



Outsourcing: Denmark – India

Miscommunication caused by differences between Danish and Indian business cultures can lead to impaired efficiency of the business processes. These difficulties may be overcome through the creation of a hybrid “third culture,” incorporating successful business strategies from both cultures into a unified whole.

By Line Mark Rugholt

Though Danish development aid to India will be discontinued this year, the dialogue between Danish and Indian players in the global workplace continues, because Danish firms are seen to continue to increase the volume of business processes and production that they outsource to India. Unfortunately, such a dialogue can be hampered by misuses and misunderstandings caused by the divergent assumptions that people from different cultures have concerning the forms and meanings of professional communication. Difficulties caused by these problems can diminish the potential for success of the outsourcing process.

The objective of this article is to propose strategies for how to overcome these difficulties. The problems and solutions discussed in this article are derived from my MA thesis (Rugholt, 2005). The thesis consisted of field-based research interviews in two different Indo-Danish business environments, followed by strategic analysis of the interview material.

When making comparisons between cultures one is confronted by both similarities and differences. In this article I will focus not on the similarities between Indian and Danish business culture, (English language, profit motive, etc.) but on the differences. After a discussion of the difficulties that arise because of these differences, I will argue for the creation of a third, hybrid, Danish-Indian business culture as a solution to overcome some of these difficulties. Finally, I will discuss the problems inherent in the creation of the new, third business culture.

Approaching the Problem: Specifics or Generality?

Many researchers are currently engaged in the study and analysis of difficulties that arise when people from different cultures work together. Among them, Geert Hofstede, and Fons Trompenaars and Charles Hampden-Turner start from generalizing around dimensions, whereby cultures are defined as to for example their degree of individualism/collectivism (Hofstede, 2003: 73; Trompenaars and Hampden-Turner, 1998: 67) or to their degree of masculinity/femininity (Hofstede, 2003: 111). Though these should rightfully be seen as extreme ends of a continuum, unfortunately in practice they are often reduced to simple dichotomies describing cultures as either one or the other extreme end.

When comparing cultures universally, general distinctions like those generated by Hofstede, and

Trompenaars & Hampden-Turner are necessary. When using these ideas to assess the problems that arise when two specific cultures meet, however, one begins to see that overly broad dichotomies are not able to do justice to the issues at hand. John Hooker questions the notion that culturally speaking people are *either* individualist *or* collectivist. He states: “people in an individualist country may exhibit spontaneous sociability by forming voluntary organisations or displaying a sense of civic responsibility” (Hooker, 2003: 136-137). For example Danish people are collectivist in that they are in favour of the high levels of social welfare which exist in Denmark (Hooker, 2003: 120). Yet Danish people are also individualists in that workplace behaviour in Denmark is mainly motivated by the need for personal growth and advancement (Rugholt, 2005: 55). Indian culture can also be seen to be driven by a combination of factors, both individualist and collectivist in nature. In the interviews I conducted I discovered that some Indians are motivated by issues of personal challenge (Rugholt, 2005: 52). On the other hand communal notions of family are extremely important in India (Rugholt, 2005: 59). Thus for Indians work as a means to support the family is an important collective issue. In conclusion, both Indian and Danish business cultures can be defined as collectivist as well as individualist. Against the other dimension of Hofstede and Trompenaars & Hampden-Turner the same objection might be raised, i.e. that it is difficult to describe cultures according to general theoretical notions.

Another problem one faces when using general theoretical notions to describe a specific situation is that one may miss out on some of the most important aspects of the discussion at hand. None of the critical dichotomies generated by Hofstede, or Trompenaars and Hampden-Turner for example touch upon the issue of similar and contrasting *motivations* in different business cultures. Since motivation is such an important topic of discussion in the case of Danish-Indian workplaces I would have missed out on this important topic entirely had I stuck to the research methodologies of the above listed scholars. This is why it is also important for a researcher to attempt to generate new situation-specific categories of discussion to further uncover difficulties inherent in any given cross-cultural context.

Difficulties

In this section of the article I will pinpoint several areas of difficulty which became apparent during the course of my research. The problems to be addressed are all



caused by differences between Danish and Indian business cultures. When describing these difficulties it would be impossible to cover all possible scenarios due to the unique nature of the opinions and behaviour of individuals as individuals, in all cultures (Rugholt, 2005: 28). Therefore some participants in the interviews may not feel that precisely their personal workplace struggles are being addressed here. Nonetheless, the general comprehension of the problems described here is necessary to provide a basis for some possible solutions.

Hierarchy

Many of the workplace difficulties which arise for Danish firms working in India, do so because of the different approaches to hierarchy which exist in Danish and Indian business cultures. When looking at issues of function, the hierarchical structures in Danish and Indian companies are similar. Functions are determined by roles which exist as layers of the firm within lines of authority as determined by the organizational chart. In both business cultures these roles are respected (Rugholt, 2005: 50). However, beyond this the cultures begin to diverge. For in India the higher a person is in the functional hierarchy of the firm, the more personal respect he or she will receive as well. In addition higher salary levels and advanced age also indicate that an individual will command more respect in the Indian workplace (Rugholt, 2005: 46).



Working with 3D-maps at Kampsax India. Photographer: Stig Stasig

As opposed to this, the hierarchy in a Danish firm is referred to as a "flat structure", because of the equality enjoyed by all employees. Within this context age, position and pay scale do not in and of themselves incur respect as they would in an Indian business environment. (Rugholt, 2005: 49). Moreover, in the Danish context it is wholly acceptable for a younger, lower-ranked employee to criticise an older worker, or someone higher up in the organisation. To be able to do so is seen as a personal strength (Rugholt, 2005: 49). Conversely in Indian businesses such behaviour would not be deemed appropriate, for in Indian culture the elder and more executive level employees will always have the last word, and, once they have spoken, their

speech is acted upon by younger lower-ranked employees in the business hierarchy. (Rugholt, 2005: 46).

Differences in the structure of family life in different cultures have a profound impact on workplace behaviours. For example, within the context of an Indian family the word of an older relative is never questioned (Rugholt, 2005: 59). In Denmark this kind of respect does not exist (Rugholt, 2005: 63). Within the context of the workplace environment the deference shown in Indian culture to the eldest family members is transferred to the way in which younger employees and those lower ranked in the hierarchy relate to older, more executive level employees. Conversely, in Danish businesses this is not the case.

The differences between the way that Danish and Indian business cultures deal with hierarchical structure is therefore the first of the differences which cause difficulties between Danish and Indian employees in a Danish-Indian workplace. Confusion caused by differences in understanding of the meaning of hierarchical structures then leads to other problems. One such problem is that Danes and Indians deal with negative situations in the workplace very differently, based on their different cultural perspectives on hierarchical interaction. Another is that differences in approach to communication between different levels of a company also lead to different assumptions about methods and strategies for doing the work.

Dealing with Negative Situations

Strategies for solving workplace problems are very different within the context of Indian and Danish business cultures. Whereas Danes will probably confront a problem head-on, within the Indian context it can often seem to an outsider that avoiding confrontation is as important as problem-solving. Within the context of Indian business communication, the answer to a request for confirmation of information will always come in the affirmative whether the employee being queried agrees, disagrees, or is not aware of the veracity of the facts being presented (Rugholt, 2005: 41). Conversely, if the employee being questioned is a Dane, he is more than likely either to state his opinion freely, even if he believes that it will contradict the opinion of a fellow employee or a higher-up, or to admit ignorance if in fact he is unaware of the nature of the problem (Rugholt, 2005: 43).

There are several reasons for these different behavioural strategies. The tendency in Indian culture to answer all questions in the affirmative is indicative of a need to avoid open disagreement. Indians in general are fond of harmony, and therefore employees will always put satisfaction of their supervisors and customers first (Rugholt, 2005: 44). If in fact an Indian employee didn't really know the answer to a question posed, he will do the research after the fact to solve the problem for himself (Rugholt, 2005: 41-42). A yes answer is seen by Indians as an effort to model



cooperative behaviour and avoiding disharmony (Rugholt, 2005: 42). More than the importance of showing cooperation and maintaining harmony, the hierarchy in Indian firms also plays a role when Indians avoid open disagreement. Indian employees may have reason to fear the consequences of open disagreement, for example that they will be passed over for pay raises if they respond too directly to questions posed to them by supervisors and clients (Rugholt, 2005: 45).

In a Danish context on the other hand, an employee will only answer yes to a question of which he is sure that the answer is affirmative. He will deal with negatives and unknowns in an open, direct manner. This is a by-product of the Danish "flat-structure" of organisation whereby all employees can voice disagreement and admit to ignorance of a problem because they need not fear the consequences of coming into conflict with a higher-up (Rugholt, 2005: 43). Moreover, in Danish firms dealing in an open manner with problem-solving is looked upon as constructive, even if this leads to temporary discord within the company and among employees at different levels of the hierarchy. (Rugholt, 2005: 43).

Different ways of dealing with problems that arise therefore can lead to difficulties for Danish firms doing business in India because within the context of Danish and Indian culture simple yes and no answers can have very different meanings (Rugholt, 2005: 44). A Danish no might indicate to an Indian employee or client a lack of willingness to cooperate, even though this is not what the Dane meant. A string of yes answers coming from an Indian employee might be taken for a kind of dishonesty by a Danish co-worker, even though the Indian was trying to show his willingness to cooperate. Problems caused by dissimilar styles of basic communication can thus worsen problems caused by divergences between methodologies of work and perceptions of time, both of which are quite different in Danish and Indian business culture.

Delegation of Responsibility

Danish and Indian businesses delegate responsibility differently. In India responsibility is delegated in a top-down way with executive-level employees possessing both the last word on strategy and execution, and final responsibility for completion of tasks (Rugholt, 2005: 33). On the contrary, in a Danish business, due to the flat structure of Danish hierarchy, it is the employee whose strengths are most suited to the successful completion of the task at hand, who will be assigned responsibility and authority for execution of that task. Project planning meetings in a Danish firm are also therefore a model of give and take between all employees, and thus it is also more likely that the employees who have the most knowledge about a given topic will feel free to speak out, thus insuring that their expertise will be shared with the company as a whole (Rugholt, 2005:36).

This difference in workplace methodology is a component of the way that hierarchies are understood in the two different business cultures. The flat structure of a Danish workplace makes it possible for all employees to participate in the work (Rugholt, 2005: 33). On the other hand, the top-down structure existing in most Indian companies makes it difficult for supervisors to properly delegate responsibility for two reasons. One, bosses in an Indian firm are afraid of what may occur if they cede some of their authority. Two, employees in an Indian firm are fearful of taking the initiative. (Rugholt, 2005: 33). This difference in workplace style causes confusion between Danes and Indians working for the same firm. To the Danish employees it may seem that the Indians are shirking responsibility and incapable of solving simple problems on their own. To the Indians the aggressive Danish manner of problem solving might seem an indication of disrespect.

Time Perception

Perceptions of time in Denmark and in India are different. For a Dane working or travelling in India it seems surely that nothing in India ever happens on time. For Danish business people operating in India this might seem like inefficiency. Conversely, Indians doing business in Denmark are always amazed that trains and buses in Denmark always run on time and that a Danish work day starts and ends exactly on schedule (Rugholt, 2005: 40).

In Indo-Danish business environments in India time perception is not as flexible as in Indian society in general because of influence from the Danish side. However, Danish firms operating in India do experience more delays than those based solely in Denmark (Rugholt, 2005: 37). For Danish business people, coming from a culture where deadlines in and of themselves are usually a non-issue, this can be very frustrating (Rugholt, 2005: 37). These issues are then often aggravated by the typically non-direct strategies of communication utilised by Indian employees, derived from traditional Indian business culture. For often, Indian employees will not volunteer the information that a deadline cannot be met, to a Danish supervisor. (Rugholt, 2005: 38).

This as opposed to a Danish employee who will inform his boss that a deadline cannot be met, or communicate that the status of the deadline is in question as soon as he becomes aware of a problem. In this situation one can see quite clearly that indirect communication strategies used by Indian employees could be misinterpreted as dishonesty by Danish supervisors. At the very least the behaviour would seem to come across as a kind of laziness to Danes who, in similar situations would have attempted to root out and solve the problem as soon as they became aware of it. However, laziness is not the reason. Instead the reason is that Indians in general are used to a more flexible approach



to deadlines than Danes and that Danes tend to deal with problems in a more open manner than Indians.

Communications-based problems such as these can be understood if one acknowledges that different cultures have different problem-solving strategies for beating deadlines. Danes will choose to aggressively root out and solve problems ahead of time, even if said problems only *might* lead to delays (Rugholt, 2005: 75). Indians on the other hand work as hard as they can within the pre-existing context to make the deadline thinking that as long as the deadline has not slipped, still there is a possibility that it might be met (Rugholt, 2005: 38). As noted above, this is a secondary problem stemming from the fact that in an Indian business environment open conflict is to be avoided to the extent possible.

Positive Reinforcement

The two business cultures employ different strategies for dealing with the issue of positive reinforcement in the workplace. In the Indian context verbal confirmations and compliments are seen as a natural and immediate response to a job well done, at the time that a task is completed (Rugholt, 2005: 58). Danes on the other hand are happy to receive positive reinforcement for their work, but are less dependent on it as a component of workplace communication, than their Indian counterparts (Rugholt, 2005: 58). It may be that some Danish managers are not aware of the importance of positive reinforcement as a communication strategy in the Indian workplace environment (Rugholt, 2005: 58). This can cause miscommunications which can then lead to larger workplace difficulties. For example, if the expected verbal praise upon completion of a task, is not forthcoming from a Danish supervisor to an Indian employee, the Indian employee may automatically assume that the Danish supervisor is not satisfied with the quality of the work. Danish managers on the other hand, coming from a cultural environment where positive reinforcement is not seen as a necessary component of workplace strategy might not even be aware that this is a problem.

Other problems can occur because Danes may not be aware of the motivations of their Indian counterparts. Among other things, pay and title are important motivating factors for Indian workers. Problems can arise when a Danish employee does not understand the importance of the title of an Indian co-worker. The Danes also do not always understand the importance of sharing business cards, that is a way of making ones title known (Rugholt, 2005: 57).

Strategies and Solutions

The difficulties listed above are the outgrowth of the clash between the different sets of norms that exist within different business cultures. Measures can however be taken to avoid or overcome these difficulties. The solution is to create a *third culture*,

whereby companies operating internationally can combine the most successful business practices of the different countries they are operating in into a unified third business culture. In my thesis I describe the way that this can be achieved within the context of Indo-Danish business environment. (Rugholt, 2005: 72).

The Third Culture

Eaton Consulting Group¹, a cross-cultural management consulting firm, suggests that the firms engage in creating a third culture in order to overcome what they call the either-or situation, a situation where *either* the ways of one culture *or* the ways of the other culture are followed. According to Eaton Consulting Group:

[...] respecting the individual cultural profile the team creates a third culture. The third culture is not my way nor your way, nor a less effective compromise. It is a number of norms and systems that explicate, amongst others, the way of making decisions, the way of communicating and dealing with conflicts in the team, what good management is, and what deadlines mean²

The result of the third culture is that:

In the end, the best organisations have found the ability to avoid the "either-or" situation and find a Third Culture, a new operating style that draws on the best skills and attributes of all parties involved to create a superior result that no individual or homogeneous team could achieve on its own. In fact, we have found that Best Practice Global Organisations have mastered the ability to leverage cultural differences as assets, thus out-performing mono-cultural teams in the long term.³

This sounds almost too good to be true, and some objections can be raised towards the realism of this description of the third culture, since only the best possible results of creating a third culture are introduced. As seen in the quotation, according to Eaton Consulting Group the third culture turns out to be an alternative even more effective than the two cultures that merge. A realistic assessment of this statement is that this kind of third culture might come into existence in some few instances, but in most cases the third culture is going to be a tool in overcoming the difficulties, which are going to keep arising. Another objection is that Eaton Consulting Group does not describe the concrete task of creating a third culture. However, there are reasonable explanations for these objections. The home page of Eaton Consulting Group is made in order to grab the attention of customers and, therefore, a success must be introduced that does not seem too difficult to achieve. At the same time, it is natural that Eaton Consulting Group does not want to

¹<http://www.eatonconsultinggroup.com>, 2nd of July 2005.

²http://www.lederne.dk/Ledelse/Strategisk_lelse/Diversit_y/multinationale_teams.html#dentrediekultur, 3rd July 2005, my own translation.

³<http://www.eatonconsultinggroup.com/training/teambuilding.html>, 6th September 2005.



reveal how their firm conducts the actual process of creating a third culture.

Eaton Consulting Group, as quoted above, is clearly presenting a best-case scenario. As a marketing tool for the work that they do, this is obviously a wise strategy. It is also useful conceptually, as an introduction to ideas that may be new to some potential clients. However, in real-world situations potential solutions need to be put into practice one step at a time within a highly organised structure of implementation and review with an eye towards managing concrete issues as they unfold. What may have worked as a holistic solution in one situation may fail miserably in another. Or some elements of a previously successful campaign to organise a workplace according to third culture principles in one culture may succeed in another while other elements might reveal themselves to be utterly useless. The creation and implementation of the third culture is an on-going and perhaps never-ending process. It is not a program that once started will simply run on its own, like a piece of software.

A problem with Eaton's methods, as described on their web-site, is that they start from broad dichotomies such as *individualist/collectivist* as a strategy for defining differences between cultures. While this is fine as a starting point, as I have mentioned earlier in this article, one must also take some time to study the specific set of cultures one is dealing with in order better to define the specific difficulties that will arise in a particular workplace.

How does one overcome the difficulties of intercultural miscommunication in cross-cultural business cultures? Putting the notion of the *third (business) culture* into practice, as defined by Eaton Consulting Group is a good starting point. However, when looking to solve problems that arise in concrete situations, one needs to focus on issues specific to that situation. In the study that I did I came across a number of issues, some general, some specific to the Danish-Indian situation, which could further be used to generate potentially successful strategies for the implementation of *third culture* business practice.

Knowledge about the Cultures of the Different Players

As discussed previously, a primary impediment to efficient business practice is lack of awareness on the part of different players on the team, concerning the other culture (Rugholt, 2005: 67). Therefore it is important to develop an awareness of the norms and assumptions inherent in the other culture. But secondly, and equally as important, it is necessary to be able to step back and objectively analyse one's own culturally driven norms and assumptions about "normal" workplace behaviour. This last action will make it possible to acknowledge that one's own assumptions about how things should get done are not necessarily always most efficient or correct. Thus one will be able to compare and evaluate the methods of the two

cultures in a way which hopefully can begin to lead to the development of a third business culture.

Often when companies begin overseas operations the necessity of acquiring knowledge concerning the culture of the new country where they will be setting down roots is glossed over. The need for this information is then only first acknowledged when problems begin to arise. Unfortunately this is not the most efficient way to go about dealing with these issues. In the ideal world, the management team needs to be aware of the potential difficulties of the multicultural environment even before they start operating (Rugholt, 2005: 73).

However, as my research has shown, even in the best-prepared situations unforeseen difficulties are going to arise (Rugholt, 2005: 67). However, cultural awareness as described above, is not an end in itself, but a starting point for developing third culture principles, that can be continually worked upon over time within the context of dynamic management strategy.

Not Just the How but Also the Why

In the interviews I conducted for my thesis it became apparent that when employees – Danish or Indian - are being asked to perform tasks in new ways, it is important to be explicit with them not only about the strategies for conducting the tasks differently, but also about the reasons for doing so (Rugholt 2005: 67). If one has always done something a certain way, the logic behind a particular change also needs to be communicated.

Cultural Relativism

One tool that managers can use for overcoming assumptions about the superiority of the behaviours and practices implicit in their own cultural value system is an awareness of the concept of cultural relativism, as defined by Gullestrup (Gullestrup 2003: 190). For in addition to an awareness of the cultural practices of all the players in one's field of operations, and of the need to explicitly communicate the logical principles that drive one's own actions, an intellectual ability to step back and acknowledge that the structures and systems of one's own business culture are not perfect can be a useful management tool. For a manager who can start by comparing different cultural practices with an open mind will also be quicker to come to a correct assessment of when his own culture does not produce the most efficient strategy for dealing with a particular task. However Gullestrup also points out that cultural relativism does not mean sacrificing efficient workplace behaviour simply as a way of respecting cultural differences (Gullestrup 2003: 295). Finally Gullestrup reminds us that in the creation of the third culture no one must be forced to renounce core values of their own culture. Otherwise the third culture becomes irrelevant even before it is put into practice (Gullestrup 2003: 301-302). Thus even the initial creation of the third culture becomes a complicated



balancing act, taking into consideration multiple core value systems, and at the same the actual situation in the multicultural companies in question.

The Ideal Third Culture

In summation, the ideal third culture is a culture where the rules and norms of the cultures of all members of the multicultural team are taken into consideration. When creating a third culture business environment managers must have conscious knowledge both about their own cultural practices, and of those of the others with whom they will be working. In addition they must be explicit about the logic behind new workplace strategies, as well as about the concrete workings of those strategies. Finally they must make use of cultural relativism to balance the strengths of one culture against those of the other and to accept changes of their own business culture. As mentioned previously, the benefits of introducing third culture workplace solutions are greatly enhanced if one uses them as a starting point rather than as a trouble-shooting strategy.

The Third Culture Already Exists

Already, third culture solutions have been implemented in Indo-Danish business environments. Problems have been solved taking into consideration behavioural norms from Indian as well as Danish workplace environments. In one example from my research, it was shown that Indian employees were averse to asking questions in public situations in the workplace. The third culture solution to this problem was for Indian employees to be encouraged to submit questions anonymously, thus making it possible for the management of this firm to utilise the critical thinking skills of all of its employees (Rugholt, 2005: 72). Another example is that this practice was taken a step further, making it possible for Indian employees to engage in the (for them) otherwise very awkward task of evaluating their supervisors, also under the cover of anonymity (Rugholt, 2005: 72).

In third culture Indo-Danish business environments it is acknowledged that explicit verbal communication is important. For while Danish managers need to spend time communicating the reasons behind business practices which are new to their Indian colleagues and employees, they must also be explicit about the need for Indian colleagues to speak up openly about and make their Danish colleagues aware of problems such as the beating of deadlines as soon as they themselves know that such a problem may be in the offing. If Danish managers make sure to communicate this need explicitly, their Indian colleagues will be aware - even though this is not what they are used to - that Danes want open and direct communication of such problems (Rugholt, 2005: 75).

Today more and more of the players in the Indo-Danish business world are aware of the notion of cultural relativism. Firms are taking the cue that in order to manage an efficient enterprise in situations where

workers are starting from more than one cultural norm it is important for workers from different cultures to learn about and from each other (Rugholt, 2005: 76). Taking into consideration the successful implementation of numerous third culture strategies in a variety of Danish firms with operations in India, it is possible to believe that the third culture approach is an efficient approach.

The third Culture in Indo-Danish Business Environments

The following are a set of strategies aimed at overcoming the difficulties that arise in Indo-Danish business environments. These strategies were generated by applying the idea of *third culture* business strategy to the real difficulties I discovered in my thesis.

Merging Indian Hierarchy and Danish Flat Structure

Differences between perceptions of the meaning of hierarchy in the Danish and Indian context can cause breakdowns of communication between employees of Danish firms operating in India. These differences in perception become an issue specifically in situations where problems need to be confronted directly, and where responsibility for a task needs to devolve onto the employee with the best set of skills and knowledge for doing the work, rather than the employee with the most seniority in the department in question. I would argue that the most efficient way of tackling this problem would be to jettison traditional Indian notions of hierarchy, and to re-train Indian employees in systems and strategies more similar to the Danish flat structure organisation (Rugholt, 2005: 74). However, it is not possible to introduce an entirely flat structure in this new third culture in Indo-Danish business environments, and Danes need to jettison some of their traditional notions as well.

As previously discussed, a notion shared by Danish and Indian business cultures is the idea of a structural hierarchy based on functional roles depicted visually as a flowchart. In Indian business culture however, there are sets of implicit rules and associations inherent in the notion of the hierarchy as defined by the flow chart, rules and associations which do not exist within the Danish context. This leads to issues as defined above, whereby Indian employees, fearful of the consequences of being held responsible for a problem, will hesitate to draw attention to a problem. This is compounded by the fact that within the notions implicit in the idea of hierarchy in the Indian context Indian managers do not delegate responsibility as quickly and easily as their Danish colleagues do. Therefore, as a more flat structure is implemented, employees at all levels of the company will be freed up to exercise their judgement and expertise and to operate more creatively and efficiently than they would have in the traditional, top-down hierarchical structure (Rugholt, 2005: 74).

This leads to the question: How can Danish managers working with Indian employees and colleagues



generate the sense of trust necessary to enable their Indian colleagues to be more pro-active and open and to engage as equals with colleagues up and down the hierarchy, thus insuring the success of the flat structure system? The answer to this question is that Danish players in the third culture workplace need to become personally involved in the lives of their Indian colleagues in a way which they probably would not in a similar situation in Denmark (Rugholt, 2005: 60-61). In India it is common practice for workers to become familiar and friendly not only with their colleagues but also with the family members of their colleagues. Therefore Danish business people working in India must take it upon themselves to become personally involved as well as to work together with their Indian associates. Family visits on weekends are as important as sharing about non-work related topics during the lunch break at work (Rugholt, 2005: 75). In this way the traditional hierarchical relationships between Indian supervisors and their employees will be replaced by more open and fraternal types of connections between employees at all levels of the hierarchy.

At first Danish professionals may have trouble adapting to this form of personal behaviour. In Denmark people work together for years without engaging socially or becoming involved with the family members of colleagues (Rugholt, 2005: 62). For in Danish business culture the bond provided by the organisation of the company provides connection enough. It is thus not important for employees to become personally familiar (Rugholt, 2005: 50).

Again, when describing the potential for real-world third culture practice in the Indo-Danish context it is important to remember the need for explicit, rational explanations every time new workplace strategies are introduced. At first Indians may experience the notion of criticising the words and work of supervisors as an example of extremely rude behaviour. Thus time must be taken to carefully and respectfully explain the reason for the implementation of this and every new practice, as it is being introduced in the workplace. Certainly Indians as well as Danes will be able to appreciate the increased productivity which is derived from the inclusion of all, and the incorporation of the knowledge and skills-base of all workers, regardless of seniority or status, into the problem-solving and decision-making structure of the company. Implementation of flat structure business practice doesn't imply the end of traditional relationships between Indians, based upon issues of age and seniority. Danish companies operating in India would do well to acknowledge Indian customs concerning the higher social status that comes with advanced age and seniority. This status needs to be taken into consideration in the processes of project groups, hiring and promotions. In summation it is important to acknowledge Danish as well as Indian values when creating the most efficient merger strategy for the third business culture.

Confronting Problems Head-On

As previously discussed different communication strategies around the issue of trouble-shooting in the Danish and Indian context can cause confusion between Danish and Indian workers working together. Indian employees may find their Danish counterparts aggressive or even rude in the latter's attempts to trouble-shoot around potential negative issues in the workplace. To the Danes, the Indians may seem in denial or even dishonest about the existence of problems. Thus by merging traditional Indian notions of hierarchy into the Danish flat structure, the Danes will be seen as more respectful, and the Indians will understand that trouble-shooting is not a form of disrespect, but a way of enhancing the overall productivity of the company. Thus Indian employees will also come to understand that they need not fear retribution from supervisors if they speak openly about company problems. (Rugholt, 2005: 74).

Further one must remember that in the Indian context open disagreement is seen as a threat to social harmony. Therefore, Danes must be aware of the need for friendly, collegial behaviour. This is a starting point from their side for dealing with their Indian colleagues. Cold distant behaviour on the part of supervisors indicates to employees that they need to demonstrate nothing more than a willingness to obey. In contrast, supervisors who are capable of demonstrating friendliness and warmth towards their workers are more likely to elicit creative and well-thought responses to questions, and authentic participation and support in the solution of problems. (Rugholt, 2005: 74). Supervisors in Indo-Danish business cultures must thus be conscious of promoting a friendly and supportive image of themselves in the workplace.

When confronting problems head-on it is important that players on both sides be as explicit as possible concerning their approach to trouble-shooting the problems which may arise. It is therefore important that Danish and Indian employees are aware of the various shades of meaning inherent in the simple binary response to a yes/no question in the two very different cultural contexts. A Danish manager who understands that an Indian co-worker, wishing first and foremost to demonstrate affability and a willingness to obey may not voice open disagreement with a colleague or supervisor, may not become as initially puzzled by repetitive positive response to questions concerning problems about which the outcome might seem to be more and more in doubt. As well, an Indian worker who understands the more open Danish approach to on-the-job problem-solving is less likely to feel insulted or put down by Danish colleagues, insistent upon analysing the negative potential of any given workplace situation, especially if it is made clear that the issue is the solving of problems and not the placing of blame.

Finding common ground for communicating about trouble-shooting and problem solving is only an initial



step towards creating an efficient third business culture in the Indo-Danish context. For once employees are able to engage in communication about workplace problems as they occur, the next step is to take this enhanced ability to communicate and use it to generate well functioning organisational and time-management strategy.

Creating Communicative Norms for the Strategic Delegation of Responsibility

Some problems occur in the Indo-Danish workplace as an outgrowth of the different understandings that Danes and Indians have concerning delegation of authority and independent problem solving. Viewed through the lens of Danish cultural norms Indian managers seem extremely loathe to delegate authority. Indian workers come across as reluctant to take responsibility to solve problems. Turning the telescope around, one finds that Danish employees seem disrespectful and come across as if they were out to undermine the authority of their supervisors, when seen through the eyes of their Indian colleagues.

But the notion that Indians are not able to take responsibility and execute tasks on their own is false. It is simply that in traditionally managed Indian firms they have not been given an invitation to do so. Therefore ongoing explicit discussion of the need for said behaviour is a necessary step in the building of the third culture environment. In addition Indian employees must be given plenty of opportunity to practice such conduct, and positive reinforcement for successfully executing tasks on their own. (Rugholt, 2005: 74). So that starting from the notion of flattening out the hierarchy of the new third culture business environment so that the operational structure of the third culture closely resembles that of a Danish institution, one can see that task management and problem solving will become more effective. Moreover one can see that Indian managers become better at delegating authority and workers become freed up to solve problems on their own without having to ask permission every time they come up with an idea.

Explicit communication on the part of Danish managers will help Indian colleagues and employees to understand that greater efficiency will be achieved for the company as a whole when workers are empowered to complete tasks quickly and independently, and managers become able to devote their time to the problems that truly require their attention.

But one must not neglect the Indian sensibility concerning issues of social etiquette. Older people are treated with more respect generally in Indian culture, and this needs to be taken into consideration when attempting to create a third culture business environment for Danish firms operating in India (Rugholt, 2005: 36-37). Thus it will create stress in the workplace if a younger Indian employee is chosen as department head or task co-ordinator ahead of someone of more

advanced age (Rugholt, 2005: 46). So if at all possible, the appointed head of a project team should be somebody older rather than younger than the rest of the team.

Creating Communicative Norms for Discussions of Time Management

As previously discussed, general cultural perceptions of the meaning of time management transfer over into business practice within specific cultures. For Danes the Indian perception of time management, (less precise than the Danish,) combined with the Indian communicative strategy of not openly acknowledging problems in real time can lead to a building sense of frustration as deadlines are continually missed and the problems leading to these missed deadlines are not concretely addressed (Rugholt, 2005: 38). The solution to this problem is simple enough. Employees must be empowered to share knowledge and to communicate with their supervisors so that problems can be solved and deadlines met (Rugholt, 2005: 75).

More importantly, the two cultures must reach consensus on the meaning of the word deadline. In addition pre-agreed-upon rules and strategies for openly dealing with missed deadlines must be sorted out in a mutually comprehensible way. From the Danish side it must be made clear that delays are understandable, but that problem-solving must be taking place and that transparency concerning the problem-solving process is an important workplace value, according to the traditions of Danish culture (Rugholt, 2005; 74). Some Indians in Indo-Danish business environments are not aware that Danes want to know about the problems actually going on. Seen from the Indian perspective it is better to not inform the manager about a problem (Rugholt, 2005: 38). Thus Indian workers must be trained in the development of communication skills that demonstrate an ability to share their problem-solving strategies with managers as problems occur. Finally, employees who communicate an ability to transfer problem-solving strategies from the present where deadlines may have been missed, to a hypothetical future where deadlines can now be met are the ones who will be the success story of the Indo-Danish third culture business environment. A model has already been created for these strategies at one of the firms I studied as part of my research (Rugholt, 2005: 75).

Positive Reinforcement as a Management Strategy

Another issue under consideration, positive reinforcement through the use of compliments paid by managers over work done by employees, is of more importance in the Indian context, than in the Danish. Though Danish managers might not be innately inclined to do so, I would recommend that strategies of positive reinforcement be introduced into company policy in Indo-Danish business environments (Rugholt, 2005: 76). While training materials could even be developed for this purpose, it is simple enough for



Danish managers to remember to send an e-mail, or publicly compliment an employee on a job well done at the time of completion of a task. First of all, for Indian employees used to working in an environment where open negative response is frowned upon as anti-social behaviour, lack of positive reinforcement is interpreted as a concrete indicator that they have not lived up to their responsibilities in the eyes of supervisors. But second of all, the quality of the work environment in third culture business situations will improve, also for Danes (Rugholt, 2005: 58).

In addition to developing tactics for the use of positive reinforcement as a workplace strategy, Danish firms with operations in India need to be aware of what motivates Indian workers. Pay and position are among the most important motivating factors. Because European style social welfare doesn't exist in India, decent wages are very important. (Rugholt, 2005: 52). Also, in a country where 95% of marriages are arranged, (Kolanad, 2003: 87), income level and professional status, taken together with caste, job title, and skin colour are important factors, when a match is being arranged. Finally, younger Indian workers are also motivated by a sense that they will find a job personally challenging (Rugholt, 2005: 54).

In order to maintain a consistent third culture in one's workplace one must also maintain a large core group of employees who are partners in that culture. Danish managers who develop and maintain a consistent strategy of positive reinforcement in the workplace, combined with an understanding of what motivates their Indian employees and a set of practices which support these motivations, are more than likely to maintain and develop this employee base.

Difficulties in Creating a Third Culture

Previously I have discussed the difficulties that lead to the necessity for creating a third business culture. But one must also assess and evaluate the problems that arise, as one is attempting to create this environment.

Developing the Knowledge Base

In order to create a third business culture one must have a strong knowledge of the different national and business cultures of one's employees. However, achieving this knowledge base is a time consuming and costly process. Many firms, concerned only with the amount of money to be saved by outsourcing, neglect to bother with these issues when preparing to build a base of operations abroad. But Danish firms who have survived the initial process of outsourcing to India (Rugholt, 2005: 73), together with the Danish Embassy in India⁴ recommend that research be done *beforehand*, concerning knowledge of local culture and business practice. It is also recommended that firms begin to

allocate resources for the development of management strategies for utilising this knowledge before they relocate management and production overseas.

From Theory to Practice - Adjustment to Specific Organisations

Based on issues previously discussed, such as involving Indian employees in open discussions concerning the need for efficient and transparent problem solving, and incorporating strategies of positive reinforcement into the third culture workplace, one can create simple guidelines for the implementation of third culture business practice in the Indo-Danish context. However, every company is unique and in every situation equally unique problems will arise. Thus problem-solving strategies have to be adaptable and adapted for situations as they occur in specific business situations (Rugholt, 2005: 74).

More than that, employees at all levels of the company must be included in the process of creating the third culture which will be unique to their company. Otherwise the time and energy spent preparing strategies for third culture management will be wasted, as employees will come to feel that the third culture idea is something foreign, imposed on them by outsiders and upper level management (Rugholt, 2005: 78).

Finally it is important to remember that the creation of a third business culture in a real workplace happens, like everything else, over time. Thus strategies for communication and business within a third culture workplace will change along with circumstances generally within that firm, also over time (Rugholt, 2005: 78). For example, restructuring might occur, or new employees might be hired. In addition the very success of the third culture strategy might indicate that there is a surplus of time, energy and capital within the firm, - time, energy and capital that then can be used to create new goals and agendas for future successes within the company.

Cultural Relativism – an Exercise in Political Correctness or a tool for Increased Efficiency?

Earlier in this paper, theoretical notions of cultural relativism were discussed with an eye towards practical use in the development of more efficient business practice. The question is; can one take the useful components from different business cultures and combine them into a whole that doesn't negate the core values of each of the original cultures in question (Rugholt, 2005: 74)?

The notion that one can abandon one's own cultural prejudices - and take a purely scientific approach to deciding which workplace behaviours are most efficient - is not entirely practical. But an understanding of notions of cultural relativism can help one to come a little bit closer in practice, to the idea of creating an efficient third culture using purely unbiased strategies.

⁴<http://www.ambnewdelhi.um.dk/en/menu/CommercialServices/Markedsmuligheder/Todobusinessin/BusinessCultureændEtiquette/Forretningskultur.htm>



Thus, even though one may not be able to entirely give up one's own assumptions concerning the correctness of the ideas and behaviours one is familiar with, one can use the lens of *cultural relativism* to at least attempt to see the problem from the point of view of individuals with a different cultural outlook than one's own.

Thus if one has developed a core knowledge base concerning the cultural values and practices of the people one is working together with, and one can combine this with a theoretical appreciation of the idea of cultural relativism, one can begin to assess where one might combine efficient behaviours from the other culture, - and one's own - into a new third business culture. This may at first seem threatening to managers working of the two business cultures. However it is a necessary step towards the creation of real third culture business.

Danish companies must then make these compromises, as they set up and expand their operations in India. Which Danish strategies are actually more efficient? Which Indian ones? Compromises must be made. Up to this point I have found that Danish practices have predominated in the strategies suggested in my thesis for overcoming difficulties in Indo-Danish business environments.

The predilection for Danish business practice is based on several things. First one must acknowledge one's own cultural background. In using the theory of cultural relativism as a tool to develop an unbiased and scientific approach for doing research one can attempt to give equal weight to the core values of Danish and Indian culture. But using the same tool, one must honestly admit that as a Dane (or any other culture for that matter) this is not entirely possible. Thus I am more quickly able to comprehend the problems of the Danes than those of the Indians (Rugholt, 2005: 70). Perhaps an Indian researcher would more quickly be able to uncover the flaws in Danish business practice.

In addition, a core value of Danish business culture is efficient and transparent problem solving behaviour. Thus the Danes I interviewed were much quicker to speak out about what they saw as inefficiencies and problems than the Indians. One difficulty that Danes complained about was a tendency on the part of the Indians towards respect for the word of supervisors, leading to silence in the face of problems. Therefore, it is quite possible that I as a Dane did not accumulate as much negative feedback from the Indians I interviewed as from the Danes, because the Indians were being polite – not because they were satisfied with Danish business culture. Thus, even though I found that the Indians might have spoken freely in the interviews still they might not have mentioned all difficulties they have experienced (Rugholt, 2005: 27). That the Indians I interviewed had Danish supervisors might even have emphasised the tendency not to mention difficulties they experience working together with the Danes

(Rugholt, 2005: 71). Thus it is possible, that based on problems articulated by the Danes, I have not in fact uncovered as much useful information from the Indian side as might exist.

The fact that in the Indo-Danish business environments I investigated Danes are supervisors and executives or the primary investors in the companies in question means that in the end it is the Danes who have control over much of the decision making concerning organisational details. This is an additional factor leading to the dominance of Danish business culture in the third culture being created.

A Long Lasting Ongoing Process

The process of creating and maintaining a third culture business environment will not happen over night. Even after one has immersed oneself in notions of cultural relativism, studied the cultures involved and uncovered key areas of miscommunication the process has really only just begun. For it is then that real people must confront their own differences and work together to develop new habits that may at first not come naturally. It is time consuming. It requires dedication and hard work on all sides. If success is not immediate one mustn't simply give up the work.

The Third Culture: A Set of Tools for Successful Business Practice

The fact that one has implemented third culture strategies does not mean that problems in communication based on cultural misunderstandings will not continue to occur. Rather the third culture should be seen as a set of tools for continually working to overcome these difficulties as they arise.

The Third Culture Environment: A Template for Business Solutions around the World.

Danish companies relocating capital and facilities to India are not the only possible beneficiaries of the notion of third culture business practice. In our ever more globalised world, third culture strategies are also relevant to all multinational enterprises. Development aid programs could also function more effectively if they utilised some of these practices. In addition European countries coping with the stresses of integrating ever-larger immigrant populations might ponder the above-described tools for resolving culturally driven problems of miscommunication. Also at the university level, exchange students, and their professors and fellow students might benefit from a knowledge not only of each other's cultures, but also of the theory and practice of third culture business strategy. In fact, individuals from different cultures, who find themselves working together in any ongoing situation would be wise to ponder the notion of third culture strategies as a way of overcoming problems that arise through cultural miscommunication.

Line Mark Rugholt holds an MA in Indian Studies



List of references

Gullestrup, H. (2003), *Kulturanalyse – en vej til tværkulturel forståelse*. Danmark: Akademisk Forlag.

Hofstede, G. (2002): *Kulturer og organisationer*. Danmark: Handelshøjskolens Forlag.

Hooker, J. (2003): *Working across cultures*. Stanford University Press: California.

Kolanad, G. (2003): *Culture Shock! India*. Kuperard: Singapore.

Rugholt, L.M. (2005): *Outsourcing from Denmark to India* . Unpublished.

Trompenaars, F. & Hampden-Turner, C. (1998): *Ledelse over landegrænser*. Danmark: Børsen.

www.ambnewdelhi.um.dk

www.computerworld.dk

www.eatonconsultinggroup.com

www.lederne.dk

www.um.dk