Managing business in South Asia – Cultural side of the game

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India and Bangladesh are lands of about 1.6 billion people. Together it is huge, and one of the fastest growing regions in South Asia and in the entire Asia as well. A promising destination for global companies including Scandinavian ones. Culturally, both countries differ drastically from Scandinavian countries. Therefore, cultural readiness is crucial for Scandinavian businesspeople before embarking into business operations in India or in Bangladesh. Cultural readiness in business operation may include, among others, knowing the critical socio-cultural issues and institutions e.g. how bureaucracy functions; dominant organization culture; management- or leadership style of the region; role of family and religion in society; importance of networking and relationship building; and effectiveness of emotional bondage.

In the field of International Business, the study of culture has become crucial since it has been recognized that culture creates challenges and problems for firms in their international business operations (Kazi 2009, 91). Consequently, cross-cultural expertise is a must for managing business in a foreign market. Ferraro states that one of the most common factors contributing to failure in international business assignment is the erroneous assumption that if a person is successful in the home environment, he or she will be equally successful in applying technical expertise in a different culture (Ferraro 2002, 7).

Technological superiority should not underestimate the urgency of cultural expertise in international business success because other cultures do not necessarily share our behavior or the way of doing things. We should assume that overseas business success is contingent, among other factors, upon how a businessperson adapts the way of thinking and acting of the target market. So cultural preparedness is a must for managing business overseas. Increasingly, Scandinavian companies are viewing South Asia, specially, the India and Bangladesh region as profitable markets for trade and investment. Consequently, it is crucial to examine how much they are aware of the societal trend and cultural dimension of South Asia because management of a country is offspring of its culture. A number of critical socio-cultural features have been discussed below which may be instrumental for Scandinavian businesspeople in dealing with their South Asian co-workers, superiors, sub-ordinates, government officials and common people around them.
Dominance of bureaucratic- and paternalistic organization culture

In South Asia and especially in India and Bangladesh, organizations are heavily bureaucratic by nature and follow a mechanistic organizational structure, which reduces organizational flexibility in responding to customers’ demands. Rules, regulations and procedures are more prioritized over service mindedness to the customers. However, because of globalization process and international trade, a slow trend has been taking place towards replacing bureaucratic organizational culture with a more flexible and customer-responsive one across South Asia. This cultural change process is more visible in private sector companies compared with public sector organizations. Alongside bureaucratic features, there is also the influence of paternalistic organization culture. A typical company is symbolized by top-heavy structures and processes and roles designed to serve certain organizational goals as prescribed by the head of the organization. The total organization is influenced by the personality of the boss (Kazi 2009, 113-14) in most of the cases. The organizational communication is more of top-down and rarely bottom-up.

Authoritarian and persuasive leadership style is daily reality

Command, control, and persuasion are more used in managing subordinates as opposed to consultation, collaboration and joint decision-making. An ideal subordinate is very loyal to his or her superior in India and Bangladeshi organizations irrespective of sector; private or public. In exchange of loyalty, a superior ensures job security of his/her subordinate/s. This loyalty-security cycle sometime impedes initiative taking ability of subordinates. Consequently, your subordinate may be more effective to work under your instruction, however, may fail to work independently by using their discretionary judgement. As a result, it is very common that simple issues are taken to the managing director (MD) for solution. A democratic manager from Scandinavia obviously need to adjust his/her leadership style to an autocratic- and persuasive one for business success.

Nepotism is very common in traditional Indian and Bangladeshi companies

Family members hold key positions and work in close alliance. Collectivism is a crucial feature of Indian and Bangladeshi cultures which is also the root of nepotism. Collectivist personnel managers are more likely to hire friends or relatives or relatives of the people who have been currently working for the company (Lewis 1999, 342; Kazi 2009, 253). Reference, in addition to expertise, from an existing worker may be very effective in hiring decision of an applicant. There is a common saying in Bangladesh that “if one does not have a mama (maternal uncle), chacha (paternal uncle) or bondhu (friend) in an influential position” then getting a job may be very difficult.” In a collectivist and low-trust societies like India and Bangladesh, in-group members are more trusted than the unknown outsiders, consequently, it is safer to recruit someone who you already know than one who you do not know. Therefore, it is advisable for the Scandinavian businesspeople to hire employees from your known circle or known circle of your Indian or Bangladeshi representatives.
Religion is somehow taboo in Scandinavia but it dominates South Asia

Society in South Asia is highly class oriented. Social classification is rooted, among other things, to the religious affiliation. Hinduism and Islam are the main religions in India and Bangladesh; Hinduism dominates India and Islam in Bangladesh. Kumar and Sehti indicate that the foundation of Indian culture is still provided by the fundamental principles of Hinduism, which continue to shape Indian thoughts and behavior (Kumar and Sehti 2005, 56). Hinduism creates social classification through its caste system. There are four main castes; Brahmins, Kshatriya, Vaishya and Shudra. Within these four castes there are some three thousand subdivisions of caste and sub-castes. Outside the caste there are the outcastes, also known as “schedule caste” or untouchable. In society or in organization, do not mingle with people without knowing their social position/class/caste. Belonging to a position/class/caste offers a status system. Each person has his/her own status; some belong to upper status and others are at the lower status – there are also people having no status at all. In Bangladesh, the religion of Islam has a visible presence in the daily life of Bangladeshi people. The religion of Islam does not divide its followers into different classes. However, Islam is divided into two main branches; Shia and Sunni. Inside Shia and Sunni, one may also see doctrinal divisions. Religion is extremely a sensitive issue in India and Bangladesh, therefore, it is highly advisable to honor the religious feelings of your co-workers, superiors, subordinates, and general people around you. Whenever possible, avoid to talk over any sensitive religious issues with your South Asian business partners.

Personal relationship and networking

Being impersonal and neutrality are somehow taboo in South Asian society. For survival, one has to be lenient to somebody through personal relationship or be part of a network. In business field, personal relationship and active networking with social elite; religious- and political leaders; army- and police officers; and civil bureaucrats would help you to set up business easily, ensure its growth, and lead to success. In addition, try to go deep into your business partner’s network as well. Personal relationship and networking are also called sometime as connections. Business success and tapping new opportunities are contingent upon your network building ability. Business success may not come in a twinkle of an eye because relationship is considered a precondition for doing business. Therefore, one has to give time first for building relationship and the second step is to proceed for doing business. Special relationship may give you special benefits in business. The root of relationship in South Asia is mutual exchange of benefits; give and take policy. In India or in Bangladesh, if you favor someone with something, do not hesitate to seek favor of similar type.
Emotional properties are too strong to South Asians

Compared to Scandinavians, emotion drives South Asians more than logic. Consequently, too much logical argumentation over business issues with your South Asian counterparts may destroy the business relationship. In business negotiation and decision-making process fairness is negotiable; a friend gets more favor than a stranger which is not because of logical reason but for emotional bondage. Relationship and emotional bondage sometime go hand in hand. Emotion stems from, among other things, long-term business ties and relationship of any type. Therefore, building emotional bondage is necessary before starting to do business in South Asia.

Finally, it may be said that there is no shortcut mechanism for business success in a host market but cultural readiness may help a lot in solving business problems with mutual understanding and prudence. Therefore, knowing critical socio-cultural features of South Asia would empower Scandinavian businesspeople for setting up of a business, ensuring its continuity and making expansion decision.
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References


