

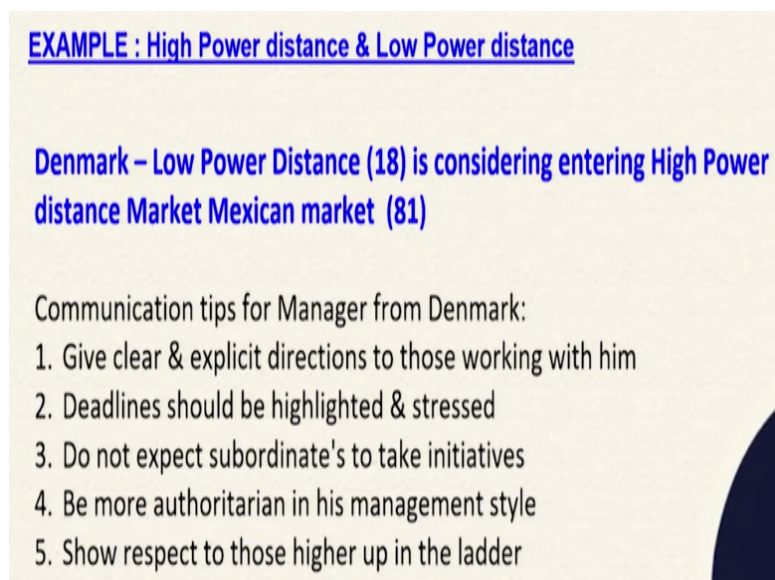
International Marketing
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Lecture – 14
Hofstede's Cultural Dimensions, Cross-Cultural Sales Negotiations

Good afternoon, we will have today module 3, lecture 14 and we will have some practical examples of Hofstede's cultural dimensions and this would be very helpful for you. So, I have taken couple of examples from here which will be very helpful. The two different cultures I have taken for a couple of countries to adverse one is very high, another is very low and the manager from a very high cultural dimension visiting another country which is very low into that or vice versa. So, what are the actions to be done?

So, this is more of practical examples for the business managers how you have to handle the situation based on the dimensions **or** the cultural differences. So, just to recap we have discussed about the Hofstede's cultural dimensions which is power distance, individual versus collectivism, masculinity versus femininity, uncertainty avoidance, long-term orientation and indulgence versus restraint. So, these are the 6 cultural dimensions we have discussed.

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EXAMPLE : High Power distance & Low Power distance

Denmark – Low Power Distance (18) is considering entering High Power distance Market Mexican market (81)

Communication tips for Manager from Denmark:

1. Give clear & explicit directions to those working with him
2. Deadlines should be highlighted & stressed
3. Do not expect subordinate's to take initiatives
4. Be more authoritarian in his management style
5. Show respect to those higher up in the ladder

Now, moving forward to the next one. This is high power distance an example, an executive from in low power distance will go to a country and meet with the managers where it is a high power distance. As I have said a high power distance would indicate a national culture

that accepts and encourages the bureaucracy and high respect for authoritative style so that is typically a high-power distance just to recap what we discussed in the last session.

And what is the low power distance? It is a national culture that encourages a flatter organization structures and greater emphasis on the collective work is a greater emphasis. So, now here I have taken an example of Denmark, which has typically a very low power distance index, I have taken this numbers from Hofstede's cultural dimensions. So, low power distance of Denmark is 18.

The manager of the company from Denmark is planning to enter in a high power distance market, which is typically we have taken an example of Mexico. A Mexican market where the power distance is very high. So, what the Denmark manager should know and what are the tips for the manager? So, this is more of a practical aspect for you when you handle from a high-power distance to a low power distance or vice versa from low power distance to a high power distance.

So, here the example I have given low power distance. So, what is the communication? Number 1, give clear and explicit directions to those working with him. So, very explicit directions you have to give to the people working in Mexico. Deadlines should be highlighted and stressed. Do not expect subordinates to take initiatives. So, that is very important here. So, here in a typically and very high power distance nationals, the structure is bureaucratic.

So only the top people will be taking a decision and the intermediary people will not be the part in the decision making process. So, here you expect that even if you have given the job to a team who are basically reporting to the head of the business head, you do not expect the team to take a decision until as a business head is involved. So, business head's involvement is very crucial. So, do not expect that you interact with the team and then you come out certain decision from the team that might not happen.

And that is typically will be taken by the business head who is heading that division where is a high power distance. Be more authoritarian in his management style and show respect to those higher up in the ladder. So, please ensure that when you meet a customer or meet a business manager whoever is a hierarchy in that ladder, ensure that you show the respect to the person in the hierarchy up in the ladder. So that is very important.

Exactly the same thing if it is someone; like the same Denmark is coming to India where our power distance is **relatively** high exactly the same manager for the Denmark manager will be applicable for India also. So, this is just some tips based on my experience, this is a tip which has to be followed.

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EXAMPLE : Individualism vs Collectivism

**Australia – High individualism (90) is considering investing in Mexico
Low individualism (23)**

Communication tips for Manager from Australia:

1. Individuals have a strong sense of responsibility towards their family
2. Remember that praise should be directed to a team rather than individual
3. Understand that promotions depend upon seniority & experience
4. Decision making process will be rather slow, as many members across the hierarchy need to be consulted

The next practical example is between the individualism and collectivism. So, what is individualism? As we have mentioned that individualism, the individual performance some society value the performance of the individuals and in the collectivism say teamwork, value of the performance of the team. So, here the Australia is a very high individualism around 90 score from the Hofstede is considering investing in Mexico which is low individualism which is 23 very low.

So, then what are the steps or the tips? Best to say is a tip I think, it can vary from manager to manager, it is a tip from my side that individuals have a strong sense of responsibility towards the family. So, we are going to Mexico is a very low individualistic and they have a very strong sense of responsibility towards their family. Remember that praise should be directed to the team rather than individual. Understand that promotion depends upon seniority and experience.

So, here that is very important for the manager from Australia to understand and decision making process will be rather slow as many members in the hierarchy need to be consulted, so that is there in this situation where this low individualism is very low. The decision

making process will be very slow. So, that is typically that is where it comes about the high individualism considering investment in a low individualism like in Mexico.

In the previous slide, we have seen Mexico is having very high power distance, but here in this case they have very low individualism in Mexico. So, these are very two different high contrast between, the PDI is very high, power distance index is very high whereas the individualism by collectivism, the individualism is very low in Mexico. So, these are the two. **(Refer Slide Time: 07:47)**

EXAMPLE : Masculinity vs Femininity

A company from Sweden – Low masculinity (5) is considering investing in Mexico high masculinity (91)

Communication tips for Manager from Sweden:

1. People will discuss business any time even in social gathering
2. Avoid asking personal questions in business situations
3. Take into account that people are not interested in developing closer friendship
4. Communicate directly , unemotionally & few words as possible to your meaning across
5. In order access others better use professional identity.

Let us go to the third one. Third one is masculinity versus femininity. So, we have discussed that masculinity versus femininity, to recap decision making style in different countries as I have said, This is not basically male and female, previously during my explanation of the whole of this masculinity and femininity I have explained, this is not a male and female, this is a decision making style.

So, masculinity means hard aged decision, fact-based decision or typically masculinity decision in the contrast femininity is a much greater degree of consultation and intuitive agreement. So that is typically a recap on femininity and masculinity. Now, a company from Sweden, Sweden very low masculinity you see, it is only 5 and considering investment in Mexico where masculinity is very high 91. So, what are the tips for them?

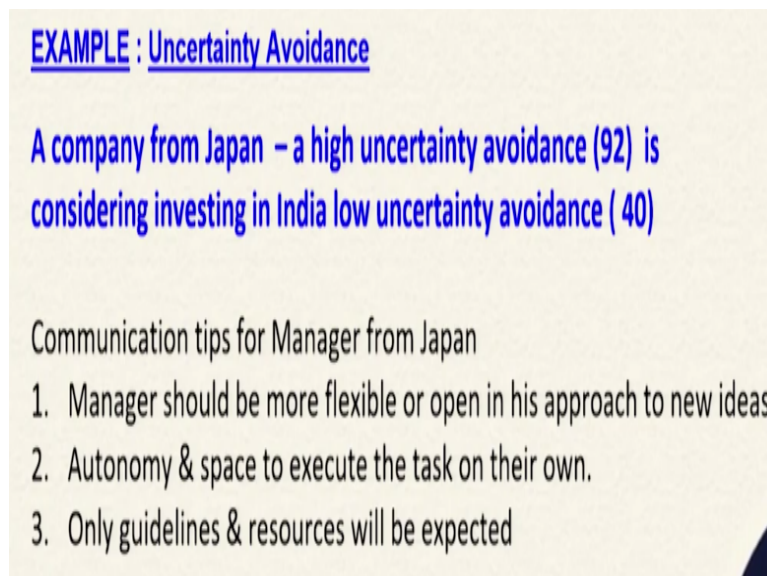
So, see the country Mexico, here in the previous example individualism is very low whereas the PDI power distance index is very high in Mexico, see the contrast. PDI is so high in Mexico, very low individualism in Mexico and also very high masculinity in Mexico. So, the

Swedish company who wants to go to this market, what is the communication for the Swedish manager? Number 1, people will discuss business any time in a social gathering.

So, there is no some fixed time for them to discuss, so they will discuss during dinner time or any time they are meeting they will discuss about the business, so that is very common. Avoid asking personal questions in business situation. So please try to ensure that you do not ask in a business discussion some personal questions about where he stay, whereabouts of his family and all those should be avoided. Take into account that people are not interested in developing closer friendship, so that is very important.

Do not try to make a very close relationship with him or her for the future because it may not work. Communicate directly, unemotionally and few words as possible that should be the style of communication. And in order to access others better use of professional liability. So, these are the tips for the manager from Sweden who is coming from a very low masculinity country to a country which is very high masculine in Mexico. So, that is the third one.

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EXAMPLE : Uncertainty Avoidance

A company from Japan – a high uncertainty avoidance (92) is considering investing in India low uncertainty avoidance (40)

Communication tips for Manager from Japan

1. Manager should be more flexible or open in his approach to new ideas
2. Autonomy & space to execute the task on their own.
3. Only guidelines & resources will be expected

The fourth one, the uncertainty avoidance. So, just to recap, so low level of uncertainty avoidance indicates unwillingness to accept more risk work outside the rules and embrace the change that is the typically very low uncertainty avoidance. And very high uncertainty avoidance means support for the rules, data, clarity of roles and responsibility and less entrepreneur effects will find. So, the uncertainty avoidance typically a country as I explained previously the Japan is very high, the uncertainty avoidance index is 92.

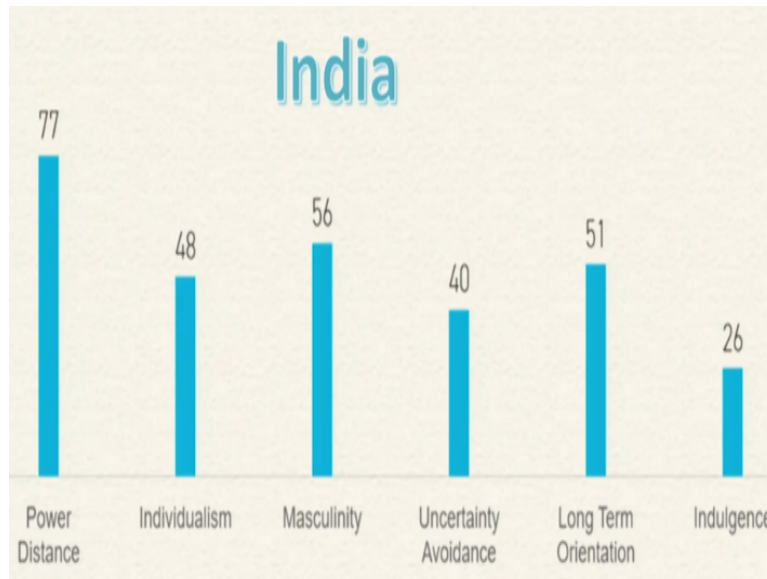
And Japanese people are coming to India making an investment where uncertainty avoidance is 40. So if 50, the medium mean so say around 40, so is lower than a 50s. So, what is the communication for the manager who is coming from Japan? Manager should be more flexible, open in his approach to new ideas. So, imagine the Suzuki's or Kawasaki's are coming or the Nissan or Honda coming to India and building a partnership.

A joint venture company or maybe having a direct or direct operation like **Kia** Motors or Hyundai in India or a joint venture partnership coming ensure that they are coming from very high uncertainty avoidance country, the people do not want anything uncertain, everything than very high uncertainty avoidance. And they are coming to India where uncertainty avoidance is relatively low and almost half of that their relative score.

So, here that is very important for them to be flexible in the approach and the new ideas. And autonomy and space to execute the task on their own, autonomy should be given. Only guidelines and resources are expected. So, you can give certain guidelines and resources will be expected that is typically the uncertainty avoidance. So, here these are the tips from a manager coming from a very high uncertainty avoidance country to a low uncertainty avoidance country, what are the tips?

So, in this session, we discussed four of the very crucial cultural dimensions and the four extreme crucial dimensions and in that a manager from one of these cultural dimensions coming to another country or the national meeting with the nationals for maybe business negotiation or setting up a business or customer meeting or whatever is that the culture, so what should the tips for the manager for that, so this is about this.

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So, the last slide in this session is I have just taken the data from Hofstede's website. It says the India parameters are power distance individualism, masculinity uncertainty, long-term orientation, indulgence. So, see that, India is relatively around 50 in most of the parameters except power distance and the indulgence. Power distance for India is very high. You can see the power distance is very high and you can make it out in our society.

The power distance is very high, more bureaucratic culture, bureaucratic way of functioning at the various levels in the organizations. And also the power distance you can see that the parents still enjoy a lot of power, decision making. Similarly, the teachers also enjoy lot of the respect, they also expect a lot of respect and they also demand a lot of respect from the students so the because of the high power distance typically in India.

So that is an extreme low in our country is indulgence that means Indian people after working very hard and maybe they will not really like to go to take a vacation go and celebrate vacations or enjoy and all those that may not be the situation, is very low. We have given an example in the last session about Pakistan where it is 0, I do not know how Pakistan indulgence number is 0, so actually the none of the citizens of Pakistan, they do not go for anything indulgence, no indulgence, basically everything is restrained there.

Fairly we are on individualism, masculinity, uncertainty avoidance and long term. So, to be very precise masculinity and long-term orientation, we are just at the meet path and uncertainty avoidance has improved definitely it is around 40, Uncertainty avoidance and

individualism is still around 50, so just 48. So it is also not very prominent, but some insight that is overall about the India parameters.

So, remember this is for India. Similarly, if you are going to any of the neighbouring countries or any country you are deciding based on the theory what we taught say Uppsala theory, remember this. This Uppsala is very useful theory for an international marketing manager. The theory says that you need to first expand in your nearer geography, nearer culture so that is easy for you to expand.

So, it says that from India, you should go initially to Bangladesh, Nepal, Sri Lanka or Thailand or Maldives these countries, not really to the faraway countries like Europe or US and others. So, before you make this, you plot this data and that is my practical suggestion to you and I have also done during my professional career. When you go to a country or before you think of expanding in a network in a country, take all these 6 cultural dimensions of Hofstede's.

Put it there and compare it with your country that is with India and take a decision whether how to approach that market, how the national character of the people will be there, I have shown in my previous compare India, Bangladesh, Sri Lanka and Nepal, compared, shown you so that similar market how all these 6 parameters are there. I have also shown in my previous session that how India compared to Japan and compared to US or compared to Germany or UK I have shown in my previous session.

So, that is my sincere advice to all of you that these cultural dimensions are extremely important for you before you make a decision based on your various other marketing strategy you have taken a decision to enter a market, but cultural dimensions will play a very critical role in all practical aspects. Apart from the Uppsala theory, we have also discussed transaction analysis theory and that also helps you to understand when you move away from distribution network and then you start your own sales subsidiary.

So, that transaction analysis theory will help you that how long you can continue as your distributor and when to shift to a direct network so that cost analysis pre **ante** cost and post **ante** cost those all we discussed and that will be very important for you based on transaction

analysis theory. Then we have talked about the network theory and we also talked about OLI theory. All those theories are also very important for international expansion.

So, those theories you can use for making an international expansion. But before you make the decision to go to the international market, cultural dimensions you must consider, then I will teach you on the various other marketing, international marketing, various basics of certain marketing I will teach you in one of the sessions which will help you from the product, price, placement, promotion and all other marketing things that will come over later.

But this I personally during my tenure long years in international market, I will always emphasize that cultural dimensions create a very important role for you. That is why in this session, I am completing the Hofstede's culture dimension session here in this particular lecture session. I will suggest that study these Hofstede's cultural dimension, understand each of these cultural dimensions. I have referred the books and also study each of these cultural dimensions.

And then this will help you to go to the international market and to appropriate strategy what you should do for that particular country. So, that is about this and then the **entrepreneurs** who are coming from India and having a medium or large operation and making and thinking of going to the international market after you take based on the theory and analysis, you decide the market, then you check all these cultural dimensions.

Use this Hofstede's data to check the cultural dimensions. That is all from my side in this session, and I will get back to you, we will have the next session. I will get back to you in the next session. Wish you all the best. Thank you very much.