vital to display protection and positioning in the Colombian market. .

3. Methods

The methodology chosen for this study was based on a qualitative exploration of accredited academic literature, since through the use of academic articles and national and international legal provisions related to franchise contracts, the complexities and critical factors involved in franchise contracts were explored in detail. the internationalization of Ecuadorian companies. For these purposes, a comparative analysis was carried out between personal domiciliation and the franchise, evaluating criteria such as adaptability to cultural barriers, legal compliance, currency exchange management and local competition, with the qualitative comparative analysis being the key to resolving the doubts of the study. raised in this protocol.

In addition, a qualitative descriptive research was carried out, where the universe, the population and the sample were made up of the members of the GONET company. Interviews were used as instruments for collecting qualitative information, allowing detailed knowledge to be collected about the perception and experiences of company members in relation to internationalization through franchise contracts.

Regarding data processing, a qualitative approach was applied, which involved a deep and contextualized analysis of the responses obtained in the interviews. On the other hand, qualitative analysis techniques were used, such as the systematic analysis of each of the interviewees' stories. This approach allowed for a rigorous understanding of internationalization methods and helped find meaningful answers to the research question about the most effective strategy to internationalize GONET in Colombia.

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4. Results

The internationalization of a company is a crucial strategic step that involves a series of operational and legal considerations to guarantee success in the new target market in which it seeks to enter within a specific context. For these considerations, interviews were carried out with a total of five participants, including three partners of GONET and two lawyers of the company, people who have played a transcendental role in the expansion process of the company through the franchise legal business. . Thus, the objective of these interviews was to obtain a deep understanding of the franchise process and the legal aspects related to the internationalization of GONET in Colombia through the contract in question through a representative sample of partners and lawyers of the company, who seek to explore GONET's current practices regarding franchising, as well as obtain expert guidance on how to properly protect the brand in the new Colombian market. As a result, these interviews will provide a solid basis for subsequent analysis that allows proper formulation of strategies for the successful internationalization of GONET through the franchise model.

First, it should be mentioned that regarding the franchise process, the interviews revealed a series of important steps that GONET must follow to successfully franchise its brand and expand its business model internationally, since for those interviewed, it is crucial that The company carefully analyzes its business scheme and determines if it is suitable for the franchise. This involves evaluating the size and nature of the business, the demand for products/services and the viability and attractiveness of the franchise model for potential franchisees. For these reasons, GONET must develop a solid franchise model with proper documentation, which includes marketing and communication strategies, as well as a clear development and expansion plan. It is also important to establish a cost structure and income sources to ensure the profitability of the business and the sustainability of the franchise network. Finally, it should be indicated that the company must focus on incorporating effective management for franchisees, in order to properly provide the training, support and constant quality control that ensures the operation of the business.

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Therefore, from the information obtained, the following essential requirements are obtained for the expansion of GONET to Colombia through the franchise:

1. **Knowledge of the business model**:
    - It is essential to thoroughly understand the business model before franchising it, so the causes of its success, its replicability by third parties, its profitability and its ability to maintain that profitability outside the territory of origin must be properly evaluated.
    - In addition, the demand for products/services, the objectives of the franchise system, and whether the business is reproducible and commercially and financially attractive for future franchisees must be analyzed.
2. **The franchise model**:
    - The franchise model must be carefully analyzed and documented, so the company must define solid guidelines by developing a franchise program, a clear business strategy, a well-defined strategic project and proven economic viability.
    - Likewise, it is crucial to consolidate the documentary bases of the franchise, clearly establishing the rights and obligations of both the franchisor and the franchisee within the legal relationship that determines the contractual obligation.
3. **Marketing and communication actions**:
    - According to those interviewed, communication and marketing are essential to establish a business model based on the franchise, a situation that implies placing the franchise as an attractive business option for entrepreneurs, which will

facilitate the entry of clients into the franchise network. and take care of internal communication processes with the company network.

4. **Organization**:

   - Converting a commercial company into a business organization is an important challenge when franchising a business, as interviewees indicate that this requires good differentiation of the business with respect to the competition and being prepared to adapt to internal and external changes.
   - Likewise, it must be taken into consideration that management leadership is essential to direct multiple people in open and flexible structures, in addition to involving franchise partners within this entire process.

5. **Necessary means and resources**:

   - Although the franchise system is an economical option for business growth, the franchise headquarters must have minimal resources in relation to its objectives and capabilities.
   - It is important to foresee the budget allocated to the expansion of the network and the provision of services to franchisees.

6. **Development and expansion**:

   - According to those interviewed, before starting the development and expansion process, it is necessary to clearly define the profile of the franchisee, the type of expansion to be carried out, the growth model to follow, the positioning and objectives of the franchise plan, as well as the budget and the means to carry out the suggested actions.

7. **Incorporation of franchisees**:

   - In turn, the interviewees state that it is important to take into account the role that the franchisees will represent both for the company and for the franchisees themselves, therefore, an entry plan must be developed that includes the training process, the evaluation of franchisees and the resolution of problems that may arise.

8. **Franchise network management**:

   - At this point, the interviewees comment that the evolution of the franchisee is structured in different phases, from the beginning to the management, therefore, it is crucial to know all these phases and know how to act in each of them to guarantee the success of the network. of franchises.

9. **Expense structure**:

   - Those interviewed indicate that a franchise needs a controlled and planned expense structure. In addition to fixed expenses, it is important to anticipate hidden expenses and allocate a budget for network expansion and provision of services to franchisees.

10. **Income sources**:

- Finally, those interviewed comment that the sources of income from franchises include entry fees, royalties, centralization of purchases and other central services. Therefore, it is important to take these sources of income into account when planning the expansion of the franchise network.

Now, regarding the legal aspects related to brand protection in the internationalization process, GONET lawyers highlighted the importance of including specific clauses in the franchise contract to guarantee adequate protection of the brand in Colombia. As a result, those interviewed have indicated that it is essential to register the trademark in the country before starting any franchise process, as well as the inclusion of provisions in the contract that clearly establish the rights and obligations of the franchisor and the franchisee in relation to the brand. Furthermore, it is crucial to establish quality control and surveillance mechanisms to ensure proper use of the brand by the franchisee and resolve any dispute related to its use quickly and efficiently, making this aspect of vital importance within the business. referred legal.

As a result, it is indicated that the interview with the two lawyers provides a clear vision of the essential clauses that must be included in the franchise contract to internationalize GONET and how to protect the trademark registration in an internationalization process in Colombia through said contract. Here is the detailed analysis of each point discussed in order to generate a successful legal process of internationalization by franchise.

Essential clauses in the franchise contract:

1. **Rights and Licenses**: Establish the rights granted to the franchisee to use the brand and products/services.
2. **Territories**: Define the specific geographic territory where the franchisee can operate.
3. **Rates and Royalties**: Establish the entry fees and royalties that the franchisee must pay to the franchisor.
4. **Contract period**: Specify the duration of the franchise contract and the renewal conditions.
5. **Standards and Procedures**: Establish quality standards and operating procedures that the franchisee must follow.
6. **Training and Support**: Detail the training and ongoing support provided by the franchisor to the franchisee.
7. **Termination and Renewal**: Define the conditions under which the contract can be terminated and the renewal options available.
8. **Intellectual property**: Ensure the protection of intellectual property, including trademark and other proprietary rights.
9. **Know-how**: Transfer specific knowledge and operational techniques to the franchisee to guarantee the replication of the business model.

10. **Operations**: Detail the daily operations of the business, including inventory management, sales and customer service.
11. **Marketing and sales**: Establish marketing and sales strategies to promote the franchisee's brand and products/services.
12. **Management**: Define roles and responsibilities of both parties in the management of the franchised business.
13. **Technology**: Specify the use of technology and computer systems in business operations.

Thus, it is indicated that these clauses are essential to ensure a clear and mutually beneficial contractual relationship between the franchisor and the franchisee. Now, with respect to the protection that the trademark must have in Colombia, the lawyers mention the following:

- **Trade mark**: It is crucial to register the brand in Colombia before starting any internationalization or franchising process to guarantee its legal protection in the country.
- **Inclusion in the Franchise Agreement**: The contract should include clauses that clearly establish the franchisor's ownership of the brand and the franchisee's rights to use it.
- **Appropriate Use of the Mark**: Specify how and where the brand can be used in advertising, packaging and promotions to maintain its integrity and reputation.
- **QA**: Maintain strict control over the quality of the products or services offered under the brand to protect its reputation in the market.
- **Surveillance and Compliance**: Establish surveillance mechanisms to guarantee compliance with the provisions related to the use of the brand by the franchisee.
- **Dispute resolution**: Include clear provisions on the resolution of disputes related to the use of the trademark, such as arbitration or mediation procedures.
- **Registry Update**: Keep the trademark registration updated as the business grows and changes in Colombia to reflect any changes in ownership or use rights.

Therefore, according to those interviewed, these measures ensure the effective protection of intellectual property rights during the internationalization process in Colombia, thus safeguarding the legal interests of GONET in the country.

For its part, the option of distribution is presented as another model for the expansion of the GONET brand, so, to achieve this goal, the indicated brand could establish a network of local distributors who are responsible for selling its internet services. under its own distribution scheme, therefore, the aforementioned model would allow GONET to enter the Colombian market with a relatively low initial investment and controlled risk, always taking advantage of the local knowledge of the networks established by distributors within the country.

However, it should be noted that franchising, domiciliary and distribution are not the only means by which GONET can become international, so several strategies are presented below:

First, it should be commented on the leasing of the network infrastructure to natural or legal persons in the Colombian State, because the stated option implies that the owners of GONET transfer the use of their telecommunications network to third parties so that they can provide internet services under the GONET brand.

However, the options are not exhausted because another alternative to expand GONET's presence in Colombia is through the sale or distribution of its commercial name to local internet service companies with limited reach, that is, it is a strategy which implies the fact that GONET grants licenses to Colombian companies that provide internet services, so that they can use its name and brand in the provision of internet services in the country.

Finally, the third option to expand GONET's internet services to Colombia implies that the company builds its own network channels for telecommunications in the country and, subsequently, proceeds to properly carry out the sale of the brand within said State. internationally, which is also a valid option to expand said business in the Colombian market.

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Table 1

Comparative table of advantages and disadvantages of the expansion models of the GONET company.

Expansion model	Advantages	Disadvantages
Franchise	Lower initial investment for GONET (Farfán, 2022).	Less control over operations (Farfán, 2022).
	Transfer of part of the operational and financial responsibility to the franchisees (Silva, 2007).	Need for strict quality control to maintain the reputation of the brand (Silva, 2007).
	Tax benefits, with the franchisee assuming local tax obligations (Álvarez and Sacoto, 2020).	Complexity in the drafting and management of franchise contracts (Álvarez and Sacoto, 2020).
	Possibility of rapid expansion and penetration in the Colombian market (Farfán, 2022).	
Direct debit	Full control over operations and quality of service.	High initial investment and significant financial risks (Hernández, 2019).
	Flexibility to adapt to local conditions.	Higher tax burden due to the Colombian tax structure (Álvarez and Sacoto, 2020).
	Complete use of the income generated in the Colombian market (Moncayo, 2015).	Need to manage all legal and administrative obligations locally.
Distribution model	Payment of taxes under Ecuadorian regulations, which can reduce the tax burden	Less control over the brand and quality of service.
	Relatively low initial costs (Herrera, 2011).	Dependence on the alignment of distributors' interests with those of GONET.
	Quick entry into the Colombian market thanks to the local knowledge of distributors (Hidalgo, 2017).	Risk of conflicts of interest and lack of coherence in marketing and commercial strategies.
Network leasing to third parties	Rapid expansion without the need to build new infrastructure (Espinoza, 2021).	Need to ensure that third parties maintain GONET quality standards.
	Significant savings in investment costs and time.	Risk of loss of control over the network and quality of service (Espinoza, 2021).

	Leveraging GONET's experience and proven technology.	
License to Use the Commercial Name and Brand for Local Companies	Possibility of rapid expansion through license to use trade name and brand by local companies (Fernández, 2018)	Risk of damage to the reputation of the trade name and brand if adequate control is not maintained (Fernández, 2018)
	Additional income through licenses to use the trade name and brand.	Complexity in managing contractual agreements to ensure proper use of the trade name and brand.
Own Construction of Network Infrastructure	Total control over the quality and reliability of the services offered (Fernández, 2018)	High initial investment costs.
	Guarantee of compliance with GONET standards.	Need to manage administrative permits and hire technical experts.
	Independence in operation and lower risk of conflicts of interest	Competition with local suppliers already established in the Colombian market.

5. Discussion

Regarding the discussion, it should begin by indicating that the internationalization of a company like GONET in Colombia implies careful consideration of various aspects that require an analysis for its execution, especially with regard to the tax and legal barriers that may arise. in the franchise process that seeks to expand the brand internationally. Therefore, it is stated that in this analysis two possible approaches are highlighted as the first option for the expansion of the aforementioned brand in the Colombian State: the direct domiciliation of GONET in Colombia or the adoption of a franchise model, having to take into consideration that both options present advantages and disadvantages from a tax and legal point of view for those who wish to benefit from said expansion plan, so it is important to evaluate them in detail to determine which would be the best strategy for the company.

Starting with the direct domiciliation option, it is personally expressed that GONET would assume full control of its operations in Colombia, which would provide greater flexibility so that the subjects in charge of offering the service can adapt independently to local conditions, in order to take advantage of market opportunities. However, it should also be noted that the aforementioned approach entails greater financial and legal risks, since they must face a potentially higher tax burden due to the Colombian tax structure, which shows the effective tax rates on the capital of companies. which is much higher than the rates on the income of the owners of capital or labor.

On the other hand, Farfán (2022) studies GONET as an expansion model and determines that franchising has been a valid mechanism to expand the company since it allows an operation with affordable prices within the expansion. As a result, the franchise option could offer GONET a safer and less expensive way to enter the Colombian market, because, by franchising its brand, GONET would have the possibility of transferring part of the operational and financial responsibility to the franchisees. , a situation that could undoubtedly help mitigate some of the risks associated with international expansion that comes with preferring to domicile the company in Colombia personally. Furthermore, in accordance with Silva (2007) the franchise offers tax benefits to the company that decides to internationalize through this means. This is because, by allowing GONET to avoid some of the tax complications that are associated with direct domiciliation in a foreign country, because, if GONET expands the company through franchising, it is the franchisee who must cover the tax obligations. higher, while the franchisor remains subject to the Ecuadorian tax regime.

However, franchising also presents challenges, especially when it comes to control over operations and the distribution of income generated in Colombia. GONET would remain responsible for ensuring that franchisees comply with local tax obligations and that the operation in Colombia is profitable in the long term. Additionally, the franchise agreement would require specific clauses to adequately protect the GONET brand and ensure its proper use by franchisees.

Now, it must be expressed that in terms of tax barriers, both options present significant challenges, since, as analyzed throughout this work, the tax burden in Colombia is considerably high for companies, with a general tax rate on income of 35% for legal entities, which consists of a regulatory fact that could affect the profitability of GONET in the country, regardless of whether it chooses to domicile directly or adopt a franchise model. Furthermore, the trademark registration process in Colombia cannot be left out of the analysis, a necessary administrative action that also implies additional costs that will have to be incurred to keep the trademark duly protected within the referred territory.

At this point I must comment that, regarding the protection of intellectual property, it must be taken into consideration that the registration of the trademark in Colombia is a fundamental step to guarantee its legal protection in the country, since both direct domiciliation and franchising require specific clauses in the contract to establish the rights and obligations related to the brand in order to ensure its proper use by franchisees throughout the Colombian State, always remembering that trademark protection seeks to enable consumers to differentiate in the market the products and services offered.

On the other hand, the analysis of expansion mechanisms other than franchise and domicile should also be indicated. First, with respect to the possibility of leasing the network to third parties, several advantages can be identified for the beneficiaries of the expansion of the brand in question, since it must be taken into consideration that said strategy allows a rapid expansion of the service without the need to build new infrastructure from scratch, which can imply significant savings in investment costs and time.

Furthermore, it should be noted that by using GONET's existing infrastructure, there is no doubt that the new operators of the brand can take full advantage of the experience and proven technology of the parent company, which can contribute to the provision of services with absolute efficiency. and reliability within the framework in which said corporate purpose is exercised. The indicated strategy to expand GONET to Colombia represents an effective strategy to expand the reach of the company's Internet services in the country, taking advantage of the existing infrastructure that allows minimizing to the greatest extent possible the accumulation of risks-costs associated with other forms of expansion.

As a second alternative, the possibility of selling the GONET trade name to Colombian companies that provide lower-level internet services is present, an expansion that could partly approach what is known as a franchise. At this point it should be noted that this option also entails certain contractual challenges that must be considered by the owners of the GONET brand who wish to internationalize it in Colombia, such as solid contractual agreements that are clear in order to be able to effectively regulate the terms of the agreement. leasing legal business, including aspects such as the duration of the contract, corresponding payments, maintenance responsibilities and technical support, as fundamental elements that must be regulated in said contractual instrument

Likewise, it must be considered that the GONET brand must guarantee that third parties comply with the quality and safety standards established by the company to protect the reputation of the brand and other intellectual aspects, because only a brand that ensures its clients with correct quality, it will be able to properly maintain the confidence of said subjects in the service provided. It is at this point that this form of expansion shows deficiencies due to the fact that attention must necessarily be paid to quality standards so that the GONET service continues to increase the prestige of the company and does not diminish it when the use of the brand or its trade name is licensed.

In the third possibility, a valid option is presented, which is found in the own construction of network infrastructure in Colombia, a fact that can lead to the generation of significant advantages in terms of control and quality. At this point, it should be mentioned that by building the brand owners their own network infrastructure in Colombia, they can guarantee total control over the quality and reliability of the services offered, which can contribute to a superior experience for Colombian clients, since the internet service will be provided through its own telecommunications networks that will be independent and subject to the company's quality standards.

However, this option also implies great challenges and costs that can include a high investment contingent on entering a foreign market that is still unknown. This is because the construction of network and telecommunications infrastructure may require significant investments in terms of time, financial resources and hiring of technical experts for construction, in addition to obtaining the accumulation of administrative permits to carry out the construction of said infrastructure. networks, the selection of an ideal property to house the networks and their operation. Furthermore, it should not be forgotten that GONET will have to face competition in the Colombian market, where there are already other established internet service providers, so this option would consist of risking too much in an unknown market, so I would not take it as a an ideal option.

Finally, we proceed to examine the implementation of the so-called distribution model, which for GONET to expand in Colombia, can present several significant advantages that would allow the inclusion of said system for the expansion of the company within the foreign economic sphere. First of all, it should be noted that this model allows the aforementioned brand to be able to pay taxes only under Ecuadorian regulations, which can be favorable if the tax rates in Ecuador are lower than in Colombia, since, as examined in the theoretical framework of this work, the Colombian State determines one of the highest income taxes in the region, therefore, the indicated fiscal approach can result in considerable savings, allowing GONET to reinvest more resources in other strategic areas of its expansion.

Likewise, another important advantage arises that consists of cost reduction, because, by using mere local Colombian distributors, the GONET entity avoids the high initial costs associated with the construction and maintenance of infrastructure in a new international market. In short, it is understood that the indicated situation allows us to argue that distributors, already familiar with the Colombian market, can operate more easily, facilitating a faster and less expensive entry into the country. In addition, the local knowledge of distributors helps overcome cultural barriers that could represent challenges for a foreign company that is positioning itself for the first time in the international market.

However, it should also be noted that this model also presents some disadvantages as an internationalization strategy, since the main disadvantage is the loss of control over the brand since, by depending on local distributors, GONET must trust that they will maintain quality standards. and service associated with its brand, however, it does not give it, as in the case of franchising, a contractual model in which quality standards must be determined in the provision of the service. Then, the harmful space is opened so that any non-compliance or mismanagement on the part of distributors could damage GONET's reputation, affecting its position in the Colombian market and potentially in other international markets.

At the same time, there is another disadvantage in the advertising field, since it is the dependence on distributors in the execution of commercial strategies and all kinds of strategies that have as their objective behaviors aimed at marketing. This is because, although local distributors have knowledge of the market, their interests may not always be completely aligned with those of GONET, which is a fact that can lead to conflicts of interest or more than a possible lack of coherence in the implementation of the company's strategy.

Finally, compared to other internationalization models, such as the own construction of infrastructure or the leasing of the network to a third party, the distribution model balances the costs for the implementation of this expansion model, since while the own construction offers maximum control but at a high cost, and network leasing reduces risks but can limit revenues, the distribution model is positioned as an intermediate solution that maximizes cost efficiency and operational flexibility, although with certain concessions in terms of direct control over brand and operations.

Regarding the discussion, it should begin by indicating that the internationalization of a company like GONET in Colombia implies careful consideration of various aspects that require an analysis for its execution, especially with regard to the tax and legal barriers that may arise. in the franchise process that seeks to expand the brand internationally. Therefore, it is stated that in this analysis two possible approaches are highlighted as the first option for the expansion of the aforementioned brand in the Colombian State: the direct domiciliation of GONET in Colombia or the adoption of a franchise model. It is important to take into consideration that both options present advantages and disadvantages from a tax and legal point of view for those who wish to benefit from said expansion plan, so it is important to evaluate them in detail to determine which would be the best strategy for the company.

Starting with the direct domiciliation option, it is personally expressed that GONET would assume full control of its operations in Colombia, which would provide greater flexibility so that the subjects in charge of offering the service can adapt independently to local conditions in order to take advantage of market opportunities. However, it should also be noted that the aforementioned approach entails greater financial and legal risks since they must face a potentially higher tax burden due to the Colombian tax structure, which shows the effective tax rates on the capital of companies. which is much higher than the rates on the income of the owners of capital or labor.

On the other hand, Farfán (2022) studies GONET as an expansion model and determines that franchising has been a valid mechanism to expand the company since it allows an operation with affordable prices within the expansion. As a result, the franchise option could offer GONET a safer and less expensive way to enter the Colombian market because, by franchising its brand, GONET would have the possibility of transferring part of the operational and financial responsibility to the franchisees. , a situation that could undoubtedly help mitigate some of the risks associated with international expansion that come with preferring to domicile the company in Colombia personally. Furthermore, in accordance with Silva (2007), the franchise offers tax benefits to the company that decides to internationalize through this means. This is because, by allowing GONET to avoid some of the tax complications that are associated with direct domestication in a foreign country, if GONET expands the company through franchising, it is the franchisee who must cover the tax obligations. higher, while the franchisor remains subject to the Ecuadorian tax regime.

However, franchising also presents challenges, especially when it comes to control over operations and the distribution of income generated in Colombia. GONET would remain responsible for ensuring that franchisees comply with local tax obligations and that the operation in Colombia is profitable in the long term. Additionally, the franchise agreement would require specific clauses to adequately protect the GONET brand and ensure its proper use by franchisees.

Now, it must be expressed that in terms of tax barriers, both options present significant challenges, since, as analyzed throughout this work, the tax burden in Colombia is considerably high for companies, with a general tax rate on income of 35% for legal entities, which consists of a regulatory fact that could affect the profitability of GONET in the country, regardless of whether it chooses to domicile directly or adopt a franchise model. Furthermore, the trademark registration process in Colombia cannot be left out of the analysis, a necessary administrative action that also implies additional costs that will have to be incurred to keep the trademark duly protected within the referred territory.

At this point, I must comment that, regarding the protection of intellectual property, it must be taken into consideration that the registration of the trademark in Colombia is a fundamental step to guarantee its legal protection in the country, since both direct domiciliation and franchising require specific clauses in the contract to establish the rights and obligations related to the brand in order to ensure its proper use by franchisees throughout the Colombian State, always remembering that trademark protection seeks to enable consumers to differentiate in the market the products and services offered.

On the other hand, the analysis of expansion mechanisms other than franchise and domicile should also be indicated. First, with respect to the possibility of leasing the network to third parties, several advantages can be identified for the beneficiaries of the expansion of the brand in question, since it must be taken into consideration that said strategy allows a rapid expansion of the service without the need to build new infrastructure from scratch, which can imply significant savings in investment costs and time.

Furthermore, it should be noted that by using GONET's existing infrastructure, there is no doubt that the new operators of the brand can take full advantage of the experience and proven technology of the parent company, which can contribute to the provision of services with absolute efficiency. and reliability within the framework in which said corporate purpose is exercised. The indicated strategy to expand GONET to Colombia represents an effective strategy to expand the reach of the company's Internet services in the country, taking advantage of the existing infrastructure that allows minimizing, to the greatest extent possible, the accumulation of risks and costs associated with other forms of expansion.

As a second alternative, the possibility of selling the GONET trade name to Colombian companies that provide lower-level internet services is present, an expansion that could partly approach what is known as a franchise. At this point, it should be noted that this option also entails certain contractual challenges that must be considered by the owners of the GONET brand who wish to internationalize it in Colombia, such as solid contractual agreements that are clear in order to be able to effectively regulate the terms of the agreement. leasing legal business, including aspects such as the duration of the contract, corresponding payments, maintenance responsibilities, and technical support, as fundamental elements that must be regulated in said contractual instrument.

Likewise, it must be considered that the GONET brand must guarantee that third parties comply with the quality and safety standards established by the company to protect the reputation of the brand and other intellectual aspects, because only a brand that ensures its clients with the correct quality will be able to properly maintain the confidence of said subjects in the service provided. It is at this point that this form of expansion shows deficiencies due to the fact that attention must necessarily be paid to quality standards so that the GONET service continues to increase the prestige of the company and does not diminish it when the use of the brand or its trade name is licensed.

In the third possibility, a valid option is presented, which is found in the own construction of network infrastructure in Colombia, a fact that can lead to the generation of significant advantages in terms of control and quality. At this point, it should be mentioned that by building the brand owners their own network infrastructure in Colombia, they can guarantee total control over the quality and reliability of the services offered, which can contribute to a superior experience for Colombian clients since the internet service will be provided through its own telecommunications networks that will be independent and subject to the company's quality standards.

However, this option also implies great challenges and costs that can include a high investment contingent on entering a foreign market that is still unknown. This is because the construction of network and telecommunications infrastructure may require significant investments in terms of time, financial resources, and the hiring of technical experts for construction, in addition to obtaining the accumulation of administrative permits to carry out the construction of said infrastructure. networks, the selection of an ideal property to house the networks, and their operation. Furthermore, it should not be forgotten that GONET will have to face competition in the Colombian market, where there are already other established internet service providers, so this option would consist of risking too much in an unknown market, so I would not take it as an ideal option.

Finally, we proceed to examine the implementation of the so-called distribution model, which, for GONET to expand in Colombia, can present several significant advantages that would allow the inclusion of said system for the expansion of the company within the foreign economic sphere. First of all, it should be noted that this model allows the aforementioned brand to be able to pay taxes only under Ecuadorian regulations, which can be favorable if the tax rates in Ecuador are lower than in Colombia, since, as examined in the theoretical framework of this work, the Colombian State determines one of the highest income taxes in the region. Therefore, the indicated fiscal approach can result in considerable savings, allowing GONET to reinvest more resources in other strategic areas of its expansion.

Likewise, another important advantage arises that consists of cost reduction because, by using mere local Colombian distributors, the GONET entity avoids the high initial costs associated with the construction and maintenance of infrastructure in a new international market. In short, it is understood that the indicated situation allows us to argue that distributors, already familiar with the Colombian market, can operate more easily, facilitating a faster and less expensive entry into the country. In addition, the local knowledge of distributors helps overcome cultural barriers that could represent challenges for a foreign company that is positioning itself for the first time in the international market.

However, it should also be noted that this model also presents some disadvantages as an internationalization strategy, since the main disadvantage is the loss of control over the brand since, by depending on local distributors, GONET must trust that they will maintain quality standards. and service associated with its brand; however, it does not give it, as in the case of franchising, a contractual model in which quality standards must be determined in the provision of the service. Then, the harmful space is opened so that any non-compliance or mismanagement on the part of distributors could damage GONET's reputation, affecting its position in the Colombian market and potentially in other international markets.

At the same time, there is another disadvantage in the advertising field, since it is the dependence on distributors in the execution of commercial strategies and all kinds of strategies that have as their objective behaviors aimed at marketing. This is because, although local distributors have knowledge of the market, their interests may not always be completely aligned with those of GONET, which is a fact that can lead to conflicts of interest or more than a possible lack of coherence in the implementation of the company's strategy.

Finally, compared to other internationalization models, such as the own construction of infrastructure or the leasing of the network to a third party, the distribution model balances the costs for the implementation of this expansion model, since while the own construction offers maximum control but at a high cost and network leasing reduces risks but can limit revenues, the distribution model is positioned as an intermediate solution that maximizes cost efficiency and operational flexibility, although with certain concessions in terms of direct control over brand and operations.

6. Conclusion

After carefully analyzing the different options for the international expansion of GONET in Colombia, several important conclusions can be drawn that will help answer the central research question of this work, which consists of properly determining what is the most appropriate strategy. for the international expansion of GONET in Colombia?

Firstly, it has been determined that there are three main approaches for the expansion of GONET in Colombia: direct domiciliation, the adoption of a franchise model and the distribution model, showing that the options described have significant advantages and disadvantages at various points. of sight. First, direct domiciliation would provide GONET with greater control over its operations in Colombia, allowing greater flexibility to adapt to the local conditions offered by the market in which it would intend to expand. However, it should be taken with serious consideration that this situation entails greater financial and legal risks for GONET owners, including a potentially higher tax burden due to the Colombian tax structure.

On the other hand, it must be concluded that the franchise option could offer GONET a safer and lower cost way for the aforementioned brand to enter the Colombian market, since the aforementioned legal business allows transferring part of the operational and financial responsibility to the franchisees. However, it should be noted that, although this could help mitigate some risks associated with international expansion, there are also challenges in terms of control over the operations and distribution of income that the brand encompasses.

Likewise, in terms of tax barriers, both options face significant challenges due to the high tax burden in Colombia, since the general income tax rate for legal entities is 35%, which could affect GONET's profitability in the country, regardless of the chosen expansion strategy. As a result, tax payment issues, both domiciliary and deductible, carry risks of fiscal tax costs.

Furthermore, it must be considered that the registration of the trademark in Colombia is essential to guarantee its legal protection in the country, both for direct domiciliation and for franchising. Therefore, as mentioned in previous lines, this situation implies additional costs but is necessary to ensure the proper use of the brand by the franchisees and protect it from any infringement, in order to prevent other people from taking over the GONET name and proceed to confuse Colombian consumers.

Furthermore, to internationalize the GONET brand in Colombia, it is essential that the parties decide to fully comply with the procedures prescribed by CAN Decision 486 and Colombian regulations, a legal fact that implies submitting a registration application to the SIC, complying with formal requirements and paying the corresponding fees. Furthermore, the territorial nature of trademark law and the importance of registering the trademark in each country where it is intended to operate must be taken into account to guarantee its legal protection in order to avoid all kinds of future conflicts.

For its part, with respect to the distribution model, although less expensive initially and with advantages in terms of rapid entry into the market, it should be mentioned that it entails a significant loss of control over what consists of operation versus due quality. that must exist at the time of providing the GONET internet service. This is because, as the aforementioned brand depends on the distributors located in Colombia, there is a risk that they will not maintain the quality standards necessary to guarantee a correct offer of the service, a situation that could undoubtedly damage the reputation. of the brand in addition to negatively affecting the perception of the commercial corporate purpose among consumers. Furthermore, it must be taken into consideration that the dependence on distributors to execute commercial strategies can result in a lack of coherence in the face of all kinds of possible conflicts of interest that may arise in the future, since compared to the franchise model, I was able to conclude that the latter offers a structure more aligned with GONET's long-term objectives, providing a solid platform for the sustainable growth that brand protection in the Colombian market must have at all times.

At this point, it is concluded that in addition to (1) the franchise and (2) direct domiciliation and 3) the distribution model, other options have been considered such as (4) leasing the network to third parties, (5) transfer of commercial name use to lower level local companies and (6) the own construction of network infrastructure in Colombia. Each of these options has its own advantages and challenges, but none seems to be as suitable as the franchise as a mechanism for the expansion of the company in the Colombian market, especially in terms of the fact that said legal business transfers rights and obligations to the franchisee, who is the one who carries out the greatest financing risk in the operation, while the franchisor benefits from the economic returns that the franchisee executes under the corporate purpose.

Therefore, from the analysis carried out, it can be concluded that the most appropriate strategy for the international expansion of GONET in Colombia is the adoption of a franchise model. This is because, although this strategy presents challenges in terms of control and distribution of income, there is no doubt that it offers a safer and less expensive way to enter the Colombian market, especially compared to the own construction of infrastructure. network and the expenses that would be entailed by domiciling the company within the aforementioned State. In addition, it must be concluded that franchising could help mitigate some of the risks associated with international expansion, including the tax burden and trademark registration costs, which would be subject to the franchisee and not the franchisor, therefore, it is important that GONET establishes solid contractual agreements that properly ensure that franchisees meet quality standards to protect the reputation of the brand in the Colombian market.

After carefully analyzing the different options for the international expansion of GONET in Colombia, several important conclusions can be drawn that will help answer the central research question of this work, which consists of properly determining what is the most appropriate strategy. for the international expansion of GONET in Colombia.

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Furthermore, to internationalize the GONET brand in Colombia, it is essential that the parties decide to fully comply with the procedures prescribed by CAN Decision 486 and Colombian regulations, a legal fact that implies submitting a registration application to the SIC, complying with formal requirements, and paying the corresponding fees. Furthermore, the territorial nature of trademark law and the importance of registering the trademark in each country where it is intended to operate must be taken into account to guarantee its legal protection in order to avoid all kinds of future conflicts.

For its part, with respect to the distribution model, although initially less expensive and with advantages in terms of rapid entry into the market, it should be mentioned that it entails a significant loss of control over what constitutes operation versus due quality. that must exist at the time of providing the GONET internet service. This is because, as the aforementioned brand depends on the distributors located in Colombia, there is a risk that they will not maintain the quality standards necessary to guarantee a correct offer of the service, a situation that could undoubtedly damage the reputation. of the brand in addition to negatively affecting the perception of the commercial corporate purpose among consumers. Furthermore, it must be taken into consideration that the dependence on distributors to execute commercial strategies can result in a lack of coherence in the face of all kinds of possible conflicts of interest that may arise in the future, since compared to the franchise model, I was able to conclude that the latter offers a structure more aligned with GONET's long-term objectives, providing a solid platform for the sustainable growth that brand protection in the Colombian market must have at all times.

At this point, it is concluded that in addition to (1) the franchise, (2) direct distribution, and (3) the distribution model, other options have been considered, such as (4) leasing the network to third parties, (5) transferring commercial name use to lower-level local companies, and (6) the own construction of network infrastructure in Colombia. Each of these options has its own advantages and challenges, but none seems to be as suitable as the franchise as a mechanism for the expansion of the company in the Colombian market, especially in terms of the fact that the legal business transfers rights and obligations to the franchisee, who is the one who carries out the greatest financing risk in the operation, while the franchisor benefits from the economic returns that the franchisee executes under the corporate purpose.

Therefore, from the analysis carried out, it can be concluded that the most appropriate strategy for the international expansion of GONET in Colombia is the adoption of a franchise model. This is because, although this strategy presents challenges in terms of control and distribution of income, there is no doubt that it offers a safer and less expensive way to enter the Colombian market, especially compared to the own construction of infrastructure. network and the expenses that would be entailed by domiciling the company within the aforementioned state. In addition, it must be concluded that franchising could help mitigate some of the risks associated with international expansion, including the tax burden and trademark registration costs, which would be subject to the franchisee and not the franchisor. Therefore, it is important that GONET establishes solid contractual agreements that properly ensure that franchisees meet quality standards to protect the reputation of the brand in the Colombian market.

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