



## **LCBB6001 International Business Communications**

### **Assignment 1**

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## **Introduction**

Covid-19 has changed consumer behaviours and the pattern they are used to shopping. It facilitated the growth of e-commerce at an astronomical rate though it was on the rise even before Covid-19 broke out. As a consequence, it experienced tremendous growth of 10 years' worth in just 3 months of the pandemic. Thus, the global sales of e-commerce are expected to grow by \$ 8.1 trillion by 2026, which indicates more than 56% growth over the next 4 years as it was \$5.2 trillion in 2021(Stanley, 2022).

Besides this, the 5G technology helps the improvement of data collection and artificial intelligence (AI) capabilities. These technologies will help businesses to drive efficiency and quality production of end products. Thus, the market of the 5G networks will grow at a CAGR of 65.8% by 2030 with a valuation of \$797.8 billion. In this new normal world, employees actively want remote and hybrid work. Survey research conducted by the Pew research centre finds that more than 78% of employees who currently work from a remote place are highly eager to continue with this setup and this number is up 14% since 2020. In the case of communication, businesses are expanding ads, communities, and trade on social media. Because approximately 4.74 billion people use social media as of October 2022 and Accenture expects three times more growth for social media than traditional e-commerce, reaching a total worth of \$1.2 trillion by 2025 (Chaffey, 2022).

Alongside technologies, changing the global political landscape also modifying the context of international trade and communication continuously. For example, the rise of extreme nationalism and racism around the world aggravates the challenges for businesses to deal with cultural, legal, and other geographical difference. For example, we have seen a trade war between USA and china during the reign of Trump. Russia and Ukraine also added some other challenges in international trade and communication. In this context, Pure Biofuel a UK- based wholesale supplier of pure wood pellets plans to expand their production in India, a developing country.

## **1. A brief introduction to India.**

India is considered the one of most potential middle-income developing market economies in the developing world. As of 2022, India is the sixth-largest economy in the world by nominal GDP whereas it is positioned as the third-largest economy by purchasing power parity (PPP). According to the international monetary fund (IMF), India is the 144<sup>th</sup> country by nominal GDP and 128<sup>th</sup> by PPP on a per capita income. For the FY22, the nominal GDP of India was \$3.12 trillion, the foreign exchange reserve was \$524,520 million, the PE-VC sector investment was \$ 2 billion on September 22, the merchandise exports were \$32.62 billion at the same time, the consumer price index (CPI) based on retail inflation was 7.41% on September 22, and the amount of foreign portfolio investment was \$7.13 billion for the FY 2022-23 (MOSPI, 2022).

Furthermore, India is recognised as the world's largest democracy which is a multi-party federal political system that stands on the value of secularism, human dignity, and social justice. This federal democratic system becomes business-friendly due to the perfect balance of power between the states and central with the significantly rich diversity of nations. India is a growing economy and trying to attract foreign direct investment to the nation by ensuring a flexible legal and regulatory environment for new entrants too (Lahiri, 2020). But, India lacks a legal framework implemented to ensure privacy and data protection, though it is trying to modify and fortify existing laws, and legislations related to data protection issues (Cavusgil et al., 2017).

India is one of the top countries that embrace a wide range of ethical, cultural, and social diversity around the world. It speaks more than a hundred languages, celebrates enormous festivals, and enjoys and nourishes diversity in all aspects of life. These features of India make it high potential as well as challenging for foreign ventures in India. It is also a country of abundant natural resources including a total cultivable area of 1,269,219 km<sup>2</sup> with 314,40 km<sup>2</sup> of water surface area, a wide area of forest, coal, iron, steel, oil and natural gas.

So, India would be a perfect market for Pure Biofuel to expand its business as India is developing human resources rapidly, and its political, social and legal system is actively keen to attract foreign investment and adopt foreign companies. The product portfolio of pure Biofuel includes wood pellets, cat litter, briquettes, and other biomass. India is a country of 1.35 billion people; thus, it has a great demand for these products as well as abundant raw materials for these products. This

context of India will help India to save their environment, especially its forests as the production process of Pure Biofuel makes its products from wood waste and will give Pure Biofuel the benefits of economic scales.

## 2. Application of international and intercultural theories to India.

In this section, we will discuss Hofstede's theory of cultural dimensions, communication between cultures by Larry A. Samovar, and the theory of anxiety and uncertainty by William Gudykunts. Hofstede's theory of cultural dimensions is a theoretical framework used to identify differences between national cultures and the impact of these cultural dimensions on a business setting.

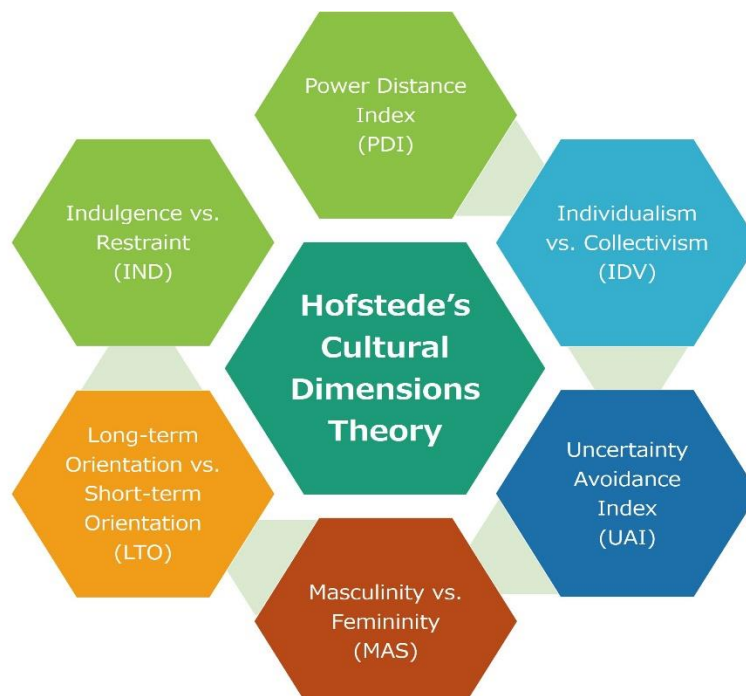


Exhibit-1: Hofstede's theory of cultural dimensions (Mootz, 2017).

This theory identified six crucial variables that define cultural differences. These variables include the power distance index, the index of uncertainty avoidance, the difference between collectivism and individualism, the difference between femininity and masculinity, the difference between short-term and long-term orientation, and restraint vs. indulgence.

The index of power distance indicates the extent to which inequality and power differences are accepted by a culture. If we consider India, we can locate a high power distance index as India

scores 77 for power distance (PDI). Because Indian culture still accepts a wide range of inequality and power differences, its political and social culture encourages bureaucracy, and high respect is shown and given to rank and authority. The index of uncertainty avoidance indicates the extent to which a particular culture tolerates uncertainty and ambiguity. In India, we detect a low index of uncertainty avoidance as India scores only 40 for uncertainty avoidance (UAI). Because its culture shows a high degree of tolerance for uncertainty and ambiguity. People love risk-taking and accepting the unknown with lax rules and regulations (Mootz, 2017).

The individualism vs. collectivism dimension explains the extent to which societies of a particular country are integrated into groups and the degree of interdependency. India scores 48 in this dimension (IDV) which explains that Indian societies have clear collectivistic traits and high preferences for building an integrated society and living in a larger social framework. The masculinity vs. femininity index explains the attitude of society toward sexuality, equality and preference for material success and achievement. India scores 56 in this dimension (MAS) which indicates India is a very masculine country where material success in the workplace is a very crucial parameter of achievement. Indian culture also encourages assertiveness, competitiveness, and high ambition (Chen, 2018).

The short-term and long-term orientation dimension explains the extent to which societies in a particular country look at their time horizon. India scores 61 on this index (LOT) which indicates a culture with a long-term orientation. In Indian culture, unlike the western societies time is polychronic, not linear and members of these societies usually forgive lack of punctuality. A concept named Karma is dominant in all religious and philosophical thought of India. The indulgence vs. restraint dimension explains the tendency of a particular society to fulfil its desires. Indian culture is to some extent restrained one where societies regulate and suppress gratification of need through practising religious values and social norms (William, 2021).

Larry A. Samovar discussed and enriched the ideas and approaches for communicating between cultures. The text of Samovar is consistently emphasizing the religion and history of a particular country or society as key variables to explain the subtle and crucial approaches culture affects intercultural communication in international business. Based on these two variables mentioned by Larry A. Samovar, the basic features of culture and communication in India includes Hinduism and Indian culture. As the world views of Indian people, the ideas of reincarnation, the concepts

of Karma and Dharma, the idea of development, lifestyle and life cycle, the caste system, the idea of time, collectivistic traits, hierarchical orientation, languages people speak, and the norms of nonverbal communication are largely derived from Hinduism and one Indian culture. So, understanding and adapting Indian culture and communication patterns would require personal intercultural experiences, active exercise of cultural awareness and application of cultural assimilators.

India is nourishing collectivism and diversity for so many centuries. It has a rich experience in dealing with foreigners and thus has a high degree of acceptance of information, tolerance to change, and empathy for foreigners. This attitude helps Indians to predict the expectations and behaviours of strangers and act accordingly. India also has a strong capacity of adapting to foreigners from all social categories. This feature helps Indian people to minimise differences and manage anxiety and uncertainty with foreigners. Indian culture also has the strength and capacity to build quick and meaningful relationships with foreigners, which makes India one of the most lucrative business destinations for foreign business. The successful presence of more than a thousand MNCs in India for so many decades justifies this statement.

### **3. Critical evaluation of cultural sensitivity in India for businesses.**

Cultural sensitivity refers to the understanding, awareness, respect, and responsiveness to cultural differences and similarities. It also means, accepting the existence of different cultures without assigning them value and recognising their beliefs, customs, and different sort of institutions. Indian by default holds a multicultural environment and its constitution speaks of inclusiveness. Politically it's a federation of states with over a billion population. People in India speak more than hundreds of languages and follow numerous religions. Unity in diversity is deemed to be the motto of their nationalism (Dighe, 2020).

These features of its existence reflect strong cultural sensitivity though sometimes practices and real events speak differently. For example, the northern states of India are known as the “Seven Sisters” and the people of these seven states constantly have to deal with cultural insensitivity. People of these states speak different languages than Hindi, follow different religions than Hindutva, tend to have oriental features are suffered from chronic inequality, underdevelopment, and separatist movement. They are usually called “chinkies” and have to face discriminatory treatment and harassment everywhere other than in their states. In recent times, the rise of Hindutva fuels the conflict between Hindus and people of other religions. Killing, lynching and harassment of people of other religions especially Muslims by saffron gangs become a common scenario in India. Besides this, some states in India formulate and implement acts to target minorities. For instance, the national registration of citizen act (NRC) was launched to target the Muslim minority of Assam, a north-eastern state of India (Chen, 2019).

However, the thousand-year history of collective India still offers the best of cultural diversity, cultural sensitivity and multicultural environment to global citizens and businesses to bear, nourish and fulfil their dream of exploration and expansion.

#### **4. Importance of networking.**

Networking is an important aspect of a business. Networking is all about mutual benefits for common efforts of a common agenda and objective group. In real networking, every stakeholder gets benefits. Businesses materialise different sorts of benefits from various types of networking. Some remarkable benefits of networking in business include, the fastest and most sustainable business growth as the business can build new connections, and get new ideas to develop business. Networking helps businesses to build meaningful and profitable business relationships which allow them to achieve cost benefits. Because business reference helps in procurement, finding good suppliers and vendors at a good price. Networking also helps businesses to maintain sustainability and consistency even in a vulnerable business environment by referral and exchanging leads (Hurn & Tomalin, 2016).

Language is one of the important mediums for building meaningful business networking. Using buyer's language helps the business to get a better and much deeper understanding of existing and prospective customers thus better connecting. It helps businesses to get a better sense and consider the traits of customers including their likes and dislikes, habits, preferred shopping patterns, and pain points (O'Shaughnessy, 2021). Communicating in the customer's language enables the businesses to segment their marketing campaigns thus personalising each persona. Communicating through the buyer's language makes marketing effects more effective and efficient, which consequently increases sales and decreases costs. Increasing customer satisfaction, reducing and overcoming objections, and identifying negative persona are some other advantages of using buyer's language (Chemla, 2021).

Besides these aforementioned advantages of using buyer's language, there are some disadvantages of using buyer's language. Using one single native language may pose threat to minority people. For example, if Pure Biofuel wants to use Hindi as a communication medium in India, people who speak other languages than Hindi will not take it easy (Jain, 2019). And Pure Biofuel will be able to attract less than half of the total population through this strategy. Because 50.83 core people speak Hindi, 9.72 core people speak Bengali, 8.30 people speak Marathi, and 8.11 crore speak Telugu. Additionally, a large segment of customers and sources of raw materials for Pure Biofuel is in the northeastern and southern states of India. People of these states will not welcome Hindi or only one native language used by Pure Biofuel.

## **5. Communication barriers in India are experienced by foreign businesses.**

The most common communication barriers that international businesses faced or experience in India are language barriers, dialects, cultural differences, and geographical barriers. India is a multicultural country which has more than 460 established languages and 451 of these languages are still spoken. So, it is apparent that the language barrier is the most commonly encountered communication barrier for international businesses. Dialects can be another crucial communication barrier for foreign business. Because people can speak the same language with different dialects, it still can create misunderstanding and pose barriers to communication. For instance, the people of India use more than 22 languages, and these languages are written in 13 different scripts with more than 720 dialects (Williams & Patterson-Masuka, 2017).

Another mostly communication barrier encountered by international business is the cultural difference. The shopping pattern of Bengali people is different from the shopping pattern of Panjabi people. For example, people of Kolkata are more economical in shopping than people of Panjab. The lifestyle of Assamese people is quite different from the lifestyle of Rajasthani people. So, international businesses require to customise their communication and marketing approach so frequently. Another source of communication barrier in India is geographical barriers. More than 70 % of India is rural India. People are merely understanding the language of digital marketing and modern tools of the campaign. So, it necessitates additional consideration to build successful communication with rural India and maintain the balance between rural and urban India.

## **6. Recommended communication strategies for Pure Biofuel.**

India is a multicultural, multilingual, and multi-ethnic society which have considerable cultural differences among its states and especially between the north and south. So, to be a successful business in India, businesses have to understand the underlying beliefs and cultural demands of this country. Some important recommendations for Pure Biofuel are: make the entry impression right by giving people a sense of friendship, and benefits. Make Indian people believe that Pure Biofuel is going to serve the interests of local people without harming natural harmony and biodiversity. Because people in India sometimes are very sensitive to protecting their natural resources. In the case of communication, speaking the local language, wearing local clothing, respecting meeting etiquette, understanding the language of business, and building long-term relations would be a great help for Pure Biofuel to operate in India successfully (Cook, 2017).

## **Conclusion**

In this era of internationalisation, the expansion of business in foreign countries become both beneficial and challenging. Because the advancement of business technologies and communication helps businesses to grow and expand beyond the border but the rise of extreme nationalism, trade war, imposition of economic sanctions and counter-sanction, economic polarization, and worldwide political and economic rising tension make internationalisation difficult for businesses. In this context, Pure Biofuel a UK-based company wants to expand its production to India, a high economic potential developing country with more than 1.3 billion people and abundant sources of natural resources useful to Pure Biofuel. In this report, we have critically analysed the economic environment of India, applied international and business communication theories in India, evaluate the cultural sensitivity of India, and discussed the importance of networking and using the buyer's language in the Indian context.

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