

Understanding the Business Culture between India and the Netherlands

The Netherlands and India have a lot to complement each other. Only that the cultural differences should be properly managed

By VIVEK MOONA & FRANK TJIN A TON

THE DAYS when India-Netherlands business relations were limited to Hindustan Lever and Philips have long gone. Today, even smaller size multinationals and non-consumer goods companies are entering the Indian market and vice versa – Indian companies, particularly in IT and BPO are increasingly more active in the Dutch market.

The Netherlands has been the gateway to continental Europe for Asian and American companies for a long time. Key drivers for this have been the attractive fiscal climate, the availability of skilled and multi-lingual workforce and the central, well-connected location of the country.

The Netherlands is also an attractive mid-size market to test new products and services prior to their rollout in the rest of Europe. For these reasons the Netherlands hosts a disproportionate number of European headquarters of international companies like Nike, Sara Lee Foods and Cisco. For the same reasons India's Mittal Steel chose Rotterdam, the city with the biggest harbour in Europe, as the location of its European headquarters.

Big Indian IT firms, like Wipro, TCS and Infosys have all established a local presence over the past few years in the Netherlands, predominantly in the Amsterdam area.

In September 2005 the Dutch bank ABN-AMRO changed the IT outsourcing landscape by deciding to outsource its infrastructure and application development to IBM, Tata Consultancy Services (TCS), Infosys, Accenture and Patni. The majority of the 1.8 billion Euro deal was awarded to IBM; however the expected 200 million Euro for TCS represents one of the biggest IT outsourcing deals won by an Indian company to date. Currently more than 100 Dutch companies have set up a local presence in India. The key focus areas are on:

- **Financial services:** The Netherlands has a strong financial services sector with companies like ABN-AMRO, ING and Rabobank that are interested in financing and insuring India's consumers and businesses.
- **Dredging and construction:** The Netherlands has a world-class reputation in dredging with companies like Boskalis and IHC, not to mention the water management skills in building dikes and canals that may be able to assist in dealing



with flooding problem during the monsoon season.

- **Agriculture:** This sector offers opportunities for the application of Dutch agriculture technologies such as flower seed technologies, dairy technologies, cooling and logistics technologies.
- **IT and BPO industry:** Increasingly, more and more Dutch businesses and IT firms are either establishing captive IT and BPO operations or collaborating with a strong local partner, to tap into India's vast pool of skilled and lower cost human resources.

While there are plenty of business opportunities on both sides, there is more room for growth. Still some challenges need to be addressed in order to fully tap the market potential.

A barrier to doing business with India is still the perception of having to navigate through a lot of red tape to get the required regulatory permits needed to set up operations in India.

Notably, there is significant difference between Indian and Dutch business cultures that needs to be bridged. The Dutch for example are famous for their direct way of communicating. It is very common in a



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Dutch business meeting to confront other participants in the meeting with direct and constructive criticism, whereas doing the same in a meeting with an Indian business partner may result in 'loss of face' for the Indian business partner. At times, this direct Dutch style of communication may be perceived in India as rude. On the other hand it may be difficult for Dutch business people to interpret the Indian communication style; they are less adept in reading between the lines.

In India, often when one does not agree with someone else's opinion, it is greeted with silence; while in the Dutch context silence is considered as being in agreement.

When it comes to hierarchy, the Dutch have a tradition of striving for equality between people of different sexes, religions and positions within organisations. Decisions in Holland are often the result of a democratic process, which frequently result in

compromise, while in India the business owners and promoters of companies sometimes centralise decision making even on the smallest of issues. Hence identifying the decision makers and the right person to talk to within a company is a process that requires particular attention from both sides.

Situations as described above show that working and communicating together requires an effort and understanding from Indians and Dutch alike, which should not be underestimated. There are ample examples of failed projects due to lack of intercultural communication.

The Netherlands and India both have lots to offer in terms of business relations. And it goes without saying that a bright future of mutual benefits lies ahead.

The authors run Moona Consulting, an Amsterdam-based consulting firm providing business process reengineering services.