

Doing business in india

[Business](#)



This report is a conducted research to discuss the major aspects that should be considered while initiating a new business in India. India, specifically, was chosen because of its variety in ethnics, languages, religions, directions, parties and cultures as well. For these reasons, India is one of the most interesting spots on the earth. First of all, the report gives an overall idea about the background of doing business In India In terms of the major facts and static.

Then, the report illustrates to what extent languages and cultures are different from one state to another In the same entry. Moreover, It gives a brief overview on the beliefs and norms of the Indian society. In Dalton, the business culture as well as the business etiquette Is illustrated. One important aspect that should be considered while starting a new business in different country is the customs and protocol which is highlighted in this report. Furthermore, the Indian meeting protocol and negotiation technique is illustrated in details in the next section supported by Hefted cultural dimension's theory.

This protocol Is researched In terms of making appointments, greeting, business attire, expressing disagreement and decision making process. After that, a brief PESTLE analysis was conducted to eliminate the most Important features In political, social, economic and technological situation in India. Eventually, an appropriate recommendation is suggested regarding the perfect business procedure and depending on the previous information. Finally, a brief conclusion is given to highlight the most significant issues in this report.

Table of contents: 1- Introduction. 2- Cultural analysis Language in India. Indian society and culture. Business culture in India. Customs and protocol. Business etiquette. Meeting protocol and Negotiation techniques. 3- PEST analysts Political situation. Economic situation. Social situation. Technological situation. 4- Conclusion and recommendation. 5- Appendix. Appendix A Appendix B 6- References List. Having the intention of doing business in India.

These factors include background information such as facts and statistics, the language and culture as well as its business culture, customs and protocols, the political environment, economic environment, business etiquette, social factors and the technological situation. All these factors would give a good overview of the overall context of doing business in India and act as a guideline for international businesses in the global market. Background to business including facts and statistics of the country of choice.

India is a very diverse nation in terms of language, religion and culture, therefore doing business in India may pose as a challenge for International companies intending to do business. Not only do businesses have to the economic environment of India but have to consider the diverse culture of India. The GAP shows a growth in ACH industry from 2011-12 (Government of India Ministry of Statistics and Programmer Implementation). [See appendix B] International companies are able to communicate and negotiate in terms of business because English is the official language therefore contracts would be in written in English.

The culture of India is communal based whereby family being of high regard therefore family plays an important role whilst making decisions (Price, 1997). Family status and wealth is built by a strong loyal bond of each family member, coincidentally loyalty toward family takes precedence over company loyalty, all due to individual within family valuing family status and striving for a prosperous future for the family. The cast system is banned in India but still has an impact in politics and business. In the society, status is determined by factors such as age, educational degrees, castes and professions. 2- Culture analysis. 1.

Languages in India India is considered one of the most diverse countries worldwide as it has 22 different language recognized by its constitution ("Linda County Profile," 2012). This diversity is not limited to various language but each state has its own language. Different states in India have its different official languages however, some of these languages are not recognized by the central government where their speakers do political struggles to achieve the recognition (Quintessential, 2013). Although Hindi is the official language, there are 884 different tongues spoken in dissimilar regions ("Country Report: India," 2012).

Moreover, some states have more than one official language, for languages (Quintessential, 2013). 2. Indian society and culture Doing business in India, one of the obstacles is definitely the wide culture diversity. The culture in India is the heritage of the ancient Indian civilization integrated with thousands of years of the impact of Hinduism with an intersection of Islam, the British Raja and more recent Western business

systems(Horticulturalists, 2013). So, understanding the Indian culture is a must to run a successful business.

Indian relations are ordered according to a hierarchal model, high power distance(Greet Hefted, 2013), where the boss is seen to be responsible. People typically define themselves in group form, high collectivism rate(Greet Hefted, 2013), where the group orientation system is the dominant. Indian are a positive people they never give say no. Instead of negative answers, an affirmative answer but be deliberately vague is given which will require you to look for non-verbal cues(Quintessential, 2013) 3. Business culture in India Indian use English as the official language of business even in writing business cards.

They always exchange cards when introduced(Gender, 2012). Decisions are strongly influenced from the top as the manager is responsible for making decisions. They always tend to start business discussion in a worm environment by asking about the family or hobbies as it is considered rude to start speaking in equines(diploma, 2013). Smile is favorable in business environment where you shouldn't refuse cup of tea or milk as it is considered rude(diploma, 2013). 4. Customs and protocol. India has a certain customs and protocols in the business world which dictate the way business is done.

For dress and clothing, women must have upper body and their backs covered, whilst men wear suits and ties in the workforce. Though punctuality in India may not always be practiced it is considered polite to be punctual this does that there must be allowance with time for transportation, immunization and scheduling appointments because " time is money' the

<https://assignbuster.com/doing-business-in-india-research-paper-samples/>

norm in India (Price, 1997). Businessperson does not directly tell another person 'no', therefore in terms of business dealing saying no to a proposal has very harsh implications that could affect business dealings (Won, 2012).

5. Business etiquette.

As India is a highly hierarchical society (The Hefted Centre, 2013), doing business in India generally requires Westerners attempts to understand and adapt to cultural differences. In this country, it is considered quite rude to get straight to business from initial contacts (Diplomat, 2013). It is advisable that relationship and mutual trust should be built first through asking Indian counterparts about their family, friends, hobbies, etc. Before starting business discussion. Indians favor doing business with those they know and having a long-term personal relationship prior to commencing any business activities.

As such, for those who want to trade in India, they had better be introduced from a third party, which is very likely to give them immediate accountability (Quintessential, 2013). Business cards are exchanged after greeting and need not be translated into Hindi. Use the right hand to give and resent business cards (Diplomat, 2013; Quintessential, 2013) Initial business entertainment is normally undertaken in restaurants in luxurious and well-known hotels. Meal time could be used to talk business in India. However, business conversation should be ignited by the Indian host(s).

Foreign partners are expected not to flatly refuse an invitation to a home or dinner of an Indian businessman. Spouses are also invited to business

functions. It is appreciated if foreign counterparts have some gifts from their home countries such as perfume or chocolates. Gifts should be given with both hands and are armorial not opened when the giver is still present. Nevertheless, gifts are not appropriate at the first meeting. 6. Meeting protocols. India is a highly hierarchical society where employees are dependent on the boss for direction and UN-equal rights between different levels in a company is accepted (The Hefted Centre, 2013).

Immediate staffs are normally not so difficult to access and make appointment. However, the higher level a manager is at, the more difficult it is to make an appointment with him. This can even be a very time-consuming process. Indian people appreciate punctuality but they themselves normally are late for the (013). Landing businessmen usually greet their partners with a slight bow (Business Etiquette, 2013) According to Hypotheses cultural dimensions, India belongs to the high power distance (G. Hefted, 1991; G. Hefted & Hefted, 2005).

In India, face-saving is very important; senior's colleagues and elders are obeyed and respected. It is the reason why chairmen of all meeting in India are senior persons. In meeting, Indians prefer to be called by last names with full titles. As concerning business attire, Indians love the relaxing manner and they usually wear quite informal clothes (Business Etiquette, 2013). 7. Negotiation technique. In negotiation process, like the majority of Asians, India people are very unwilling to say " No" thinking that may offend their partners and negatively affect the relationship with them in the future.

This is because India has a relatively high index of uncertainty avoidance. (The Hefted Centre, 2013). Decision making process in India is lengthy and normally with delays, especially when it comes to price negotiations (Business Etiquette, 2013; NEWS Business Chamber, 2013). In India, final decision in negotiations are always made by the top executives of the company, therefore, it is vital to maintain a good relationship with senior figures. Communicate, 2009). Finally, negotiations in India generally begin with lots of friendly small talks (NEWS Business Chamber, 2013).

In India, interpersonal focus is to maintain 3- PEST analysts: 3-1 Political situation. India is a parliamentary federal democracy with an indirectly elected president. As the world's largest democratic country, democracy has taken roots in India, but the quality of government under such democracy is still poor. Overall, India can be regarded as a democratic consolidation but poor governance (Kohl, 2013). Meanwhile, India is a hybrid system as well because it combines British traditions ND convention and American principles, represented respectively by parliamentary sovereignty and supremacy of a written constitution.

Indian's policy integrates the characteristics of both Britain and America, so is described as "parliamentary federalism". However, the corruption still runs through the whole system (Charity, 2010). Compared with Indian policy, Australia is a federal parliamentary democracy decentralized by the states and the center in the country. However, the tax on mining and carton, and other issues related with coalition partners, to some extent, may lead o political instability in the country. (Australia Country Profile, 2013) 3-2 Economic situation.

<https://assignbuster.com/doing-business-in-india-research-paper-samples/>

Indian open-economy policies contributes to the fast economic development. Nowadays, India is no longer regarded as one of the poorest countries in the world, but as an OLD (least developed country) by one rarely encounters media (Laming, 2008). Specifically, the GAP was 8. 1% in 2011 and 8. 5% in 2012. Besides, the vibrant economy in India provides huge investment potentials in several aspects: such as infrastructure, retail, real estate, etc. Thus, the investment climate is full of optimism (Star, 2013). Consider Australia economy, its success comes from the global economic crisis without much damage.

The GAP was 1. 9% in 2011 and 3. 5% in 2012. While the shortage of skilled labor and highly dependence on exports pressure the Australian economy (Australian Country Profile, 2013). 3-3 Social situation. Around 70% of the Indian population settle in rural areas and Indian villages still need improvements in all aspects (Importance of Social Environment for Business, 2012). Insufficient Job opportunities, absence of transportation tools, lack of social infrastructures such as hospitals and schools are still big concerns outside urban areas.

The major benefits of modernization and industrialization took place in the cities during the past 55 years, the most direct phenomenon is that people in urban areas earn almost 2. 5 times than those living in villages (Importance of Social Environment for Business, 2012) despite that the agriculture occupies the main origin of country's revenue. The government is aware of this paradox and operates certain steps to address the problems. As Importance of Social Environment for Business (2012) stated, RIDE, INNER, Panchromatic Aria emerge to encourage rural advancement.

<https://assignbuster.com/doing-business-in-india-research-paper-samples/>

The rural people are gradually participating in making policies which favor more extensive public citizens in India. 3-4 Technological situation. Indian government has built 500 technological institutes for providing education to Indian students (Business Education, 2009). India has a sufficient education foundation because there are approximately 2.86 million registrations in engineering (2012). That information indicates that India operates a huge amount of R activities every year to help the technology area move forward in the country. Moreover, English is the most popular language being applied in India, especially in universities.

Following that reason education is increasing the competences of employees who will engage in high and new technology industry in the near future. On the basis of chart in appendix A, the financial burden of R activities in India is much lower than developed economies. The average annual salaries of participants in research is \$11,526 in India which is merely 14% of the counterpart in Australia. It is not easy to find out some general recommendations, which could be used when you decide to do business in a country such as India, where the opulent diverse and difficult are available there.