

Doing Business in India | Indian Social and Business Culture

An Indian Overview



Fact file

- **Official name** – Republic of India
- **Population** – 1, 065, 070, 607* (July 2004 est.)
- **Official Languages** – Hindi, Urdu, Tamil, Bengali, Kashmiri, English
- **Currency** – Indian Rupee
- **Capital city** – New Delhi
- **GDP** – purchasing power parity \$3,022 trillion* (2003 est.).
- **GDP Per Capita** – purchasing power parity \$2,900* (2003 est.).

Overview

India is a country of both diversity and continuity. It is a creative blend of cultures, religions, races and languages. The nation's identity and social structure remain protected by a rich cultural heritage that dates back at least 5,000 years, making India one of the oldest civilisations in the world.

One of the fundamental components of Indian culture, vital for your business organisation to succeed, is an understanding of the traditions and ways of communicating with others that form the basis of India's society.

Indian Culture – Key concepts and values

Hinduism and the traditional caste system - In India, religion is a way of life and must be respected in order to maintain successful business relationships. Despite the elimination of the traditional caste system, that was a direct outcome of Hinduism, attitudes still remain and both aspects of Indian culture still influence the hierarchical structure of business practices in India today.

Fatalism- The concept of fatalism stems from one of the most characteristic traits of Indian culture – spirituality. The notion of Karma and that everything happens for a reason is still significant in the decision making process of many Indians. It also influences the concept of time in India and as a consequence business negotiations may take longer and are never rushed.

Collectivism- India's strong sense of community and group defined orientation mean a greater acceptance of hierarchical settings. In India, there is a noticeable lack of privacy and a smaller concept of personal space, where several generations often live together under one roof. For Indian business practices this places an additional importance on interpersonal contacts, avoidance of conflict and a more indirect approach to communication.

India, home of the sacred River Ganges and the Himalayan mountains, has a history of invasion and migration that has influenced both its culture and its economy. Following the

economic reform process of 1999, India's market has continued to strengthen and expand. Geographically, India benefits from its close proximity to the major Indian Ocean trade routes and together with the country's rich centre of mineral and agricultural resources, India's economy is witnessing significant inflows of foreign investment. India is also recognized for its fiercely competitive education system and is one of the largest providers of experienced scientists, engineers and technicians, making it an attractive market for foreign business.

India business Part 1 – Working in India (Pre-departure)

- **Working practices India**
 - Indians appreciate punctuality but may not reciprocate it. It is advisable to make appointments at least one month in advance and confirm them when arriving in India. A flexible schedule will prove useful.
 - Business appointments should ideally be made for late morning or early afternoon, between the hours of 11 and 4.
 - Making decisions is often a slow and thoughtful process in Indian culture. Deadlines should not be rushed as impatience is seen as aggressive, rude and disrespectful.
- **Structure and hierarchy in Indian companies**
 - Within the system of hierarchy in the Indian work place, senior colleagues and especially elders are obeyed and respected. Discussions are almost always lead by the most senior person.
 - Final decisions rest with the highest-ranking business executives, therefore it is important to maintain strong relationships with such senior figures in Indian business.
- **Working relationships in India**
 - It is the responsibility of the senior management to monitor, check and look after their Indian subordinates.
 - Face and self-esteem is an essential part of Indian culture, therefore any individual criticism in business situations must be done carefully and with sensitivity.
 - Despite the distinguished hierarchical system, the relationship between an Indian boss and his employee can be similar to that of close relatives. This is a direct influence of the community life experienced for thousands of years in India.

India business Part 2 – Doing business in India

- **Business practices in India**
 - Meetings in India will generally begin with friendly small talk. This may include personal questions about your family and is seen as a way of building rapport

and trust before business. In India, the family unit is highly valued, therefore showing interest and respect towards your Indian counterpart's family is vital for establishing successful relationships.

- In Indian culture disagreement is rarely expressed in a direct manner. The word 'no' is often avoided and is replaced by other non-verbal cues and indirect communication.
 - During negotiations, trust and well-established relationships with your Indian counterparts must be in place before any form of business can take place.
- **Indian business etiquette (Do's and Don'ts)**
- ✓ Do use titles wherever possible, such as "Professor" or "Doctor". If your Indian counterpart does not have a title, use "Mr", "Mrs", or "Miss".
 - ✓ Do wait for a female business colleague to initiate the greeting. Indian men do not generally shake hands with women out of respect.
 - ✓ Do remain polite and honest at all times in order to prove that your objectives are sincere.
 - X Don't be aggressive in your business negotiations – it can show disrespect.
 - X Don't take large or expensive gifts as this may cause embarrassment. If you do take a gift make sure you present the gift with both hands.
 - X Don't refuse any food or drink offered to you during business meetings as this may cause offence. In addition, it is useful to bear in mind that traditionally, Indians are vegetarians and do not drink alcohol.

Indian Culture Quiz – true or false

1. Shaking your head from side to side is a non-verbal signal for 'no'.
2. In India, the word 'caste' can be translated as 'colour'.
3. During a group meeting, it is customary to greet the youngest member first.
4. Feet are considered unclean; therefore you must never point your feet at a person.
5. When greeting business colleagues it is polite to bow deeply from the waist and say "namaste" three times.

Cultural Quiz – Answers

1. False. It is a visual way to communicate to the speaker that you understand what they are saying or that you agree with him.
2. True.
3. False. It is customary to greet the oldest members first as a sign of respect.
4. True.
5. False. The correct way is to hold your hands together below your chin, nod or bow slightly, and say "namaste". However, handshakes are also appropriate in contemporary Indian culture.

* Source: CIA The World Factbook 2004

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