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MARVIN HOUGH INTERNATIONAL
RESEARCH & ANALYSIS



Understanding the Business Culture of **INDIA**

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“Western business people cannot afford to ignore the impact of business culture”

- MIRA Services

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Introduction

I vividly recall my days on the ground in India as a Canadian Trade Commissioner in the early 90s, where I saw, first-hand, how communications between Indian and Canadian businesspeople often failed to reach first base. The Canadians were thinking contracts and short term, while the Indians were thinking relationship, trust and long-term.

During those years, I was struck by Canadian executives' lack of awareness and preparation on the cultural side. At times, this played out like industrial tourism, with last-minute briefings highlighting some of the key dos and don'ts relating to Indian culture. At other times, there was a sense that things were progressing but the lack of subsequent follow-up on the Canadian side left the Indian side bewildered or disappointed.

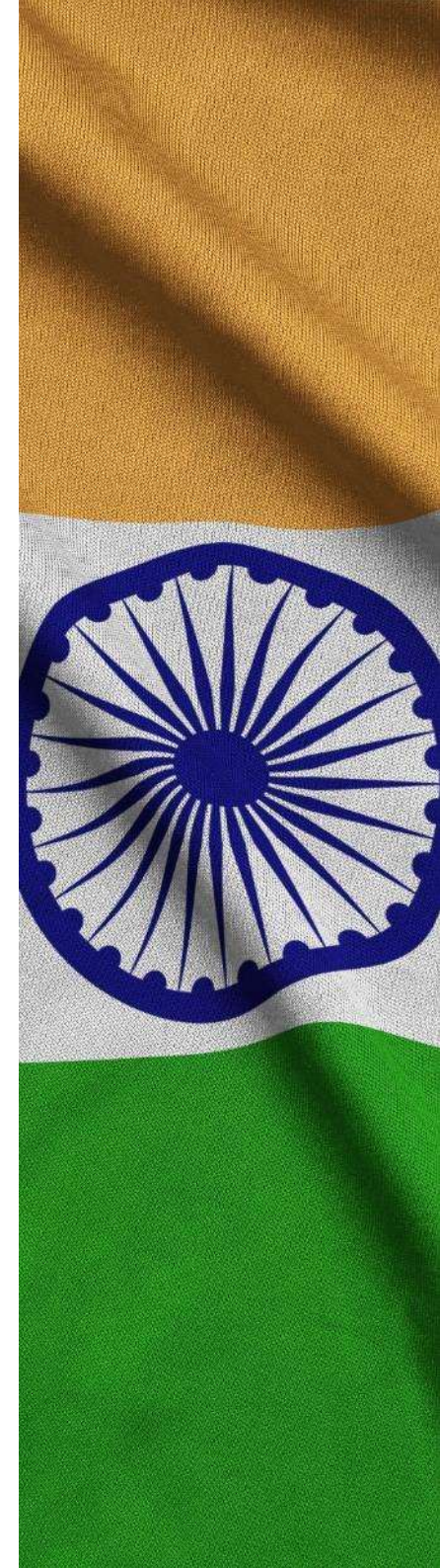
Almost three decades later, I think it remains fair to say that western businesspeople continue to underestimate the importance of business culture in India. Those who do tune in to culture often look for a one-size-fits-all approach and fail to account for regional, institutional, and personal cultural nuances that impact business.

In Canada, as we embark on more trade diversification, we see an abundance of seminars and webinars on “doing business” in strategic and emerging markets. Yet, the cultural element is generally not very prominent in these events.

The idea that cultural issues can be absorbed as the firm moves along or handled by a “local representative” should clearly be discounted. In the longer term, Canadian firms should understand that what you put into preparing your Indian strategy will be reflected in what you come away with and cultural sensitivity needs to be in your strategy.

Fully accounting for Indian culture and its impact on doing business in India or with Indians can be an overwhelming task for any Western executive: Not only is Indian culture hugely complex and diverse, but it is evolving in so many ways, with technology and India's integration into the global economy playing their part.

Indian companies are going global and helping to bring Indian business culture and innovation to the world. Canadians are now watching movies from Bollywood, celebrating Diwali, and using Indian mobile payments technologies from companies like Paytm for their transactions. All of this should mean that Canadians will awaken to the fact that business culture really does impact the bottom line in doing business with Indians. It is not a “nice to know” factor it is a “need to know” one.



Overview of the Business Environment in India

As one of the one of the fastest growing major economies, India continues to attract significant flows of foreign investment due to its competitive labor costs, high potential domestic market, and young skilled workforce. Western businesspeople cannot afford to ignore India.

As we all know, the Indian economy is currently reeling from Covid-19 and the headlines are hugely concerning both from a public safety and trade and investment perspective. The impact on the economy is heavy and the timeline for recovery is cloudy. However, the resilience of the Indian people has never been in doubt and the longer-term potential of the market holds the attention of Western companies.

Opportunities for Western companies indeed abound with some of the exciting sectors including:

- Food security (Agri-Food, Food processing, Logistics)
- Energy Security (LNG, Crude Oil, Uranium)
- Infrastructure (Services, Capital)
- Knowledge-based sectors (Education, Innovation, Automotive, ICT, Clean Tech, Life Sciences)

In addition to the well-established services and outsourcing sector, India now boasts of a large and diverse manufacturing sector that generates 17% of GDP and 15% of the total employment in India. Benefitting from traditional strengths like cost competitiveness, a young and large workforce, natural resources that support a wide range of industry sectors, and a rich pool of English-speaking scientists, researchers, and engineers, India's manufacturing sector looks incredibly promising in the medium to long term.



With advanced technologies, like the Internet of things (IoT), artificial intelligence (AI), blockchain, and robotics, Indian manufacturing is in evolution. India's government and Prime Minister Modi understand the importance of manufacturing in the country's growth strategy, and have launched a series of initiatives, such as Startup India, as well as structural reforms in areas like tax and intellectual property rights, ultimately sparking global optimism.

While India represents burgeoning opportunities across various sectors, strong local competition, bureaucracy, a notoriously slow legal system, underdeveloped infrastructure, and lingering corporate and social responsibility issues in both public and private sectors all challenge Western exporters and investors.

Despite some of the structural constraints that may be keeping India from realizing its full economic potential, steps have and are being taken to eliminate some of these bottlenecks by focusing on public sector reforms and improving the business and investment environment. One of the recent positive developments is the implementation of the long-sought Goods Services Tax (GST) which creates a common internal market and, with it, greater transparency, improved ease of doing business and tax efficiencies.

Accelerators and Ongoing Issues

Based on my personal experience, research, and interviews with experienced Indian executives, I am highlighting below some of the key factors that make India so compelling on the one hand (Accelerators), and those that make the prospects of succeeding challenging on the other (Ongoing Issues).

Certainly, most Westerners will consider the fact that one can transact business in the English language to be a hugely positive factor. The common law system, the continual integration of India into the global economy and the young and dynamic work force also contribute to a lot of optimism.

On the other hand, issues related to bureaucracy, corruption, regulation and the time needed to develop effective relationships present ongoing challenges for all Westerners.

Accelerators	Ongoing Issues
English language	Dealing with Covid-19
Impressive growth rate in recent years (5-7%)	Inadequate or inconsistent infrastructure
Common Law system	Diversity – no single Indian market
Strong private sector	Adapting to Indian business culture
Continued liberalization and market reforms	Extremely price sensitive market
Intellectual power and innovation	High costs for business development for many Western companies
Demographic dividend	Finding skilled labor
Cost competitiveness of labor	Onerous labor regulation
Cost of operations	Corruption in the public sector
Implementation of GST	Red Tape (despite World Bank ease of doing business improvements)
Continued integration into the global economy	High tariffs and non-tariff barriers (customs delays)
Developed banking sector	Tax rates and regulations
Digitalization of the economy	Security and communal issues – Kashmir, Citizenship Act amendment
Investment flows into the economy	Legal recourse is notoriously slow
Large diasporas in Western countries	Distance to market for many Western firms

What You Need to Know About Business Culture in India

India is a big, colorful, and vibrant country with a rich tapestry of cultural diversity and history. It is also a country of contradictions, where temple elephants, ancient monuments and tribal customs co-exist with state-of-the-art industries in a country that generates atomic energy and boasts of being one of the world's top ten industrialized nations.

Deep, diverse, and staggeringly complex, Indian culture is in your face from the moment you land there, with swarming crowds, honking horns, chaotic traffic, and the jostling in the overcrowded shops. On the other hand, you will find gentle greetings, respect, and incredibly warm hospitality and enthusiasm to work together.

Most Westerners will be overwhelmed by the diversity and multi-faceted nature of Indian society and culture. However, they should be open to learning and realize that their knowledge will, in one way or another, be helpful to conducting business. Do not barricade yourself in your hotel room in the evening, engage with people and visit the sites and shops, it all helps.

Major economic reforms, which started in 1991, have placed India on a continued path to integration into the global economy, with policies that have a huge bearing on the evolving Indian culture, including the rollout of new global technologies. These factors are shaping how business is conducted with foreigners.

As you navigate your prospects in India, and begin to develop your plan, be mindful of some of the underlying features of Indian culture. In considering these factors, keep in mind that they are national-level characteristics and you still need to do your homework at the regional, industry and counterpart levels.



Relationships

India is a relationship market. Contrary to the norm in Western business, where personal relationships are often considered to be casual, relationships in India are veritable pillars of the business transaction, and highly based on trust and continual cultivation. As such, note that building positive, lasting, productive relationships with your Indian counterparts and colleagues create a strong foundation for success in the Indian market.

Collectivism

Collectivism, as opposed to individualism, is a key aspect of the Indian culture. Understanding the Indian sense of belonging to a group can be extremely useful, whether the group is a caste, community, religion, family, or company. Indians rely on their families for everything from arranged marriages, to buying a house, to naming their child.ⁱ

Communication

India is a high context culture where communication is generally more indirect than in Canada. What is said may have multiple interpretations based on the context of the interaction, as well as the body language, tone and words used.ⁱⁱ Many Westerners are from low context cultures, where what you say is what you mean. Therefore, a westerner needs to be careful in communications. Do not jump to assumptions or conclusions and understand that your Indian counterpart may not feel comfortable in responding “no” to a question. Taking the approach of clarifying and confirming could save a major misstep.

Hierarchy

The concept of hierarchy is deeply embedded in the Indian mindset, and it is extremely important to appreciate this when conducting business in this market. You cannot afford to go down a path of developing business without determining who the decision maker is in the organization. Find the balance between respecting the process in the organization and ensuring that the decision maker is kept informed and appropriately brought into play. As a patriarchal society, many businesses are still family-run and thus power vests at the top, although hierarchy can run within middle and junior management as well. An understanding of this culture of dependence expected by a boss from his subordinate is also important when running a team of local staff.

During my days in India as a diplomat, I was amazed at the decision-making bureaucracy in the public sector and how many decisions flowed to positions such as the Joint Secretary. The incumbents in these roles wielded incredible power but seemed to be totally mired in paperwork while their subordinates waited for advice.

Religion

It is critical to note the importance that religion plays amongst all communities in India. The four principal religions are Hinduism (80%), Islam (14%), Christianity (3%), and Sikhism (2%) with a small fraction of the population also practicing Buddhism, Zoroastrianism, and Judaism. Festivals are celebrated with much fanfare, so it is important to respect the major festivals of Holi, which is celebrated in the spring, and Diwali, which is celebrated in October/November each year. During these holidays work comes to a halt. Religion in India also impacts consumer demands where there are restrictions: no beef for Hindus, and no pork for Muslims.

Variation Amongst Regions

As one of the most diverse countries in the world, India has several broad cultural differences between its regions, making it necessary to draw on locals to help navigate any potential issues in specific regions, states, cities or the urban versus rural divide. Here are some of the key differences to note between the various regions:ⁱⁱⁱ

Northern India:

Languages that are commonly spoken here include Hindi, Urdu, Gujarati, Marathi, Punjabi, and Sindhi. Generally, North Indian culture is flashy and more aggressive than in the south. Status is of great importance as is the outward display of wealth. Northerners are strong on business acumen and play the relationship role skillfully.

Southern India:

Indians in the south speak primarily Tamil, Malayalam, Telugu, or Kannada. South Indian culture is more modest and tends to underplay its wealth. It is typical of this region to be humble and subdued, even if individuals are part of the mega-rich. Southern Indians, such as Keralites, are warm and make friends easily.

Eastern vs. Western India:

Eastern and Western India also have unique cultural characteristics, although they are not as pronounced as the differences between the North and the South. The western part of the country has a strong merchant community, and communism has played a contributory role in the development Eastern India.

Urban vs. Rural India ^{iv}

As in other countries, rural areas exhibit more traditional and conservative behavior, while urban areas reflect more liberal, less conservative values. The urban North is modern, class-conscious, cosmopolitan, aggressive, confident, full of well-educated people pursuing a flashy lifestyle, multilingual and mostly use English as a business language. In the urban South, people are more laid back, traditional, provincial, passive, and respectful, yet questioning in terms of business. English is the predominant business language. People in the rural areas of both North and South India are class and caste conscious, conservative and more overtly religious, with low literacy rates.

Western and Indian Mindsets

The following snapshot of general cultural orientations in Western and Indian business environments is worth considering as you plan your approach in the Indian market. Again, view these as general guideposts and do your homework on your counterparties as you can only go so far with generalizations. You may see these mindsets in all aspects of your business dealings and in particular as you engage in formal discussions and negotiations.

Western	Indian
Time as rigid and exact	Time as soft and elastic
Focused, concentration on task	Subject to distractions, interruptions
Sequence talking, turn taking	Overlap talk
Achieved status	Ascribed status
Earned accomplishment	Special privilege
Shared authority	Clear authority figures
Consultation and teamwork	Direction and relationships
Tradition is interesting	Tradition is critical and valued
Initiative greatly valued and expected	Initiative not as common as do as directed
Supervision – emphasis on accountability and independent work	Supervision is expected
Management technique – inspiration, allow employees to prove themselves	Management technique – show care for employees and families, praise good work, strict when necessary
Employee performance – meet deadlines, think independently, take initiatives, be reliable and smart	Employee performance – work hard, do not take too much leave, don't quarrel with teams, honest, soft spoken and reliable

Case Scenarios

Ikea



The Opportunity:

India's 1.3 billion people buy about US\$30 billion of furniture, lighting, and household items every year.

Betting on the growing middle and upper-class segments

in India, IKEA, the world's largest furniture retailer, with its reputation for good value and a brand that signals an affordable, mass produced and functional product, hoped to appeal to the bargain hunting nature of the Indian shopper.

The Challenge:

India's retail landscape is complex. Ninety five percent of its furniture sales are through small shops that offer custom-built products, as well as free assembly and delivery.

IKEA's stores are the opposite with the approach of sprawling outlets that look like part showrooms and part warehouses. Moreover, its design aesthetic is lightweight and lean in contrast to the heavier, bulkier furniture traditionally favored in Indian households.

Strategy & Cultural Adaptations:

By tailoring its products for local tastes, IKEA has made several adaptations given India's lower income levels and the high degree of price sensitivity. The store features hundreds of products, from dolls to spice jars, that are priced at less than 100 rupees or around US \$ 2.00, for example. "We want to be as relevant as possible, said Nick Elliott, an Australian who heads interior design for IKEA's Hyderabad store. Even the cafeteria caters to Indian tastes with biryani, samosas, and vegetarian Swedish meatballs on the menu and 1,000



available seats, more than any other IKEA in the world, to accommodate the more leisurely dining style of the Indian families.^v

Results:

Six years after it was first planned, its giant 400,000-square-foot store in Hyderabad became the first step toward fulfilling IKEA's ambitions in the country with more outlets scheduled to debut in Mumbai, Bangalore, and the Delhi area in the next two years. By 2025, the company hopes to have 25 stores in India, some of them in a new, small format.



Gillette^{vi}

Gillette

The Challenge:

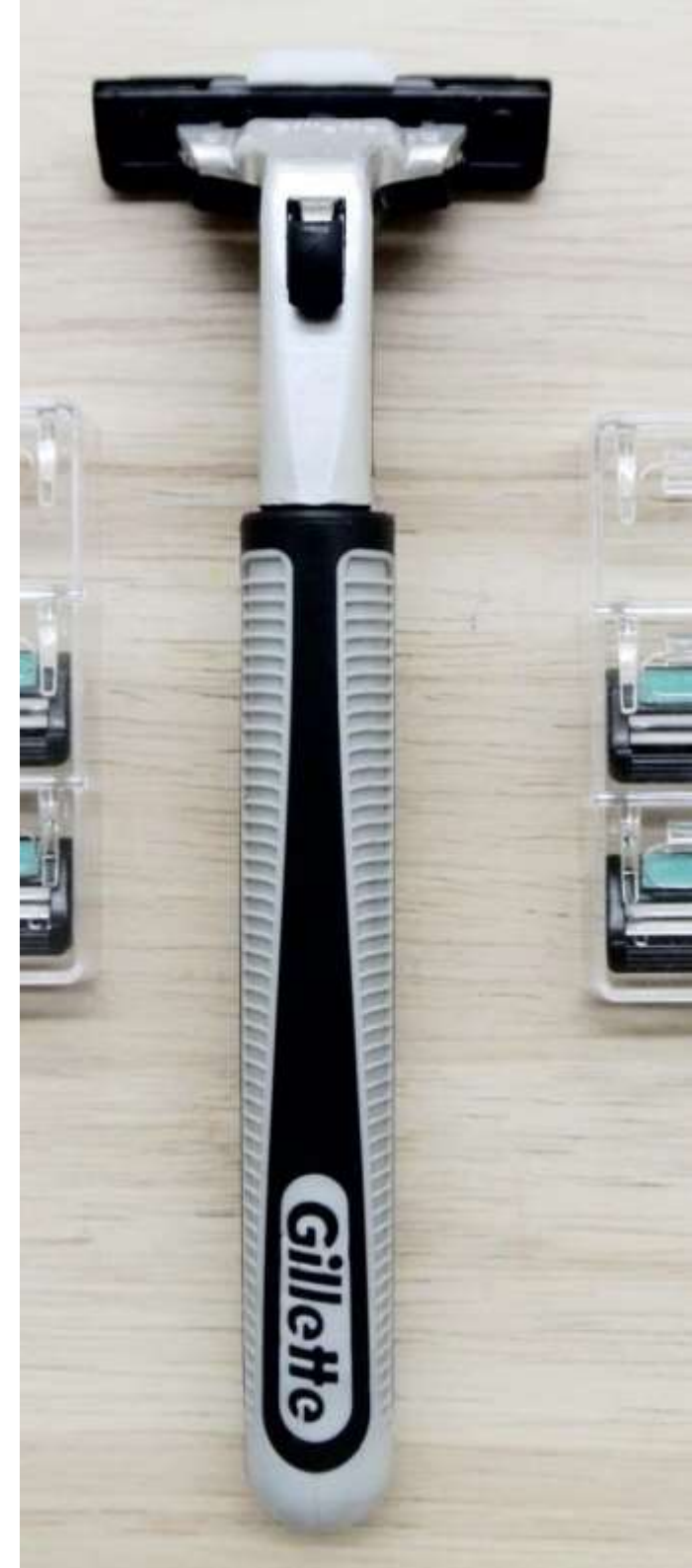
Low-income Indian customers who could not afford Gillette's premium price relied on the outdated, but traditional, double-edged razor shaving systems available in the market.

Strategy & Adaptations:

In 2010, Gillette did something the Harvard Business Review described as "reverse innovation" to develop a product that would satisfy the needs of the lower income customer. It went back to the source by making significant investments in market research to better understand the needs and preferences of target consumers, which required spending hours visiting and interviewing consumers to better understand the role of grooming in their lives and their needs.

Gillette understood that Indian consumers' needs, culture, and attitude towards shaving were radically different from those of Western consumers. Apart from affordability, customers also valued safety and ease of use. Rather than lowering performance, Gillette kept the valued customer at the core of its strategy and introduced an innovative value proposition for the value-for-money customer.

On the product front, Gillette made several changes to Gillette Guard from the traditional razor systems produced in the developed world: Extra blades were eliminated; design complexity was reduced (resulting in fewer parts to assemble during the manufacturing process and new, easy rinse cartridges were designed to help customers save water and ensure the blades are clean, even if running water is not available, and the new handle has a better grip, making the experience easier and safer); a safety comb was introduced to tackle the problem of frequent cuts, especially for men who are not daily shavers and deal with



longer hair; a hang hole was introduced as a response to less convenient conditions and to allow for easy drying and storage.

Local manufacturing enabled Gillette to lower its cost structure and maintain low prices. The distribution model, not based on few large retailers, but on millions of local shops where it was more likely to reach its target customers, rather than bigger retail chains, allowed Gillette to achieve a higher market penetration and wider distribution reach.

Through a creative use of traditional ads and marketing campaigns that supported the launch of the new Gillette Guard, Gillette was able to change consumers' indifference towards shaving and create a true momentum for its products. Unlike the heavy digital marketing strategies used in the developed world, the campaign for promoting Gillette Guard was based on traditional advertisements featuring Bollywood actors.

Results:

As the first product designed for men specifically in this market, Gillette Guard is touted as "one of the most significant product launches in Gillette history". It was priced at just Rs15 per razor and Rs5 for a refill cartridge and fully met customer expectations on safety and ease of use.



Datawind



The Opportunity:

Founded in Montreal, Canada, by brothers Suneet and Raja Tuli, Datawind, is a developer and manufacturer of low-cost tablet computers and smartphones. With offices in Montreal, Mississauga, London, Delhi and Amritsar, Datawind markets primarily in India, Nigeria, the United Kingdom, Canada, and the US.

The company is known for its development of the [Aakash tablet computer](#)—the world’s cheapest tablet. The [Aakash](#) tablet was developed for rural school children in collaboration with [India's](#) Ministry for Human Resource Development (MHRD). To enable ubiquitous, nationwide internet use, the Indian government announced at the October 2011 launch of the Aakash tablet that it would be offered to students at a subsidized price of \$35 and to the public for \$60.

The Challenge:

In 2009, the Indian government had pledged a low-cost laptop to improve the quality of education within the country; however, the development process was beset by delays until Datawind won the tender in late 2011 and launched the Aakash tablet.

Strategy & Adaptations:

By focusing on the bottom end of the pyramid in India, and finding ways to adapt to the local culture, including the price consciousness in the country, Datawind found great success as a Canadian firm in India. Datawind’s business model focused on entry-level users and the provision of a cost-effective, web-access device with free Internet access.



The company, as a mobile, virtual-network operator (MVNO), purchased wholesale access to mobile data from wireless-network operators, or as part of a bundling relationship, to offer free, mobile-internet access to its customers, and the company's web-delivery platform reduces bandwidth consumption.

The company's business model involved forgoing hardware margins, and on driving a recurring revenue stream (i.e. after sales revenue from network operators, content, subscriptions, device warranties, page impressions, location-based content and advertising revenues which were generated by loading applications on its devices).

Results:

Datawind formulated a full-service ecosystem of revenue streams that drove down the cost of hardware; hence, the devices acted as customer-acquisition tools that provided "free mobile-internet services." Datawind partnered with numerous firms as part of a comprehensive supplier-and-partner strategy to build applications and generate content for its devices.^{vii}



Tactics & Strategies for Success

Compiled from our research, experience on the ground in India and interviews with both Indian and Western business executives, here is a roundup of tactics and strategies to consider in navigating Indian business culture. These are presented in alphabetical order for ease of reference.

Bureaucracy

Exercise a lot of patience for any business transaction in India. Bureaucratic hurdles and a laidback approach to work in the government circles are par for the course. You will face delays in processing, an overload of paperwork, and a general lack of certainty as to the next step.

Be careful when it comes to trying to facilitate decisions. Sticking to your company's ethical guidelines is crucial, and shortcuts through bribes can ruin your reputation, as well as having legal consequences. As a colleague from the Canadian firm, Lea Consulting Ltd states "make your company's ethics policy clear upfront"

Business Cards and Greetings

Giving and receiving business cards is common and expected even at social gatherings. Be sure to have a business card, but there is no need to present it in the bowing fashion seen in other parts of Asia.

Both Indian men and women will shake hands with foreign men and women. Westerners of both sexes might consider using the "namaste" gesture, bowing slightly with palms pressed together below the chin, instead of offering a hand.

Formal address is preferred. Use surnames and, when applicable, professional titles like "Doctor." Use of first names is generally not appropriate. Forms of address can also vary



according to ethnic group, religion, and local culture, so find out what is customary before you meet people.

Calendars

Prior to any visit to India, it is crucial to check the Calendar of Indian holidays and religious festivals. Arriving in the middle of a major festival will completely disrupt your business prospects. Also, it is important to appreciate that many festivals and holidays are regional in nature.

Change in Sales Patterns

Western retail companies operating in India need to account for the fact that the Indian consumer tends to shop when a big festival is around the corner. Even e-retail outlets like Amazon have had to switch to the Indian sales patterns.

Communication

The well-known Indian rolling of heads is a sign of acknowledgement and affirmation, and not a negative. You will get used to it and learn to acknowledge it appropriately.

English is one of the 22 officially recognized languages, so you usually do not have to worry about language barriers in India. No one frowns on the use of English — almost all in business circles have studied it in school.

In general, e-mail alone is not always effective. Indians like alternative forms of communication, such as WhatsApp text messages, and they often appreciate phone calls.

In your discussions, it is recommended that you show an interest in things that are not business-related, by making a point of commenting positively about things you saw on the way to the meeting, or about the food. You can't go wrong by showing an interest in cricket.



Generally, Indians will cancel a meeting later, rather than say no from the start. If an Indian person agrees to meet, but says they are busy, it may mean they will cancel at the last minute. It does not mean your dealings are done, but it does mean it was not a priority for them.

Use of mobile phones, even during meetings, is customary and not intended to be a sign of disrespect.

Diaspora

Draw on overseas Indians. There are many businesspeople, including Indo-Canadians with experience in the Indian market, who can be an invaluable resource on its needs and subtleties.

Get involved with local Indian associations to meet these people and demonstrate your interest in Indian culture, food, and entertainment. I continue to be surprised that many Canadian businesspeople who have dealings in India do not reach out to the diaspora. They are missing a key channel in doing business in India.

Dress

Indians in general are much more conservative in the way they dress. Western men should avoid dressing in a casual manner and, of course, be mindful of the temperatures. Western women are best advised to dress modestly and formally.

Durability of Products

Western consumer product firms should be mindful of the fact that Indian customers have traditionally desired durable and rugged products. They tend to buy with the intention of long-term use. For example, Nokia marketed its 1100 phone with the tagline “Made for



India". It was a sturdy phone, waterproof rubber coated and stain resistant, ideal for the Indian farmers and truck drivers.

Entertaining

In India, guests are treated with utmost respect and courtesy and your Indian counterpart will take pains to make sure that you enjoy Indian hospitality. Evening receptions and dinners will go late so you need to be aware of this as you plan your schedule. You may be exhausted but need to go with the flow.

Business entertaining is usually done outside the home, but you may also receive invitations to people's residences. You may be overwhelmed with the offerings but take things in stride.

If you are hosting a lunch meeting, always ask if you have any vegetarian guests. If there are, make sure that there are nice choices for them. If you are a nonvegetarian at a business lunch in a restaurant, make sure it does not offend your vegetarian counterparts if you order meat.

India has a tipping culture (10% in restaurants).

Gift Giving

Gifts are not normally expected at initial meetings but can be a positive gesture when you have concluded a business negotiation or when you are marking a milestone in the business relationship. Small gifts such as chocolates or books can be appropriate, as can items with significant Canadian symbolism or which possess your company emblem.

Gifts should be given and received with both hands and should not be opened in the presence of the provider.

If more than one person is attending your meeting, the gift should be presented to the most senior delegate. Always bring a small gift (such as chocolates, fruit, or desserts) for the host



or hostess if you're invited to a person's house. Do not assume that a bottle of wine will be an appropriate gift unless you know that your host drinks alcohol.^{viii}

Hierarchy

Be mindful of the importance of hierarchy when dealing with Indian businesses and you may need to go through meetings with subordinates before accessing decision makers. You should try to ascertain who is the authority figure and consider whether you or a senior colleague can realistically access the decision maker.

A positive sign that you are progressing with your transaction may be the offering of a cell phone number by the CEO of your Indian partner organization.

As you plan your strategy, you need to make sure you have sufficient top management commitment and adequate resources to manage relationships and the hierarchy within your counterpart organizations.

Human Resources

If you are setting up an enterprise in India, the best advice is to consult extensively with those with experience in managing human resources in India. A key element of the strategy should be to employ individuals who can straddle both Western and Indian culture. As mentioned by Samco Machinery, "human resource management is your biggest challenge in India".

Remember that cultural issues related to human resources in India can cover quite a spectrum, including recruitment, personal development, retention, holidays and employee absence for personal reasons, management alignment, corporate training, and employee appreciation programs. Western companies planning to create a work environment in their subsidiary in India like that of their home operation need a strong dose of patience and flexibility.



Marketing Mix

Some Western firms, particularly those in the consumer products area, may need to re-develop the entire marketing mix in the Indian market. For Example, Domino's Pizza has unique toppings for the Indian market with an emphasis on vegetarian. They also offer oregano spice mix packets rather than Parmesan cheese packets.

The marketing and advertising in India are different as pizza in India is not viewed as daily fast food, but rather a special meal. Domino's stores in India are generally located in highly populated areas such as shopping malls to create more buzz and attraction while in the US stores are in stand-alone buildings or storefronts with more focus on deliveries. While in the US deliveries are made by car, in India Domino's uses mopeds for delivery to beat the Indian traffic.

Market Visits

Visiting the market and taking time to build personal relationships and mutual trust is critical in India. Be prepared to make follow-up visits as there is no substitute despite video calls and other technology.

Sending senior company representatives to your market visits, rather than junior ones, will signal your commitment to doing business. My colleague from Sun Life, who led Sun Life's entry into the Indian market and its tie up with the Birla Group says such market visits were indispensable to getting the relationship and the joint venture on the right track.

Negotiations

Westerners should not push too quickly and aggressively to close a deal. Convincing your Indian counterpart will involve using competitive analysis, offering attractive rates or



discounts, and building persuasive arguments to ensure that the deal is favorable to all stakeholders.

You should realize that Indians develop their negotiating and bargaining chops early on. They negotiate for themselves and their families while shopping for everything from groceries to clothes to vegetables. The inventor of Hotmail, Indian entrepreneur Sabeer Bhatia, made history by securing the sale of his company to Microsoft for \$ 400 million in 1997. He attributes his success to those early days with vegetable vendors where bargaining for the best price was the ultimate win.

Keep the big picture in mind: Working to create a long-term relationship is ideal for success. Indians tend to be circumspect when offering an opinion so it's important to read between the lines and gauge whether your counterpart is backing off from the deal, buying more time, or politely turning down your offer without saying an explicit no.

Being patient and observant is always a good strategy. It is not a good idea to pressure individuals to commit as doing so may prompt Indians at the negotiating table to tell you what they think you want to hear, without any real intention of following through.

Partner Selection

Partner selection is probably the most critical decision that you will make related to your Indian business strategy. You need to do this thorough due diligence and benefit from referrals, personal interviews, site visits, and confirm all statements and representations.

As exemplified by the case of Samco Machinery, a more complete and trusting relationship with its JV partner and more diligence on Samco's part could have uncovered the partner's lack of financial resources and thwarted a challenging situation that ensued.

Persistence

India is a crowded and competitive country. In almost all aspects of life, Indians have competed for people's attention to survive, and, in business, it is no different. During my posting in India, I was amazed at the persistence of Indians who never seemed to be deterred by line-ups or delays. Westerners need to appreciate that they will have to draw heavily on patience and perseverance. Take a deep breath and realize that there may not be a way around some of the delays.

Physical Contact

Indian business culture is conservative and rather formal in nature so be mindful of physical contact. While handshakes between men is customary, any physical form of contact, such as a handshake or a hug between men and women, is not usually the norm. Again, keep in mind that these are broad generalizations and some Indian businesspeople have had a lot of exposure to western society.

Price Point Sensitivity

Holding to too high a price point could be fatal for foreign businesses, as most Indian consumers have less capacity to pay than Western consumers. India is in general a very price conscious market and I have seen western suppliers faced with requests for discounts of up to 30% or more. These situations call on suppliers to think out of the box and be creative in trying to find a solution. The trade-off between huge market opportunities and achieving margins is always there in India.

Product Adaptation

One of the common pitfalls in addressing the Indian marketplace is simply dusting off something you might offer in your home market," says Jitendra Singh, a management



professor at the University of Pennsylvania's Wharton School. "Indian consumers are very different — enormously value-conscious and very, very finicky."

The success of some firms hinges on their commitment to design for the Indian market. Minaean International of Vancouver is a case in point. The company supplies structures made of light gauge steel and focuses on emerging markets. When the firm received a contact from Shell in India to supply gas station canopies, it ended up offering structures specifically designed to Indian tastes by a staff of designers and engineers in Mumbai. The commitment to product adaptation and local design was the key to the transaction.

Some firms totally revamp their products for the Indian market. American Tourister, for example, produces the largest version of its backpacks only for the Indian consumer. Even the fabric and the stitching are Indianized.

Relationships

Establishing and maintaining strong relationships with Indian business associates is fundamental to success in India.^{ix} Western firms need to continually test out their relationships with Indian counterparts to ensure the ongoing trust is there and sufficiently strong to overcome communication issues which are almost inevitable. Mixing the social with the business is important for Indians so do appreciate what your Indian counterparty is doing for you when he/she hosts or arranges events for you. A colleague from the Canadian firm Toon Boom which has an animation studio operation in India, indicates that building trust with your partner in India takes more time and money than you will expect. Cultivating the relationship is crucial.

Religion

Religion is so fused with Indian culture that you cannot discount its importance to doing business. It can affect all aspects of your business including your employees and



counterparts' schedules, products etc. Do your homework to understand the religion of your counterpart and how it may impact business as it is an integral part of Indian culture.

Research locally

Take the time to effectively research the cultural characteristics of your local market within India. Go beyond the national characteristics and rituals. Westerners need to place attention to the specific region or city of focus as well as the nature of the industry, organization, and the personal experience of your interlocutor.

Draw on a variety of sources for help, including Canadian government, embassy reps, Indian government reps, trade associations, other Canadian or international company reps with experience, and cultivate these for ongoing dialogue. Also, be sure to draw on Indian counterparts in the market and in your own country. Do homework on your Indian counterpart before you sit down with him or her to understand backgrounds, interests, and exposures. You will find a very wide divergence of international business exposure amongst the Indian businesspeople that you will meet.

Status

Indian culture is very status conscious, and you should always be mindful of it.

I think of the many privileges afforded to me as a Canadian diplomat in India. Western companies need to be cognizant of just how important status is to your counterpart's interests. Your Indian employee will strive to enroll his son in the best school possible and your support in the process is likely to be called upon. Personalities, including movie stars endorsing your products can have a huge impact. Even if status is not an important consideration for yourself, think about the interests of your counterpart and how his or her status can be enhanced through working with you and your company.

Supply Chains

Developing and maintaining a supply chain in the Indian market is often a crucial strategy, as reflected in the experiences of McDonalds who claims to source 99% of their supplies in the Indian market. The supply chain must be developed carefully with full attention to cost effectiveness, quality control, reliability and local community involvement, and other corporate social responsibility considerations.

Timelines

In general, Indian do not have the same orientation towards time management and punctuality as do Westerners. This is ingrained in Indian culture, and it would not be surprising if meetings are postponed, re-scheduled, cancelled or organized on short notice. When collaborating on projects, Westerners need to continually check on progress on specific tasks and be aware that the Indian mindset is more oriented to a holistic approach rather than the completion of discreet tasks.

If you show frustration or discouragement, you may irreparably damage your chances of closing a sale. Allow enough lead-time for projects and budget for unexpected costs – everything takes longer in India and therefore you need flexibility.



Verification

While your approach in India should revolve around relationship building and trust, at the same time you should find ways of checking key factors and progress on performance without causing the other party to lose face. It is best to do this in a non-confrontational manner and as just another step in the process.





About the Author

This guide has been produced by Marvin Hough, a Canadian business executive and university professor with extensive experience in international markets. During his career, he has facilitated Canadian exports and investments to global markets while working for 30 years with Canada's official export agency, Export Development Canada (EDC). His career included overseas assignments in India, China, and Mexico where he faced and observed business culture issues on a day-to-day basis.

Since completing his EDC career, Mr. Hough has continued to be actively involved in international business through teaching at the University of Ottawa's Telfer School of Management where he has led MBA consulting trips to markets such as China, Brazil, South Africa, and Vietnam.

Mr. Hough also runs his own firm, Marvin Hough International Research and Analysis Limited (MIRA) www.miraservices.ca which supports Canadian and international companies, educational institutions, and governments in entering and operating in diverse international markets.

Notes

ⁱ Ranjani Manian, *Doing Business in India for Dummies*, Indianapolis, Wiley Publishing Inc. 2007

ⁱⁱ Douglas Goold, *Canadian Companies That Do Business in India: New Landscapes, New Players and the Outlook for Canada*, Asia Pacific Foundation of Canada 2015, page 39.

ⁱⁱⁱ Business Culture of India, www.tradechakra.com

^{iv} Business Culture of India, www.tradechakra.com

^v Shalini Agarwal, *Understanding Indian Culture for Successful Business*, Farnham Castle International Briefing Centre 2008

^{vi} Scamazzo Leonardo, *Gillette – Sharp Focus*, Business Today, April 13, 2014

^{vii} DataWind – Wikipedia

^{viii} ALB0024_CSP_India_v24_2021_web.pdf (asialinkbusiness.com.au)

^{ix} Lee, James, A. Cultural Analysis in Overseas Operations, Harvard Business Review (March-April 1966), pp. 106-114.

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