
Blending Shiva and Tata with high speed Internet

Rotterdam 28th October 2008
International Mobility Group Meeting

Event Report





Introduction

On *Diwali*, the traditional Indian 'Festival of Lights', Expertise in Labour Mobility (ELM) welcomed representatives from the corporate sector, from municipalities and from academia to an illuminating full-day event on India. Major themes were the particular diversity of India in the context of business opportunities and investment. Having accepted the invitation of ELM's managing director Nannette Ripmeester to open the event with an informal introduction, former Dutch Ambassador in India Eric Niehe joined the meeting as guest of honour. In the following hours, two experts from India, Melanie Martinelli and Guillaume Gevrey, cultural trainers at ELM's office in Bangalore, shed light on cultural differences and the Indian marketplace. During an interactive presentation, the trainers invited the group to a debate on the controversial nature of India.



Executive Summary

"What is your view of the world?" Nannette Ripmeester began the introduction to labour mobility in India, "And just as important: What is your business partner's view?" Successfully doing business in a foreign country is always related to understanding the local (management) culture. Underestimating the cultural factor not only makes life and work of expatriates more difficult – it also costs money.



At present, more and more companies are exploring the vast opportunities of the Indian market place. Conducting business there, however, requires more than just basic accountancy skills. India has changed vastly since its independence from British rule in 1947. The people have developed more self-esteem and a new self-confidence. "Don't forget the Netherlands is among the largest foreign investors in India", Eric Niehe explained. "During my recent stay there I noticed a strong self confidence coupled to an overly present energy: India is aware it is *en route* to becoming a global power."

In his opening statement, Niehe depicted this general perception as follows: Over the last decades there have been three decisive changes: First, there has been a psychological transformation, leading to a vibrant self-esteem. Secondly, any visitor to India these days can feel an enormous energy along with the urge and effort to improve. Thirdly, already today, India must be perceived as a global power in terms of IT, beauty and spirituality – while the country is catching up rapidly in many other fields. Only a decade ago young Indian scholars went to Europe or the United States to pursue an academic education, whereas nowadays, Indian institutions attract more and more students from abroad.

Choosing 'Unity in Diversity' as a catchphrase, Melanie Martinelli and Guillaume Gevrey refer to India as paradox India, a country full of contrasts. Gevrey advised, to Forget all your rational, linear and logical approaches: "They won't work in a place like this!" What one casually speaks of as India is actually a

federation of 28 states, embracing a conglomerate of no less than 22 officially recognised languages (next to over 1600 recognised dialects). In addition to regional differences there is furthermore a great contrast between rural and urban areas. Diversity and a generally accepted coexistence of contradiction are evident in all spheres of Indian life.

Despite the omnipresent parallelism of poor and rich in India, a strong middle class has developed simultaneously to salaries growing by up to 17% every year. "What this means, is that there is a proverbial thirst for global consumer goods such as household devices, furniture and lifestyle products." According to Gevrey, shopping has become the No1 leisure activity in all of India's cities. "Here is something for marketing managers to consider once their companies develop investment strategies. As numerous examples have illustrated in the past, in India the image of a global brand changes." Taking up Gevrey's line of argumentation Martinelli added: "And because of the colonial heritage it is advisable for foreign investors to aim at joint developments, rather than just trying to export a product and its image. It is vital to avoid any patronising *This-is-the-way-to-do-it* attitude!"

India used to be the 'back office' of the business world. Today it is seen as a consumer market. This market, however, is not liberalised yet. In the past, India has been creating wealth from within. Neither the economy nor the people are dependent on retail chains to move in. Small shops and medium sized privately owned businesses still dominate the local market.

Throughout the last decade, India has become a prominent outsourcing location. Today, however, a shortage of skilled labour is calling for new strategies in labour mobility management. Not only a lack of infrastructure and frequent power cuts, but also corruption and bureaucracy are problems that the Indian economy is currently dealing with. "So how do you pay your staff, when 65% of all Indian households do not hold a bank account? An estimated 50% of Indian workforce, are employed in the so-called 'black' economy, meaning they live from head to mouth, without any money being put aside for pension funds or insurance" says Gevrey. "It is evident that HR management in India has still some way to go", he concluded.

With companies like Tata, MindTree or Kingfisher emerging, there is no question that India has become a booming industrial power. Nevertheless, a lot of the very successful Indian companies still have to increase their international recognition. One reason for this is that the Indian economy has risen and grown faster than most others in the world. Since 1991, the average growth of the Indian economy was 8%, while exports increased by 16% per annum. With the credit crisis at hand, what would be a safe prediction with regard to the advancing developments of the Indian economy? Gevrey's estimation of the near future reads as follows: "For the moment this cometic rise has come to a halt, reaching a more moderate – more stable – level."

Since consuming on credit has grown to be a common way of life, it remains uncertain at this stage which impact the current financial crisis will have on the Indian economy and consequently on society.



After enjoying a classical Indian lunch, the cultural trainers challenged the participant to define their communication style. During a workshop, communication issues across national and cultural boundaries were discussed. As a particular highlight of the afternoon the delegates were furthermore invited to learn more about the innovative technology behind ENVIU's hybrid TukTuk. As Elmar Stroomer, Junior Business Developer at ENVIU, explains the company aims at reducing CO2 emissions while improving the economic and social positions of the auto rickshaw drivers in Asia and Africa: "At the moment we are working on ways to implement our business plan in India."



Weblinks

www.ibef.org

India Brand Equity Foundation (IBEF) is a public-private partnership between the Ministry of Commerce and Industry, the Government of India, and the Confederation of Indian Industry. It aims to effectively present Indian business perspectives and leverage business partnerships in a globalising market place. The Foundation is a resource centre for global investors, international policy-makers and world media seeking updated, accurate, and comprehensive information on the Indian economy, states and sectors.

www.labourmobility.com

Expertise in Labour Mobility (ELM) has recently set up an office based in Bangalore India, to develop tailor made solutions for foreign investors and expats. ELM's trainers on the ground assist Indian companies that are exploring international opportunities as well as Western organisations investigating India's economic potential.

www.ncaer.org

The National Council of Applied Economic Research, India (NCAER) is an independent, non-profit research institution, committed to assist government, civil society, and the private sector to make informed policy choices. The Council encourages research on Indian themes using Indian data. NCAER's research focuses on various areas of industry and infrastructure development, macroeconomic analysis, and human development.



Up-coming Events

Food for thought: International Mobility Group Meetings

The International Mobility Group (IMG) stands for a group of blue chip household name companies engaged in international operations. Amongst these companies there is a vast array of experience and knowledge on the issue of staff expatriation. How do we know if our processes and practices are the most relevant? What is good practice in this field? How do we calibrate it?

All IMG invitation-only business lunches have a similar format: expert speakers provide some food for thought, followed by a discussion to exchange ideas and share best practice with other human resources managers and representatives of international organisations.

10 March 2009: IMG Lunch meeting

- **LABOUR MOBILITY IN EUROPE: Reality or wishful thinking?**

The EU today: 27 countries, the Lisbon Strategy, the Bologna Declaration, the Maastricht Treaty - Is freedom of labour a fact within Europe or is it a (political) dream? And how does this alleged freedom work in reality?

17 March 2009: Full-day workshop

- **Crash course: Introduction to the Netherlands – Language, Culture and Business Etiquette Explained**

A new country, new opportunities, new challenges ... and new difficulties. This introductory workshop is designed to give participants a head start in to Dutch society. Participants will receive an introduction to the Dutch language, to practical information on the Dutch labour market and Dutch culture.

9 June 2009: IMG Lunch meeting

- **THE ECONOMIC TIGER CHINA: A standstill or full speed ahead?**

Getting to grips with China remains challenging for international organisations, investors, foreign governments as well as for individual expats. This IMG lunch meeting will provide a forum for sharing experiences, discussion and first-hand advice on how to tackle doing business in China.