

Understanding Indian Business Culture



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Introduction

India and the Western Executive

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 didn't get to first base: The Canadians were thinking contracts and short term, while the Indians were thinking relationship, trust and long-term.

During those years in India, I was struck by Canadian firms' lack of awareness and preparation on the cultural side. At times, this played out like industrial tourism, with last-minute briefings from myself or colleagues identifying some of the key underpinnings of Indian culture. At other times, there was only a partial meeting of the minds with Indian counterparts, due to the cultural gap, ultimately leaving prospective Indian buyers disappointed by the lack of response and follow-through from the Canadian side.

Almost three decades later, cultural diversity remains alarmingly underappreciated by many Western business executives who continue to be oblivious to the countless and significant ways that culture impacts the bottom line, and to how consequential ignoring adaptation to these factors can be to their company's success within strategic foreign markets like India.

I still see businesspeople looking for a one-size-fits-all cultural approach to conducting business, unaware of not only the myriad of national cultural characteristics and rituals within India, but the countless institutional, regional and personal nuances that play a role in their business dealings as well.

Instead, many Western executives assume that, as globalization continues to evolve, cultural factors will naturally erode, convinced that we are well on the road to global products and processes. But there are real limitations to this premise, as witnessed by the voices of national pride and local consumer preferences which continue to speak up, and in some cases, louder than ever before.

Other international executives who have had success with "like -minded" countries, are led to the misconception that business will continue to materialize without too much adaptation in more exotic and distant markets as well. Confident in their product, processes, they are primarily focused on contracts — not relationships. Sadly, many Canadian firms with a history of exporting only to the US, are often entrenched in this category.

While some of the more seasoned international executives do sometimes account for the direct and indirect impacts of culture on international business, the greater majority of Western companies continue to discount the importance of adapting their approach to

foreign cultures as a “nice to know” rather than a “need to know” factor in their international business dealings.

But with competition from international and local Indian firms in India stronger than ever before, understanding the impacts of culture on business will not only be of increasing importance, but imperative, as Western firms engage with a growing economic superpower reflecting a way of life, customs and beliefs as rich and diverse as any country in the world.

In Canada, as we embark on more trade diversification, we see an abundance of seminars on “doing business” in strategic and emerging markets. Yet, even here, the cultural element is markedly underweighted.

The premise that the cultural file can be absorbed as the firm moves along or handled by a “local representative” or any single source, should clearly be challenged. After all, what you put into preparing for your Indian market visit is often equally reflected in what you come away with.

Like it or not, preparation on the cross-cultural side is not a quick fix and needs to be viewed from a holistic perspective — one that goes beyond geography, and incorporates the culture within the business sector, the organization and the individual counterpart.

Granted, comprehending Indian culture in terms of its impact on business can be an immensely challenging and 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 each playing their part. Who would have thought, for example, that the Indian mobile payments industry would have developed so quickly, with Indian mobile payments companies like Paytm now bringing their technology to the Canadian market as well.

Regardless, understanding your Indian counterparts in the business context—their motivations, the processes, the timelines, the decision-making, and how Indian culture weaves through all of this, can be hugely daunting, particularly to those who may have limited exposure, and many don’t know where to turn for help.

After years on the ground in India and substantial time spent observing and personally experiencing the impacts of culture on a wide array of business transactions, I feel that we need to wake Canadian executives up to the importance of business culture as they tackle markets like India.

It is my hope that this guide will provide you and your firm with some basic insights and the information needed to prepare your plan more effectively and avoid the potential pitfalls and bottlenecks due to a lack of business culture understanding.

Chapter 1

Overview of the Indian Business Environment

As one of the one of the fastest growing economies and the sixth-largest in the world, India continues to attract foreign investment due to its competitive labor costs, high potential domestic market, and skilled workforce.

With a growth rate hovering in the 7% range in recent years, opportunities for Western companies indeed abound. Some of the sectors that are currently truly exciting for Western companies include:

- 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)

Furthermore, India 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.

With advanced technologies, like the Internet of things (IoT), artificial intelligence (AI), blockchain and robotics Indian manufacturing is in evolution. The Fourth Industrial Revolution, which touts the fusion of physical, digital and biological spheres, is transforming global production systems, offering even greater potential for India, according to the World Economic Forum.

Thankfully, 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 about the Indian manufacturing sector and improving investor confidence.

Still, while India does indeed represent huge opportunities across several sectors, strong local competition, bureaucracy, a weak rule of law, underdeveloped infrastructure, and lingering corporate and social responsibility issues in both public and private sectors of the country present serious challenges for Western investors and exporters.

Nevertheless, 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. Furthermore, the implementation of the long-sought Goods Services Tax (GST) creates a common internal market and, with it, greater transparency, improved ease of doing business and tax efficiencies.

Ultimately, my years of personal experience, research, and interviews with experienced Indian executives have helped highlight and pinpoint some of the key factors that make India so compelling on the one hand (Accelerators), and those that make the prospects of succeeding very demanding on the other (Challenges).

Accelerators	Challenges
Impressive GDP growth rate (5–7)%	Inadequate or inconsistent infrastructure
English language	Significant distance to the Indian market for most Western companies
Strong Private Sector	Business Culture issues
Continued Liberalization and market reforms	Extremely price sensitive market
Intellectual Power and Innovation	Costs for business development given the nature of Indian business culture
The demographic dividend	Finding skilled labor
Cost-competitiveness of labor for services	Onerous labor regulation
Cost of operations	Bureaucracy and corruption in the public sector
Implementation of GST	Red Tape – (although World Bank Doing Business Ranking is improving)
Common law legal system	High tariffs and non- tariff barriers, customs processing delays
Developed banking sector	Tax rates and regulations
Offshore outsourcing Centre	Security and communal issues, Kashmir, Citizenship Act amendment
Digitization of the economy is on the way	No single Indian market

Chapter 2

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 one hand, to the gentle greetings, respect, and incredibly warm hospitality and enthusiasm to work together, on the other.

Most westerners are not in a position to know how Indian culture will impact their efforts in conducting business in this country, nor will they get a good grasp of these impacts anywhere in the short term.

Moreover, India's 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 that shape how business is conducted with foreigners—particularly westerners.

As you navigate your prospects in India, and begin to develop your plan, here are some important considerations to take into account:

Relationships: India is a relationship market. Contrary to the norm in Canadian 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 can help 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

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 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 important when running a team of local staff.

Religion: It is critical to note the importance that religion plays amongst all communities in India. The four principle 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.

High Context vs. Low Context in Communication: India is a high context culture where communication is indirect, and 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 to jump to assumptions or conclusions. Taking the approach of clarifying and confirming could save a major misstep.

Cultural Variations Between 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 speaking, 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 this part of the country 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're 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. The western and eastern regions are more similar to Northern India.

Urban vs. Rural India ^{iv} 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 uses English as a business language. In the urban South, people are 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.

With all these cultural factors and nuances in mind, here's a comparative snapshot overview that can be consulted as a useful reference when planning to do business in India.

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, don't take too much leave, don't quarrel with teams, honest, soft spoken and reliable

Chapter 3

Case Scenarios: Successful Adaptations by International Firms

When it comes to the practical implications of culture on international business, real-life scenarios can go a long way in providing a deeper understanding into the ways that Western adaptations can be applied in India to yield positive results.

The following three (3) case scenarios serve to illustrate how various on-the-ground adaptations were implemented by Western firms in various industries to help overcome their respective challenges.

Case Scenario #1

Company: IKEA Sweden

Industry: Furniture

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, hopes 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 polar opposite with the approach of sprawling outlets that look like part showrooms and part warehouse. 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 a number of 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 is 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.

Case Scenario #2

Company: Gillette^{vi} (16)

Industry: Shaving Blades

The Opportunity: Until 2010, Gillette India had been following a strategy of marketing cheaper-end US-developed razors. Low-income Indian customers who could not afford Gillette's premium price relied on the outdated, but traditional, double-edged razor shaving systems. An estimated 400 million customers not happy with existing market offerings provided a promising growth opportunity for Gillette.

The Challenge: Although Gillette entered the Indian market in 1984 and launched its newest triple-blade system, Mach 3 in 2004, sales were flat for a long time. Indian customers' needs would not be satisfied by Gillette's existing offering as most lacked running water, had to manage longer facial hair, and sit on the floor while shaving. And even though the target customers were professional men with higher disposable incomes than the average Indian, the traditional, double-edged razor, could not be dislodged and Indian men do not consider shaving a significant enough activity to justify such a premium. Nor were they satisfied with the existing double-razor solution as they caused frequent cuts. With such indifference towards shaving, Gillette had to focus on changing the consumer's attitude, leading to some creative marketing campaigns. After failing to gain significant market share in India by selling its lower and mid-tier American razors in different packaging, Gillette needed to adopt a different approach.

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 in order to 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.

Gillette's success in India hinged on its capacity to innovate, both its product and its marketing. Through a creative use of traditional ads and marketing campaigns that supported the launch of the new Gillette Mach 3, 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. Changing Indian men's shaving culture played a significant role in marketing Gillette Guard. In this way, Gillette shifted from a market driven to a market-driving approach.

Furthermore, 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 called kiranas, 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.

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.

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".

Results: By tailoring advertising and inventing a new product development process to reflect local shaving habits, Gillette innovated its global strategy in India and grew its market share dramatically. Once Gillette understood this consumer segment, the company created a new customized product for the market: Gillette Guard, the first product created just for the Indian market, was introduced in October 2010. It was priced at just Rs15 per razor, less than 35 cents and three per cent of the top-of-the-range Fusion ProGlide price. At Rs5 for a refill cartridge, Gillette Guard met customer expectations on safety and ease of use.

Other companies can learn from Gillette's case in India, as a recurrent mistake that multinationals make is to push global brands in a one-size fits-all strategy. Gillette's strategy of spending time and resources to better understand Indian consumers' needs proved to be the key to its success—one that was marked by innovation, the development of new products, creative ways to communicate, and ultimately, attracting and engaging Indian consumers.

Case Scenario #3

Company: DataWind Canada

Industry: Low-cost computers, tablets and smartphone

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 manufactures low cost tablets and sells these primarily in India, Nigeria, the United Kingdom, Canada, and the United States of America. The company is known for its development of the Aakash tablet computer—the world’s cheapest tablet at US \$37.99/unit. The Aakash tablet was developed for rural school children. Using a patented, web-delivery platform for faster and low-cost internet access on mobile networks, Datawind also manufactures a series of mobile, internet devices, such as PocketSurfer smartphones, UbiSurfer netbooks, and Ubiplate tablets, aside from the Aakash tablets formerly developed on behalf of 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 will be offered to students at a subsidized price of \$35 and to the public for \$60. At the subsidized price, the tablet would cost the same as a pair of shoes or a basic mobile phone.

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 for the tablet in late 2011. In the same year, Datawind made its entry into the Indian market with the launch of the Aakash tablet, developed for the Indian government to enhance the quality of education.

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 has found great success as a Canadian firm in India. Datawind’s business model focuses on providing to entry-level users a cost-effective, web-access device with free Internet access. The company, as a mobile, virtual-network operator (MVNO), purchases wholesale access to mobile data from wireless-network operators, or as part of a bundling relationship, in order to offer free, mobile-internet access to its customers, and the company’s web-delivery platform reduces bandwidth consumption. The company’s business model involves pursuing price-sensitive, entry-level consumers, on 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 are generated by loading applications on its devices).

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

Chapter 4

Navigating Indian Business Culture: Tactics & Strategies for Success

As we've established throughout this guide, culture underlies so much of the business process. Like most countries, India has its own unique business culture and your company's success, regardless of its industry sector or the type of transaction being pursued, can be seriously curtailed if there is a lack understanding and sensitivity to certain important cultural aspects and nuances within this complex market.

Compiled from our research, years of experience, and interviews with both Indian and Western business executives, here's a roundup of recommended tactics and strategies that will help you better navigate Indian business culture in various situations. They are presented in alphabetical order for ease of reference.

Bureaucracy

Exercise immense patience for any business transaction in India. Bureaucratic hurdles and a laidback approach to work in the government circles could result in delays in processing, overload of paperwork, and a general lack of confidence in the system.

Be careful when it comes to bureaucracy in India. Sticking to your company's ethical guidelines is crucial, and shortcuts through bribes can ruin your reputation, as well as having legal consequences.

Business Cards & Greetings

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

Be prepared for some questions you might not be asked in Canada or Europe in first meetings. Indians will ask if you have children and if you're married and often jump between business and personal topics.

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 not appropriate. Forms of address can also vary according to ethnic group, religion and local culture, so find out what's 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.

Communications

It is important for a foreign visitor **to understand gestures, body language and non-verbal communication**: The well-known Indian rolling of heads is often a sign of acknowledgement and affirmation, and not a negative. It is also not meant as a sign of any disrespect and should thus be acknowledged appropriately.

English is one of the 22 officially recognized languages, so you usually don't 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.

E-mail alone won't work. Indians like alternative forms of communication, such as WhatsApp text messages, and what they really appreciate is a phone call.

Show an interest in things that aren't business-related, by making a point of commenting positively about things you saw on the way to the meeting, or about the food to which you've been treated.

Generally, Indians will cancel a meeting at a later date, rather than say no from the start. If an Indian person agrees to meet, but says they're very busy, it may mean they'll cancel at the last minute. It doesn't mean your dealings are done, but it does mean it wasn't 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.

Dress

Indians in general are much more conservative in the way they dress. Men will be fine in Western business dress. In larger international corporations in Mumbai and Delhi,

women dress similarly to Canada, but to be safe, pants rather than a skirt might be a good idea. Also, many businesswomen in India still wear saris as normal business attire.

Entertaining

In India, guests are treated with utmost respect and courtesy. International travelers can expect to enjoy the Indian hospitality.

Business entertaining is usually done outside the home, but you may also receive invitations to people's residences.

If, on the other hand, you are the one 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're a nonvegetarian at a business lunch in a restaurant, make sure it doesn't offend your vegetarian counterparts if you order meat.

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

Feedback

Working with Indian teams can be challenging or frustrating to a Westerner who expects instant feedback and input during meetings. Active questioning is not common in India especially in the group setting where complex and subtle hierarchies may be at play. You may find complete silence during meetings when asking for input or especially any sort of critique. **Indians need to feel empowered to contribute and may need time and space to bring ideas to the table.**

Hierarchy

Know and understand the importance of hierarchy when dealing with Indian businesses. Ascertain who is the authority figure and who has the final say. Ensure that you are speaking with the key decision maker so that you know that the person at the other end is empowered, willing and able to take the final call. 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. **Make sure you have top management commitment and adequate resources to manage a business relationship in India.**

Human Resources

Consult extensively with those with experience in managing human resources in India and employ individuals who can straddle both Western and Indian culture.

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 similar to that of their home operation need a strong dose of patience and flexibility.

Market Visits

Visit the market and take time to build personal relationships and mutual trust. Be prepared to make follow-up visits too. Expect to visit India as often as needed; you won't be able to do everything from home.

Sending senior company representatives to your market visits, rather than junior ones, will signal your commitment to doing business. This will be important to your prospective customer or partner. My colleague, Gary Comerford, 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.

Your CEO's visits to the market are also exceptionally important to accessing the key decision makers in your Indian counterparty's organization. His or her sensitivity to and understanding of Indian cultural factors is crucial to setting the course for a sustaining and long-term relationship in India.

Negotiation

Do not feel frustrated if talks are proceeding on a glacial pace. Westerners must demonstrate a lot of patience to be successful in their negotiations. Indians in general may not be receptive to overt displays of aggression while closing a deal, so taking a purely rational approach that focuses on short-term gains may not be appreciated. Westerners should not rush to arrive at the final terms and conditions of an offer. 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.

Know 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. However tempting it may be to seek clarity, 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 the 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. **"They know that if you want something, you have to work hard,"** says Nathan Nelson, recent Chief Representative for EDC in India. "They've been brought up such that if you don't go for it, you're not going to get it." They will expect the same of westerners doing business there, so be persistent.

Physical Contact

Indian culture is conservative so any physical form of contact, such as a handshake or a hug between men and women, is not usually the norm. "As a woman, don't be offended if your male customers do not offer a handshake," Nelson said. "Indians take some time to get to know you before they will show any physical contact."

Price Point Sensitivity

Holding to too high a price point could be fatal for foreign businesses, as Indian consumers have less capacity to pay than Western consumers. By making their products affordable to the mass market, businesses put them within reach of hundreds of millions of potential consumers.

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."

For this reason, **tweaking products to fit the Indian market seldom works.** As reflected by the Gillette case, many international firms have to put aside their ideas of a global product for distribution in India. Western companies need to invest in research and

development to make sure they get it right." Similarly, McCains and McDonald's put in a great deal of research to get their product line right for the Indian market.

Relationships

Establishing and maintaining strong relationships with Indian business associates is fundamental to success in India.^{viii} 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.

Research

Take the time to effectively research the cultural characteristics of your 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, counterparty and the personal experience of your interlocutor.

In addition to this guide, 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. Check out the personal culture of your Indian counterparty before you sit down with him to ensure things will go smoothly.

Status

Indian culture is very status conscious.

I think of the many privileges afforded to me as a Canadian diplomat. Western companies need to be cognizant of just how important it is. Your 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 as reflected in the experiences of Gillette, outlined above.

Supply Chains

Developing and maintaining a supply chain in the Indian market is often a crucial strategy, as reflected in the experiences of McDonalds and McCains. **The supply chain has to be developed carefully with full attention to cost effectiveness, quality control, reliability and local community involvement, and other corporate social responsibility considerations.**

Tailoring your strategies to local markets

Don't think of India as one big country. Westerners need to appreciate that India's enormous variety of cultural, ethnic, religious and linguistic groups require particular sensitivity to each market within India. There's a plethora of key information on each state and city from which to make preliminary assessments of the scope of the opportunities and challenges. Also, the World Bank conducts sub sovereign rankings as to the Ease of Doing Business in each state which is invaluable.

Timelines

The notion of time, time management and punctuality are still anathemas in India. This has more to do with the mindset ingrained in the Indian culture. It would not be surprising if meetings are postponed, re-scheduled, cancelled or organized on very short notice.

Be prepared for timing challenges within the major cities. If you want to arrive at a meeting on time, plan a half-hour buffer. If you are late because of traffic, your hosts will usually understand.

If you show frustration or discouragement, you may irreparably damage your chances of closing a sale. Very few export ventures turn an immediate profit, and you may not get into the black for two or three years or more in your Indian operation.

Allow enough lead-time for projects and budget for unexpected costs – everything takes longer in India and therefore can be more expensive.

Factor in a realistic amount of time for delays. Business practices are different in India, and many foreign businesses underestimate the bureaucratic hurdles they will encounter, especially in the public sector and trade unions, according to Pawan Budhwar, associate Dean of Research at Aston Business School and co-author of *Doing Business in India: Building Research-Based Practice*.

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.**

Chapter 5

Getting Help When & Where You Need it

Navigating Indian business culture is a constant learning process and one where surprises and faux pas occur, regardless of how well versed and prepared you may be on the cultural file.

MIRA services (www.miraservices.ca) can help provide important guidance for your learning curve and the support you need when issues arise through the provision of the following services:

- Research and analysis of your business opportunity in India with strategic recommendations on how to best proceed
- A critique of your business plan including from the business culture point of view
- Recommended cultural tactics and strategies tailored to your current situation
- References to a network of experts who can address specific issues related to culture, including marketing, negotiations, human resource management and much more

Notes

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

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