

Globalization and Cultural Challenges – An Indian Perspective

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Abstract: Culture is defined as “the collective programming of the mind distinguishing the members of one group or category of people from others” by National Cultural Dimensions, 2013. Culture is the acquired knowledge that people use to interpret experience and generate social behaviour. This knowledge forms values, creates attitudes, and influences behaviour (Luthans, Doh, 2012). A global company is one that operates in the main markets of the world in an integrated and coordinated way (Lasserre, 2009). Any company that wants to go global has to enter different markets of the world, which differ culturally. These cultural differences, which most of the time are not apparent create challenges, which could become a sour point in marketing of goods and services.

Research Objective: The paper aims to explore the cultural differences between India and United States of America and come out with a strategy in the form of recommendations to effectively deal with these cultural differences.

Research Methodology: Data on cultural dimensions is collected from secondary sources and supplemented with primary data collected from semi-structured interviews with people working in global organizations. The organizations chosen belong to the IT and ITES sectors. A suitable analysis of the data is carried out and the results are further analyzed using well-accepted theoretical frameworks.

Findings: The results of the analysis form the basis for the findings.

Conclusions and Recommendations: Suitable conclusions are drawn and recommendations are made.

Keywords: Culture, Cultural challenges, Globalization, Indian perspective.

I. INTRODUCTION

Globalization, the buzzword and the catchphrase of today, is linked to all the changes that the world is experiencing. However globalization has come to stay and the continued impact of globalization has changed the way business is transacted these days. Businessdictionary.com defines globalization “the

worldwide movement toward economic, financial, trade, and communications integration.” Further it means “the opening of local and nationalistic perspectives to a broader outlook of an interconnected and interdependent world with free transfer of capital, goods and services across national frontiers.” Merriam-Webster.com defines globalization as “the development of an increasingly integrated global economy marked specially by free trade, free flow of capital, and the tapping of cheaper foreign labor markets.” Schuman (2013) describes globalization as “the export of western culture to the rest of the world.”

From the above it becomes clear that the world economy is integrating and the integration is leading to more and more companies becoming global and having a global footprint. The challenges a company faces in the process of becoming global are manifold. These challenges are in the domains of political, economic, legal, socio-cultural, technological to name a few. The present study is about the challenges a company faces while going global in the domain of culture and cultural environment.

Hofstede has defined culture as “the collective programming of the mind distinguishing the members of one group or category of people from others” (National Cultural Dimensions, 2016). Culture is the acquired knowledge that people use to interpret experience and generate social behaviour. This knowledge forms values, creates attitudes, and influences behaviour (Luthans, Doh, 2012). A global company is one that operates in the main markets of the world in an integrated and coordinated way (Lasserre, 2009). Any company that wants to go global has to enter different markets of the world, which differ culturally. These cultural differences, which most of the time are not apparent create challenges, which could become a sour point in manufacture and / or marketing of goods and services.

The United States of America and India are chosen to delineate and analyze the cross-cultural challenges. The United States of America is a country that occupies a unique position in this globalized world. USA has an 8.40% of the share in world exports and 12.50% in world imports in the year 2012. This translates into number 1 position as far as exports and imports of commercial services are concerned and number 2 and 1 position

as far as exports and imports of merchandise respectively (Trade Profiles, United States, 2013). This conclusively proves that USA remains an important trading partner not only with India, but also with the rest of the world.

As far as India is concerned it is the home country of the author and also a leading exporter of IT and IT-related services, clocking an export turnover of almost USD 100 billion for the year 2014-15 (Economic Survey, 2015). USA as a trading partner with India has a share of 19.80% in India's exports and 4.63% in India's imports (Trends in India's Foreign Trade, 2014-15). India has a 1.60% share in world's exports and 2.63% share in world imports in the year 2012 giving it 19th and 10th position in merchandise exports and imports and 7th position in exports and imports of commercial services (Trade Profiles, India, 2013). As far as IT and ITES exports are concerned 62.90% of the total exports of software services were to USA in the year 2011-12. (Press Release, 2013) USA.

II. CULTURAL DIMENSIONS MODELS

Hofstede (2013) statistically grouped the values that distinguished countries from each other into four groups, which he called as dimensions of national culture. These four dimensions are: Power Distance (PDI); Individualism versus collectivism (IDV); Masculinity versus Femininity (MAS); Uncertainty Avoidance (UA). He added two more dimensions: Long Term Orientation (LTO) and Indulgence versus Restraint. French (2007) points out that Hofstede's idea of culture is an integrated one and all the dimensions combined together produces a country's cultural profile.

Power distance is the degree to which the less powerful members of a society expect and accept the fact that power is distributed unequally. Individualism is the preference to loosely held social framework where individuals are expected to take care of themselves and their immediate families. However collectivism is the preference for a tightly-held social framework where individuals expect to be taken care by the relatives and members of an in-group in exchange for loyalty. Masculinity shows preference for achievement, heroism, assertiveness and material reward. Femininity prefers cooperation, modesty, caring for the weak and quality of life. Uncertainty avoidance shows the degree to which the members of a society feel uncomfortable with uncertainty and ambiguity. The long-term orientation manifests as people having a strong propensity to save and invest, perseverance in achieving results. Short-term orientation manifests as respect for traditions, quick results and small propensity to save. Indulgence means allowing free gratification of basic and natural human drives. Restraint means suppression of gratification of needs and regulation by strict social norms (Hofstede, 2013).

The scores of USA and India on the five dimensions are as below:

Trompenaars (as quoted by Luthan and Doh, 2012) came out with five relationship orientations that are analogous to Hofstede

dimensions apart from attitudes towards time and environment. The five value orientations are: universalism vs. particularism, individualism vs. communitarianism, neutral vs. emotional, specific vs. diffuse, achievement vs. ascription. As regards time Trompenaars identified two different approaches to time – sequential and synchronous. Sequential means people tend to do one work at a time, adhering schedules strictly, whereas synchronous means people tend to do more than one thing at a time and schedules are usually subordinate to relationships. Dahl, S. (2004) stated that Trompenaars individualism vs. communitarianism is identical to Hofstede's individualism / collectivism. Achievement / ascription are linked to Power distance index.

TABLE I

Country Dimension	USA	India
Power Distance Index	40	77
Individualism	91	48
Masculinity	62	56
Uncertainty Avoidance Index	46	40
Long Term Orientation	29	61

Hall (as quoted by Dahl, S.2004) identified two dimensions of culture. One is high-context and low-context cultures that deal with the way information is communicated and the other is polychronic versus monochronic time orientation. In high context cultures minimal information is in the transmitted message and there is pre-programmed information in the receiver and in the setting. On the other hand in low context cultures most of the information is in the transmitted message. Mediterranean, Slav, Central European, Latin American, African, Arab, Asian, American-Indian are high context cultures. Low-context cultures are most of the Germanic and English-speaking countries (Goman, 2011). Cultures with monochronic time orientation deals with one thing at a time and cultures with polychronic time orientation deal with multiple tasks at one time and interpersonal relations play a major role (Hall, as quoted by Dahl, 2004).

III. INDIAN CULTURE

Guirdham (2009) points out that the most distinguishing feature of Indian business is the predominance of family ownership and control and summarized the elements of Indian business culture:

TABLE II

Elements of Indian business culture	Perceived characteristics
Hierarchy	High; boss-subordinate relations 'master-servant'

Personalism in business control and decision-making	High-widespread familyism and some casteism; business goals often include raising personal funds for the founding family; basis for decision making top down; restricted within company information flows
Personalism in employment and work relations	High familyism and some casteism; 'soft culture'
Work communication issues	Aversion to giving bad news
Status acknowledged by deference	Extremely high deference to owners; high to superiors
Business norms	Impact of Hinduism; time not linear; delays routine
Personalism in B2B	Personal relationships are important
Different types of businesses have different cultures	Public sector businesses 'not primarily commercial'; older private businesses have family business characteristics; high-tech businesses 'modern'
Negotiation style and approach	Hard bargaining; the aim is to beat the other side
Attitudes to risk	An individual, not a cultural matter

IV. AMERICAN CULTURE

The United States of America is characterized as a strongly individualist society with a well established ethos of individual achievement, social mobility and acceptance of equality as the models cultural differences of Hofstede and Trompenaars suggest. USA also scores high on universalism, which means that rules would be applied in all cases, i.e., universally. The low power distance of USA results in managers adopting a consultative style of communication, while at the same time it scores high in individualism whereby managers assert their individual right to sell or tell a decision based on achievement of their position. This translates into top-down communication (French, 2007).

TABLE III

U. S. Values	
U.S. Cultural Values	Examples of Management Function Affected
Individuals can influence the future (Where there is a will there is a way)	Planning and Scheduling
Individuals should be realistic in their aspirations	Goal setting and career development
We must work hard to accomplish our objectives	Motivations and reward system

A primary obligation of an employee is to the organization	Loyalty, commitment, and motivation
Company information should be made available to anyone who needs it within the organization	Organization, communication, and managerial style
What works is important	Communication, planning, and quality control

(Source: Luthans and Doh, 2012)

Comparative studies of national values by Hofstede identified American culture as relatively masculine and short-term oriented. Masculinity manifests itself as a belief in bigness, material success, and a tendency to show it. Low priority is given to caring for people weaker than oneself. Short-term orientation leads to preference for spending, and perceived importance of short term gains and profits (Hofstede, 2009).

The USA being a low context culture is short term oriented, individualistic and independent, more law oriented, as they want to avoid uncertainty, have low power distance resulting in equality (Patel, et al., 2013).

V. RESEARCH OBJECTIVE

The paper aims to explore the cultural differences between India and United States of America and come out with a strategy in the form of recommendations to effectively deal with these cultural differences.

VI. RESEARCH METHODOLOGY

Data on cultural dimensions is collected from secondary sources and supplemented with primary data collected from semi-structured interviews with people working in global organizations. The organizations chosen belong to the IT and ITES sectors. A suitable analysis of the data is carried out and the results are further analyzed using well-accepted theoretical frameworks.

VII. CULTURAL CHALLENGES

Primary data was also gathered from professionals working in IT and ITES companies doing business with USA and having a client facing role in Delhi NCR. Semi-structured interviews were conducted with them to gain an understanding of their perspectives on the cross-cultural challenges while working with the Americans. These challenges can be grouped under different domains. These domains are:

A. Communication

a. Oral Communication

The issues Indians face while dealing with Americans are accent, American slang, tempo of speech, too long one-sided

conversation, informal, direct to the point, which is often considered as rude, small talk and getting to know each other lasts for a very short period of time. The use of first name in the very first meeting itself is very assertive. The issues faced by Americans are again accent, tempo of speech too fast, indirect and take time coming to the point of discussion and use of Indian English, use of 'Sir' and 'Ma'am' and making the communication very formal. Indians hesitate to give bad news and cannot say 'No'. Indians are also very indirect in their communication, thereby being termed as story-tellers. Another aspect of oral communication is the use of mother tongue, while speaking in English. This makes it difficult for native speakers of English to comprehend and interpret what is being said. This can be traced to the fact that in every region in India a special hybrid language is spoken instead of English. This hybrid language is a mixture of English and the local language. As all Indians are at least bilingual the communication is effective, and efficient. However while communicating with native English speakers; this hybrid language becomes a barrier to effective communication.

b. Written Communication

The issues faced by Indians are – Americans are very direct and to the point without explaining the background, use of slang, informal and difficulty in salutations. The issues faced by Americans are the written communication tends to be long and not to the point, use of Indian English, hesitation in giving the bad news, cannot express 'No'.

B. Time

The issues Americans face are – lack of punctuality, accepting deadlines and not meeting them, decision making is slow, building relationships take lot of time. Indians feel that Americans are too demanding and do not consider the problems that they face, which are very different from USA.

C. Hierarchy

The issues American face are – the organizations are too hierarchical, thereby making communication slow and many a time impossible especially from bottom to top, the team lead is the decision maker and the team members implement the decisions. Lack of accountability and

D. Decision Making

Americans feel decision making is slow and tedious. Indians feel that Americans are very pushy and wants decisions to be taken fast.

VIII. DISCUSSION

From the above it is clear that both Indians and Americans face challenges while dealing with each other. Most of these

challenges emanate from the fact that the cultures are different and thereby the values, beliefs, assumptions will also be different. Based on the cultural dimensions models, the cultural differences are tabulated as follows:

TABLE IV

American	Indian
Low-context	Moderately high-context
Low power distance	High power distance
Individualistic	Collectivist
Short-term orientation	Long-term Orientation
Achieved status	Ascribed status
Monochronic	Polychronic
Sequential	Synchronic

As far as communications as an area of challenge is concerned issues like accent, tempo of speech in oral communication are not directly related to cultural differences and hence not considered. The issue of being informal and use of first name by Americans and the use of 'Sir and Ma'am' by Indians is a consequence of differences in power distance between USA and India. This aspect of saying 'no', it is considered rude in Indian culture to say 'no' directly and hence it is indirectly. Coming from a moderately high context other Indians will understand the indirect 'no' from the context, but not people from low context cultures like USA. The issue of direct and indirect communication – both oral and written is again due to the same low context and high context cultures. Assertiveness is related to Americans being individualistic and this assertiveness is perceived as rude by Indians.

Time as another challenge is clearly linked to the way time viewed by Americans and Indians – sequential and synchronic and also polychronic and monochronic. In polychronic and synchronic cultures like India, more than one work is done at the same time and relationships are given more importance than work, resulting in not meeting deadlines or accepting deadlines and not meeting them. Monochronic and sequential cultures do one work at time at schedules are adhered to resulting in meeting deadlines.

Hierarchy and tall hierarchical structures existing in India are a direct consequence of high power distance, which also results in top-down communication and the formality prevails in organizations. Finally decision making being perceived by Americans as slow is due the fact that tall hierarchical structures and also Indians being long-term oriented take a long-term view resulting in slow decision making. A word of caution is that while comparing India with USA using the cultural dimensions, each of the cultures is low or high on a particular dimension relative to each other only and hence the differences.

IX. CONCLUSIONS AND RECOMMENDATIONS

It is foregone conclusion that cultural differences exist between India and the USA resulting in these cross-cultural challenges

as detailed above, these become apparent only when one is dealing with the other. They become challenges as one tends to judge the other's behaviour using his / her cultural norms and values. Also while working together they could become acute leading to souring of relationships, which needs to be avoided.

There are various ways in which the impact of cross-cultural challenges can be mitigated. Cross-cultural training is one of them. However the author recommends that the employees who have a customer-facing role should be culturally profiled to check the compatibility with American culture and then train them accordingly so that they will be effective in dealing with Americans. The cultural profiling should be done in a detailed manner for the people having decision making roles in Indian context, as they play an important role in having good working relationships. Being culturally sensitive is another method to avoid cross-cultural challenges. Cultural sensitivity can be inculcated through cross-cultural training, but here also profiling the individuals will be better.

X. LIMITATIONS

The sample was drawn from Delhi National Capital Region; hence the conclusions cannot be extended to whole of India, for which a more extensive study needs to be carried.

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