

Czech University of Life Sciences Prague

Faculty of Economics and Management

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Diploma Thesis

Doing Business in India

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Doing Business in India

Objectives of thesis

The purpose of this paper will be 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 will be 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.

Methodology

All data utilized in this research will be 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 utilized methods will be analysing of collected information, deductive work with data, comparative analysis, methods of qualifying of data and significant part of this work will be descriptive. To support mentioned concepts or facts, illustrations, schemas, maps, tables and charts will be employed.

The most significant parts will be the Theoretical part which will explain the whole concept of the culture. Followed by the Research part, which will have the purpose of covering specifics of Indian culture. Then, the Application part, which should provide recommendations for the business relationship with India, will be done on the basis of previous parts.

The proposed extent of the thesis

60 – 80 pages

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

Recommended information sources

Gullová, Soňa & Mullerová, Františka. (2009). Mezinárodní obchodní a diplomatický protokol. Prague: Oeconomica. ISBN 978-80-245-1021-7.

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Declaration

I declare that I have worked on my diploma thesis titled "Doing Business in India" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the diploma thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on 28th November, 2016

Ondřej Terš

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Obchodování v Indii

Souhrn

Práce má za cíl poskytnout porozumění kultuře a způsobům, jak je kultura utvářena a předávána. Autor se snaží najít využití těchto znalostí v obchodním a podnikatelském prostředí, kde se zaměřuje především na Indii.

První část práce pozoruje kulturu z antropologického hlediska a naučí čtenáře chápat kulturu v jejím širším spektru, rozlišovat její strukturu a vnímat její projevy.

Na základě těchto poznatků je zpracována druhá část, která se zaměřuje na projev kultury v Indické společnosti. Důraz je kladen na obchodní a podnikatelské prostředí. Jak byla indická kultura formována, je zřejmé z první části zabývající se indickými reáliemi. Specifické vlastnosti této kultury jsou kvalifikovány na základě výzkumu G. Hofstede. Kapitola je doplněna o část specifikující tyto vlastnosti během obchodních jednání s Indii.

Na základě předchozího výzkumu, autor v poslední části poskytuje soubor doporučení, jak co nejefektivnějším způsobem jednat s Indickými kolegy či partnery.

Prostudováním této práce by čtenář měl získat jakýsi rámeček znalostí, které zvýší jeho šance uspět v Indickém obchodním prostředí.

Klíčová slova: Kultura, Indie, podnikání, Hofstede, mezinárodní, jednání, řízení, komunikace, rozdíly, spolupráce

Doing Business in India

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

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1 Introduction

“By 2030, all four members of BRIC (Brazil, Russia, India, and China) will be among the seven largest economies in the world.” (Das, 2009. p.3) The shift in spending power of today’s richest economies towards the middle-income economies is inevitable. Also, there will be a shift towards middle-income households. As Das suggests, these countries are where our attention should be. ¹

Based on my previous studies of emerging economies, I believe that India will become leader of the BRIC countries, which, together with my interest in international business, is my main motivation why I focused this study on this country. After all, it is not important, if my assumptions will be correct or not. It is the fact, that India is going through the impressive long-term economic growth and is large source of human resources, which represents both short and long-term opportunities for international business. India’s GDP is constantly growing and since the start of the millennium it annually surpass other world’s economies growth rate. Even during the world’s economic recession, India recorded 9.1% growth figure while the global economy shrank by 2% (2009). Nowadays its pace was due to impacts of recession reduces to about 7.5%, however it is still very strong and forecasts are good. Also, enormous Indian population (more than 1.2 billion people), where, according to estimations, by 2025 there will be about half a billion people in the middle class, ensures significant purchasing power (Kumar, 2010). *“Moreover, this highly interesting consumer market is growing at a staggering pace and can be exploited with relative ease as 31% of the population is concentrated in urban areas. A labour force of over 481,7 million, only 10% taxation on GDP, exports up to 259,7 billion (in constant 2000 USD) and imports of over 313,4 billion (in constant 2000 USD) manage to capture the interest of many international companies.”*

On the other hand, India has several pitfalls which entrepreneurs has to take into account. The country still has a problem with strong involvement of government in some important parts of the economy, as protectionism has only slowly been reduced since the 1980’s (Rothermund, 2008). In combination with extraordinary growth, especially

¹ Das, D. K. (2009). *Globalisation and an emerging global middle class. Economic Affairs.*

infrastructure does not keep this pace and there is need of investment.² Also, power shortages are usual problem. The increase of adversity in the business environment is also generated by government regulations, insufficient protection of intellectual property, poorly functioning financial markets or weak contract enforcement. Another obstacle for businesses is a presence of regional specificity³. Except these and many others economic and political factors, which may be problematic for the international business development, there is also impact of significant element, on which this paper is focused - the culture.

As stated by Fisher (2000, quoted in Nigam & Su, 2011, p. 124), Indian managerial literature highlights differences between Western and Indian values. *“Failure of Western practices in the Indian context often occurs due to the Western managers’ inability to notice the unique business approach. They are confused by the Indian knowledge of English and their familiarity with Western concepts”*⁴

Knowing and understanding of Indian culture (which also requires a general understanding of culture and its elements) gives participants in international business with India not only stronger position for negotiations or higher efficiency of management but also provides comparative advantage among the competition.

The goal of this work is to introduce the concept of culture and its importance and in extension specific approach of the Indian nation. It has the aim to identify major features when solving universal a problem, to qualify these problems, measure them and make them possible to compare with readers own cultural background. Also list of recommendations, based on previous research, is provided in order to smoothen business relations with India. Besides its focus on India, this knowledge should provide a valuable asset to anyone, who is potentially involved in an international business.

The theoretical part is universal instrument necessary to understand the whole concept of culture and its importance. The reader is introduced to definitions of the culture, how culture is created and how far does it reach. This should help to identify the roots of the basic differences between people. Whether they are co-workers, business partners or customers for example. Thanks to these skills can be for example explained diversities in

² Kumar, A. (2010). *The India imperative for the global corporation*

³ Kumar, R. (2007). *Doing business in India: Caveat venditor.*

⁴ Kumar, N. (2009). *The Indian mystique. Business Strategy Review*, 20(3), 42-47.

attitude to work, taste, preferences, communication manners or motivation. Managers or businessmen familiar with these challenges can not only overcome potential issues easier but also became more effective during negotiations or in a leadership. These skills can be applied for any culture.

The practical part is focused only on India. The first chapter describes India from the point of view of history, geography, demography, social or politic or economy. The most important is especially part describing rise and development of the Indian culture and main influences which formed it until its modern shape. Socio-economic indicators then characterise Indian population closer.

The second chapter deals with specific features of the Indian culture and enables the reader to compare these with his/her own background. Since Indian market is recognised as both potential and complex, there is need to simplify and address its position. For this purpose, the thesis is based on research of G. Hofstede, who consider issues mentioned above as institutionally rooted and strongly correlated with culture. He refers to North (1990) and states that *“Institutions are the crystallisations of culture, and culture creates institutional arrangements”* Understanding of Indian culture helps to identify these roots and easier overcome potential pitfalls of the Indian market.

The last chapter of this part has the aim to cover essential specifics of Indian business negotiation process. These should be enriching especially for those with the western cultural background for who Indian habits may be surprising and tricky sometimes. These specifics are not only described but also explained on the basis of culture. Therefore they can be understood and the reader can become natural with them.

Recommendations for business cooperation with Indian partners are covered in the Application Part. This part, based on the previous Theoretical and Research parts, as well as on author's personal experience, should mainly serve as a framework for managers and entrepreneurs who are involved in business with India.

The last part covers conclusions, which have a purpose of summarising whole paper and highlighting essential parts.

2 Objectives and Methodology

2.1 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 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 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.

2.2 Methodology

All data utilised in this research were 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). Resources were as diverse as possible in order to achieve a high level of objectivity. The most utilised methods are analysing 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 work is structured into several main parts. The Introduction, which opens the thesis, illustrate the importance of this topic and introduce the following pages.

The Theoretical part, which has mainly purpose to explain the whole concept of culture and serves as background for further research is mainly extracted from books, journals, scientific articles and studies, focused mainly on anthropology, business cultures

and management. This part offers points of view of different authors and has the ambition to define culture and its complexity. Also, theories how culture is formed and transmitted are introduced.

The Research part is dedicated to India and its culture. It is divided into several different chapters. These have a purpose of determining specifics of Indian culture and its appearance in the business. The very first section is based on facts about India (socio-economic indicators, geography, demography) and its history. Data were mostly gathered from various annual reports, statistics and encyclopaedias. Another section is based on Hofstede's concept of cultural dimensions. Indian culture is there identify thanks to the comparative analysis and its specific features are introduced. The last section of this part was created on the basis various management books or online articles. It deals with Indian business behaviour and is especially focused on manners which might be surprising or tricky for someone with the western cultural background.

The Application part consists of recommendations for a business relationship with India. By processing previous parts and author's own experience, framework how to deal with situations regarding challenges with communication, cooperation and schedule commitment is created.

The last part – Conclusion – is consisted of the summary of the whole paper and highlights the main points and findings.

3 Theoretical Framework

3.1 Culture

In order to understand following research which is based on managing cultural differences, it is necessary to understand what this term is related to.

Understanding culture and its impacts is extremely complicated not even in the real life, but also in theories. The culture has an enormous variety of appearances and is interconnected to an infinite amount of factors. It is under observation of many researchers from different areas. To name some, the most common are anthropology or sociology, but it has also links to psychology or economy. Especially nowadays, when the world is getting globalised, various cultures face their intersections daily. The culture is generally something very dynamic, which makes its observation very complicated. In the globalised world when cultures are permanently adapted to each other, these studies are even more complicated. All developed economies and businesses nowadays understand, that in order to pursuit the best results, managing cultural diversities is essential. Therefore cultural studies became an inseparable part of international business. *“Communicating across cultural identity boundaries is often challenging because it provokes questions about our presumed cultural premises and habits, as well as our inevitable inter-group posturing and the us-and-them psychological orientation” (Kim, 1991).*

Already fact, that there are dozens of definitions of culture from dozens different researches, illustrates, how complicated culture is. To illustrate a diversity of the anthropological concept of culture, A. Kroeber and C. Kluckhohn published in 1952 list of 160 different definitions of culture.

Some examples how the culture was defined in Kroeber’s and Kluckhohn’s list are: *“a set of techniques for adjusting both to the external environment and to other men”, or “the social legacy the individual acquires from his group”.* According to Kluckhohn *“culture is to society what memory is to individuals; learned by experience, passed on future generations”*

However, despite differences in exact definitions, its meaning is more-less similar and it always refers to social interactions and coexistence among people which is determined by values they treasure. *“Culture has been defined in a number of ways, but*

most simply, as the learned and shared behaviour of a community of interacting human beings." (Caramel, 2009)

One more, other meaning, widely used is the culture in connection with art such as music, literature, painting, architecture or even theatre, film or dance and other expressions of art. This "type" of culture is influenced by national culture, it is basically a symbol for the particular culture. (Sronek, 2001)

A similar approach has also Hofstede, who claims: *"In most Western languages 'culture' generally means 'civilisation' and also a refinement and improvement of thinking, and especially the results of such improvements, such as education, art and literature"* (Hofstede, 1999).

One of the oldest meanings comes from Latin "cultura" which deals with the cultivation of the country. As a characteristic of human education is culture understood since the Roman philosopher Cicero used the term "culture spirit". (Svetlík, J., 2001)

The father of the cultural anthropology Edward B. Taylor, describes in his work from 1971 culture as: *"Culture or Civilization, taken in its wide ethnographic sense, is that complex whole which includes knowledge, belief, art, morals, law, custom, and any other capabilities and habits acquired by man as a member of society."*

An example of definitions from recent years can be Northouse (2007) *"the learned beliefs, values, rules, norms, symbols and traditions that are common to a group of people, the shared qualities that make a group distinct from others."*

Because this paper is mainly based on social psychologist Geert Hofstede and his approach is utilised for later analysing, it is important to cover his definition of culture.

"Culture is the collective programming of the human mind that distinguishes the members of one human group from those of another. Culture in this sense is a system of collectively held values."

Hofstede states that the core is “*a system of societal norms, consisting of the value systems (the mental programs) shared by most of the population;*” and therefore culture is “*interactive aggregate of common characteristics.*”

One of the main issues when characterising culture is its diversity. If culture is an interactive aggregate of common characteristics, it is important to realise, that these are created by individual people. Each of them has individual mind set which is compounded in a different way, depending on its environment (place of living, family, friends, related experience...)

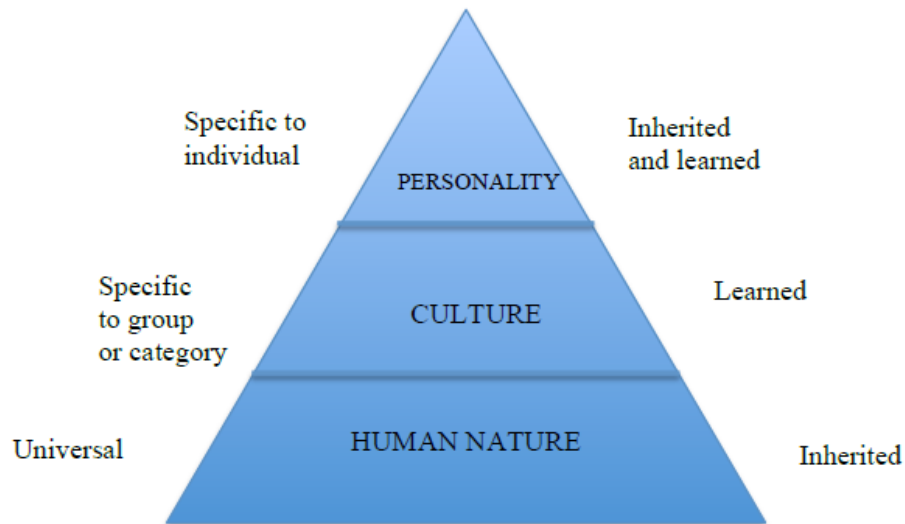
“Every person carries within him- or herself patterns of thinking, feeling, and potential acting that were earned throughout the person`s lifetime. Much of it in early childhood, when the person is most susceptible to learning and assimilating. Yet it continues within the neighbourhood, at school, in youth groups, at the workplace, and in the living community.”

Hofstede gives significant importance to the environment. He states, that it has an essential impact on human habits. For example, it influences how individuals greet, eat, share feelings, how they express love or which distance they keep when chat, just to name some.

Based on the concept of programming, Hofstede distinguish among three levels.

- 1) Human nature – something we all have in common, genetically given (ability to experience joy, fear, love, anger, share feelings...)
- 2) Culture – learned during the life, acquired by time
- 3) Individual personality – unique for each individual, partially inherited, partially learnt. Formed by our environment or experience.

Figure 1 Three Levels of Uniqueness in Mental Programming



Source: Hofstede, Hofstede & Minkov. (2010) Culture and Organisations: Software of the Mind (3rd Ed). (p. 6). London: McGraw-Hill Companies.

The study of M. Guirdham, published in his book *Communicating across cultures* at work basically supports Hofstede's observations. He describes culture as consisted of two elements – backstage and onstage. Or in the other words what and why. The onstage elements – what – are usually very obvious for an observer, such as greetings, dress-code, music, architecture and other, while backstage elements – why – is created by norms, values, beliefs, meanings or social structures. These elements are not obvious or visible and they are in fact explanation why individuals act as they act, why they make such decisions or why they evaluate something as good or bad (especially within a cultural group). Therefore in order to understand what people within a certain culture do, the onstage, it is necessary to understand its cause – backstage elements.

This protocol is also followed in this paper. The analysis in the practical part – the case study of Indian culture - is conducted from both points of view- the backstage and onstage level

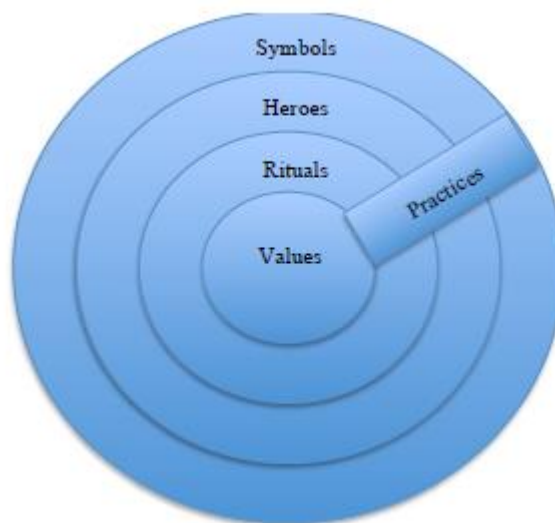
The Onion: Manifestation of culture at different levels of depth

As mentioned already a few times, to study culture is especially complicated because enormous variety which comes from its core – people. The reason why there is so many of worldview observed also Kim (2003):

“These different worldviews, in turn, are reflected in the individual’s conception of the self, the other, and the group.”

Kim’s thoughts about mental and cultural difference can be illustrated by Hofstede’s Onion metaphor (2010). As shown in Figure 2, this theory reveals how individuals are “created” by their environment.

Figure 2 - The “Onion”



Source: Hofstede, Hofstede & Minkov. (2010) *Culture and Organisations: Software of the Mind*. (3rd Ed). (p. 8). London: McGraw-Hill Companies.

Hofstede distinguishes 4 layers how culture is implemented to individuals:

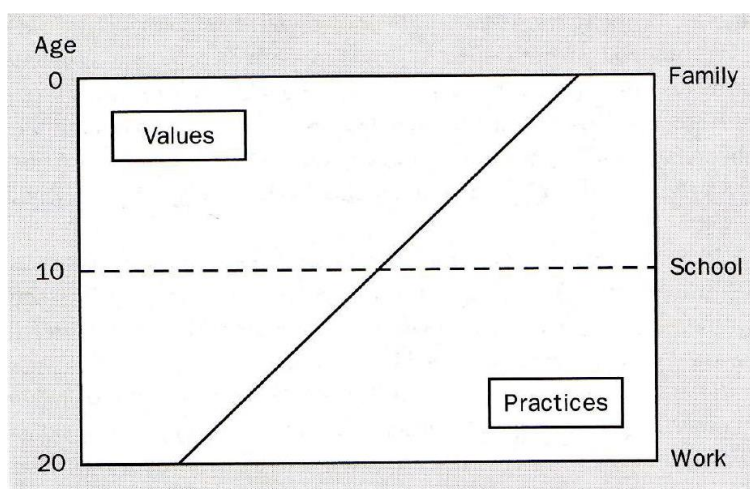
- 1) The core, very first layer called Values stands for values every person have. They are so called non-rational because they are acquired in early age and determine basic standards for every culture. They represent the most basic points view, as for example what is good and bad, dirty or clean, what is considered to be dangerous and what safe, things which are forbidden or permitted, moral versus immoral, what is standard and what is not normal, what is or is not natural and so on. From the ethnocentric point of view these values can be distinguished easily, however in cross cultural, this might be more difficult and it is important to consider openness of the situation. These values are accepted by every person individually and they are not obvious for outside observer. They influence decisions of each individual person, therefore they are the cause of the individual behaviour and therefore they can be sorted as backstage of the culture.
- 2) Another layer which significantly influences human behaviour is Rituals. They are related to habits individuals are used to. It can be the way how someone eats, speak, greet or even style people use during meetings or negotiations. Rituals are usually influenced by a social group where each individual belongs to and usually, these rituals are mutual for the whole group (norms of hierarchy, social ceremonies or religion habits). They bound each person to the certain group.
- 3) Layer Heroes can be understood as what is the desired model of behaviour for certain culture. Some idol which has all qualities that particular culture considers as important. This role model can be embodied by person real or unreal, dead or alive. Within sports group it will be probably extraordinary sportsman, for a nation, it could be some idealised leader, a group of kids can admire comics hero. It is based on assumption, that every single person has some idols which is trying to imitate, therefore his/her decisions will be influenced this way. Who is going to be the hero depends on inner values of every single individual/group. For kids, these heroes are their parents and this is early stage how kids learn.

4) The outer layer is called Symbols which are a direct expression of certain culture. Symbols are obvious for external observer although they may have a meaning only for culture holders. Symbols are usually covered in complex meanings. They can be verbal, non-verbal, objects or signs or signals. As examples can be given national symbols, flags, gestures, slang, dress code, painting, dance, music and other. These symbols can be found in what Hofstede describes as another meaning for the world culture – education, art and literature. Symbols can be accepted or rejected and changed by individuals easily and therefore they create an external layer. This is valid for every culture, therefore symbols can be easily transferred, copied or shared among diverse cultures.

Rituals, Heroes and Symbols are acquired during whole life period by experience. As clear from the illustration in Figure 2, Practices is mutual for them. It can be explained as parts of the mind, which can be activated or change by having a new experience (meeting new culture for example). Values stand alone because they were acquired in a different way, work as subconscious and environment (culture) basically cannot change them.

The following chart (Figure 3) graphically summarises, how Values and Practices are created and how they develop during the life. As described above, firstly, influenced mostly by family, are created Values, which become the core of human personality. Later, during the year, personality is created by Practises, which are mostly influenced by person’s environment.

Figure 3 – Values and Practices during the life



Source: Hofstede, Hofstede & Minkov. (2010) Culture and Organisations: Software of the Mind. (3rd Ed). (p. 10). London: McGraw-Hill Companies.

3.1.1 Layers of culture

Previous theories deal, besides other, with factors which form culture and are also concerned about the creation of these factors. The concept of different cultural layers has a purpose of monitoring interactions of these factors on different levels. For example, according to the Ruth Benedikt: *“What really bind men together is their culture, the ideas and the standards they have in common.”*

Since each individual is formed upon influences of many different factors, every person belongs to many groups, subgroup, categories or layer simultaneously. These can be also influenced by personal features which are given to us, like for example genre or age. Each of is in involved in many different cultures at once. (Schiffman a Kanuk, 2004)

Defining of different subcultures (clearly differentiated culture group), from which cultures are created is important in many areas of research. It can help to identify the most effective managerial style or explain consumer’s preferences. (Schiffman a Kanuk, 2004)

Possible dividing into layers depends on the point of view and purpose of research. It can be for example as following levels:

- National
- Regional
- Ethnic/Religious/Affiliation
- Generation
- Gender
- Social class
- or
- Organisational and Corporate

It is possible to observe, that social conflicts are often related to differences within one cultural layer – different religion beliefs, generation gaps, social class needs and so on. In order to be able to explain whole society in cultural aspects, it is necessary to understand its complexity and interactions among its elements. (Světlík, 2001)

3.1.2 Intercultural differences on National level

Each cultural layer has its own significance within society and particular issues related. Since this study has the purpose to help during negotiations in an international business, it is focused on the national layer. The subject of cross-cultural differences is especially developing during past decades when the world became globalised. Since the 1980s it became separated scientific discipline and researchers are looking for the ways how to objectively and comprehensively describe intercultural differences. Their understanding helps to increase benefits from international business and make it more accessible. (Šroněk, 2000. Světlík 2003)

If Northhouse's (2007) definition of culture is used again: "*the learned beliefs, values, rules, norms, symbols and traditions that are common to a group of people, the shared qualities that make a group distinct from others.*", the cross-cultural studies are interested in exact differences of these qualities among different cultures, in this case among different nations.

It is based on findings, that within each social group, solving of a same universal problem is different according to the context of particular community. (Lukášková, 2010)

Geert Hofstede described his research as an attempt to identify a set of problems, which are common to all societies, based on theoretical considerations and evaluation of field studies and statistical analysis of data. He utilised bipolar scales to qualify behaviour tendencies, which enabled to compare diverse national cultures with each other.

A similar approach of bipolar evaluation employed also another Dutch researcher Fons Trompenaars, however, his research came from theoretical classification, while Hofstede worked on the empirical basis.

3.1.3 The basic Elements of Culture

John J. Macionis (2008) described the specific characteristic of each culture as cultural universals. These are basic elements, which form culture. They are mutual and unique for a particular community (let's say nation), but might be divergent from one another. Observing these elements is another tool how to determine intercultural differences. As very important are considered Communication (verbal / non-verbal), Religion, Time, Space or Social Structure.

3.1.3.1 Communication

The communication is very wide and opened term, which includes many aspects and points of view. This paper is concerned about communication which differs in relation to a culture. It is especially verbal and non-verbal communication. A special attention needs the non-verbal communication, which can tell much more than people generally assume. The way how people communicate is a direct reflection of their cultural background.

3.1.3.1.1 Language

The basic tool for human communication. By combining its both verbal and non-verbal components, it gives people way to name or label objects/events, communicate, express feelings or attitudes, ideas, interact with others.

The language is an important medium for passing traditions and beliefs (therefore culture), it reflects values of each society and its nature. In the other words, a cultural background influence manner of using a language. Even though two people speak the same language, they might have a different understanding of it. Based on the Encoding/Decoding model of communication by Stuart Hall (1973), during a communication, one side is encoding information and passing it to the other side, which has to decode this information. Hall states that information will be encoded/decoded according to three main criteria: Framework of knowledge, Relations of Production and Technical Infrastructure. Beside others, this means, that according to the cultural background, a same words or gestures can have a different meaning for different people. Hall provides example with advertisement which can have multiple layers of meaning: *"The level of connotation of the visual sign, of its contextual reference and positioning in different discursive fields of meaning and association, is the point where already coded signs intersect with the deep semantic codes of a culture and take on additional more active ideological dimensions."* Various cultural backgrounds are a very common reason for communication breakdowns. Especially during international business negotiations is important to mind these gaps. There are specialised researches and courses which have a purpose to teach how to master communication process in order to succeed not only in social relationships, but especially during cross-cultural negotiations.

3.1.3.1.1.1 Verbal Communication

The verbal communication utilises language in both spoken and written form. The medium is always words, which have the function of symbols. The using of words enable people to express themselves directly. However nowadays exists thousands of languages and even within one country people sometimes use a few different languages. Also, there exist many of sub-cultural languages like dialects. Therefore, language of one cultural group may not be understood by members of another, which use different language. When people learn one mutual language, there might be also room for misunderstanding. Words have the same meaning (stand for the same symbol), but the way how they are utilised and combined with others, which might be influenced by cultural background, can have diverse meaning for a speaker and for a listener. This goes back to the S. Hall theory of Encoding/Decoding (Šronek, 2001. Czinkota and Roinkainen, 1988)

3.1.3.1.1.2 Non-verbal Communication

The communication without words, based just on expression. *“The average person actually speaks for a total of only 10 to 11 minutes daily; the standard spoken sentence taking only about 2.5 seconds. Typical dyadic encounter the verbal components carry about one-third of the social meaning of the situation while the nonverbal channel conveys approximately two-thirds.”* (Birdwhistell, 1970)

The most obvious are gestures, postures or motion of the body (Kinesics), facial expressions, touches, eye contact or paralanguage.

It is a non-verbal element which every speech contains and it can give to two equal words very different meaning. Known types of paralanguage are for example intonation, pitch or volume. Also, voice quality or speaking style can make difference. Another less obvious, but meaningful non-verbal communication is, for instance dress style, hair style, the distance between speaker and audience (Proxemics) or even room for silence.

While this, so-called body language, can send a meaningful message just on its own, it is an inseparable part of every communication using speech. It can be generated for a purpose, however, people often utilise it subconsciously. In the comparison to the verbal communication, body language can be understood by everyone, no matter of verbal language diversity. Although decoding of its message is also influenced by cultural

background. The importance of this communication manner is supported by researches stating, that around 60-90% of information is transferred through the body. (Šronek, 2001)

3.1.3.1.1.2.1 Physical contact

Physical contact is one of the basic interaction between people during a communication. Human being are experiencing physical contact from their birth through the entire life and according to the researches, it has a significant impact on the human development: *“Early tactile explorations appear to be of crucial importance to the subsequent healthy behavioural development of young adults.”* (Montagu, 1971)

While it remains very common in a friend or family relationship, during the recent years it became reduced in business relations. It is caused by utilization of the new technologies like virtual meetings, phone calls or emails. However, physical contact remains very important in negotiations because it helps to build trust. It has some “unwritten” rules, which are not only related to the ethical standards but also differs according to the culture.

One of the most common expressions of the physical contact is Hand-shaking, which is commonly used as a manner of greeting. Within a society where a person was born and raised, greeting habits are adopted naturally. However, when meeting people from different cultures, these habits can be the cause of awkward moments and misunderstandings. If nothing else, adapting our greeting habits to a culture which we meet is considered as elementary politeness and show of respect. Members of Latin-America or some European (western mostly) cultures would probably cause agitation with hugs or very enthusiastic handshake in Asian countries. (Hargie, 1994)

3.1.3.1.1.2.2 Kinesics

This inseparable part of any face to face communication is known as body language. As an essential part of non-verbal communication, it includes gestures and facial expressions, eye contact, limb movements or head nods, body position and postures.

“When we look at individuals or groups interacting, one aspect which is immediately striking is the amount of movement being displayed. People do not remain motionless when they are communicating. Instead, in general terms, information, attitudes,

affective states or moods and status cues are being communicated through body movements.” (Hargie, 1994)

It is quite hard to determine which kinesics manners are good or not during a communication process, as they usually depend not only on culture but also on the individual character of each person, however, there is an important difference and it is necessary to focus on them. Not only they might have different meaning in a different culture, but they could be considered even as rude.

3.1.3.1.1.2.3 Proxemics

The Proxemics got its name in early 1950' when anthropology researches started seriously study this problematic.

“The Proxemics itself studies how the use of space and our abilities in this area can influence the communication in a way of feeling more released or on the other hand more concerned. It comprises from two main different facets - territoriality and proximity.” (E. Hall, 1968)

Territoriality approach is concerned about territory around our bodies (so-called personal space) and related problem during human interactions. Each individual has its own norms for sufficient personal space. These norms are influenced not only by the individuality of each person but also by a situation. Specific events, occasions, group of people or social status, for example, will require different settings. Obviously, distinguishing of a proper place is always significantly influenced by culture.

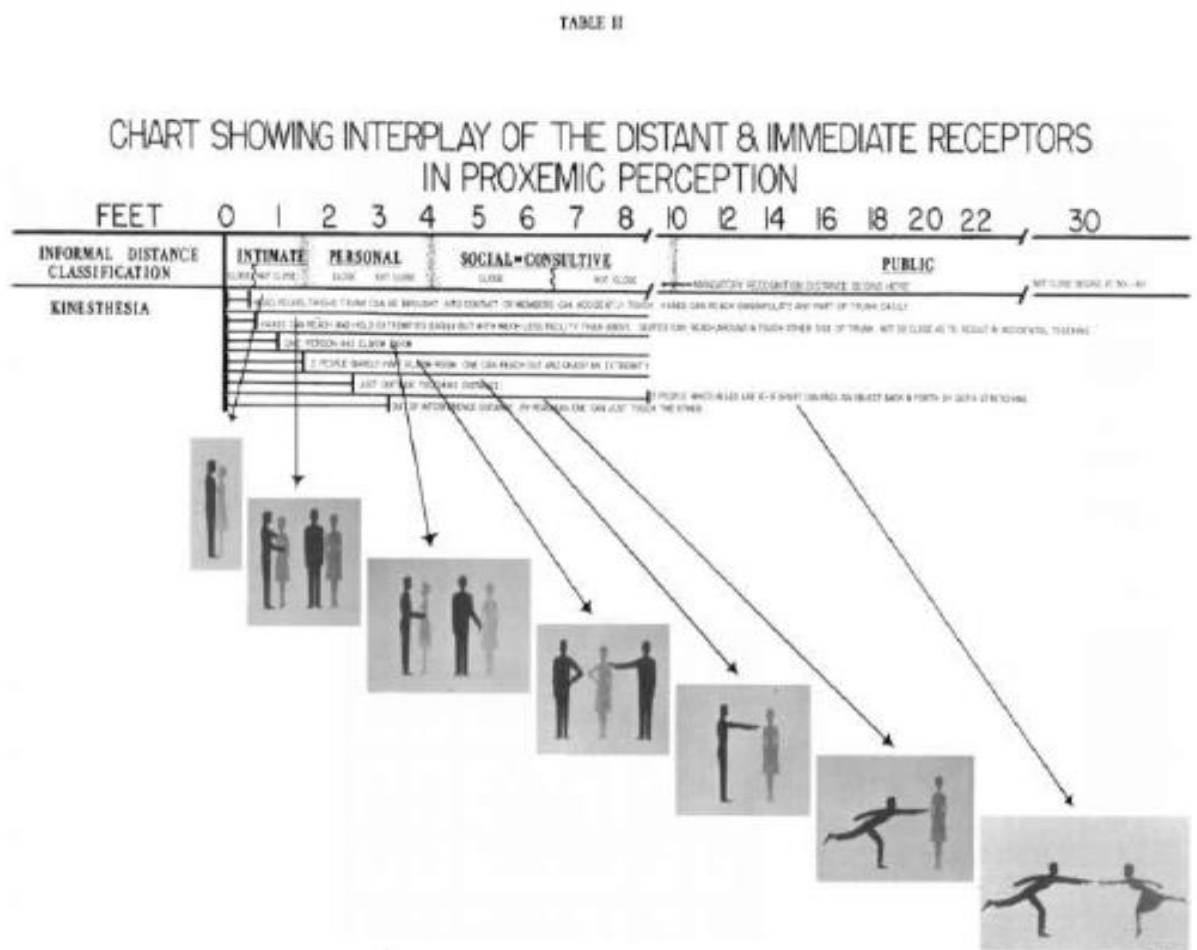
Typical example, which is different in every culture, is personal space at work. Some societies strictly separate supervisors from regular workers. These supervisors have their own offices and also office equipment indicates their higher position. This is typical for the western world. In Japan, for example, it is normal that supervisors share their workspace with subordinates. Separated offices are only provided to the top company officials. (Šronek, 2001)

The second point of view at proxemics problematic - Proximity - study what is an actual position people take during the real situations. It addresses different behaviour and interactions which are influenced for example by the level of knowledge of people, their social or work position or for instance if they are sitting or standing during a communication.

“The first distinction we can make is that generally we interact at a closer distance to people when we are standing rather than sitting. A sitting distance of 5 to 6 feet is common for discussion in a work situation while 8 to 10 feet appears to be the norm in a sitting-room or lounge. On the other hand, the usual nose-to-nose distance for ordinary conversation when we are standing is 3 to 4 feet.” (Hargie, 1994)

E. Hall (1968) in his study divided Proximity into four zones which are characterised by specific relationship/occasion and distance (see figure 5).

Figure 4 Proximity dividing



Source: Hall, Edward T. & Others. (1968). *Proxemics [and Comments and Replies]*. *Current Anthropology*, Vol. 9

3.1.3.2 Time

Another interesting phenomenon of a culture is the perceiving of time. R. Levine in his book (*A Geography of Time*, 1997) describes differences within this element as: *“whether people use the hour on the clock to schedule the beginning and ending of activities, or whether the activities are allowed to transpire according to their own spontaneous schedule.”*

It has that strong position in a culture that it is a reason for very common cultural stereotypes.

One possible approach can be distinguishing of short term and long term orientation. The short term oriented cultures are focused on what is going on in presence and utilisation of every minute has priority. For the long term oriented culture it could be decades what matters.

Another, more common dividing is whether representatives of certain culture tend to be rather monochromatic or polychromatic.

For the monochromatic (M-time) culture meeting deadlines, punctuality and maintaining plans plays an important role. All priorities are given to the actual project and other is started when the first is finished *“M-time is experienced as being almost tangible: People talk about it as though it were money, as something that can be “spent,” “saved,” “wasted,” and “lost.” It is also used as a classification system for ordering life and setting priorities: “I do not have time to see him.” M-time people do not like to be interrupted.”* (Hall & Hall, 1990)

Polychromatic cultures are well known for bad time management and inability to meet deadlines, polychromic people are able to accept more actions at once, human relationship has higher priority than following a schedule.

“For example, two polychromic Latins conversing on a street corner would likely opt to be late for their next appointments rather than abruptly terminate the conversation before it came to a natural conclusion.” (Hall & Hall, 1990)

However, apart from the rest of the society, business sphere usually has its own rules and schedules are kept even within polychromatic groups. Although cultural impact will be always obvious. (Šronek, 2000)

Already mentioned cultural stereotypes, which raised from cultural habits, might help to sort each culture/country according to their attitude to time. However nowadays,

due to the globalisation and intersection of cultures, these stereotypes are less and less valid. I. Šronek sorted in his book (*Kultura v mezinárodním podnikání*, 2000) cultures as following:

- Strongly monochromatic cultures: northern Europe, Netherlands, Great Britain, Austria, Germany, Japan.
- Mildly monochromatic cultures: south and east Europe, Australia and New Zealand, China, South Korea, Singapore, Hong Kong, Taiwan.
- Polychromatic cultures: Arabian countries, Africa, Latin America, south and Southeast Asia.

3.1.3.3 Social Structure

In the context of culture, social structure is a basic social arrangement within a society. It is also called formal and informal society. Every national culture consists of smaller subcultures and groups and sub-groups. These can be diverse social classes, interest, religious or political groups or simply just families. What makes cultures different is a level of social stratification into classes or casts. In informal society, people believe that everyone is equal and social status is earned by own endeavour – egalitarian society. On the other side, formal societies distinguish only according to the ancestry – elitist society. A typical elitist society with cast system is India, while Norway or the USA are considered as an example of the egalitarian country. (Šronek, 2001)

3.1.3.4 Religion

According to Geertz (1975): *“Religion can be described as a set of symbols, which are established to ensure moods and motivations in people, in such way they would be powerful, pervasive and long-lasting. It formulates conceptions of a general system of human existence and also clothing these conceptions with a specific aura of factuality that these moods and motivations seem in a unique way realistic.”*

The history of nations and their culture has always been affected by religion. Principles, which were primarily shaped for spiritual life application, successively defined human behaviour within society. Since a religion goes with diverse restrictions, commands

or instructions, it has, besides others, impacts on national economies. In the world of business, religion or cultural habits based on certain religion might have a significant impact on negotiations.

3.1.3.5 Education

The formal education, besides its elementary function, teach language or mathematics, for example, has also an important impact on the socialisation of children. According to the research of G. Hofstede (described above, see figure 3), a school substitute family and pass culture to children in form of values and practicals. Children this way absorb basic norms and values of a society (honesty, reliability, respect for authorities or sense of duty), they adopt a political attitude and other essential attitudes, that form their individuality. Each country, in some sort of education also teach their nation about political and economic philosophy, which is again reflected in the whole national culture.

3.1.3.6 Aesthetics

Each culture considers as beautiful and good taste something different. It can be expressed for instance in the arts – music, dance, other art... According to the taste of each culture designs, colours or packaging will be different. This has also impact for international companies, which have to adjust their marketing to what is proper and stylish in a particular culture. (Lee, J.A., 1998)

4 Practical Part

4.1 India overview

Figure 5 India's fact sheet

India's fact sheet		
Geographical profile	Capital	New Delhi
	Administration	29 States and 7 union territories
	Neighbouring countries	Afghanistan, Bangladesh, Bhutan, China, Myanmar, Nepal, Pakistan and Sri Lanka
	Total area	<ul style="list-style-type: none"> ▶ 3.29m sq km (90% land, 10% water) ▶ 53% land arable
	Climate	Temperate in the north and tropical monsoon in the south
	Natural resources	Coal (fourth-largest reserves in the world), iron ore, manganese, mica, bauxite and others
	Railways	68,525 km
	Roadways	4.69m km
	Waterways	14,500 km
	Airports	346
Demographic profile	Population (2015 estimates)	<ul style="list-style-type: none"> ▶ 1.2b (urban: 32.7%, rural: 67.3%) ▶ Population growth: 1.22% (y-o-y)
	Birth rate	19.55 births per 1,000 population
	Life expectancy	Overall: 68.13 years (Males: 66.97 years, Females: 69.42 years)
	Death rate	7.32 deaths per 1,000 population
	Sex ratio	1.12 males per female
	Age structure	0-14 years (28.1%), 15-64 years (66%), 65 years+ (5.9%)
	Median age	Median age: 27.3 years (male: 26.7 years, female: 28 years)
Cultural diversity	Religions	Hinduism, Islam, Christianity and Sikhism are the four main religions in India
	Language	Hindi is the country's official language. There are 21 officially recognized languages in total. English is widely used in national, political and commercial communication

India's fact sheet		
Education and labor force	Literacy rate	<ul style="list-style-type: none"> ▶ 71.2% (male: 81.3%, female: 60.6%) ▶ India has one of the world's largest school-age population and a well- developed education system
	Labor force	492.4m in 2014
Political profile	President	Pranab Mukherjee (tenure: 5 years)
	Prime Minister	Narendra Modi (tenure: 5 years)
Economic profile	GDP	US\$2.2t (current prices, 2015), GDP growth: 7.3% in FY16
	Private consumption	US\$1.3t in 2015 and expected to reach US\$3.1t in 2030
	Saving rate (as % of GDP)	31% in 2014, world average (~22%)
	FDI (2014)	<ul style="list-style-type: none"> ▶ FDI inflows stood at US\$25b ▶ India most favored nation for foreign investors ▶ Top investors: US, UAE, Japan, New Zealand and Germany ▶ Top sectors: Financial services, logistics, consumer products, TMT* and automotive
	Trade (FY15)	<ul style="list-style-type: none"> ▶ Imports: US\$447b, Exports: US\$310b, Trade deficit: US\$137b ▶ Target of US\$900b exports by 2020 as per new Foreign Trade Policy
Financial market	Central bank	Reserve Bank of India, established in 1935
	Capital markets regulator	Securities and Exchange Board of India, established in 1992
	Major stock exchanges	<ul style="list-style-type: none"> ▶ Bombay Stock Exchange established in 1875 ▶ National Stock Exchange established in 1992

Source: Patni, Rahul & col. (2016). *EY Report: Doing Business in India 2015-2016*

In the table above (Figure 5), there are summarised the main geographical, demographical, social, political and economic facts about India. These serve for a quick orientation of India's position. Besides the determination of potential opportunities or pitfalls, knowledge of these indicators helps to understand complexity and diversity of Indian culture, which is definitely influenced by these factors. Hence this chapter is dedicated to the deeper overview of these indicators. Attention also requires section about Indian history, which actually explains how India and its culture, as well as already mentioned indicators, were created. Also, knowledge about national history and facts is not only important condition of proper understanding of particular culture but as explained later, it can help to succeed during business processes.

4.1.1 Basic characteristic

The Republic of India - official title or Bhárat Ganradžja – in the Hindi language, is a country of paradox and extremes. It has everything, from extraordinary wealth to ineffable poverty. One can find peace in the miscellaneous and immaculate nature (more than 47 000 species of flora and over 89 000 species of fauna) or get lost in overcrowded cities full of pollution.

“Every third system engineer comes from India, but also every fourth undernourished man. Just next to expensive apartments live people in miserable slums created from waste full of rats, no water or electricity. Luxurious private clinics offer premium health care to the foreigner while in slums people are dying of leprosy, tuberculosis, yellow fever or malaria.”⁵

Despite these rather disturbing facts, Indian ability to be united is wonderful. Just imagine, the country reaches a few different climatic regions, involve various cultures, all main religions are presented and people speak more than 40 languages and 1600 dialects. This all work in relative peace and harmony, which are from time to time violated with religion or politic fights.

4.1.2 Geographical profile⁶

The Republic of India is situated in the Indian subcontinent separated from the rest of the Asia by the Bay of Bengal and the Indian Ocean on the east, the Arabian Sea on the west and the mighty Himalayas on the north. Borders are mutual with its neighbours Pakistan, Afghanistan, China, Nepal, Bhutan, Bangladesh, Myanmar and Sri Lanka. Country's administration is divided into 29 states and 7 union territories.

⁵ Němec, P. & others. (2007). *Indie jako výzva a jako partner*, pg. 18

⁶ <<http://www.businessinfo.cz/cz/rubrika/indie/1000422/>> Visited 4/2016,

<<http://www.ey.com/Publication/vwLUAssets/EY-doing-business-in-India-2013/%24FILE/EY-Doing-business-in-India.pdf>> Visited 4/2016,

<<https://india.gov.in/knowindia/profile.php>> Visited 4/2016

India has an area of almost 3.3 million square km (90% land, 10% water) which ranks it as 7th largest country in the world. Its enormous area is also responsible for interesting diversity. It is for example 4 climatic regions – moderately humid tropical climate is typical for almost the entire Indian subcontinent, very humid tropical climate in the south-west of the country (Western Ghats), the rest of the country belongs to the moderately humid subtropical climate. The mountainous climate, as fourth of list, is presented in mountains at higher altitudes. The climate is primarily influenced by Himalayas and Thar Desert that cause monsoons. The country has four seasons – summer (March to June), monsoon (June to September), post – monsoon (October to November) and winter (December to February). Also, the relief of the Indian subcontinent is very diverse with coast and lowlands lying at a low altitude of several dozen meters, through the mountains reaching 2,000 metres to the dominant Himalayas in the altitude over 7,000 metres. Major rivers are Ganga, Yamuna, Brahmaputra, Godavari, Krishna, Cauvery, Narmada and Tapi.

The country's natural resources include coal (the fourth-largest reserves in the world), iron ore, manganese, mica, bauxite, titanium ore, chromite, natural gas, diamonds and petroleum, limestone and arable land (arable land creates 53% of the whole area). Its infrastructure counts 68,525 km of railways, 4.69 m km of roadways, 14,500 km of waterways and 346 of airports.

Figure 6 Map of India



Source: <http://www.india-travelinfo.com/india-maps/india-map.jpg>

4.1.3 History⁷

The origin and development of the Indian region and society have always had an essential impact on the development of the Indian culture. It has been formed by the permanent integration of different cultures, which have to bring migrating people. Various nations which found their place in nowadays Indian region came with new religions, habits or lifestyles, which influenced the creation of Indian culture we know today.

4.1.3.1 The born of the Indian culture

The ancient Indian culture is as old as human civilisation itself. The first records talk about Indus Valley Civilisation later known as Harappa born in the valley of the river Indus during the Bronze Age period (3300-1300BC, mature 2600-1900BC). Already about 2500BC was this civilisation able to plan cities mathematically, including houses from bricks or sophisticated sewage system. Around the period of 1500BC is in the north-west India created the Vedic civilisation, which is mainly related to the arrival of Indo-Aryans settlers. This initially a tribal, pastoral society, bring with them early Sanskrit, hierarchical system of four social classes (the cast system) or glory Hindu texts Vedas, which are considered as the foundation of Hinduism religion. The Vedic period is characterised by increased settled agriculture and emerge of monarchical, state-level polities. The Aryans spread around the entire north India, where integrated among native habitants, which significantly influenced.

Around the year 500BC the Buddhism and Jainism was born in India. Both these religions are a modification of Hinduism, however, in comparison, its texts are not written in Sanskrit but in Prakrit. The Prakrit is a dialect of north Indian people, spoken by educated Brahmins. During the 3rd century BC, the Indian subcontinent was firstly united by Asoka, the emperor of the Maurya Dynasty. Asoka's peaceful reign was characterised by religion tolerance and respecting of the Indian regional pluralism. That time impact of Buddhism increased and spread around the entire Asia. However, after the Asoka's death,

⁷ http://india.gov.in/knowindia/ancient_history.php, visited 9. 4. 2016

<http://exotika.orbion.cz/indie/historie/>, visited 9. 4. 2016

the Maurya dynasty started to fall apart and Buddhism began to be replaced by Hinduism. During the reign of Gupta Dynasty, between 5th and 4th century BC the entire north India was united thanks to the Hinduism. This period is used to be called as the Golden Age because the peace ensured by unification had resulted in an extraordinary development of astrology, mathematics, art and education generally.

Another important milestone in the Indian history was the period between 13th and 17th century when there are Islam sultanates created in India. It was a period of never-ending fights between kingdoms on the north and south of the subcontinent. This weakened India against attacks from the outside and in the 11th century was beaten by Muslim Turkish marauders. By the end of 12th century Muslim emperors got control in the north India and for some time lived in symbiosis with Hindu kingdoms in the south. Although sovereigns of the south were weak and Islamic Mughal Dynasty spread around whole India by the 16th century.

The Mughals controlled India for more than 300 years. Their reign had a positive impact on the development of India. There were implemented new methods in agriculture, irrigation, art or crafts. Trade with Iran and other Arabian countries flourished, as well as with China or Europe. Very respected architecture from the times of Mughals is considered as a combination of the best of Islamic and Hindu traditions.

4.1.3.2 Europeans in India⁸

Also, European culture had a significant impact on the development of the India culture. During the 17th and 18th century, the Mughals dynasty lose strength and was consequently replaced by colonial nations like Portuguese, Dutch, British or French. The British East India Company obtained from the Mughal reign permission to trade in India, which was the foundation of British influence in India. Later in the 1757 army of the EIC defeated last independent Nawab of Bengal in the battle of Plassey (Palashi) and Britain expanded to cover much of India over the next hundred years.

⁸ <http://www.archive.india.gov.in/knowindia/culture_heritage.php?id=4> Visited 4/2016

Economic, religion and social pressures became high and in 1857 the Indians revolted. The British suppressed the rebellion and because of the “no prisoners” politics they proceeded mass executions of the insurgents and sympathising civilians. In 1858 the East India Company passed the formal governance in India to the British Kingdom.

4.1.3.3 Fight for Independence⁹

Due to British interventions into the Indian economy, India suffered from a couple of famines, during which millions of Indians died. Also, the British governance was very segregated – the Indian had limited access to education, industry or social services. The British tried to sort people according to their religion beliefs, which lead to the increase of armed nationalistic groups and made quite bad relationships between Hinds and Muslims. The Indians wanted to gain independence and in 1885 founded a political party called Indian national congress.

After the First World War Mohandas Gandhi, well known for his non-violent civil disobedience method, became an important preeminent leader of the Indian independence movement. Gandhi was proposing to remove discrimination of the cast system and the overcoming of the poverty was his high preference. Also, he wanted economic independence and religion tolerance. Gandhi, despite his often arresting, never stopped his intentions and became adored by the Indian nation. The Indian resistance was that tireless and abundant, that the British finally in 1947 declared Indian independence.

4.1.4 Administrative order in India¹⁰

India is a sovereign, secular, democratic republic with a parliamentary system of government. The president is Pranab Mukherjee, who is also constitutional head of the

⁹ http://knowindia.gov.in/knowindia/culture_heritage.php?id=5 Visited 4/2016

¹⁰ http://knowindia.gov.in/knowindia/state_uts.php Visited 4/2016

executive power. The Indian republic consists of 29 states and 7 union territories. Each state is led by the governor, who is actually representative of the president. The Union territories are administrated by the president through an administrator appointed by him. Each union territory or state is unique by its specific demography, history and culture. Therefore for each place are typical different festivals, language, food, dress and so on. It is also the reason why Indian rather call themselves according to their affiliation – Kerala, Tamil or Bihar for example.

Figure 7 List of states and union territories in India

States				
Arunachal Pradesh	Gujarat	Kerala	Nagaland	Telangana
Andhra Pradesh	Haryana	Madhya Pradesh	Odisha	Tripura
Assam	Himachal Pradesh	Maharashtra	Punjab	Uttar Pradesh
Bihar	Jammu and Kashmir	Manipur	Rajasthan	Uttarakhand
Chhattisgarh	Jharkhand	Meghalaya	Sikkim	West Bengal
Goa	Karnataka	Mizoram	Tamil Nadu	
Union Territories				
Andaman and Nicobar Islands		National Capital Territory of Delhi		Lakshadweep
Chandigarh		Daman and Diu		Puducherry
Dadra and Nagar Haveli				

Source: http://india.gov.in/nowindia/state_uts.php, visited 4/2016, own processing

Figure 8 The Largest cities of India

Rank	City	Population
1	Mumbai (Bombay)	16,368,000
2	Kolkata (Calcutta)	13,217,000
3	Delhi	12,791,000
4	Chennai	6,425,000
5	Bangalore	5,687,000
6	Hyderabad	5,534,000
7	Ahmadabad	4,519,000
8	Pune	3,756,000

Source: http://www.citymayors.com/gratis/indian_cities.htm, visited 4/2016, own processing

4.1.5 Socio-economic indicators

The greatest strength of India, its population, is same time its greatest thread. The population is more than 1 billion, where the most of it are children and young economically active people. Nowadays these young people very often achieve excellent education and India is becoming dominant especially in the IT or business. Universities Indian Institute of Technology or Indian School of Business are considered as one of the world's best schools. This profiles India as significant world's lab, while its BRIC competitor China is rather known as world's factory.¹¹

The enormous growth of people involved in the economy (economically active) and declining birth rate has resulted in higher spending per person. That, together with famous Indian diligence comes along with an extraordinary growth of the economy and also an increase of living standards of the middle class (one-third of Indian population).

On the other side, there is still presented enormous poverty, social gap between rich and poor is increasing, there are differences in living standards in cities and villages, coast and inland. These have a crucial (negative) impact on Indian development. Indeed, India is fighting this issues already since the declaration of Independence and share of poor people was reduced during a few last decades and still goes smaller. However, the level of poverty in India is still alarming. Unfortunately, there are not any actual and especially precise data, different methods have different result, however, in any case, this number is still high:

“India has 363 million (or 29.5 percent) people under the poverty line based on a survey of 2011-12, as against 407 million (37 percent) in 2004-05. This is the latest claim that comes from the Rangarajan Committee in June 2014, until then it was pegged at 269 million (22 percent) using another formula. That's enough for the comedy of poverty line in India! The more comprehensive Multidimensional Poverty Index 2013 report of UK based Oxford Poverty and Human Development Initiative (OPHI) and the United Nations Development Program (UNDP) says that 53.7 percent (or 650 million) people are poor.”

12

¹¹ Němec, P. & others. (2007). *Indie jako výzva a jako partner*, pg. 30

¹² <https://soapboxie.com/social-issues/Reasons-Why-India-is-So-Poor>, visited 8/2016

The secondary problem which prevents India from better economic results is corrupted and inefficient administrative of the country. Despite India is the biggest democracy in the world, claiming that they fulfil all democratic principles and free elections, there is no secret that elections are often manipulated, elected politicians are corrupted and many of them (150)¹³ have problems with the law, including raping or murdering.

4.1.6 Demographics¹⁴

The demographic composition of India is remarkably variable. It is the second the most inhabited country in the world. Unfortunately, it is complicated to get an exact number of inhabitants. On April 2010 India launched the biggest census in the human history. Since it is ten years project, only proper records are from the last counting in 2001, the rest are only estimations. The estimation for 2014 was more than 1.2 billion inhabitants, which is more than 1/6 of the world's population. It is expected, that in the 2025 India will overcome China and in 2050 with 1.6 billion inhabitants will become the most inhabited country in the world.

Figure 9 Basic demographic indicators India

Population	1,268,564,631
Population Growth	1.25%
Birth Rate	19.89/1000
Newborn/1woman	2.51
Death Rate	7.31/1000
Average Lifespan	67.8
Av. Men's Lifespan	66.68
Av. Women's Lifespan	69.06
*estimation for 2015	

Source: The World Factbook: India

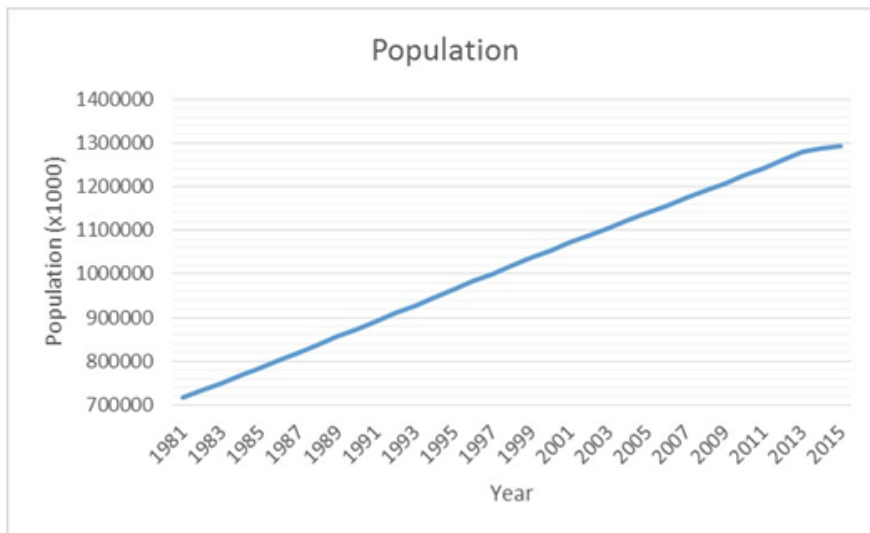
¹³ <http://ibnlive.in.com/news/150-new-lawMAkers-accused-of-breaking-law/92826-37.html>, visited 10/2016

¹⁴ <http://news.bbc.co.uk/2/hi/3575994.stm>, visited 6/2016

<http://www.census.gov/population/international/>, visited 6/2016

Strnad, Jaroslav. (2008). *Dějiny Indie*.

Figure 10 Population growth in India 1981 - 2015



Source: United Nations Statistics Division - Demographic and Social Statistics, own processing

Figure 11 Estimated population development

Year	Population
2020	1,326,093,000
2030	1,460,743,000
2040	1,571,715,000
2050	1,656,554,000

Source: United States Census International Data Base: India

Figure 12 India age structure

Age	Share
0-14	28.5%
15-24	18.1%
25-54	40.6%
55-64	5.8%
65-more	5.7%

Source: The World Factbook: India

The interesting fact is age structure of the Indian population. Almost half (47%) of the inhabitants is younger than 25 years. Average age is 26 years, which is prove of an extraordinary huge amount of economically active people. According to the estimations, the average age in 2020 should be 29 years, while for example in China 37 and 48 in Japan. In the cities, 31% are children up to 14 years, 64% are economically active up to 64 years and 5% is older than 65 years.

The birth rate in Indi is estimated as 19.89 new-born/1000 inhabitants and 2.51 newborn/woman, while the death rate is 7.31 deaths/1000 inhabitants. Population growth is about 1.25% per year and men/woman ratio is 106/100.

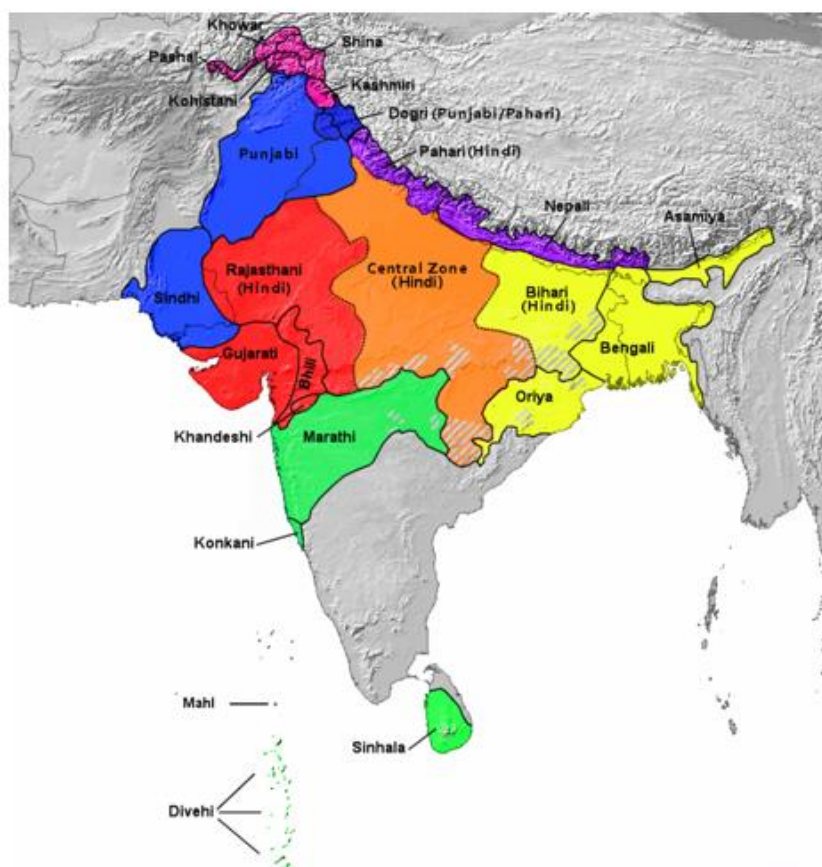
The census in 2001 also revealed, that 72% of the population lived in villages. Urbanisation is still increasing and for 2011 was estimated that 31.2% of the population live in cities. This increasing trend is a consequence of better working opportunities, better

infrastructure and generally better life standards. However, this migration also has a side effect in the creation of slums, which according to the census in 2001 accommodated almost 2 million of people.

4.1.6.1 Nations in India¹⁵

As already mentioned, India is a multinational state. The biggest is the Indo-Aryan group (72% - Hindi, Bengali, Gujarati, Punjabi, Oriya, Marathi, Sindhi...), followed by Dravidians (25% - Tamil, Telugu, Kannada, Malayalam, Tulu...) and the rest are Mundu and mountain groups in Himalaya.

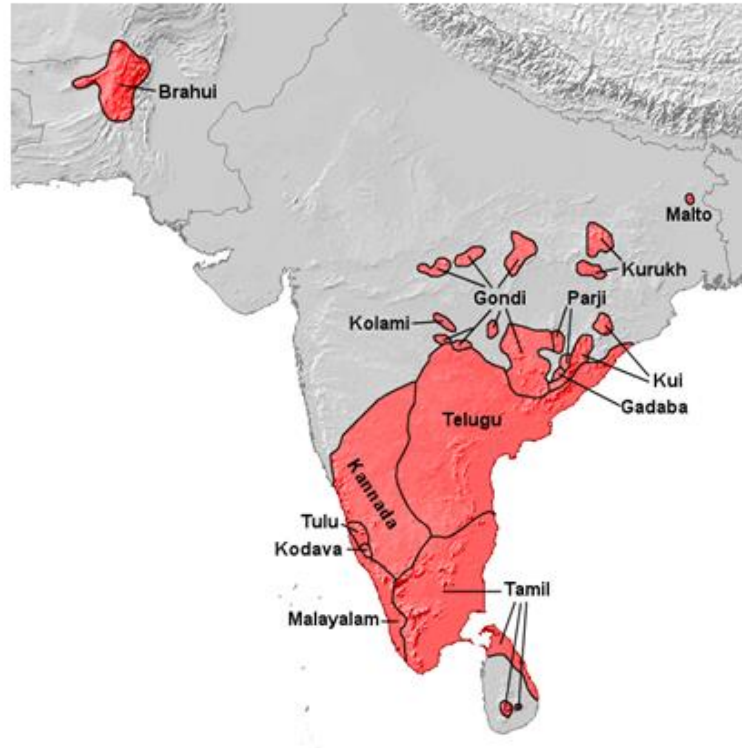
Figure 13 Indo-Aryan group



Source: *Language families and branches, languages and dialects in A Historical Atlas of South Asia*, Oxford University Press. New York 1992.

¹⁵ BusinessInfo.cz: Zastupitelský úřad ČR v Dillí - Souhrnné teritoriální informace Indie, visited 9/2016

Figure 14 Dravidians



Source: Language families and branches, languages and dialects in A Historical Atlas of South Asia, Oxford University Press. New York 1992.

4.1.6.2 Religion composition

Based on the census from 2001, the most of the Indian population (81.8%) profess Hinduism, 12.1% are Muslims, 2.3% represents Christianity, 1.9% are Sikhs, 0.8% Buddhists and 0.4% Jainism.

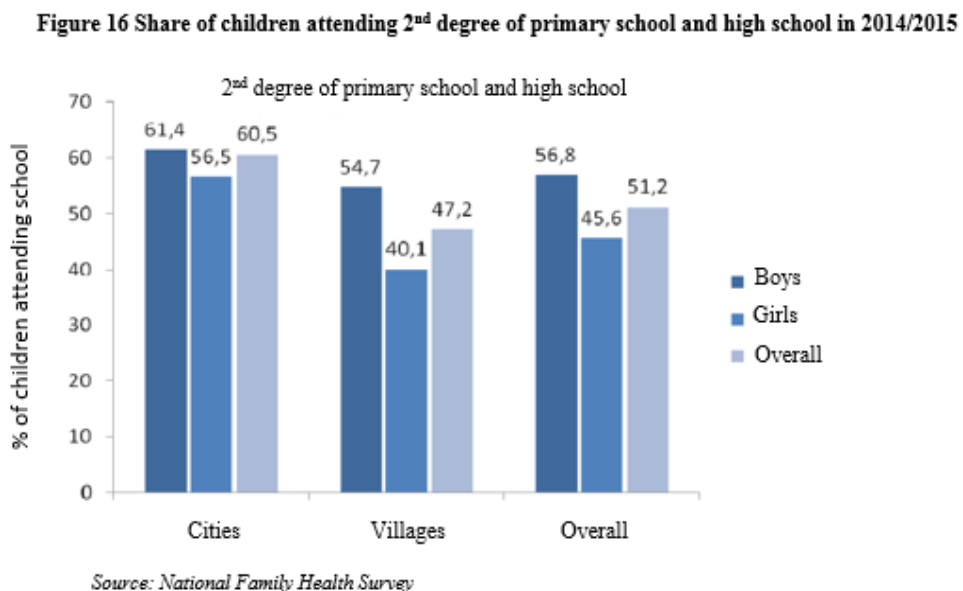
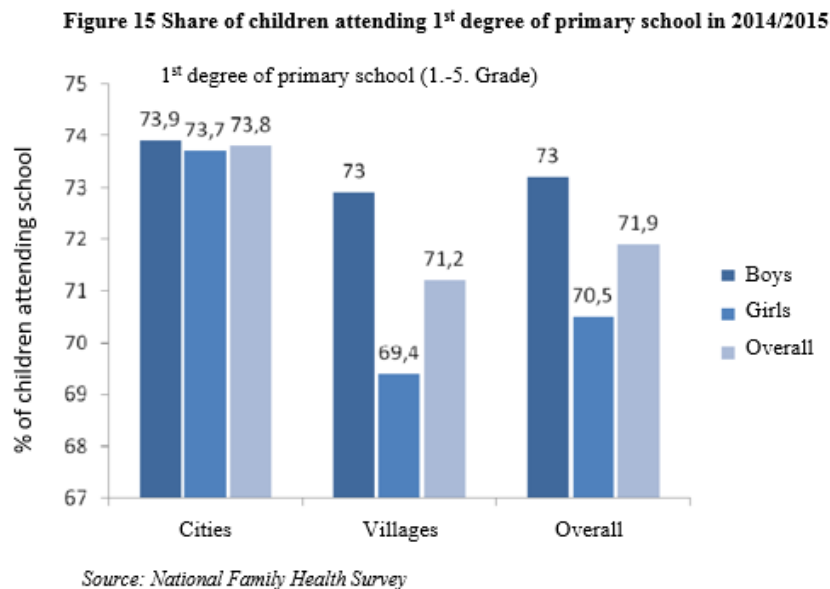
4.1.6.3 Languages¹⁶

There is 216 spoken languages or dialects in India. 21 out of them are official languages and 2 – Hindi and English – are national languages. The most spoken language is Hindi (approx. 422 mil. in the 2001), followed by Bengali (83 mil.), then Telugu (74 mil.), Marathi (72 mil.), Tamil (61 mil.) and other.

¹⁶ <http://www.languageinindia.com/aug2002/indianmothertongues1961aug2002.html>, visited 9/2016

4.1.6.4 Education

Despite obligatory and free primary schooling, country still faces problems of really low number of kids, who reached at least the primary school education.



According to the National Family Health Survey, the share of kids between 6-10years, who really attended primary schools (first degree 1.-5. grade), out of all enrolled, only 72% in the 2014/2015. The second degree of the primary schools and high school

attended only 51% kids from who were supposed to (11-17years old). Also, there is still a difference between genders. Only 57% of boys in age 11-17 were presented in school, for girls in the same age it was only 46%. Also, there are some differences between people living in villages and cities. While for boys from cities and villages results are almost identical, city girls have 4% better schools attendance (for children 6-10years). With a higher degree of education, also differences are higher. For children between 11-17 years results in attendance for city, children are: 61% of boys and 60% are attending high schools, against villages, where only 55% of boys and 40% of girls are regularly attending school.

When asking for reasons, 36% of boys and stated that they do not attend school because they have no interest, 18% were complaining about high expenses and 7% were obligated to work in family business. Among girls, no interest also stated 21% of them, 18% high expenses and 15% had to work at home.

According to the publication of United Nations Population Fund (UNPF), the literacy rate in India is 65.7%. No reading or writing skills have 23.1% of men and 45.5% of women. These numbers are deep below the world average and rank India as the country with the worst literacy rate.¹⁷

4.1.6.5 Poverty¹⁸

Poverty in India is a historical issue. Extreme poverty gained its peak in the 1920s when India under British colonial rule experienced millions of deaths due to famines and diseases. When India gained its independence and especially with rapid economic growth after 1991, the level of poverty was significantly reduced, however, it reaches alarming values even nowadays.

Since India is one of the fastest growing economies in the world, poverty is indeed important issues for them. According to the Deutsche Bank Research, India's share of the

¹⁷ http://www.unfpa.org/swp/2009/en/pdf/EN_SOWP09_ICPD.pdf, visited 6/2016

¹⁸ <http://m.thehindu.com/news/national/8-gdp-growth-helped-reduce-poverty-un-report/article6862101.ece/>
<http://www.ophi.org.uk/wp-content/uploads/India.pdf?cda6c1> visited 6/2016

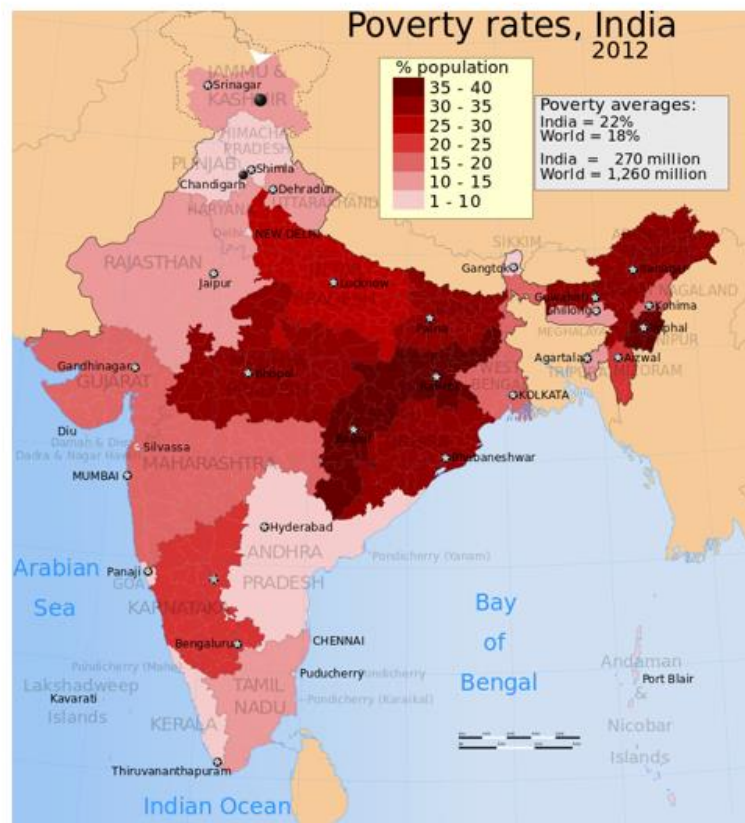
world's GDP is 7.3% and for 2020 significant increase to 8.5% is predicted. Together with economic growth, India is keep reducing their poverty rate. However, it is still very high.

There are a few different approaches how to measure poverty done by different institutions. The World Bank, for example, define poverty line as \$1.90 per day income on purchasing power parity basis or refer to poverty line of \$1.25 (United Nation's Millennium Development Goal) when others propose semi-economic or non-economic indicators. This is an example of *“the Multi-dimensional Poverty Index placing 33% weight on a number of years spent in school and education and 6.25% weight on the financial condition of a person, in order to determine if that person is poor.”*

Even though there is many different approaches and results are different, it is obvious, that 22% - 24% of the Indian population (up to 280 mil. people out of 1.2 billion) has to live with less than \$1.25 per day. If considered, that India has around 17.5% of total world's population, they have 20.6% share of world's poorest, which actually makes them country with the most people living in the poverty in the world.

The fight against poverty is the key task for Indian government. Their strategy is mainly focused on creating new working positions, building houses for the poorest, health education and ensuring the water and electricity.

Figure 17 Poverty rate map of India by prevalence in 2012, among its states and union territories



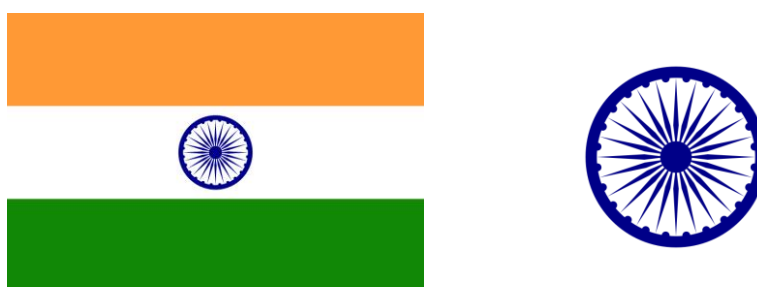
Source: Reserve Bank of India

4.1.7 National Attributes¹⁹

India has many national symbols, which are closely related to Indian identity and Indian cultural heritage. Indians, who are real patriots, are very proud of these symbols and during every possible occasion, they are presenting them with huge enthusiasm.

Knowledge of these symbols not only help to better understand roots of Indian culture and its values, but also serves as an expression of respect to their culture, which can be a valuable asset during business negotiations.

National flag



Tricolour created by stripes of saffron yellow/orange, white and dark green with a dark blue circle in the middle.

One often interpretation says, that saffron yellow stripe represents the religion of Hindu, green stripe stands for Muslims and white is a colour of peace.

Another interpretation explains saffron as a colour of courage and sacrifice, white is for peace and truth and green illustrates faith and chivalry.

The blue circle in the middle is an ancient symbol of Brahmanism. It is called Dharma chakra, respectively Asoka chakra (wheel of law) and belongs among attributes of the god Vishnu. Spokes in its centre divide circle on 24 fields, which represents 24 hours in a day – never ending run of life. The blue is the colour of sea and sky.

¹⁹ http://india.gov.in/knowindia/national_symbols.php, visited 4/2016

National symbol

Adaptation of sandstone statue Lion Capitol erected by Asoka in Sarnath. The pole with this statue was built as a reminder of Buddha Gautama, the first who interpreted dharma. The statue portrays the four Asian lions supported by abacus with relief of elephant, horse, bull, lion and dharma chakra. The statue bear the inscription which in translation means "Truth alone triumphs."

As national symbol from 26.1.1950 (the day when India was declared republic). It is printed on bank notes and in passports.



सत्यमेव जयते

National Motto²⁰

सत्यमेव जयते

"Satyameva Jayate" which is in translation "Truth alone triumphs." It is initially mantra from ancient Indian scripture Mundaka Upanishad.

In Devanāgarī script

सत्यमेव जयते नानृतं

सत्येन पन्था विततो देवयानः ।

येनाक्रमन्त्यृषयो ह्याप्तकामा

यत्र तत् सत्यस्य परमं निधानम् ॥६॥

In English

Truth alone triumphs; not falsehood. Through truth the divine path is spread out by which the sages whose desires have been completely fulfilled, reach where that supreme treasure of Truth resides.

²⁰ Swami Krishnananda. "The Mundaka Upanishad:Third Mundaka, First Khanda"

National Flower

The lotus flower is a sacred flower with a strong position in the arts and mythology of ancient India. It has always been the symbol of Indian culture.



National Tree

The banyan tree is considered immortal because its long life and branches which can root as new a tree. Thanks to its features it is often subset of the myths and legends



National River

Ganga is revered by Hindus as the holiest river of the world. The major religious ceremonies take place on its banks.



National Fruit



Mango is the most grown fruit of the tropical world. In India Mango has been always grown in more than 100 kinds of different sizes, shapes and colours.

National Sport

Although Indians are known for their popularity of cricket, the national sport is field hockey, in which India has won eight Olympic medals. Anyway, small talks about one of these sports will be always welcomed.



4.2 Indian culture and communication methods analysed by Hofstede's dimensions

The very important part in the working process plays effective communication. Such communication ensures mutual respect of partners and effective information transfer. Important is the ability of proper coding and decoding of information and providing feedback to a communication partner. The effective communication leads to the positive spirit among partners, who become more open to finding solutions to work out problems instead of considering them as unsolvable. In the international environment ability of the effective communication is decreased by cultural differences. In order to understand these differences and address communication issues, many studies have been done. One of the most significant work in this field was performed by Geert Hofstede. His study points out especially those differences which are in relation to the work and management.

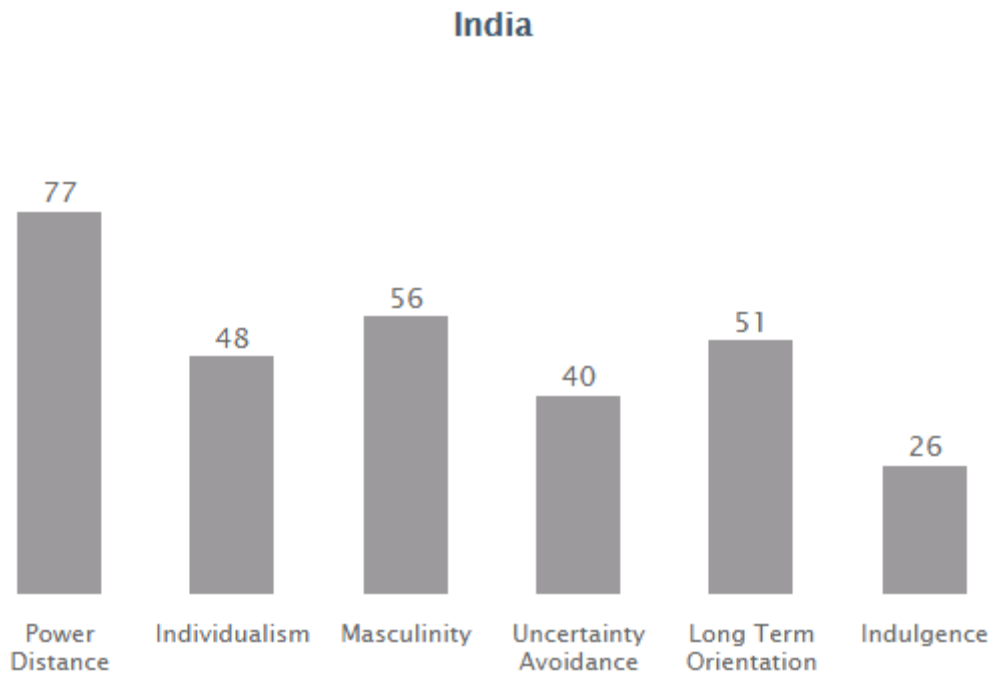
4.2.1 About the research

Geert Hofstede conducted his initial study during the years 1967-1973 while analysing samples taken within international corporate IBM. From database covering data from more than 70 countries, he finally used 50. Later studies, with the purpose to validate results from earlier research added more than 70 other countries and a few different companies. In the year 2010 was published book *Culture and Organisations: Software of the Mind* which identifies cultural dimensions among 76 countries. It is basically an extension of original IBM study dealing with a different population sample.

The study revealed a set of mutual problems, which are solved differently according to the different nation. Based on these findings Hofstede created 4 main cultural dimensions. Later on during additional researches and by conducting of other researchers, 2 more dimensions were added. These dimensions and their ranking are based on comparative analysis. They are relative and their meaning is evident by the comparison.

4.2.2 Cultural dimensions by Hofstede and the case study of India²¹

Figure 18 Cultural Dimensions Ranking for India



Source: <https://geert-hofstede.com/india.html>

4.2.2.1 Power Distance (PDI)

This factor deals with the level of equality/inequality among members of particular society. “Power Distance is defined as the extent to which the less powerful members of institutions and organisations within a country expect and accept that power is distributed unequally. India scores high on this dimension, 77, indicating an appreciation for hierarchy and a top-down structure in society and organisations.”²² Indian attitude could be generally described as: “dependent on the boss or the power holder for direction, acceptance of

²¹ <http://geert-hofstede.com/india.html>, visited 8/2016

²² <http://geert-hofstede.com/india.html>, visited 8/2016

unequal rights between the power-privileged.”²³ Employees expect to be directed clearly (maybe even controlled), despite a habit of calling the first name, attitude to the managers is very formal. Communication works on the top-down principle and it also the direction how eventual negative feedback is passed.

In my opinion, which is based on studying Indian culture, I assume that Indians respect this hierarchy naturally as they are also used for the presence of the caste system. Their position is given and it also brings certain rights and responsibilities, which cannot be changed and must be respected.

4.2.2.2 Individualism versus Collectivism (IDV)

Collectivism is typical for societies, where people are integrated into the social cohesive groups. Loyalty towards these groups ensures its members social protection. The group become the primary goal and has a strong impact on its members. On the other hand, individualistic cultures are oriented on individuals and their freedom. The individual person is the highest priority and is influenced directly, while organisations have secondary meaning. The Asian cultures, including the Indian one, are considered as collectivistic cultures. On the other side, the typical representative of the individualistic culture is German or North American.²⁴

“India, with a rather intermediate score of 48, is a society with both collectivistic and Individualist traits. The collectivist side means that there is a high preference for belonging to a larger social framework in which individuals are expected to act in accordance to the greater good of one’s defined in-group(s). In such situations, the actions of the individual are influenced by various concepts such as the opinion of one’s family, extended family, neighbours, work group and other such wider social networks that one has some affiliation toward. The employer/employee relationship is one of the expectations based on expectations – loyalty by the employee and almost familial protection by the employer.”

²³ <http://geert-hofstede.com/india.html>, visited 8/2016

²⁴ Nový, Ivan. (2003). Interkulturní komunikace v řízení podniku. pp. 23 – 24.

4.2.2.3 Masculinity versus Femininity (MAS)²⁵

The high score in this index addresses masculinity and means that society is driven by success and competition. The success can be only achieved when nobody else is better. Reversely lower the score is, the more feminine society tend to be. Attributes of the feminine society are a care for the others and a quality satisfying life. It links to the question of motivation. Why people do what they do? Is it an effort to be the best (masculinity) or better be happy with what they do in the life (femininity)?

India scores 56 on this dimension and is thus considered a masculine society. Despite 56 is rather a middle level, “India is actually very masculine in terms of visual display of success and power. The designer brand label, the flash and ostentation that goes with advertising one’s success, is widely practised. However, India is also a spiritual country with millions of deities and various religious philosophies,” which leads to submission and moderation.

4.2.2.4 Uncertainty Avoidance (UAI)

Unknown and ambiguous situations have an impact on people’s feeling of safety. This index determines, how sensitive the certain society towards such threats is. Proper planning of management, creating of protocols, norms or exact time studies in order to minimise risks is a typical feature of the with a high score of UAI. A typical example of the culture for which is important to avoid uncertainty is German. The exact opposite are South-American cultures.²⁶

“India scores 40 on this dimension and thus has a medium low preference for avoiding uncertainty. In India, there is acceptance of imperfection. India is traditionally a patient country where tolerance for the unexpected is high. People generally do not feel driven and compelled to take action-initiatives and comfortably settle into established roles

²⁵ <http://geert-hofstede.com/india.html>, visited 8/2016

²⁶ Nový, Ivan. (2003). Interkulturní komunikace v řízení podniku. pp. 23 – 24.

and routines without questioning. Rules are often in place just to be circumvented and one relies on innovative methods to “bypass the system”.²⁷

4.2.2.5 Long-Term Orientation (LTO)

This dimension was included later on in 1991 based on the research of Michael Bond, who was Hofstede’s close co-worker. Time perceiving was proven to be different for different cultures. The short-term oriented cultures consider important presence and their behaviour is significantly influenced by the past. Respect of traditions, orientation on own social responsibilities and activities which have an active or short-term effect are typical for these cultures. Cultures, which on the other side score high in this index – long-term oriented – are focused on a future and long-term goals (long-term investment, stamina...). Long-term orientation is common for Asian world.²⁸

“With an intermediate score of 51 in this dimension, a dominant preference in Indian culture cannot be determined. In India, the concept of “karma” dominates religious and philosophical thought. Time is not linear and thus is not as important as to western societies. Countries like India have a great tolerance for religious. In India, there is an acceptance that there are many truths and often depends on the seeker. Societies that have a high score on pragmatism typically forgive a lack of punctuality, a changing game-plan based on changing reality and a general comfort with discovering the fated path as one goes along rather than playing to an exact plan.”²⁹

4.2.2.6 Indulgence versus Restraint (IND)

The last added dimension (2010) is based on the Michael Monkov’s analysis of the World Values Survey data for 93 countries.

²⁷ <http://geert-hofstede.com/india.html>, visited 8/2016

²⁸ Nový, Ivan. (2003). Interkulturní komunikace v řízení podniku. pp. 23 – 24.

²⁹ <http://geert-hofstede.com/india.html>, visited 8/2016

This index provides information about the degree to which children are socialised. It deals with an assumption that based on the way how people were raised, they have a different effort to control their desires and impulses. As indulgent cultures are described those with weak control while relatively strong control occurs in restrained cultures.

“India receives a low score of 26 in this dimension – restraint culture. Societies with a low score in this dimension have a tendency to cynicism and pessimism. Also, in contrast to indulgent societies, restrained societies do not put much emphasis on leisure time and control the gratification of their desires. People with this orientation have the perception that their actions are restrained by social norms and feel that indulging themselves is somewhat wrong.”

4.2.3 Critics of Hofstede

Hofstede’s work on cultural dimensions is one of the most popular – implemented in many business systems such as entrepreneurial behaviour, training design, conflict resolution, leadership style and others. However, his approach is also one of the most criticised and controversial. It is simply because cross-cultural research is not a simple task.

According to the Cavusgil and Das there are some additional factors which researchers should consider. For example, just word culture has more than 164 official definitions. If research is based on questionnaires, it is complicated to avoid subjective interpretation. Also, there could a problem with sufficient methodology, which is often influenced by researcher’s background. Culture would have different attributes in different areas. Another major problem could be an equivalency. For example taking loyalty to the company – same factor which can be perceived differently in different countries.

The most common arguments against on Hofstede’s work are:

Relevancy – is survey valid instrument? It is proven that some cultures are more sensitive for certain variable than other. (Schwartz, 1999)

Cultural Homogeneity – can findings made on individuals be applied for the whole community? (Dorfman & Howell, 1998)

National Divisions – Are nations valid unit of analysis if we consider the fact, that culture does not have to be bounded by borders. (McSweeney, 2000)

Political Influences – especially Masculinity and Uncertainty Avoidance could be influenced by environment. For example during the war uncertainty avoidance is expected to be higher than in time of peace. (Sondergaard, Newman, 1995)

One Company Approach – Hofstede conducted his research just in one company. This again leads to the question, if this pattern can be implemented on overall culture. (Graves, 1986, Olin, 1995)

Out-dated – culture adapts to its environment which is developing very fast, especially thanks to the convergence and globalisation.

Dividing to dimensions – are 4 (eventually 6) dimensions telling the whole story about culture, is this dividing enough?³⁰

Despite many arguments against Hofstede's work, his research is still significant and widely used and its importance is unquestionable. His approach is maybe not perfect, but it offers a simple answer for the extremely complex question. Within academic environment, possible inaccuracy might be disturbing, but for practical use Hofstede's work is hardly exceeded. Besides, on many critics, Hofstede could provide strong arguments. For instance, experiments were done later again with different sample of respondents and result were basically correlated. Also regarding the rapid development of the cultures, Hofstede has proven that cultural shifts (for example caused by globalisation) are done simultaneously, therefore relative position of one country to other remains unchanged. The only exception are countries where wealth and education level increased extremely fast. However, relative change will be still very slow. For better accuracy, additional dimensions were added.

Especially for purpose of this paper, when analysing Indian culture, with knowledge of its extraordinary diversity, it would be nearly impossible to cover all its factors and simplification is welcomed. Anyway, this study does not have the aim to bring a precise sociological result, but rather provide a comprehensive tool for general understanding Indian culture and related issues/opportunities.

³⁰ Shaiq, H. M. A. & col. (2011). European Journal of Business and Management. Vol 3, No.6, *Why not everybody loves Hofstede? What are the alternative approaches to study of culture?*

4.3 Indian cultural habits in business negotiations. From the point of view of the western cultures.

As Hofstede's research proves, the same stimulus may be perceived differently within different cultures. During business negotiations, this diversity can be a source of misunderstanding. Knowledge about different cultures and habits helps to avoid misunderstanding and proceed to an agreement.

An often source of the communication break-down is prejudice and faith in own culture superiority. The good negotiator has to be "culture sensitive".³¹

When defining culture, its relation to the ways of communication and behaviour is obvious. For example according to Zamykalova: "*Culture gives people certain identity. It creates a pattern of relationships, behaviour and matters how to keep their cohesiveness, it provides a protocol for problem-solving. The culture is a pattern of meanings passed from generation to generation, which is presented in symbols and ways of communication.*"

As Hofstede suggests, his dividing into cultural dimensions has only relative meaning – their explanation is based on the comparison. Therefore this chapter is focused on patterns which are interesting or different especially for western cultures.

Němec described Indians as hard, but reliable business partners, however: "there is going to pass a lot of water in Ganga before friendly atmosphere during meetings will occur."³²

4.3.1 Rhythm of business negotiations

Usually, business meetings could be divided into the several phases which influence entire rhythm of the negotiation. The three main phases are meeting and introduction, then negotiation itself and final decision and its realisation. Cultural backgrounds can significantly influence the duration of each phase. In Asian countries (as also Hofstede's research supports) time does not really matter and negotiations are usually

³¹ Zamykalová, Miroslava. (2003). *Mezinárodní obchodní jednání*. pp. 45.

³² Němec, Petr, et al. (2007). *Indie : jako výzva a jako partner*. pp. 85.

lengthy. Already the first meeting phase takes time. It usually involves social events or lunch/dinner together. ³³ Surprisingly for Europeans or North Americans, so-called small talk, common when opening negotiations can develop into an intimate conversation. Indian consider common to ask about financial situation or salary. ³⁴ The negotiation itself takes time, at least from the point of view of western cultures. Issues are usually discussed within different hierarchical levels of a company and they are looking for consensus. For Indians is important to “do not lose face”, maintain harmony and avoid conflicts. As typical for Asians, also Indians prefer teamwork and group decision, which again takes a longer time to proceed. ³⁵

Networking and starting a friendly relationship is important for Indians. Building these relationships is long-run, however, it is a reliable base for future business activities. The patience is essential for cooperation with Indians. It is not rare that meetings are postponed or delayed. Except for complicated transportation due to traffic jams, different perceiving of time is the cause of these situations. ³⁶

4.3.2 Communication

One of the essential ways of communication – language – is also a very common barrier to communication. Luckily, Indian are generally good in English, which makes the most of the meetings easier. However even if two people speak a perfectly same language, there can occur some misunderstandings – there is a huge amount of possibilities how to code, transfer and decode information. The culture of participants has a crucial impact.

As presented (and nowadays respected) by E.T. Hall in his book *Beyond Culture* (1976) – according to the culture’s tendency to use high-context or low-context message, communication can be divided as implicit (high context) or explicit (low context).³⁷ Implicit – indirect way of expression – is typical for Asian countries. Many things are

³³ Zamykalová, Miroslava. (2003). *Mezinárodní obchodní jednání*. pp. 51 – 53, 125 – 126.

³⁴ Němec, Petr, et al. (2007). *Indie : jako výzva a jako partner*. pp. 86.

³⁵ Zamykalová, Miroslava. (2003). *Mezinárodní obchodní jednání*. pp. 51 – 53, 125 – 126.

³⁶ Němec, Petr, et al. (2007). *Indie : jako výzva a jako partner*. pp. 85.

³⁷ Hall, Edward, T. (1977). *Beyond Culture*.

unsaid and let culture/context, to do the work. Behind the reason for this type of communication can be what culture consider as polite. The direct (explicit) manner of western cultures could be in India offending or considered as aggressive. This may lead to the “loss of face” of the speaker.³⁸

Another dividing of communication is verbal and non-verbal (body language). Non-verbal communication is very important and many businessmen take specialised courses how to manage body position, gesticulation, mimics, eyes contact, touches or physical distance, which again are perceived differently in different cultures.

Every relationship we connect starts with greetings. As usual in western cultures, common is handshake (right hand only), however, Indian way placing both hands together in front of the heart and saying “namaste” is well appreciated and shows respect for Indian customs. When approached to the handshake, likewise westerns, this greeting is repeated when leaving. Although it is important to know, that this is valid among men. Women should not be touched by men. Only accepted handshake with women is when a woman offers this, but it is not common. Women may shake each other hands.³⁹

Separation of left and right hand is also interesting in the Indian culture. The right hand is used when paying, passing things to partner or taking them from him/her. The left hand is considered as unclean and is used for acts like grabbing things from the ground or personal hygiene.

Regarding the psychical distance, Indian like something like arm long. Too much favour and touches in public are considered as impolite. The only excuse are back slapping between men as a sign of friendship.⁴⁰ Very improper is touching of someone’s head. The head and hair are considered as very sensitive and noble and even baby should not be touched this way.⁴¹

³⁸ Zamykalová, Miroslava. (2003). *Mezinárodní obchodní jednání*. pp. 51 – 53, 125 – 126.

³⁹ http://www.ediplomat.com/np/cultural_etiquette/ce_in.htm, visited 7/2016

⁴⁰ http://www.ediplomat.com/np/cultural_etiquette/ce_in.htm, visited 7/2016

⁴¹ Zamykalová, Miroslava. (2003). *Mezinárodní obchodní jednání*. pp. 55.

The gesturing is another source of possible misunderstandings. Some typically friendly gestures in the western culture have negative or at least different meanings. For example, hand waving when greeting someone has for Indians translation No or Go Away. On the other side hand movement up and down when saying goodbye has the meaning of an invitation, basically saying Come Here. A typical example of differences in gesturing is head movement from side to side, which for Indians means Yes while for westerns (and probably rest of the world) it is clear No.

Indians may be offended if someone points or shout at them. If you want to beckon a waiter, the best way is to extend arms, palms down and a scratching motion with fingers kept together. Never point with a single finger or two fingers (used only with inferiors). Pointing is preferred with chin, whole hand or thumb. The chin is not used to point at superiors.⁴² The eyes contact is common in India. Only exceptions could be women, usually from traditional village areas, who conduct eyes contact through the veil of their shari.⁴³

4.3.3 The Cult of Face

As already mentioned a couple of times, the term the Cult of Face has significant meaning for Indians. To keep the face has high priority for Indians and influences their behaviour. The expression to lose face is in western cultures linked to the loss of dignity or honour. Something which has serious consequences for Indians. Ways how to lose face can be for example lack of self-control in public, excessive expression of emotions, lack of respect for others or even confession of lack of knowledge. Interesting is that one can lose face also by “taking” it from someone else. Therefore admonish subordinates might be tricky. The Cult of Face teaches to behave always well and keep respect to others. Making fun of business partner is neither popular at west, nor in India.⁴⁴

⁴² http://www.ediplomat.com/np/cultural_etiquette/ce_in.htm, visited 7/2016

⁴³ <http://www.intercultures.ca/cil-cai/ci-ic-eng.asp?iso=in#cn-3>, visited 6/2016

⁴⁴ Němec, Petr, et al. (2007). *Indie : jako výzva a jako partner*. pp. 55.

4.3.4 The Dress Code

India is a country of colours and Indian like to wear colours. However, it comes with some rules, especially for the business environment. Surprisingly for westerns, the white colour stands for sadness, while red is a colour of luck and it is what brides wear on their wedding day. Despite the fact they like colours, Indians are more conservative about style and cuts. For Indians is unthinkable to wear shorts for men. At their free time they like to wear so-called kurta pyjamas, for women is typical colourful shari. On the other hand, for business meeting, Indian norms are closed to the western. Men wear a suit with tie. Business women are usually in long pants or dresses, long sleeves, neck covered. Low neckline, micro skirts/shorts or singlets are unacceptable. ⁴⁵

4.3.5 Business cards

Business cards are an inseparable part of the business meetings. It is way how to establish a business relationship or enter into a conversation. They are also exchanged by the end of the meeting as an expression that future cooperation is welcomed. Since there are many languages in India and English level is good, English is also appropriate for business cards, sometimes in combination with Hindi. Unless contact information has changed, the business card is exchanged only once. It is not possible to rewrite details on them. Indians are very particular about it. Also to get someone's business card can be considered as prestigious, especially if that person has some of the top positions, it is hard to obtain his business card. ⁴⁶

4.3.6 Dining and Entertainment

Business events – meetings, are often held in restaurants of prestigious hotels. Spouses are often invited. It is common that business matter is discussed while eating. If

⁴⁵ <http://www.intercultures.ca/cil-cai/ci-ic-eng.asp?iso=in#cn-3>, visited 6/2016

⁴⁶ Gullova, S.; Mullerova, F. (2009). Františka. *Mezinárodní obchodní a diplomatický protokol*. pp. 26 – 33.

invited to the private house of the business partner, it is polite to accept. If there is a serious reason why someone cannot attend, it is necessary to provide a proper apology and offer another date. It is normal (and expected) to arrive 15-30 later after initial meeting time. Flower necklace might be given by host to guest, who wears it for few minutes and then keep it by his side to show gratitude.

It is not polite to refuse food, however, it should not be finished all. Hindu hosts care that guest's plate is never empty. This habit is similar to tea. The tea is not polite to refuse and it will be fulfilled as long as the cup will finish empty. Food is usually served to bowls and plates from which everyone takes what he/she likes. Food is taken by pieces of torn bread (typically chappati or poori), or sometimes just by fingers of right hand straight into the mouth. Nowadays many restaurants are equipped with regular cutlery.⁴⁷

Food is generally considered as national pride and art. It should be not only nourishing but also tasty, full of flavours and colours. It is served all at once at decorated plates. As beverage are served water or juices, but no alcohol. Often ingredients of Indian cousin are rice basmati or legume (chickpeas, peas or lentils). As for spics, Indians use many kinds of spice mixtures. To name some: star anise, nutmeg, cloves, chilli, mustard seeds, curry leaves, cumin, saffron, ginger or cardamom. Also frequently used is coconut milk or ghee butter.

4.3.7 Gifts and business relationship

If a deeper relationship between business partners is established, it is considered proper to pass gifts as thanks for dinner for example. These gifts are given to host and his children/family. They are always passed by both hands. Usually not opened in front of the donor. The ideal gift could be something traditional from the country of the guest, for example, perfume, chocolate or glass. The host is one, who pays for lunch/dinner and it is proper to payback by invitation for the next time. However next invitation should not be more expensive or luxurious, it could be considered as humiliating.⁴⁸

⁴⁷ http://www.ediplomat.com/np/cultural_etiquette/ce_in.htm, visited 7/2016

⁴⁸ http://www.ediplomat.com/np/cultural_etiquette/ce_in.htm, visited 7/2016

5 Application Part

The findings of the theoretical and research parts together with other author's personal experience are applied in this section in order to create framework and recommendations for cooperation with Indians. These should be useful especially in the business environment. The main topics are communication and collaboration with Indians, ways how to finish projects successfully and in time and problem solving.

5.1 Effective communication style and cooperation with Indians

Indians are smart and capable people who can be very productive. Tricky is to know how to get what is desired. In order to have effective communication and get the maximum out of their capabilities, respect and understanding are essential. Building trust is the first step to success. Also very important is to adjust very direct western style to the Indian, less linear one. The respect and understanding of the Indian hierarchy are necessary.

5.1.1 Build the trust

Have warm relationships

Due to the Indian hierarchy, Indians might have a problem asking questions and sharing opinions openly during meetings, especially while their supervisors are presented. Therefore it is important to do not expect that everyone understands or agrees just because they do not ask or disagree.

A closer relationship is needed in order to gain information. Firstly ask questions how they are doing and how their family is, only then explain what you need, when and what should a result be like. If you sense disagreement, it is recommended to change the context of the conversation. For example to find better timing, a better place or fewer participants in the discussion. Sometimes it requires time and deeper research to get an honest opinion from Indian colleagues.

Show your position in the hierarchy

It is easier to get respect if will be introduced by someone with higher position or someone who already has good relation with the Indian collective. Good idea is to send in

advance your CV and organisational scheme of your company to the company where you intend to have meeting. Indians will better understand your position and will treat you appropriately. Similarly, it is appropriate to refer to other people you know in the company. Your connections will be considered as kind of recommendation.

Express your interest about India and members of your team

It is very welcomed if you prove that you are interested in India and their culture. People will appreciate if they will feel that you really want to collaborate together and not only control them and take advantage of optimal cost solutions. If you work in virtual teams and your conversation is done only through phone, email or video conferences, it is better to spend more time with mutual introductions. Ask every single member of your team to introduce him/her self separately. Photography and video tours of your team and company are proved tools how to overcome the psychological distance between virtual teams easier.

The long-term cooperation, however, requires a business trip and meeting team members in person. Especially the time spent with your colleagues outside of the company will help to build stronger and more honest relationship. If you cannot meet personally, at least video conferences are definitely better way than just an ordinary phone call or email.

Anything you do is usually quickly spread in the Indian environment. If you prove your interest and good intention and people will like you, they will spread good reputation among other colleagues.

Create room for the communication

Plan regular meetings, even though everything goes well and you do not have any inquiries or remarks. There is always something to talk about. Sometimes you can simply call your colleagues and have a chat. This helps to build trust and they will have a feeling that they are always welcomed. When your relationship is stable enough, they will start to ask questions. Important is a particularly good relationship with the Indian team supervisor. Let him/her know that they can rely on you and they can contact you anytime with any problems or queries.

Always make sure, that your Indian colleagues understand the significance of the project for the company, how their own work influences whole project and how this

project is related to the other projects. Demonstrate that you need your co-workers, you appreciate their expertise and their work has significant importance for you. If they sense you only want to reduce your costs through their work, they will not be opened to cooperation.

5.1.2 Adjust your communication style

Avoid the fact-finding "yes / no" questions

Since Indians want to treasure good relationships, keep the face and avoid conflicts, it is complicated for them to say “no”. They will better give you neutral or slightly positive answer, even though they do not have any intention to do so. Do not let them know to tell you only what you want to hear. Avoid direct yes/no questions at any occasion and better utilise specific opened additional questions when Indians will have to give you extensive answer.

Do not expect immediate answer

Since Indian have relatively collective culture, there is often need to consult with others (supervisors, colleagues, friends, family...) before they promise something. Therefore you should give them time and space for the reply. Also, employ different approaches, ask more often and in different contexts (for instance face to face).

Ask more sources

Permanently build your social network in order to have more information sources. Asking more people about the same thing might clarify a problem. However, make sure your colleagues or subordinates do not have a feeling of being tracked. Also could be beneficial demonstrate that you understand the position of each team member, but you only ask more because you would like to deepen your relationship. Otherwise, people on a lower positions might have an impression that you require something out of their range of tasks and the responsibilities (for example to inform you about work progress could be considered as responsibility of a leading employee).

Listen up carefully

Never interrupt Indians when they are talking and never act impatiently when they start to explain widely or give you too much supporting information. Rather listen up carefully and try to highlight main points alone. If you interrupt cut them off, you might never get to the main point.

Call

If you cooperate from distance, sometimes is better to do not communicate via emails. These can be ignored easily. Try to call mobile phones or utilise some instant message services (ICQ, MSN, Skype...). Indians consider this form more spontaneous and personal.

Create sketches and examples

In order to better explain your expectations about structure and scope of a project, provide sketch or pattern of the desired outcome. State all assumptions, explain as detailed as possible what should the final result be like. Do not forget to mention significance and reach of the project in order to increase the motivation of the team and their willingness to take risks.

Indians, as members of high context culture, barely ask for more information or clarification. If they come to question, they consider it as a trigger of deeper exchange of information. They expect you to give reply full of details even about things they have never asked for. Try to give them all accessible information, preferably supplemented with various pictures, diagrams, templates and examples. Never expect them to guess what you want. Your communication has to be very explicit. Indians often value leadership, as they are often persuaded that leader is the person who knows the most.

Care about the form of a communication, not only a content

Indians often derivate the meaning of a message from the form and occasion of an interpretation. Due to the high context culture, Indians often struggle separating feelings from facts. Therefore mind the way how you provide a feedback or express a disagreement. These should be better done in a privacy, then your co-worker or subordinate will not lose the face.

Learn how to convince Indians

Be prepared that building the trust with Indians requires more than just words, facts or data. In the high context cultures, there is the importance of other factors too. For example who do you know, how good listener you are, how much you are willing to invest into a relationship or how friendly and opened person you are.

5.1.3 Respect Indian hierarchy

Solve problems face to face

As already mentioned, meetings with Indians might be often unproductive due to the specific Indian manners. They hesitate to pass bad news or admit that something cannot be done because they do not want to lose the face (or protecting their boss who would look incapable), they often feel they are not in charge or should discuss topic first with the others. The face to face chat is usually the fastest and reliable way how to obtain desired and correct information.

If you still fail in obtaining important information, try to ask Indian supervisor to get this information for you. Indian colleagues might not provide you information not because they do not know it, but because they do not feel competent or permitted to do so.

Do not bypass Indian team leader

Constantly inform Indian team leader about your decisions and arrangements to avoid the impression that you are trying to bypass him/her. Especially in the beginning, the team leader might require his/her presence during all team discussions. It is important to involve him/her as much as he/she wants. When a project is already in process, you can approach each team member individually, however, the team leader should stay informed (for example add him to copy in emails...). Do not forget that the Indian team leader has his own supervisor/boss, who is expecting him to know details about the project.

Make sure that all supervisors agree with goals and priorities

Many of Indian employees are reporting to their local manager and simultaneously the international project manager. If there are different priorities of different managers, Indians tend to follow orders of who has a higher position or with who they have a better

relationship. It is necessary to ensure that all senior managers have equal priorities regarding your project.

5.2 Adherence to the schedule

As described in the research part of the paper, the Indian perception of the time is very different from the European one. When cooperating with Indian people, it is necessary to be ready for a frequent fail on keeping up with plans and terms without any legit reason. This can be avoided with better planning and communication.

Act urgently

Explain to your Indian colleagues the context of the project on the beginning. Let them know that their work is part of the whole project, and the impact on the other projects and teams in the company, if the part won't be done in time.

Acquaint better the Indian habits and colleagues

Search for the basic information about India and the members of your team. Look up the national and local holidays and count with them in the plan of your project. It is important to know how long this holidays lasts and which ones are the most important for the people in your team. You will avoid many unpleasant surprises and delays in the time schedule, especially in the second half of the year, when there are many holidays in India. It is useful to remember the names of the people in your team, even if they have complicated pronunciation. It is also good to have a small talk about personal life and family. You can discover many things about your colleagues, for example, that someone from the team has an ill mother in the neighbouring state and visits her often, even during the work days, if it is necessary. The knowledge of such information can help you to prepare in advance, divide the work among the members of the team and adapt the plans.

Predict and strategize

Try to predict and engage with all the factors that can disturb your plan. Ask your team to define all the tasks that have to be done in order to reach the requested result. Meet the people, who need to be involved on the Indian side, and their priorities. Make time

reserved for occasions such as weddings and other important family events, which are very important for Indian people. Let them know that you are aware of the importance of these events and you are prepared for them to come. You will easily make people cooperate and involve these events in the time schedule of the project, and not to hide them with a fear of your reaction.

Hint the importance of the project with involvement of senior managers

In egalitarian cultures (for example USA), it is common to delegate authorities on as low level as possible. The manager can usually delegate and "disappear". However, in India it is necessary for senior managers to get involved regularly, or they can be seen as unimportant. Foreign managers have to show their interest and awareness by following the evolution of the project and by frequent check-ups.

Focus on the tasks rather than on the time schedule

The Indian team will dedicate hours of work to the project, but they will not stick to the time schedule the way their European colleagues would like to. Indian working style is much more holistic and does not follow step by step like in European cultures. It is, therefore, harder to follow the progress of the work. Indians have a tendency to weight on every little aspect of a problem. It can appear as pointless and useless to us. Try to identify and make an easy solution for an eventual crisis scenario with your Indian team. Individuals will have to work on single tasks and monitor them. On the other hand, do not forget that the Indian flexible and polychromatic approach can be very useful in certain situations. Indians, who work on multiple tasks at once, are able and willing to support each other if they will be under a time pressure.

Highlight the individual responsibility

Clear out the individual roles of the members of your Indian team and their responsibilities. Make sure that every single person from your team knows and understands their individual role. Create the sense of responsibility and reliability in your team.

Create the rules for communication

Make clear to your team that every factor which can affect the progress of the project, should be communicated to you. You can make an example to your team, such as telling them about you approaching a manager of a team with something not so important, but it helped the manager to understand the problem you were solving at the moment and offer you better help. An example of getting help from someone unexpected will boost the spirit of the team.

Demand documentation from the Indian team

Ask your team to write down a plan with individual steps as they follow and with important milestones. Ask for concepts, sketches, drafts and models which can be controlled and approved. Highlight the importance of sharing the time schedules and their development between individual colleagues, so no time divergence can appear in the progress of the project. It is very important to measure the progress of the project when working with the Indian team, and these documents can be very useful for your work.

Validate and reward

You should be able to identify the most helpful members of the team on the basis of measurement of the progress. Express the recognition to those team members, as well as to the whole team, for every success in the scope of the project. It can be a certificate or a dinner for the team. Compliment the members of the team to their senior manager.

5.3 Solving the problems

Indians are a very emotional nation, which in combination with their faith and respect for the hierarchy does not make them the best people for solving problems and crisis situations. On the contrary, you can miss a problem very often when cooperating with Indians. The reason can be either that the person who discovered the problem is too afraid to speak up, or the person does not consider it as a duty or a responsibility to point out the problem. In order to successfully solve problems with Indian colleagues, one should be prepared with a few tips and tricks.

5.3.1 Identify the problems

Motivate the team members to point out the problems

Do not expect the team members to be proactive and sort out the problems. People in lower positions often do not find sorting out the problems as their responsibility, and might consider it as risky. Especially do not expect this initiative when you punish an Indian worker for coming up with a problem too late. Actions have a bigger weight than words in India. To make Indian people speak up, you should encourage them with action, not only words. Indian colleagues, who will speak up, must be supported and rewarded, so they could speak up again in the future and be an example for other team members.

Create a structure which excludes risk

Create a structure which will eliminate the risk of accumulation of the problems. For example, reserve some time on every weekly meeting, so every team member can point out one problem, which they found or think it might occur. If you are working with Indians on the basis of long distance, you can set an example by pointing out something you can improve. Make some space for a discussion about their achievements and steps in the right direction of the progress of the project. The key is to create a working environment, in which the Indian people do not see pointing out the problems to their senior managers as a negative thing that might jeopardise their career, but an opportunity to build up their career.

There can occur a situation when Indian people do not want to point out problems which they think are already visible to others. They may assume that you as a senior manager have more information, and if they will ask further, they will be criticised. Let your team know that you and your organisation are fully there for them and willing to help. Therefore it is better to come to the manager with a problem, than trying to solve it secretly. Although taking over the initiatives is welcomed in the western culture, it is certainly not welcomed when done secretly. It can cause a delay in the progress of the project.

Be patient

As already mentioned in 1.7.2 Adjust your communication style, you have to be very patient when communicating with Indians. Do not interrupt or cut them off, if they are

getting to the main point too widely. If you try to speed up the process by asking questions already during the presentation, you might cause that the speaker will not get to the point ever. The other scenario might be that the speaker starts to repeat the same information again as he/she thinks that he/she was not understood.

Always try to understand the whole story which is being narrated and also the point of view of the speaker. Make sure that you are giving the feedback to the right person and in the right context or occasion. Do not assume that you exactly know how work is structured, who makes what, when or why. Sometimes it might happen that the Indian team receives other instructions from someone else, who simply has different priorities than you and your Indian team follows his/her orders because this person has a higher position in the company's hierarchy or a better relationship with your team members.

5.3.2 Give feedback carefully

The feedback is connected to the hierarchy in India. Managers are expected to give a feedback to their subordinates, but never the other way around. The feedback among colleagues or 360° evaluation are very rare. Usually, Indian managers are quite direct when giving feedback to their subordinates. However, such a manager has a good relationship with his subordinate. The right to provide a feedback should be deserved by good care about the subordinate. The better relationship with your subordinate you have, more direct you can be. If you did not have enough time to get acquainted, it is recommended to use an intermediary, for example, to give feedback on the team member to the team leader instead.

Mind the cult of face

From the Indian perspective, people from the western cultures are too direct when providing a feedback. Keeping good relationships and saving the face are important in the Indian culture. To point out mistakes or defects is not common and people rather believe that some things are out of their control. To tell someone that his/her work is not good enough could be painful for that person. Relationships are based on emotional relations and insensitive or harsh feedback will be considered personally, even though you did not mean to be bad. If employees feel that they are admonished without reason or too hard they will

close themselves instead of discussing a problem. There are even cases when Indians better find a new job instead of confronting with their supervisor.

Provide feedback in privately

It is always better to give feedbacks discretely, ideally in a structured form as a result evaluation. In urgent cases prefer face to face dialogue in the environment proper for such conversation. Quite common western strategy when colleague or subordinate is invited for lunch or drink may work well even in India. However, mind that not all Indians drink alcohol and for someone could be unpleasant to receive feedback while you eat. If you work in virtual teams and face to face meeting are not possible, quite effective may be approach when you reach your colleague or subordinate for personal chat. Effective is also quantifiable neutral feedback.

Group feedback may be effective

Since India is rather a collectivistic culture, a group feedback may be often more effective than individual one. Indians enjoy having positive feedbacks and evaluations especially from their western colleagues, who are usually treated with respects. Popular sandwich technique (positive-negative-positive) might be for Indians confusing, though. Highlighting positives too much might look false and suspicious. Also, a compliment in front of a group could disturb usual hierarchy.

Separate problem from person

Members of the western culture usually approach problem objectively and understand that a problem and person are two different things. For Indians, this boundary is not that clear and therefore they may consider critique as a personal matter. Always when you are going to discuss a mistake with colleague or subordinate, keep reminding, that tasks and your mutual relationship have nothing in common.

Chose right words

Members of high context cultures are very sensitive to the way how information is passed. The neutral and quantifiable feedback focused on a problem, not individual, will be much better accepted by Indian. If you can, try to soften your critics. For instance, instead

of saying that something was done wrong, you may say it did not fulfil expectations. Try to avoid evaluating words like wrong, bad, insufficient, unsuccessful etc. Also, describing of your expectations will cause softer than pointing out what was done poorly. Indian will appreciate that you take care about feelings and will consider you fair. Being too direct with feedbacks may set boundaries between you and your team.

Try alternative approaches

Instead of getting to the point of a problem directly and solving its consequences immediately, as usual in the western cultures, try something else. For Indians work better if you will be more personal and less direct. For example start with the context of the matter, explain where your thoughts came from and slowly get to the problem. Effective is when you cover your message into some similar story (made up or real) and say what happened there, what was the outcome.

5.3.3 Monitor the work progress constantly

One of the most efficient ways how to reveal problems and prevent them is permanent monitoring. Usually, managers from western countries are not used for the permanent tracking and might consider it disturbing, however, in India, this approach is actually necessary.

Provide a guideline

Because of strong orientation to hierarchies, Indian believe in their leader. Therefore they expect some guidance from their supervisors. Suggest possible solutions or provide an example or model.

Check often

While in the western cultures people could feel unpleasant upon micromanagement, in India this approach works. Try to keep in touch with your team and ask specific questions like: What have been your steps since our last meeting? What is necessary to do now? You have to show that you do not check them because you do not trust them, but you just want to be helpful as the project is important to you. The Indian team will understand

urgency and importance of the project according to your or other manager's involvement. If you will not track progress constantly, in the case of a problem, your Indian subordinates may wait or follow orders of some other supervisor.

Clarify your expectations

In the early stage of a project, it is useful to create a strategy and try to forecast problems together with your team. Later in the future, when these problems actually appear, your team members will not hesitate to solve them with you. As well, if you could predict other problematic areas where your team members might struggle later, you can prepare your team in advance. Clarifying mutual expectations can help to bring positive spirit to the work.

6 Conclusion

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 countries like India, Vietnam or China 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 business. The 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. Because of high internalisation of modern companies, managers often work on different projects in different countries or with different international teams. While managers are busy with their work, it is not feasible to become an expert in every culture or geography where the actual project is. However, it is possible to develop an opened globalist mindset, which comes from cross-cultural core competency.

The first theoretical chapter in this thesis had a purpose of providing such framework which improves understanding of cultural interactions. The headstone of any further understanding of the culture lies in cultural and social anthropology. The literature review proved, that the culture is extremely complex and dynamic phenomenon. It is also the reason, why there is no single definition of the culture. For purposes of a business is important to understand its diversity, however, simplification is needed. One of the simplest explanations is that culture is, according to Northouse: “ *set of learned beliefs, values, rules, norms symbols and traditions that are common to a group of people which make a group distinct from others.* “

Then this chapter is concerned about how these features of every culture are created and transmitted. Introduced are especially findings of G. Hofstede, who thanks to the culture can explain a behaviour of individuals as well as groups. Understanding these principles can help managers (or anyone who is exposed to an international environment) to identify roots of problems and differences. Based on this knowledge is possible to find satisfying solutions or even, as Hofstede research evokes, change and create new patterns of a culture. As mention already, culture generally is very complex and therefore it is better

to divide it into so-called layers, which can serve for better understanding. Companies for example, instead of dealing with the whole national culture are better focused on creating of their own corporate culture.

The second part of this chapter is concerned about areas, where specifics of each culture are the most obvious and therefore the most challenging. Managers or businessmen should especially focus on communication, time orientation, group dynamics and for example in India very important religion. Just to highlight some of the most important observations, for example, it is important to realise, that communication is not only about words. So-called non-verbal communication is where the most of the cross-cultural misunderstandings come from. Especially members of Eastern cultures are very sensitive non-verbal communicators. Hall's concept of high and low context cultures also stress the importance of communication manners. Time perception of society is also explained by theories of Mr and Mrs Hall, who divide societies to monochronic and polychronic. Another approach is simply how certain society is committed to time schedules, which is very important for any business. The group dynamic describes whether decision-making process is individualistic or influenced by a group, which is the important feature for example in sales. When mentioning religion, managers have to take into consideration that in some societies, religion is deeply rooted in their culture and has significant impacts on people's behaviour. Another mentioned elements which can affect business are for example education, aesthetics or social structure.

While the first theoretical part was dealing with culture generally and could be applied basically for any culture, the second practical part is focused on doing business in India. It examines various specifics of the Indian culture and explains them on the basis of the first part.

The chapter starts with facts about India and presents its summarised history. This has two main reasons. Geographic, demographic, social or economic indicators help to realise how diverse the country is. Where its enormous potential is and what possible pitfalls are. Together with historical facts, the reader can imagine what the roots of Indian modern society are and how this culture was formed. The second reason is strictly business. In the research was identified, that Indians are very proud of their culture and very strict about following all its rules. Anyone who proves knowledge and interest about

Indian culture earns Indians respects, which is the valuable asset, especially for business negotiations or leadership.

As seen in the research Democratic republic of India is the 7th largest country in the world and with more than 1.2 billion habitants the 2nd most populated country (expected to be 1st by 2050). Therefore India is the incredible source of natural, human and financial resources. The real GDP is growing annually 7-9% and by 2050 is expected that its size will overcome the USA. On the other hand, because of its enormous area, India is full of diversities. Some parts are very rich while other extremely poor. Similar is the population structure. Some people are wealthy and educated and for some literacy and poverty rates are very bad. Unpleasant factors for business are also insufficient infrastructure, scarcity of electricity or obsolete and too complicated bureaucracy. India consists from many nations (72% Indo-Aryan group, 25% Dravidians) spread around 29 states. There is 216 spoken languages and dialects (however Hindi and English are official) and many religions. The presence of regionalism is very challenging for business. The look into Indian history can clarify such structure and as well explain rooted values in ancient Indian culture. The essentials are expressed by national symbols.

Another section of this part analyses Indian culture and communication methods based on Hofstede's famous study of cultural dimensions. He created a profile of the Indian culture by ranking cultural dimension which he identified as crucial. These are Power distance, Individualism, Masculinity, Uncertainty Avoidance, Long term orientation and Indulgence. Results are gained by comparison with other cultures and therefore they are only relative. The reader has the best utilisation if he compares them with his own cultural background. As mentioned above, India is extremely large and diverse country, therefore it is also almost impossible to characterise its culture accurately. Also, culture is very dynamic and especially because of cross-cultural intersections and fast economic growth it is under the constant development. This is as well the main critics of the Hofstede's work. As already written, for the purpose of this work and especially for the purpose of the business, it is necessary to simplify all factors in order to have a feasible result. Also, as proven by research, Hofstede's findings are still generally valid. Thanks to its simplicity, these results can be then utilised for further research.

Based on Hofstede's observations, identification of the areas where culture significantly influences business and other research, following results were obtained. It is

important to bear in mind, that representatives of the Indian culture in the business environment are usually educated, often young people who live in the bigger cities and work for international companies. Therefore this factor should be included when analysing general Indian culture.

According to the results, the power distance is quite high. There is a presence of high dependency on the boss or power holder and acceptance of unequal rights. The supervisors are respected and attitude to managers is very formal. Communication works on the top-down principle and eventual negative feedback is done only this way. This is especially illustrated by steep company hierarchies. In my opinion, natural respecting of the hierarchy is influenced by the presented caste system.

According to the Hofstede's research, India has an intermediate score in individualism ranking. Indians prefer to belong to larger social groups where individuals are expected to act for good of the whole group. Indian employers protect their employees who in return give them loyalty. In the international companies, this trend is changing because of an influence of the Western culture. The responsibility of individuals is required and individuals are therefore focused on their own good. If an employee is not treated well, young people lose their loyalty towards the company.

Indians are considered as a masculine society. Masculine values like money, career or success are important. On the other hand, India is spiritual country and presence of various religions keep holding of feminine values such as family, social empathy or simply happy life.

Medium low preference for avoiding uncertainty marks Indians as people who have acceptance for imperfection. India is traditionally a patient country where an improvisation is not a problem.

Because of the religion impacts Indians better count on karma. Time for them is not linear and therefore not that important. Indians could be considered as long-term oriented as people are not too concerned about present and think about their future. However, Long-term orientation indicator does not show any significant preference. Indians struggle to meet deadlines, rules or agreements. This trend is changing in the international companies, where the Western culture requires discipline and commitment to schedules. Indian culture has a low score in Indulgence ranking. Such societies tend to cynicism and pessimism. In the case of India, people are better reconciled with their destiny. Also,

people with such preference are not looking for leisure time. They better adjust to the social norms instead of controlling their own desires.

Because of the strong influence of the religion and faith in the destiny, cooperation with Indians may be often unpredictable and hard to manage. Also, the importance of family still plays important role in the life of young Indians. As clear from research, many young people do not even attend school because of duties in a family. Also, other family issues are reflected in the Indians behaviour. Although this trend is diminishing and the desire to build an own career is appearing.

When cooperating with Indians, the influence of education is often obvious. In a family as well as in school is mostly utilised a rather autocratic system. Children are not supposed to resist and they only need to obey orders. This often leads to dependency and boundless respect to powerholder/supervisor, lack of own initiative, an inability of argumentation and critical thinking and also issues with problem-solving. However, this trend is changing because of international companies and their corporate cultures. Gender inequality is still actual. However, in comparison with history, the current position of women in society is very good. According to the law, women have same rights as men. Nevertheless, the traditional role of women is home and family care and various forms of discrimination are common. A different situation is in big cities, where women work in top positions or as respected politicians.

The pitfall of cooperation with Indians is very different perceiving of time and indirect communication style. Indians are not good with deadlines and have a low commitment to schedules. Instead of a clear description of the main point, Indians will give you many unimportant background information. Saying yes cannot be really considered as valid agreement because Indians only barely say no or admit that they have a problem. Usually, they give you positive answers later followed by many excuses why it could not be done.

Although it might seem like effective cooperation with Indians is nearly impossible, it is not true. It is necessary to know Indian colleagues better and understand them. Building trust is essential for any business relationship. Becoming friends shows that you are interested in them and their culture. Nobody wants to be considered as optimal cost solution. Keep demonstrating how their contribution is important for your project.

Compliment and build a sense of belonging and personal responsibility. Adjust your communication style especially when solving problems or giving feedback and try to be a good and patient listener. Indians are very emotional and if your approach is too direct, you can ruin your relationship, which is hard to renew. Also, bear in mind how important is saving face in the Indian culture and how to behave in order to do not lose the face (your or someone's).

Be prepared that you will be often expected to lead and show the ways. Thus it is good to support your demands with various guides, models, patterns or schemes. Do not expect personal initiative or proactive problem solutions. Keep monitoring work progress, demand documentation of achieved or planned steps and constantly control outputs as well as processes in progress. This approach enables you to notice eventual problems and solve them in advance. Also, this could indicate to your team how important the project is for you. Rather do not expect that Indian team will notice you about a problem. Indians can be loyal and real hard workers. If you will be able to create a good relationship based on respect to Indians and their culture, they will reward you with good results.

The goal was to explain the concept of culture and how does it influence the business environment, introduce the specific approach of the Indian nation and based on these observations to create a framework which can be utilised when doing business in India.

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.

Thanks to the observations this work brought, the reader was introduced to the profile of a general Indian co-worker and received hints how to cooperate. Although, it is necessary to realise, that such profile is widely generalised and simplified. For the country with more than 1.2 billion inhabitants is almost impossible to find mutual characteristics, which could be valid across all its states. On the other hand, the most likely such or very similar set of values and norms Indians will have and mentioned communication and behaviour manners are valid and applicable, thus it is good to be prepared. This work, therefore, provides the framework for cooperation, with practical utilisation in the real life situations.

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