



**Language and Cultural Barriers in International
Negotiations
(A Case Study of Rupin Textile Pvt. Ltd)**

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Abstract

The textile industry occupies a unique place in our country. One of the earliest to come into existence in India, it accounts for 14% of the total Industrial production, contributes to nearly 20% of the total exports. Being the largest foreign exchange earner, accounting for more than 5 per cent of GDP and providing direct employment to 38 million people, Primarily the weaker sections, it is the second most important sector only after agriculture.

The paper discusses about the present status of International Textile Trade and its risk while handling the trade and justifying the conditions which are involved in International trade such as negotiation, language, product specification etc .The objectives of this



paper are three fold. A principal goal of this paper is to develop a case study situational analysis related to export trade for the Textile industry. A second objective of the paper is to give the author experience with the risk involved such as payment, shipment, misconception in the trade procedures etc in short number of bottlenecks, one need to be cautious of.

Thirdly the case also relate with negotiation which is very important in International trading due to cultural differences and language difference and how it can be used effectively in solving these problem is highlighted in the case study.

Key words: Negotiation, Language barriers, Specification etc

1. Introduction:

The history of development in **World Textile industry** was started in Britain as the spinning and weaving machines were invented in that country.

High production of wool, cotton and silk over the world has boosted the industry in recent years. Though the industry was started in UK, still in 19th Century the textile production passed to Europe and North America after mechanization process in those areas. From time to time Japan, China and India took part in industrializing their economies and concentrated more in that sector.

Japan, India, Hong Kong and China became leading producers due to their cheap labor supply, which is an important factor for the industry.

The Textiles industry is one of the largest industries in India. It accounts for 27% of exports and nearly 4.7% of GDP. It employs 35 million people or 215 of the work force. Its share in the global textile industry is small compared to the size of US\$ 360 billion. The textile ministry has an ambitious plan to make this industry of size about US\$ 50 billion by 2010. These targets seem to be improbable. However, McKinsey says that India can reach the target of US\$ 25-30 billion by 2013 if reforms are implemented.



1.1 Global Textile Scenario

According to statistics, the global textile market possesses a worth of more than \$400 billions presently. In a more globalize environment, the industry has faced high competition as well as opportunities. It is predicted that Global textile production will grow by 25 percent between 2002 and 2010 and Asian region will largely contribute in this regard

2. Role of Textile Industry in India GDP

The textile industry is one of the leading sectors in the Indian economy as it contributes nearly 14 percent to the total industrial production. The textile industry in India is claimed to be the biggest revenue earners in terms of foreign exchange among all other industrial sectors in India. This industry provides direct employment to around 35 million people, which has made it one of the most advantageous industrial sectors in the country.

Some of the important benefits offered by the Indian textile industry are as follows:

- India covers 61 percent of the international textile market
- India covers 22 percent of the global market
- India is known to be the third largest manufacturer of cotton across the globe
- India claims to be the second largest manufacturer as well as provider of cotton yarn and textiles in the world
- India holds around 25 percent share in the cotton yarn industry across the globe
- India contributes to around 12 percent of the world's production of cotton yarn and textiles.



3. Where Does the Indian Textile Industry Stand Now?

A general impression I get talking to the Indian textile industry leaders in the past few days make me understand that the industry is in a pinch. Why so? These are the reasons:

Global recession

1. Less export orders due to reductions in inventories by global retail giants like Wal-Mart
2. Price of raw materials like cottons and
3. Infrastructure bottlenecks such as power, particularly in Tamil Nadu.

It has been recently reported that textile exports in 2009-10 period will be equal or could be even lower than the one achieved in 2008-09. In this global financial meltdown situation, what should the Indian textile industry do? In the times of adversity, it is an immediate task for all stake holders to pause for a moment and take stock of the difficulties and chart plans for sustainability and growth of the Indian textile industry.

4. SWOT Analysis of Indian Textile Industry:

STRENGTH:	WEAKNESS
<ul style="list-style-type: none"><input type="checkbox"/> A large producer of Cotton with a well developed manmade fiber industry<input type="checkbox"/> Availability of cheap skilled manpower<input type="checkbox"/> World-class spinning mills<input type="checkbox"/> Export worthy dyes industry driven by strong MNC and local companies<input type="checkbox"/> Huge domestic market that can absorb exports shocks	<ul style="list-style-type: none"><input type="checkbox"/> Fragmented industry<input type="checkbox"/> Low investment in R&D<input type="checkbox"/> SCM related issues<input type="checkbox"/> Low level of vertical integration of companies



OPPORTUNITIES :	THREATS
<ul style="list-style-type: none"><input type="checkbox"/> The post-MFA spells huge opportunities in quota-free regime<input type="checkbox"/> Scope for an alternative to China to reduce risks<input type="checkbox"/> Improvements in infrastructure	<ul style="list-style-type: none"><input type="checkbox"/> China<input type="checkbox"/> Cheap products from some countries<input type="checkbox"/> Stumbling blocks in reforms

5. Case Study

Overview:

Rupin Textiles pvt. Ltd., which was established in February 1998 the founder, and Chief Executive Officer Mr.Rajesh Ramkal and Director Mr. Narendra Singh, firm operationally done the business as mercantile exporter, from host country taking the requirements and fulfilling those by outsourcing the manufacturing operation within the Indian textile industry.

As a mercantile exporter firm grow his own business all over the globe as far business cycle are consent small fluctuations are part of business within all this era Rupin Textiles pvt. Ltd. remain one of the dominated player in mercantile textile exporter of india.

The scene:

While working with so many projects across the world Rupin Textiles pvt. Ltd., also engaged with Tunisia Provotex French based company Director, Mr.Narendra Singh witnessed of this incident.

Tunisia Provotex taking so many samples from manufacture of textile clients from various part of world in that Rupin Textile is one of the manufacture clients. Tunisia Provotex approves the sample and place order to Rupin Textile and resend the sample which they approve and giving the specification as per sample whole order is needed. As per sample specification Rupin Textile manufacture the goods and place first two lots; Tunisia Provotex also send payment for the same but when they last lot received they not given payment and make argument “they won’t make payment as the product received is not as per specification & they kept the payment of Rupin Textiles on hold which was amounting to nearly 50 lakhs. then lot of argument comes from both side no one agree for settlement all this things going on by mail and phone only so middle person give the suggestion to come for negotiation; For this Mr.Narendra & Mr.Rajesh Ramkal the CEO of the company went to France to resolve the issue both of them attended the meeting that took place in Tunisia Provotex. In the meeting basically language problem arises they people familiar with French but these two not having that much comfort level then also



Mr. Rajesh knowing the French because he done his MBA from US and knowing the French Language where Mr. Narendra observation skill is very sharp they observing the body language of meeting person, in the overall discussion and observation these two come to know the sample which Tunisia Provotex send with final specification is actually different from what they needed; basically Tunisia Provotex approve Rupin Textiles sample but unfortunately Tunisia Provotex send different sample to Rupin Textiles due to so many sample they demanded later on confused himself but Rupin Textiles made the whole order as per Tunisia Provotex finalized sample and they thought they want such a specifications so they also not reconfirm because final order is place with specification. This whole case solves due to one word of French “Mushcle” which pronouns by the meeting person and which observed & notice these two. “Mushcle” same word use in Hindi which means also same as in French that why Mr. Narendra also getting the things and his observation also very shape after realized the problem both are stick on his point so Tunisia Provotex negotiated and made the final payment before these two come in India. With this experience these two realized the foreigner accept the mistake and learn from it.

Conclusion

A huge window of opportunity has opened up for the Indian textile industry which is fast closing up. Various players need to get act together. Government is playing the role of facilitator by taking various majors. It’s now for players to make investments in building the capacities and making them integrated manufacturers. They need to catch up the dragon through investments in R&D. This is the only way they can compete with the other countries in the international environment. Each entrepreneurs of India should treat other country as a competitor rather than collaborator for smooth functioning in the international environment.

Questions for Discussions:

- 1) Discuss the future of Textile in India and how Rupin Textile will benefit from it in the long run.
- 2) What Strategies should Rupin Textile Private Limited adopt in order to stay ahead of its competitors?
- 3) Explain important barriers in the international trading?
- 4) “International negotiations and language barrier is challenging task to manage in current scenario” Give your comment with practical illustration?