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Abstract of the Diploma Thesis

Doing Business in India

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Summary

The thesis is aiming to provide an understanding of culture and manners, how culture is formed and transmitted. The author attempts to find utilisation of such knowledge in the international business environment, focusing on India especially.

The first part observes the culture from an anthropological point of view and teaches the reader to comprehend the culture in its broader spectrum, differentiate its structure and perceive its manifestation.

Based on these findings, the second part is done on the manifestation of the culture in the Indian society. The emphasis is placed on the business environment. How the Indian culture was formed is obvious from the first part focused on the Indian facts and history. The specific characteristics of this culture are qualified on the basis of the G. Hofstede's research. The chapter is complemented by a section specifying these properties during business negotiations with the Indians.

Based on the previous research, the author provides a set of recommendations in the last section on how to communicate effectively with Indian partners and colleagues.

The reading of this thesis should provide a framework of knowledge that may enhance chances to succeed in the Indian business environment.

Keywords: Culture, India, business, Hofstede, international, negotiation, management, communication, differences, cooperation

Introduction

In the modern globalised world, economic development is often defined as the ability to success internationally. The fast-growing emerging markets determine trends where business goes. While long-term GDP forecasts for some Eastern countries like India are 6% and more annually, the most of the Western economies can expect annual growth about 2.5% only. However, emerging countries have besides promising business prospects also the very specific cultural background, which has the significant impact on the business. Companies, which want to enjoy benefits of this incremental growth, therefore, have to develop their cross-cultural skills. As results of this paper outline, such skills can positively influence effectiveness, increase productivity and avoid frustration.

Out of the emerging economies, India has one of the best results and its culture belongs to those with the biggest diversity. Therefore it was interesting and challenging topic for this thesis.

Objectives

The purpose of this paper is to explain how culture affects business. It should serve as a framework for managers, businessmen or anyone who is exposed to the cross-cultural environment and wants to understand essential influences of culture in the business. This study is dedicated especially to the intersection of the culture and business in India.

The goal is to introduce the specific approach of the Indian nation, to identify major features in the matter of solving a universal problem, to qualify these problems and make them possible to compare with readers own cultural background. In the extension, this work should provide recommendations (based on the previous research), which should simplify the international business processes and make them more efficient.

As an output, the reader should be able to understand the concept of the culture and how far its influence reaches. The specific characteristic of the Indian culture should be revealed by further research. This knowledge can be utilised as a guide in the real life situations.

Methodology

All data utilised in this research are either gathered from printed materials (books, journals) or extracted from the internet resources (e-books, journals, scientific or newspaper articles, studies, reports, rankings, statistics, various tables and charts, dictionaries or encyclopaedias).

The most utilised methods are the analysis of collected information, deductive work with data, comparative analysis, methods of qualifying of data and significant part of this work is descriptive. To support mentioned concepts or facts, illustrations, schemas, maps, tables and charts are employed.

The most significant parts are the Theoretical part which explains the whole concept of the culture. Followed by the Research part, which has the purpose of covering specifics of the Indian culture. Then, the Application part, which provides recommendations for the business relationship with India, is done on the basis of previous parts.

Conclusion

Thanks to the theoretical background, the reader should be able to define a culture, understand how culture is formed, structured and what its main attributes are. Because of such knowledge, the reader is enabled to determine differences in different cultures and explain why. Also, these skills can help to identify problems based on cultural gaps and manage them.

Attentive reader should be also able to distinguish among different layers of culture. Understanding principles of adapting culture can lead to ability change or create a new culture, which is widely used for example in corporates. Also, understanding the basic principles of the culture can develop open-minded globalist thinking, which is very important for any relationships, business particularly.

In the second part of the thesis, specific approach of the Indian nation was identified. Country facts together with knowledge from theoretical part helped to understand how and why the Indian culture was formed into what it is nowadays, where the main values are from. Besides, as founded in research later, knowledge about country facts and history is a valuable asset for interactions with Indians.

General attributes of the Indian culture were provided based on the Hofstede's Cultural dimensions. The reader is, therefore, able to visualise the main characteristics of the Indian behaviour. Thanks to the skills gained in the first part, the reader is able to understand how these patterns will appear within different cultural elements, upon different occasions. Also, the reader can compare these features with his own cultural background and identify where differences the most probably are.

Since this thesis has aimed to introduce manifestation of the Indian culture in the business environment, the thesis also introduced the guide through the essential parts of a business negotiation, pointing out Indian habits, which could be surprising or tricky especially for someone with a Western background.

As the extension of this work, the application part was elaborated. Based on the previous research and also author's own experience, the thesis offered a list of recommendations how to cooperate with Indians in the most effective way.

In order to illustrate the essential observations, there is the simplified model of a general Indian co-worker or partner who represents the basic characteristic of the Indian culture. Let's expect it is a man, but it should be equally woman.

Typical Indian colleague is usually young (around 25), well educated, Hindi and English speaking person, who comes from a bigger city. There is more than 80% chance that his religion will be Hinduism. He is very proud of his country and culture and his habits as well as different national holidays are important to him. He feels power distance, therefore his attitude to a supervisor is very formal, dependent and he accepts un-equalities and hierarchies. He wants to be lead and has a low sense for personal responsibility. It helps when he is directed by providing examples, models or guides. One cannot expect any proactive approach. His decisions usually

depend on a group where he belongs, which also prolongs time to answer. He desires to succeed and appreciate to be rewarded, but at the same time can be very moderate. Accepts imperfection and believes in destiny. He may be therefore unpredictable. Time is not linear for him and thus has smaller significance than for Westerns, an improvisation is not big deal. He prefers to follow social norms and leisure time is not a priority.

A good relationship is headstone of any cooperation, however, it takes a long time to build it. Building the trust is essential. He wants to be respected. He is very sensitive and complicated communicator, using indirect high context manners. He struggles to separate feelings from facts. Some of the Western gestures and direct style could be confusing or rude to him. Saving face is his higher priority. Clarify your expectations which might be hard for him to understand. It is usually difficult to get the honest answer, especially when it is a negative one. He distinguishes occasions and context as well as position in a hierarchy. In order to get the right answer or provide feedback it is important to adjust to him. He has a low commitment to schedules and must be monitored in order to prevent problems, which he cannot admit and solve. Patience is always needed with him. If you are able to understand him and make him happy, he will reward you with his hard work and loyalty.

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