

CULTURAL DIFFERENCES IN BUSINESS BETWEEN GERMANY AND INDIA: A COMPARATIVE ANALYSIS

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Abstract. *The study analyzes the cultural differences between Germany and India based on Hofstede's cultural dimensions model. A comparative analysis of the impact of these differences on business practices and international economic relations is made. Based on the analysis, recommendations for overcoming cultural barriers are developed.*

Keywords: Cultural differences, business practices, international economic relations, Hofstede model, Germany, India, cross-cultural interaction.

Introduction

Globalisation has significantly increased the importance of cultural understanding for successful business operations. Germany and India represent two different cultural worlds that influence business practices and economic behaviour. The research is based on Hofstede's cultural dimensions model, which allows for evaluating key aspects of cultural differences.

Research Results: Analysis of Cultural Dimensions according to G. Hofstede's Model

Germany demonstrates high individualism (79), emphasising the importance of personal achievements and initiatives. The country maintains a low power distance (35), reflecting a democratic approach to management where equality and transparency are valued. There is also a high uncertainty avoidance (65), emphasising stability, clear plans, and structures. The long-term orientation score (57) indicates pragmatism and focus on long-term goals [1].

In contrast, India shows low individualism (24), highlighting collectivism and the priority of group harmony. The country has a high power distance (77), characterized by hierarchical structures and an authoritarian management. India demonstrates a medium uncertainty avoidance (40), indicating acceptance of flexibility and adaptation to changes. The long-term orientation score (51) reflects the influence of traditional values and karma.

Management styles differ significantly between the two countries. Germany favours democratic, consensus-based approaches, while India favours hierarchical, authoritarian structures. Decision-making processes also contrast sharply: German businesses typically employ structured, slower approaches, while Indian organizations often utilize quick, hierarchical decision-making methods. Communication styles vary as well, with German business culture being more straightforward, while Indian business communication is notably relationship-oriented.

Several notable cases illustrate these cultural differences in action. IKEA's success in Germany (1974) can be attributed to its consideration of high-quality standards and unique consumer needs [2]. Conversely,

McDonald's initially struggled in Germany (1971) due to differences in eating habits and low perception of fast food. In India, Coca-Cola's success (1950) came from adapting its marketing strategies to the collectivist culture, while Walmart's failure (2007) resulted from regulatory barriers and insufficient consideration of cultural specificities [2; 3].

Conclusions

Cultural differences play a key role in determining the success or failure of international business, as each country has unique values and behavioural norms that influence management styles, communication, and decision-making. Companies need to adapt their strategies to local specificities to achieve effective cross-cultural interaction, such as Germany's pursuit of long-term planning and organization or India's focus on personal relationships and flexibility. IKEA's successful case proves that considering cultural characteristics facilitates the adaptation of business models, ensuring their effectiveness across different cultures.

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