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## Understanding Culture and Business: An Indian Experience

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### ABSTRACT

Many foreign firms wish to do business in India. This paper tries to investigate if any general rules prevail that foreign firms wishing to do business in India must know. Based on the findings of an exploratory survey, the study concludes that since India is a vast and varied nation, it is not easy to do business here. No sweeping generalizations can be made. The paper explores how Hindustan Unilever (HUL) has tapped the bottom of the pyramid market in rural India very effectively.

*Keywords:* Indian consumer, culture, untapped potential.

### The New India

Right now India is the second fastest growing economy in the world. From 1950-1980 India witnessed the Hindu rate of growth, contrasted with the high growth rates of other Asian countries. The economy got a big push in 1990s. Since then growth has picked up and India has consistently been growing at around 7% p as in most years.

India is the world's youngest country with a median age of 25 years; it is likely to reap the benefits of demographic dividend due to a bulge in the working population compared to the total population. India is proud of her large English speaking work force labour force which has enabled her to become a major exporter of knowledge services, outsourcing and software

The cost of raw materials is cheaper here and this along with cheap labor brings down the overall cost of production. India is also witnessing a burgeoning middle class with huge demand for consumer goods.

The Indian Prime Minister, Narendra Modi has launched the "Make in India" campaign to attract global businesses to come and manufacture and invest in India. This whole campaign aims at doing away with many of the bureaucratic hurdles and promises time bound project clearances. His definition of FDI is First Develop India.

### Research Methodology

A pilot study was carried out to get more precise insight into the various aspects to be investigated. This helped the researcher to outline the research problem more clearly. It provided a useful basis for selection of the final case study. An exploratory survey was conducted among people having high positions in the business and corporate sector and among the Business Administration faculty in various undergraduate and postgraduate institutions through which a variety of opinions were expressed which helped us to understand various aspects of the

### Review of Literature

Shalini Agarwal in *Understanding Indian Culture for Successful Business* published in the proceedings of the Farnham Castle International Briefing Centre, 2015-16 observes

4<sup>th</sup> International Conference on Language, Innovation, Culture and Education  
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that India has its own unique and way manner in which business is conducted. A high level of long-term commitment and personal attention and involvement are crucial. Developing strong relationships with Indian business associates is fundamental to successful business in India.

Rakesh Kumar in his article *Negotiating with the Complex, Imaginative Indian* published in the Ivy Business Journal, April 2015 concludes that it is the simultaneous presence of both individualism and collectivism that distinguishes the Indian manager from his counterparts in the world. He could be both highly aggressive or passive and reluctant to express his opinion.

Supriya Sharma in *Why Indians Work: A Cultural Values Perspective* published in the ***Indian Journal of Industrial Relations***, [\*Vol. 50, No. 3\*](#) concludes that under the influence of multinationals and modernization, managerial mindset in India is believed to be changing, with inclinations towards adoption of Western or capitalist values

### **Issues Faced by Foreign Companies**

Many global brands have entered India, yet some of them did not fare well and did not enjoy the profits they have enjoyed in their own country or in other markets. These companies have been successful who have understood the needs of India. Even some of the successful brands faltered initially but they quickly maneuvered their way through. India is a country where things move very slowly but once successful entry is made, the gains are huge.

### **Indian Business Culture**

India is a very complex country and it is not at all easy for foreign firms to understand Indian business culture. The country is divided into 29 different States and no sweeping generalizations can be made. Tastes and preferences are totally different throughout the country. To do business in India a professional relationship needs to be based on a personal relationship. Indians do business only with people they have faith in. the Indian psyche is very different and moves around the overall context. At business negotiations the Indian delegation always starts with small talk and unimportant things. India has 27 public holidays in a year there are many religions each having separate festivals. Usually at business meetings only the senior most person will speak. Indians are little indirect and non-confrontationists in their approach. They will give a positive answer at the same time would be vague about details

### **HUL: Celebrating Eighty Two Years in India**

Hindustan Unilever Limited (HUL) is India's biggest Fast Moving Consumer Goods Company having a relationship of eighty-two years with India. It has forty brands covering different categories.

HUL has successfully transformed the marketing battle from the cities to the villages of India. There are 6 30000 villages in India. The company has been constantly targeting the bottom of the pyramid sections of India. "The future lies in the hands of those who see the poor as their customers" wrote C. K. Prahalad.

HUL understood that the city markets in India are getting saturated There is fierce competition in the urban areas and too much unnecessary advertising expenditure. In the rural areas all the costs are low and there is lot of space. Increasing rural prosperity points out to all the untapped potential in the rural areas.

A recent research by Credit Suisse points out that rural India is not solely about agriculture anymore and has made a transition from thatched-roof houses and muddy roads to factories and cell phones.

Right from the beginning HUL has been using a winning formula on the villages while constantly reiterating that it is Indian. It has tried to touch a chord in the hearts and souls of the rural folk.

HUL has very effectively created capacity to consume. The rich generally buy a big bottle of shampoo to avoid several trips to the shop but the poor buy only what they need for that day. HUL has brought about a mini-revolution in the rural markets of India with their single serve sachets costing INR 3. HUL has rightly falsified many myths about rural marketing in India.

It has used to its advantage unconventional channels of marketing like weekly markets in the villages, and setting up small kiosks close to public distribution shops where majority of the villagers visit for their daily needs. HUL has allotted distributorships to the mom-pop outlets and the Indian favourite paan shops which are found everywhere in rural India.

India has 50200 fairs every year where villagers gather in one place. HUL has taken full advantage of these fairs. It has used “melas” to make people aware and familiar with HUL products. In addition it has used vans, road shows and puppet shows to reach out to the rural populace. Personal selling through women of the village has also been emphasized. HUL has identified some women in the village and started the concept of “Shakti amma”. Shakti means strength and amma means elder woman.

### Key Findings

- Several multinational companies have invested in India and their activities offer valuable lessons to those companies who now wish to come to India.
- Companies must understand the complex legal system as they may get into serious problems if they do not.
- The Indian market is very complex and what might succeed at one time may not succeed at another time
- Having a local partner might make the journey less difficult.
- Investors should send their top management to India as Indians believe in hierarchy and will only do business with people they trust.

### Limitations of the Study

This study has its limitations. The sample was drawn from among the oldest companies who had entered India. The findings may not be applicable to all time periods and all sectors. Further studies taking a wide sample from the whole of India may be warranted.

### Conclusion

Most multinational companies are run by a global manual. Those companies have done well in India who have discarded this global manual and have adopted a local approach. It is very important to connect to India at an emotional and social level. India-centric innovations would lead to a win situation. Companies who could not understand the dynamics of the Indian consumer had to change their approach and re-enter with a changed strategy. Thus cultural adaptation is key and to “win India, think India”

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