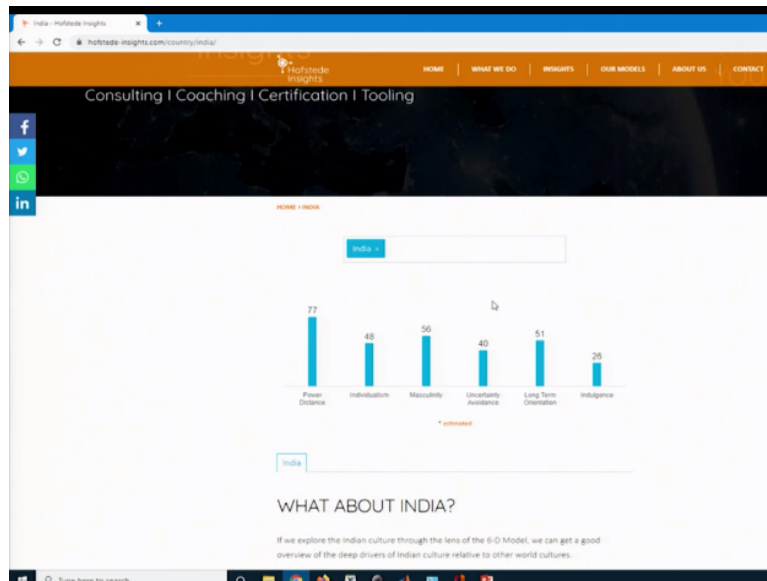


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**Lecture – 13**  
**Hofstede's Cultural Dimensions, Cross-Cultural Sales Negotiations**

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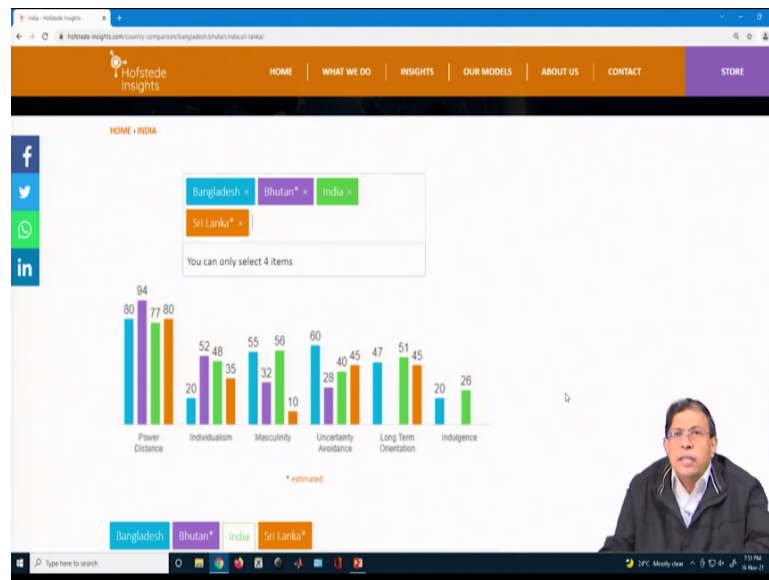
Hi, I will take you to the website of Hofstede and show you the comparisons between the various countries and you can use this website to find out the various cultural dimensions between various countries. So, here first I have taken our country India. You look at this here the power distance in India is very high 77, power distance is very high. So, you can make it out the bureaucracy is very high. It is more often the superiors or seniors will take most of the decision. Parents and the grandparents they will demand more.

They will be having more decision making process in the family, they will take most of the decisions. So, here typically the power index is very high in India. But you see the individualism or the masculinity index is also medium around 56 to 48 is typically the individualism and 56 that is there. Indulgence is very low. Very low indulgence you see in India, is hardly 26. So, the people they do not really take out time for their self-gratification and other so that is very low.

And the long-term orientation is also reasonably high, is around medium, is very high so that was the investments what the Indian companies are also making in an international market in

the foreign markets there is a quite long-term investment decision because based on the long-term orientation. You will see the typical Indian companies they are coming in Indian market and they are operating and having a very long-term orientation for the market, nothing short term so that is the advantage here.

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Now, let us select here, so another country first here in this list, so let us select a country, our neighbouring, first let us go ahead with Uppsala's theory that let us see the Bhutan and then let us select here the Bangladesh and then Bhutan and then maybe the Sri Lanka let us take our neighbouring countries. I am not able to locate, yeah Sri Lanka. See the India Bangladesh, Sri Lanka, India is green, look at this here.

Look here, little bit of more enlarging the screen, yeah. So see here, the power distance is very high in Bhutan. See the power distance is very high in Bhutan and almost the three countries India, Bangladesh, Sri Lanka the power distance is almost same. Whereas the uncertainty avoidance is very high is in Bangladesh, but uncertainty avoidance is comparatively low in all these countries and in Bhutan also uncertainty avoidance is very low.

Individualism is very high both in Bhutan and also in India is very high. Indulgence, you see that we are almost at the same level on these two places four countries. So, here from the Uppsala theory if you are an Indian company and if you are planning to go to these markets as a first step either to export or to start a distribution network there or to having a license

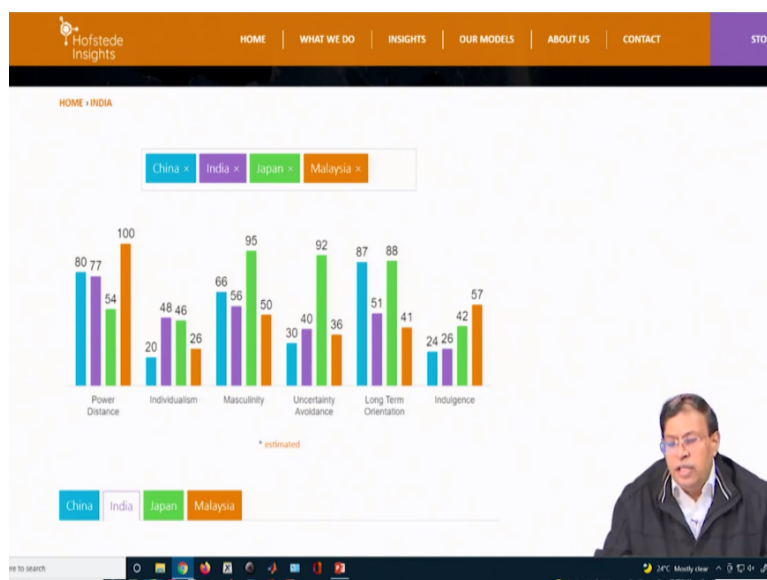
agreement or maybe franchisee agreement or maybe starting your sales subsidiary in these countries taking and trade barrier advantages of SAARC countries.

If you want to enter into these countries, these are the nature. So, typically you can see that the cultures are almost same, most of the cultures are almost same. The power distance, individualism except the individualism is very high in these two countries, but it is low in Bangladesh and also low in Sri Lanka. And also the masculinity index is very high in India compared to Bhutan and very low in Sri Lanka.

So, long-term orientation also you can see from here the long-term orientation in these countries. So, this can give you that you can make and based on this cultural dimension, Hofstede culture dimensions you can make a long-term investment into these countries because they are all coming almost at same power level. And all these negotiations when you make in these countries, you will have typically the same type of in power distance what you have in India.

So similar type of power distance index, you will not have much problem there. And also the individualism and uncertainty avoidance are almost same except in Bangladesh where uncertainty avoidance is very high. So that is about it.

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Now, I am removing from here the Bhutan. I am removing Bhutan here, I am removing Bangladesh also from here and comparing the Asia Pacific countries, so let us compare here with Singapore and Malaysia and let us consider Japan also here. Japan and then take China

and then take Malaysia. See Malaysia power distance is very high, whereas power distance in Japan is comparatively low and India and China almost same power distance.

Whereas the indulgence is high in Malaysia whereas indulgence is low in Japan, is not low, I think it is medium in Japan, but typically low in India and China. So, the people will not really be taking much of gratification and all those that will be there typically in India. But the long-term orientation if you look, both the China and Japan both having very long-term orientation.

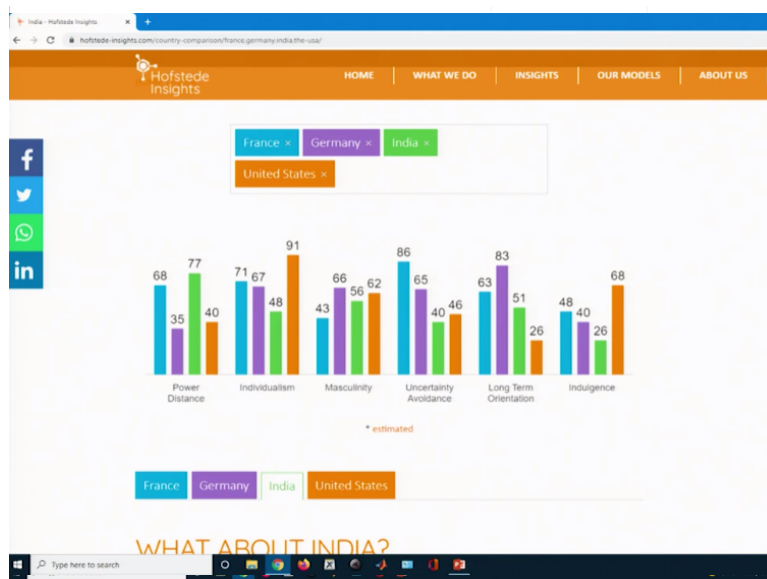
So, that is why you see the companies making an investment, Japanese companies making investment or the Chinese companies making investment they have a very long-term view about that market. Uncertainty avoidance see Japan is totally out absolutely apart stay apart because they do not want any short of an uncertainty in anything. So, that is like Shinkansen Express or a bullet train comes to a platform time mentioned is 12:59.

The bullet trains Shinkansen Express will be at that platform say at Shinjuku station or maybe a Tokyo station exactly at 12:59, not 12:58 or not even at 13:00 hours. So, that is the way, they do not want nothing uncertainty. So, the uncertainty avoidance is very high in Japan. So, if you are dealing going from India to Japan and dealing with them, so they do not want any short of an uncertainty in the decision making process, in the delivery timing, product specification, whatever it exactly has to follow.

See the countries like Malaysia, China and India, we are almost at the same level of their uncertainty. Look at the masculinity and individualism, the Japan masculinity index is very high. So what exactly the masculinity index, decision making style is very hard aged and fact based decision making system. So, Japan decision making system is entirely different than what is called in India or in China or in Malaysia.

So, the masculinity index is very high in Japan. Individualism Japan and India are almost saved whereas in China and Malaysia individualism is very low. Power distance is maximum in Malaysia.

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Now I remove it here and bring a couple of maybe United States here and for an example we can see one US and maybe Great Britain we can see here and how it changes with that. So, that can be an example for us. So, you can select from here and you select Great Britain and Germany, let us select Germany because lot of Germany and also take Britain or France, let us take France. See, here you can see the power distance is almost similar in India and France.

India, of course the power distance very high, France also the power distance is very high. But you see in Germany and United States power distance is very low compared to India and China. So, you can make it out how this power distance PD score there high indicate a national culture where the bureaucracy is very high. So, in US or in Germany, the bureaucracy will be much low compared to the bureaucracy in India and the France, bureaucracy will be much high.

The long-term orientation which is very important for in international business what is a long-term orientation, see the Germany is very high in long-term orientation that is why you will see the German investments coming to any of these countries, these are all long-term. You can see various German companies like Mercedes Benz, BMW, Audi they came into this market and they are all a long-term player into this market.

See here about the uncertainty avoidance France, Germany, they are all very high in uncertainty avoidance here. And also the individualism, United States you see everything is high, individualism is very high. So more of I than we and whereas each of these countries

also reasonably very high individualism, also in Germany and France also individualism is very high. And the indulgence is very high in the United States compared to as you see in India it is 26.

And you see the indulgence in France and Germany also reasonably high around 50, but in India is very low. So that is typically the way you should analyse this market. So use this slide, this website, and courtesy to Hofstede India for allowing me to use this website and to give this comparison so you can use this going for the negotiation or making an investment in any of these countries, select the country and use this Hofstede's cultural dimensions there and that will be very useful for you. That is all from my side. Thank you very much.