



United States-India Educational Foundation

IOWA STATE  
UNIVERSITY



UNT

# A Multi-Dimensional Approach to Meet 21<sup>st</sup> Century Retailing Education and Industry Challenges for India and the U.S.

IOWA STATE  
UNIVERSITY



UNT



IOWA STATE  
UNIVERSITY

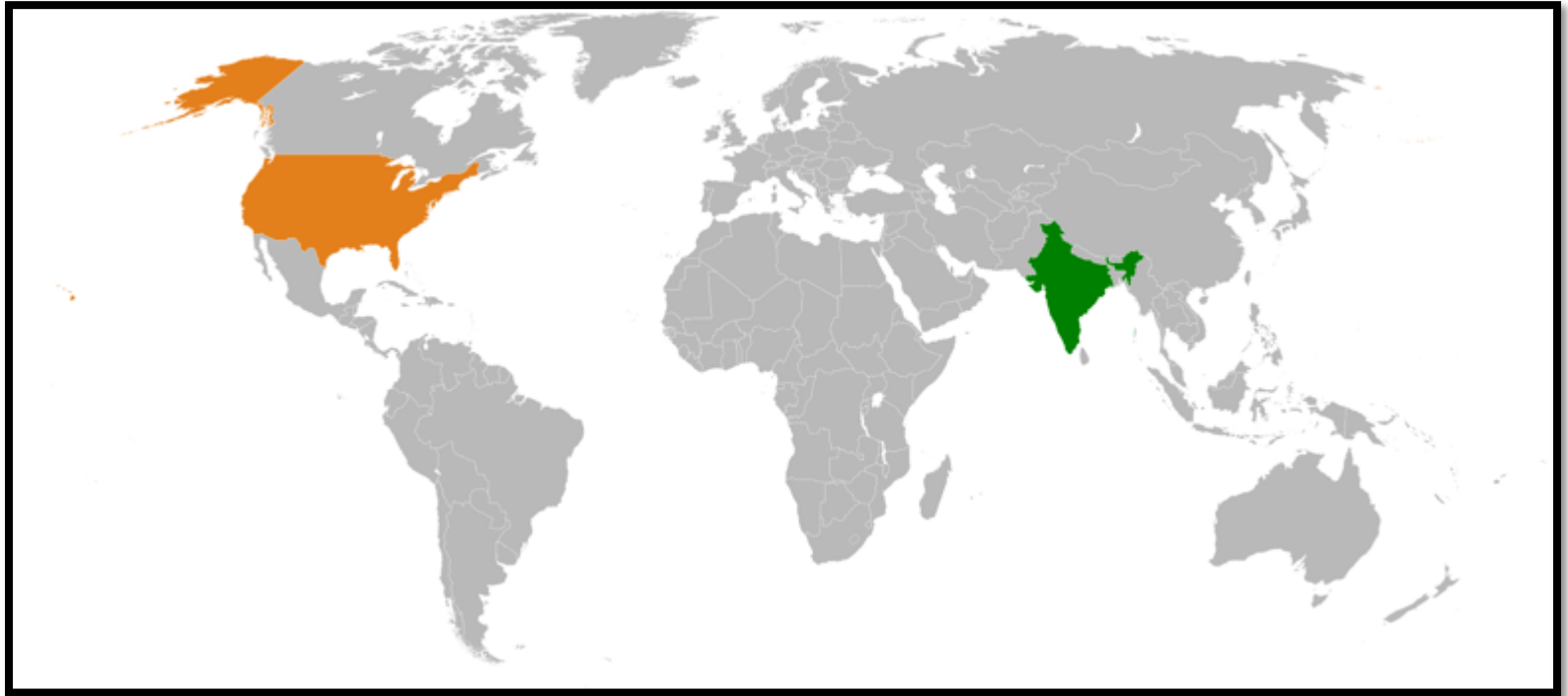


UNT

# Culture in India and the United States

## Unit 1

What beliefs or stereotypes do you have about the culture of INDIA or the UNITED STATES?



IOWA STATE  
UNIVERSITY



UNT



# Outline of the Module Content

- Cultural Dimensions
- Demographics
- Role of Women and Gender Relations
- Corporate Culture
- Government
- Apparel Retailing





# Cultural Dimensions

- Before jumping in, let's view short [video](#) on Hofstede's Cultural Dimensions
  - *Note:* Videos open when the PPT is in slide show mode, otherwise, copy/paste the below link in a browser to watch the video
  - Video:
  - <https://www.youtube.com/watch?v=EcrFudqIGr4>





# Cultural Dimensions

- USA and India are very different when it comes to power distance, individualism, long term orientation, and indulgence
- They are very similar when it comes to masculinity and uncertainty avoidance

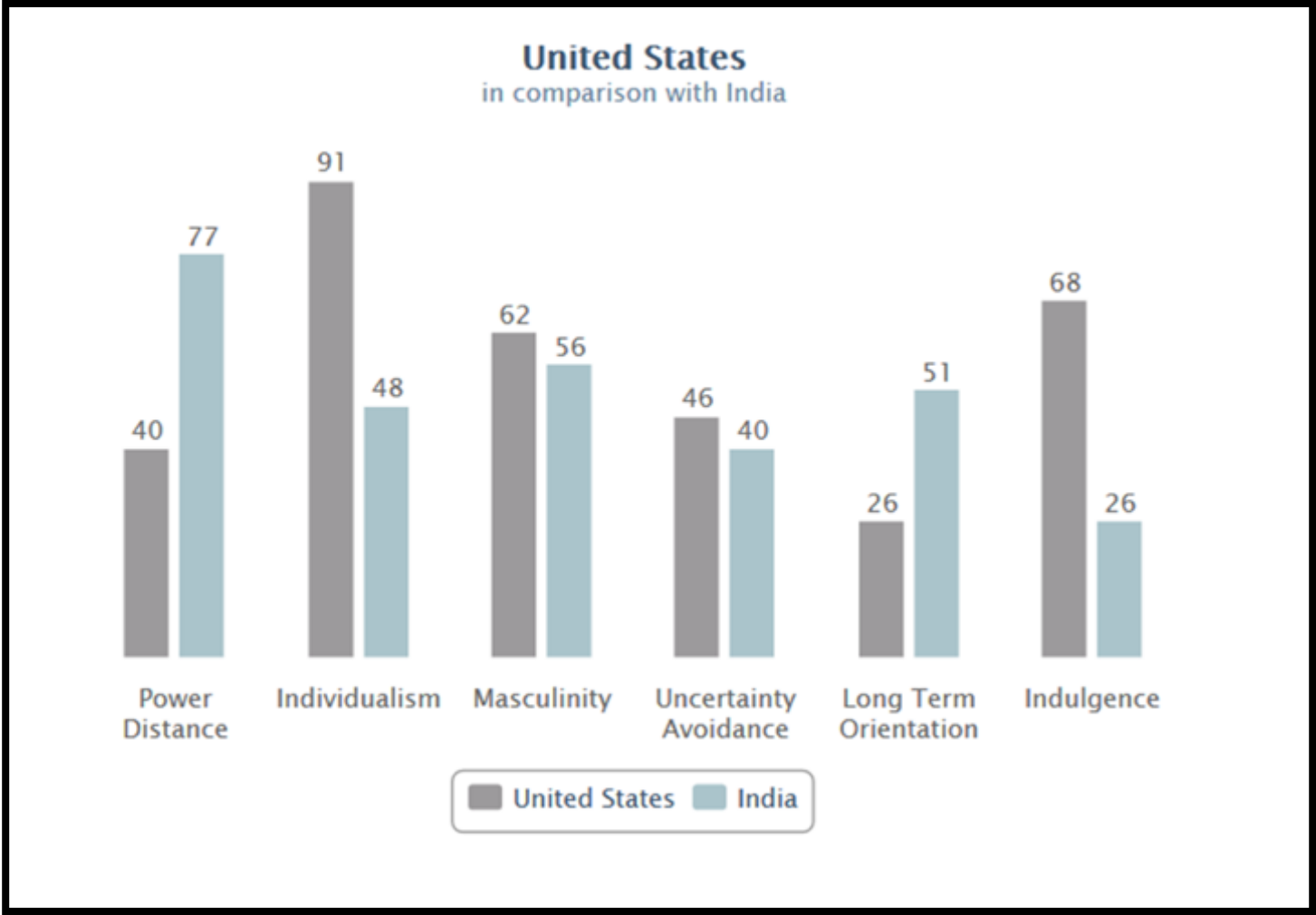
IOWA STATE  
UNIVERSITY

*nife*



UNT

# Cultural Dimensions



# Cultural Dimensions

- **Power Distance**

- India has a high score (77) compared to the world average (55) and the USA (40) indicating
- Hierarchy is clearly established and executed in society, without doubt or reason
  - In the USA, often times the graduate students call professors by their first names, whereas in India graduate students address their professors as sir/madam
  - In organizations in India, communication is top down and directive in its style

# Cultural Dimensions

- **Individualism**

- Degree to which people in a society are integrated into groups
- In the Geert Hofstede analysis, the US is ranked highest (score = 91 versus India = 48)
  - Indicates that India is a collectivistic society; the actions of the individual are influenced by various concepts such as the opinion of one's family, extended family, neighbors, work group, and other such wider social networks.

# Cultural Dimensions

- **Long-term Orientation**

- This dimension associates the connection of the past with the current and future actions/challenges.
- USA is low in Long-term orientation (26 versus India = 51)
- Indicates people in the U.S. stress thrift and perseverance
  - Members typically forgive lack of punctuality, a change of plans based on changing reality

# Cultural Dimensions

- **Indulgence**

- Degree to which a society allows gratification of basic and natural human drives related to enjoying life and having fun
- US has a high (68) score with respect to India (26)
- Indicating Indians are less indulgent
  - Indians do not put much emphasis on leisure time and control the gratification of their desires

# Cultural Dimensions

- **Uncertainty Avoidance**

- Defined as society's tolerance for ambiguity
- Both US (46) and India (40) score low on this dimension
- Indicating a fair degree of acceptance for new ideas, willingness to try something new or different, allow the freedom of expression

# Cultural Dimensions

- **Masculinity**

- Preference in society for achievement, heroism, assertiveness and material rewards for success
- Both, US has a high (62) and India (56) have similar scores
- Indicating these societies are driven by competition
- Success is defined by the winner/best in the field

# Cultural Dimensions

- **Punctuality**

- In India, things are non-linear, lengthy, complex, interdependent, and chaotic, thus, leading sometimes, to unpunctuality
- Generally, an appointed time isn't a single point in Indian psyche, it is a range
  - However, recently, the value of time for Indians is increasing and they are getting more punctual
  - Dominant culture and habits are changing slowly
    - E.g., government officers reaching to the office on time

# Cultural Dimensions

- What challenges do you think could arise because of these cultural patterns?
- How do we resolve them?



# Cultural Dimensions

- **Individualism**

- According to Geert Hofstede's analysis, the US is ranked highest (score = 91 versus India = 48) in Individualism and low in Long-term orientation (29 versus India = 61)
- Leading to:
  - Great flexibility and ability to react quickly to opportunities
  - Relatively loose bonds with others
  - A sense of self-reliance



# Cultural Dimensions

- **Outcome of Masculinity--Directness:**

- Americans do not avoid embarrassment like many other cultures. They will tell you honestly what they think and ask for clarification. They will tell you
  - E.g., if they don't like or prefer something
  - E.g., if they will not do something for you
  - E.g., if they don't understand something
- Americans prefer that others tell them the truth instead of giving an ambiguous response



# Cultural Dimensions

- **Egalitarianism**

- The US has a low score on Power Distance (40 versus India = 77) compared to the world average (55)
- Suggesting greater upper mobility among individuals
  - But there is a growing difference between the upper and lowest classes
- Greater belief in equity among individuals
- Cooperative interaction across power levels

# Cultural Dimensions

- **Egalitarianism**

- A lower Uncertainty Avoidance score (46) in the US compared to the world average of 64, but higher than India (40) leads to
- As noted, greater level of tolerance for a variety of ideas and beliefs in these two cultures
- A greater level of acceptance of novel or unknown situations
- Societies that have fewer rules than average

# Cultural Dimensions

- **Egalitarianism**

- Also, both are founded on doctrines of democracy and majority rule.
- Therefore:
  - Opinions are gathered from many people and levels to make a decision
  - Americans tend to arrive at decisions based on consensus
  - Americans question authority
  - If you don't offer your perspective you may not be seen as a 'team player' at work

# Cultural Dimensions

- **Punctuality**

- Americans see themselves as having a strong work ethic
  - Average 34.4 hours/work week, ranked 16th in the world
    - Low due to workers forced to part time jobs with the Great Recession
  - But educated, white collar workers spend well more time (50+ hours/week), putting stress on work/life balance
- Americans live hectic lives and are sleep deprived



# Cultural Dimensions

- **Punctuality**

- The US, like India, has/takes fewer vacation days than many other nations
  - Americans take 10 of their 12 (average) vacation days
  - Indians take 15 of their 20 vacation days
  - See the bar graph to compare the level of vacations days available and taken by country:  
<http://www.businessinsider.com/which-countries-take-the-least-amount-of-vacation-2012-11>



# Cultural Dimensions

- **Punctuality**

- These facts suggest the focus and orientation of the US worker
- Thus, in the US It is seen as important to be on time or a few minutes early
- People name a specific time (e.g., 9:10AM) to meet, and they meet then
- Deadlines should be met or it will affect impressions of professionalism



# Activity

Think of the last time you personally experienced a culture shock. Culture shock occurs when somebody becomes painfully aware that a person or persons born and educated in another country think(s), feel(s) and/or act(s) differently from what was expected. What happened and which *one* of the six Hofstede's dimensions explains best the reason for the shock?





IOWA STATE  
UNIVERSITY



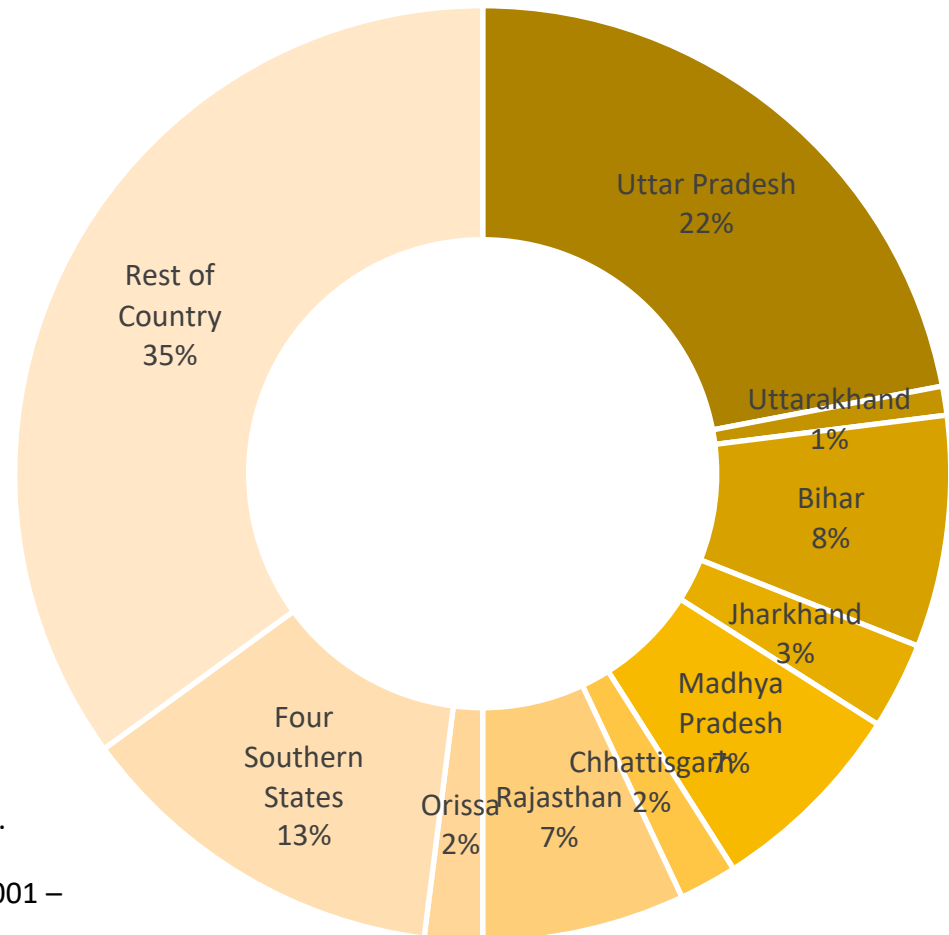
UNT

# DEMOGRAPHICS

# India Demographic

- The total population is over 1,250,000,000
- It is second most populous country in the world and is almost 4 times the US population

Projected Population of India: 2001 - 2026



Source:  
National Commission on Population (MHPW).  
(2006). Report of the technical group on  
population projections for India and states 2001 –  
2026.

# Demographic

## India Class Structure

- Indian society is traditionally divided into castes or clans, not ethnicities
  - Majority of the population fall within two large linguistic groups: Indo-Aryan and Dravidian
    - Indo-Aryans form the predominant ethno-linguistic group in Northern India
    - Dravidians form the predominant ethno-linguistic group in southern India
- India is very diverse in terms of languages, music, cuisine, dressing styles, religions, customs, cultures, and castes
  - They differ from place to place within the country

# Demographic

## India Class Structure

- Since independence (1947):
  - Landmark agricultural revolution
  - Increased life expectancy
  - Sizeable middle class has emerged
    - More than doubled
  - Literacy rates have quadrupled
- 400 million still live in poverty
  - In 2014, India's official poverty line was:
    - Rural areas: US \$14/month
    - Urban areas: US \$21/month

# Demographic

## India Class Structure

- 23.6 million people are middle class with \$13,662 annual wealth (low)
- Disadvantaged groups will need to be brought into the mainstream to reap the benefits of the economic growth
- GDP growth rate @ more than 7.5%
- 600 million people are projected to live in cities by 2031

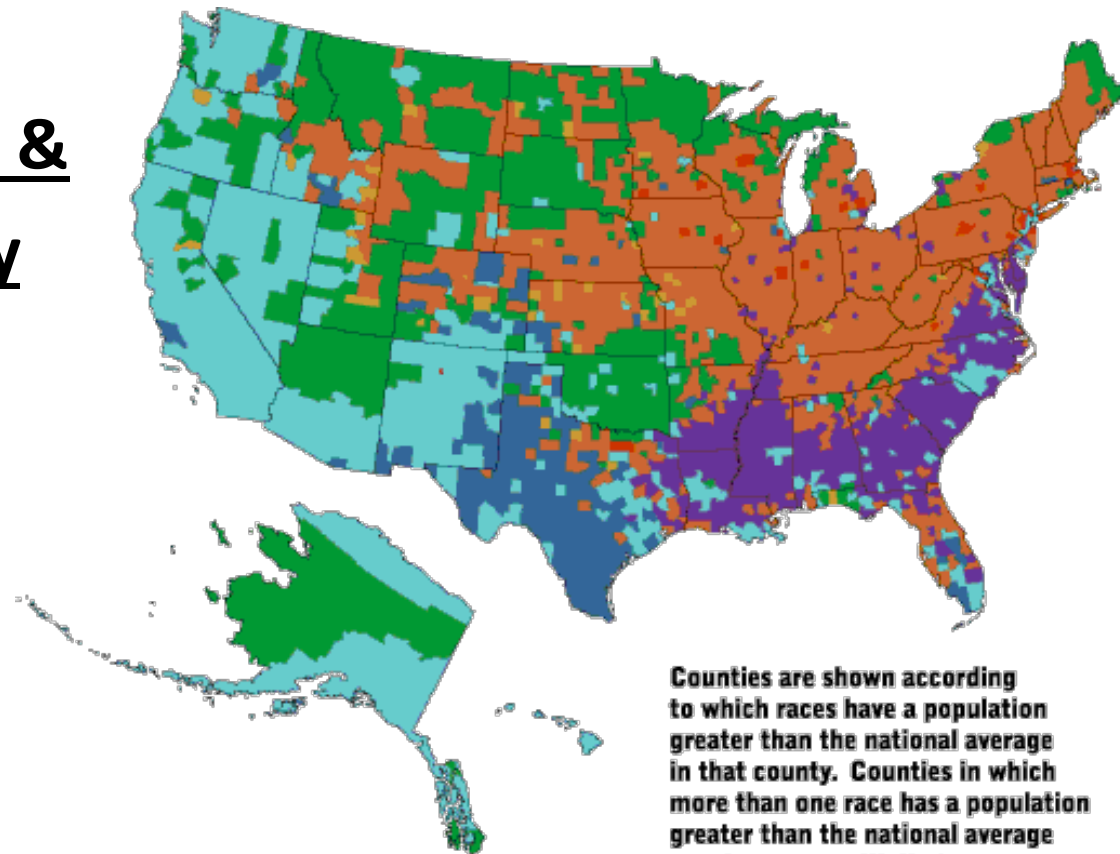
# Demographic

## India Religions and Spirituality

- Major religious groups in India (2011)
  - Hinduism – 79.8%
  - Islam – 14.2%
  - Christianity – 2.3%
  - Sikhism – 1.7%
  - Buddhism – 0.7%
  - Jainism – 0.4%
  - Others – 0.9%

# Demographic

## US Race & Ethnicity



Counties are shown according to which races have a population greater than the national average in that county. Counties in which more than one race has a population greater than the national average are shown as multiethnic.

- Asian (non-Hispanic)
- Black (non-Hispanic)
- Hispanic
- Native American (non-Hispanic)
- Pacific Islander (non-Hispanic)
- White (non-Hispanic)
- Multiethnic

Source: [www.CensusScope.org](http://www.CensusScope.org)

# Demographic

## US Race and Ethnicity

US total population is over 322,000,000

The US is called the “melting pot”

- Assimilation or integration of groups has benefited the US
- A fairly multi-cultural/racial society, more so in cities than rural communities
- But also have neighborhoods/towns with a high density of a cultural group

# Demographic

## US Race and Ethnicity

- Today the largest immigrant groups are from Latin countries (e.g., Mexico, Columbia, Brazil)
- The US Census Bureau projects the percent of non-Hispanic whites will continue to shrink over the next 30 years, perhaps no longer being the majority group
- See the map for ethnic concentrations by within states: <http://www.upworthy.com/this-map-shows-which-ethnicities-have-the-largest-ancestry-in-us-counties>

# Demographic

## US Race and Ethnicity

Ethnic makeup (single race)

- 64% white
- 16% Latino
- 12% African-American
- 5% Asian
- 1% Native American

# Demographic

## US Race and Ethnicity

- Improvements in equality for underrepresented (“minority”) groups over the past 60 years
  - More underrepresented members in governmental and industry leadership positions, but not proportional to the population makeup
- Laws and agencies help ensure opportunities and protection for ethnic and cultural underrepresented groups
  - But economic disparity, and blatant and subtle discrimination exist

# Demographic

## US Class Structure

The breakdown of US socio-economic classes:

- 15% of the US population live below the poverty level (\$23,050)—cannot cover essential needs
- Middle class includes
  - blue collar, hourly workers
  - lower-level, white collar workers, service jobs
  - upper-middle class or professional white collar workers; top one-third of American incomes
- Upper-class: the upper 5% make between \$150,000-\$250,000; the upper 1% makes over \$250,000

# Demographic

## US Class Structure

- Many Americans live a middle class lifestyle, but are deep in debt or struggle to pay for their lifestyle
- Since 1970, income polarization has occurred--the middle class has hollowed out, moving to the lower or upper classes as seen in the figure:  
<http://www.usnews.com/news/articles/2016-06-29/hollowing-out-of-middle-class-holding-back-economy-says-imf?int=taboola> (Figure 2)
- Because personal consumption accounts for 70% of US economic growth, this trend leads to stagnation of the US economy

# Demographic

## US Religions and Spirituality

- The US was built by settlers looking for religious freedom
- Separation of church and state is built into the constitution
  - There is a high level of religious tolerance
  - Religion is separate from the work environment
  - But some legal challenges by businesses that want to discriminate based on religious beliefs
    - E.g., Bakeries not making wedding cakes for same sex couples

# Demographic

## US Religions and Spirituality

- Christian denominations are the most prevalent (e.g. Catholic, Protestants, Baptist) with more fundamentalists and liberal sects
- Hindus, Muslims, Buddhists are also common in the US, with various sects and concentrations in particular regions of the US
  - E.g., Nation of Islam Muslim sect is popular among African Americans
- Proselytizing about religious beliefs is often unwelcome



IOWA STATE  
UNIVERSITY



UNT

# ROLE OF WOMEN AND GENDER RELATIONS



# Roles of Women and Gender Relations

- **Role of Indian Women**

- Gender discrimination continues to be an enormous problem in Indian society
- Traditional patriarchal norms have relegated women to secondary status within household and workplace.
- In theory: there is equality between sexes
- More and more Indian women are also taking on leadership roles in the corporations, governments, organizations
- Still women (working or home-maker) is the one who cooks at home for the family



# Roles of Women and Gender Relations

- **India Gender Relations**

- There is a huge influence of western culture on India these days
- The concept of co-ed dormitories does not exist in India. For example, there will be separate girls' and boys' hostel
- Homosexuality is rarely accepted
  - Particularly in larger cities
  - But there are regions/communities where homosexuality is reviled
- Sexual activity between people of the same gender is illegal, and same-sex couples cannot legally marry or obtain a civil partnership



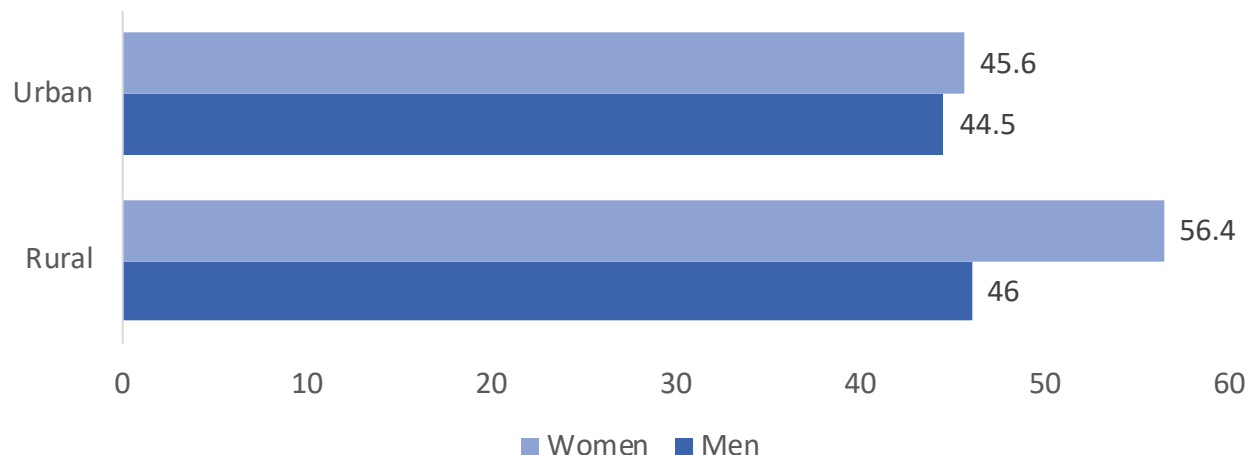
# Roles of Women and Gender Relations

- **India Gender Relations**

- Men are traditionally seen as the providers
- Women are seen as the caregivers
- Girl are still groomed to become an efficient career woman as well as an efficient house maker
- Men are expected to excel mainly in professional fields

# Roles of Women and Gender Relations

- Men are beginning to shed their inhibitions about working in the kitchen
- Women are working late hours
- The changing trends are reflected in men and women taking up unconventional work such as pilots and astronauts while men are honing their skills as chefs and fashion designers



Source: Johari, A. (2015, April). Will a government study confirm what we always knew: Indian women work more hours than men. *Scroll.in*. Retrieved from <http://scroll.in/article/702430/will-a-government-study-confirm-what-we-always-knew-indian-women-work-more-hours-than-men>



# Roles of Women and Gender Relations

- **Role of US Women**

- The US strives for equality between the sexes
- But female fulltime workers made \$.79 for every \$1 male workers made in 2015
- Laws help ensure opportunities and protection in employment and education
  - Sexual harassment lawsuits can come from degrading statement or remarks about a woman's appearance



# Roles of Women and Gender Relations

- **US Gender Relations**

- Women are generally not subservient or passive
- Their provocative dress is not an overture to men
- Women and men can be friends without it being perceived as inappropriate
- Women ask men out on dates
- Most universities have “Co-ed” dormitories: males and females in the same building or floor
- ‘No’ means ‘no’ in response to a man’s romantic advances; ignoring it is grounds for rape charges
- Homosexual couples can marry in all 50 states



# Roles of Women and Gender Relations

- **US Gender Relations**

- Only 28% of households are supported by a father's income alone
  - 66% are dual income households
- The number of “stay at home dads” has doubled to 7% over the past 10 years
- 32% of married fathers (@7 million) were “a regular source of care for their children under age 15” in 2011
  - Up from 26% in 2002
- Men's and women's roles are converging; see the second figure on
  - <http://www.pewresearch.org/fact-tank/2016/06/16/fathers-day-facts/>



IOWA STATE  
UNIVERSITY



UNT

# CORPORATE CULTURE

# Corporate Culture

- **India Business Relationships**

- Presenting and exchanging business cards is a necessary part of Indian etiquette when doing business in India
- In a business meeting it is considered rude and poor etiquette to just jump in with work related conversation
  - Meetings usually start with small talk about non-work related topics
- Personal questions about your family, children, trip etc., are not considered rude and prying, it is just part of the friendly, Indian social etiquette

# Corporate Culture

- **India Greetings**

- Indian etiquette considers it important to use a person's title wherever it is possible, titles such as doctor or professor etc.
- Use courtesy titles such as "Mr.", "Mrs.", or "Miss" for those without professional titles and wait to be invited to use first names
- Try 'Sir/ Ma'am' for strangers and 'Uncle/ Aunty' (or Chachaji, Mausiji etc) for familiar people
- For a stranger who is not so old, it is better to suffix the name with 'ji', as a mark of respect



# Corporate Culture

- **US Business Relationships**

- Americans do business where they get the best deal/service
  - Business relationships are not contingent on developing personal relationships
- Gift giving is discouraged or limited by many US companies, universities, etc.
- If giving gifts, gifts representing your cultural traditions are appreciated
- A friendly hand on the shoulder, arm or back from a colleague of the same sex is many times acceptable after rapport is built





# Corporate Culture

- **US Greetings**

- Handshakes are firm and about three seconds, even with women
- Maintain eye contact during the greeting
- In formal circumstances, use titles and surnames as a courtesy until told to use first names
- In most situations, you can begin calling people by their first names or offered nickname
- The terms "Sir," "Madam," or "Ma'am" when greeting someone are uncommon, but used if getting someone's attention; "Miss" is used to get the attention of younger women



# Corporate Culture

- **US Greetings**

- Generally speaking, it is polite to call a women "Ms." (pronounced "miz"), unless prompted otherwise
- Americans tend to exchange cards casually, immediately putting them away for future need
- When saying good-bye, Americans may say "We'll have to get together" or "Let's do lunch."
  - This is simply a friendly gesture and they will not likely follow through

# Corporate Culture

- **US Communication Style**

- Americans are direct:
  - "Yes" or "no" mean exactly that
  - "Maybe" means "it might happen"
- It is proper to ask questions if something is not understood
  - Americans are not ashamed to admit what they do not know
- Americans reveal personal information more freely with new acquaintances than do other cultures
- Americans are often uncomfortable with silence and it is avoided in social or business meetings



# Corporate Culture

- **US Communication Style**

- It is rude to interrupt someone speaking, but interruptions are common; some people will finish your sentence for you
- US law requires written contracts
  - Verbal contracts are rarely legally binding, and lawyers review contracts before the company signs
- It is very important in written communication to spell names correctly and have correct titles



# Corporate Culture

- **US Business Meetings (almost similar in India)**
  - Keep appointments once they are made
  - Arrive on time, or five minutes early, particularly in the Northeast and Midwest
  - Five minutes late is acceptable with a brief apology; 10 to 15 minutes requires a phone call to warn of the delay and to apologize
  - Expect very little “small talk” before getting down to business
  - Meetings may appear relaxed, but they are taken quite seriously
  - An agenda may be distributed

# Corporate Culture

- **US Business Meetings (almost similar in India)**
  - Visual presentations with hard data are common
  - At the meeting conclusion, decisions will be summarized and action plans for the next steps identified
  - Emphasis is on getting a contract signed rather than building a relationship, which comes later
  - Successful meetings = short and decisions made
  - Meet deadlines; missing deadlines is viewed as irresponsible and being undependable
  - Generally, there is one negotiation leader who has the authority to make decisions



IOWA STATE  
UNIVERSITY



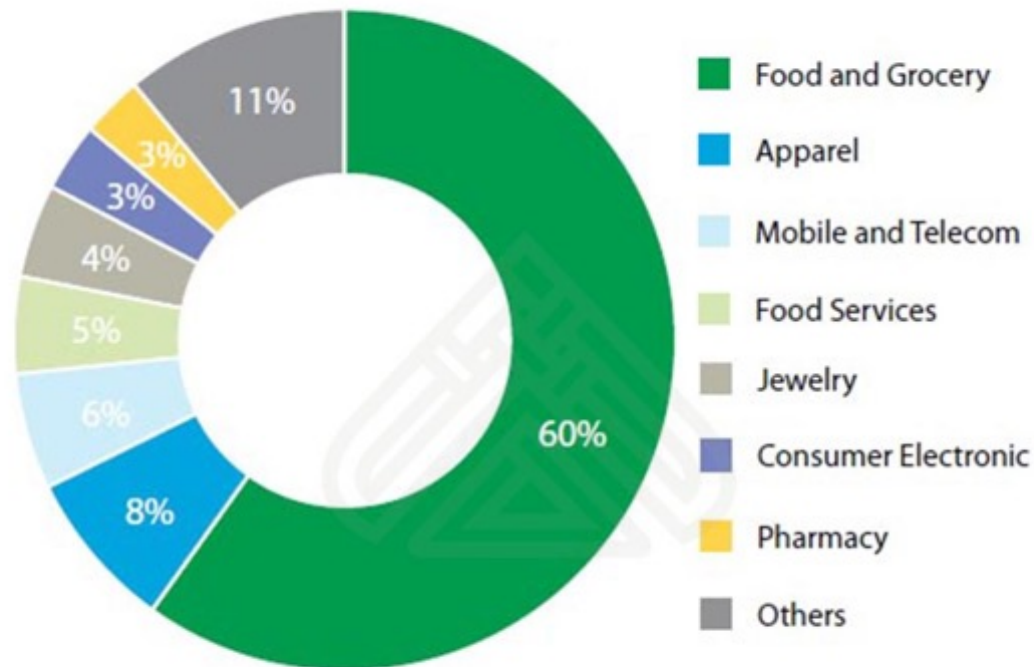
UNT

# APPAREL RETAILING

# OVERALL RETAILING

in India

Total Retail Market



Graphic © Asia Briefing Ltd.

# Apparel Retailing

- **Variety of Indian Apparel Retail Outlets**

- 95% of Indian retail is unorganized
  - Small businesses, mom and pop-stores, street vendors etc.
- Only 5% is organized (shopping centers, malls, super centers, etc.)
- Online sales are growing
  - Amazon and other Indian pure play retailers such as Flipkart are very active in India these days
- Major retail players having prominence in the organized retail market
  - Include Shopper's Stop Limited, Pantaloon Retail, Trent, Reliance

# Apparel Retailing

- **Indian Shopping Habits**

- Majority of the consumers shop in the local, small shops
  - A trend is observed where consumers (mostly in Urban area) are also buying from organized retail stores and malls
- Consumers usually pay in cash for most of the transactions
  - Debit cards and credit cards are becoming popular
- Traditionally, Indian consumers are thrifty when it comes to spending

# Apparel Retailing

- **Prices in India**

- In organized retail venues the prices are not negotiable
  - Malls, shopping centers, super markets
- In local mom and pop stores, street vendors, small businesses, you need to negotiate the price
- Numerous taxes are added on to goods and services
  - The government is trying to pass a bill; a comprehensive indirect tax on manufacture, sales, and consumption of goods and services throughout India to replace all other taxes
    - i.e., Goods and Services Tax

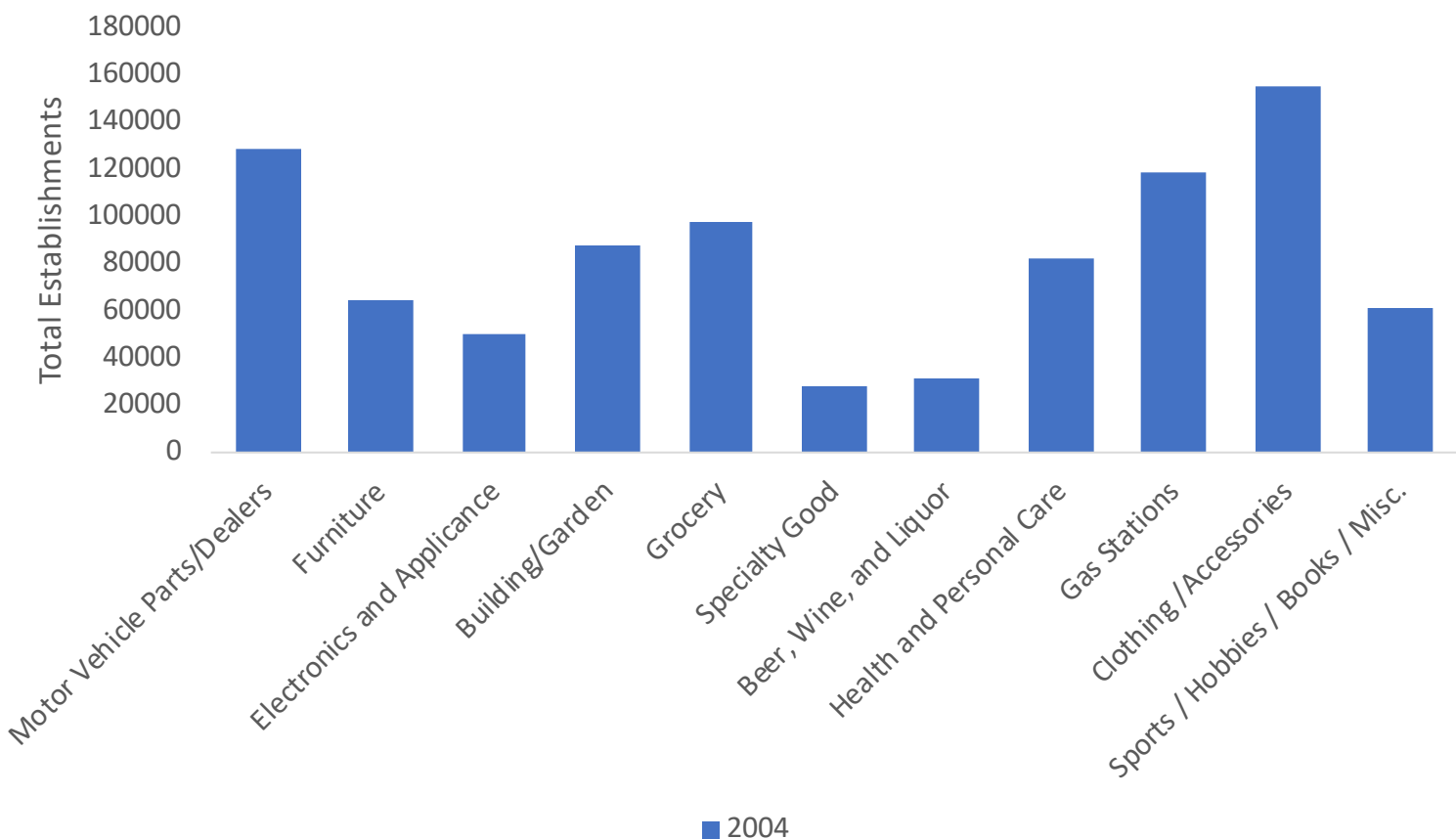
# Apparel Retailing

- **Technology Use in Indian Retailing**

- Organized Retailers are slowly adopting new technologies to improve their efficiencies
  - Customer interfacing systems (e.g., bar coding and scanners, POS systems, card payments, and electronic payments)
  - Operation Support Systems (ERP, CRM)
  - E-commerce

# Overall Retailing in the USA

Total Retail Establishments by Industry – U.S.



Source: Data 360. (2004). Total retail establishments by Industry - U.S.



# Impact of Retailing in the USA

## DIRECT IMPACT OF THE RETAIL INDUSTRY BY SUBSECTOR IN THE U.S.

| NAICS | Subsector                                                       | Employment<br>(Jobs) | Labor Income<br>(\$ Million) | GDP<br>(\$ Million) | Retail<br>Establishments |
|-------|-----------------------------------------------------------------|----------------------|------------------------------|---------------------|--------------------------|
| 441   | Motor vehicle and parts dealers                                 | 1,936,800            | \$ 107,985                   | \$ 131,289          | 278,779                  |
| 442   | Furniture and home furnishings stores                           | 502,000              | \$ 19,173                    | \$ 25,783           | 90,692                   |
| 443   | Electronics and appliances stores                               | 554,000              | \$ 28,139                    | \$ 43,984           | 80,813                   |
| 444   | Building material and garden equipment and<br>suppliers dealers | 1,231,100            | \$ 47,047                    | \$ 69,562           | 110,630                  |
| 445   | Food and beverage stores                                        | 3,078,500            | \$ 92,991                    | \$ 123,759          | 251,296                  |
| 446   | Health and personal care stores                                 | 1,176,900            | \$ 47,142                    | \$ 58,965           | 246,272                  |
| 447   | Gasoline stations                                               | 885,400              | \$ 31,320                    | \$ 46,994           | 113,575                  |
| 448   | Clothing and accessories stores                                 | 1,614,200            | \$ 39,019                    | \$ 72,536           | 286,225                  |
| 451   | Sporting goods, hobby, books, and music stores                  | 739,500              | \$ 16,698                    | \$ 26,237           | 132,138                  |
| 452   | General merchandise stores                                      | 3,145,800            | \$ 85,939                    | \$ 140,656          | 92,064                   |
| 453   | Misc. stores                                                    | 1,590,700            | \$ 33,930                    | \$ 59,157           | 391,678                  |
| 454   | Nonstore retailers                                              | 1,729,900            | \$ 36,307                    | \$ 128,927          | 859,299                  |
| 722   | Food services and drinking places                               | 10,799,300           | \$ 236,440                   | \$ 314,572          | 860,161                  |

Data Source: Shay, M.R. & Bright, G. (2014). The economic impact of the us retail industry. PWC. Retrieved from <https://nrf.com/retails-impact>

# Apparel Retailing

- **US Sales Staff**

- Apparel retail sales is seldom a career goal, leading to much turnover, part time help, and some staff not well informed about the product
- But superior customer service is the competitive advantage for a number of retailers large and small
- Use of commission-based incentives varies by retailer

# Apparel Retailing

- **Variety of US Apparel Retail Outlets**

- Small, local, independent retailers are more common in rural/small communities
- Second-hand (used) clothing, including “vintage” clothing stores and “flea markets” (a collection of vendors on specific days of the week)
- But the US is dominated by organized retail
  - Major brand department (e.g., Saks) and specialty stores (e.g., Nike)
  - Discount merchandisers (e.g., Walmart) and membership-based clubs (e.g., Costco)
  - Luxury brand retailers (e.g., Gucci)

# Apparel Retailing

- **Variety of US Apparel Retail Outlets *continued***
  - Outlet malls dedicated to discounted and past season's products
  - Large shopping malls/lifestyle with diverse range of retail brands, restaurants, entertainment venues
  - Superstores that offer the broadest range of brands across product categories
  - Also, online sales continue to growing, including consumer-to-consumer selling sites
  - Many consumers shop across these options, from discount to luxury brands

# Apparel Retailing

- **US Shopping Habits**

- “Showrooming” is the act of trying the product in the brick-and-mortar store, but buying online to get a better price
- If a customer is not satisfied with the product quality, he/she expects the retailer to accept the returned product
  - A full refund requires that the customer have the receipt, return it within 30 or 90 days, and the product is unworn
  - To keep the customer, the motto is “the customer is always right”

# Apparel Retailing

- **US Shopping Habits**

- Many consumers “buy now and pay later” by using credit cards
- The US consumer holds 2.6 credit cards on average
- Some consumers are deeply in debt because of this
- Average American Household Debt: \$5,700
- Average for balance-carrying households: \$16,048
- Great Recession has made consumers more cautious in spending, lowering debt



# Apparel Retailing

- **Prices in the US**

- The price marked on new apparel products is not negotiable, but retailers use frequent sales to attract customers and increase sales
- State and local taxes on goods are added at the time of checkout





# Apparel Retailing

- **Technology Use in US Retailing**

- Retailer use a variety of new technology to make the shopping experience more efficient and enjoyable such as:
  - Self-check out and price-check scanners
  - iBeacon Bluetooth technology to send a relevant coupon to customers in vicinity of a specific product in the store
  - Magic mirrors to “virtually” see how the product would look on the body





IOWA STATE  
UNIVERSITY



UNT

# Thank You

Dr. Amrut Sadachar

Dr. Sanjukta Pookulangara

Dr. Ann-Marie Fiore