

EXECUTIVE SUMMARY

East meets West

- the challenge and potential of global partnerships
between India and the UK



GBPA

facilitating effective
• collaboration •

Executive Summary

Global partnering between Indian and UK organisations has rapidly grown over recent years and continues to do so. With annual growth of 8 per cent, India is predicted to be one of the world's top three economies (based on GDP) in the next 20 years. Its population is soon predicted to outstrip that of China and, with a rising middle class, it is now one of the world's major consumer markets. With this as a backdrop, it is not surprising that organisations around the globe, including the UK, are looking to partner with India for mutual benefit.

GBPA's research has been undertaken to provide insight and evidence into the current challenges and approaches to partnering from two different perspectives - Indian companies working with companies primarily in the UK; and UK based businesses engaged with Indian companies. The research surfaces why a successful alliance is not easy to achieve and identifies the areas where perceptions differ.

The majority of companies participating in the research expressed a positive view that partnering with each other can be extremely beneficial and, when done well, unequivocally realises the desired vision and outcomes for all concerned. They stress that the key to success is not only in understanding how to build partnerships well, but also in ensuring this understanding is implemented at both the strategic business and tactical delivery levels.

Key differences in Indian / UK Perspectives

From the interviews with Indian and UK companies, several differences in perspective were surfaced that actively enhance or disable the ability to create and sustain effective business partnerships.

- Trust emerged as the foundation of a successful partnership. However, it is interesting that although trust is reliant on specific behaviours being adopted and exhibited, the link between the development of trust and behaviour was not fully acknowledged by both Indian and UK organisations.
- Transparency was highlighted specifically as a key enabler to success by UK organisations but less so by their Indian counterparts.

EAST MEETS WEST - THE CHALLENGE AND POTENTIAL OF GLOBAL PARTNERSHIPS

- Respect was identified as extremely important to Indian organisations. Although several UK participants acknowledged that they do not always show the desired respect towards their Indian partners, it was considered to be less of an issue for them.
- Equality was also raised as a major issue by Indian organisations in being able to develop successful global partnerships. Many Indian organisations perceive that they are still valued by UK organisations from a cost out perspective only.
- Indian organisations specifically identified the contract driven approach of UK companies as a key obstacle to partnership success. However, in complete contrast, UK organisations believe that contractual formality is a significant enabler to developing effective global partnerships.
- A major concern for UK organisations was the perceived lack of employee loyalty in Indian organisations. Their drive for guaranteed career progression was considered to be driving unreasonably high staff attrition.
- Indian organisations are generally more relational than UK organisations. They often regard the ability to work together as more important than commercial gain. Whereas, UK organisations have the opposite approach and often pursue a partnership from a commercial gain perspective only.
- Not surprisingly, cultural differences were cited by both the Indian and UK organisations as the most significant challenge in creating successful partnerships. Indian companies seem to acknowledge the need for cultural understanding better than UK organisations, but are less willing than their UK counterparts to invest in developing the cultural knowledge required.
- There are different perceptions between the Indian and UK organisations with regard to language. Indian organisations believe that the ability to speak English sufficed, but UK organisations stressed the importance of possessing a higher level of English in order to ensure understanding.

- Indian organisations perceive themselves as quick moving with regard to decision making, whereas UK organisations' perception and experience is that decisions in India do not happen fast enough. At the same time, Indian organisations regard their UK counterparts as very slow and risk averse.
- Many UK organisations have innovation high on their agenda, while Indian organisations do not regard innovation to the same extent. This is a cause of concern for UK organisations who are actively looking to their Indian partners to help develop and drive innovation.

In addition to the above differences in perspective, which are expanded on in the full version of this report, there are also areas of greater commonality with regard to the key enablers and obstacles to partnership success.

Key enablers for successful global partnerships

Alignment of objectives

An effective global partnership starts with the alignment of objectives. Both UK and Indian organisations acknowledged they had their own strategic objectives for entering into global partnering arrangements and that the alignment of both partners' strategies is critical at the outset. This not only helps set expectations but provides a reference point for evaluating success and building confidence in the relationship.

Mindset

Both partners must approach the relationship with a collaborative mindset. This was stated as critical by UK and Indian organisations but is not always demonstrated, with many UK and Indian organisations espousing partnership rhetoric but demonstrating command and control behaviours.

Sponsorship and commitment

Successful partnering requires the right level of sponsorship and a commitment to invest in time and people. Indian organisations are more inclined to demonstrate commitment by appointing senior executives to head their global partnerships, whereas UK organisations often appoint middle or junior management to these roles.

PARTNERSHIPS BETWEEN INDIA AND THE UK

Environment

Creating an environment where both partners are focused on mutual success. Acknowledging, accepting and respecting cultural difference and mutual value systems helps create trust and confidence in a partnership.

Engagement

Having an open and honest dialogue from the outset - including transparency of the reasons for entering the partnership - is vital. Without this, increasing opportunities for mistrust occur. Frequent and effective communications are essential to establish confidence and trust, which is an area where skilled and effective relationship managers play a key role.

Value add

The partnership must continuously add value to both parties. Profitability, growth and quality are the cornerstones of performance; focusing on these leads to a sustainable win-win relationship for both partners.

Key obstacles for successful global partnerships

Cultural awareness

The need for cultural understanding was articulated by all research participants. However, this awareness does not appear to translate into actual investment to develop cultural knowledge. Most companies agreed that this could significantly improve the chances of partnership success, particularly in advance of a partnership being formed.

Relationship approach

It was agreed that Indian organisations are more relational in their approach to business than most UK organisations. They have a better understanding of the need to create effective business relationships, and will often put this ahead of commercial considerations - while UK companies generally put the commerciality of the relationship first.

Operations and processes

Participants also highlighted that significant differences towards operations were an obstacle. In general, Indian organisations have a flexible approach towards operational



processes and planning, which enables them to respond more quickly to change. However, Indian organisations do not always realise that UK companies can perceive this as being chaotic and disorganised, and often leads to an impression that they do not have the ability to operate strategically. Conversely, Indian companies find the structured, planned, diligent operational approach of UK businesses frustrating, as they perceive it results in slow decision-making and risk-aversion.

Change management

When a global partnership is established, a new partnership culture emerges, which is a mix of the organisational and social cultures of the constituent partners. In general, Indian organisations understand the evolution of the new entity and embrace it better - while UK organisations may recognise that change is required, but often neglect to understand its full extent and fail to prepare their own organisation to enable effective collaboration with Indian partners.

EAST MEETS WEST **INSIGHT**

Indian perspective

'Our experience is that UK companies are only concerned with the contract itself rather than the spirit of the relationship'

UK perspective

'Retaining the formal structure and robust ways of working, the processes and systems and expressing them in the form of a contract is absolutely necessary for success'

Indian perspective

'Using Indian companies as a low cost entry to the market is wrong. We want to be treated as equal partners'

UK perspective

'Not treating your Indian partner as equal and using them just to save costs is disrespectful'

Indian perspective

'Companies seeking to enter India need to understand our democracy and bureaucracy. India is a place of opportunity, but with many old historical challenges still in existence.'

'UK organisations are slow to make decisions whereas we are very quick to do so'

UK perspective

'Change doesn't happen fast enough. It takes a huge amount of time and willpower to make change happen in India'

Indian perspective

'It is seen as a failure in India to say you don't understand; so Indians resist doing that and make assumptions.'

'Cultural issues are not limited to geography or nationality based differences; the more important factors are often the organisational culture, the IT culture and the relationship culture - these are key and they make a significant difference to the ability of a partnership to succeed.'

UK perspective

'In India "yes" doesn't mean yes. Indians have a hard time saying "no" and you have to understand that and clarify what is being agreed to - they have a habit of saying "yes" to everything and not getting it done.'

'We didn't ask questions to really understand what's important to Indian people - in India, social life and business are all part of the same thing.'

About this Research

This research is one in a series of GBPA *Discovery* reports that explores the challenges and enablers for partnering success, and will be followed by a report on the challenge and potential of global partnerships between China and organisations in the West.

For this report, GBPA interviewed business leaders in India responsible for critical relationships with companies mostly in the UK; and to get a balanced perspective, we also spoke to UK based business leaders that have significant relationships with Indian companies. We asked participants from a wide range of organisations and industry sectors to identify the key enablers and obstacles to partnership success. The detailed research results are in the full report which can be obtained from GBPA.

About GBPA

GBPA's mission is to help organisations deliver superior business results and reduce risk through the development of improved collaboration in their key internal and external relationships.

Through accessing GBPA's exclusive research-based *Discovery* programme and advisory services, and participating in GBPA facilitated events, senior executives access best practice, independent advice and practical solutions to their partnering and collaboration challenges - with particular focus on inter-functional, outsourcing and critical customer / supplier relationships.

In response to relationship challenges associated with outsourcing, GBPA has developed *The Collaborative Outsourcing Journey™* to enable customer and supplier organisations to move from transactional, through collaborative to effective strategic partnering relationships.

Global Business Partnership Alliance
35 New Broad Street
London EC2M 1NH

Tel: +44(0)203 0093122
info@gbpalliance.com
www.gbpalliance.com

GBPA
facilitating effective
• collaboration •