Managing cross-cultural encounters: Presenting a rationale for studying Australian-Indian business communication

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Abstract
Understanding basic cultural differences and developing sensitivity towards such differences are essential to success in the current global business context. Given the enormous (current and projected) rise in the number and nature of connections between Australian and Indian business, it is imperative that these two nations understand and adapt to each other’s cultures to succeed.

In this paper, I overview the current status of work examining the Australian and Indian business communication context, and argue that more work is needed, and will prove highly beneficial to future trade relations between these two nations. It is foreseen that such research could provide insight into current communication occurring in this specific intercultural business context, and has the potential to offer suggestions and tactics to future business professionals to cope with cultural differences. The resulting findings can also prove beneficial to Australian and Indian business professionals to learn more about cultural adaptation from each others perspectives. Research findings could also enable identification of the barriers to, and catalysts of, engagement in Australia-India business relations and exchange. Such research can lead to practical recommendations to improve the success and efficiency of Australia-India business relations and inform strategies to enhance the competitiveness of Australian firms in the rapidly expanding Indian market.

Introduction
The last few years have seen a striking increase in business between Australia and India. This trend in internationalising business is supported by Manallack (2006) who states that, “A whole range of small to medium [Australian] enterprises are taking up opportunities in "the new globalization," which makes collaboration between the smallest of firms possible in any part of the globe” (p.14).

Trade figures for Australia-India business (2005-06) provide evidence of such an increase as, “Austrade assisted 304 Australian businesses achieve $1,109 million in export deals in India. The total Australian exports to India jumped to $7.3 billion
from the previous financial year [2004-2005]” (Moingard, 2006, p.1). The export figure further increased to $10.1 billion for the 2006-2007 financial year (Moingard, 2008). According to Moingard (2008), Austrade’s Senior Trade Commissioner for India, India was Australia’s fourth most important export destination in 2006-07, after Japan, China, and South Korea. The fastest growing services sectors in India generating the greatest employment were financial and telecom business services, professional IT-related services, tourism, entertainment, health services, and education.

Why does Australia seem eager on expanding business ties with India? Tim Harcourt, Chief Economist at Austrade, and a key figure in the developing business boom between the two countries, answers this question. The bottom line for Australia is the fact that India has a growing middle class of approximately 300 million with a purchasing power of approximately AU$85 billion (Harcourt, 2007). Harcourt (2007) equally braces Moingard’s optimism when it comes to Australia-India business by saying that:

Australian-India trade ties are certainly growing. Over the past five years, Australian exports have grown faster than to India than in any other of our top 30 markets. However, there’s still plenty to do in terms of expanding and diversifying our export base as only around 1500 Australian companies export to India. (p.1)

Economic reforms started by current Indian Prime Minister Dr. Manmohan Singh in 1991 opened up the Indian retail market to Western tastes in food, fashion, and entertainment, whilst strengthening and expanding India’s strong culture to the rest of the world. According to India’s Foreign Minister Mr. P. Chidambaram, as the Indian economy grows, India will be looking to major commodities exporters like Australia to fuel that growth, and says that as such, Australia is currently an important strategic partner (“India’s finance minister,” 2006).

The statistics noted above clearly point to a dramatic rise in business between Australia and India over the past few years (see Wallace, 2008), and the same is now increasingly true for reciprocal business between India and Australia. In other words, the trading partnership between these two countries is now becoming mutual. Being
the second fastest growing major economy in the world, Indian-headquartered companies are becoming globally oriented, are keen on acquiring companies, and opening branches overseas. For instance, Indian IT multinational companies Wipro, Satyam Computer Services, Infosys, and Tata Consultancy Services, to name a few, have recently opened offices in Australia (“Indian companies continue,” 2008).

Given the burgeoning business between these two nations, I make the case that examining the Australia-India cross-cultural communication context can prove highly beneficial to future trade relations between these two cultures. This position paper is divided into three main sections. It starts with a general discussion on the impact of culture on global business followed by a presentation of rationale for examining Australia-India business. I then give reasons why this particular context is fertile ground for communication research and conclude with thoughts on how such research might be structured.

**Impact of culture on global business**

Understandably, communication between nations is greatly influenced by their culture, and such influence is now heightened due to increasing global interactions between various nations and cultures (Griffith, 2002). Researchers define "culture" in diverse ways; for example, Martin & Nakayama (2001) define culture as, “learned patterns of perception, values, and behaviours, shared by a group of people that is also dynamic and heterogeneous” (p.23). With a significant rise in intercultural business across the world, understanding the ‘other’ culture and learning skills to adapt to the ‘other’ culture becomes essential.

As India, which is traditionally an Eastern high-context culture, also becomes integrated with the rest of the world due to this globalisation phenomenon, it becomes imperative for the Indian workforce to be equipped with cross-cultural communication skills to work not just within the country, but also overseas in Western¹ low-context cultures such as Australia. This is a skill to be adapted by not only the Indian workforce, but by the workforce in the ‘other’ culture too (such as

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¹ While Australia is an increasingly diverse nation, the Anglophone approach to business is predominant (Schuster & Copeland, 1996).
Australia), as they prepare to work overseas, such as in India. Such cross-cultural adaptation is now a necessity, not a choice, and this places many demands on both the Indian and Australian workforce.

Consequently, the most important skill is the ability to quickly assimilate and work in comparatively alien cultures. According to Ravi Kant, Managing Director, Tata Motors (as cited in Sachitanand, Lath, Misra, & Sheth, 2006):

> [In international business], you have to be sensitive to local culture and traditions. To be successful in this global marketplace, it is then crucial to focus on communication areas such as etiquette, culture, interpersonal communications, conflict resolution, and people management skills, especially when teams [and business individuals/partners] are spread across countries. (p.180)

Mr. S. Padmanabhan, who is the Executive Vice President of Global Human Resources at Tata Consultancy Service (also cited in Sachitanand et al., 2006) succinctly states the importance of cultural competency by saying, “Today, international experience is almost becoming sine qua non for rising up the corporate hierarchy. When we hire people, we look not only for technical skills, but also for cultural adaptability and the way they present themselves” (p.180).

**Rationale for examining Australia – India business**

One can assume that understanding basic cultural differences, and then developing cross-cultural sensitivity towards such differences, are a must to succeed in the current global business context. In addition to specific ‘dos and don’ts’ of a particular culture, customs in a culture, it is imperative that the underlying values, cultural beliefs, and norms, are also recognised and understood (see Frazee, 1998). In other words, the current workforce in intercultural business needs to develop cross-cultural business communication competence. With the massive current and projected rise between Australia-India business, it then becomes imperative for the workforce in these two nations to understand, learn, and adapt their cross-cultural business communication to succeed.
While communication between cultures can differ through verbal or written language (Adler, 2008), significant differences also exist between cultures when it comes to nonverbal behaviour. Traditional categories of nonverbal behaviour include: (a) physical appearance, (b) gestures and movement or kinesics, (c) face and eye behaviour or oculusesics, (d) vocal behaviour, (e) space or proxemics, (f) touch or haptics, (g) environment, (h) scent and smell or olfactics, and (i) time (Beamer and Varner, 2001). To ensure the success of Australian interests in India (and vice versa) it is critical to look beyond just the economics to obtain a complete understanding of the social, psychological, cultural, and communication context in which such intercultural business operates.

Cross-cultural differences
As many Indian executives [and employees in the general workforce] lack exposure to “other” cultures, they find it hard to adjust to a multicultural environment (Sachitanand et al., 2006). While quick assimilation into how overseas businesses work is frequently the difference between triumph and failure, according to Wadia, communication is the most important step in this process (as cited in Sachitanand et al., 2006). Hence, it important to understand how people belonging to different cultures, react to a given situation. For instance, differences in customary greetings may cause offence in an intercultural encounter and might be interpreted as being rude behaviour (see Chaney & Martin, 2004). In addition, it is important to realise that intercultural encounters between business people, does not occur in a bubble. As per Gudykunst, Yang & Nishida, (1985), when people from different cultures work together, there are three major factors which could potentially influence each one’s communication: (a) the cultural difference itself (i.e., cultural similarity/dissimilarity), (b) one person is likely not speaking in his or her native language (i.e., linguistic and non-linguistic factors), and (c) previous experience in the other culture. All these factors can also have the potential to influence communication outcomes in intercultural business interactions.

Over two decades ago, Hofstede (1984) undertook a landmark study to examine key dimensions on which 67 national cultures differed and identified four main dimensions: (a) power distance (PD), (b) uncertainty avoidance (UA), (c) individualism/collectivism (I/C), and (d) masculinity/femininity (M/F). Each country
was scored on these four dimensions thereby providing an empirical framework for understanding cultural differences.

Table 1 (see below) shows that India when compared with Australia ranked high in PD, similar in UA, moderately collectivistic (Australia was highly individualistic with the second highest score after the US), and both cultures were slightly masculine. These scores meant that as a whole, Indians accepted hierarchy as appropriate and accepted that positions of power came with power and privileges that could not be questioned (PD), felt less threatened by uncertainty (UA), were more a “we” culture than “I” culture, and accepted gender roles more rigidly with men expected to be strong and assertive striving for material success to some degree as compared to women (M/F) (see Singh, 1990).

By comparison, Australians accepted flatter hierarchies and greater equity at work (PD), felt somewhat more threatened by uncertainty (UA), were an “I” culture rather than a “we” culture (I/C), and somewhat accepted gender roles more rigidly with men expected to be strong and assertive striving for material success as compared to women (M/F). These scores for Australia were also supported in a comparatively recent study by Teoh, Serang & Lim (1999).

In summing up, both cultures appear to have similar scores on the M/F dimension, somewhat similar scores on the UA dimension, but have significantly different scores on the other two dimensions namely, PD and I/C.

Table 1
Hofstede’s Index Scores for Australia and India

<table>
<thead>
<tr>
<th>Country</th>
<th>PD</th>
<th>UA</th>
<th>I/C</th>
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<tbody>
<tr>
<td></td>
<td>Index</td>
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<tr>
<td>Australia</td>
<td>36</td>
<td>41</td>
<td>51</td>
<td>37</td>
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<tr>
<td>India</td>
<td>77</td>
<td>10-11</td>
<td>40</td>
<td>45</td>
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*Note.* The data in all columns are from *Culture’s Consequences* (p.500), by G. Hofstede, 1984, London: Sage.

While Hofstede’s research is considered to be a valuable contributor to the study of intercultural business communication, Triandis (1995, 2004) extended Hofstede’s
individualism and collectivism typology into this decade by extending the previous dimensions. Triandis (1995) defined individualism as:

A social pattern that consists of loosely linked individuals who view themselves as independent of collectives; are primarily motivated by their own preferences, needs, rights, and the contracts they have established with others; give priority to personal goals over the goals of others; and emphasize rational analyses of the advantages and disadvantages to associating with others” and defined collectivism as, “ a social pattern consisting of closely linked individuals who see themselves as parts of one or more collectives” (Family, co-workers, tribe, nation); are primarily motivated by the norms of and duties imposed by, those collectives; are willing to give priority to the goals of these collectives over their own personal goals; and emphasize their connectedness to members of these collectives. (p.2)

The new dimensions were namely, horizontal individualism (HI), vertical individualism (VI), horizontal collectivism (HC), and vertical collectivism (VC). Thus, the two dimensions of individualism and collectivism now included horizontal and vertical measurement of social relationships at the cultural and individual level of analysis. The purpose of this measurement was to gauge differences between people with a preference for hierarchy or for equality within cultures which had a tendency to be individually or collectively oriented. Horizontal and vertical dimensions were thought to exist in both individualist and collectivist cultures at opposite poles of a continuum. Vertical relationships were construed as structurally hierarchical with members of the culture accepting inequality and acknowledging the importance of social rank or status (Triandis & Gelfand, 1998), while horizontal relationships were construed as structurally egalitarian with members accepting interdependence and equal status for all (Triandis, 1995). Triandis (1995) categorised India as a VC culture (i.e., accepting inequality and ranking) and Australia as a HI culture (i.e., people should be similar on most attributes including status).

Sivadas, Bruvold & Nelson (2008) in their empirical study that compared India and the US classified India as a VC² and HC culture³. Based upon this study and

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² Sivadas, Bruvold & Nelson (2008), say that India is a VC culture due to influences from its caste system.
Triandis’ (1995) classifications, there are some differences between the cultures of India and Australia that can potentially impact current and future Indian and Australian business interactions business context. Triandis (2004) lists several examples of such implications. For example, “Managers in collectivist cultures [India] are not as concerned with performance as managers in individualist cultures are [Australia], but they are more concerned with interpersonal relationships than managers in individualist cultures are” (p.91), and also that employees in collectivist cultures are more loyal and have high commitment towards the organisation.

One could speculate that with increased globalisation over the past decade and the resulting increase in intercultural contact between cultures, the scores for these two countries might have altered to some extent, even though the scores for India continue to support the categorisation that it is still a HC culture, where some people feel that certain people have a higher status and so are entitled to more respect than others of lower status (Martin & Chaney, 2006).

Ideally, the workforce needs to be cross-culturally competent to recognise cultural differences, which then ought to be minimised to improve future cross-cultural business practices (see Hebbani and Frey, 2007; Thite, 2004). There is practical value in Hofstede’s dimensions as these dimensions can be used in improving multicultural workplaces, providing enhanced relocation training, and can assist in developing nuanced global business practices (Bing, 2004).

**Fertile ground for research**

Research into this area would prove beneficial to Australia-India business professionals and enable them to learn more about cultural adaptation from each other’s perspectives. For example, conceptually speaking, such research could address: (a) intercultural communication issues in this specific business context, (b) provide tactics in coping with intercultural communication problems in such contexts,

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3 Parallels can be drawn that Australia and the US are both HI cultures. This conclusion can be drawn based upon classifications by Hofstede (1984), Triandis (1995) and Sivadas, Bruvold & Nelson (2008) who found that the US is an HI culture.

4 I failed to locate any recent study that re-examined Australia’s rankings.
and (c) lead to devising comprehensive guidelines for new business entrants in Australia-India business.

**Can we draw parallels?**

India is also at the forefront of business with another Western culture namely The US, which has recognised India as a major source of trading for the past two decades. A case in point, multinationals such as Texas Instruments, Motorola, Cisco, and IBM, find India is an ideal location not just as a source of low-cost labour, but also as a nation where a significant number of educated and working Indians speak the English language fluently (thereby giving it an advantage over China). In fact, according to Wallace (2008), IBM alone employs 76,000 people in India, its second-largest employee base in the world (after the US).

While the US has increased its business with India for some time now, Australia is just now coming to this realise the business opportunity with India. It then becomes equally pertinent and valuable to review business interactions between the Indians and the North Americans (another Western culture), as that may shed some light upon the business interactions between the Indians and Australians. As shown below, Australia and the U.S. have quite similar scores on Hofstede’s dimensions (PD and UA), and very similar scores on I/C and M/F. This can be interpreted as both cultures are highly individualistic, both accept flatter hierarchies and greater equity at work, both feel somewhat more threatened by uncertainty, and tend to accept gender roles more rigidly with men expected to be strong and assertive striving for material success, competition, and acquisition. Given these rankings, one could draw parallels between the US and Australian cultures when compared with the Indian culture.

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<tr>
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<td>U.S.</td>
<td>40</td>
<td>38</td>
<td>46</td>
<td>43</td>
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</table>

**Table 2: Hofstede's Index Scores for Australia and US.**

*Note. The data in all columns are from Culture’s Consequences (p.500), by G. Hofstede, 1984, London: Sage.*
While one can assume that there are basic cultural differences between the Indian and Australian culture (just as there are gaps between Indian and US cultures), this chasm is once again somewhat bridged as a majority of India’s workforce have a solid grasp over the English language. One still cannot underestimate the power or affect of colloquial (slang) speech or accents in everyday interactions (see Huff, 2005). Metzker (2004) makes a very valuable point that:

Cultural differences must be grappled with as Indian and US companies partner for e-commerce and other outsourcing ventures. Customers take quick notice of differences in language, accents, or understanding of expectations. (p.22)

What is the impact of “reverse brain drain” on intercultural encounters?

Another current phenomenon that impacts this particular context is the fact that India has witnessed ‘reverse brain drain’ over the past decade, as young Indians who went overseas to pursue their educational aspirations, are returning home to gain multinational employment in India. For instance, according to Merchant (2003), approximately 35,000 software workers returned to India since early 2002 (the US has a floating population of about 25,000 Indian IT professionals at any one time). This return of the skilled, highly educated expatriate (now termed as ‘brain gain’ in academic and industry circles), sheds light on a changing Indian workforce that is ‘Westernised’ due to previous exposure in other Western cultures. This is in line with Gudykunst’s (1985) view that previous exposure in another culture could potentially influence one’s communication. We can hypothesise that such exposure gained by living in the West, can only help bridge the cultural gap when it comes to such IT professionals working with Australia.

Some companies provide cultural in-house training to their Indian and Australian employees, as a means to help bridge the cultural divide. Many companies in Australia provide such training to people doing business in India and vice versa (through Austrade). For example, many Australian companies have set up call centres in India (outsourcing), where operators receive training in Aussie language and social skills (i.e., small talk about Aussie sports and weather). However, Walker (2005) notes that such cultural training is not without its flaws and fails to truly encapsulate ‘Aussie’ culture. Investigating the quality of such cross-cultural training would be of
tremendous value to Australian companies as major banks (Westpac, ANZ, and Commonwealth Bank) and other businesses (e.g., Qantas, Gloria Jeans Coffee, Leighton Holdings) set up offices in India.

Concluding views
Research on intercultural communication and intercultural/international business is not new, but there is little documented empirical research linking intercultural communication and international business, particularly in the Australia-India context. Given the increased business interaction between Australia and India, research is needed that attempts to provide an initial framework for understanding and mapping the gap between the two cultures. Through such research, meaningful conclusions can be drawn that can be used by Indian and Australian businesses to adapt and succeed in their trading relationships.

Given the lack of any previous research on this topic, such research seeks to fill the void in existing intercultural communication literature⁵. Researching communication practices between India and Australia is completely virgin territory. This specific business context is worthy of study as not only Australian business continue to open offices in Indian and collaborate with Indian counterparts, but also as Indian businesses are starting to set up offices in major Australian cities.

According to Storti (2007), as Westerners and Indians work more closely together and in greater numbers than ever before, the opportunities are vast, but so is the cultural divide. Misunderstandings, misinterpretations, missed deadlines and frustration due to cultural differences can raise havoc on successful interactions. Any Westerner conducting business with Indians, and any Indian trying to figure out the West, will recognise the challenge of such intercultural interactions. While there are quite a few books written on doing business in India⁶, doing business between the US and India

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⁵ A systematic search of various databases failed to locate studies that specifically looked at communication or cultural differences between these two nations, while I did find one study that examined business relationships between New Zealand and India by Zhu, Bhat, & Nel (2005).

(Makar, 2008; Storti, 2007), and conducting business in Australia, there are no books specifically on how to do business between India and Australia.

So while we find books that address general cultural differences for various cultures, there is virtually nothing on the Australia-India business context that examines communication issues. I advocate that it is this gap that needs rigorous exploring with intercultural business interactions set to increase significantly over the coming years between these two countries.

Such future research can be conducted either via qualitative interviews (see Sriussadaporn, 2006, as an example of such research) and/or quantitative surveys. Both methodologies have the potential to shed light on equally worthy data. For instance, qualitative data could be examined and gathered using principles of grounded theory (Glasser & Strauss, 1967), whereas quantitative data can be examined using scales from previous empirical studies.

Perhaps the orientations as construed by Hofstede and Triandis need to be re-visited. While Australia and the US are considered to be highly individualistic cultures, Triandis (2004) does say that populations become more individualistic as countries become more affluent. This is might just be the case amongst India’s employees, who are now quite affluent due to the outsourcing boom. The return of the highly educated expatriate and Indians working for multinational IT companies has seen a notable rise in affluence amongst this workforce. IT salaries have now reached global pay scales with many getting 16 to 25 percent pay rises. While Indians have traditionally valued thrift and frugality, the spread of affluence in the wake of rapid economic growth is challenging these values (Bhupta, 2008a). Employees are being offered marriage allowances, birthday rewards, recognition rewards, foreign holidays, sign-on and loyalty bonuses with 86.6 percent saying they would quit for better pay elsewhere, resulting in high attrition rates and an increasingly materialistic society (Bhupta,

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7 For example, see “Culture Wise Australia: The Essential Guide to Culture, Customs and Business Etiquette” by David Hampshire, published in 2007 by Survival Books
8 Explore Australia Publishing has a book titled, “India: A traveller’s guide to customs and culture”, published in 2003, that offers essential cultural information, and do’s and don’ts of the culture.
9 India has the most billionaires in Asia, having overtaken Japan who topped the list for two decades (for more information go to www.forbes.com and view the billionaire list).
2008b). Does this mean that India is transforming from a collectivistic culture to an individualistic culture?

Research on the Australia-India business environment can potentially be examined across four populations: (a) Australians living in Australia doing business in India, (b) Australians living and working in India, (c) Indians living in India doing business with Australia, and (d) Indians living and working in Australia. Members of each population face significant potential for miscommunication by working across cultures and across countries. At the social level, findings from such research could lead to practical recommendations to improve the success and efficiency of Australia-India business relations and inform strategies to enhance the competitiveness of Australian firms in the rapidly expanding Indian market. Such research could also enable identification of the barriers to, and catalysts of, engagement in Australia-India business relations and exchange. Building positive relations and overcoming the culture barrier could especially prove extremely beneficial to the economies of both countries in the long run with several far-reaching applications.\(^{10}\)

Mr. Srinath Batni, who is Director and Head of Global Accounts-Asia Pacific for Infosys Technologies (and oversees the company's operations in Australia) succinctly sums up the case by saying that, "Being a global citizen is mandatory today, where global delivery is the norm. The key to being successful in this world is the ability to operate seamlessly anywhere in the world" (as cited in Sachitanand et al., 2006, p.180).

India is already a force to be reckoned with in the outsourcing market, and an important player in the software and services industries (Metzker, 2004), but there is barely any empirical research currently being undertaken that examines the intricacies of intercultural business relationships, such as factors that contribute to successful encounters and factors that contribute to difficult and failed encounters. Australian

\(^{10}\) Specifics of focus for such research would very much be left to the researcher and their area or expertise and/or interest.
and Indian businesses stand to benefit from undertaking such research and improving working relations amongst members of both countries.

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Indian companies continue to expand in Australia (2008, Jan/Feb). *Australia India Focus Newsletter*, p.7.


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