Indian Business Magazine

An Honors Thesis (HON 499)

by

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Abstract

In a world that is constantly moving towards globalization, business and economic integration between countries is rapidly increasing. Many businesses often develop expansion at international levels through outsourcing, exporting, joint ventures, and acquisitions. However, many small to medium-sized businesses do not take the time to research the market they are interested in entering and can waste funds and time in a market that is not a good match for the company. In this work, I collected information and photographed images relative to business and cultural in India to assemble in an easy to read, educational format. This work was designed to educate the public about India in both business and cultural aspects. Predominantly focused towards the business world, this magazine aims to provide information on Indian consumers, infrastructure, religion, travel destinations, and companies.

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- I would like to thank Dr. Ray Montagno and Dr. Sushil Sharma for leading the field study that enabled me to assemble the information required for this project.
March 7, 2008 I left the United States for a life changing experience: a field study in India. I have had the opportunity to travel abroad in the past; however, I sought a way to enhance my study and place a focus and purpose on my travel experience. Because of this desire, I decided to create a thesis that would provide value and information to others, particularly those interested in global business.

As an international business student, the interconnectivity of commerce and culture has always intrigued me. Working as an intern for the U.S. department of commerce export assistance center during the summer of 2007 allowed me to interact with small and medium-sized companies looking to move into the global market. This internship helped to me to realize that working professionals rarely complete research needed in order to move into a global market and often seek easy answers to difficult questions.

My work experience spawned the idea that to create information in an easily understandable format is the best way for these business professionals to truly grasp key concepts. The intricate and articulate literature often accessible for business professionals typically presents itself in the form of country profiles. This vast and nonspecific information can not succinctly relay what the busy working professional wanted to know in a timely manner. Creating a work with specific and easily understood information seemed to be an answer to this issue.

The project I created is an assembly of information I observed and collected through my many experiences in India, presented in a simple and interesting format. I traveled to four different corporations, three universities, two temples, at least a dozen famous monuments, and
three major cities. During these experiences, I was able to observe many different classes and caste systems, as well as the intricate workings of everyday Indian life. Through the company visits, student interactions, and human observations I was able to develop my individual concept of Indian business, culture and customs.

Dr. Ray Montagno and Dr. Sushil Sharma were kind enough to lead this trip developed by the Miller College of Business. Dr. Sharma is from India and Dr. Montagno had been to India in the past, so it was wonderful to have such knowledgeable and connected leaders for this group. Through these professors, we were able to meet many different types of people and experience many unique aspects of Indian life. These professors acted as directors in order to keep our trip business focused, and because of this, I was able to gather significant information about India for the completion of my thesis.

Field studies are wonderful opportunities for students to expand horizons and understand unique cultures and customs. For me, this field study was a wonderful opportunity to write articles, take photographs and combine the two types of information in order to develop a complete project centered on business. In order for someone who is traveling abroad to gain the most from an experience, direction and focus must be established before departure. Developing concepts about a culture or common practice is as simple as looking around you when traveling abroad.
India Industry

Your Personal Guide to Business and Culture in India
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A Look at an American Business in India: Headstrong Corporation

Headstrong, a consulting and outsourcing company, is based in Connecticut and has established itself within the Indian sector of business, along with many different countries worldwide. Particularly in India, Headstrong has sent expatriates from the U.S. as operations management to control their foreign subsidies. This company works business to business in expanding global operations for its clientele.

Many differences have been acknowledged and worked through at Headstrong India. "Our (Indian) employees here are shocked by openness," said Tom Harman, Operations Manager of Headstrong Corporation. The ability to hold open discussion in a group, particularly when a leader of importance is present, is very rare in Indian culture. This is one of the many challenges American companies will have to face when working with an employment staff of Indian personnel.

Also, turnover rate for the company is very high by American standards, roughly 35% in India. Why would this be, you might ask? Are the facilities and company benefits not suitable for employees? The fact of the matter is that Headstrong India is more amiable to its employees than many American companies are to their employees. Facilities on site include a gym, day care, sleeping room, ping pong tables, cafeteria, general store, and something called "coffee, tea, and me," an area where free drinks and seating is arranged for business discussions. However, the turnover rate for Headstrong has little to do with what amenities are provided for employees and more to do with the fact that employees can move through corporation hierarchy more quickly by changing companies after gaining experience.

For this American company in India, profitability is gathered by being able to serve customers more efficiently. Locations of operations in countries that are highly sought as export and outsourcing destinations make good business sense for Headstrong. Despite the many issues that can arise from business culture discrepancies, the benefits for Headstrong far exceed the struggles.
India Going Global: Haldiram and Its Movement

Haldiram, for those who do not know yet, is India’s premier snacks and sweets producer. Located in Delhi, the company has extremely high brand recognition and customer base. The market share in India for Haldiram is over 70% in India, says the family business owners.

Currently, the company is working with Wal-Mart to assist in its global expansion. Wal-Mart, as many American companies have experienced, has put extra pressure and strain on companies to provide cheaper and cheaper goods. After hearing this information Haldiram directors replied that Haldiram’s brand recognition is so popular that they do not feel Wal-Mart can be a threat.

It is obvious what Wal-Mart is thinking after hearing this... cha ching! Businesses who are unaware of Wal-Mart’s dealings should think twice before dealing with America’s most aggressive corporation. The company’s products are sold in the U.S. but only in a few locations. Haldiram hopes to see wider market reach through Wal-Mart. Let’s hope for their sake the business deal is win-win.

Infrastructure Inconvenience: What It Means for Business

Most Americans are aware of the long traffic jams in Chicago and the frantic traffic movement of New York City, but combine the two cities and you’re not nearly close enough to imagining the chaotic traffic conditions of India. When driving in India, five minutes of travel may mean one hour of sitting. What would take two hours to travel by car in the U.S. may take six or seven depending on state taxes, tolls and cows in India – that’s right, cows. Animals run free in the street; however, most are smart enough to move out of the way.

What does all of this mean for businesses? Why logistics issues of course. If you produce a product anywhere but Mumbai, or another city close to the sea, how do you plan on moving your product to where it needs to be? The absolutely discombobulated road systems with ridiculous government and state regulations and underdeveloped rail systems create many problems for companies looking to move and distribute their products. How should one deal with these issues? The answer is simple. Use what resources are obtainable and hope for the best outcome available.

American businesses and those interested in outsourcing production to India, are forced to make the choice between inexpensive labor and efficient logistic systems. For each individual company, the reasons and choices will be different after weighing the options.
Customer Culture

Selling in India? There are a few things you may want to take note of in these next few paragraphs.

There are many different key factors in the Indian market companies looking to export to India should recognize. Getting products to customers is typically done through lots of small stores located frequently throughout the city streets in India. There are very little “super-center” store concepts. An Indian consumer may be able to get everything he or she needs on one street side, but it could be from 5 different vendors. Also, Indian houses typically don’t have as much storage space, so bulk products are not popular. Consumers in India will frequently pick things up on the way home from work to prepare for dinner.

Advertising in India is done in both Hindi and English. The most prevalent type of advertising one will notice while in India is the use of billboards, which line the streets of India in many layers. One of my most favorite advertisements was for a cosmetic product. Typically we will hear in the U.S. “humidity doesn’t stand a chance against your hair” and in India it was “pollution doesn’t stand a chance against your skin” (pictured above). This merely demonstrates the differences between markets and its implications for advertising. Companies must take the time to learn distinctive characteristics about a country before jumping into its market.
Delhi: Significant business is done in India’s capital. The city holds refuge to beautiful Indian architecture and Indian government buildings located in a beautiful and more quiet part of Delhi. India Gate is a monument located in a public park dedicated to World War I heroes. Also, Mahatma Gandhi, the father of India, has many memorial sites around the city.

Mumbai: Formerly known as Bombay, this is the largest center for business in India. It is located on the west side of India by the Indian Ocean. Many buildings and relics constructed during the British occupation are easily accessible, such as the Gate of India. There are also beaches with vendors and activity; however, these are not the typical “bring your bathing suit” beaches and it is not recommended to swim.

Agra: One image describes the city of Agra: Taj Mahal. Agra is a large city located six hours from Delhi by car. The Mughal Empire, most prominent in the 1600’s, based many of its buildings in Agra, including forts and tombs such as the Taj Mahal, which took 22 years to finish construction.
TOP 10 TIPS WHILE TRAVELING TO INDIA

1. Water: Always drink bottled water and always buy sealed water. At 12 rupees a liter, (30 cents) it is more than affordable. Drinking plenty of water while traveling will ensure hydration and ward off sickness.

2. Comfortable and Covering Shoes: The streets will not typically be clean and more walking is done than when one travels in the U.S.

3. Respectful Clothing: For women, it is recommended to wear clothes that cover the knees and shoulders (with no low or scooping neck lines), and typically business casual style is worn by men. Jeans and tennis shoes are becoming more acceptable.

4. Spicy Food: Native Indian food will generally be spicier than anything you’ve ever tried before. TAKE SMALL BITES! Typically your hosts will have the food prepared in a milder manner, though this does not necessarily mean it will not be spicy.

5. Two Words: Business Class. This is a flight that your company should spring for the ticket upgrade. Fourteen hours of travel in one direction is worthy of a comfortable seat. (Air India is an inexpensive and very comfortable way of traveling to and from India.)

6. English: It is widely spoken in India but American English terms are rarely used. Be prepared for a few language barriers as British English terms can be very different.

7. Traffic: It will come from the right. In the U.S. we are told to look left, right, left. If this is done in India, you are sure to die. Traffic is very hectic and everyone drives on the left side of the road.

8. Don’t Feed the Monkeys: No matter how cute they look. Animals roam the streets of India ranging from dogs and cats to cows and monkeys. It is never a good idea to interact with these animals because they typically carry diseases.

9. Schedule: If you have to drive anywhere, allow for an extra hour of travel time. Traffic is very unpredictable and usually, due to infrastructure, very slow moving.

10. Restrooms: There is nothing similar to gas stations or rest stops for restrooms in India. If you do not use the restroom at your hotel, you may be in for a long wait. Always use the restroom before you leave any place, you never know how long you will be stuck in traffic. Also, do not expect western style toilets, toilet paper, or soap. Always bring hand sanitizer and toilet paper when possible.
Cows and Culture: Religious Implications in India

While in India, it is expected for those traveling and living in the culture to respect religious laws. These laws are rarely intrusive, very reasonable, and rarely affect a foreign traveler. There is only one particular law that one must adhere to: the concept of reincarnation and its implications for animal rights. The main religious law one notices in India is the respect for animals, particularly cows. This is due to the fact that many Hindus believe in reincarnation and that human souls can come back in animal form.

Animals, including dogs, cats, monkeys, birds, and cows, will roam the streets of any given city. You must be respectful to all living creatures. The best way to show reverence is to leave the animal alone. Don’t attempt to pet it or bother any animals. The word “beef” is taboo in this culture as well. You will never be served meat of any cow; however, items such as butter and yogurt are served quite often. Cows are highly revered and respected, and many people believe to be reincarnated as a cow is something very respectable.

This does not mean that there are no forms of animal abuse in India. Elephants, monkeys and snakes are kept by people who use them to perform certain tasks to get money from tourists. Monkeys will be hoisted on sticks so people can take pictures. Snake charmers will keep snakes in baskets and blow musical instruments to hypnotize the creature so tourists will take pictures. Do not take pictures of these acts unless you want to pay 50 to 100 rupees for the photograph opportunity. Also, elephants will be tied with a large wooden seat on its back to give rides to paying tourists.