Chapter 4

Demystifying the Indian Way of Doing Business: An Overview

Pratika Mishra
Presidency University, India

Chithambar Gupta V.
Presidency University, India

Swati Oberoi Dham
New Delhi Institute of Management, India

ABSTRACT

The culture of India is ancient, close to 5000 years old, and is very unique, diverse and different from the western cultures – India’s languages, food, clothing, customs vary from place to place within the country reflecting the cultures of all religions and communities living in India. The diverse food habits, consumer tastes and preferences, consumer lifestyles, communication styles, language barriers, perception and attitudes of Indians, all have a major impact on the strategies and marketing mix (4Ps), elements of products and services marketed in India. An effort should be made to understand the culture when doing business in India. Major MNCs like Amazon, IKEA, Starbucks, Uber, Pizza Hut, McDonalds, have expanded their businesses to India after customizing their products to the Indian sub-continent. This proposed chapter aims to provide insights into the diverse Indian culture and language system. The study will examine the differences between the eastern and western cultures and their business implications.
INTRODUCTION

India, as an economy, has seen consistent rise over the years, and according to the World Bank, India became the World’s sixth largest economy in 2017 (Capital Market, 2018), with a GDP of $2.597 trillion. Manufacturing and consumer spending were the main drivers of the Indian economy during the period. According to International Monetary Fund (IMF), India is projected to grow at 7.8 percent in 2019 (ET Bureau, 2018). The IMF forecast predicts that, India is all set to become the fifth largest economy in 2018. India will be an attractive destination for many International businesses to invest in and to do business. According to EY’s attractiveness survey 2015, a major 32% of the investors ranked India as the most attractive market, and nearly 60% placed the country among the top three investment destinations (EY, 2015). In the same series India has been considered has one of the lucrative destinations for FDI in almost all surveys since 2015. By 2020, Investors expect India to grow further and emerge as one of the World’s top destination for manufacturing, and also services.

INDIAN CULTURE AND PARADOX

The culture of India is ancient which is close to 5000 years old, and is very unique, diverse and different from the western cultures – India’s languages, food habits, clothing, life style, customs vary from place to place within the country reflecting the cultures of all religions and communities living in India. India has 23 Languages (officially) and many major religions like Hinduism, Islam, Christianity, Buddhism, Jainism, and Sikhism. India is one of the most ethnically and religiously diverse countries in the world, in terms of its culture and languages and hence perceived to be “complex” by the west, for doing business. Foreign companies doing business in India, need to customize, their strategies and way of doing things, to suit the local culture. As rightly said by that in the course of starting new business in India the right way to start by understating the cultural ethos (Banerjee, 2008). Culture is the key variable of business and strategies to a large extent depends on the understating of local norms and values.

India has a booming economy and growing very fast. This led to a manifold increase in the number of foreign MNCs investing in India, in terms of FDI, FII and outsourcing, and also Indian companies venturing abroad. Owing to its huge domestic market, foreign MNCs have huge benefits of doing business in India. However, the cultural challenges that they face, needs to be addressed, which may be a source of huge direct and indirect costs for the organization. A detailed understanding of the Indian language and culture is important to sail through the challenges of doing business.

The diverse food habits, consumer tastes and preferences, consumer lifestyles, communication styles, language barriers, perception and attitudes of Indians, all have a major impact on the strategies and marketing mix (4Ps) elements of products and services marketed in India.

Major MNC’s like Amazon, IKEA, Starbucks, Uber, Pizza hut, McDonalds, Coca Cola have expanded their businesses to India after customizing their products to the Indian sub-continent. Many of the MNCs like Colgate Palmolive, Pepsi, Unilever, Toyota, Honda, Pepsi, Singapore Airlines, IBM, Nestle etc. have been successful, after being sensitive to the culture and language of the market, by launching the products / services most appropriate for India. While consumers across the world are seeing a growing
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