Leadership/Change Management
Cross-cultural Communication
Sales/Marketing

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Academic Teaching Note Includes:

1) Introduction to Indian culture and outsourcing

2) Case questions

3) Background information on India and suggested readings
Introduction to *Outsourced*

*Outsourced* is based on an original screenplay by George Wing (*50 First Dates*) and writing partner, John Jeffcoat, who also directed the film. Having spent time in Nepal while studying abroad and later in India filming a documentary, Jeffcoat wanted to make a film relevant to America, but that still incorporated his experiences living in South East Asia. The story of a customer service manager in Seattle, who travels to India to train his own replacement, allowed him to do just that.

Jeffcoat and Wing joined forces with Seattle-based ShadowCatcher Entertainment, an independent production company that develops and produces character-driven feature films and television programming for worldwide entertainment markets. With executive producer, David Skinner, and producer, Tom Gorai, the film began principle photography in Mumbai on February 5 and wrapped on March 13, 2006, followed by a three-day shoot in Seattle from April 7-9.

*Outsourced* held its world premiere at the 2006 Toronto Film Festival. ShadowCatcher Entertainment distributed the film internationally through Cinemavault Releasing, but chose to distribute the film independently in select theaters around the US and online for DVD sales (www.outsourcedthemovie.com). Given the film’s insights into leadership and cross-cultural communication, *Outsourced* will be used as a teaching tool for both high school and business school students, as well as global corporations through curricula that have been developed specifically for this film.

**Awards**

- Official Selection, Toronto Film Festival, 2006
- Official Selection, Dubai International Film Festival 2006
- Official Selection, Goa International Film Festival 2006
- Official Selection, Mumbai International Film Festival 2007
- Official Selection, South Asian Film Festival, Maitland, Florida 2007
- Official Selection, South Asian Indian Film Festival, New York City, 2007
- Official Selection, Red Bank International Film Festival 2007
- Official Selection, Vancouver International Film Festival 2007
- Winner, Best of the Fest, Palm Springs Film Festival, 2007
- Winner, John Schlesinger Award, Palm Springs Film Festival, 2007
- Winner, Audience Award, Best Feature Film, Cinequest Film Festival, 2007
- Winner, Audience Award, Indian Film Festival of Los Angeles, 2007
- Winner, Audience Award, Best Picture, Hardacre Film Festival 2007
- Winner, Audience Award, Best Picture, Bend Film Festival 2007
- Winner Audience Award, Bollywood and Beyond Film Festival, Stuttgart, Germany, 2007
- Winner, Golden Space Needle Award for Best Film, Seattle International Film Festival, 2007

Photo courtesy: Michelle Moore / SIFF
Indian Culture and Background

India can be said to be one country with many cultures, traditions, values, and religions. Geography also plays a role, for example, northern versus southern Indian cuisine⁴. Several major religions regard India as their birthplace, including Hinduism and Buddhism. The Holi festival depicted in the movie is a Hindu holiday to celebrate spring⁵. A Pew Global Attitudes survey found that a majority of Indians believe that they have good relations with the U.S.⁶

Role of India in the Global Economy

In the past few years, India has emerged as a global economic power. It is one of the world’s fastest-growing economies, the leading outsourcing destination, and a favorite of international investors.⁵ According to a recent paper by Professor T N Srinivasan, in terms of Gross National Income at Purchasing Power Parity (PPP) exchange rates, India stands at the fourth place, after the U.S. and China and just below Japan. India’s share of global Gross Domestic Product (GDP) in PPP terms was 5.9% in 2005, the fourth highest in the world.⁶ Despite its high rate of poverty and infrastructure that remains quite insufficient for its population, India’s economy continues to grow rapidly - with technology, financial services, and health care as especially dynamic industries. For example, Motorola (MOT), Hewlett-Packard (HPQ), Cisco Systems (CSCO), and Google (GOOG) now rely on their Indian teams to devise software platforms and dazzling multimedia features for next-generation devices.⁷ General Motors Corp. (GM) and Boeing Co (BA) utilize Indian engineering firms to aid them in their product design work. Financial and market-research experts at outfits like B2K, OfficeTiger, and Iris crunch the latest disclosures of blue-chip companies for Wall Street. By 2010 such outsourcing work is expected to quadruple, reaching $56 billion a year.

The latest report from India’s National Association of Software and Services Companies (NASSCOM) foresees a “potential shortage of skilled workers in the next decade or so, particularly in the Business Process Outsourcing (BPO) industry, [as] currently only 25% of technical graduates and 10-15% of general graduates are suitable for employment in offshore IT/BPO industries.”⁸ India is the world’s leading outsourcing destination and is fast emerging as a top 10 tourism destination.⁹

Role of IT in India

India’s IT business has boasted annual growth rates of nearly 30% in the past ten years, with revenues now nearing $50 billion, about 5.4% of India’s GDP (2007). More than 1.6 million employees sit in front of computers, writing software for Western firms, remotely maintaining their computers and electronically handling some of their operations. But the business is mostly about people and processes. The very essence of India’s IT firms is their ability to marshal huge, local workforces to supply high-quality services. India has the second highest number of English-speaking scientific professionals in the world, second only to the U.S. It is estimated that India has over 4 million technical workers, over 1,832 educational institutions and polytechnics, which train more than 67,785 computer software professionals every year.¹⁰

Indian IT faces a host of threats, however. These fall into three categories: 1) One is India’s clogged and insufficient physical and human infrastructure: workers in Bangalore can spend four hours a day in traffic. There is also a growing talent shortage. Indian engineering schools award around 200,000 diplomas each year, but only half are employable by the IT industry. 2) Two, competitors are starting to emerge. IT industries in other parts of the world, such as Central Europe, may never match India’s in size, but they can still pick off valuable contracts. 3) Finally, there is the

2 http://www.culturalindia.net/
3 http://www.religionfacts.com/hinduism/holidays/holi.htm
5 http://www.imf.org/external/pubs/cat/longres.cfm?sk=19312
6 http://economictimes.indiatimes.com/articleshow/193898.cms
7 http://www.businessweek.com/magazine/content/05_34/b3948401.htm
9 http://www.imf.org/external/Pubs/NFT/2006/India/eng/igg.pdf
10 http://www.indianembassy.org/indiainfo/india_it.htm
slowdown in IT spending as America’s economy weakens.\textsuperscript{11} The revenue projection for India’s IT industry in 2008 is U.S. $87 billion and market openings are emerging across four broad sectors: IT services, software products, IT enabled services, and e-businesses, thus creating a number of opportunities for Indian companies. There is the potential for 2.2 million jobs in IT by 2008.\textsuperscript{12}

**Cross-Cultural Analysis of India**
Geert Hofstede has studied other cultures to analyze the differences and similarities across cultures using five indices\textsuperscript{13}:

- **Power Distance Index (PDI):** this measures how power is distributed in a culture; the distance between those in power and those subordinate to that authority.

- **Individualism (IDV):** this is the extent to which people feel that they can act individually as opposed to concurring with the group.

- **Masculinity (MAS):** this is the extent to which masculine traits are more accepted in a society than traditionally feminine attributes.

- **Uncertainty Avoidance (UAI):** this is the extent to which people embrace or avoid uncertainty.

- **Long-term Orientation (LTO):** this is the extent to which people focus on long-term vs. short-term outcomes.

**India’s Rating on Hofstede’s Dimensions\textsuperscript{14}**
India has Masculinity as the third highest ranking on Hofstede’s Dimensions at 56, with the world average just slightly lower at 51. The higher the country ranks in this dimension, the greater the gap between values of men and women. It may also generate a more competitive and assertive female population, although still less than the male population.

India’s lowest ranking Dimension is Uncertainty Avoidance (UAI) at 40, compared to the world average of 65. On the lower end of this ranking, the culture may be more open to unstructured ideas and situations. The population may have fewer rules and regulations with which to attempt control of every unknown and unexpected event or situation, as is the case in high Uncertainty Avoidance countries.
The Scope of Outsourcing

Outsourcing is defined as moving a process (manufacturing or service) to another country to save costs, including labor or production costs. The prime motive behind outsourcing has been to take advantage of such “labor arbitrage” -- the huge wage gap between industrialized and developing nations. “It used to be that companies struggled for a few years to show a 5% or 10% increase in productivity from outsourcing,” says Pramod Bhasin, CEO of Genpact, the 19,000-employee back-office-processing unit spun off by GE. “But by offshoring work, they can see savings of 30% to 40% in the first year” in labor costs. Then the efficiency gains kick in. A $10 billion company might initially only save a few million dollars in wages after transferring back-office procurement or bill collection overseas. But better management of these processes could free up hundreds of millions in cash flow annually. The McKinsey Global Institute estimates $18.4 billion in global IT work and $11.4 billion in business-process services have been shifted abroad, just one-tenth of the potential offshore market. One reason is that executives still have a lot to learn about using offshore talent to boost productivity.

In Outsourcing 1.0, “the whole idea was to cut costs,” says Doug Plotkin, an expert with PA Consulting in Cambridge, MA. Some initiatives failed outright, but out of the failures and successes comes a new approach—call it Outsourcing 2.0. Companies are getting smarter about what they outsource and how. “Cost is still important,” says Jeff Muscarella, a partner in the Atlanta-based consulting firm, NPI Financial. “But outsourcing cannot only be about cost anymore. Companies now are turning to their outsourcing providers and saying, ‘We have a problem. How can you help us do this better and cheaper?’ Outsourcing has become strategic.”

Avoiding the Seven Deadly Sins of Outsourcing

1. Launching an outsourcing relationship without deeply understanding your core competencies versus the work that can most effectively be outsourced.
2. Underestimating the importance of process standardization.
3. Not driving for true transparency with your outsourcing partner.
4. Casting your outsourcing relationship in stone.
5. Being too one-sided in your view of the relationship.
6. Not building in sufficient mechanisms to resolve issues.
7. Not tending the trust-based relationship carefully over time.

Call Centers

Call Centers are used for both inbound and outbound telemarketing. Inbound call centers focus on receiving customer service calls from customers. Outbound call centers are focused on direct selling to customers. Because of the nature of random call arrival and the reality of queues, simply “reducing costs across the board” does not work well in the call center environment. Insufficient staff or other resources can quickly lead to long customer queues, additional contacts (e.g., when customers use multiple numbers or contact channels to reach the organization), and intolerable agent occupancy rates.

In the last 5 to 10 years, the call center sector has emerged at about the same time in many countries around the globe. It serves a broad range of customers in all industry sectors and offers a wide range of services from very simple to quite complex. Call center workplaces take on the character of their own countries and regions, based on distinct laws, customs, institutions, and norms. One study found that when call center workers were introduced to the product and/or service they were selling, their productivity increased.

16 http://www.businessweek.com/magazine/content/06_05/b3969401.htm
International Marketing/Global Marketing

International marketing is simply the application of marketing principles to more than one country. However, there is a crossover between what is commonly expressed as international marketing and global marketing, which is a similar term. For the purposes of this lesson on international marketing and those that follow it, international marketing and global marketing are interchangeable.²²

Because all aspects of consumer behavior are culture-bound, there is an increased need to identify and understand this integration and its impact on global marketing and advertising. Hofstede's work can be used to explain the differences in consumer behavior across countries and can be a guide to increase efficiency in global marketing.²³

The Interbrand rankings are one way to assess the impact of global brands. Interbrand takes many ingredients into account when ranking the value of the Best Global Brands. Even to qualify for the list, each brand must derive at least a third of its earnings outside its home country, be recognizable outside of its base of customers, and have publicly available marketing and financial data.²⁴

²² http://www.marketingteacher.com/Lessons/lesson_international_marketing.htm
²³ http://www.geert-hofstede.com/marketing.shtml
²⁴ http://images.businessweek.com/ss/07/07/0726_globalbrands/index_01.htm?chan=search
Questions on Leadership and Change Management

Overall
1. What did you learn about India?
2. What did you learn about outsourcing?
3. What did you learn about yourself, if you were to be put into Todd’s position?
4. What surprised you about this film?
5. What can U.S. companies do better to prepare employees for immersion into a new culture?
6. What have you learned from watching Outsourced?
7. How does Todd change as a leader?

Chapter 1
8. How did Dave, Todd’s boss, break the news to Todd? How could he have been more effective?
9. Was using stock options/golden handcuffs an appropriate way to motivate Todd?

Chapter 4
10. What do you think of Todd’s behavior and decisions as he comes into the call center for the first time?

Chapter 5
11. How does Todd approach the call about the rubbers?
12. How does Todd’s management style change when Puro walks in late?

Chapter 6
13. What does Todd realize in this chapter about his staff?

Chapter 7
14. What is the significance of Todd’s speech to his staff?
15. What happens after Todd’s speech and adoption of new ideas?

Chapter 8
16. How does Todd’s management style change in this scene?

Chapter 10
17. Does it destroy credibility for someone in a management position to have an affair with an employee?

Chapter 11
18. What cultural values does Todd impart to Asha?

Chapter 12
19. Why does Dave visit Todd?
20. What does Dave actually learn?
21. How does the staff handle the outsourcing to China news?

Chapter 13
22. What are the results of Todd’s new management style?

Chapter 14
23. How is Todd changed from his experience?
Questions on Cross-Cultural Communication

**Overall**
1. What did you learn about India?
2. What did you learn about outsourcing?
3. What did you learn about yourself, if you were to be put into Todd’s position?
4. What surprised you about this film?
5. What can U.S. companies do better to prepare employees for immersion into a new culture?
6. What have you learned from watching *Outsourced*?
7. How does Todd change as a leader?

**Chapter 1**
8. How did Dave, Todd’s boss, break the news to Todd? How could he have been more effective?
9. Did Todd have a choice — have you ever been given an assignment that you didn’t want, but couldn’t refuse?

**Chapter 2**
10. What could Todd have done to prepare for his immersion into India?
11. What do you think are Todd’s initial impressions of India, and how did the train and taxi contribute to forming these impressions?

**Chapter 3**
12. What are some examples of cultural differences in this chapter?
13. What does the wall in the garden represent?

**Chapter 4**
14. What do you think of Todd’s behavior and decisions, as he comes into the call center for the first time?
15. How does the staff respond to Todd in their first meeting?

**Chapter 5**
16. How does Todd approach the call about the rubbers?
17. What does Todd learn from the other expatriate at MacDonnells?
18. How does Todd’s management style change when Puro walks in late?

**Chapter 6**
19. How does Todd ignore non-verbal communication?
20. How does Todd start to “give in to India?”
21. What does Todd realize in this chapter about his staff?

**Chapter 7**
22. What is the significance of Todd’s speech to his staff?
23. What did you learn when Todd and Puro had drinks after work?

**Chapter 8**
24. What do Todd and the staff learn from each other?

**Chapter 9**
25. What does Todd learn from Kali, the goddess of destruction?
Chapter 10
26. How is Todd still learning about India?

Chapter 11
27. What cultural values does Todd impart to Asha?
28. What does Todd learn from his dinner across the wall?

Chapter 12
29. What does Dave actually learn?
Questions on Sales and Marketing

Overall
1. What did you learn about India?
2. What did you learn about outsourcing?
3. What did you learn about yourself, if you were to be put into Todd’s position?
4. What surprised you about this film?
5. What can U.S. companies do better to prepare employees for immersion into a new culture?
6. What have you learned from watching *Outsourced*?
7. How does Todd change as a leader?
8. Do novelty items seem like an appropriate incentive?
9. Is Todd’s argument reasonable about introducing products to a market of 1 billion people?
10. Does Western Novelty use a globalization or localization marketing strategy?
11. How does the movie make use of product placements? Do they make the story more authentic?

Chapter 4
12. What do you think of Todd’s behavior and decisions as he comes into the call center for the first time?

Chapter 5
13. How does Todd approach the call about the rubbers?
14. What does Todd learn from the other expatriate at MacDonnells?
15. How does Todd’s management style change when Puro walks in late?

Chapter 6
16. What does Todd realize in this chapter about his staff?

Chapter 7
17. What is the significance of Todd’s speech to his staff?

Chapter 9
18. What does Todd learn from seeing a customer on the boat?

Chapter 11
19. What cultural values does Todd impart to Asha?

Chapter 12
20. What does Dave actually learn?
General Questions and Answers from the Film Team

What motivated the director to make *Outsourced*?

John Jeffcoat, the director of the film, spent a year in Nepal during a study abroad program and then traveled to India to film a documentary on Bollywood. After returning to Seattle, he wanted to make a movie that reflected how these experiences had changed him, so he approached his screenwriter friend, George Wing (*50 First Dates*). They agreed to work together and write a fish-out-of-water, romantic comedy about a serious, global issue.

Has the reaction of the business world been different than that of film critics?

Business leaders in the United States and India have really enjoyed the film. They love the characters as call center workers and ordinary citizens, but also see the story as a useful tool for teaching cross-cultural communication and corporate leadership. The film communities in both countries have also embraced *Outsourced* for its creative storytelling, as well as its accurate portrayal of Indian culture.

How has the Indian economy responded to outsourced American jobs going to other parts of Asia instead of to India?

It doesn’t seem to be hurting the economy, since jobs keep coming to India. However, if more jobs were to be moved overseas, it would probably hurt the outsourcing market and overall economy.

Is there a backlash in India against American companies and American influence? Does the country feel exploited?

Indians see how outsourcing has changed the country for the better in terms of the rise of the Indian middle class and overall economic growth. Outsourcing has also opened up opportunities for people who were previously unemployed. In recent years, there has definitely been more of a western or American influence in how people dress and speak. Some of this relates to western businesses coming in to India, but another source is the media, including channels like MTV and magazines like Vogue or Rolling Stone. Overall, this is just an element of globalization, where traditional elements of Indian culture are clashing with a more modern, western culture. As a society, Indians will most likely choose what will translate and sustain itself in India. There isn’t an overt backlash to outsourcing, and because Indians are paid a fair wage for their work, they do not feel exploited.
Background Reading

Indian culture

Culture of India, Wikipedia
http://en.wikipedia.org/wiki/Culture_of_India

Cultural India
http://www.culturalindia.net/

Festivals in India
http://www.indianchild.com/festivals_in_india.htm

The Pew Global Attitudes Project
http://pewglobal.org/

Role of India in the Global Economy

A New World Economy: The balance of power will shift to the East as China and India evolve
http://www.businessweek.com/magazine/content/05_34/b3948401.htm

Role of India in the Global Economy
http://economictimes.indiatimes.com/articleshow/193898.cms

China, India and the World Economy

India Goes Global: Its Expanding Role in the Global Economy

IT in India

Gravity’s Pull: Is India’s computer-services industry heading for a fall?

Embassy of India: India’s Information Technology Industry
http://www.indianembassy.org/indiainfo/india_it.htm

IT in India: Facts and Figures
http://business.timesonline.co.uk/tol/business/industry_sectors/technology/article3276667.ece

Cross-Cultural dimensions – awareness and values

Geert Hofstede’s Cultural Dimensions
http://www.geert-hofstede.com/
http://www.geert-hofstede.com/hofstede_india.shtml
**Scope of Outsourcing**

Wikipedia Definition of Outsourcing  

The Future Of Outsourcing: How it’s transforming the way we work  
http://www.businessweek.com/magazine/content/06_05/b3969401.htm

Outsourcing 2.0: The next wave  

Avoiding the Seven Deadly Sins of Outsourcing Relationships  

The trend is for customers to outsource more and more  
http://www.blonnet.com/iw/2008/01/06/stories/2008010650681500.htm

**Global Call Center Strategies and Activities**

Wikipedia, Call Center Definition  
http://en.wikipedia.org/wiki/Call_centre

Controlling Call Center Costs  
http://cmisight.com/index.php?option=com_content&task=view&id=282&Itemid=1

The Global Call Center Report: International Perspectives on Management and Employment  

Answering the Call (Raleigh News & Observer: March 16, 2008)  

**International Marketing/Global Branding**

Marketing Teacher.com  
http://www.marketingteacher.com/Lessons/lesson_international_marketing.htm

Geert Hofstede  
http://www.geert-hofstede.com/marketing.shtml

How to Beat ‘Made-in-China’ Fear  
http://www.businessweek.com/globalbiz/content/oct2007/gb2007108_553610.htm?chan=search

Best Global Brands: The 100 Top Brands  
Business Week and Interbrand team up to rate the best brands  
http://www.businessweek.com/magazine/content/06_32/b3996410.htm?chan=search

Interbrand Top 100 Global Brands  
Additional Articles

Asia-Pacific.com
http://www.asia-pacific.com/issue2.htm

The Hindu Business Line
http://www.thehindubusinessline.com/cgi-bin/bl.pl?subclass=446

Customer Management Insight
http://www.cmisight.com/

Global Marketing Sig/International Marketing Articles
http://amaglobalsig.msu.edu/InternationalArticles.html

Preserving Employee Morale During Downsizing
Mishra, Spreitzer & Mishra
http://sloanreview.mit.edu/smr/issue/1998/winter/7/

Build relationships on ‘ROCC’ of trust.
Karen E. Mishra
Marketing News, 6-23-97, vol 31, issue 13, p. 4
http://content.epnet.com/pdf17_20/pdf/1997/MKN/23Jun97/9706304033.pdf?T=P&P=AN&K=9706304033&EbscoContent=dGJyMHr7ESeqa44y9fwOLCmr1Cep7B5sai4SbCWxWXSAAAA&ContentCustomer=dGJyMOPm30bf499G9NvmAAAA&S=R&D=veh

Books

The Offshore Nation: Strategies for Success in Global Outsourcing and Offshoring (Hardcover) by Atul Vashistha (Author), Avinash Vashistha (Author)
http://www.amazon.com/Offshore-Nation-Strategies-Outsourcing-Offshoring/dp/0071468129/ref=pd_bbs_sr_1?ie=UTF8&s=books&qid=1210168781&sr=8-1

India - Culture Smart!: a quick guide to customs and etiquette (Culture Smart!) by Nicki Grijhault
http://www.amazon.com/gp/product/1857333055?ie=UTF8&tag=wwwgeerthofst-20&linkCode=as2&camp=1789&creative=9325&creativeASIN=1857333055

Global Call Centers: Achieving Outstanding Customer Service Across Cultures and Time Zones by Erik Granered
http://www.amazon.com/Global-Call-Centers-Achieving-Outstanding/dp/1904838030

Global Call Centers & What's This India Business

International Marketing (Hardcover textbook)
by Philip R. Cateora & John L. Graham