Decision-Making in the Global Economy
* India *
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Did You Know…
“‘The IT sector is India’s fastest growing sector with over 50% average annual compounded growth since 1991. Today, nearly two in five Fortune 500 companies outsource their software requirements to India.”

Overview of Information Barn
- **Revenue:** $96.3 billion
- **Net income:** $8.4 billion
- **Total assets:** $109.2 billion
- **Number of employees:** 329,001
- **Areas of the Business:**
  - Business Consulting
  - IT services
  - Software products
  - Hardware products
  - Financing
  - Solution packages
Quality & Cost of Labor

Quality and Availability of Labor
- Population: 1,065,370,687 (July 2004)
- Age Structure:
  - 0-14 years: 31.7%
  - 15-64 years: 63.5%
  - 65 years over: 4.8%
- Life Expectancy: 63.99 years
- Labor Force: 472 million
- Literacy: 59.5%
- Software Niche: Large population of English speaking, highly educated software experts
- Cost of Labor: $0.50 to $1.00 per hour

Economic Factors
1. Fifth largest economy in terms of purchasing power.
2. Large and expanding consumer market.
3. Liberal foreign investment regime providing easy entry and establishment.
4. Monetary and fiscal policies support economic growth with price stability.
5. Well-established science and technology base in India. Third largest scientific and technical manpower in the world.
6. Competitive labor force.
7. Second largest exporter of software, and home to software development centers of major international software companies. Over 200 of the Fortune 1000 companies use Indian software/services software professionals.

Industrial Relations Climate
- Unionization: 2% of the total workforce is unionized
- Governing Bodies: Federal Republic with separation of powers into executive, legislative, and judicial branches
- Labor Relations Climate: U.S. investors generally provide Indian workers with better working conditions.
- Workers Rights:
  - The Right to Association
  - The Right to Organize and Bargain Collectively
  - Prohibition of Forced or Compulsory Labor
  - Minimum Age for Employment of Children
  - Acceptable Conditions of Work
Cultural Differences

Impede Operation
- Confusion and lack of clarity
- Lack of trust
- Unclear or inadequate communication
- Less productivity

**Solution:**
Multi Cultural Training

Facilitate Operation
- Language
- 24-hour development cycle

“Diversity...will be the engine that drives...the corporation of the 21st Century.”
Stephen H. Rhinesmith, A Manager’s Guide to Globalization

Other Relevant Factors

- Child Labor
  - Largest number of child workers in the world
- Patents and Copyright Protection:
  - Widespread piracy
  - No protection of trade secrets
- Weak Judicial system

Other Relevant Factors

- Labor Backlash
  - Perceptions of American Consumers
  - Perceptions of American Workers
  - Affects on Indian Workers
  - HOT TOPIC
Other Relevant Factors

- **Time Differentials**
  - India is 10.5 hours ahead of Eastern Standard time.
  - 3 pm it was 12:30 am in India.
- **Security Concerns and Risks**
  - Data and physical security
  - IT Firms targeted by Terrorists

Formal & Informal Constraints

- **Formal**
  - Trade Barriers
  - Formal labor policies*
  - Civil Service Procedures*
- **Informal**
  - Cultural differences*
  - Infrastructure
  - Labor backlash*
  - Security Concerns and Risks*

  * Previously discussed

Can India Meet Information Barns Needs?

- **Advantages**
  - Low labor costs
  - Ease of entry
  - Software niche
  - Booming economy
  - Off shoring trends
  - Large labor supply
- **Disadvantages**
  - Trade barriers
  - Labor backlash
  - Security risks
  - Weak judicial system
  - Copyright protection
  - Infrastructure
  - Civil service Procedures
Final Decision

“Today, India is one of the most exciting emerging markets in the world. Skilled managerial and technical manpower that match the best available in the world and a middle class whose size exceeds the population of the U.S.A. or the European Union, provide India with a distinct cutting edge in global competition.”

Discover India: http://www.culturalsavvy.com/india.htm

Complete References