The transfer of Japanese human resource management in the Indian automotive industry

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The candidate confirms that the work submitted is her own and that appropriate credit has been given where reference has been made to the work of others.

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Abstract

The transfer of Japanese production methods overseas, which involves the transference of personnel as well as production systems is well documented (Koike, 1998; Legewie, 2002; Kiyokawa and Oba et al., 2006; Abo, 2007; Rose and Kumar, 2007; Itagaki, 2009). However, little is known about the transfer of Japanese HRM in India. This research fills the gap in the literature by examining the transfer of Japanese HRM practices in the Indian automotive industry. Two research questions were designed to provide an in-depth exploration of the issues. Firstly, what are the challenges faced by Japanese firms in India when they transfer established HRM practices from Japan? Are they exacerbated by the diverse institutional and cultural environment in India? Secondly, have Japanese firms adapted their HRM in India in response to the challenges they face there? If so, are these adaptations specific to the challenges they face in different regions?

Data from over 40 interviews conducted 2011-16 at six Japanese automotive firms indicate that time and experience have alleviated the culture shock and risk of operating there. However, they have struggled with antagonistic Indian trade unions which contrast with the traditional conciliatory enterprise union at Japanese firms. India is a dynamic if sometimes boisterous society (Khanna, 2009) which can be challenging for foreign firms. This diverse cultural landscape led to firms developing strategies appropriate to the locality they operate in. For example, two firms have incorporated the role of national automotive unions in negotiating pay rises leading to the highest pay rise ever awarded in the Indian automotive industry in June 2016 (Times of India, 11 June 2016). This indicates that Japanese firms can adapt their established way of operating. The experiences of firms in this study are relevant for firms who set up operations in emerging markets with heterogenous business environments.
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1 Introduction

1.1 The transfer of Japanese HRM in India – an overview
Japanese automotive firms have been investing in India for over four decades and now account for over 60% of industry market share (Economic Times, 12 February 2019; Statista, 2020). However, the transfer of Japanese human resource management (JHRM) and production systems has not attracted a great deal of academic interest to date. Findings from the small number of studies conducted indicate that Japanese firms have encountered challenges in India which appear to be even more severe than those they have dealt with in other emerging economies such as China. Therefore, as India is becoming an important market for Japanese automotive firms, an examination of the transfer of Japanese human resource management (JHRM) in this country is both timely and worthy of research. This thesis considers the challenges Japanese firms face in implementing their human resource management in India and the strategies they have developed in response. In particular, it considers how diversity in development, education, and culture, led to the creation of specific approaches to deal with the challenges they encountered in particular regions. It also examines the role of Japanese expatriate managers in the transfer and adaptation of HRM practices.

This study will also fill the gap in the current literature by examining the transfer of Japanese management in six automotive manufacturers to facilitate comparison between firms in terms of both the challenges they face and their strategies for dealing with them. Japanese firms have now been investing overseas since the 1950s and through experience they have learned to adapt their management practices to the local environments they encounter. The modification of JHRM in other countries is also mirrored by its change and continuity in Japan. The extant literature covers themes relating to JHRM as it has evolved in response to changes in the Japanese economy or its transfer overseas, but the link between the evolution of JHRM at home and its transfer, is not clearly established. Therefore, in this research, I have identified the
implications of changes in Japanese management for its transfer overseas. The literature on JHRM will be reviewed fully in the next chapter, but a brief overview is necessary here to set out themes relevant to the main research questions.

This chapter provides a brief introduction to the research questions and themes which will be discussed throughout this thesis. The first part sets the scene for the research by explaining how India has become a key recipient of Japanese automotive firms’ foreign direct investment (FDI). The discussion of Indo-Japanese relations describes the background to the study and positions India as a significant part of Japanese firms’ global production network. Nonetheless, differences in expectations between workers in emerging economies like India and Japanese firms’ HRM systems can lead to problems such as job-hopping which are introduced here. The second part presents a snapshot of the extant literature on the development of JHRM in the 21st century and its transfer overseas, with reference to India. It also outlines the gaps in the literature which this study aims to fill and in doing so, identifies its contribution to the field of Japanese studies. The third part sets out the research questions which were developed from a thorough review of the literature and the thesis structure.

There are currently 20 Japanese automotive firms operating in India (JAMA, 2020) and, according to a survey by the Japan External Trade Organisation (JETRO), 63% of Japanese firms intend to expand their businesses in India between 2020 and 2022. The reason for this confidence is the potential for sales increases and high growth (JETRO, 2019). India has also become a major global production base for Japanese companies who are looking to develop the country as an export hub for markets such as Africa, Latin America and the Middle East (Economic Times of India, 2015). Despite the impact of the Covid-19 epidemic in 2020, when firms such as Maruti-Suzuki had to temporarily close their plants, Japanese firms have remained cautiously optimistic about India (Business Today, 20 December 2020). The reason for
this optimism lies in the growth of the Indian economy which became the world’s fifth largest in 2020 (World Economic Forum, 2020) and the development of automotive market which is the world’s fourth largest (Financial Times, 13 January 2019). The automotive sector contributes 7.1% to India’s GDP and this figure is set to rise to 12% by 2026 (PwC, 2019). The industry also accounts for 49% of total manufacturing output in India (Money Control, 30 July 2019) and directly employs 12.8 million people (Economic Times, 1 January 2018).

India now plays an important role in the ‘global factory’ (Buckley and Strange et al., 2019) created by Japanese automotive firms. For example, liberalisation in the 1990s led to joint ventures with firms from advanced countries in the automotive components industry and paved the way for its integration into their global production systems (Kumaraswamy and Mudambi et al., 2012). Effective HRM is crucial to the development of the Indian workforce because firms need well-trained, committed workers. However, they face several challenges in India which are relevant to firms who set up operations in emerging economies. For example, the antagonistic nature of Indian trade unions, which is incompatible with the conciliatory role of the enterprise union in Japanese firms, led to years of industrial unrest. Examining the case of India facilitates comparison with earlier studies, validates previous findings and develops understanding of the transfer of JHRM in emerging markets with volatile business environments (Kumaraswamy and Mudambi et al., 2012, p.371).

HRM in India has a relatively short history and it was liberalisation of the Indian economy in the early 1990s which led to significant developments in the way Indian firms manage their workforce. Prior to that, Mankidy (1984, p.58) noted that “in most organisations where manpower planning is done, the proper linkage between this activity and corporate business planning is not established.” The assimilation of HRM into corporate strategy has occurred in response to increased levels of competition from foreign firms in India and the
realisation that HRM is integral to a firm’s success (Budhwar and Sparrow, 2002, p.624). The influence of globalisation which affected companies worldwide is also a factor. For example, many Indian managers attended universities in the USA and UK where they studied new technologies and business philosophies. Overall, the ‘institutional pressure in India has created a mix of Indian and Western practices’ (Maharjan and Sekiguchi, 2017, p.326).

Nevertheless, there are still differences between the expectations of workers in emerging economies such as India, and multinational corporations (MNCs) from advanced countries such as Japan. This can be problematic for the transfer of the JHRM system which uses tenure and commitment as criteria for promotion. This issue is one of the central themes of this thesis and is exemplified below. An executive working for Standard Chartered Bank explained one significant way that recent, rapid development has shaped expectations about work in emerging economies.

“These people and the generations that preceded them have known nothing but poverty and the lack of opportunity. Yet we expect them to be patient, loyal soldiers, and advance at an orderly pace. It is time to get real. It is their time now” (Ready and Hill et al., 2008).

This view is supported by Gamble (2008) who found that Japanese firms in China have struggled to retain workers even after the firm has invested in their training. A comment by a Japanese manager in a Chinese subsidiary of a Japanese department store explains the difficulty Japanese firms have in retaining ambitious workers seeking to progress quickly. “We’ve selected some good people…but they’ve gone to Walmart” (Gamble, 2008, p.12).

Kamiyama (2007, p. 132) found that Japanese firms in China are perceived to offer few promotion prospects, little involvement in decision-making and lower pay for local workers than firms from other countries, like the USA. This is because the seniority system does not enable workers to be promoted quickly in the early years of their career which can lead to the perception that pay is
low at Japanese firms in China (Itagaki, 2009). Therefore, as Japanese firms have turned their attention to India, it would be useful to see if the same problem occurs, and if so, whether they have been able to develop effective strategies to manage it. This thesis will explore these issues and explain how Japanese firms have dealt with them.

In addition, the transfer of JHRM overseas is facilitated by the deployment of Japanese expatriate managers which means that there are fewer managerial positions open to local workers (Legewie, 2002). This may lead to workers choosing firms who seem more attuned to the local labour market. Despite the perception that the promotion process is slow in Japanese firms, the extensive training they offer is viewed positively in Asia (Froese and Vo et al., 2010). Furthermore, job security and safety are considered central to the HR of companies such as Panasonic, Hitachi and Mitsubishi (Abdul and Ismail et al., 2010). These factors enhance the image of Japanese firms in emerging markets where labour laws and safety regulations may not be well established. This thesis will explore the evolving role of Japanese expatriate managers and how it contributes to the transfer of JHRM in India. The following section sets out the timeline of Japan’s relationship with India and explain how its development led to India playing an important role in Japanese FDI.

1.1.1 Indo-Japanese relations

Japan’s trade relationship with India can be traced back to the Meiji Period (1868-1912) (Buckley and Cross et al., 2012). At this time India was part of the British Empire and a trade agreement was signed in 1894 which gave a boost to the Indian cotton industry and contributed to Japan’s development as an industrial economy (Sareen, 2007, p.32). Following the Japanese defeat of Russia in the Russo-Japanese War 1904-05, Indian nationalists began to look to Japan for support in their demand for home rule. During WWI Japan became a haven for Indian nationalists and the country was viewed as a powerful supporter of Indian home rule (Sareen, 2007, p.33). In April 1952, Japan and India signed a peace treaty and diplomatic relations were established (MOFA,
Following this agreement, India’s trade with Japan increased but was limited to commodities and some basic manufactured goods (Iqbal, 1991). Japan re-emerged as a dominant trading nation from the 1960s onwards, but India’s economic growth rate declined from 4.1% between 1951-65 to 2.6% between 1965-75 (Panagariya, 2007). Two wars with Pakistan, numerous droughts and the economic policies of Prime Minister Indira Gandhi contributed to this contraction. There was some attempt by the government to liberalise trade and investment in the late 1970s, but it was not until Rajiv Gandhi took power in 1985 that India returned to growth rates of 4.5% (Panagariya, 2007). It is unsurprising therefore that India did not attract a great deal of Japanese business until the 1990s (Buckley and Cross et al., 2012).

India was heavily influenced by and dependent on trade with the former Soviet Union, and experienced negligible rates of growth prior to liberalisation from state control of the economy in 1991 (Cappelli et al., 2010, p.25). In fact, it was the collapse of the Soviet Union in 1989, followed by the first Gulf War in 1991 and suspension of oil supplies from Iraq, that forced India’s leaders to ‘open up’ its economy four decades after independence. Economic reforms brought in by Prime Minister P.V. Narashima Rao and his Finance Minister Manmohan Singh, who later became prime minister, heralded a new era for India. De-regulation of industrial sectors meant that India became more open to foreign direct investment (Nagaraj, 2003). Liberalisation also led to a reduction in trade tariffs and the rupee was fixed to a basket of currencies facilitating a flexible exchange rate. It was these changes that led to the impressive growth rates India has experienced since then.

In 2001, India became known as one of the BRIC economies (Brazil, Russia, India and China) (O’Neill, 2001). In his seminal paper ‘Building Better Global Economic BRICs’, Jim O’Neill, then chairman of Goldman Sachs, explained that in 2001 and 2002 real GDP growth in large emerging market economies would exceed that of the G7. He went on to state that the BRIC group would be bigger than the G7 by 2035. The term BRICs became a standard acronym
for the four countries and is even used by the United Nations (UNCTAD, 2018). However, in the wake of the global financial crisis, the BRIC concept came under review. In 2009 O’Neill urged the world not to write off the BRICs (O’Neill, 2009) and insisted that they would still grow at an average of 4.7% in 2009, which was in stark contrast to a contraction of 1.2% across advanced nations in the G7. The crisis also drew attention to the importance of the BRICs as destinations for investment. These countries were now becoming important markets as well as offering low-cost labour (UNCTAD, 2011).

Once the global economy emerged from the financial crisis at the end of the first decade of the 21st century, the BRICs collectively accounted for 15% of global GDP and it seemed that the original theory was still valid (O’Neill and Terzi, 2014). In 2011 the Japan Bank for International Co-operation ranked China and India first and second respectively as most promising countries for overseas business by Japanese manufacturers (JBIC, 2011). A bilateral trade deal between Japan and India was also signed in this year. PM Modi announced his ‘Make in India’ campaign on India’s Independence Day, 15 August 2014 (Economist Intelligence Unit, 2015; IBEF, 2016). On a trip to Japan a month later he told Japanese firms that ‘a red carpet, not red tape awaits you’ (Economic Times, 3 September 2014). His comment indicated that business would become less bureaucratic and more transparent under his leadership. Indeed, India has moved up 71 places in the World Bank’s Ease of Doing Business survey (World Bank, 2020) during Mr Modi’s government and is currently ranked 63rd out of 190 countries. However, there are considerable regional differences in the time and cost involved in areas such as enforcing contracts. In this category, Bangalore ranks 15th in comparison to Hyderabad which is number one (World Bank, 2020).

Japan-India relations were elevated to the ‘Special Strategic and Global Partnership’ in September 2014. This was replaced by the ‘Japan and India Vision 2025 Special Strategic and Global Partnership Working Together for the Peace and Prosperity of the Indo-Pacific Region and the World’ which was
a joint statement designed to serve as a guide for the ‘new era of Japan-India relations’ (MOFA, 2016). In November 2016, PM Modi visited Japanese PM Shinzo Abe to secure a bid to build India’s high-speed railway network link between Mumbai and Ahmedabad (the distance between London and Paris). These rail projects are part of a package of loans and investment pledged by the Japanese government in India which total US$29 billion (Bloomberg, 2016). Furthermore, Japanese investment in India has doubled since the Modi government came to power from 282 billion yen in 2014 to 624 billion yen by 2019 (Ministry of Foreign Affairs, Japan, 2021). Such investment is evidence that Japanese firms are making a long-term commitment to India.

1.2 Significance and originality of study
JHRM is said to be made up of three aspects. They are the long-term employment system (shūshin koyō), the seniority-based wages and promotion system (nenkō joretsu), and enterprise unions (kigyōbetsu rōdō kumiai) (Rose and Kumar, 2007; Kiyokawa and Oba et al., 2006; Iida and Morris, 2008; Itagaki, 2009). All three aspects have evolved since the ‘first FDI boom’ in the early 1970s (Urata, 1993) and this is discussed below. Firstly, lifetime employment is still evident in Japan (Keizer, 2007; Pudelko, 2009; Ono, 2010; Matanle and Matsui, 2011) and the number of workers with long-term contracts has remained high, particularly in large manufacturers (Takahashi, 2018). The lifetime employment system is also widely supported in Japan. Dore (1973) explained how “time builds up identification (to the firm); not just time past, the familiarity of long association, but also the prospect of time to come.” Therefore, this system has created a ‘psychological contract’ (Debroux, 2003) between workers and their employers which is difficult to break. Furthermore, firms could encounter resistance to change, particularly from the core of middle-aged, male managers who benefit most from it (Pudelko, 2009).

However, as the manufacturing sector now accounts for only 18% of jobs in Japan (Brookings, 2018), it is not representative of the workforce. In fact, the number of full-time permanent jobs available to Japanese workers has not
expanded since the 1980s and in recent years the number of regular jobs has shrunk (Gordon, 2017). The development of a more flexible labour market since the economic downturn of the 1990s, led to non-regular employment doubling from 9.7 million or 20.3% of total employment in 1994 to 20.4 million or 37.3% by 2017, with women accounting for 75% of non-regular workers (OECD, 2019). The non-regular sector is a well-established aspect of the Japanese labour market but firms’ increased reliance on it means that it is more difficult for non-regular workers to obtain full-time permanent work.

Hamaaki and Hori et al. (2012) examined the link between seniority-based pay and lifetime employment. They found that stagnating wages has eroded the prospect of incremental pay increases for older workers since the early 2000s. This came about following the economic downturn in Japan when companies reduced pay increments for older workers rather than make them redundant and this in turn made lifetime employment less attractive to young graduates. However, Yamashita (2019) explained that while workers’ attitudes are changing to adapt to an increasingly competitive business environment in Japan, young people are “increasingly inclined to select more stable jobs and workplaces.” This desire for job-security may be unattainable as Japanese firms have adapted to changes in the economy by limiting the number of full-time permanent jobs and increasing the number of non-regular workers.

A reduction in full-time permanent workers also negatively impacts the core elements of the Japanese system (Abo, 2014, p.30). Japanese workers receive extensive and continuous on-the-job training (OJT) throughout their career which encourages flexibility and prepares them for promotion “by giving them generalist rather than specialist, skills” (Clegg, 1986). In addition, the Japanese production system is “highly dependent on and integrated with an internal labour market which emphasises job security, job training, employee participation and teamwork” (Yang, 1994, p.48). Competition in the global business environment has intensified for Japanese firms so reducing labour costs is important but the weakening of the link between long-term
employment and incremental pay increases may also diminish Japanese firms’ international competitive advantage. Furthermore, fewer highly trained executives available for overseas assignments may impact the successful international transfer of Japanese management and production systems.

Secondly, the number of Japanese workers who belong to a union declined from 35% in 1975 (Freeman and Rebick, 1989) and now stands at 17% (Japanese Trade Union Confederation, 2019). This dramatic decline has resulted from the growth of the tertiary sector in Japan, and the increase in the number of non-regular workers who are difficult to organise (The Japan Institute for Labour Policy and Training, 2016). Japanese firms overseas have also faced challenges to the transfer of the enterprise union concept. In India, unions have close links to political parties and are distrusted by managers (Choudhury, 2005). The approach Japanese firms have taken has varied; some automotive firms introduced enterprise unions while others tried to prevent workers from forming any type of union.

For example, Maruti Suzuki established an enterprise union which was not affiliated with any political party (Becker-Ritterspach, 2007). This was part of the transfer of Japanese management to India which was designed to be as close to the Japanese model as possible. The implementation of enterprise unions in India produced mixed results; early experience at Maruti-Suzuki seemed positive but did not prevent disputes from escalating in the early 2000s. Furthermore, the potential influence of national trade unions made the creation of enterprise unions less attractive for later entrants. It has also become clear that state governments will support firms as they are keen not to drive away FDI. Therefore, the introduction of enterprise unions has been constrained by business environment conditions in India rather than Japanese firms’ reluctance to transfer this aspect of HRM.
In 1984, two years after Suzuki had signed a joint venture agreement with Maruti Udyog, Mankidy (1984, p.58) wrote about the Japanese model of HRM where, “the employee, the management and the labour union are all submerged in those ubiquitous features in Japan called lifetime employment and seniority wage system.” He also went on to explain how “the sincere participative spirit created through joint management bodies and quality circles further cements the relationship between employees and the organisation.” He then contrasted this with the Indian business environment at the time where in his view there was no real link between industrial relations and HRM approaches, as there was in Japan. Therefore, Mankidy’s findings implied that Japanese firms would encounter resistance if they attempted to implement their HRM system in India. This thesis will explore whether Suzuki and the Japanese firms who followed them did indeed encounter problems which related to the differences between the HRM systems of Indian and Japanese firms identified by Mankidy (1984) in the early years of Japanese investment in India.

Subsequently, Jain (1987) found that key aspects of Japanese HRM including continuing education, training and job rotation could be transferred successfully to developing countries like India. He thought that if workers became multi-skilled, they would become generalists rather than specialists and be able to adapt to change. Indian companies would also be able to deal with fluctuations in the economic cycle more effectively by re-deploying workers where needed and avoid redundancies. Therefore, there is a parallel between early research on the suitability of Japanese HRM in India and more recent research regarding the key elements required for the efficient implementation of Japanese firms’ management and production systems. Nonetheless, the business environment in India has created a range of challenges for Japanese companies. Some of these - such as high labour turnover - have occurred in other emerging markets such as China. However, others emanate from India’s complex institutional and social system so are unique. Choudhury (2005) examined the transfer of JHRM at Honda Cars India which was established in 1995. She concluded that the transfer of JHRM to
Honda was slow and had been adapted to fit the culture. For example, she reported that Honda had not developed a specific policy for retaining workers. This was partly because HRM was a relatively new concept in India at the time and partly because the firm believed that it would be impossible to do this because Indian workers “place a much higher premium on monetary benefits than work environment” (Choudhury, 2005, p.9).

More recently James and Jones (2014) studied the implications of transferring Toyota’s lean manufacturing to India. Toyota began operating in 1999 as a majority joint-venture with Kirloskar Motors in the state of Karnataka, South India. Japanese executives did not understand the sociocultural context of India (Abo, 2014) and the first fifteen years were characterised by frequent strikes and lockouts. One problem was that Toyota Kirloskar Motors (TKM) would not recognise an external trade union. The firm did try to establish a company-based union, but did not understand the “structure, dynamics, political and community linkages and constitutional and legal standing” (James and Jones, 2014, p.2181) which the union movement has in India. Furthermore, local workers recruited from low Hindu castes developed negative perceptions about the ethos of the Toyota Production System (TPS). They drew parallels between ‘Toyotism’ with its emphasis on total commitment to the firm, discipline in adhering to uniform and standardised performance and perfection achieved by zero waste and defects, with the three tenets of Brahminism; renunciation, performance and perfection (Mathew and Jones, 2012). Historically, the Brahmin caste dominated Indian society and exploited their privileged status through ill treatment of lower castes. However, Japanese managers at TKM could not understand why Indian workers did not seem willing or able to adhere to Japanese management and this resulted in workers being dismissed. Eventually, Toyota made adaptations to their production and management systems which included allowing the company union to establish links with an external union. This contributed to the company making a profit for the first time in 2015 (The Economic Times, 10 April 2016).
The findings from the studies above demonstrate that Japanese automotive firms have experienced serious challenges to the implementation of their HRM in India and have modified it in response. Furthermore, the snapshot of literature presented here demonstrates that India poses more severe challenges than Japanese firms have encountered previously. Nevertheless, the transfer of HRM is crucial in emerging markets where the link between management of people and the strategic aims of the firm is not firmly established, so firms must find ways to overcome the challenges they face there. This thesis examines the transfer of JHRM at Japanese automotive firms currently operating in seven Indian states with differing levels of industrial development and “often under-estimated regional differences in language, culture, talent, infrastructure and wealth, all of which lead to wide variations in business landscapes” (Singh, 2017). This diversity has created challenges for the transfer of Japanese management which merits analysis. It means that firms cannot devise one set of strategic solutions which can be applied throughout India. Instead, they must find individual solutions to the challenges they face in each region. In addition, the role of local managers is integral to understanding the business environment and developing suitable adaptations to Japanese management. Therefore, examining the case of India offers a new understanding of the transfer of Japanese management in emerging economies where there is considerable regional diversity.

The six firms are varied in terms of the region they operate in, the length of time they have been operating in India and their ownership. Two of the firms have been operating since the 1980s, two entered India in the 1990s and two in the 21st century. The latest entrant began producing vehicles as recently as 2016. Therefore, this study enables us to understand the temporal changes Japanese firms have experienced in India. It also provides insight into the ways that firms have adapted Japanese management and how their approach to managing HR-related challenges evolved as they have gained experience. Four of the firms are wholly owned subsidiaries of Japanese firms, one is a majority Japanese owned joint ventures (JV) and one is a French Japanese JV. These variations in location, length of operations and ownership enhance
the ‘representativeness’ (Seawright and Gerring, 2008) of the cases and demonstrate their relevance in understanding the transfer of JHRM across the sub-continent of India.

I have travelled to India 12 times over the past decade and visited over 12 cities in eight states. The time I have spent ‘in the field’ meeting and talking to local scholars has also enabled me to gain confidence by developing insight into local economic and educational systems and to access resources (Polsa, 2011, p.5). I interviewed Indian and Japanese executives in addition to European and American managers working at a global level. They were very open about the challenges of operating in India and provided valuable insight into how JHRM is adapting and evolving in India in response to these challenges. Therefore, the case study data contains expert insights from industry professionals and academics with considerable experience of India.

The main purpose of this research is to examine the ways in which Japanese firms transfer their HRM system to emerging markets by examining the case of India. To address this, two research questions are set out below.

1. What are the challenges faced by Japanese firms in India when they transfer established HRM practices from Japan? Are they exacerbated by the diverse institutional and cultural environment in India?

2. Have Japanese firms adapted their HRM in India in response to the challenges they face there? If so, are these adaptations specific to the challenges they face in different regions?

There are also two sub questions which are designed to strengthen the validity of this research by examining Japanese and Indian perspectives. Firstly, the role of Japanese expatriate managers in transferring JHRM overseas is instrumental (Nonaka and Takeuchi, 1995). However, Japanese firms faced significant risk and uncertainty (Liesch and Welch et al., 2011) during the early years of investment in India due to industrial unrest and high levels of attrition.
Consequently, the first sub-question relates to the role played by Japanese managers in the transfer of JHRM in India.

1. Have Japanese managers’ perception of India evolved as Japanese firms have become more established?

Secondly, the extant literature demonstrates that firms such as Toyota faced resistance to the transfer of JHRM in India due to cultural differences in the regions they operate in.

2. How do Indian workers perceive Japanese expatriate managers and has this perception evolved as Japanese firms have become more established?

This thesis provides insight into the development of Japanese automakers’ strategy for transferring established HRM practices in an industry which is an important source of investment for both countries. The findings illustrate the ways in which firms can adapt even to the most challenging environments. Therefore, this research has implications for MNCs who are planning to invest in India. It could also be utilised to develop appropriate HRM policies for their affiliates. The experience of the firms in this study may also provide lessons for Japanese firms who set up operations in emerging markets with diverse business environments. This is particularly relevant as Japanese firms continue to expand their facilities in Africa (Abo, 2014).

Furthermore, my research has illuminated phenomenon within the wider research field of Japanese management and its transfer overseas. It also complements the work of other authors such as Professor Tetsuo Abo and the JMNESG (Japan Multinational Enterprise Study Group) who study the transfer of Japanese management and production systems primarily in factories which manufacture cars and electronic goods around the world based on an “application-adaptation (hybrid) model” (Abo, 2014). In terms of Japanese management, the JMNESG examine four areas which are work organisation and administration; group consciousness; labour relations and parent-subsidy relations (Abo, 2014). Through contact with JMNESG via Professor Abo in
October 2016, I discovered that they are currently undertaking research on Japanese hybrid firms in India, which demonstrates the growing importance of this area of research. I also interviewed Dr Srabrani Roy Choudhury, a former PhD student of Professor Abo and member of the JMNESG, whose research at Honda Cars India was instrumental in developing my understanding of the transfer of JHRM in this country.

My work complements the work of the JMNESG by focusing on the transfer of Japanese management in India which has not been covered by many other researchers to date. I researched the application of key aspects of Japanese management and identified five themes which broadly correlate to those of the JMNESG. These are set out below.

- Culture and commitment to the firm which correlates with group consciousness
- Approaches to production planning which correlates with work organisation
- Hierarchy and opportunities for progression which also correlates to work organisation
- Japanese managers attitudes to employees which correlates to parent-subsidiary relations
- Unionisation which correlates to labour relations.

These themes form the basis of the case studies and enable the reader to understand the challenges Japanese firms face with respect to each one and the strategies they have devised to overcome them. In this way they also extend the work of the JMNESG and provide new insights into the transfer of JHRM in an emerging economy which is becoming important specifically to Japanese firms and more generally to the field of Japanese studies.
1.3 Thesis outline

This chapter has provided an overview of the themes in the extant literature which are relevant to this research and has set out the broad aims and objectives of the thesis. In chapter two, I examine these themes in depth beginning with a discussion of how JHRM has evolved in response to changes in the Japanese economy. I then move on to exploring three strands which emerged from a review of the literature on Japanese management in the 21st century. In doing this, I explain how Japanese management has evolved and how its core elements remain.

I have also identified the implications of changes in Japanese management for its transfer overseas to establish a link between the evolution of JHRM at home and its transfer overseas. Research on the transfer of Japanese management overseas proliferated in the 1980s when Japanese firms’ investment intensified following the Plaza Accord of 1985 which led to the appreciation of the yen. During this time, the USA and Europe were the main recipients (Urata, 1993). From the mid-1990s Japanese firms turned their attention to Asia; China and Thailand were key destinations as liberalisation led to increased investment (IMF, 2002). Therefore, there is a short discussion of the transfer of Japanese management in key countries including the USA, UK, and China.

However, the task of transferring JHRM in emerging markets such as China and India, where the cultural and institutional environment is very different to that of Japan, is challenging even for those firms with extensive international experience. India also presents a very diverse business and cultural landscape. The discussion of the transfer of JHRM overseas leads into analysis of the small amount of research on the transfer of JHRM in India, including a case study of Maruti-Suzuki which explains how this firm dealt with the challenges of operating there. Chapter two concludes with a re-statement of the research questions which have been developed to fill the gaps in the literature identified throughout the chapter.
A discussion and justification of the methodology which underpins this study follows in chapter three. This research utilises an interpretive research philosophy which implies that knowledge is highly subjective. Therefore, JHRM is not a tangible asset ‘owned’ by Japanese firms. Instead, it is constantly evolving through a complex array of phenomena, such as work practices to which workers within the organisation attach meanings (Remenyi and Money et al., 1998). Consequently, the approach to the development of theory about the transfer of JHRM in India is inductive which means that theory was developed from research data. This method of developing theory is known as grounded theory (Glaser and Strauss, 1967) and it is compatible with the interpretive philosophy and subjective ontology in four important ways; first, it is inherent in these philosophies that knowledge is highly subjective; second, researchers who take an inductive approach to theory development often view themselves as part of the context. Third, inductive theory development is flexible enough to allow ‘unexpected regularities’ to emerge (Von Krogh and Rossi-Lamastra et al., 2012, p.278). Finally, taking an inductive approach offers the researcher the opportunity to gain a deep understanding of the research context and the people involved.

Chapter four examines the findings from three data collection periods which took place between 2011-2016. The first was a pilot study with a HR Manager from Company A in India in 2011. The second stage was three face-to-face interviews which took place in New Delhi in May 2013. The third data collection period took place between 2015-2016 and took the form of SKYPE, questionnaires and telephone interviews. A total of 44 people took part in this stage of the research, 38 of these were from six Japanese automotive firms. The remaining six were experts who have researched and written about the Indian automotive industry. The data was analysed using NVivo and the themes which emerged form the basis of case studies of six Japanese automotive firms in India. There is a comparative analysis of the cases and a discussion of key findings in relation to the extant theory on the transfer of JHRM in India in chapter five. The evidence from this research builds on a small number of existing studies and reveals that Japanese firms have learned
a great deal from 40 years of operating in India. They have also demonstrated that they have adapted JHRM and these adaptations are appropriate to local conditions in the states they operate in. The thesis concludes with a review of the key findings in relation to the extant literature on the development of JHRM and its transfer overseas. Following this, there is a discussion of the implications of this research for Japanese firms operating in India and suggestions for further research.
2 Literature Review

The purpose of this chapter is to establish the background of the research and critique the extant literature which underpins it. It begins with a discussion of key developments in the Japanese economy in the post WWII era which have impacted Japanese firms’ management and its transfer overseas. Japanese firms have introduced gradual modifications to their HRM systems in the past 50 years and these are discussed within the context of changes in the Japanese economy during this time. I then move on to explore three strands which have emerged from the literature on Japanese management in the 21st century in section 2.2. In doing this, I explain how Japanese management has evolved but also how its core elements remain.

The extant literature tends to focus either on Japanese management as it has evolved in Japan in response to changes in the Japanese economy or its transfer overseas, but the link between the evolution of Japanese HRM at home and its transfer overseas is not clearly established. Therefore, in section 2.3, I have identified the implications of changes in Japanese management for its transfer overseas. Research on the transfer of Japanese management overseas proliferated in the 1980s when Japanese firms’ investment intensified following the Plaza Accord of 1985 which led to the appreciation of the yen. During this time, the USA and Europe were the main recipients (Urata, 1993). From the mid-1990s, Japanese firms turned their attention to Asia. China and Thailand were key destinations as liberalisation led to increased investment (IMF, 2002). Section 2.4 examines the transfer of Japanese management in key countries including the USA, UK, and China.

The task of transferring Japanese HRM in emerging markets such as China, where the cultural and institutional environment is very different to that of Japan, is challenging even for those firms with extensive international experience. Time and experience have reduced the risk and uncertainty of
operating overseas for Japanese firms (Liesch and Welch et al., 2011). Nonetheless, the transfer of Japanese production and management has not been straightforward, and the issues that firms encountered challenged even those with experience of operating in emerging markets such as China. This is because India presents a more diverse cultural landscape and firms must learn to manage workers from different ethnic backgrounds in the states they operate in. For example, the legacy of the caste system in Bengaluru, South India was not understood by Japanese managers at Toyota until old enmities between castes were rekindled by the introduction of the Toyota Production System (TPS) (Mathew and James, 2012). Therefore, section 2.5 discusses the literature which deals with the challenges of transferring Japanese HRM in India. The case study of Maruti-Suzuki in section 2.5.2 explains how this firm dealt with the challenges of operating there.

Academic interest in the transfer of Japanese management in India began to develop as investment increased in the 1980s and 1990s. In the early years, Mankidy (1984) and Jain (1987) examined the suitability of Japanese HRM to the Indian industrial sector. Later studies focussed on one Japanese automotive firm (Choudhury, 2005; Mathew and Jones, 2012; James and Jones, 2014). Varma and Awasthy et al. (2015) conducted a comparative analysis of the impact of organisational culture on alliance management in three Indo-Japanese joint-venture manufacturing firms including one firm operating in the automotive industry. There is an element of reflection in recent research by Maharjan and Sekiguchi (2017) who discussed the development of HRM in India since liberalisation in 1991. They pointed out that Indian firms view the HR practices of MNCs as benchmarks and are therefore likely to emulate them. However, they go on to say that there is ‘institutional pressure’ in Indian firms, caused by the conflict between Indian and Western practices. For example, India was originally a hierarchical society and companies had long-term, seniority-based systems, but economic liberalisation created a shift towards performance-based practices (Maharjan and Sekiguchi, 2017, p.326).
The research highlighted above presents a snapshot of the issues faced by Japanese firms in India which are discussed in section 2.5. This chapter concludes with a review of the main findings from the extant literature on the transfer of Japanese management in India. The research questions are presented once again to explain how this research will fill the gaps in the literature through exploration of empirical data.

Table 2.1 overleaf provides a structure for the discussion of Japanese management and its transfer overseas. In addition, visually linking the economic history of Japan with the development of Japanese HRM and its international transfer helps to determine the connection between them. Column one corresponds to the first section of this chapter which documents key events in the Japanese economy in chronological order from the 1950s to the present and sets the scene for the analysis of their impact on the development of Japanese firms’ human resource management. It is clear from the data that Japanese FDI has gradually shifted geographically over time with Asian countries such as India becoming increasingly important. Therefore, this country provides a relevant context in which to examine the transfer of Japanese HRM overseas.

Column two sets out the impact of economic changes in Japan on the three core aspects of Japanese firms’ HRM and illustrates how it evolved in response. This prepares the groundwork for a discussion of three themes which have emerged from the literature on Japanese HRM in the 21st century. Following on from this, I explain how the transfer of Japanese HRM resulted in changes to the way Japanese firms operate overseas with reference to India. Column three provides examples of the transfer overseas in key countries. Column four highlights the key literature that documents the development of Japanese HRM and its transfer overseas which is used in the analysis throughout this chapter.
### Table 2.1: Key developments in the Japanese economy 1950s to present and their impact on JHRM at home and abroad

<table>
<thead>
<tr>
<th>Time period</th>
<th>Overview of key developments in the Japanese economy</th>
<th>Impact on Japanese firms and JHRM in Japan</th>
<th>Transfer of JHRM overseas</th>
<th>Development of key literature on JHRM</th>
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<tbody>
<tr>
<td>1950s to mid-1960s</td>
<td>Japanese FDI predominantly in natural resources and trade in this era. According to JETRO in 1965: Latin America is the top destination ($62 million), followed by N. America ($44 million), Asia ($35 million) and Europe ($5 million)</td>
<td>Consolidation of three key aspects of JHRM at home. • <strong>Lifetime employment</strong> - permanent employment status limited to unionised employees in manufacturers with 500+ employees. Approx. 20% of total workers (Taira, 1962). • <strong>Seniority-based pay</strong> - incremental pay linked to tenure. <em>Nenkō joretsu</em> system. • <strong>Enterprise-based labour unions</strong> - membership approx. 35% in large manufacturers (Freeman and Rebick, 1989).</td>
<td>Primary focus on investment in low-tech industries such as extractive and agro-food. The transfer of HRM not a major consideration for Japanese firms in this era.</td>
<td>James C. Abegglen publishes ‘The Japanese Factory’ in 1958</td>
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<td>Mid 1960s to mid-1970s</td>
<td>First ‘FDI boom’ in early 1970s (Urata, 1993). According to JETRO, in 1975: Asia is the top destination ($1,100 million), India accounted for $15 million, N. America ($905 million), Latin America ($372 million) and Europe ($333 million).</td>
<td>Beginning of changes to traditional HRM in Japan. • <strong>Lifetime employment</strong> - still prevalent especially for white collar male workers in firms with over 500 employees. Approx. 30% of total workforce (Dore, 1973). • <strong>Seniority-based pay</strong> - From early 1970s, companies tightened the selection criteria. Most high school J firms began producing textiles and electronics in</td>
<td>Continued focus on investment in low-tech industries. Liberalisation of Japanese govt policies on Forex transactions created impetus for FDI (Urata, 1993). Transfer of JHRM becoming important.</td>
<td>Ronald Dore publishes ‘British Factory - Japanese Factory’ in 1973</td>
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<td>Time period</td>
<td>Overview of key developments in the Japanese economy</td>
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<tr>
<td>• Oil shock in 1973 increased cost of production</td>
<td>• <strong>Enterprise-based labour unions</strong> - unionisation remains high - 35% of labour force until 1975 (Freeman and Rebick, 1989).</td>
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<tr>
<td>• Domestic market for consumer products made by Japanese firms reached saturation</td>
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<td>• Decline in workers moving from countryside to cities for work (Yoshikawa, 2000)</td>
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<tr>
<td>• Importation of technology from overseas, by MITI had already taken place (Lynn, 1998)</td>
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<tr>
<td>Mid 1970s to mid-1980s</td>
<td>• <strong>Lifetime employment</strong> - still prevalent especially for white-collar male workers. Approx. 32% of total workforce (Cole, 1979)</td>
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<td>Depreciation of yen against the dollar made exporting more viable after 1982.</td>
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<td>Potential for resistance to transfer identified by Mankidy (1984). In India, no link between industrial relations and HRM applied ad hoc with no connection to the strategic aims of the firm.</td>
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<tr>
<td>N. America is the top destination ($5,495 million), Latin America ($2,616 million), Europe ($1,930 million), Asia ($1,435 million) and India accounted for $13 million.</td>
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<td>Time period</td>
<td>Overview of key developments in the Japanese economy</td>
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<td></td>
<td><strong>Enterprise-based labour unions</strong> - unionisation fell below 30% to around 28% by 1985 (Japan Institute for Labour Policy and Training, 2016)</td>
<td>Further erosion to traditional HRM in Japan.</td>
<td>Further challenges; traditional values (Jain, 1987), and lack of education and training.</td>
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<tr>
<td>1982 - Suzuki signs JV agreement with Maruti Udyog Ltd (MUL) in India</td>
<td><strong>Lifetime employment</strong> - still prevalent especially for white collar male workers. Around 34% of total workforce (Imaoka, 1989).</td>
<td>USA: Job classification and pay structure was very complex in heavily unionised auto industry. Job descriptions were narrowly defined. Later simplified.</td>
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<td>1985 - Yamaha begins operating in India as JV with Escorts Ltd</td>
<td><strong>Seniority-based pay</strong>. 20-30% of graduates were still eligible for promotion (Wickens, 1987)</td>
<td>UK: J firms adopted three aspects of JHRM incl. the pay structure and employee management relations. Hybrid pattern in UK more like Asia than USA.</td>
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<tr>
<td>Mid 1980s to mid-1990s</td>
<td><strong>Enterprise-based labour unions</strong> - unionisation continues to decline. Approx. 23% by 1995 (Japan Institute for Labour Policy and Training, 2016)</td>
<td>USA: Job classification and pay structure was very complex in heavily unionised auto industry. Job descriptions were narrowly defined. Later simplified.</td>
<td>James P. Womack and Daniel T. Jones and David Roos publish 'The Machine that Changed the World' in 1990</td>
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<td></td>
<td>1986 - Manpower Dispatching Business Act introduces labour agencies to Japan.</td>
<td>USA: Job classification and pay structure was very complex in heavily unionised auto industry. Job descriptions were narrowly defined. Later simplified.</td>
<td>Japanese management in the UK: Wickens, 1987; Ackroyd and Burrell et al., 1988; Oliver and Wilkinson, 1992</td>
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<td></td>
<td>1990 - End of the bubble economy and beginning of ‘lost decade’ of 1990s.</td>
<td>USA: Job classification and pay structure was very complex in heavily unionised auto industry. Job descriptions were narrowly defined. Later simplified.</td>
<td>James P. Womack and Daniel T. Jones and David Roos publish 'The Machine that Changed the World' in 1990</td>
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</table>

**Third FDI boom 1985-89** (Urata, 1993) Exponential increase in Japanese overseas investment, particularly in USA and UK.

According to JETRO, in 1990: N. America is the top destination ($27,192 million), Europe ($14,294 million, UK $6,806 million), Asia ($7,054 million) India accounted for.
## Overview of key developments in the Japanese economy

Mid 1990s to mid-2000s

- **2001** - Japanese FDI accounts for 4.5% of the world’s total (IMF, 2002)
- **2003** - PM Koizumi introduces reforms to create growth.
- Japanese overseas investment - focus on Asia, particularly China.
- **1995** - Honda sign JV agreement with Siel Limited and begins operating in India as Honda Siel.
- **1997** - Toyota sign JV agreement with Kirloskar Motors (TKM) in India.

According to JETRO, in 2000:
- Europe is the top destination ($24,485 million), N. America
- $30 million and Latin America ($3,628 million).

## Impact on Japanese firms and JHRM in Japan

- Acceleration in changes to traditional HRM in Japan due to ‘lost decade’.
  - **Lifetime employment** - still prevalent especially for white collar male workers. Number of such workers stable due to increase in retirement age (Suzuki, 2010; Matanle and Matsui, 2011).
  - Increase in non-regular workers - 29% of total employment by 2002 (Imai, 2004).
  - **Seniority-based pay** - Introduction of performance-based pay as criterion for pay rises (Dedoussis, 2001).
  - **Enterprise-based labour unions** - unionisation under 20% by 2005 (Yamashita, 2005).

## Transfer of JHRM overseas

- Transfer of JHRM to Asia.
  - Example 1: China - Japanese firms viewed as less attractive than other foreign MNCs due to lack of promotion prospects, low involvement in decision-making and lower pay. Training programmes, managers’ dedication to work and attitude to customers perceived well. Kamiyama (2007).
  - Example 2: India - Honda Japanese HRM not capital intensive or costly to implement. Successful adoption of Japanese management depends on training, so low educational levels not problematic. Japan is Asian country so cultural distance not a barrier (Choudhury, 2005).

## Development of key literature on JHRM

- Japanese management in Asia: Belderbos and Heijltjes, 2005
- Japanese management in India: Choudhury, 2005
<table>
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<th>Overview of key developments in the Japanese economy</th>
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<tr>
<td>Mid 2000s to mid-2010s</td>
<td>($12,483 million), Asia ($6,006 million) India accounted for $168 million and Latin America ($5,282 million)</td>
<td>Evidence of further modifications to traditional HRM in Japan.</td>
<td>JHRM seriously challenged in India</td>
<td>Japanese management in India: Das and George, 2006; Mathew and Jones, 2012; James and Jones, 2014</td>
</tr>
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<td>2008 - Global financial crisis</td>
<td>Evidence of further modifications to traditional HRM in Japan.</td>
<td>JHRM seriously challenged in India</td>
<td>Japanese management in Asia: Rose and Kumar, 2007; Abdul and Ismail et al., 2010; Iguchi, 2010; Abo (2014)</td>
</tr>
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<td></td>
<td>2011 - Major earthquake hits N. Japan disrupting global production networks for auto parts.</td>
<td>• <strong>Seniority-based pay</strong> - wage structure has become flatter as Japanese firms have reduced labour costs in the face of increased competition (Hamaaki and Hori et al., 2012). Resulting in decline of workers’ loyalty (Yoshikawa, 2011; Okabe, 2011).</td>
<td>Example 2: Maruti-Suzuki-Indian manager killed during protest in 2012.</td>
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<td>2012 - PM Abe introduces ‘3 arrows’ policy to create long-term economic growth.</td>
<td>• <strong>Enterprise-based labour unions</strong> - Introduction of industrial tribunal to settle individual disputes in 2006 (Oh, 2012; Honami, 2015).</td>
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<td>2005 - Nissan begins operating in India</td>
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<tr>
<td>2012 - Isuzu begins operating in India</td>
<td>According to JETRO, in 2010: Asia is the top destination ($22,131 million) India</td>
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The transfer of Japanese human resource management in the Indian automotive industry
Clare Moonan

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<tr>
<td>Mid 2010s to 2020</td>
<td>accounted for $2,864 million, Europe ($15,043 million), N. America ($9,016 million) and Latin America ($5,346 million)</td>
<td>Impact of changes to traditional HRM in Japan becoming evident.</td>
<td>Review of JHRM over 30 years</td>
<td>Sekiguchi and Froese, 2016; Gordon, 2017; Yamashita, 2019; Rear, 2020</td>
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<td></td>
<td>2019 - Japan world’s top overseas investor - $143 billion (UNCTAD, 2020).</td>
<td>• Lifetime employment - Workers becoming more individualistic (Rear, 2020). *Non regular workers account for 37.3% of total workforce by 2017 (OECD, 2019).</td>
<td>Japanese firms proficient in transferring production and operating systems, less successful in transferring human resource management systems (Sekiguchi and Froese et al., 2016).</td>
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<td>2020 - Covid-19 pandemic</td>
<td>• Seniority-based pay - Erosion in system led to young workers changing jobs more than previous generations (Yamashita, 2019). Fewer experienced workers available for overseas assignments.</td>
<td>Japanese firms invest in their workers through extensive and continuous on-the-job training (OJT). Training requires workers to remain in their jobs for the long-term, but this is challenging in EMs with dynamic labour markets.</td>
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<td>According to JETRO, in 2019: Europe is the top destination ($110,757 million), Asia ($60,690 million) India accounted for $5,074 billion, N. America ($51,652 million) and Latin America ($14,635 million)</td>
<td>• Enterprise-based labour unions - unionisation at 17% by 2019 (Japanese Trade Union Confederation, 2019)</td>
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2.1 Overview of key developments in the Japanese economy and their impact on Japanese firms’ HRM and its transfer overseas

James Abegglen published his first book ‘The Japanese Factory’ in 1958. This is now widely considered to be a highly influential study which introduced Japanese management to an international audience. It began to attract interest from the international community because of its perceived uniqueness although few Japanese firms were known outside Japan in the 1950s (Lynn, 1998). Japan’s manufacturing sector underwent a period of restructuring during the 1950s with a shift away from light industry (textiles and food production) to heavy industry (steel, petrochemicals and automotives), facilitated by imported technology and the low cost of imports, particularly oil (Fujita and Tabuchi, 1996). Consequently, the Japanese economy grew rapidly at an average rate of 9% from 1960 to the early 1970s (Fujita and Tabuchi, 1996; Takahashi, 2004). From 1960 the level of technology began to increase and by 1970, the technological gap between Japanese and USA was eliminated (The Economic Journal, 1978). Japan began to compete with the United States in key industries such as automotive manufacturing and this led to a great deal of interest in how Japanese firms managed their plants and workforce.

In 1973 Ronald Dore published his book British Factory-Japanese Factory which examined the similarities and differences between the management of four manufacturing firms. Dore (1973) highlighted the advantages for Japan which industrialised much later than the UK and the USA, not only in terms of the ability to benefit from technologies developed in other countries, but in being able to take advantage of what he referred to as ‘social technology’ such as educational systems and methods of ‘personnel management’ from advanced industrialised nations. His work prepared the way for further studies on the transferability of Japanese management overseas. For example, the idea that late industrialising countries could adapt technology developed in advanced nations to suit their own business environments was echoed in Jain’s (1987) work on India. However, Dore (1973, p.10) also pointed out the
pitfalls of ‘piecemeal borrowing’ aspects of Japan’s employment systems which were strongly rooted in its culture and society.

Abegglen (1985, p.182) recognised the transferability of elements of the Japanese system of management which he believed emanated not just from Japanese culture and society, but from a “total system of employment and corporate governance” which could be established in any system with adequate “understanding, conviction and effort.” The implication of this was profound for Japanese firms operating overseas as it meant that Japanese management was transferable even in countries with very different business environments to that of Japan. However, a prerequisite for this transfer would be the creation of an organisation which could combine the interests of managers, workers and shareholders. This proved to be problematic in countries with a legacy of antagonistic industrial relations such as India (All India Organisation of Employers, 2017).

In the early 1980s, Japan agreed to adhere to voluntary export restraints (VER) of its vehicles to the USA which was facing a twin trade and budget deficit (Imai, 2011, p.23). Under the Plaza Accord in 1985, the USA bowed to pressure from advanced nations who believed that the dollar was undervalued (thereby making US exports artificially cheap) and the dollar was revalued. Following this, the yen appreciated significantly against the dollar between 1985-88 which led to the endaka fukyō (high yen recession) (Imai, 2011, p.23) as Japanese exports became more expensive. It was events such as these which heralded the end of the ‘bubble economy’ (babaru keizai) and the beginning of low economic growth rates for Japan.

The 1980s were a period of unprecedented overseas investment for Japanese companies. Following the appreciation of the yen after the Plaza Accord, Japanese FDI (JFDI) outflows almost doubled from US$12 billion in 1985 to US$22 billion in 1986 and maintained a yearly growth rate of 45% until 1989,
when they reached a historical peak of US$63 billion (IMF, 2002, p.13). During this time, 70% of JFDI went to the USA and Europe. By the end of the 1980s, Japanese FDI accounted for 19% of total world outflows and by 1990, this figure had risen further to 21% (IMF, 2002, p.8).

The exponential growth in Japanese investment outflows during the 1980s began to decline from the 1990s. This was due to the Asian financial crisis and poor growth in the Japanese economy which led to deprecation of the yen against the dollar in 1997. Nakamura argued that the reason why Japan suffered such low growth during this time was due to the removal of low interest rates put in place to mitigate the effects of the high yen after the Plaza Accord (Nakamura, 2004). Japan was also facing increased competition from manufacturers in China and more recently the liberalised Asian economies, including India. Therefore, a combination of factors contributed to this period of low economic growth which have been called the ‘lost ten years’ (Nakajima, 2004) and the ‘fading 1990s’ (Agnese, 2009). By 2001, although Japan was the world’s 7th largest overseas investor, Japanese FDI had fallen back to US$32 billion of total world outflow, or 4.5% of the world’s total (IMF, 2002, p.13).

In 2003, Prime Minister Koizumi brought in reforms which were designed to create growth by regulating the banking sector and privatising government-owned organisations such as the postal service (Financial Times, 17 October 2007). Japan’s economy grew 1.6% per capita in the first decade of the 21st century according to The Economist (2012). This is more than that of the USA (0.7%), the UK (1.2%) and Germany (0.8%), which perhaps demonstrates that political and economic reforms were beginning to take effect. However, in 2010, despite two decades of low economic growth at home, Japan was the still the 7th largest global investor accounting for US$56 billion of world outflow (UNCTAD, 2011, p.9).
Abenomics is the name given to a suite of measures introduced by Prime Minister Shinzo Abe in 2012 after his re-election to the post he last held in 2007 (Financial Times, 2015). They are based on the 'three arrows' of monetary policy, fiscal stimulus and structural reforms and are designed to ensure long-term growth to Japan (BBC, 2013). The Bank of Japan (BoJ) was given the task of managing the first two arrows through fiscal stimulus in the form of quantitative easing and loose monetary policy. The third arrow of structural reform proved more intractable for Mr. Abe and his government. This is because the problems which hold back the Japanese economy are complex and include “excessive regulation, a dearth of entrepreneurship, poor corporate governance, a broken labour market and an ageing population” (The Japan Times, 16 March 2018).

Perhaps this explains why in the first four years of Abenomics, the Japanese economy grew at a disappointing average of 0.8% (World Bank, 2017). This was countered by a more impressive average of 1.2% from 2016 until the first quarter of 2018 when the Japanese economy went back into negative growth (The Economist, 17 May 2018). In fact, the Japanese economy fell back into recession four times between 2008 and 2018 (CIA Factbook, 2018). Having said that, by the end of 2018 the IMF reported growth of 1% (IMF, 2018) but this growth has not been sustained. From 2019 the Japanese economy went back into negative growth and this contraction has been exacerbated by the global pandemic caused by Covid-19 in 2020 (Bank of Japan, 2020).

Japanese firms have also experienced crises in recent years which has led to criticism of the production systems from which they derive their competitive advantage. Toyota came under scrutiny from the global media when they had to recall faulty vehicles in 2010 and again in 2015 and 2016 (BBC, 26 October 2016). In 2017, Nissan admitted to allowing unqualified staff conduct vehicle inspections which led to the loss of an internationally recognised quality certification (Japan Times, 15 November 2017). These crises exposed
weaknesses in Japanese management and put firms under pressure to review their systems.

Abo (2014) pointed out that many automotive firms still rely on parts from Japan which indicates that Japanese manufacturing systems still have competitive advantage. The lean production system, where supplies are delivered to the production line and little if any stock is held (Nakamura, 2004, p.224), led to shortages of components in Toyota’s overseas subsidiaries in the aftermath of the earthquake in northern Japan in March 2011 (The Telegraph, 15 March 2011). However, in 2020 the Covid-19 crisis led to Japanese automotive firms including Nissan and Toyota closing plants in Japan and overseas when they were unable to obtain parts from China (UNCTAD, 2020; Japan Times, 6 March 2020). This demonstrates the importance of China in Japanese firms’ supply chains and represents a shift away from reliance on domestic production.

Japanese firms continued their expansion overseas in the second decade of the 21st century. In 2013, Japanese firms doubled their overseas investment to $138 billion (OECD, 2014) so that the country was second only to the United States. FDI from Japan declined by 16% in 2014, ending a 3-year expansion (World Bank, 2015). Nevertheless, the country remained within the top four investing countries between 2014 and 2016 (UNCTAD, 2017). By 2017, Japan had returned to second position, investing a total of $160 billion overseas, behind only the United States (UNCTAD, 2018). In 2018, Japanese outflows reached a record $227 billion due to an increase in international merger and acquisitions by Japanese firms and Japan invested more than any other country in the world. In 2019, this figure declined to $143 billion reflecting a global downturn in overseas investment but Japan remained the top investor (UNCTAD, 2020).
2.2 Three emergent strands in the literature on Japanese management in the 21st century

The changes in the Japanese economy in the 21st century led to three new strands in the literature on Japanese management and how it has evolved to deal with the challenges of this new era. Japan has an ageing population and a declining birth rate. In fact, the number of people working in Japan peaked at 67.9 million in 1998 and has been in decline ever since (Takahashi, 2018). This presents challenges for the continuation of the Japanese employment system of long-term employment and seniority-based pay. Japanese firms continue to face increasing challenges at home and abroad. At home, these challenges include how to manage an ageing labour force, an increase in the number of foreign workers in Japan, and the difficulties faced by women returning to the workforce after having children (Nakamura and Horiuchi, 2004). Overseas, Japanese firms face increased competition in industries such as household electrical goods and computers from low-cost economies such as China.

The first strand is about how Japanese HRM has adapted in response to changes in Japan and in the global business environment whilst retaining core elements. Researchers such as Dedoussis (2001) and Iida and Morris (2008) argue that Japanese HRM has been undergoing changes since the 1990s. These changes represent adaptations to the core component of lifetime employment and include headhunting skilled specialists who join a firm mid-career whilst reducing the number of graduates taken on every April (Aoki, 1990). However, these changes represent adjustments rather than a radical overhaul of Japanese HRM. Japanese firms have always had the flexibility to move workers around or change their hours (Imai, 2011, p.22), so these changes can be viewed as evidence of that.

Hamaaki and Hori et al. (2012) examined the link between seniority-based pay and lifetime employment. They found that younger workers chose to leave jobs mid-career as the prospect of incremental pay increases had eroded due to
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stagnating wages for older workers since the early 2000s. This came about following the economic downturn in Japan when companies reduced pay increases for older workers rather than make them redundant which made lifetime employment less attractive to young graduates. Competition in the global business environment has intensified for Japanese firms so reducing labour costs is important. Nonetheless, the traditional model of HRM is also a vital part of Japanese firms’ competitive advantage so the weakening of the link between long-term employment and incremental pay increases may also diminish it. However, Takahashi (2018) found that there is still widespread support for the long-term employment system and (Yamashita, 2019) explained that while workers’ attitudes are changing to adapt to an increasingly competitive business environment in Japan, young people are “increasingly inclined to select more stable jobs and workplaces.”

The second strand underlines the argument that Japanese HRM is embedded in Japanese culture and is resistant to change. Debroux, (2003) emphasised the way that long-term employment, the foundation of Japanese management, created a ‘psychological contract’ between workers and their employers which has become integral to Japanese work culture and is therefore difficult to change. Keizer (2007) reminds us that Japanese labour markets are still “strongly shaped by the existing national institutions and practices and dependent upon social support for their stability.” Pudelko (2009 p.443) puts forward the view that globalisation is leading to the inevitable and necessary convergence of national management practices to a system of global best practice. Yet he also brings us back to Keizer’s work when he balances this by warning that management models are defined by their socio-cultural context. One example of this may be resistance to change amongst Japan’s establishment and Japanese society. In particular, the core of middle-aged male managers who have worked within the Japanese employment system for the whole of their careers and expect to “receive the reward in the form of job security, automatic promotions into managerial positions and constant pay rises” (Pudelko, 2009, p. 444).
Strand 3 deals with the role of these middle-aged male managers or sararīmen who were the bedrock of Japan’s industrial competitive advantage in the post-war period (Matanle and Matsui, 2011). To rebuild the Japanese economy in the aftermath of WWII, companies needed committed workers and workers needed the guarantee of steady employment without fear of dismissal. In addition, seniority-based living wages ensured they could survive in the harsh postwar environment (Hazama, 1996). Typically recruited from Japan’s best universities, Japanese white-collar workers or sararīmen (salary men) were taken on by well-known companies in the April following their graduation and could expect to stay with the same company for their whole career. Loyalty to the company and long working hours were rewarded with incremental pay rises and promotion to top level management for the brightest individuals. These workers have been the focus of a great deal of prior study (Abegglen and Stalk, 1985; Nakamura, 2004; Abegglen, 2006; Economist, 2007; Keizer, 2007; Iida and Morris, 2008; Okabe, 2009; Pudelko, 2009; Ono, 2010; Matanle and Matsui, 2011; Horn, 2012).

Aoki (1990) explained that promotion is not automatic and sararīmen are constantly monitored through personal assessment systems known as satei (Oliver and Wilkinson, 1992). Furthermore, from the early 1970s, when the cohort who entered firms in the late 50s and early 60s reached the point where they would normally be promoted, many companies tightened the selection criteria, and this meant that most high school graduates no longer qualified for promotion above first-level management (Pucik, 1984). This change in the seniority system was caused by a deceleration in the growth of the Japanese economy due to four factors; firstly, the oil shock of 1973 which meant that Japanese firms had to pay inflated prices for oil thereby increasing the cost of production. Secondly, the domestic market for consumer products made by Japanese firms reached saturation as household incomes rose and people were able to afford cars, washing machines and televisions. Third, there was a decline in the number of workers moving from the countryside to cities looking for work (Yoshikawa, 2000). Fourth, the importation of technology and the dissemination of information about innovative products from overseas,
facilitated by the Ministry of International Trade and Industry (MITI), which were crucial to the development of the Japanese economy from the 1950s to the 1970s, had already taken place (Lynn, 1998).

Yamashita (2019) pointed out that employees’ sense of belonging to the firm began to decline during the period of rapid economic growth (1955-73) and was the result of a divergence of interest between firms and their workers from then on. An example of this is tightening of the criteria for promotion identified by Pucik (1984) which began in the early 1970s. Moreover, the end of the bubble economy in the 1980s and subsequent changes in the Japanese economy in the 1990s continued to impact these workers. For example, increased foreign investment in Nissan led to restructuring and redundancies worldwide (Ahmadjian and Robbins, 2005; Stevens, 2008). Okabe (2011) found that loyalty among Japanese managers working in the automotive and consumer electronics industries declined between 1995-2009. This lack of satisfaction may be explained by the upheaval sararīmen have encountered since the end of the high growth era.

The three strands discussed above create a picture of the Japanese employment system in which tradition and continuity play an important part but where internal and external pressure have impacted the ability of firms to maintain the core elements which defined it in the face of poor economic growth in Japan and an ageing population. Japanese firms attempted to counteract the impact of the Plaza Accord in 1985 by prolific overseas investment from the late 1980s which also created opportunities for career development for Japanese managers. However, the gradual erosion of the seniority system from the 1970s (Pucik, 1984) and the ageing of the workforce, may lead to fewer executives with the necessary skills and experience to introduce Japanese production and management systems overseas. In this case Japanese firms will need to train local managers, but the time and cost involved is significant as they will not have the tacit knowledge (Nonaka and
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Takeuchi, 1995) which Japanese managers have developed from the managerial environment in Japan (Abo, 2014).

Furthermore, the transfer of Japanese management overseas is not straightforward and Japanese firms have had to make adaptations to their production and management systems in countries where the business environment is very different to that of Japan to ensure that overseas subsidiaries are absorbed into their global production networks effectively. The following section provides examples of how Japanese management was transferred and adapted in countries which were the main destinations for Japanese FDI from the 1980s onwards, including India. These cases discuss the range of challenges firms faced and how they have adapted in response.

2.2.1 How the transfer of Japanese management resulted in changes to the way Japanese firms operate overseas with reference to India

In the 1990s when Japanese firms began investing heavily in the USA, they faced challenges to their competitive advantages at home and abroad (Kawamura, 2007). In contrast, the USA was enjoying an extended period of growth helped by the advent of the NAFTA agreement in 1994. Japanese investment in the USA also led to research on the transfer of Japanese management there (Womack and Jones et al., 1990; Kenney and Florida, 1993; Abo, 1994). During the early years many companies tried to maintain operations at American manufacturing plants at the same level as their counterparts in Japan by 'bringing in production equipment and machinery with a proven track record and well experienced personnel to run it' (Kawamura, 2007, p. 46). However, managers realised that there were problems introducing the Japanese management system. For example, job classification and pay structure were very complex in some heavily unionised industries, such as the auto industry. These were later simplified but it was more difficult to introduce Japanese employee evaluation and some companies gave up in their attempt. These problems stemmed from America’s industrial legacy where job descriptions were narrowly defined.
In spite of these difficulties in implementing Japanese management in the USA, Japanese subsidiaries were given a great deal more autonomy in decision making by the beginning of this century. According to Sandford and Olson (2001, p.64) in their research on Japanese companies in the USA’s auto industry, local managers did not need authorisation from Tokyo when making decisions. This autonomy reflects the importance of the USA as a manufacturing base for Japanese companies. Pak and Park (2008) and Rugman and Li (2007) found that Japanese firms had strategic motives in terms of augmenting global competitiveness when they entered the USA and Western Europe, whereas they sought merely to exploit existing competencies when expanding in East Asia.

Many Japanese automotive firms chose to invest in the UK in the 1980s as they were welcomed by the Thatcher government and Britain served as a manufacturing base from which Japanese firms could export to Europe without being subject to tariffs (Abo, 2007, p.153). In the 1980s, the popular view was that British firms could regain competitive advantage by adopting Japanese management practices. The term ‘Japanisation’ (Ackroyd and Burrell et al., 1988; Oliver and Wilkinson, 1992) was used to describe the impact of Japanese investment on British industry. Yet even then Wickens (1987, p. 25) stated very clearly that the task was “not to introduce Japanese management practices but good and transferable management from Japan.” In other words, practices which could be identified as universal and could be easily adopted outside Japan.

The most interesting aspect of Japanese FDI in the UK for this research is the successful adoption of all three aspects of the Japanese management system including the pay structure and employee management relations. In fact, the hybrid pattern in the UK is said to be more like that found in Asia than the USA. Kumon (2007) attributes this phenomenon to the changing work and social environment of the UK in the late 20th century. Unlike the USA, the UK had suffered a huge blow to its economy when failure to innovate in the 1960s and
70s led to a loss of global competitiveness. As the UK began to wake up to the fact that it was no longer the workshop of the world, labour unrest further undermined what was left of British industry. The defeat of the National Union of Miners in 1984 by the Thatcher government heralded an era of openness to new ways of managing people and resources.

Japanese firms turned their attention to Asia from the 1990s onwards and investment in this region rose from US$6 billion in 1988 to just over US$12 billion by 1997 (JETRO, 2020). This was around the same as Europe (US$9 billion in 1988 to US$11 billion in 1997) (JETRO, 2020). The main motivations for this investment were cost reduction in light of the appreciation of the yen and labour shortages due Japan’s ageing (Takahashi, 2018). China and Thailand became attractive for investment as their economies liberalised and their governments became more open to foreign investment. Japanese companies also began to diversify their investment portfolios to include real estate and financial services as well as manufacturing (IMF, 2002, p.12).

These phenomena, coupled with the globalisation strategies of Asian firms when China was brought into the global manufacturing network, helped to shape FDI in Asia in the 1990s (IMF, 2002, p.11). Researchers began to focus on Asian countries, particularly China (Taylor, 1999; Legewie, 2002; Kamiyama, 2007; Gamble, 2008; Itagaki, 2009) and the Newly Industrialised Economies (NIEs) of South East Asia (Belderbos and Heijltjes, 2005; Rose and Kumar, 2007; Abdul and Ismail et al., 2010; Iguchi, 2010). China was the biggest recipient of Japanese FDI in Asia in the 2000s despite ongoing political tension between the two countries. This is due to country specific advantages (Rugman and Li, 2007) such as China's cheap labour and proximity to Japan (Lui and Brookfield, 2006). Between 2004 and 2009, JFDI in China outstripped that of every other Asian country (see table below; Kaneko and Haruhi, 2011). However, JFDI to India greatly increased during the same period. Chart 2.1 overleaf sets out the main recipients of Japanese FDI from 2004-2009.
FDI was encouraged in China to introduce role models for local firms and to encourage them to upgrade, therefore the degree of Chinese influence on Japanese FDI was likely to be relatively weak. Nonetheless, in an extensive study of Japanese retailers in China, Gamble (2008) noted that many of the problems Japanese companies faced there relate to historical factors such as the legacy of occupation. According to Kamiyama (2007, p. 132), all three aspects of Japanese HRM were challenged in China. For example, although the so-called 'iron rice bowl' had provided jobs for life (Kamiyama, 2007, p. 132), staff retention had become problematic in the post-communist era. Job-hopping is widespread in emerging markets (Ready and Hill et al., 2008) but Japanese firms were viewed as less attractive employers than other foreign multinationals in China. This was attributed to lack of promotion prospects due to the extensive deployment of expatriates and low pay (Gamble, 2008). However, extensive training programmes, Japanese managers’ dedication to
work and job security at Japanese firms balance this negative image (Gamble, 2008).

Itagaki (2009, p.458) refutes the argument that managers pay is low at Japanese firms in China and explained that although some local managers in Western multinational corporations earn higher salaries than their counterparts in Japanese MNCs, this is not always the case. In fact, Itagaki (2009, p.458) stated that the average pay for employees over 40 was higher in Japanese MNCs, particularly if employees can speak Japanese. Furthermore, fast-track promotion in Western firms may lead to a higher salary but job security is low. He also went on to say that the low prospect of promotion in Japanese affiliates is often cited as the reason behind high employee turnover even though the promotion process is quicker in Chinese subsidiaries. This modification to the Japanese seniority system is an example of Japanese firms’ responsiveness to local conditions. It demonstrates that they are willing and able to adapt their HRM system even in countries with very different business environments to Japan.

The first phase of research on the transfer of Japanese HRM in India took place when Japanese automotive firms were beginning to augment their FDI in the mid-1980s. Mankidy (1984) examined the suitability of JHRM to India and identified the gap between HRM in Japanese firms with close links to firm strategy and the ad-hoc nature of Indian HRM. He believed that the tension between the two systems would lead to poor implementation of JHRM in India. Whereas Jain (1987) pointed out that the "Japanese experience in adopting Western technology and systems, integrating them into the Japanese context, and creating unique “software” (HRM) to transform and adjust technology to suit Japan’s own specific national environment, can serve as a model for companies operating in developing countries.”
Suzuki and Yamaha were the only two major Japanese automotive manufacturers which had set up operations by the mid-1980s through joint ventures with Indian firms. Suzuki was the pioneer in the transfer of Japanese HRM in India, in fact the management of both Maruti and Suzuki believed that the introduction of Japanese production and management were essential to the success of the joint venture. The second phase of research on the transfer of Japanese HRM in India emerged much later in the late 1990s and early-2000s (Nandi, 1998; Okada, 1998). This time lag reflects the long gap in investment by Japanese firms who concentrated FDI in the USA and Europe from the late 1980s to the early 1990s following the Plaza Accord in 1985. India accounted for only US$24 million of Japanese investment in 1988 but this increased exponentially following liberalisation in the 1990s to $434 million by 1997 (JETRO, 2020) and by 2008 it had reached $5.5 billion JETRO, 2020). However, Horn and Forsans et al. (2010, p.343) reported that the Indian automobile industry was still at the ‘take-off’ stage at the beginning of the 2010s.

Nevertheless, the joint venture between state-owned Maruti Udyog and Suzuki, an MNC from Japan, attracted some academic attention as it was an early example of large scale FDI from a developed country to an emerging market (Nayak, 2005; Becker-Ritterspach, 2007). Maruti-Suzuki began to dominate the Indian passenger car market from the 1980s and the joint venture was considered a success. However, there was some resistance to the introduction of Japanese management. For example, middle managers resented the democratic way of working at Maruti-Suzuki, such as the open-office system which they felt eroded their status. Furthermore, management wages were considered low by Indian standards which led to high turnover amongst lower and middle managers.

Toyota and Honda set up joint ventures with Indian firms in the late 1990s following liberalisation of the Indian economy in 1991. Japanese firms had learned from operating in China and were better prepared to deal with job-
hopping. For example, Choudhury (2005) found that although labour turnover was higher than in Japan amongst young workers aged between 25-35, it was lower at Honda than their local competitors. This could be due to the superior work environment and the fact that there was no lay-off policy even though the automotive industry experienced a recession in the early 2000s (Choudhury, 2005). Furthermore, shop-floor workers generally left on good terms often to return. The problem of employees leaving after only six months or a year was more problematic, but Honda attempted to manage this problem through extensive training and induction. Retirement benefits were also generous which encouraged loyalty amongst managers.

In the 2010s, the Indian media began to report strikes and lockouts at Maruti-Suzuki, Honda, Toyota and Nissan. Subsequently, literature emerged which documented industrial unrest at Toyota (Das and George, 2006; Mathew and James, 2012; James and Jones, 2014). This research revealed that some aspects of Japanese HRM were difficult to introduce to India such as the discipline required on the shopfloor (Nandi, 1998). Japanese managers also struggled to deal with disputes and sometimes had to ask the authorities to intervene. Moreover, although all the Japanese firms mentioned above had a shared experience of disputes, the reasons behind them were different. For example, working practices which reawakened resentment between high and low Hindu castes affected Toyota’s operations in rural Karnataka, whereas the disputes in Maruti-Suzuki which led to the death of an Indian manager in 2012 was the culmination of protests by workers who mistakenly believed their plant was closing (Economic Times, 23 July 2012).

For over a decade Suzuki and Yamaha were the only Japanese automotive manufacturers operating in India, so it is to be expected that researchers focused on them. Nonetheless, there is no available research on the transfer of Japanese HRM at Yamaha. The extant literature does highlight some of the issues faced by Japanese firms such as Honda (Choudhury, 2005) and Toyota (Mathew and Jones, 2012; James and Jones, 2014) who set up operations in
the 1990s and encountered workers from a diverse range of religious and cultural backgrounds. It also highlighted the fact that Japanese managers did not understand the environments they found themselves working in and were ill-equipped to deal with the issues they faced which is why disputes escalated and became violent at times. **However, the extant literature does not examine whether Japanese companies still face the same challenges and if so, whether they have devised ways to overcome them.** There is also very little research which compares the experiences of firms across India and, although Japanese automotive firms have developed a great deal of experience from 40 years of operations in India there is little research which documents the ways that Japanese management has evolved there. Furthermore, Japanese firms need to understand the issues they are dealing with and devise ways to modify their HRM in India to ensure that the tragedy at Maruti-Suzuki is never repeated.

All the major Japanese automakers above have expanded their investment in India in the 21st century, so a study which compares the ways in which they have adapted their HRM to India is timely and will provide insight into the realities of operating in an emerging market with a complex business environment. At the point Japanese firms began to augment their investment in India in the late 1990s, they had experience of operating in emerging markets and had adapted their HRM to suit the business environment in China. However, there were limitations to the application of this learning in India which posed a range of problems more complex and severe than they had encountered before. At the same time, Japanese firms were also adapting their HRM in response to the recession at home. The changes this system has undergone in the past two decades are discussed below.

The discussion of the literature on the transfer of Japanese management overseas outlined some of the challenges Japanese firms have faced. The following section will examine the core aspects of Japanese management and provide a more in-depth critique of the literature. There are three core
principles or ‘three sacred treasures’ (sanshu no jingi) of Japanese HRM. These are 1) the lifetime employment system (shūshin koyō) characterised by hiring and training graduates every April; 2) enterprise unions (kigyōbetsu rōdō kumiai) and 3) the seniority-based wages and promotion system (nenkō joretsu). The work of Dore (1973), Aoki (1990) and Abegglen (2006) are amongst those examined here. These are seminal works often referenced by others. The extant literature tends to focus either on Japanese management as it has evolved in Japan in response to changes in the Japanese economy or its transfer overseas but the link between the evolution of Japanese HRM at home and its transfer overseas is not clearly established. Therefore, in this section of the literature review I have identified the implications of changes in Japanese management for its transfer overseas.

2.3 The three principal components of Japanese human resource management

2.3.1 Lifetime employment

Abegglen (2006, p.74) uses the term ‘lifetime commitment’ to describe the long-term social contract that workers have with their employers in Japan. However, this term has been translated into English as ‘lifetime employment’ and is now accepted as such in Japanese (Abegglen, 2006, p.74). This idea is supported by Ono (2010) who explains that most Japanese workers have a reciprocal long-term commitment with their employers rather than a written contractual agreement. The rationale behind this system has political, business, and cultural connotations for Japanese society. Firstly the ‘corporate welfarism’ practised by Japanese firms (Oliver and Wilkinson, 1992,p.45) benefitted Japanese society by ensuring that Japan did not develop the trade unionism which was pervasive in the West during the 1930s. In fact, Wilkinson (1996, p.439) points out that both large firms and the government had a strong incentive to create industrial harmony as “radical social movements were posing a serious challenge to their power and position.”
Secondly, lifetime employment continued to play an important part in Japan’s post-WWII recovery. Managers and workers had a shared experience of fighting a long war leading to defeat. Therefore, it is logical that managers sought to create a ‘psychological contract’ with their workers through long-term employment (Debroux, 2003, p.107). However, it became an integral part of Japanese culture and as such difficult to challenge (Debroux, 2003). Thirdly, (Dore, 1973, p.214) pointed out that “time builds up identification (to the firm); not just time past, the familiarity of long association, but also the prospect of time to come.” Identification with an employer is not limited to Japanese workers but if that identification is shared rather than individual it may help to build a strong sense of loyalty. Keizer (2007) re-iterates that this system has become embedded in Japanese society despite its origins in post-war agreements between employers and labour unions which are no longer viable.

Dedoussis (2001, p.183) argues that Japanese HRM was re-configured with a leaner, adapted model which incorporates long-term employment in response to the economic downturn of the 1990s which forced Japanese firms to review their employment system. He cites the main changes to Japanese HRM as the introduction of Western HRM practices such as “skills-based recruitment and remuneration.” Imai (2011, p.22) points out that Japanese firms have always had the ability to respond quickly to changes in the external environment through measures such as moving workers around the organisation or changing their hours of work (furekushiburu no tekiō nōryoku). Keizer (2007) believes that the Japanese labour market has become more diverse in the 21st century with the arrival of a more flexible workforce. This in turn makes it easier for Japanese companies to reduce costs by hiring non-regular workers when necessary, whilst maintaining a core of regular workers who may remain with a company for the whole of their career.

However, as Japanese firms adapt to changes in the economy by limiting the number of full-time permanent jobs available and increasing the number of non-regular workers (Gordon, 2017), the system becomes compromised.
Japanese workers receive extensive and continuous on-the-job training (OJT) if workers remain in their jobs for the long-term. Clegg (1986) explained how the extensive training Japanese workers undertake throughout their career encourages flexibility and prepares them for promotion “by giving them generalist rather than specialist, skills.” Yang (1994, p.48) goes further by emphasising how the Japanese production system is “highly dependent on and integrated with an internal labour market which emphasises job security, job training, employee participation and teamwork.” If there are fewer experienced executives available with an in-depth understanding of Japanese management and production systems to transfer them overseas, this has implications for the successful transfer of the systems which created Japanese firms’ competitive advantage.

Pudelko (2009 p.443) puts forward the view that globalisation is leading to the inevitable and necessary convergence of national management practices to a system of global best practice. Yet he balances this by warning that management models are defined by their socio-cultural context. In the past, the success of Japanese companies has meant that the continuation of the Japanese HRM model was self-reinforcing. However, Japan is now in a transitional phase; trying to balance past success with the sustainability of traditional HRM in the future. Pudelko concludes his research by stating firmly that Japanese companies have emerged from the ‘lost decade’ with a new strategy which combines past strengths with an emphasis on performance orientation. In this way we could see the advent of a new hybrid style of Japanese management which is more responsive to changes in the labour market, but still rewards loyalty and long tenure. One example of Japanese firms becoming more responsive to changes in the labour market in the 21st century has happened with the increase in the number of non-regular workers from 20% of the total workforce in 1994, to 29% by 2002 (Imai, 2004), and 37.3% by 2017 (OECD, 2019). However, Pudelko’s suggestion that firms can reward loyalty and long-tenure whilst also introducing measures to make their workforce more flexible is a hard balance for firms to strike. Nonetheless, such changes may also lead Japanese firms to consider the way they manage their
workforce overseas. For example, they may find it easier to deal with fluctuations in the business cycle by utilising a pool of non-regular workers in countries like India where labour regulations enable them to do so.

There is also evidence that Japanese firms operating in Japan have begun to utilise more non-regular workers in the literature. For example, Aoki and Delbridge et al. (2012) examined the ways in which Japanese HRM has developed following the ‘lost decade’ of the 1990s (Nakajima, 2004; Agnese, 2009) and the global financial downturn of 2008. In their study of eight Japanese auto parts firms, they found “a complex, mixed and diversified picture of practices” which “defy simple interpretation of either continuity…or change” (Aoki and Delbridge et al., 2012, p.2554). They also found that the three key aspects of Japanese management were still prevalent. In particular, the firms in their study still offered lifetime employment for regular workers. However, Aoki and Delbridge et al. (2012) noted a marked difference in this practice between firms which were still part of a keiretsu business conglomerate and those with foreign ownership. In the latter group, there was an increase in temporary workers which led to difficulties in implementing and maintaining kaizen (continuous improvement) and other Japanese management practices. This demonstrates that the increase in temporary workers can have a negative impact and this has implications for firms who utilise this method of manpower management in overseas subsidiaries which are joint ventures with local firm such as Maruti-Suzuki and Toyota Kirloskar Motors in India. In such cases the reliance on non-regular workers to deal with fluctuations in the business cycle could lead to the problems identified by Aoki and Delbridge et al. (2012).

2.3.2 The role of the sararīmen
The percentage of workers who work for the same company for the whole of their career has not fluctuated a great deal since the mid-1960s and has remained at around 30% for male white-collar workers in large firms until the present day. Imaoka (1989) observed that 34% of senior male employees in
the 50-54 age group in large firms had worked for the same firm they had entered on graduation from university. Suzuki (2010) and Matanle and Matsui (2011) found that lifetime employment is still prevalent in Japanese companies and the number of regular workers has remained stable since the 1980s. However, they also note the impact of the rise in the retirement age on this phenomenon. The Japanese government requested employers to raise their mandatory retirement ages by around ten years from 55/60 to 60/65 over 20 years from 1990-2010 (Matanle and Matsui, 2011, p.23), meaning that the average length of employment for regular workers has been extended. Japan has an ageing population which means that firms will struggle to fill managerial positions at home (Sekiguchi and Froese et al., 2016). Therefore, they will need to choose employees from more diverse backgrounds in Japan and consider promoting more local managers to strategic roles in overseas subsidiaries.

The changes Japanese firms have made to traditional management practices have also brought about changes in workers' attitudes (Okabe, 2011). In the post-war period, Japan’s sararîmen were the bedrock of Japan’s industrial competitive advantage (Matanle and Matsui, 2011). However, in a comparative study conducted between 1995-2009, Okabe (2011) found that company loyalty declined amongst Japanese managers working in the automotive and consumer electronics industries during this period. At the same time, monetary incentives became more important. In other words, managers were prepared to continue working for their current employer until retirement but only if the firm offered prospects for promotion and competitive rates of pay. Therefore, Okabe (2011) concluded that Japanese managers have begun to prioritise their careers over the long-term prosperity of their company. Moreover, he found that the traditional Japanese model of employment, where loyalty to the firm was rewarded with lifetime employment, is becoming less acceptable to Japanese managers which indicates that their values are converging with managers around the world. More recent research by Rear (2020) found that younger workers are becoming more individualistic in their career aspirations and that Japanese firms value the ability for
independent thinking in new recruits. Nonetheless, this is balanced by firms' emphasis on traditional values such as harmony and respect for others.

It is not clear how changes in the mindset of young managers will impact their willingness to accept overseas assignments, particularly those in emerging markets where living conditions may not be the same standard as Japan. On the one hand, individualistic managers may view overseas assignments as opportunities for career development which will help them stand out from their colleagues. This theory is supported by recent research on repatriation at Japanese firms by McCann and Monteath (2018, p.485) who found that overseas experience is a ‘valuable form of career capital’ which enhances the possibility of promotion.

On the other hand, the decline in loyalty to the firm and the scarcity of full time, permanent jobs could mean that managers prefer the security of staying in Japan where they can monitor the job market and change jobs to secure better pay and conditions. This second scenario seems more likely given the fact that the number of full-time permanent jobs available to Japanese workers has not expanded since the 1980s and in recent years the number of regular jobs has shrunk (Gordon, 2017). The Japanese labour force in the 21st century is characterised by a dual structure where 37% of the total workforce are classified as non-regular workers which includes ‘freeters’ as well as contract and agency workers (Japan Times, 28 November 2019). These are discussed below.

2.3.3 Part timers and freeters

The term ‘freeter’ comes from the English ‘free’ and the German ‘arbeiter’ (worker) and generally refers to a growing number of young people who do not want or are unable to commit to a full-time career. The fact that many young Japanese people live with their parents as ‘parasite singles’ (Yamada, 1999) means that they can put off taking a full-time job; a luxury their parents could
ill afford. Horie (2010, p.137) explains that this type of work became popular in good economic times, particularly in urban areas, as it freed workers from the “straitjacket of permanent affiliation with the employer”. However, since the beginning of the economic slump in the late 1990s, this feeling of freedom has been replaced by insecurity. One of the main reasons for the expansion of the part-time labour market is the change in Japan’s economic structure as it matured and as the tertiary sector became the main source of employment.

Many part-time service sector workers are women returning to work after having children who are looking for more flexible terms and conditions. According to a report by the OECD (2019), non-regular employment of all types doubled from 9.7 million or 20.3% of total employment in 1994 to 20.4 million or 37.3% by 2017 and women account for 75% of non-regular workers. The non-regular sector is a well-established aspect of the Japanese labour market but 1 in 4 men now begin their working life in non-regular jobs and one in ten of them, twice as many as in the 1980s and 1990s, are unable to find full-time permanent work by their mid to late 30s (Gordon, 2017, p.34).

Nonetheless, Japanese unemployment is low at the time of writing at around 2.9% of the population (Japan Institute for Labour Policy and Training, 2020) which is lower than that of the UK (4%) (BBC, 16 July 2020). However, the reduction in the number of full-time permanent jobs, coupled with a flatter wage structure (Hamaaki and Hori et al., 2012) has undermined the status of white-collar workers in Japan. Therefore, it is unsurprising that loyalty has declined (Okabe, 2011) and workers no longer expect to work for the same company for the whole of their career even though there are many young people who would like the opportunity to do so (Takahashi, 2018; Yamashita, 2019). I have included a short discussion of part-timer workers and freeters here to provide a complete analysis of the Japanese employment system and the changes it has undergone. The expansion of this sector of the Japanese labour market is an important development and as such has a bearing on this research. However, these workers are unlikely to qualify for overseas assignments.
unless they become full-time. This possibility is unlikely given the findings from the extant literature above.

2.3.4 Employment agencies and headhunters

The labour supply business was established in 1986 when the Manpower Dispatching Business Act became law in Japan. By 2017, temporary agency workers made up 2% of workers (Japan Institute for Labour Policy and Training, 2018). On the one hand, this is arguably the biggest change to Japan’s employment system since the 1980s, which has added an element of flexibility not afforded by the lifetime employment system. On the other hand, a change in the law merely formalised a labour market which has long been characterised by a small core of full-time, permanent workers whose jobs were protected by a large pool of contract or temporary workers on the periphery of large keiretsu firms.

These firms have well-established ways of adjusting the number of workers they employ such as by reducing overtime, hiring fewer employees and transferring staff to subsidiaries (Keizer, 2007). Nevertheless, the deployment of dispatched workers (haken) enabled firms to mitigate fluctuations in demand because they could be employed on temporary contracts which could be renewed if required. However, a change in Japanese employment law in 2015 means that firms must dismiss dispatch workers after three years (Japan Times, 17 August 2018). This law is designed to encourage firms to create regular contracts for dispatch workers and provide them with more job security. However, it may have the opposite effect if firms decide to replace their current haken with newly dispatched workers to maintain flexibility in the workforce. The law’s third anniversary passed on 30 September 2018 which was the point at which workers who have been employed for more than three years would expect their contracts to be terminated or be converted to permanent. It is not clear what has happened as there is no available data.
There are also headhunters which are employment agencies that help recruit experienced managers in Japan. These organisations recruit mainly for foreign firms in Japan, particularly smaller firms who do not have the reputation of MNCs (Peltokorpi and Froese, 2016). Headhunting is the exact opposite of traditional Japanese HRM where employees are recruited after graduating and the company makes significant investment in their training and development. Furthermore, the seniority system ties managers into the firm through the promise of incremental pay and promotion which explains why large Japanese firms may be less inclined to recruit managers mid-career. Nonetheless, these organisations provide a service for firms looking to recruit mid-career executives and gives those with overseas experience the opportunity to exploit their career capital (McCann and Monteath, 2018).

2.3.5 Enterprise-based labour unions
Enterprise unions are the third aspect of Japanese HRM and the changes it has undergone since the 1970s are reflected in the changes in the structure of the Japanese labour market discussed in section 2.3.3. Japanese workers are traditionally represented by a company-based union who are affiliated to industrial trade union federations such as the Japanese Trade Union Confederation (Rengo). Reitsberger (1986) observed that managing industrial relations within the company was part of the HR function in post-war Japan. This in turn formed part of the overall business strategy and was in contrast with the UK where the primary role of the union was traditionally that of negotiator. Aoki (1990) compares the role of the Japanese enterprise union with that of the craft or profession-based unions of the West where careers are orientated to market forces rather than a specific firm. Suzuki (2010, p.520) goes further by explaining that Japanese workers did not develop the ‘class solidarity’ which was a feature of the development of the British trade union movement in the early 20th century because their loyalty to the company ensured stability and protection.
However, enterprise unions began to wane from the 1970s onwards. In 1975, unionisation stood at 35% of the labour force and had dropped to 28% by 1988 (Freeman and Rebick, 1989). It has since declined to 17% (Japanese Trade Union Confederation, 2019). There are two main reasons for this; the first is the growth of the tertiary sector in Japan where unionisation is typically lower and the second is the growth in the number of non-regular workers who are difficult to organise (The Japan Institute for Labour Policy and Training, 2016). Industrial tribunals have become popular in Japan with a rise in disputes between workers and individual employers since their inception in 2006. These disputes range from pay to holidays and sexual harassment (Oh, 2012; Honami, 2015). This is a significant change to industrial relations between workers and managers in Japan and demonstrates that workers still need a forum for resolving disputes but are relying less on the traditional methods of collective bargaining and moving toward individual dispute settlements.

Japanese firms overseas have faced challenges to the transfer of the enterprise union concept, most notably in China where the labour unions are controlled by the communist party (Kamiyama, 2007). In India, unions also have close links to political parties and the approach Japanese firms have taken has varied. Some automotive firms introduced enterprise unions whilst others tried to prevent workers from forming any type of union. For example, Maruti Suzuki established an enterprise union which was not affiliated with any political party (Becker-Ritterspach, 2007). This was part of the transfer of Japanese management to India which was designed to be as close to the Japanese model as possible. This firm did not experience industrial unrest until 2000 by which time they had been operating in India for 18 years.

Workers went on strike in response to the news that Suzuki was going to buy out the Indian government’s share of the firm and workers were afraid of losing government protection (Becker-Ritterspach, 2007). The main issue was a change in the workers’ incentive scheme which linked vehicle sales to pay i.e. pay would fall if sales reduced (Sen, 2011). This strike was very high profile.
and reached the attention of India’s parliament. Foreign MNCs operating in India were keen to see whether the government would support them or the workers. The strike was resolved in favour of Maruti-Suzuki’s management and workers were forced to accept the terms of the new incentive scheme. The signing of a tri-partite agreement between Maruti Suzuki, the union and the state government of Haryana (Sen, 2011) demonstrated the willingness of state governments to support MNCs interests over those of workers. This sent a powerful message to Japanese automotive firms who had recently began operating in India such as Honda and Toyota, that enterprise unions could be subjugated.

Honda did not create a company-based union when they began producing cars in Uttar Pradesh, Northern India from 1995 in a joint venture with Siel Ltd. Instead, Japanese managers held regular assemblies with shop-floor workers to discuss work issues (Choudhury, 2005). This was because they wanted to avoid workers encountering national trade unions which had happened at the firm’s Gurgaon plant in Haryana. Toyota also resisted pressure to set up a union from the beginning of their operations in India in 1999. However, the firm suffered several years of unrest because Japanese managers did not understand why workers recruited from local farming communities could not adjust to the discipline of working on the production line. The culmination of this unrest resulted in the firm accepting the formation of a trade union with external links in 2006 (James and Jones, 2014).

The implementation of enterprise unions in India produced mixed results; early experience at Maruti-Suzuki seemed positive but did not prevent disputes from escalating in the early 2000s. Furthermore, the potential influence of national trade unions made the creation of enterprise unions less attractive for later entrants. Nonetheless, it became clear that state governments would support firms as they were keen not to drive away FDI. Therefore, the introduction of enterprise unions has been constrained by business environment conditions.
in India rather than Japanese firms’ reluctance to transfer this aspect of HRM.

2.3.6 The seniority system

In 1987 Wickens wrote that 20-30% of graduates were likely to be promoted after 15 years working for a Japanese company. However, this figure was significantly less than during the 1960s when 90% of graduates could expect to reach the position of manager after the same length of time (Wickens, 1987). Employees would be evaluated, and their seniors would identify those who had the potential to progress through the ranks to director level. Cooperation with and loyalty to their line manager was vital for promotion (Dore, 1973, p.226). Therefore, senior managers had nothing to fear from ‘young Turks’ (Wickens, 1987, p.29) trying to climb the corporate ladder and would be willing to help young members of their team to develop the knowledge and skills they needed. This seniority system has three main features; firstly, Japanese companies typically have more executives than Western firms. Secondly, it results in large numbers of workers earning high salaries although the ratio of highest and lowest paid in Japan is relatively small at around 58 which is much smaller than the USA (265) and the UK (201) (Tokyo Business Today, 2019). Thirdly, as there are a limited number of managerial posts, it can lead to employees becoming managers even if there is no post for them. In this case some managers may be sent to subsidiaries.

However, the seniority system is clearly costly and time-consuming to maintain for Japanese firms, so why has it endured? To understand this, we can examine each of the three features outlined above in more depth. Firstly, the higher number of managers in Japanese firms leads to a higher ratio of managers to workers. These managers, who also view themselves as part of their team, get to know each worker well which enables them to accurately evaluate performance and make recommendations for promotion (NegANDi and Yuen et al., 1987). Dore (1973) pointed out that the close cooperation between managers and their team improves the performance of their department which in turn has a positive impact on the whole organisation.
Managers also tend to have higher commitment to the organisation (Abegglen and Stalk, 1985) which they convey to their team through regular interaction.

The lean production system (see table 2.2) developed by Japanese automotive firms depends upon cooperation and coordination between managers and workers which extends across functions in Japanese firms (Yang, 1994). Managers have total control over quality which is built into the product by every employee. This system is dependent on “human control of product and productivity” (Yang, 1994, p.47), which means that managers trust their workers to pinpoint quality defects on the production line and workers have the power to stop the line if necessary. In-house training and development which takes place over time allows employees to develop a broad-based knowledge of the production process.

Table 2.2: The Toyota Production System

<table>
<thead>
<tr>
<th>Toyota Production System (TPS) (adapted from Toyota.com)</th>
<th>Outcomes</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>1. To provide customers with the highest quality vehicles.</td>
</tr>
<tr>
<td></td>
<td>2. To provide members with work satisfaction, job security and fair treatment.</td>
</tr>
<tr>
<td></td>
<td>3. Gives company flexibility to respond to market changes and achieve profit through cost reduction.</td>
</tr>
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<tr>
<th>Kaizen - continuous improvement</th>
<th>The heart of the TPS. Continually striving for improvements in every sphere of activity from manufacturing to serving the customer and the wider community. The 5s philosophy is integral to kaizen and involves keeping a clean tidy factory-floor or gemba through ‘5 Steps: seiri-sort; seiton-straighten; seiso-clean; seiketsu-standardise and shitsuke-discipline (Kaizen Institute, 2016).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Just-in Time</td>
<td>Allows the production process to be regulated by supply and demand. Customer demand stimulates production of a vehicle. In turn the production of a vehicle stimulates production of the delivery of parts. The Kanban card system, whereby a card is attached to every component that is removed and returned when it is used, signals when a component needs re-ordering. This is integral to the JIT system</td>
</tr>
</tbody>
</table>
Toyota Production System (TPS) (adapted from Toyota.com)

| Jidōka - automation with a human touch | Any member of the production team can stop the production line if abnormalities occur, thereby minimising defects and maintaining quality. |
| Suppliers and TPS | Suppliers are encouraged to adopt the TPS in order to improve productivity, quality and working conditions. |
| Monozukuri – making things / craftsmanship | An approach to manufacturing which can be translated as ‘craftsmanship’ in English. The emphasis is on the worker who has a responsibility to use resources carefully. Workers are empowered to find solutions to problems they encounter in the gemba (workplace). |

Outcomes
1. To provide customers with the highest quality vehicles.
2. To provide members with work satisfaction, job security and fair treatment.
3. Gives company flexibility to respond to market changes and achieve profit through cost reduction.

Secondly, the seniority system involves constant observation and evaluation which is made possible by the high ratio of managers to workers. Personal assessment systems (satei) form part of managers’ evaluations of workers’ eligibility for promotion or a pay rise. Work performance is considered but “factors such as eagerness, attitude to the work group and potential ability to perform jobs more effectively” are also important (Oliver and Wilkinson, 1992, p.48). Therefore, the relatively high number of managers at Japanese firms is necessary for the efficient functioning of the seniority system.

Thirdly, the seniority system compels workers to compete and explains why workers may under-report overtime and refuse to take all their annual leave as they wish to be viewed as conscientious and an effective member of their team. Japanese workers have become synonymous with hard work but the emphasis on putting work first has resulted in a culture where long hours are the norm. In extreme circumstances this can lead to death by over work (karoshi). This aspect of Japanese management was first documented by Kamata (1983) who worked as an undercover casual worker on the production line at Toyota. However, it remains a problem and PM Shinzo Abe made ‘work-
style reforms’ part of government policy from 2017 (Japan Times, 30 January 2018), when a new upper limit on working hours was introduced to allow Japanese workers develop a work-life balance. Under new laws released in 2019, a cap of 100 hours a month on overtime and a limit of 720 hours per year is allowed (Asia Nikkei, 29 June 2018). Japanese average working hours are currently slightly below the OECD average (OECD, 2019), but this may be because of the large number of non-regular workers in Japan.

Japanese firms need to change the work culture created by the seniority system considering the changes in the business environment. Manufacturing now accounts for only 18% of national output and just 17% of the Japanese workforce are employed in this sector (Brookings, 2018). This means that the nature of work is becoming more diverse. The workforce itself has also changed. Women now make up 43.8% of the workforce in Japan which is only slightly lower than the USA (47%) and the UK (46.7%) (Takami, 2018). Japan has an ageing population and a declining birth rate so firms will need to expand their horizons and recruit workers from a wider pool than just male graduates from prestigious universities. Japanese women currently account for around 12% of managers in Japanese firms (OECD, 2019) which is way below the OECD average of 32%. The Japanese government announced support for women under the third of PM Abe’s ‘arrows’ of economic reform (MacNaughtan, 2015), but many women still leave the workforce to have children and return to lower paid, part-time jobs if they return at all. This means they are still precluded from the seniority system. The ‘limited regular worker system’ (gentei seisyain) system, introduced by the Abe government, may benefit women as it creates the possibility for firms to offer specific region-based employment contracts, more flexible employment contracts and working conditions which can be tailored to personal or family commitments (Song, 2019). This system gives workers the security of full-time permanent work without the obligation to work long-hours without pay (service jangyō) or accept postings away from home (Song, 2019).
The seniority system was effective not only in enabling large companies to compete for young male graduates in the post WWII period, it provided Japanese firms with a steady supply of ambitious young managers who were ready to accept overseas assignments. It also enabled manufacturers to develop workers who had a broad-based knowledge of complex production and quality processes (Clegg, 1986; Yang, 1994). However, the reduction in the number of full-time permanent jobs, the increase in the number of non-regular workers (Gordon, 2017), and the introduction of the limited regular worker system, mean that fewer workers will benefit from the training which is an integral part of the seniority system. This in turn means that the number of those who are willing and able to work overseas is shrinking which will impact the transfer of Japanese management.

2.3.7 What has changed and what has remained the same

Japanese firms began to attract attention during the period of rapid economic growth from 1955 to 1973, as it seemed that Japan had something to teach the world about managing human and capital resources. Japanese management has undergone some modification since James Abegglen published his first book in 1958 which marked the beginning of research on Japanese management. These changes have come about due to changes in the Japanese economy which in turn has been affected by changes in the global business environment.

The Japanese economy began to experience low growth from the late 1980s and this led to Japanese companies increasing their overseas investment exponentially during this period. When Japanese firms opened manufacturing plants in the USA and later in Europe and Asia, interest in the transfer of Japanese management overseas also increased. Researchers began to explore the transferability of Japanese management in countries with very different cultural and business environments to that of Japan. At the same time, Japanese firms had to adapt their management systems to reflect the ‘new reality’ of low growth at home. The added pressure of an ageing
population has increased the tension between long-term employment and the seniority-based pay and promotion system.

By the early 2000s researchers had developed a range of scenarios for the future of the Japanese management system. They encompassed the culturalists who believe that Japanese HRM is an integral part of culture and therefore difficult to change (Dore, 1973; Debroux, 2003; Keizer, 2007; Pudelko, 2009), to the adaptationists who believe that Japanese management has been undergoing changes since the 'lost decade' of the 1990s (Dedoussis, 2001; Iida and Morris, 2008). These changes include the introduction of performance-related pay as a criterion for pay increases whilst rewarding long tenure. However, the wage structure has become flatter as Japanese firms have reduced labour costs in the face of increased competition (Hamaaki and Hori et al., 2012) which means that young workers may feel that long-tenure is not rewarded and leave their job mid-career for higher pay elsewhere.

A third school of thought has emerged which identified changing patterns of employment created by workers themselves. For example, younger workers have responded to the erosion in the seniority system by changing jobs mid-career much more often than their predecessors. This evidence is countered by recent research conducted by the Japan Institute for Labour Policy and Training which found that there is still widespread support for long-term employment (Takahashi, 2018). In addition, young workers also look for stable jobs and workplaces (Yamashita, 2019). On the surface, this seems to contradict the evidence that more workers are leaving jobs mid-career, but a desire for long-term work does not always reflect the reality of the labour market. In this case it reflects young workers’ aspirations for a more stable work environment.

Increased insecurity has led to decreased job satisfaction in Japanese male white-collar workers which has been increasing since the mid-1970s
(Yoshikawa, 2000; Okabe, 2011). These workers benefited the most from the traditional Japanese employment system and have been affected by changes which is reflected in their values and attitude toward work. Suzuki (2010) and Matanle and Matsui (2011) found that the number of regular workers has remained stable since the 1980s. However, the number of full-time, permanent jobs has not expanded (Gordon, 2017). Instead, firms have utilised non-regular workers to manage fluctuations in the business cycle which is a time-honoured way of protecting regular workers in Japan. This has become easier as there is a large pool of non-regular workers for firms to choose from. Nonetheless, it also means that young workers struggle to make the transition from part-time, temporary work to full-time permanent employment.

The traditional model of HRM is a vital part of Japanese firms’ competitive advantage, yet it may no longer be possible for firms to provide regular pay rises and opportunities for promotion which characterised the seniority system in the high growth era (Weathers, 2008). This may mean that if Japanese firms cannot manage workers’ expectations some will leave their company mid-career to seek opportunities elsewhere. However, Japanese management tools such as kaizen are dependent on committed workers who remain in their jobs for the long-term. Therefore, it remains to be seen how firms will continue to maintain high standards of quality which have sustained Japanese competitive advantage in industries such as automotive manufacturing whilst undergoing changes in the working culture which created it.

Overseas investment which began in the 1980s has become increasingly important to Japanese firms who have gained experience in transferring their manufacturing techniques in the USA, Europe and Asia. “Internationalisation research indicates that, over time, the ability to deal with risk facilitates uncertainty coping” (Liesch and Welch et al., 2011, p.864). However, although Japanese firms have developed proficiency in transferring production and operating systems, they have been less successful in transferring human resource management systems (Sekiguchi and Froese et al., 2016).
Nonetheless, the two are inextricably linked and this can be seen in the way that Japanese firms invest in their workers through extensive and continuous on-the-job training (OJT). This training requires workers to remain in their jobs for the long-term, but this can be challenging to implement in countries where employee turnover is high due to workers constantly seeking better pay and opportunities for promotion.

The transfer of Japanese management overseas is not a uniform process and the Japanese faced challenges such as high labour turnover in emerging markets like China and India where Japanese management represents a departure from accepted local practice (Ready and Hill et al., 2008). The business environment in India has created a range of challenges for Japanese companies. Some of these, such as high labour turnover, have occurred in other emerging markets such as China. However, others emanate from India’s complex institutional and social system so are unique. Choudhury (2005) concluded that the transfer of Japanese HRM to Honda in India was slow and had been adapted to fit the culture. For example, she reported that Honda had not developed a specific policy for retaining workers. This was partly because HRM was a relatively new concept in India at the time and partly because the firm believed that it would be impossible to do this because Indian workers “place a much higher premium on monetary benefits than work environment” (Choudhury, 2005, p.9).

Nevertheless, the transfer of HRM is crucial in emerging markets to establish a link between management of people and the strategic aims of the firm. Moreover, if the efficient transfer of HRM in emerging markets is crucial to firms’ strategy then they must find ways to overcome the challenges they face. It is clear from the extant literature that Japanese firms have had to adapt core aspects of their HRM such as enterprise unions to fit the Indian business environment. The following section will examine the literature which deals with the transfer of Japanese management overseas and the challenges faced by
2.4 The transfer of Japanese human resource management overseas

In the previous chapter I examined the development of the three aspects of HRM in Japan which provides the starting point for examining their transfer overseas. Firstly, lifetime employment is still prevalent in Japan and widely supported even if skilled workers are increasingly willing and able to change jobs. However, the rise in non-regular workers since the 1980s (Gordon, 2017) has compromised the system and there may be fewer experienced executives available who are sufficiently trained in Japanese management and production practices. This has implications for their successful transfer overseas which is relevant to my research on the transfer of JHRM in India which has become an important destination for Japanese FDI.

Secondly, the seniority system is closely linked to lifetime employment as it fosters long-term close cooperation between managers and their team which improves the performance of their department and this in turn has a positive impact on the whole organisation (Dore, 1973). Furthermore, the lean production system depends upon cooperation and coordination between managers and workers which extends across functions (Yang, 1994). In-house training and development which takes place over time allows employees to develop a broad-based knowledge of the production process. However, this complex link between long-term employment and the smooth running of production is broken if there is high attrition, which is the case in emerging markets such as China and India. Thirdly, the decline in the number of workers who belong to an enterprise union since the mid-1970s is linked to the growth of the tertiary sector in Japan and a rise in the number of non-regular workers (The Japan Institute for Labour Policy and Training, 2016). Nevertheless, Japanese automotive firms have attempted to transfer this system overseas although the results have been mixed, particularly in India where unions have caused significant disruption to their operations.
Abo (2014) found that the competitive advantage of Japanese management systems such as the Toyota Production System (TPS) derive not only from its parent company, but also from the managerial environment in Japan. Therefore, it is difficult ‘to separate management elements from the Japanese parent company and Japanese society’ (Abo, 2014, p.9). Abo admits that three factors are necessary for the successful transfer of the Japanese work environment. The first of these is ‘necessary conditions’ where individual workers must be committed to work by a process of ‘self-realisation’ which suggests that they are willing to work towards reaching their potential. However, to do this, Abo (2014, p.30) states that they must have “wide demarcation of authority and individual responsibility.” The second is ‘sufficient condition’ which means that the society has a “group and cooperation orientation”. Finally, the company must be able to adapt and have the potential to cope with change. In countries where the Japanese system is difficult to install, the JMNESG tried some alternative methods. These included creating in-house training programmes to replace on-the-job training.

The transfer of Japanese production management and methods overseas which involves the transfer of personnel as well as practices such as kaizen is well documented, and Japanese companies are widely believed to bring their HRM system with them when they expand overseas (Nonaka and Takeuchi, 1995; Koike, 1998; Legewie, 2002; Kiyokawa and Oba et al., 2006; Abo, 2007; Rose and Kumar, 2007; Itagaki, 2009). Despite the setbacks experienced by firms such as Toyota due to vehicles having to be recalled (Andrews and Simon et al., 2011; The Telegraph, 2011 and BBC, 2016), Japanese HRM practices, such as those exemplified by the Toyota Production System (see table 2.2), form a vital part of Japanese firms’ overseas strategy.

Gamble (2008, p.3) pointed out that “firms from economically successful countries have an incentive to export to foreign subsidiaries practices seen as contributing to this success.” To transfer production and management systems effectively and retain competitive advantage, Japanese MNCs have adopted
the practice of sending large numbers of managers overseas. This practice has been criticised because it limits promotion prospects for local staff (Taylor, 1999; Legewie, 2002; Whitley and Morgan et al., 2003; Gamble, 2008). Nonetheless, the practice of deploying large numbers of Japanese expatriates is a tried and trusted way for Japanese firms to deal with the risk of operating overseas (Nonaka and Takeuchi, 1995; Rugman and Li, 2007; Itagaki, 2009). However, Legewie (2002, p.911) states that “by stressing expatriate control over other means...Japanese MNCs restrict the international exchange of information nearly exclusively to Japanese employees and this limits opportunities for fast organisational learning.” He believes that the root of this problem is the insider-outsider ethnocentric nature of Japanese culture, implying that managers from the home country are superior in knowledge and ability to those of the host country.

This ethnocentricity is reflected in the strong personal focus of the Japanese management style at home which is then transferred abroad. Belderbos and Heijltjes (2005) found when a subsidiary is very important, such as a large majority owned joint venture which reports directly to HQ, Japanese firms prefer to control the firm through expatriate managers. However, Hébert and Very et al. (2005) believe that when Japanese firms acquire a firm overseas, they should not rely on expatriate managers for operational efficiency once the company has developed host country expertise, as deployment of these people involves substantial cost and resource commitment.

Smith (1995, p.17) highlighted how the transfer of Japanese management overseas may “make their societal embeddedness appear more tenuous.” He also pointed out that the transfer of Japanese management overseas is dependent on “sub-society agencies such as inter-firm networks and Japanese personnel within the firm.” Itagaki (2009) defends the Japanese practice of sending expatriate managers to overseas subsidiaries. He explains that one key reason behind this practice is the need for Japanese firms to maintain the HRM practices which have enabled them to develop sustained
competitive advantage in some manufacturing sectors. Furthermore, Japanese managers “possess the required work style for a considerably longer duration since they started operations abroad” (Itagaki, 2009, p.453).

Nonaka and Takeuchi (1995) found that Japanese managers also possess a great deal of tacit knowledge which they have developed through experience and which has become internalised. This knowledge is not easy to articulate to workers in overseas subsidiaries and this is another reason for the large-scale deployment of Japanese managers. However, Nonaka and Takeuchi (1995) also noted that firms such as Nissan have overcome this problem by sending foreign workers to Japan for training. The creation of work manuals can also codify procedures and ensure that workers around the world receive the same information. My research will demonstrate how the use of manuals and diagrams have improved communication at Japanese automotive firms in India.

Whitley and Morgan et al. (2003) examined how Japanese MNCs have been adapting to changes in the global business environment. Their study is unusual in that it examines the financial services industry as well as vehicle manufacturing, whereas many prior studies focused on manufacturing in which Japanese companies have well-established firm specific advantages (FSAs) (Abegglen and Stalk, 1985; Wickens, 1987; Aoki, 1990; Fucini and Fucini, 1990). Whitley and Morgan et al. (2003) found that Japanese companies do not seek to develop a ‘global HR’ division in Japan. However, when Japanese automotive firms enter industrialised countries such as the USA and the UK, they tend to invest more managerial resources to ensure success in improving skills and establishing labour relations. This is due to the greater capital commitment involved and the complexity of car production (Abo, 1994). Nonetheless there is also a role for local managers in Japanese firms overseas. Rose and Kumar (2007, p.245) found that “local managers are responsible for local issues including personnel matters, liaisons with local people and institutions, legal matters and public relations.”
Hocking and Brown et al. (2007, p.529) identified the role of expatriate managers in the transfer of production and management systems. Through the application of their knowledge and experience, they can “impact the delicate contextual balance that enables transnational firms to think globally yet act locally.” Hocking and Brown et al. (2007, p.529) go on to say that this can be re-interpreted as ‘adapt locally, re-invent globally.’ Whitley and Morgan et al. (2003) explain that not all HRM practices are transferred to Japanese overseas subsidiaries. The system of promoting shop-floor workers and involving them in decision making is one which is not, for example. In fact, the most significant observations made by the authors concern the transfer of Japanese HRM in financial services in comparison with that of manufacturing. The findings suggest that Japanese companies may be more open to learning and change in this industry where “the dominant rules of the game are Anglo-Saxon rather than Japanese”. However, Japanese car manufacturers “rarely if ever transferred new routines developed abroad back to their domestic units” (Whitley and Morgan et al., 2003, p.647). This is because the success of Japanese automotive firms has been built on home-grown innovation in production capabilities.

In Japanese subsidiaries in the USA, the number of Japanese expatriate managers declined as plants became more established. Furthermore, Sandford and Olson (2001, p.65) found local managers were autonomous. This autonomy enabled them to adapt products for the US market and increase sales. In addition, American managers’ knowledge of the business environment was an advantage for Japanese firms. However, very few foreign managers become CEOs of these firms, although this is changing after a prolonged recession in Japan (Stevens, 2008). Brazilian-born Carlos Ghosn appointed as CEO of Nissan in 1999 was nick-named the ‘Nissan killer’ following his appointment when he laid off thousands of workers. He later became known as the ‘Nissan saviour’ when the company became profitable again (Stevens, 2008, p. 22). Ahmadjian and Robbins (2005, p.468) also point out that “Ghosn and Nissan received so much publicity that subsequent restructurings became less newsworthy.” Nevertheless, Japanese MNCs may
reconsider appointing a foreign CEO, following Mr Ghosn’s arrest in November 2018 for allegedly under-reporting his salary (Japan Times, 20 December 2018).

Buckley (2009, p.319) states that Japanese firms have become more flexible in the increasingly competitive 21st century business environment. He provides evidence to support this view in the global Japanese factories operated by firms such as Toyota who have ‘fine-sliced’ their activities by outsourcing and offshoring them to locations around the world. However, Buckley (2009) also points out that Japanese firms “have not opened their top-level labour markets to foreign executives” and headquarters still exert higher levels of control than their Western counterparts. In this way, Japanese firms can be said to be ‘hybrids’ between ‘international firms’ and ‘global firms’ (Buckley, 2009). A good example of ‘fine-slicing’ activities by Japanese firms is the increased investment in R&D facilities in Asian countries since the 1980s. Furthermore, these facilities are engaged in less applied research and more product development compared to those in other regions (Iguchi, 2012). This demonstrates the growing importance of Asia for Japanese firms. In fact, most of Toyota’s sales are now outside Japan and their second largest foreign market is China (Statista, 2019).

The findings from the extant literature on the transfer of Japanese management overseas demonstrate that Japanese firms have developed considerable experience and that operations have evolved from being purely manufacturing bases to including R&D facilities (Iguchi, 2012). However, there is still a strong reliance on expatriate managers, particularly in the early years, although there is some evidence that this is scaled back as firms become established. It is still the most effective way to transfer Japanese management and production systems, but it is costly and limits promotion opportunities for local workers. Furthermore, the centralised control exerted by headquarters limits the decision-making power by local managers. The number of Japanese managers with the necessary knowledge and experience to manage overseas
The transfer of Japanese human resource management in the Indian automotive industry

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subsidiaries has also been impacted by a reduction in the number of full-time permanent positions at large Japanese firms as they have adapted to changing business conditions in Japan. Therefore, there is tension between traditional methods for transferring Japanese management and productions systems, and the need to establish Japanese management effectively in emerging markets such as India which now play an important role in the ‘global factory’ (Buckley and Strange et al., 2019). For example, liberalisation in the 1990s led to joint ventures with firms from advanced countries in the automotive components industry and paved the way for its integration into their global production systems (Kumaraswamy and Mudambi et al., 2012).

Effective human resource management (HRM) is crucial to the development of the Indian workforce because firms need well-trained, committed workers. However, firms face several challenges in India which are relevant to firms who set up operations in emerging economies such as high attrition. These are discussed below.

2.5 The transfer of Japanese human resource management in India

The previous section highlighted research by Abo (2014) identified three factors which he believes are necessary for the successful transfer of the Japanese work environment. D’iribarne (2002) stated that “the culture of…countries are not impediments to creating a high-quality efficient factory.” However, India appears to pose more severe challenges than Japanese firms have encountered previously. Therefore, this section will explore each factor and discuss how Japanese firms have managed them.

Table 2.3 highlights the differences in the transfer of JHRM in four key countries which were discussed in section 2.1.2. The case of India is significant because the implementation of JHRM differed by firm and timing. The extant literature also demonstrates that firms established their operations in states with different economic, social, and political settings which had a bearing on the implementation of JHRM discussed below. For example,
although the pioneer Suzuki introduced all aspects in their Gurgaon plant, close to the NCR New Delhi the early 1980s, later entrants Honda (1995) and Toyota (1999) did not. The management of Maruti and Suzuki were unanimous in the decision to implement both Japanese production and management practices which they believed were integral to the success of the venture (Nandi, 1998). However, the core aspect of company-based unions was not introduced at Honda’s plant in Greater Noida, Uttar Pradesh in Northern India because managers feared that they could develop links with national trade union organisations affiliated with political parties and there could be abuse of power (Choudhury, 2005). Whereas at Toyota’s plant in rural Karnataka, South India, the discipline of working under the TPS challenged traditional farming life and resulted in industrial unrest in the early years of the firm’s operations in India. This led to managers allowing company union representatives to consult with an external union organisation on a regular basis (James and Jones, 2014).

Table 2.3: The transfer of Japanese HRM in key countries

<table>
<thead>
<tr>
<th>3 core aspects of HRM (by country)</th>
<th>Japanese HRM in China</th>
<th>Japanese HRM in USA</th>
<th>Japanese HRM in UK</th>
<th>Japanese HRM in India</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engagement with employees through long-term employment and training.</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes - primarily for white-collar workers</td>
</tr>
<tr>
<td>Seniority-based promotion and pay</td>
<td>Yes</td>
<td>No (pay according to job role)</td>
<td>No (pay according to job role)</td>
<td>Yes - at Maruti-Suzuki</td>
</tr>
<tr>
<td>Company-based unions</td>
<td>No (workers may be members of the communist party)</td>
<td>No (industry based)</td>
<td>No (industry based)</td>
<td>Yes - at Maruti Suzuki</td>
</tr>
</tbody>
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May 2021
These examples demonstrate that Japanese firms learned to adapt their HRM in India over time and this adaptation is in accordance with the conditions they encountered. By examining India through the lens of the three factors which Abo (2014) believes are necessary for the successful transfer of the Japanese work environment, we can understand exactly why India presents an extreme case which is worthy of study. The first of these are ‘necessary conditions’ where individual workers must be committed to work by a process of ‘self-realisation’ which suggests that they are willing to work towards reaching their potential. To do this Abo (2014, p.30) states that they must have “wide demarcation of authority and individual responsibility.” However, the core element which underpins the Japanese work environment is also the most challenging to transfer. That is; “a flexible way of working under a fully participative, hands-on approach over a more specialist approach” (Abo, 2014, p.30). This is because it involves trusting workers and allowing them to make their own decisions.

According to Cappelli and Singh et al. (2010), the quintessential ingredient of Indian management is the effective management of people and not costs. In this way comparison can be made with Japanese HRM and its focus on the long-term development of staff. Furthermore, large Indian firms have developed their HRM systems in two specific areas. Firstly, CEOs of

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<th>Japanese HRM in India</th>
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companies such as Infosys and Tata often view themselves as ‘keepers of organisational culture’ as well as role models and teachers (Cappelli and Singh et al., 2010). This may be attributed in part to the Buddhist culture where the role of the teacher is paramount (Barr, 2002, p.145). To develop a strong set of common values and norms which ensure consistency of operations in India and overseas, Indian CEOs often try to develop a sense of family, like Japanese companies (Bhappu, 2000).

Secondly, large Indian firms can assimilate workers’ cultural norms and values into their HRM systems. For example, the emphasis on family values may be reflected in workers being allowed to take parental leave and given payments for weddings and housing (Chatterjee and Nankervis et al., 2014). Both factors are very effective ways to build a strong company culture. However, the problems which may arise from this family-style firm structure such as cronyism, a hierarchical social structure and an unwillingness to challenge poor decision-making, can also be viewed as obstacles to further development. In addition, Babu and Eimani (2014) point out that Indian companies must provide more than ‘roti, kapda and makaan’ (food, clothing and shelter) to retain workers as the economy develops. This last point is particularly salient given that ‘job-hopping’ is so prevalent in India due to a shortage of highly skilled workers (Kaur, 2013).

Furthermore, the caste system in India has created a very hierarchical society, which has encompassed “the political, economic and ritual life of people since ancient times” (Sahay and Walsham, 1997, p.421). Therefore, its influence on Indian life is profound. The social structure prescribed by the caste system has also influenced management in India where managers, who often come from the ruling castes, are viewed as ‘supreme holders’ of knowledge (Sahay and Walsham, 1997, p.419). This gives them considerable power over their teams who rely on them to disseminate it. Indian managers are believed to have a paternalistic attitude towards their subordinates who tend to want to please them. However, this paternalistic attitude also has a dark aspect. Harzing and
Pinnington (2015, p.411) found that “managers in India gave significantly higher ratings in appraisals to those they liked” in their analysis of culture and performance management at Indian firms. This behaviour was attributed to culturally accepted practices “such as the need to protect members of one’s in-group.”

All of this means that Japanese firms found it very difficult to implement a more egalitarian way of working (Kiyokawa and Oba et al., 2006). When Toyota began operating as a joint venture with Kirloskar Motors in India in 1997, they encountered a great deal of resistance to the TPS from local Hindu workers of low castes recruited from the rural area surrounding the plant in Bidadi, Karnataka. This was because they associated ‘Toyotism’ with its emphasis on total commitment to the firm, discipline in adhering to uniform and standardised performance, and perfection achieved by zero waste and defects, with the three tenets of Brahminism; renunciation, performance and perfection (Mathew and Jones, 2012). Brahmins who occupy the top caste have been “notorious for their hegemonic and exploitative practices in the distant and immediate past” (Mathew and Jones, 2012). Lack of cultural understanding was one of the factors which led to years of industrial disputes at TKM (Toyota Kirloskar Motors), culminating in a lockout in 2006. Following this crisis Japanese managers at TKM made changes to the TPS which represented a divergence from their global operations. The most significant change was to increase the number of workers both on the production line and at each workstation in correspondence with each increase in the production cycle known as tact time (James and Jones, 2014).

The second factor is ‘sufficient condition’ which means that the society has a “majority culture of group and cooperation orientation”. In other words, most people are willing and able to work with others which is challenging in a country like India where there is a legacy of social and industrial unrest. Abo (2014, p.30) also believes that “geographic elements in terms of both locational differences as well as historical background are critical shapers of the
sociocultural context in a nation.” India’s irregular institutional environment presents several challenges for MNCs. It is a federation of states where local policy makers allocate funding to areas such improving infrastructure and attracting investment according to their priorities (Singh, 2017). That is why World Bank Ease of Doing Business rankings vary so greatly for Indian cities. India is currently ranked 63rd out of 190 countries in the World Bank’s Ease of Doing Business survey. This is a substantial improvement on 2015 when they ranked 134th (World Bank, 2016; 2017; 2018; 2019; 2020). Nevertheless, regional differences can be seen in the time and cost involved in areas such as enforcing contracts. In this category Bangalore ranks 15th compared to Hyderabad which is number one (World Bank, 2020).

However, India’s “soft infrastructure which includes an independent press, an independent judicial and educational system” offers India a competitive advantage in attracting investment (Prime and Subrahmanyam et al., 2012). Nonetheless, the diverse cultural environment in India has created a dynamic if sometimes boisterous society (Khanna, 2009) which can be challenging for MNCs, particularly Japanese firms who are used to more homogenous settings at home. India is the fourth most linguistically diverse country in the world (Economic Times, 5th May 2019). It is also home to six major religions and in a 2015 survey, eight out of ten of Indians stated that religion is very important to them (Pew Research Centre, 29 June 2018).

Moreover, Rao (2007, p.1816) stated that “the Indian workforce has a very diverse socio-economic background and the antagonistic nature of trade unions makes it difficult for them to work as a team.” The overall trend appears to show that labour unrest in India has greatly declined since liberalisation although there was an increase between 2008-11 (All India Organisation of Employers, 2017). The reason for this increase in labour unrest between 2008-11 could be attributed to the increase in temporary and contract workers hired by firms including TKM in this period. Labour unrest has impacted Japanese firms such as Toyota, Honda and Suzuki in India since the 1990s and matters
came to a head in July 2012 when an Indian manager was killed and 100 people injured after workers stormed the Maruti-Suzuki plant in Manesar, Haryana because they believed the firm was moving operations to Gujarat (Economic Times of India, 23 July 2012). In March 2017, 13 former workers were convicted of murder (Hindustan Times, 10 March 2017). There have been calls from industry bodies for a change in the system whereby workers negotiate wage increases every three years which is believed to exacerbate industrial unrest (Hindustan Times, 10 March 2017).

Indian labour laws protect regular workers from being laid off by stipulating that firms with 100 or more workers must give three months’ notice or payment in lieu to workers of more than one year’s tenure (OECD, 2012). However, these stringent regulations deter firms from hiring regular workers and have led to a proliferation of non-regular employment in India (ILO, 2011). The Confederation of Indian Industry (CII) concurs with the ILO (2011) on the need for change to India’s labour which they believe has led to a workforce skewed towards temporary employees (CII, 2016). “State governments have also adopted an ingenious strategy to ensure that firms do enjoy labour flexibility by allowing them to devise managerial strategies to restructure their organisations, reorganise their work operations and manage the quantity and composition of their workforce” (ILO, 2011). These include “employment of contract labour systems and prolonged lockouts, to bypass the restrictive laws and troublesome unions. If a firm/industry successfully implements its labour flexibility strategy, then the other firms follow these strategies” (ILO, 2011).

Furthermore, firms such as TKM are supported by the police and local government. The government of Karnataka state where TKM is based, gave all automotive and auto parts manufacturers public utility status in 2001. This means that striking can lead to suspension and possibly dismissal (Das and George, 2006). The reason why state governments take a pro-firm stance in relation to labour flexibility is because they do not want to drive away investment, particularly that of foreign firms (ILO, 2011). This pro-firm stance
is supported by PM Narendra Modi’s ‘Make in India’ campaign (Economic Times, 3 September 2014; The Economist Intelligence Unit, 2015).

2.5.1 What have Japanese firms done to mitigate the challenges they face in India

The third factor necessary for the successful transfer of the Japanese work environment relates to the company, which must have the ability to adapt and have the potential to cope with change. In countries where the Japanese system is difficult to install, Abo (2014) recommends alternative methods such as creating in-house training programmes to replace on-the-job training. Writing in 1987 when Japanese automotive firms Suzuki and Yamaha had begun producing vehicles in India, Jain (1987, p. 1034) stated that Japanese HRM practices could be transferred successfully there. This was because he believed that continuing education, training and job rotation would be particularly beneficial to workers in a developing country.

Choudhury (2005) also maintained that Japanese firms with their reputation for high quality and productivity, have much to offer India. She made several observations regarding the transfer of Japanese management in India. Firstly, she pointed out that as Japanese HRM techniques are not capital intensive, they are not costly to implement. Secondly, she believes that the successful adoption of Japanese management depends on training rather than education, so low levels of education in India are not problematic. Thirdly, Japan is an Asian country so there is an affinity between the two countries and psychic and cultural distance is not a barrier (Choudhury, 2005; Shintaku and Suzuki, 2009). However, although the initial experience of Suzuki, Yamaha and Honda were generally positive, by the late 1990s problems were beginning to emerge which affected all of them. Toyota, who entered India in 1999 suffered industrial unrest from the beginning of their operations and it seemed as though the ‘honeymoon period’ for Japanese firms was over. Disputes continued into the early 21st century and affected Nissan who entered India in 2005. The following section will examine the ways in which Suzuki
endeavoured to create the “necessary and sufficient conditions” (Abo, 2014) for the transfer of Japanese management in India which provided the blueprint for the firms which followed them.

2.5.2 How Maruti-Suzuki endeavoured to create the necessary and sufficient conditions for the transfer of the Japanese work environment

Suzuki was the first Japanese company to enter India and began producing cars in 1982 when the Suzuki Motor Corporation (SMC) signed a license and joint venture agreement with Maruti Udyog Ltd (MUL). This firm began life as Maruti Ltd and was created by the Indian government in 1969 to produce small passenger cars which middle-class people could afford (Nayak, 2005). However, it was unsuccessful, and the Indian government acquired the firm through an Act of Parliament in 1980 and renamed it Maruti Udyog Ltd (MUL) (Nayak, 2012). Nonetheless, Prime Minister Indira Ghandi was keen for the firm to succeed as it had been a personal project of her son Sanjay who was killed in an accident, so the government set about sourcing a foreign joint venture partner with the necessary experience of producing small, low-cost fuel-efficient cars (Nayak, 2005). Suzuki was chosen because of the firm’s experience in manufacturing and selling small cars globally. India was attractive to Japanese companies such as Suzuki because it had a burgeoning economy with a large, young and educated middle class. Initially, the Suzuki Motor Corporation owned only 26% of shares and 74% were held by the Indian government. However, Suzuki gradually increased their ownership of the firm and they now hold 56% of shares (Company Report 2019-20). The government no longer holds any shares and Maruti Suzuki is a public limited company whose shares are traded on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) (Company Report 2019-20).

MUL dominated the passenger car market in the 1980s and early 1990s, accounting for 83% of market share until the mid-1990s (Okada, 2004, p.1269) when other foreign firms began producing vehicles in India. Maruti-Suzuki is
still the largest automotive manufacturer in India and currently accounts for 51% of the passenger vehicle market (Statista, 2020). Maruti-Suzuki began producing cars in 1983 at their Gurgaon plant in the state of Haryana, close to New Delhi. A second plant was opened in 2007 in Manesar, Haryana (Becker-Ritterspach, 2007). The firm announced plans to expand capacity in 2015 with the development of a third subsidiary in Gujarat and an R&D facility in Haryana (Economic Times, 2015). This production plant opened in 2017 and a second one is planned for the same area. The new plant will enable the firm to produce 2.25 million vehicles a year (Nikkei Asian Review, 19 January 2019). The number of permanent employees grew from 500 in the early 1980s to 4,840 by 1994 and 5,770 by 2000. However, there was a huge reduction to 3,453 by 2004 (Becker-Ritterspach, 2007). The reason for this decrease was a firm strategy to increase productivity through increased automation. Moreover, the decline in the number of permanent workers led to Maruti-Suzuki utilising workers on temporary contracts who could be laid off and re-hired when needed. In this way, there was a ‘Japanisation of the workforce’ (Becker-Ritterspach, 2007), where a core of permanent workers are protected by temporary workers on the periphery of the firm. The number of regular workers increased by 5,647 in 2010 to 9,100 (Maruti-Suzuki annual report, 2010-11) which reflects the firm’s expansion in the last decade. There are currently 15,892 regular employees working for Maruti Suzuki (Maruti-Suzuki annual report, 2019-20). The graph below shows how the number of employees has changed since operations began and is correlated with the increase in production capacity.
Suzuki encountered two main challenges to the successful transfer of the Japanese work environment; firstly, the lack of a globally competitive supply industry as local firms with the capabilities to produce high quality components were not available (Westney, 1996). Secondly there was a lack of skilled workers. Nevertheless, the firm’s management under Osamu Suzuki has demonstrated the ability to adapt to India and the solutions they developed are discussed below.

2.5.3 Developing the supply chain

The Indian government stipulated that Suzuki must source components locally (Nayak, 2005). In any case, importing components from Japan would have increased costs and make the cars unaffordable to the target market of India’s middle class. Therefore, the firm faced little choice but to set about developing the manufacturing supply chain in India. Okada (2004) and Humphrey (2003) pointed out that auto assembler firms such as Maruti-Suzuki and Honda have played a critical role in upgrading skills at suppliers, transforming the Indian supply chain since the 1990s. Suzuki invested heavily in Indian suppliers and sent around seven Japanese advisors to work with five key partners between 1987-1990 (Nayak, 2005). Furthermore, the diffusion of practices including Total Quality Management (TQM) in the Indian supply chain has led to the ‘Suzuki-nization’ of the Indian automotive industry (Tachiki, 2016).
Consequently, Mitra (2007) found that Indian suppliers have become highly dependent on one customer, often a Japanese firm, not just for business but also for technology and design. This means that they have little incentive to design and develop their own components. His findings correlate with those of Altenburg and Schimtz *et al.* (2007), in that he noted that a globally competitive auto component supplier industry did not yet exist in India. Furthermore, there is little opportunity to share knowledge amongst suppliers in the same or related businesses which also make it even less likely that a globally competitive automotive supply cluster could develop in India (Mitra, 2007). The result of this lack of knowledge-sharing means that in the second decade of the 21st century, Japanese firms are still struggling to find suppliers who can produce high quality components to the standards they require. Panizzolo and Garengo *et al.* (2012, p.2) found that managers at supply firms in India also lack “industry-specific expertise necessary to diagnose complex technical problems and to rapidly develop effective solutions.” It would be worthwhile to find out whether this is still the case and if so, how Japanese firms are helping suppliers to develop their skills.

### 2.5.4 Training workers and the deployment of Japanese expatriates

Suzuki demonstrated their ability to rise to the challenge of developing the component supply chain in India by working closely with suppliers. The challenge of creating an efficient workforce who can work under their own initiative whilst at the same time understanding their role within their team and the company was more difficult as it required a complete change in traditional working practices. Nonetheless, the management of Maruti and Suzuki were unanimous in the decision to implement both Japanese production and management practices (Nandi, 1998). In particular, the Indian chairman of the company believed that the Japanese management system was integral to the successful production of a small, modern car in India.

Suzuki managed to install management practices designed to improve the work environment for everyone, such as *kaizen* and the suggestion system by
offering two rupees for every suggestion made for improving the work environment (Becker-Ritterspach, 2007). However, practices which challenged the traditional hierarchy in Indian society were less well-received although they were eventually accepted as workers realised that they enhanced knowledge-sharing and communication. These included an open office policy, one canteen for all staff and a common staff uniform (Nandi, 1998).

Such measures were designed to create Abo’s (2014) ‘sufficient conditions’ and enhance ‘group and cooperation orientation’ by reducing barriers to communication between different departments and between managers and workers. Nevertheless, there was a language barrier between the Japanese advisors and Indian workers which created an opportunity for workers to receive on-the-job training (On-JT), sometimes on a one-to-one basis due to there being only 500 employees at the beginning (Nandi, 1998). This meant that Indian workers learned to work in the same way as the Japanese and benefitted from the transfer of undiluted tacit knowledge (Nonaka and Takeuchi, 1995). Subsequently, these workers became experienced and taught new recruits. As a result, working practices became more ‘Indian’ over time (Nandi, 1998). One example of this, is the way that workers often take short undesignated breaks during work instead of staying at their station.

The production line at vehicle manufacturing plants requires workers to be punctual and disciplined. However, Maruti-Suzuki suffered from lack of discipline amongst shop-floor workers who did not understand the importance of turning up on time and informing their line manager if they were going to be absent (Nandi, 1998). Overall, they struggled with the transition from working in the way they were accustomed, to becoming skilled workers in a Japanese factory. Managers also struggled to adapt to working for a Japanese firm. Not only did they resent the way that the egalitarian work environment at Maruti-Suzuki eroded their status, wages were also perceived to be low which led to high labour turnover of lower and middle level managers (Okada, 1998).
The issues highlighted in the case study were documented in the research which took place in the late 1990s and early 2000s after Suzuki’s operations had become established in India. However, it is not known whether Japanese companies still face the same challenges and if so, whether they have devised ways to overcome them. One or two studies discussed in this chapter examine the issues faced by Honda (Choudhury, 2005) and Toyota (Mathew and Jones, 2012; James and Jones, 2014) but there is no available research on the transfer of Japanese HRM at Yamaha which was established in 1985. Therefore, I have identified a substantial gap in the literature in terms of understanding how the transfer of Japanese HRM has developed in India which has become an important destination for investment for Japanese firms since Suzuki entered in the early 1980s. Furthermore, evidence about the experience of firms operating in different regions is also lacking.

This research will fill the gap in understanding regarding the challenges Japanese firms face in transferring their HRM in India by answering the first question below. The second question is designed to explore the ways in which Japanese firms have adapted their HRM and facilitate comparisons between firms’ strategies.

1. What are the challenges faced by Japanese firms in India when they transfer established HRM practices from Japan? Are they exacerbated by the diverse institutional and cultural environment in India?
2. Have Japanese firms adapted their HRM in India in response to the challenges they face there? If so, are these adaptations specific to the challenges they face in different regions?

Two sub questions which are designed to strengthen the validity of this research by examining Japanese and Indian perspectives. Firstly, Japanese firms had developed a great deal of experience overseas by the early 21st century but Japanese managers struggled to understand the range of problems they encountered in India’s heterogenous cultural landscape such as industrial unrest and high levels of attrition. Furthermore, changes to
Japanese HRM at home meant that there was an ever-decreasing pool of experienced, highly trained managers for overseas assignments. These included; the stagnation in the number of full-time permanent posts in large manufacturers (Gordon, 2017); the erosion of the seniority system which resulted in a decline in loyalty to the firm (Yoshikawa, 2000; Okabe, 2011) and an increase in young managers leaving their firms to seek better opportunities. Consequently, the first sub-question relates to the role played by Japanese managers in the transfer of Japanese HRM in India. The extant literature also demonstrates that firms such as Toyota faced resistance to the transfer of Japanese HRM in India which in turn created animosity between Indian workers and Japanese expatriate managers (James and Jones, 2014). Therefore, the second sub-question examines whether Indian workers' perception of Japanese managers has evolved over time.

a) Have Japanese managers' perception of India evolved as Japanese firms have become more established?

b) How do Indian workers perceive Japanese expatriate managers and has this perception evolved as Japanese firms have become more established?

Empirical research was needed to explore the issues identified in this chapter and to fill the gaps in the extant literature. This research conducted between 2011-2016 was designed to explore the questions set out above and develop an understanding of how Japanese management has evolved in India. There was insufficient empirical research available to develop hypotheses for testing and the literature covered only those firms which began operating in India in the 1980s and 1990s. In addition, there was no research on companies which entered in the 2000s such as Nissan and Isuzu, so it is not known whether their experience has been improved by those pioneer firms who introduced Japanese HRM in India. In any case, both firms set up in different states to those firms who entered India earlier so they may face different challenges to those previously encountered. There was also very little information on the
perceptions of Japanese and Indian workers and whether they had evolved as Japanese firms became more established in India.

Therefore, the development of theory about the transfer of Japanese HRM in India had to emerge inductively from the research data (Glaser and Strauss, 1967). By taking this approach I was able to gain an understanding of the issues Japanese still face in India from the people involved. The case studies of six Japanese automotive manufacturers in chapter four examine the transfer of Japanese HRM in India to fill the substantial gaps in the literature identified above. These cases cover the application of key aspects of Japanese management and I identified five themes which emerged from the data and broadly correlate to those of the JMNESG as outlined in the introduction. These are set out again below.

- Culture and commitment to the firm which correlates with group consciousness
- Approaches to production planning which correlates with work organisation
- Hierarchy and opportunities for progression which also correlates to work organisation
- Japanese managers attitudes to employees which correlates to parent-subsidiary relations
- Unionisation which correlates to labour relations.

Through exploration of these themes I highlight the challenges Japanese firms face with respect to each one and the strategies they have devised to overcome them. Furthermore, the discussion of each theme includes both Indian and Japanese perspectives to strengthen the validity of the arguments presented in chapter 4. Finally, the coverage of six firms operating in seven states provides a comparative analysis which has not been covered in the extant literature.
3 Research Methodology

3.1 Introduction

Chapter 1 introduced the main themes and set out the background to this study on the transfer of JHRM in India. In this chapter I identified a substantial gap in the literature in terms of understanding about how Japanese HRM has developed in India which has become an important destination for Japanese FDI. Chapter 2 explored the extant literature which underlines this study, and I pinpointed a second research gap in the link between the development of JHRM in Japan and its transfer overseas which is not clearly established. Therefore, I made a connection between these two important subjects through an exploration of the extant literature. In doing this, I proposed how changes to the three core elements of JHRM in the 21st century could impact its transfer overseas, particularly to India. However, empirical research was needed to explore the transfer of JHRM in India which has not been the subject of many studies to date.

The key objectives of this research are not only to discover which aspects have been transferred and which have not, but to explore the challenges faced by Japanese firms in this regard. I am also interested in whether the firms which took part in my study have adapted Japanese management in India. Furthermore, the role of Japanese expatriate managers in transferring Japanese HRM overseas is instrumental in this process (Nonaka and Takeuchi, 1995). Therefore, this research examines their perception of India and whether this has evolved as Japanese firms have become more established. It also analyses the ways in which Japanese expatriate managers are perceived by Indian workers. This chapter will begin by considering and justifying the research philosophies which underpin the research framework. Subsequently there is a discussion of the research approach and strategy. This is followed by a review of sources of data and analysis techniques. The
chapter will conclude by examining the limitations of the research and the ethical issues raised in undertaking it.

3.2 Research philosophy

3.2.1 Epistemology

Contribution to knowledge is one of the central criteria in doctoral research (Goles and Hirschheim, 1999, p.50). This research follows an interpretive research philosophy which implies that knowledge is highly subjective. According to this principle, Japanese management is not something which a firm ‘owns’ like machinery. Rather, it is constantly evolving through a complex array of phenomena such as work practices, to which workers within the organisation attach meanings (Remenyi and Money et al., 1998). Consequently, such phenomena impact upon their behaviour and lead to firms adapting their management strategies in response. It is therefore deemed impossible to examine the transfer of Japanese management in India without examining the ways in which workers perceive it.

Welch and Piekkari et al. (2010) analysed qualitative case studies in articles published in four major management journals from 1999-2009. They found that these works utilised what they term ‘an interpretive sense making’ philosophy whereby researchers viewed themselves as part of the context, rather than assuming the objective stance of an outsider. Therefore, adopting a subjective stance to the gathering of knowledge is a well-established practice in management research. The interpretive philosophy set out above comes from the intellectual tradition of phenomenology (Saunders and Lewis et al., 2009, p.116). This is discussed below.

3.2.2 Phenomenology

The Japanese management system has been the subject of much debate over the past forty years. It has also undergone some evolution as discussed previously. Yet it has demonstrated remarkable flexibility and resilience in the
face of economic change in Japan (Dedoussis, 2001; Keizer, 2007; Pudelko, 2009; Matanle and Matsui, 2011; Aoki and Delbridge et al., 2012; Takahashi, 2018; Yamashita, 2019). By the same token, it has also been transferred successfully around the world (Ackroyd, 1988; Kenney and Florida, 1994; Sandford and Olson, 2001; Kamiyama, 2007; Kumon, 2007; Gamble 2008; Itagaki, 2009). This research is located within the extant literature which deals with the challenges of transferring Japanese management in India. This is an area which has been under-researched to date. However, as India has become an important manufacturing base for Japanese firms, this phenomenon has become ‘ripe for research’ (Von Krogh and Rossi-Lamastra et al., 2012).

The themes which emerged from the research data also fulfil the criteria set out by Von Krogh and Rossi-Lamastra et al. (2012, p.278) who state that phenomena can be defined as "regularities that are unexpected, that challenge existing knowledge (including the extant theory) and that are relevant to scientific discourse." Therefore, the aim of phenomenon-based research is to capture, describe, document, and conceptualise a phenomenon to develop theory from it (Von Krogh and Rossi-Lamastra et al., 2012). The key findings of this study have uncovered ‘unexpected regularities’ such as the ways in which Indian managers have interpreted Japanese management tools such as kaizen at Company D. These findings have been documented in chapter 4 and subsequently utilised to develop theories about the transfer of Japanese management in India in chapter 5. Therefore, this research has illuminated phenomenon within the wider research field of Japanese management and its transfer overseas.

3.2.3 Ontology

Johnson and Duberley (2000) believe that a subjectivist researcher’s view of reality (ontology) assumes that what is taken as reality is an output of the human cognitive process. This view is consistent with the interpretive philosophy discussed above and implies that the ways in which research
subjects perceive reality is complex and subject to constant flux as situations change and new information comes to light. The challenge for the researcher is to be able to see the world from the subject’s point of view while retaining some professional objectivity. This is a difficult balancing act but one which must be mastered for the research to be considered ‘scientific’.

3.3 Cross cultural factors in international research

Buckley and Chapman (1996) compare international business research which begins with a subjective ontology with the approach taken by anthropologists studying human behaviour. However, anthropologists are reluctant to engage in one-off interviews which researchers such as myself must often conduct due to time and financial constraints. This is because they do not allow the researcher to generate the crucial contextual understanding of the organisation(s) they are studying (Buckley and Chapman, 1996). Having said that, researchers from the interpretive school of thought may also choose to follow the hermeneutic tradition (Brannick and Coghlan, 2007) of being an engaged participant whose critical and analytical observation of the subject is integral to the research activity. In this way they can develop a deeper understanding of the context of their research. I have worked in a Japanese automotive firm in the UK which means that I have first-hand experience of the ways in which they manage their operations overseas. This experience has provided me with a deep understanding of the context of my research which I could not have developed from fieldwork alone.

Westney and Van Maanen (2011) point out that researchers who have access to executives over time can ‘write culture’ as we are exposed to their changing ideas and opinions. Westney and Van Maanen go on to explain that writing up such research is “as much an interpretive matter as a descriptive or observational one and hence necessitates constant reflection on behalf of the researcher.” It is not unusual for part-time, mature researchers like me to research their own organisation (Brannick and Coghlan, 2007, p.60). However, whilst having a connection to a firm which is part of my study does
not automatically compromise my findings, it is important to clarify and take account of my own position as an industry insider from the beginning. Nonetheless, there are several benefits to being an insider such as being able to understand the organisational culture more implicitly than an outside observer (Polsa, 2011). This knowledge also gave me more credibility when talking to industry professionals and helped to establish trust.

Conversely, when working in India or interviewing Indian managers, I was an outsider. McCracken (1988) believes that scholars working in another culture have a great advantage over those working in their own culture as virtually everything before them is to some degree mysterious and therefore worthy of study. This kind of research also necessitates entering subjects’ culture, understanding their values and perhaps being able to speak their language. Frequent trips to India enabled me to develop a contextual understanding of the development of the automotive industry. Polsa (2011, p.5) explains how the author's experience prior to conducting their field study overseas “initiates the pre-understanding and context sensitive aims” (of the research). She goes on to explain how spending time in the field meeting and talking to local scholars is one way in which researchers can gain confidence by developing insight into local economic and educational systems as well as enabling them to access resources.

I have met people from many different educational, social and religious backgrounds. I am also familiar with many of the political and historical issues which present a challenge to Indian development such as the continued prevalence of the caste system (Cappelli et al., 2010, p22). My first degree is in international business with Japanese and I continued my study of the Japanese language with my master’s degree in East Asian Studies. This knowledge and experience was invaluable and enabled me to establish my credentials and develop relationships with potential interviewees.
In summary, being able to understand the context of my research from both inside and outside gave me the opportunity to understand Japanese management from a former worker’s perspective while retaining some professional objectivity about the transfer of this system in India. This dual perspective led to an interpretation of my research findings which illustrates the realities of working for a Japanese firm and offers an in-depth understanding of the challenges of implementing Japanese management systems in India.

3.4 Research approach

3.4.1 Inductive theory development

The approach taken to developing knowledge about the transfer of Japanese management in India is inductive. This method is compatible with the interpretive philosophy and subjective ontology in four important ways; first, it is inherent in these philosophies that knowledge is highly subjective; second, researchers who take an inductive approach to theory development often view themselves as part of the context. Third, inductive theory development is flexible enough to allow ‘unexpected regularities’ to emerge (Von Krogh and Rossi-Lamastra et al., 2012, p.278). Finally, taking an inductive approach offers the researcher the opportunity to gain a deep understanding of the research context and the people involved.

Theory-building from the research data is referred to as grounded theory (Glaser and Strauss, 1967). These authors emphasise that general relations between research data are often discovered ‘in vivo’. This implies that the researcher literally sees theories emerge during the data collection stage which gives a ‘real life’ character to the field work. Glaser and Strauss (1967) emphasise the importance of joint collection, coding and analysis; they believe these should be undertaken together as much as possible to allow for new ideas to merge as the investigation takes place. This continual intermeshing of data collection and analysis is integral to the way in which the research is finalised (Glaser and Strauss, 1967). “When the researcher is convinced that...”
his conceptual framework forms a systematic theory, that it is a reasonable, accurate statement of the matters studied, that is couched in a form possible for others to use in a similar area...then he is near the end of his research.” (Glaser and Strauss, 1967, p.224).

I explained previously that I have been able to observe the changes which India’s economy is undergoing by speaking to business people and academics through regular visits since beginning my research project. Robson (2011, p148) explains that this process of visiting the field several times is characteristic of researchers developing grounded theory who will also analyse data between visits. These visits will continue until the researcher finds that they are not adding to the data they already have.

In chapter 2, the extant literature on the transfer of Japanese management in India by Japanese automotive firms was discussed. This was used to develop questions for the pilot study interview in 2011. The findings from the pilot then enabled me to develop more relevant questions for the three exploratory interviews I conducted in May 2013. Furthermore, the knowledge I gained from conducting these interviews provided me with a realistic understanding of the challenges Japanese firms face in India and the attitude of Indian managers and workers towards them. One concept which emerged ‘in vivo’ during the pilot study interview with a HR manager at Company A in Bangalore, was that Japanese firms are viewed as good employers by Indian managers. The findings from the pilot also enabled me to gain some insight into how this majority-owned Japanese joint venture has introduced Japanese HRM to India and some of the challenges they face. This data was then analysed and used to develop the questions for stage one of my fieldwork interviews. The concept re-emerged during each of those three interviews and was subsequently analysed. Research revealed that extensive coverage in the Indian press of Japanese investment in the transport infrastructure has created a positive image of Japanese firms in India.
I also became more aware of the opportunities and limitations I faced in India following the pilot and the exploratory interviews. This knowledge and experience helped to develop questions for stage 2, the main data collection period, which took place in 2015 and 2016. This is discussed in more depth later in the chapter. During stage 2, it also became clear that Japanese firms are viewed as good places to work because their factories are perceived to be safe and clean. Therefore, the theory that Japanese firms are perceived to be good employers became ‘a systematic theory, that is a reasonable accurate statement of the matters studied’ (Glaser and Strauss, 1967). Subsequently, this concept became one of the key findings of this research.

3.5 Research strategy

3.5.1 Discussion and justification of the case study research strategy

According to Yin (1989, p.23), a case study is an “empirical enquiry that investigates a contemporary phenomenon within its real-life context when the boundaries between phenomenon and context are not clearly evident.” Platt (1992, p.37) explains the essence of a case study as being “the collection of intensive data about all aspects of an individual case, including those which may be unique.” Case studies also allow the researcher to gain a rich understanding of the subject being studied. They may then be used as the basis for developing theory inductively (Eisenhardt and Graebner, 2007, p.25).

Case study development is appropriate for this research which takes an inductive approach to theory development as outlined above. Furthermore, using the case study approach will enable direct comparisons to be made regarding which aspects of HRM have been transferred, how they have been transferred, and whether transfer is dependent on economic or socio-cultural restraints (Rose and Kumar, 2007, p.249). However, the main justification for choosing the case study design is to gather information about micro details of Japanese automotive companies operating in India which otherwise may remain undetected. These micro details may be identified as phenomena which will form the basis of emergent theories.
Eisenhardt (1991) stated that good story telling is an essential first step in creating a good case, but that good theory is the result of rigorous methodology and comparative multiple-case logic. Remenyi and Money et al. (2002) re-visited the idea of the case study as a story. They also emphasise that a case study must “show an in-depth understanding of the central issue(s) being explored and a broad understanding of related issues and context.” Therefore, developing case studies to generate in-depth and subjective knowledge is consistent with the interpretive philosophy and the inductive approach to theory development.

The six case studies presented in chapter 4 all follow the same structure and are divided into the same six sub-areas. These areas correspond to the themes which emerged from all three stages of data collection and allow for direct comparison between them. Each case begins with an overview of the firm’s investment history in India before going on to tell the ‘story’ of the transfer of Japanese management from the perspective of those who are involved in its transfer. Welch and Piekkari et al. (2010) point out how authors may begin their writing with a ‘vignette or personal encounter from the field.’ The case studies make use of direct quotes from participants. These sometimes take the form of anecdotes and are used to illustrate a point from the perspective of the participants.

3.6 Data collection techniques - qualitative vs. quantitative data

A case study gives specific importance to the individual’s own version of events (Platt, 1992, p37), therefore it is important to allow the interviewee the opportunity to express their ideas and views in full. According to Yeung (1995, p.321), qualitative research involves taking an insider’s stance towards the organisation which allows the researcher to ‘obtain and retain proximity to the phenomena under study.’ He explains that qualitative interviews provide flexibility in the collection and analysis of data. He goes on to say that this advantage is critical to international business research because of its ever-changing context where firms are operating simultaneously across national
boundaries. In addition, cross-cultural research which utilises qualitative data can help to describe in detail complex issues which are inherent in international management research (Pernu, 2013, p.71).

A key objective of this research was to explore the challenges faced by Japanese automotive firms in transferring Japanese management to India. India is a country with a complex and heterogenous social system which has become increasingly attractive to foreign investors. The firms which took part in this research are Japanese MNCs with substantial international experience. Nonetheless, India has proved to be a challenging country and the transfer of Japanese management has not been smooth. Therefore, qualitative interviews were most suitable for this research because they enabled interviewees to express their views and for new information to emerge which has not been covered in the extant literature.

Birkinshaw and Brannen et al. (2011, p.574) found that the number of articles which utilised qualitative data in leading international business journals is relatively low. They believe this is a loss to the field as qualitative data collection methods play a critical role in allowing us to interpret and understand the ‘complex plurality’ of institutional, cultural and organisational contexts brought about by globalisation, the linkages between them and the firms that transact business across international boundaries. More importantly qualitative methods are characterised by a ‘first-handedness’ lacking in quantitative data (Birkinshaw and Brannen et al., 2011). Edmondson and McManus (2007) suggest that the collection of qualitative research data is most appropriate when addressing a new phenomenon about which little or no previous theory exists. This involves interviews, observations and open-ended research questions which are designed to shed light on the phenomenon about which little is known.
According to Burgess (1927), statistics show correlation and deal with external aspects. However, “qualitative research is not just data without numbers; it stands for a quite different set of beliefs about how organisations and their inhabitants ought to be studied” (Bryman, 1989). McCracken (1988) states that without a qualitative understanding of how (organisational) culture mediates human actions, we can only know what the numbers tell us. Therefore, undertaking the collection of qualitative data is congruent with the inductive research approach and the interpretivist philosophy outlined previously. Furthermore, McCracken (1988) believes that the interpretive philosophy calls for a qualitative approach to data collection which allows us to gain access to the cultural categories and assumptions to which one (organisational) culture views their world.

Hurmerinta-Peltomäki and Nummela (2006) state that international business researchers face a host of new challenges including the prevalence of technology and the rise of emerging economies; therefore, they advocate a holistic, multidisciplinary, and multi-method approach to international business research. Furthermore, the pace of change, industry convergence and the rise of emerging markets as research subjects, have meant that firms operate in an increasingly complex global business environment (Hurmerinta-Peltomäki and Nummela, 2006). For this research, quantitative data on when and where Japanese automotive firms established themselves in India was vital in developing an understanding of the current state of development in this industry and choosing firms in which to conduct fieldwork. I found sources such as the Japan Automobile Manufacturers Association Inc. (JAMA) and the Automotive Components Manufacturers Association (ACMA) in India very useful in this regard. I also utilised investment data from the United Nations Conference on Trade and Development (UNCTAD), the World Bank and the International Monetary Fund (IMF) for country comparison purposes. Company reports also enabled me to gather basic data on each target firm which ‘set the scene’ for my fieldwork and meant that I could focus my interviews on my research questions from the beginning saving valuable time.
The Times of India which reports extensively on the Indian automotive industry and The Japan Times were also invaluable sources of secondary data.

However, although quantitative research was valuable in terms of providing information on when, where, why and how Japanese automotive firms had invested in India, it did not provide the in-depth analysis of the transfer of JHRM. The extant literature did provide some analysis of this phenomenon (Humphrey, 2003; Okada, 2004; Choudhury, 2005; Kiyokawa and Oba et al., 2006; Becker-Ritterspach, 2007; James and Jones, 2014) but the collection of new qualitative data was required to address the key objectives of this research.

3.7 Justification of the automotive industry

The importance of the global automotive industry ‘lies in both its scale and its linkages to many other manufacturing industries and services’ (Dicken, 2015). Furthermore, it offers researchers the opportunity to explore the transfer of complex technologies in different country contexts. Japanese firms are particularly worthy of study for two reasons. Firstly, firms such as Toyota revolutionised the design and manufacturing process through the introduction of lean production which forms part of the Toyota Production System (TPS). The main components of lean production are platform sharing and modular design which are referred to as the architecture of the system (Toyota website, 2018). The platform is the core around which the car is built, and modules are a set of components such as braking systems. This system of producing cars has been widely adopted in the automotive industry because it allows different models to be produced in the same factory using platforms which can be adapted. Different models may also share modules, which means that the company can make significant cost savings. Such innovations meant that Japanese firms were able to compete with industry incumbents such as Ford and General Motors by the 1970s (Dicken, 2015).
Secondly, Japanese firms require workers to be highly trained and above all flexible in terms of their approach to work (Abo, 2014). They must also develop the ability to solve problems and become multi-skilled rather than specialise in only one area of work. This means that firms' HRM systems must be designed to attract, train and retain a highly skilled workforce to ensure the continuity of the production systems which have led to Japanese firms' competitive advantage. This close alignment of HRM and production systems must also be replicated overseas and therefore, the ways in which these systems are transferred and/or adapted to local conditions makes Japanese automotive firms worthy of study.

The literature review discussed how Japanese automotive firms began to establish operations in the USA and Europe during the late 1980s and early 1990s in response to the appreciation of the yen in aftermath of the Plaza Accord (IMF, 2002). However, in the 1990s and early 2000s, Japanese firms turned their attention to Asia and began to establish production facilities in countries such as the newly liberalised China and India. Having said that, the total amount of FDI which Japanese firms invested in India during the 1990s was still negligible in comparison to China (Indian Ministry of Finance, 2016). However, investment increased dramatically from $175 million in 2000 to $5 billion by 2019 (JETRO, 2020). India has become increasingly important as an automotive manufacturing and export hub in Asia for Japanese firms who have contributed to its growth in the past thirty years. Japanese automakers currently account for over 60% of industry market share (Economic Times, 12 February 2019; Statista, 2020). There are now 20 Japanese automotive firms operating in India in seven states (JAMA, 2020). Of these, 11 are manufacturers of motor vehicles and parts, seven are motorcycle manufacturers and two make parts only.

The Indian automotive sector employs 12.8 million people, and this is set to rise to 14.4 million by 2022 (Economic Times, 1 January 2018). The automotive industry accounts for 7.1% of India’s GDP and contributes to the
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general manufacturing sector, job creation and exports in addition to inflows of FDI (Economic Times, 14 July 2018). Japanese firms have contributed to the development of this industry by transforming the supply chain through the introduction of Total Quality Management (TQM) (Okada, 2004; Humphrey 2003; Tachiki, 2015). They have also made significant investment in training their workers. The six case studies in chapter four examine the transfer of Japanese HRM in the five Japanese vehicle manufacturers which account for the largest market share in India and one motorcycle manufacturer. They include two firms who have been operating in India since the early 1980s and one which began manufacturing vehicles as recently as 2016.

3.8 Discussion of three stages of fieldwork

3.8.1 Pilot study at Company A - May 2011

I conducted my pilot and the three initial expert interviews during business trips to India for student recruitment which were funded by my employer, Sheffield Hallam University. I was able to utilise existing contacts which I developed through my work with partnerships at Indian universities in Pune and Bangalore which are important centres in the Indian automotive industry. The pilot study was conducted with a HR manager from Company A outside Bangalore in the state of Karnataka in May 2011. The HR manager was briefed on the nature of the research and my credentials prior to taking part in the pilot study. This process was repeated with all participants. Language was not a barrier when communicating with respondents for this research as they are all educated to at least degree level and typically speak English well. Following on from this, I managed to secure a further three interviews which took place in New Delhi in May 2013. These are discussed below.

3.8.2 Stage 1 - Exploratory interviews - May 2013

Before travelling to India in May 2013 to undertake the three exploratory interviews, I attended a training course concerned with ethical issues that may arise in overseas research. I was cognisant of safety issues, in particular those for a female travelling alone, and employed hotel drivers to take me to two of
the three exploratory interviews and to collect me afterwards; the remaining interview took place in my hotel. The interviewees who took part in this stage of my research included a journalist who writes for the Economic Times of India, a senior manager at a firm which makes auto parts and an Indian academic, Dr Srabani Roy Choudhury, who had conducted research at Honda’s Indian subsidiary and is now a government advisor on Japanese investment in India. The purpose of these expert interviews was threefold; to gain an overview of the research context ‘on the ground’ in India, to help with networking, and to seek advice and guidance from people with experience of working with Japanese automotive firms in India.

3.8.3 Stage 2 - Main data collection period - June 2015 to June 2016

I had planned to conduct qualitative interviews in the three largest Japanese automotive firms in India over an 18-month period beginning in December 2013. The networking previously undertaken proved worthwhile and I was prepared to return to New Delhi to interview a former Indian ambassador to Japan. I had secured funding for this trip from my employer, Sheffield Hallam University as I had a paper accepted at an international conference at the Institute of Management Studies (IMS) Ghaziabad, a short distance from New Delhi. However, a few days before I was due to leave for India, there was an announcement in the Indian press that Emperor Akihito of Japan planned to visit India (Times of India, 28 November 2013). The ambassador was involved in some of the events and his secretary informed me by email that he would not be available for interview. This was a setback which I could not have envisaged but I attended the conference and my paper was well-received. I also managed to make some further useful connections.

On my return to the UK I kept in touch with existing contacts and tried to develop more. However, I became ill in the summer of 2014 and had to take a break from my studies for one year. I did return to work briefly in January 2015 and was able to submit papers to conferences of the Academy of International Business (AIB) and the Academy of Japanese Business Studies (AJBS) which
were to be held at the Indian Institute of Management Bangalore (IIMB) in June 2015. Both papers were accepted but I was not well enough to travel to India and with great regret I had to pull out of both conferences. This represented a further setback to my research.

Furthermore, eighteen months had passed since my last interviews and I had no new contacts and no interviews scheduled. In any case, I could not take more time away from work to return to India. Therefore, to find a creative solution to the problem, I decided to use the social media website LinkedIn. LinkedIn was established in 2003 and is currently the world’s largest professional network with over 740 million users in 200 countries (LinkedIn, 2021). I had been actively using LinkedIn since 2010, with 300 connections and regularly posted business articles to over 300 ‘followers’.

There is very little extant literature on the use of LinkedIn for research although there are one or two papers which examine the use of LinkedIn for conducting online surveys (Unkelos-Shpigel and Sherman, 2015). I planned to use this website to source potential interviewees. I believed that business professionals using social media may be open to new contacts and (hopefully) willing to take part in my research. However, the most important advantage of using LinkedIn was being able to contact people directly at any level in a firm without having to encounter their secretaries or other ‘gatekeepers’. Nonetheless, I also realised that if I managed to secure interviews with executives working at the highest levels of their organisation, I would have to develop the courage to actually talk to them!

Part-time, mature and self-funding students have many disadvantages, including insufficient time to spend on research, but using LinkedIn enabled me to turn my maturity and experience to my advantage. My status as an academic and a former automotive industry professional was advantageous because the people I contacted could check my credentials. It also helped to
build trust as we shared an insider’s understanding of the industry. Therefore, using LinkedIn would also be consistent with the hermeneutic tradition (Brannick and Coghlan, 2007) of being an active and engaged participant in the research activity. I searched for potential interviewees using company names such as ‘Toyota Kirloskar’ as search terms. Once I had identified potential respondents, I sent over 150 automotive industry professionals a brief message inviting them to connect. When a person accepted my invitation, I would elaborate further on my research and ask them if they would like to take part. To expand the pool of potential interviewees, I cross checked each person’s contacts and invited new people from their address book accordingly. This was a laborious task as some industry professionals had over 500 contacts! LinkedIn tells users how many connections they already have with the person who would like to connect with them which meant that it became easier to send requests to join someone’s network as I developed more automotive industry connections.

However, I quickly realised that Japanese professionals do not use LinkedIn extensively. At first, I thought this was because they preferred to develop networks within their own firm (Nonaka and Takeuchi, 1995), but further research uncovered another reason; some Japanese people view LinkedIn as a recruitment application and do not want their employer to think they are looking for a job (Riney, 2015). As I was keen to interview as many Japanese executives as possible, I also researched the company websites of all Japanese automotive firms operating in India. The purpose of this was to identify the names of senior Japanese managers who may not use LinkedIn. The majority of these people did not disclose their email address online, therefore I spent some time trying numerous variants of an email address, ie should the domain name be ‘co.in’ or ‘co.jp’? I received many ‘message undeliverable’ notifications as some of the email addresses I guessed were incorrect, but I kept going, often trying up to six variants of an email address. Each potential interviewee received an email explaining who I was and asked them if they would be willing to participate in my research. I also sent them a
copy of my personal profile. This helped to establish my credibility and allowed participants to understand the aims and objectives of the research.

I developed a spreadsheet to track the contacts who agreed to take part in the research, and this can be found in Appendix B. For the examination of this thesis, I have included the names of all interviewees however these will be removed once the thesis has been successfully examined and put in the public domain. The first four columns provide the names of the company, the interviewees’ name, position and location. In the fifth and sixth, details of mode of interview and date conducted are recorded. The seventh includes each person’s LinkedIn profile address. A total of 44 people took part in this research, 38 of these were from six Japanese automotive firms. Of these 27 were Indian, 10 European, 3 American and four were Japanese. The majority were managers who had reached at least national or international level for their firm. The remaining six were experts who have researched and written about the Indian automotive industry.

Some people chose to answer questions by email but where possible this was followed up with a telephone call or Skype interview. Once a person agreed to be interviewed, I sent them an outline of the questions and arranged a time for a Skype or telephone interview. I also explained that anonymity would be ensured by referring to people as ‘Mr A’ etc in my report. Interviews typically took between 30 minutes to one hour. I asked each interviewee six questions and I learned to ask the most in-depth question first because sometimes respondents, particularly those working at global level, were called away to another meeting. Internet and telephone connections also frequently failed when contacting people in India and I became accustomed to ringing people several times before even beginning an interview.

Indian interviewees frequently requested to see the questions prior to the interview which I expected as this had been the case during the early stages
of my research. Indian researchers have told me that they are frustrated by this as they feel that it detracts from the ‘in vivo’ element of interviews (Glaser and Strauss, 1967). However, as a foreign researcher with limited time, I have viewed this issue positively as it allows interviewees to give more thoughtful answers and limits time-wasting. I then sent a thank you email when the interview was concluded and arranged to keep in touch. I was genuinely surprised by the level of interest in my work. At first, I thought this was just politeness, but all respondents have expressed their interest in seeing the results of my research.

Researchers who follow an interpretive research philosophy need to formulate research problems that are broad and open-ended and which are framed in terms of the importance of the phenomenon and the lack of plausible existing theory (Eisenhardt and Graebner, 2007; Edmondson and McManus, 2007). The table in Appendix A sets out the interview topics which were developed in relation to the literature and the research objectives. The first column sets out the key interview themes and these are followed by associated literature in column two. The research objectives are in the final column.

Prior to undertaking my research, I was aware of some of the challenges Japanese automotive firms face in transferring JHRM in India. For example, trade union issues have been extensively documented in the Indian press. However, I did not have prior knowledge of the specific challenges Japanese firms face in areas such as the planning process. Therefore, the interview questions used in all three stages were designed to allow respondents to discuss their experience of working in India and for new themes to emerge. The themes which emerged from all interviews were identified during analysis using NVivo. This is discussed below.
3.9 Data analysis and theory development

Theories were developed from qualitative interview data which was coded and analysed using the software program NVivo. McCracken (1988, p.16) explains how qualitative research normally looks for patterns of inter-relationship between many categories of information rather than attempting to make sharp delineations between limited sets of data. In this way the researcher can discover patterns in the research data and begin to establish new theories from these. Yeung (1995, p.314) points out that the beauty of using qualitative data lies in its validity and richness. Therefore, the use of NVivo was appropriate for analysing the interview data from this research.

Interview transcripts from all three stages of the research process were uploaded to NVivo and analysed in the summer of 2016. In terms of developing grounded theory discussed earlier, NVivo enables the researcher to implement advanced analytical procedures to develop emergent concepts and categories (Hutchison et al., 2010). Gray (2017, p.676) suggests that it may be helpful for researchers to begin with a transcript which is representative of the themes being explored. NVivo was used to code data analytically to identify the key content of the first transcript and to see which themes from the literature (if any) it addressed. Each paragraph of the text was tagged with multiple codes. This process was repeated with each transcript. Codes were then organised into six themes or NVivo ‘nodes’ which relate to the themes which emerged from the interview data. I also used the ‘classification’ function to organise respondents by firm. I then used the ‘report’ function to create summary reports by node. This was particularly useful as it enabled me to see all the responses in relation to a node. For example, I could see how all respondents felt about the challenges of transferring Japanese management in India in one place. This made the identification of sub-themes within each node much easier. These sub-themes formed the headings used in the case studies in chapter four and the comparative analysis and subsequent theory development in chapter five.
Johnston (2006) states that qualitative data analysis (QDA) programmes such as NVivo provide a potential to offer unprecedented levels of transparency within qualitative research conducted for doctoral studies. This is because it is possible for supervisors and examiners to view not only the data but also how the student has used it and to track the processes involved in the whole research journey. A consequence of this is that expectations placed upon doctoral students may be greater than in the past (Johnston, 2006). However, it will also enable students to illustrate their research journey and justify their findings more convincingly. Below is a screenshot of NVivo which show the ‘node’ function open. The node ‘attractiveness of foreign firms’ is open to show how transcripts were coded to a node.

**Figure 3.1: Screenshot of NVivo node**

3.10 Limitations

The interpretivist philosophy is the foundation of this research and the justification for choosing this was set out at the beginning of this chapter. This philosophical stance implies that knowledge is highly subjective and an inductive approach to theory development is consistent with this school of thought. However, research of this kind may be considered to lack objectivity and this section will address such concerns. Three research limitations are set out below. They are the subjectivity and values of the researcher, generalisability, and ethical issues.
3.10.1 Subjectivity and values of the researcher

Researchers taking an interpretivist philosophical stance accept that research subjects’ perception of reality is complex and subject to constant change. The interpretivist philosophy also implies that the researcher is part of the research process. Therefore, research of this nature may be influenced by the researcher’s knowledge, experience and values. However, the researcher’s own preconceptions may be also problematic and lead to a distortion of data if he/she imposes them on individuals being studied. The challenge for the researcher is to be able to see the world from the subjects’ point of view while retaining some professional objectivity. Brannick and Coghlan (2007) use the term reflexivity which is “the concept used in social science to explore and deal with the relationship between the researcher and the object of research.” They go on to explain how successful practice of this methodology is the result of personal knowledge, judgement and experimental action. I have endeavoured to retain objectivity and utilise my own knowledge and experience in the most positive and impartial way throughout my research project. Nonetheless, I also acknowledge that it is impossible to eliminate all bias from any study.

3.10.2 Generalisability

A distinguishing feature of the case study approach is the intensive nature of the qualitative data gathered which Platt (1992) suggests should come directly from the individuals being studied. However, one of the limitations of choosing the case study research strategy is generalisability. It may be that the theories developed from the analysis of six studies may not be applicable to others even if it is implied that they are. Therefore, it is important for the researcher to explain that the findings of this study may need to be tested in other research settings (for example, in follow-up research) to check the robustness of any conclusions (Platt, 1992, p. 22).

The first challenge for the researcher is how to describe the contents of a case in a sufficiently objective way for the results to be replicable and comparable with other cases. The six case studies presented in chapter 4 are organised
into the same six themes which emerged from the data analysis using NVivo and allow for direct comparisons and correlations between them. Furthermore, the fact that information comes directly from the subject being studied makes it more reliable (but not infallible) and replicable. The second challenge for researchers using the case study approach is to ensure that each case study presents the research findings without inferring that research of a wider sample would deliver the same results. Therefore, whilst there may be some correlation between Indian subsidiaries of Japanese automotive firms in terms of their HRM practices which were identified during data analysis, generalisations would be inaccurate.

3.10.3 Ethical issues

“A company is potentially a highly sensitive and litigious organisation and therefore interested in the research findings...the researcher can have no illusions that the company in question will have no access to, no interest in, and no ability to read the results” (Buckley and Chapman, 1996, p.239).

I am aware that company data is commercially and morally sensitive (Buckley and Chapman, 1996). Therefore, I attended a course on data protection at the University of Leeds in April 2013 to learn more about this issue. This research project also received approval from the ethical review committee at the University of Leeds. Once I had completed my fieldwork and written up the interview transcripts, they were uploaded to my private storage space on the university’s M:drive. The data will be kept for at least three years after collection in accordance with University of Leeds guidelines. The regulations on the General Data Protection Regulations (GDPR) came into force on 25th May 2018. These new laws superseded the Data Protection Action 1998 (University of Leeds, 2018). The main implications for research are twofold; firstly, there is a greater emphasis on the anonymising of data and secondly, researchers must assess risk and ensure that the data is held safely. However, these factors were addressed in the ethical review process and this research is compliant with the new regulations.
Respondents expressed interest in my research findings as mentioned earlier. This was unexpected, and in November 2016 I decided to consult Professor Pawan Budhwar from Aston University who has conducted extensive business research in India, to learn about best practice in sharing research findings. He informed me that he usually provides a summary document of his findings for the firms who agree to take part in his studies, which are very well received. Therefore, I decided to create a short report based on the key findings of my report after my thesis was examined. The purpose of this was three-fold; firstly, it provided transparency and enabled the six firms who took part in my research to learn more about the challenges of transferring JHRM in India. Secondly it will provide a reason to contact the firms again and hopefully lead to more research opportunities, and thirdly it was a fitting way to thank them for their input. Yeung (1995, p.317) explains the importance of the relationship between the researcher and the researched. It is vital that those who co-operate with research trust and understand the aims of the research. Yeung (1995, p.317) goes on to say that these objectives can be achieved by the researcher demonstrating ‘sincere curiosity’ and interest in the firm and the workers being interviewed. This will necessitate the ‘deployment of the researcher’s interpersonal skills’ as well as providing feedback post-research. I have developed interpersonal skills such as

“First of all, I’d like to say congratulations for completing this research and report. I have gone through to your report and I want to say it's awesome.”

HR Manager, Company E

“Thank you very much for the report, I have read it with the highest interest...It was a pleasure and an honour for me to contribute. Please don’t hesitate to contact me if you need any information or contribution.”

Director Human Resources & General Affairs, Company B

“...thanks so much for sharing your valuable findings. Really meaningful and in line with my perceptions. Please continue counting on me for any future action”

General Manager; HR Business Partner (Africa, Middle East, India), Company B
networking throughout my life and career which I employed from my first contact with firms to my most recent. They were invaluable in conducting this research.

Figure 3.2: Screenshot of the business report provided to participants

3.11 Summary

After an examination of the research philosophy, approach and design, there are several limitations relating to my research which were discussed above. The main limitation is that of generalisability which arises from the application of the case study research strategy. However, the interpretive research philosophy which is the foundation of this research implies a subjective approach to knowledge creation and extensive use of qualitative research data. Therefore, the presentation and analysis of qualitative data in the next chapter offers insight into the transfer of Japanese management in India and provides answers to the research questions set out in the introduction. Inductive theory development is a logical progression from the interpretive research philosophy and even though such a theory may not be accurate beyond doubt, it is “undoubtedly a relevant theoretical abstraction about what is going on in the field studied” (Glaser and Strauss, 1967, p23).
4 Findings

4.1 Introduction

This chapter explores the findings from empirical research which took place between 2011 and 2016. It begins by setting the scene for the study and the map of India in Map 4.1 illustrates where the six firms who participated are located. These firms operate in six economic clusters in seven states in the north, south and west of India, with very diverse economic and cultural landscapes. They are also varied in terms of the length of time they have been operating in India, the number of people they employ and their ownership. Table 4.1 provides information about each firm’s current investment in India and each of the six cases contains a separate annotated table which documents the development of each firms’ Indian operations. The purpose of these case studies is to provide insight into the challenges of transferring Japanese HRM to India and to demonstrate variances between each firm.

There is an overview of principal themes which emerged from the interview data at each stage of the research in section 4.2.1. The first stage was a pilot study conducted in 2011 at Company A which is in the state of Karnataka, South India. Three themes emerged from this initial stage of the research. They were 1) adoption of practices seen as distinctly ‘Japanese’ on the shopfloor, such as genchi genbutsu (go and see); 2) customisation of HRM using a hybrid of Japanese management philosophy and Indian culture; 3) an open attitude to union participation. There is a discussion of the pilot study in section 4.3. These themes subsequently formed the basis of the questions used in three exploratory interviews which took place in New Delhi in 2013. Two new themes emerged from this second stage of my research. They were 4) workers’ perception regarding Japanese firms as good employers and 5) The role of ‘serial expat’ Japanese managers in transferring JHRM. These are discussed in section 4.4.
The five themes from the preliminary data collection phases were then used as the basis for questions during the third, main data collection stage which took place between 2015-16 and 44 people took part in this stage of the research. They were 1) culture and commitment to the firm; 2) the production planning process; and 3) hierarchy and opportunities for progression; 4) the attractiveness of Japanese firms as employers in India; 5) Indian workers’ perceptions of Japanese expatriate managers; and 6) the impact of unionisation on the transfer of Japanese HRM in India. These themes form the basis of the case studies in sections 4.5 to 4.10 of this chapter. The chapter concludes with a summary of the main findings in relation to each theme in section 4.11.

Map 4.1: Locations of participant firms
Originally the automotive industry was clustered in four regional hubs throughout India. These were New Delhi, Mumbai/Pune, Bangalore and Chennai (Okada, 2004; Horn and Forsans et al., 2010). However, Sri City in Andhra Pradesh and Tamil Nadu have now become a fifth automotive hub. Sri City is also India’s largest Special Economic Zone (SEZ) and is a private sector enterprise which was built in partnership with the government of Andhra Pradesh (Sri City, 2017). This SEZ was established in 2008 and 185 MNCs from 27 countries including Isuzu and Foxconn currently operate there (Sri City, 2020).

Figure 4.1 shows the location of seven Japanese automotive firms which operate across six clusters. Company G is included here even though this firm participated only in the exploratory stage of the research and not the main data collection stage. The first cluster is in northern India where companies D and F have plants in the state of Uttar Pradesh. Company D also has a plant in the second cluster, Rajasthan. The third is in Haryana, close to the National Capital Region (NCR) where Company C is based. The fourth is in Gujarat where Companies C and G both have plants. The fifth is in South India and encompasses the states of Chennai and Karnataka. Company A is based in Karnataka and Companies B, F and G have operations there. The sixth is Andhra Pradesh where Companies E and F are based.

4.2 Findings from Stage 2 interviews

4.2.1 Overview of questionnaire and principle themes
The case studies below explore how the Japanese automotive firms which took part in this research deal with the challenges of transferring Japanese HRM to India. Each case study illustrates the variance between firms in relation to the themes which emerged from the main data collection period. A total of 44 people took part in this stage of the research; 38 of these were from six Japanese automotive firms. The remaining six were experts who have researched and written about the Indian automotive industry. Appendix C contains a table of key quotes which relates to each interview question. Each
quote has been allocated a number and a letter corresponding to the relevant question. For example, the first quote for question one is [1a] and so on. These numbers appear in parentheses in the text. The first column sets out the themes which emerged from each respondent. The respondents are then organised by firm and there are also columns for their job title and location, length of service and each person’s nationality. This information provides the reader with each respondent’s background and the context of their opinions. The data collection method and key quotes are also listed. Effort has been made to provide more than one view for each theme. The opinions of Indian managers have been balanced with Japanese expatriates wherever possible. In addition, the views of executives from Europe, USA and Asia working at regional and global level have also been included.

Respondents were asked the same six questions which were designed to build on the findings of the pilot and exploratory interviews by exploring in greater depth the five themes which emerged from these preliminary stages. The first question asked respondents about the challenges faced by Japanese firms in India when they introduce HRM practices from Japan. This opening question was a broad question designed to allow the respondent to talk freely and to allow new themes to emerge. A total of 26 out of 44 interviewees referred to the challenges of transferring the Japanese approach to work in India. This was also the question which respondents answered in most detail and three sub-themes emerged during the data analysis using NVivo. These were: 1) culture and commitment to the firm (which first emerged in the exploratory interviews); 2) the production planning process at Japanese firms; and 3) hierarchy and opportunities for progression.

The second interview question was designed to explore the general perception of foreign firms as employers in India. However, although question two was about perceptions of foreign firms in general, respondents also gave examples of Japanese firms which reflected their own experience. The purpose of this question was to discover which factors make foreign firms attractive or
unattractive as employers. Firms from countries such as the UK have been operating in India since the colonial era (Iqbal, 1991; Panagariya, 2007; Sareen, 2007; Cappelli and Singh et al., 2010). Therefore, it is useful to examine the image Japan has as a foreign investor in India, in comparison to countries with a much greater historical legacy.

Question three revisited one of the themes from the exploratory interviews. Respondents were asked which factors (if any) Indian people perceived to be attractive about working for a Japanese firm. The reasoning behind this was to discover if there were any factors which could influence the transfer of Japanese management in the Indian automotive industry. Early findings from the pilot and the exploratory data collection phases were that Japanese firms were viewed as attractive employers in India. Two reasons for this put forward by an Indian executive working for Company G is that firstly, multinational Japanese firms are innovators and leaders in technological development. Secondly, their manufacturing premises are safer and better managed than those of Indian firms. Japanese investment in infrastructure projects such as India’s first high-speed railway (Indian Express, 1 November 2016; Bloomberg, 10 November 2016) have consolidated Japanese firms’ reputation as investors who have made a positive contribution to the development of the Indian economy.

During the main data collection period, a total of 30 people made comments regarding why Japanese firms are perceived as good employers in India and three themes emerged from the data. These were: 1) Japanese firms’ reputation as producers of efficient, reliable, and safe products; 2) Japanese firms are fair employers; and 3) opportunities for learning at Japanese firms. Two negative aspects of working for Japanese firms were identified in the discussion of the challenges Japanese firms face in India and re-emerged when respondents were asked about the attractiveness of foreign firms as employers in question two, and again when they were asked specifically about Japanese firms as employers in question three. They were a lack of
opportunities for progression and low salaries for managers at Japanese firms in comparison to Indian firms.

Question 4 examined the ways in which non-Japanese respondents from the participating automotive firms perceive Japanese expatriate managers as it is well-documented in the literature that extensive deployment of expatriate managers overseas is characteristic of Japanese firms’ internationalisation strategy (Koike, 1998; Legewie, 2002; Whitley and Morgan et al., 2003; Gamble, 2008; Itagaki, 2009; Abo, 2014; Harzing and Pinnington, 2015). The rationale for this practice is to enable the efficient transfer of firm and country-specific advantages (Itagaki, 2009; Abo, 2014). Furthermore, Belderbos and Heijltjes (2005) found that when a subsidiary is very important, such as a large-majority owned joint-venture which reports directly to HQ, Japanese firms prefer to control the firm through expatriate managers. India has become an important country for Japanese automotive manufacturers (D’Costa, 1995; Okada, 2004; Kiyokawa, 2006; Horn and Forsans et al., 2010). Therefore, I expected that the firms which took part in this study would have deployed large numbers of Japanese expatriate managers to India and I was interested in finding out how the people who were responsible for transferring Japanese management to India were perceived. The findings from question four were that Japanese expatriate managers are generally very positively perceived in India. A total of 29 respondents commented on their experience of working with Japanese expatriate managers and three themes emerged from the data. These were: 1) Japanese managers’ approach to working in India; 2) Japanese managers’ attitude towards employees; and 3) their procedure-driven approach to work.

Question five asked respondents about the impact of Indian labour laws on the transfer of Japanese management in India. The rationale for including this question in the interview schedule of the Stage 2 data collection phase was because it had become apparent from the literature and in the exploratory interviews that India’s labour laws are outdated and may deter firms from
employing regular workers. Indian laws stipulate that firms with 100 or more workers must give three months’ notice or payment in lieu to workers of more than one year’s tenure (OECD, 2012; World Bank, 2018). James and Jones (2014) found that the reason Toyota Kirloskar Motors (TKM) suffered from industrial unrest during the first fifteen years of operations was due to the incompatibility of Indian labour laws and the TPS. The foundation of this system is flexible demand-driven production and a flexible labour force of temporary or contract production workers who can be hired and fired in response to demand.

Question 6 re-visited unionisation which was discussed in both previous data collection stages. Indian unions with their links to left-wing political groups are often seen as problematic for Japanese automotive firms in India. Choudhury (2005) found that enterprise-based unions were a key facet of Japanese management which was not transferred to Honda’s Indian operations. This was because management feared that the union would encounter national unions with political backing which could potentially lead to a misuse of power. Industrial action at Japanese automotive firms in India has been well-documented in the Indian press. In response, Japanese managers have used controversial measures such as ‘lockouts’ or temporarily closing plants which effectively bypass restrictive laws and troublesome unions (ILO, 2011). However, the view from at least four of the six respondent companies is that the situation has improved over time. This was attributed to the efforts Japanese firms have made in providing good working conditions in India and workers’ increased understanding of Japanese management.
Table 4.1: Summary of investment in India by the participant firms

<table>
<thead>
<tr>
<th>Company name</th>
<th>No. of Indian plants</th>
<th>Ownership</th>
<th>Year established in India</th>
<th>No of employees</th>
<th>Total current capacity (units)</th>
<th>Location</th>
<th>Data source</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>2</td>
<td>Majority Japanese-owned joint venture (JV)</td>
<td>1997</td>
<td>7,000</td>
<td>310,000</td>
<td>● Bangalore, Karnataka</td>
<td>Company A Sustainability Report 2019</td>
</tr>
<tr>
<td>B</td>
<td>1</td>
<td>Japanese - French JV</td>
<td>2005</td>
<td>3,750</td>
<td>480,000</td>
<td>● Chennai, Tamil Nadu</td>
<td>Company website, accessed 1/12/2020</td>
</tr>
</tbody>
</table>
| C            | 2                   | Originally a JV. Became a Japanese subsidiary in 2002. | 1982           | 165,000                  | 1.5m                          | ● Manesar, Haryana, North India  
● Gurgaon, Haryana, North India  
● Naviyani, Gujarat | Annual report 2019-20 |
| D            | 2                   | Originally a JV. Became a wholly owned Japanese subsidiary in 2012 | 1995           | 9,000                    | 240,000                       | ● Greater Noida, Uttar Pradesh  
● Tapukara, Rajasthan | Company press release, 17/07/2020; Company press release, 10/08/2012 |
| E            | 2                   | Wholly owned Japanese-subsidiary             | 2012           | 376                       | 50,000                        | ● Chennai, Tamil Nadu  
● Sri City, Andhra Pradesh | Company website |
| F            | 3                   | Originally a Japanese joint venture. Became a WOS in 2001. | 1985           | 4,000                    | 2.5m                          | ● Surajpur, Uttar Pradesh  
● Faridabad, Haryana | Company press release, 25/04/2020; Company website, accessed 8/12/2020 |
<table>
<thead>
<tr>
<th>Company name</th>
<th>No. of Indian plants</th>
<th>Ownership</th>
<th>Year established in India</th>
<th>No of employees</th>
<th>Total current capacity (units)</th>
<th>Location</th>
<th>Data source</th>
</tr>
</thead>
<tbody>
<tr>
<td>G (supplier firm)</td>
<td>4 offices, 1 factory</td>
<td>Wholly owned Japanese-subsidiary</td>
<td>2011</td>
<td>150</td>
<td>N/A</td>
<td>• Kanchipuram, Tamil Nadu</td>
<td>Company website ‘Group companies in India’, accessed 10/12/2020 Confirmation by email from Head of Strategic Planning, 10/12/2020</td>
</tr>
</tbody>
</table>
4.3 Findings from pilot study at Company A

The following section sets out initial findings from a pilot survey sent to Company A in May 2011. This was followed up with an interview in July 2011 with Mr A, Assistant HR Manager. Mr A provided answers to my questions by email, which he further elaborated on by telephone. He had worked at the organisation for five and a half years and was 32 years old at the time of interview. The themes which emerged from the pilot relate to three main areas of Company A’s operations and are discussed below.

4.3.1 Adoption of Japanese management at Company A

The first theme discussed were the differences between working for a Japanese and an Indian firm. Mr A believed there are many differences between Indian and Japanese companies, with a key difference being the ‘way of thinking’. He elaborated further by suggesting the Japanese approach to work as comprising “standardisation of process/activity and visualisation with follow-up and problem-solving approach in work areas to know the root cause.”

The ‘problem-solving approach in work areas’ refers to genchi-genbutsu which means ‘go and see’ (Toyota.com, 2016). In firms such as Toyota, workers are trained to go to the gemba (which translated literally means ‘real place’ but refers to the shop floor in a factory) to see what the problem is and work out how best to solve it (Toyota.com, 2016). Mr A stated that Company A successfully combines both Japanese philosophy and Indian culture. With regards to HRM he said that Japanese influence can be seen in areas such as salary structure, philosophy, and communication methods. Salaries in Company A are based on industry-wide averages and the company has their own pay scale. Workers may also receive a yearly performance bonus based on their performance that year. Mr A was also asked to what extent Japanese management at Company A has been modified for India. He replied that “not much is changed but it’s customised to the Indian business environment.”
He expanded on this point when he made a comparison between his experience at Company A and his prior experience as a HR manager at a well-known American restaurant where the American firm allowed managers to localise HRM in India. The reason for this could be that firms in the restaurant business operate as a franchise in India, rather than a wholly owned subsidiary. In this case the company does provide training and HR support, but as franchisees are required to have extensive business experience, more localisation is to be expected.

4.3.2 Recruitment and promotion

The second theme relates to employment practices and in particular the appointment of local staff to managerial positions. According to the extant literature, Japanese firms prefer to post large numbers of expatriate managers to overseas subsidiaries (Legewie, 2002; Belderbos and Heijltjes, 2005; Itagaki, 2009), therefore it was important to discover whether this was the case in India. In 2011, the ratio of Indian middle and senior managers to Japanese managers was 3:1. Company A began operating as a Japanese Indian joint venture in 1997 and so it is to be expected that Indian managers greatly outnumbered Japanese expatriate managers by 2011. Moving Indian managers into more senior managerial positions was also part of the changes the company made following severe industrial unrest which led to a lockout in 2006 (The Hindu, 10 January 2006). Further research to ascertain whether firms reduced the number of Japanese expatriates once a firm became established in India was undertaken in the main data collection period.

There were 5,000 staff at Company A in 2011, the ratio of male and female workers was 57:1, and all workers were full time and permanent. Labour turnover for office staff was 5.3% and shop floor staff 0.7% per annum. The recruitment process for Indian shop-floor staff and managers is different. Shop-floor applicants in Company A undertake a written test and a skills test. The written tests are based on 10th Standard (UK GCSE) maths, science,
English and aptitude. The skills test is designed to assess hand to eye coordination and memory (company website, 2018). Shop-floor applicants are also required to undertake a physical test designed to test stamina. Applicants who pass the written and skills test are invited to attend an interview in which their communication skills are evaluated, their personal background is checked, and a medical exam is undertaken.

Managers undergo a slightly different recruitment process and are shortlisted through analysis of their application forms by HR personnel and attend an interview. Successful candidates are invited to a second interview at which HR personnel will be present. If they successfully complete this stage, they too will have a medical examination before being offered a job. There are several training programmes in Company A for both Indian managers and shop-floor workers. Managers' training is differentiated by grade and includes grade-specific training such as management development training, competency training, a deputy manager development programme, grade role training, group leader training and team leader training. For shop-floor workers there is training in production systems. Promotion is decided through a performance management appraisal system and workers must be employed for a minimum of one year to be considered.

4.3.3 Union participation

This was the third theme and when asked about the purpose of a union, Mr A replied that ‘(a) union is an elected body that represents the voice of employees. (The) union takes up collective issues related to employees for resolving with management.’ In terms of the attitude of management to workers’ union participation in Company A, he stated that it is always open and positive. He went on to say that “the company believes in the principle of mutual trust and responsibility between management and employees (union).” At Company A, Mr A explained that union participation is a shop-floor issue and union representatives communicate with management regarding team members’ welfare and benefits. However, labour disputes have led to several
strikes by workers at Company A both before and after the pilot study was conducted. The causes of these were claims of unfair dismissal by employees who had failed their appraisals (The Hindu, 9 January 2006 and 10 June 2001) and issues of pay (International Business Times, 17 March 2014 and The Japan Times, 22 March 2014).

4.3.4 Summary

In terms of working for a Japanese company, Mr A said that there are many differences between Indian and Japanese companies. Examples include the standardisation of processes and the way in which these processes are monitored at Japanese firms. When asked to identify any HRM practices that he perceived as ‘Japanese’, Mr A cited the process known as ‘genchi genbutsu’, which means finding the root cause of a problem to work out how best to solve it. He explained at Company A they utilise both Japanese philosophy and Indian culture and he believes that this hybrid approach has been successful, particularly in terms of salary structure and communication between workers and management. When asked how these have been modified for the Indian business environment, he explained that Company A transferred their HRM and production practices with some customisation to India. The ways in which Company A have adapted their HRM to India include recognition of an external union, substantial wage increases, moving Indian managers into more senior managerial positions and developing a steeper hierarchy to “satisfy Indian managers desire for enhanced status through job titles in the hierarchy” (James and Jones, 2014).

The pilot study explored some of the theories and ideas which were identified in the extant literature on the transfer of Japanese HRM in the Indian automotive industry. There were few prior studies on this topic when I began my study in 2010, therefore the pilot was designed to be a “proprietary study to be used as a basis for formal development and empirical examination of suggested propositions” (Bass and Wind, 1995). Three themes emerged from this study and these were firstly, adoption of practices which were distinctly
‘Japanese’ on the shopfloor at Company A exemplified by the *genchi genbutsu* ‘go and see’ approach to problem-solving; secondly, customisation of Company A’s HRM by reducing the number of Japanese expatriate managers and promoting more Indian workers. Thirdly, Company A’s apparent open and positive attitude towards workers’ union participation. Mr A’s understanding of his company’s attitude to union participation was the most unexpected, given the Indian media’s coverage of industrial disputes at Company A. However, it was also clear from the literature that Company A had made a great deal of effort to work more harmoniously with the trade union since the last major industrial dispute occurred in 2006. Nevertheless, I was still keen to discover how managers from other Japanese automotive firms viewed unionisation. Therefore, the three respondents who took part in the exploratory interviews were asked for their views on this subject. The remaining two themes; adoption of working practices which are viewed as distinctly ‘Japanese’ by Indian workers, and customisation of Japanese HR by combining Japanese philosophy and Indian culture were also discussed.

### 4.4 Exploratory interviews

Three interviews took place in New Delhi in May 2013. The first was with Mr B, Indian Head of Strategic Planning of Company G, a firm which manufactures carbon fibres, textiles, plastics and chemicals for the automotive industry (Nikkei Asian Review, 2016). The second took place at the Shangri-La Hotel with Mr C, a journalist who wrote about the automotive industry for The Economic Times of India and the third was with Dr Srabani Roy Choudhury of Jawalharlal University who published research on the transfer of Japanese management at Honda Siel in 2005 (now called Honda Cars India), a wholly owned subsidiary of the Honda Corporation. Dr Choudhury is also a member of the JMNESG working with Professor Tetsuo Abo.

All three interviewees were asked the same seven questions and a summary of each answer is set out in the order they were asked. The interview questions were designed to address both research questions by exploring the themes
which emerged from the pilot in greater depth. The first question was about the perception of Japanese firms as employers in India. In question two respondents were asked which foreign firms are most and least attractive as employers in India. Question three enquired specifically about the perception of Japanese firms in the automotive industry. The rationale for asking these questions was to discover how Japanese firms are perceived as employers in India and whether they are viewed as attractive compared to firms from other countries. These perceptions were then explored in the main data collection stage, as a positive or negative view may impact Japanese firms’ ability to recruit high calibre staff. It may also impact workers’ willingness to adopt working practices which could be identified as ‘Japanese.’ The questions used in the exploratory interviews were also designed to build on the first theme which emerged from the pilot; adoption of practices which were perceived as distinctly ‘Japanese’ on the shop floor. Question four explored the challenges Japanese firms face as they transfer and adapt their HRM to India. This question was designed to discover which challenges, if any, are specific to India and to explore in more depth the second theme which emerged from the pilot; Japanese firms’ approach to problem-solving and customisation of HR by combining Japanese philosophy and Indian culture. This theme is important because it deals with the ways in which Japanese firms manage challenges. Questions five to seven relate to the third theme from the pilot - managers’ attitudes to unionisation at Japanese automotive firms in India.

1. **The perception of Japanese firms as employers in India**

All three interviewees responded positively to this question; Mr B stated that Japanese multinational firms are perceived to be innovators in technological development. Their manufacturing premises are also considered to be safer and better managed than those of Indian firms. Furthermore, he said that Japanese firms are good employers offering prospects for professional growth and good pay. Mr C went even further than this by stating that firms such as Maruti-Suzuki have transformed the automotive industry. Mr C’s views are supported by D’Costa (1995) who found that early investors Suzuki and
Yamaha modernised the Indian automotive sector in the 1980s.

2. Which foreign firms are most and least attractive as employers to Indian people?

Mr B explained that the legacy of colonialism meant that British firms in the agro-food and vehicle manufacturing were looked on most favourably during the early years of independence. However following liberalisation in the 1990s, India attracted investment in the technology industries from American firms such as Honeywell and Cisco Systems and the USA was the top investor, accounting for 20% of total FDI in India between 1991 and 2000 (Nagaraj, 2003). Japanese firms Honda and Toyota began operating from the mid-90s. This was followed by Korean firms and Chinese firms such as Samsung and Haier in the early 2000s. Japan and South Korea were the fourth and fifth biggest investors accounting for 4% and 3% respectively (Nagaraj, 2003). Dr Choudhury explained that the perception of Korean firms was less attractive as they were viewed as tough employers who expected workers to put in long hours. None of the interviewees expressed views on the perception of Chinese firms. Mr P stated that the Japanese built the metro system in New Delhi and that this has consolidated their reputation as investors who have made a positive contribution to the development of the Indian economy.

3. What is the perception of Japanese firms (in the auto industry)? Does this vary by industry/level of employee/cultural background?

Mr C explained that Japanese firms in the auto industry are viewed as excellent places to work by Indian workers of all backgrounds. That is because they are fair both in terms of remuneration and treatment of workers. He went on to cite how decision-making in some firms has now been devolved to Indian managers. Dr Choudhury pointed out that Japanese expatriate managers still tend to be paid more than their Indian counterparts. In addition, she said that the promotion process is slow at Japanese automotive firms in India.
In her research at Honda Siel, Choudhury (2005) stated that the ascent to senior level management in Japanese firms is through “internal promotion and age is given due consideration.” She also points out that as Japanese employees “often put in thirty years or more with the same firm, the rise to senior level is a long and hard-fought battle” (Choudhury, 2005). The Japanese seniority-based pay and promotion system became widely used in the post WWII period when Japanese companies were in competition for labour (Iida and Morris, 2008). This system worked in a mature economy like Japan with a highly educated homogenous workforce, but it is not compatible with the Indian business environment. This is because “only a very small percentage of Indians hold tertiary qualifications, and of these, only an estimated 15% are of global standards” (Vorhauser-Smith, 2012). The Economic Times (9 April 2018) reported that India is facing an education crisis in the engineering sector because the majority of engineering colleges do not educate students to the level required by industry.

India has undergone rapid liberalisation since 1991 which in turn has led to huge increases in FDI (IMF, 2012). However, the advent of a dynamic new labour market in the private sector, coupled with a chronic skills shortage means that highly skilled Indian workers can ‘job-hop’ to secure better pay and conditions (Kaur, 2013).

4. What are the most significant challenges facing Japanese firms as they transfer and adapt their HRM practices to India? Does this vary by:

- Industry
- Size of firm
- International experience
- Length of time in India
- Duration of joint venture relationship?
Mr B said that although Japanese firms have adapted well to India, strategic decision making still predominantly takes place in Japanese headquarters. He mentioned the rigidity of the Japanese ‘command and control’ style of management, which can be frustrating for Indian joint-venture partners who understand the Indian market where customers are frugal, and cost is more important than brand identity. However, Mr P believed that Japanese firms have adapted their vehicles quickly to the Indian market. He offered the example of using diesel rather than petrol engines, as diesel is cheaper for cost-conscious Indian consumers. He also thought that some decision-making has been devolved to local managers in India which was borne out by Dr Choudhury in her discussion of management at Honda. She pointed out that Honda has dealt with conflicts between Japanese expatriate and Indian managers through an integrated training programme where Japanese managers teach the Indians about the company’s strategic objectives and management style. Toyota have also several training programmes for workers including the Toyota Technical Training Institute, which offer a three-year full-time programme in areas such as automotive assembly (Toyotabharat.com, 2018).

In terms of practical issues for Japanese expatriate managers when they move to India, Mr B and Dr Choudhury discussed the benefits of the Indian lifestyle for Japanese expatriate managers and their families. Mr B coined the term ‘serial expats’ which refers to what he described as a “coterie of 200-500 expatriates in Japanese MNCs who are sent overseas for education and work”. He said that these people appreciate the adventure of exposing their families to different countries, languages, and cultures. In India, they also live in much larger houses than in Japan and can afford to employ staff which leads them to appreciate the benefits their Indian lifestyle offers. Mr B gave the example of the Japanese CEO of Company G who had previously managed concerns in the USA, Malaysia and Singapore before moving to India. He concluded his discussion of the role of Japanese expatriate managers by saying this experience not only benefits the individual and his family, but also
the companies who utilise these workers to develop, expand and operate overseas subsidiaries in challenging environments such as India.

5. **In what ways do you think Indian law affects the way that Japanese firms conduct HRM practices in India?**

“When in India, abide by Indian law and abide by Japanese law in Japan”, was the view of Mr B who explained that Japanese firms rely on Indian legal firms for advice on local laws, particularly those who employ Japanese expatriates or Indian partners who are Japanese speakers. He also pointed out that language remained a barrier for Japanese expatriate managers as most of them are not as fluent in English as most Indian managers. Whilst he felt that many Japanese companies have adapted well to the Indian business environment, he nevertheless reiterated his earlier point that key decision-making on country strategy and pricing still comes from the Japanese headquarters albeit with some input from local managers. He also pointed out the contrast between the hierarchical, top-down flow of information and decisions in Japanese firms and the unique fluidity and dynamism of India where a firm may operate in several market segments often in ‘paradoxical conflict’. The Indian automotive components industry is an example of such a paradox, where the supply chain is comprised of many tiers of small firms who make components for both domestic firms and for export. In the 1990s, the Indian automotive firm Tata endeavoured to introduce structure to this highly fragmented industry through joint ventures with ten auto components suppliers through the creation of Tata Auto Components Systems (TACO) (Bose, 2012, p.145). This strategy would enable Tata to standardise production throughout its supply chain by sharing technology and it could also be said that the firm adopted elements of lean manufacturing such as Japanese-style subcontracting (Bose, 2012, p.145).
6. **Have there been any recent changes to employment policy in India (legislation) which may affect Japanese firms’ HRM policy. Particularly in the car industry?**

The reason for asking this question was to find out if there had been any changes in the law which would lead to Japanese firms having to review their HRM in India. These changes could relate to pay or working conditions. Although none of the respondents had any general comments on this, Mr P did mention new laws on emissions and use of energy which were due to come into force in autumn 2013.

7. **To what extent are the HRM practices of Japanese firms affected by Indian unions?**

This question raised the issue of industrial disputes. Mr P and Mr B both said that unions are prone to manipulation from politicians, but Mr P went further by saying that Indian workers act on emotion rather than checking the authenticity of information. Lack of discipline amongst workers was also viewed as a problem by Dr Choudhury. She went on to say that Honda had addressed this through improved training in dispute settlement for Indian managers. She also felt that Indian managers tend to be viewed as ‘high-handed’ or authoritarian compared to Japanese expatriates who take a more conciliatory approach when dealing with workers. The consequences of industrial unrest can be disruptive at best and at worst fatal as in the case of an Indian manager who was set on fire by a union member at the Maruti-Suzuki plant in Manesar, Haryana in July 2012, after a dispute turned violent (The Times of India, 23 July 2012). It took five years for this case to be tried and in March 2017, 13 former workers were convicted of murder (Hindustan Times, 10 March 2017).

4.4.1 **Summary**

The views expressed by all three interviewees are based on their individual knowledge and experience of the Indian auto industry. All three of them clearly stated that in general Japanese firms have adapted well to India, aided by the
experience of ‘serial ex-pat’ managers who take the role of pioneers in introducing and developing the complex global supply chain networks firms. Mr B from Company G commented on the hierarchical nature of decision-making in Japanese joint ventures but also mentioned that decision-making in some firms has been delegated to Indian managers.

In terms of the perception of the Japanese as employers in India, all three interviewees said that Japanese managers were perceived as being fair employers who paid reasonable wages in India. However, Dr Choudhury believes that the promotion process is slow at Japanese automotive firms and that there is a mismatch between the seniority-based pay and promotion system which originated in Japan’s post-WWII business environment and the expectations of highly skilled Indian workers.

On the role of unions, Dr Choudhury cited the incident which led to the death of an Indian manager in Haryana in 2012 as an example of the extremes to which industrial conflict can lead. All three interviewees discussed how the media and politicians can incite workers who may not check all the facts. Nonetheless, Mahmood (2013) also points to the fact that most labour laws enacted since liberalisation have been pro-firm rather than pro-worker. Guy Ryder, Director General of the International Labour Organisation (ILO), explained that there is still a high level of informality in the Indian economy where temporary and casual work in manufacturing is prevalent (ILO, 2016). The informal labour market is also synonymous with low standards of pay and conditions (ILO, 2016).

Researchers need to formulate research problems that are broad and open-ended, and which are framed in terms of the importance of the phenomenon and the lack of plausible existing theory (Edmondson and McManus, 2007; Eisenhardt and Graebner, 2007). These exploratory interviews were designed to explore the three themes which emerged from the pilot. However, two new
themes were also identified regarding the challenges Japanese firms face in transferring and adapting Japanese HRM in India. They included workers’ perceptions regarding Japanese firms as good employers and the role of ‘serial expat’ Japanese managers who enjoy the experience of living and working in India and who play an important role in transferring new technologies to Indian subsidiaries. Furthermore, the two initial data collection stages had produced some useful preliminary insight into the transfer of Japanese management in India.

Table 4.2 provides a summary of key themes which emerged from the pilot and exploratory interviews. References to the extant literature are also provided to indicate how these themes relate to previous research. The five emergent themes were also some indication of issues which were likely to re-emerge during the main data collection process. This is discussed in the next section.

Table 4.2: Summary table of themes from the pilot and exploratory interviews

<table>
<thead>
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<th>Data collection stage</th>
<th>Theme 1</th>
<th>Theme 2</th>
<th>Theme 3</th>
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<td>Pilot interviews</td>
<td>Adoption of practices seen as distinctly ‘Japanese’ on the shopfloor, exemplified by <em>genchi genbutsu</em> ‘go and see’</td>
<td>Customisation of HRM using a hybrid of Japanese management philosophy and Indian culture</td>
<td>An open and positive attitude towards workers’ union participation (at Company A)</td>
</tr>
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</table>
4.5 Company A

4.5.1 Introduction

Company A is located in Bidadi, outside Bangalore in Karnataka, one of India’s five main automotive manufacturing hubs (Okada, 2004; Horn and Forsans et al., 2010; IBEF, 2016; Kanungo, 2016). It was established as a joint venture between a Japanese MNC and an Indian firm in 1997. The Japanese firm owns 89% and the Indian partner 11%. The first plant began operations in
1999 with a production capacity of 20,500 vehicles and 1,300 employees (press release, 17 March 2000).

The Japanese management team had planned to achieve 10% market share by 2010 (James and Jones, 2014, p.2180) which was ambitious given the dominance of Maruti-Suzuki who accounted for 83% market share in 1997 (Okada, 2004, p.1269). Nonetheless, Company A increased the number of workers to 3,500 and production had more than doubled to 55,000 by 2007 (Environment and Social Report, 2007). However, this firm experienced sustained industrial unrest which disrupted operations for over a decade. One of the key factors which led workers to strike was the contrast between traditional life in rural Karnataka and the discipline required to work on the production line of a Japanese factory (James and Jones, 2014). The pro-firm policy taken by both the state government in Karnataka led to severe penalties for industrial action including dismissal (Das and George, 2006).

In 2008 Company A experienced a downturn in worldwide sales in the aftermath of the global financial crisis and revised their target of reaching 10% market share from 2010 to 2015. Nevertheless, plans for a second plant went ahead and India was the only country where company A did not postpone expansion (Mathew, 2011, p.191) which demonstrates their commitment to this country. Company A opened this second plant on the same site in 2010 and increased its capacity to 2,10,000 units. The workforce doubled again to 6,221 (company sustainability report, 2012). By 2017, there were 6,254 people working at Company A and capacity had increased to 310,000 vehicles (sustainability report, 2017). There are currently 6,024 people working for Company A (company sustainability report, 2019). In 2020 this firm accounted for approximately 4% of the automotive manufacturers’ market share (The Financial Express, 11 January 2018; Statista, 2020). The market is dominated by Maruti-Suzuki (51%) and Hyundai (18%) (Statista, 2020) who began
producing cars in India in 1998 (Hyundai website, 2020) which mean that the target of 10% target remains out of reach.

Company A is planning to make India a major source of auto components and in 2004 set up an auto parts plant to enable them to do this (MOF, 2016). In March 2016 they began production at their new engine plant in Jigani, near Bangalore. This was the firm’s first global diesel (GD) engine plant to be built in India and is one of only three operating globally (NDTV, 2016). The Japanese government pledged to train 30,000 engineers over the next decade in manufacturing skills through a Company A programme beginning in 2017 (News 18.com, 21 November 2016). The programme is designed to address the gap between the demand and supply of highly skilled workers in India’s rapidly expanding industrial sector.

It is clear from the literature that Company A regard India as an integral part of their global production network and they have augmented their production and research facilities substantially in the 23 years they have been operating in India. The business environment in India has also changed since they began operating. For example, Prime Minister Modi announced his ‘Make in India’ campaign on India’s Independence Day, 15 August 2014 (Economist Intelligence Unit, 2015; IBEF, 2016). This campaign was designed to reduce the bureaucracy of doing business in India. However, seven years later, the Bangalore area ranks 13th out of 17 locations in India surveyed by the World Bank (2020). This is because the region lags others in South India such as Hyderabad in crucial areas such as enforcing contracts.

By the time this research began in 2016, Company A had been operating in India for 19 years. The extant literature documented a decline in industrial action and an improvement in management-employee relations (James and Jones, 2014) which was supported by recent media reports. However, I wanted to find out how the firm had achieved this, the challenges they faced
in doing so, and whether they had adapted their HRM in response. I had also read about the positive impact the incumbent Japanese MD had on developing industrial relations (Economic Times, 10 April 2016) and I was keen to understand how he had done this. Therefore, the following section explores the issues documented in the literature and discusses recent developments by examining the themes which emerged from the research data.

4.5.2 Culture and commitment to the firm at Company A

“The most significant challenge facing foreign firms is their ability and willingness to accept and understand that India is truly diverse (unlike any other country)” Deputy General Manager. [1a]

This first transcript extract reflects the experience of an Indian manager working for a Japanese firm. He made observations about the cultural differences between states in India as well as the differences between Japan and India. This is highly relevant as Japanese firms currently operate in five automotive clusters across at least seven states. Furthermore, cultural differences have previously impacted the transfer of management Japanese automotive firms in India. These differences manifest themselves in the contrast between the typical Indian worker with high family attachments and responsibilities who expect to be able to take leave when necessary, and traditional Japanese managers who demonstrate their love for their own family by immersing themselves in work (The Economic Times, 27 March 2014).

4.5.3 Production planning process at Company A

An Indian Deputy General HR manager at Company A also identified ‘cultural match’ as the most significant challenge facing Japanese firms in India. He went on to say that when hiring he needs to make people understand ‘how Japanese firms work.’ He gave the example of the planning process in Japanese firms to emphasise this point. The planning process at Company A for a new project typically takes up 70% of the total project time whilst implementation takes up to 30% [3b].
The Indian Vice Chairman of Company A’s Indian subsidiary discussed how some cultural aspects of his firm’s philosophy are difficult to implement in India. He made repeated reference to the ‘Plan, Do, Check and Action’ (PDCA) [3a] system which he believes forms the basis of the company and is used by senior managers at Company A. This involves planning a strategy, putting the plan into action, checking to see if the plan has worked and then taking necessary measures to rectify any problems. He also pointed out that trust is a vital component of this system where every worker plays their part to ensure its success. However, as Indian workers fear being blamed if a problem is discovered, they may hesitate to identify problems in the production process. Another reason he put forward to explain poor implementation of the ‘Check’ part of the system was resourcing, whereas he said that the ‘Plan’ part is meticulous. Therefore, he believes that better resourcing is needed for future projects.

“Trust is a vital component of the Plan Do Check Act (PDCA) system but as India has a ‘blame culture’, it has been poorly implemented as workers fear being blamed if a problem is identified.” [3a].

4.5.4 Hierarchy and opportunities for progression at Company A

“Foreign firms are viewed as good employers because they provide an opportunity to learn global best practices and put them into practice in India. They also provide an opportunity to showcase your talent at global platforms thereby providing you with a chance to grow much faster.” Deputy General Manager [5f]

This first quote from an Indian executive working at Company A’s Asia-Pacific office in Singapore chimes with the opinions of his colleague, also Indian, working at the same office.

“Foreign firms are viewed as an opportunity to learn global business practices and the benefits associated with them. They are also seen as a status symbol in society and a source of pride.” Deputy General Manager [5a].
Both men focus on the opportunities for learning at foreign firms as the main reason why they are attractive to Indian workers. They even use similar phrases; the Deputy GM (1) refers to ‘global business practices’ [5a] and his colleague Deputy GM (2) [5f] uses the term ‘global best practices’. Deputy GM (2) also points out how being able to demonstrate your talent on a ‘global platform’ allows workers to grow ‘much faster’. The perception here is that working for a global firm exposes Indian workers to a wider range of opportunities for learning than working for a domestic firm. Furthermore, the implication is that these opportunities will enable them to develop their knowledge and skills more quickly than working for a domestic firm. The emphasis on the word ‘global’ implies that knowledge is transferable beyond their current role and perhaps their current employer. Both managers have had the opportunity to showcase their talent outside India at Company A’s regional HQ which could be considered a global platform and this experience will have also enhanced their awareness of career possibilities outside India.

An Indian executive working for Company A in India believes that Indian people makes no distinction between foreign firms and Indian firms which operate globally such as Tata. This is because (he believes) firms operating internationally standardise pay (compensation) and other benefits.

“In Indian people have equal respect for foreign and Indian global firms who are considered as good employers in terms of compensation and benefits determined by global rules and regulations.” Deputy General Manager HR [5d]

However, Deputy GM (1) makes a point regarding the ‘glass-ceiling’ which he perceives as preventing non-Japanese staff progressing in Japanese firms.

“Japanese companies are admired for the sheer efficiency and reliability which aids in learning fundamental topics. However, there is a perception of a kind of invisible glass ceiling for career growth which is very difficult to be broken by a non-Japanese male / female leader.” [8a]
One possible reason for this difference of opinion between two colleagues at the same firm could be that Deputy GM (2) is referring to the opportunities at all MNCs in question 2 and Japanese firms in question 3. A second reason for difference in opinion may also be that Deputy GM (1) had worked for Company A for over six years at the time of the interview and may be impatient to progress to higher levels of management at this stage in his career. Deputy GM (2) had been working at Company A’s regional Asia-Pacific office for less than two years and prior to that worked for Company A in India. This recent promotion to regional HQ could be another reason why Deputy GM (2) does not mention the ‘glass ceiling’. Nonetheless, the perception of Deputy GM (1) is that there are barriers to promotion for non-Japanese managers at Company A’s operations in India. Company A has a Japanese MD in India and has never appointed an Indian national to this position. However, key roles in marketing and HR which require knowledge of Indian culture are held by Indian nationals. Therefore, it is not strictly true that there is a ‘glass-ceiling’ which Indian staff cannot penetrate.

4.5.5 Japanese managers’ attitude towards employees at Company A

The American VP of Company A’s Asia Pacific Institute, who has worked for two Japanese firms, sets out the differences between Indian people who speak at once and compete to be heard and ‘Japanese who have a senior-junior relationship’ (which means that juniors listen to seniors without interrupting).

“Indian people speak at once and compete to be heard. This is in contrast with the Japanese who have a senior-junior relationship (which means that juniors listen to seniors).” [4a]

The Japanese attitude towards employees at Company A was explained by the former Japanese MD of Company A which is set out below.

“For a HR perspective our main customer is our employees. From a HR perspective we are always thinking about how to maximise the satisfaction to our ‘customers’. The most important element in this
regard is how employees feel the sense of development and work engagement with each other. In this regard, the most important element is to create an atmosphere of ‘respect for people’. ‘Respect for people’ should be realised regardless of the relationship between superior and subordinate. If ‘respect for people’ can be realised the organisation would become stronger and best. In this regard, we are required to be interested in all concerned people and to listen to all people’s passion and think earnestly.” [4b]

This Japanese executive spoke about employees being ‘customers’ whom managers need to engage. He used the phrase ‘respect for people’ three times when asked about the challenges Japanese companies face in transferring HRM practices to India from Japan. At first this phrase may sound trite, however his emphasis on ‘respect for people regardless of the relationship between superior and subordinate’ seems a sincere, thoughtful viewpoint from an experienced Japanese senior executive at the end of his two-year posting to India.

Furthermore, the attitude of this former MD at Company A towards his employees underscores the senior-junior relationship which the American VP discussed above. In addition, his interest goes beyond employees when he refers to being interested in ‘all concerned people’ or to put it in business terminology, the firm’s stakeholders. His tenure in India is regarded as very successful because he managed to settle long-standing labour disputes and led the firm to make a profit for the first time in 2015 (The Economic Times, 10 April 2016).

An Indian Deputy General Manager at Company A with 17 years' experience identified two kinds of Japanese manager in his firm which he differentiated by age as set out below:
1st Generation - These managers were schooled in Japan in the 1950s and 1960s. They were responsible for introducing Japanese management to Indian firms. They were/are very disciplined. They paid meticulous detail to every task. For example, documents were always beautifully written.

2nd Generation - These managers were schooled in Japan in the 1970s and 1980s. They have had much more global exposure. They have also witnessed the development of Japanese automotive firms in India. They are more relaxed than their seniors and come to India as specialists (consultants). They are not involved in daily operations.

The first generation of Japanese expatriate managers at Company A began their careers during the late 1960s and 1970s before the 1985 Plaza Accord led their firm to establish operations overseas (Abegglen, 2006, p.96). This means that they would have probably spent the first twenty years of their career in Japan and by the time their firm began operating in India in 1997, this first generation would have been approximately 50 years old. These managers were very experienced and possessed a great deal of tacit knowledge about company culture as well as explicit knowledge about making cars (Nonaka and Takeuchi, 1995). In addition, some of these first-generation Japanese managers may have had overseas experience prior to their Indian posting and could be ‘serial expats,’ the term used by Mr B from Company G in the exploratory interviews to describe Japanese executives with extensive international experience. By comparison, second-generation managers also possess tacit and explicit knowledge, but their more extensive global experience offers them a broader perspective of overseas operations. Furthermore, thanks to the efforts of their seniors who initiated Indian workers in Japanese management, they can afford to be ‘more relaxed’ and are sent to India as consultants rather than full-time managers. The vice chairman of Company A stated that in the early days at his firm there would be two managers for every role (one Indian and one Japanese). Now there are two Indian deputy managers to one Japanese. These findings suggest that, as it
became established, Company A scaled back the number of expatriates deployed in India.

The former MD of Company A belongs to the 2nd generation of Japanese expatriate managers. Nonetheless, in an interview for the Economic Times at the end of his assignment (10 April 2016) he discussed the severe culture shock he experienced in his daily life in India from a personal perspective. One challenge he highlighted was not being able to drive - “We need a driver. The traffic here is not disciplined. And pedestrians are not respected, so one cannot walk on the roads. It makes life very tough.” This is because India is a developing country where ‘a heterogeneous traffic mix that includes high speed vehicles’ shares road space with vulnerable road users’ (World Health Organisation, 2013). India also has the highest number of road traffic accidents in the world. Around 150,000 people are killed on India’s roads each year and motorcyclists, pedestrians, and cyclists account for over 50% of deaths (World Health Organisation, 2018). Such challenges in daily life add to the culture shock which Japanese expatriate managers experience when posted to India. The former MD from Company A has managed this by accepting that he cannot walk on the road and employed a driver instead. By doing this he has demonstrated an ability and willingness to adapt. His understanding and acceptance of cultural differences both inside and outside of work may have contributed to his success.

In terms of Japanese managers’ approach to an Indian assignment, respondents evaluated Japanese expatriates using their own criteria such as whether they understood the reality of working in India [9a] and their experience prior to being assigned to India [9b].

“In general, there are high expectations from Japanese managers. Those who can see the real challenges, strengths, weaknesses and understand the ground reality and motivate the team towards a
common goal can be very successful.” Deputy General Manager (Indian) [9a]

However, a British executive working for Company A observed that sometimes his firm sends young, inexperienced staff overseas who do not have knowledge of the local business environment [9b].

“The position of expat manager has been given to a wide variety of Japanese staff – from experienced staff used to working overseas with excellent networks internally and externally – to young staff, overseas for the first time, with little cultural understanding of the workings of the local environment.” Assistant General Manager [9b]

The former Japanese MD of Company A pointed out that Japanese companies would classify India with other developing countries as a ‘tough country’ in which to work when ‘India had not opened up to the world’. However, he felt that the ‘image of India is changing’ [9c] and ‘impressions are evolving’. He went on to say that Japanese people ‘can understand the country and culture better now’. Company A has been operating in India for over 20 years and the former MD has worked for the firm for 19 of those. Therefore, he understands the rapid economic development India has undergone since liberalisation in 1991 and he has also witnessed the challenges his firm face there.

Nonetheless an American executive who has also worked in India and is currently based in Japan, referred to India as a ‘hardship posting’ despite the ‘perks’ which expatriates receive such as a car and driver. He explained that (in his opinion) there is a kind of hierarchy of international assignments in relation to the standard of living in that country. Developed countries such as Australia are at the top and India is much lower down, slightly above Pakistan or Iraq; “which are not even allowed by OEM (original equipment
manufacturers) and where only trading companies or fly-in reps take care of developing business.”

The views of India presented above are those of two executives with significant experience of working at Company A’s HQ and overseas. India is a challenging environment to work in, particularly for Japanese executives who may not have had international exposure prior to being posted there. Severe culture shock affected every aspect of the former MD’s life from his daily routine to his management of the plant. However, he found ways to reduce this culture shock which made his life easier. Undoubtedly, his personal qualities such as respect for people, which is also reflected in the company’s ethos, enabled him to do this. He is an example of the ‘second generation’ of Japanese managers who are better equipped to manage the culture shock of an Indian assignment even though it may still be considered a difficult posting.

4.5.6 Impact of unionisation on the transfer of Japanese HRM at Company A

Two major issues at Company A have led to many years of industrial disputes. The first of these was discrimination between permanent and contract workers in terms of pay and conditions. Indian labour laws protect regular workers from being laid off by stipulating that firms with 100 or more workers must give three months’ notice or payment in lieu to workers of more than one year’s tenure (OECD, 2012; World Bank, 2018). Nonetheless Company A managed to get around these restrictions by keeping a reserve of contract workers who were paid only 40-50% of regular workers’ pay and who had no job security (Das and George, 2006). Media coverage of disputes at Company A was extensive and the reported causes of these were; workers being sacked after failing their appraisals, misconduct and pay disputes (The Hindu, 10 June 2001 and 10 January 2006; Japan Times, 26 March 2014; The Hindu, 21 March 2014).
The former MD of Company A stated that in his view Indian laws were more protective (of the employee) than Japanese laws. He also emphasised the need for Indian employment laws to be more flexible to allow firms to be able to cope with ‘rapid demand fluctuation’ [12d].

“This flexibility is very important for manufacturing industries to keep up with the rapid demand fluctuation. This is one of the reasons why we would like the Indian labour laws to have more flexibility” [12d]

An Indian deputy general manager at Company A believes that Indian labour laws need to be reformed because existing laws are outdated and do not meet ‘international standards.’

“Labour and other laws need to be updated based on international standards and not on outdated Indian systems set under earlier situations (30 – 40 years ago). India can be a harsh reality for foreign firms which are especially used to more stability, clarity and predictability in overseas operations. The system makes operations opaque due to inbuilt hierarchy and chances for misuse by officials for various purposes, impacting business.” [12a]

He also talks about ‘the harsh reality’ of operating in India for foreign firms used to more stable business environments. Indeed, there are over 100 state labour laws and 50 central labour laws (NCEUIS, 2009) and most of these date back to the early 20th century before India’s economy liberalised in 1991. This Indian manager also describes the Indian law system as ‘opaque’ which means that it is difficult for outsiders to understand and it is this opaqueness which he believes provides opportunities for ‘misuse by officials’. An American executive working for Company A in Tokyo stated that ‘hands out for extra money are just the fact (in India)’. He also used the term ‘United States of India’ to explain how both state and federal laws affect foreign firms’ Indian operations [12b]. For example, firms setting up in different states may encounter factors which impact their ability to enforce contracts. These include
the time and costs involved, as well as differences in the quality of judicial processes (World Bank, 2018).

According to the Indian General Manager from Company A, ‘a mix of politics and other local issues’ have made the unions ‘ineffective and unreliable’ [13a]. A British Assistant General Manager pointed out the distrust of unions in Japanese companies [13b]. He then explained that Japanese managers avoid direct interaction with union leaders, leaving this to local managers. He went on to say that conditions and pay are ‘kept to the level where it will avoid union interaction’ which mean keeping disputes within the company. This comment implies that by offering competitive rates of pay and good working conditions Company A hope to avoid the disputes which hampered the first 15 years of production in India. This company has an enterprise-based union which took part in the talks leading to the lifting of the lock-out in 2016 (The Hindu, 21 March 2016). This marked the end of the last major dispute at Company A.

The American executive working for Company A in Tokyo contrasts the adversarial nature of Indian unions with those of Japan where he feels unions are considered more ‘part of the team’ and everyone is working for the same goal to provide best product, with ‘stable sustainable long-term employment’ [13c]. He also believes that Japanese firms try hard to treat workers well. A Deputy General Manager for HR agreed by stating that ‘as compensation and benefits (at Company A) are good there is nothing to complain about’ [13d].

However, the second problem which arose for Company A in India demonstrates that there was a cultural gap between the expectations of Japanese managers and those of Indian workers in relation to prioritising work over life outside of work. This meant that the transfer of Company A’s production system was problematic in India. This cultural gap arose because the ‘Japanese work ethic’ which means that “loyalty and identification with the firm as central to a person’s life” is unacceptable to most workers in developing countries such as India (Jain, 1987, p.1034). Instead, the social norm in India is that equal consideration is given to production-related needs and to a
worker’s social, relationship and family needs (James and Jones, 2014, p.2182).

To manage such different perceptions, Japanese managers at Company A made changes to their production system which represented a divergence from their global operations. The most significant change was to increase the number of workers both on the production line and at each workstation in correspondence with each increase in the timing of the production cycle, known as tact time. The original tact time at Company A was considerably less than other automotive firms in India. For example, in Ford workers were given 282 seconds whilst at Company A it was only 87 seconds (Das and George, 2006). The production system at Company A is also a very controversial and is known to lead to overwork and exhaustion (Kamata, 1983). At Company A tact down means a reduction in the time allowed for each worker on the line to assemble their piece and tact up means the opposite. Increases in the production cycle are not usually matched with an increase in workers at each station in Company A’s global operations. However, such concessions demonstrate that Japanese managers were willing to make adapt their production line at Company A to the cultural environment in India.
Table 4.3: Timeline of Company A’s operations in India

<table>
<thead>
<tr>
<th>Timeline</th>
<th>No. of Indian plants</th>
<th>Ownership</th>
<th>Year</th>
<th>No. of permanent employees</th>
<th>Total current capacity (units)</th>
<th>Data source</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2</td>
<td>Majority Japanese-owned joint venture (JV)</td>
<td>2020</td>
<td>6,024</td>
<td>310,000</td>
<td>Sustainability report 2019</td>
</tr>
<tr>
<td></td>
<td>2</td>
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<td>2017</td>
<td>6,254</td>
<td>310,000</td>
<td>Sustainability report 2017</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td></td>
<td>2012</td>
<td>6,221</td>
<td>210,000</td>
<td>Sustainability report 2012</td>
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<td></td>
<td>1</td>
<td></td>
<td>2007</td>
<td>3,500</td>
<td>55,000</td>
<td>Environment and Social report 2007</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td></td>
<td>2002</td>
<td>2,300</td>
<td>45,000</td>
<td>IBEF report 2002</td>
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<tr>
<td></td>
<td>1</td>
<td></td>
<td>1999</td>
<td>1,300</td>
<td>20,500</td>
<td>Company press release, 17/03/00</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td></td>
<td>1997</td>
<td></td>
<td></td>
<td>Company press release, 17/03/00</td>
</tr>
</tbody>
</table>

Production begins at second plant in December 2010

Production begins in December 1999

Company A established in India
4.6 Company B

4.6.1 Introduction

Company B is a Japanese French joint venture located in Chennai, Tamil Nadu. Chennai is also one of India’s automotive manufacturing hubs (Okada, 2004; Horn and Forsans et al., 2010; IBEF, 2016; Kanungo, 2016). Company B began manufacturing in 2010, but they began selling vehicles in India in 2004 when they opened a series of showrooms in Mumbai, Chennai, New Delhi, Bangalore, and Hyderabad. They also opened a technology and business centre in Chennai in 2005 which imported vehicles and parts (press release, 15 June 2005).

There were only 11 employees working at the business centre in 2005 but when Company B began manufacturing vehicles in 2010, they employed 1,500 (press release 17 March 2010) and this number has remained stable since then. The capacity of the Chennai plant is 400,000 units (company website, 2020). In 2016, plans were announced to increase their market share from 2.5% to 5% by 2021 by producing eight new models in India (The Economic Times, 6 October 2016). Their current market share is just under 4% (Statista, 2020) so they have almost achieved their objective. This company is also in the vanguard of electric vehicle production and plans to sell 1 million electric vehicles by 2022 (The Economic Times, 23 March 2018).

Company B has suffered some industrial unrest but not as severe as other Japanese firms in India, perhaps because they are operating in the established automotive cluster of Chennai, known as the ‘Detroit of India’ (Bhaskaran, 2016). This cluster was created in the 1950s and by the time Company B began operating in Chennai in 2005 it was home to over 100 medium and large automotive firms including MNCs Hyundai and Mitsubishi (Okada and Siddharthan, 2007). There are now 14,000 automotive firms in Chennai (Business Standard, 5 January 2019).
The Chennai region has several assets which make it an ideal location for Company B; firstly, the state government of Tamil Nadu has a history of being pro-business. Chief ministers gave licences for Indian firm such as TVS to set up manufacturing plants in the 1950s and 1960s. More recently they have offered incentives for new firms including subsidies (Okada and Siddharthan, 2007). Secondly, education levels are high across the state of Tamil Nadu which means that there is a good supply of engineers (Bhaskaran, 2016). Thirdly, there is a good telecommunication network which has attracted IT firms (Okada and Siddharthan, 2007). However, transport infrastructure in India is patchy, so much so that Bangalore and Chennai which are within the same cluster should be viewed as ‘separate and distinct locations’ Horn and Forsans et al. (2010, p.371). Nevertheless, Chennai on India’s south east coast has been a commercial port since 1639 and became India’s first dedicated container facility in 1983 (Port of Chennai, 2020). It is also well-equipped to handle automotive industry trade.

Chennai offered Company B many advantages which were not available to pioneering firms such as Suzuki who had to work hard to create an effective supply chain with components suppliers in Haryana (Nayak, 2005). Furthermore, even later entrants such as Toyota, who established their operations outside Bangalore in the late 1990s did not have access to the resources which Company B were able to utilise. However, 20 years after Toyota set up operations in neighbouring Karnataka, Company B have had to deal with many of the same challenges in transferring Japanese management and these are discussed below.

4.6.2 Culture and commitment to the firm at Company B

Cultural differences have affected the successful transfer of Japanese management at Company B. One area in which such differences are apparent is the way the firm’s workers interpret the firm’s performance criteria. A British executive working at Company B’s European HQ explained how his firm bases their global performance appraisals on a set of ‘actions’ and ‘mind-sets’ that
are easily recognisable western traits. He believes that the challenge in India is to use language that workers can recognise. For example, new recruits are told that ‘we work to global standards’ [1b]. He went on to say that commitment (at Company B) means; ‘do not stop until the target is reached’ [1b]. Whereas in an Indian sense it means ‘I commit to do my best, don’t blame me if something stops me’. To ensure that workers can reach their targets at Company B they are given realistic goals which are broken down into smaller tasks. They are then rewarded when they succeed at each task and are encouraged to bring problems to their line manager. He went on to say that he has had to lower his standards, but once workers get used to new ways of working then he believes they work well.

Another area where cultural differences have affected the transfer of Japanese management is discipline. The Indian Senior VP for Marketing at Company B in Chennai went so far as to say that discipline is the biggest challenge facing Japanese firms in India, believing that Japanese are well-known for discipline, but Indians are ‘not all that disciplined’. He felt that discipline is reflected in punctuality and pointed out that ‘Japanese are punctual to the second’ [2b]. Company B has been manufacturing in India since 2010, although it was established in 2005, so it may be the case that the firm is still dealing with problems that more established firms have learned how to manage.

Commitment is another area of difference. The CEO of one of Company B’s marques who is based in Japan compared Japanese peoples’ strong belief in loyalty to the firm where they have a job for life, to Indian managers, whom he described as ‘mercenaries’ [1c], motivated by money and promotion opportunities over loyalty to the firm. The General Manager and HR business partner for Africa, India and the Middle East at Company B explained that the main reason mid-level Indian managers leave the firm is to seek higher salaries.
“Labour turnover on the shop floor is low. However, it is higher amongst mid-level managers. The main reason for leaving is that managers seek higher salaries in other firms.” [8c]

However, there may also be a difference in attitudes to commitment between managers and shop-floor workers. This is because India has a large unemployed labour force which means that Indian workers have fewer opportunities to change jobs and are more likely to lose their job than managers (Kiyokawa and Oba et al., 2006). Therefore, shop-floor workers are more likely to want to keep their existing job if they believe it will be difficult to find another.

Another challenge in terms of employees’ commitment to Company B in India was how to send local Indian engineers with high potential to Europe or Japan for training without losing them immediately on return. To ensure that this does not happen, the firm use fiscal bonds to ensure that returning trainees do not leave the company after training overseas. The British executive stated that ‘this is an alien concept in our usual HRM practices’. He then went on to explain how the bond system works. Before trainees are sent overseas, they are asked to sign a bond which states that if the employee leaves the firm on their return to India, they will be required to repay all the costs incurred in their training. He also explained that if an employee wishes to leave a firm in India they must be ‘released’ by their employer before they can join a new firm. This British executive said that it often takes 2-3 meetings with the employee before he signs but most trainees eventually agree to the terms of the bond.

The General Manager responsible for planning in Africa, Middle East and India believes that attrition at Company B’s Indian operations is like that of other automotive firms. Whereas a European General Manager who has been working at Company B’s Chennai plant since 2012, stated that attrition at Company B in India is much lower than the automotive industry average. Whichever perspective is correct, by offering workers the opportunity to
develop their skills which will enhance their career prospects and asking them to sign a bond, Company B has found a way to retain workers after training.

4.6.3 Production planning process at Company B
The story below was told by a Japanese manager at the end of his Indian assignment at Company B to an Indian deputy general HR manager. It demonstrates how the Japanese man perceived differences between Chinese, Japanese, and Indian people, and their approach to work. Although the story stereotypes these nationalities, the Japanese man told his Indian counterpart that he thought it demonstrated how he had finally developed an understanding of Indian people after working with them for four years.

“If workers in a Japanese firm were asked to plan a mountain expedition for the next day, when the morning came the Chinese would be ready and waiting at the foothills of the wrong mountain, the Indians would be assembled at the right mountain but they would all be fighting, and the Japanese would be back at base planning!” [3c]

The time and effort spent on planning at Japanese firms was highlighted by five managers from Company B in relation to the challenges their firm faces in India. The perception of the expatriate Japanese manager from Company B at the end of his Indian assignment echoes the view put forward by the French HR Director at Company B, who explained why he felt that the expectations of Japanese expatriate managers do not match the reality in India.

“Colleagues from Japan are used to a stable plant environment where workers are mature in terms of their attitude to work. In India, they find workers who are good at problem-solving and building relationships but not good at process planning which requires attention to detail and quality control. Therefore, it takes time for them to adjust and they find they may need to get involved with micro-management.” [3f]
This quote provides a more nuanced view of the Indian work environment, in that the French HR director from Company B contrasts the ‘stable plant environment’ and the ‘maturity of workers’ in Japan with India’s burgeoning automotive industry. However, Company B has identified planning as an area where greater intervention is required, and this may account for the ‘micro-management’. Both above quotes come from executives working at Company B which has only been manufacturing vehicles in India since 2010. Therefore, it is possible that workers will become more mature and the plant environment more stable in time.

The British executive working at Company B’s European HQ explained that Japanese firms have high expectations of their suppliers. Nonetheless, he believes that a mismatch of expectations between Company B and their suppliers has impacted the planning process at his firm. He said that Company B expects suppliers to be able to develop systems and design components, but in India they could not do this. He also went on to say that suppliers were “expecting a more open collaborative relationship that was easy for the local engineers to understand but difficult for foreign managers to tolerate” [3g]. He mentioned that “this made it difficult to align resource planning with actual need – leading to conflict between India and global (operations)” [3g]. Executives at Company B had clearly expected Indian suppliers to work much more autonomously and had to change their resource planning so that the firm’s global operations would not be disrupted. Therefore, practices such as the sharing of knowledge and best practice through keiretsu-style horizontal integration of suppliers and manufacturers (Mitra, 2007) have not transferred from Japan to India at Company B.

However, the Indian VP for after-sales at Company B, with extensive experience of working in Japanese automotive firms, explained the positive aspects of the planning process for a new project at his firm:
“If you want to start a new project it takes the Japanese 6-8 months to prepare. A typical project takes between 6 months and 1 year to come to fruition. This is because the Japanese engage in ‘micro-management’ which means that they require detailed, scheduled documentation for every stage of the planning. All documents must be prepared before the project starts. Then there is the micro-scheduling of weekly reviews (to see how the project is developing). This is good because problems can be solved, and the project delivers on time.” [3e]

This quote explains the planning process for a new project at Company B’s Indian operations. The VP for Aftersales also acknowledges that despite the time and work involved, problems can be solved as they arise. In addition, he recognises the key benefit of this process which is that it leads to the successful and timely delivery of the project. The planning process at Company B is designed to reduce uncertainty and ensure the smooth running of a new project. However there has been some conflict between Company B and their Indian suppliers. The firm could have set up joint venture operations with suppliers but as the British executive working at Company B’s European HQ put it:

“We disliked the typical 50:50 JV relationship because it seemed better suited to service activities such as BPO (business process outsourcing) or limited lower value engineering activities.”

Instead, Company B decided on a ‘contingency approach’. This involved establishing a captive centre for high value-added operations which resulted in the development of new intellectual property. They also used consultants or partners who worked in separate offices in the same building for more commodity engineering of generic parts. However, this created a two-tier policy for subsidised transport and catering which led to unforeseen conflict and was difficult to manage. Nonetheless, by situating key partners inside the
firm, Company B could help them to improve the standard of their products.

4.6.4 Hierarchy and opportunities for progression at Company B

The CEO of one of Company B’s marques described Japanese management overseas as ‘well-honed’ and ‘a mixture of control and laissez-faire’ [4e]. By control he is referring to the model of Japanese management at Company B’s operations in India and China where Japanese firms do not have a ‘great legacy’ and where there is a ‘maturity issue’ in terms of understanding Japanese management. In these plants, there may be 20-30 Japanese expatriates in place. In relation to ‘laissez-faire’, he is referring to the way that Company B manages operations in advanced countries such as the USA. He then set out the ways in which Japanese management overseas has evolved from the beginning of their operations in Europe. He used the term ‘shadow management’ to describe how a local manager would be appointed and shadowed by a Japanese advisor, who in turn would provide constant updates to the CEO in Japan.

However, the CEO said that although Japanese firms are well-established in Europe, they still send experts in finance and marketing as well as technical areas, but local managers are now also in place. He explained that if there is a problem at a European plant then locals can usually solve it and Japanese nationals may be called in from Japan around three times a year. Whereas in India, Japanese nationals are called on much more regularly. He stated that the long-term aim for the firm’s operation in advanced countries in terms of control is to have less than 10 Japanese expatriates in place. He also believes that the monozukuri or ‘craftsmanship’ associated with Japanese manufacturing can only be understood by Japanese people, so it follows that he supports the deployment of Japanese expatriates in Company B’s overseas operations. This does not mean that workers in India cannot learn the principles of Japanese management, but it implies that they need to be taught by Japanese managers who understand the origin of Japanese management.
Furthermore, these findings suggest that India has not yet reached the stage where Company B can progress to a more ‘laissez-faire’ policy.

The French Director of HR and General Affairs from Company B pointed out that some Japanese firms in India still use what he called the ‘expatriate-orientated model’ [4g] (which means sending many Japanese expatriates to work in India). Nonetheless, all managers make sure they are visible and try to build good relations with Indian workers. He also said that ‘we would like to move away from that’ (meaning the expatriate model). Employing local managers poses a big challenge as the firm must source people locally and it may be difficult to find workers with the appropriate qualifications and skills. To attract and retain high quality staff, Company B provides good compensation as well as career development opportunities in India and overseas.

The extract from a transcript below illustrates the perception of progression opportunities at Company B. The views of the Senior Vice President and Chairman of Asia-Pacific Region at Company B are broadly similar to others from the same firm.

“There is no glass ceiling regarding nationality. The management team is very diverse so people can progress as far as they want to.” [8d]

This statement is supported by the fact that Company B is also the only firm out of the six which took part in this research to have ever appointed an Indian to the role of managing director. Company B began producing cars in 2010 and the firm’s first Indian MD was appointed in 2014 (The Economic Times, 9 October 2014). He previously worked for Japanese and Indian automakers in India. The overall percentage of Japanese expatriate managers at Company B is also low at 1.3%. There are only 50 Japanese expatriates out of a total of 1,500 workers at the firm’s Chennai plant. Company B’s British Overseas
Programme Director based in Switzerland, who was also posted to India for several years, said that international assignments for Japanese expatriates at his firm are typically three years duration which in his view means that the first year can be somewhat ineffective because the person must spend time learning the new culture and working regime. The second year is then highly effective, but in the third-year effectiveness diminishes as the person does not wish to create challenges for the firm when they leave. Frequent changes in the top management at Japanese firms including Company B drew the attention of the Indian media in 2016 when The Economic Times published an article criticising this policy (Frequent changes of the CEOs give a blow to sales volumes of auto companies in India, 1 August). The article stated that such changes do not allow managers sufficient time to understand the Indian market or to implement strategies for growth before they prepare to leave for their next assignment.

The reason why Japanese automotive firms change their top management so frequently may be due to a change in the firm’s strategic objectives. Executives working at company HQ in Japan may believe that restructuring their executive team is the best way to achieve new objectives. In the case of Company B, the intention to double their market share from 2-5% over 5 years (The Economic Times, 6 October 2016) was followed by the appointment of a new MD in July 2017 (The Economic Times, 12 July 2017). However, it is important to note that neither the former MD or his replacement were Japanese; they were Indian and German respectively. Nonetheless, both men have extensive industry experience in India and understand the challenges of operating there. Furthermore, the Vice President of Marketing and the HR Director are both Indian. These appointments reflect the global perspectives expressed above and the international joint venture ownership of Company B. At the time of writing the MD is once again Indian and he has worked at Maruti-Suzuki and Hyundai in India previously (press release, 5 September 2019). The choice of an Indian national for this role may be part of the firm’s strategy to achieve 5% market share by 2021.
4.6.5 Attractiveness of Company B as an employer

Japanese firms are fair employers who treat workers well according to respondents from Company B. Japanese firms are also perceived as ethical employers meaning that they are regarded as honest in the ways in which they treat employees. The phrases used to describe Japanese firms in relation to ethics were ‘trust’ [7e]; ‘better than local firms’ [7f] and ‘good reputation’ [7g]. In addition, an Indian HR executive working for Company B believes that the similarity between Japanese expatriates and Indian managers enables them to form close relationships as colleagues do in India. Professor Peter Cappelli of the Wharton Business School, whose book ‘The India Way’ was discussed in the literature review and who also answered questions by email for this research, believes the Japanese and Indian cultures share the cultural trait of paternalism. This means that older people take care of younger people and in business this can be seen in the way that managers ‘look after’ their team by taking time to explain how to do their work.

The Overseas Programme Director explained that Company B is well-known in India but when he asked Indian graduate engineers to name their favourite product from the Japanese firm during interviews, they couldn’t. This factor did not deter applicants from applying to work at Company B’s manufacturing plant prior to the opening in Chennai in 2010. In fact, the Overseas Programme Director reported visiting many universities to interview prospective engineers and met between three and five thousand candidates for 150 engineering positions. This means that the chance of applicants getting a job at Company B was around three to five percent. However, the reason for this extremely low success rate was because graduates from most universities did not have the qualifications required by Company B. The experience of the Overseas Programme Director reflects the education crisis in the Indian engineering sector where many students are not educated to the level required by industry (The Economic Times of India, 9 April 2018). Those who do, tend to come from the prestigious Indian Institutes of Technology (IITs), whose graduates he compares to premier league footballers. They are highly qualified
applicants with zero social skills. “You can find and train engineers in engineering processes, but they do not have problem-solving skills.”

The Indian VP for Marketing at Company B felt that Japanese firms are viewed as good employers by engineering graduates as they offer ‘good exposure’ to manufacturing. However, he also said that Japanese automotive firms are not considered to be ‘aspirational’ by marketing graduates, but he did say that young people may be attracted to large firms. The view that foreign firms are good employers with standardised pay and other benefits was borne out by an executive from Company B [5g]. He also refers to ‘global rules and regulations.’ These remarks about global rules and regulations by two executives from different companies [see also 5d] indicate that foreign firms are perceived to adhere to global standards of pay and conditions, rather than Indian ones, and this makes them attractive employers [5e].

4.6.6 Workers’ perceptions of Japanese expatriate managers at Company B

In terms of their approach to working with Indian people, the two quotes below come from senior managers at Company B who identified two types of Japanese expatriates at their firm; those who accept that Indian people are different and are willing to adapt their own ways of working accordingly, and those who believe Indian workers should adapt to Japanese ways of working.

“There are 2 types of Japanese manager who are as far apart as the North and South poles:

1. Those who understand Indian culture - for example that Indians are more emotional which means that people should not be told off in public.

2. Those who don’t understand Indian culture. They believe their role (in India) is clear. ‘These people should adapt’. For these managers even commuting is frustrating due to the chaos of Indian roads.”

Indian Vice President, After Sales [9g]
“There are two kinds of Japanese managers:

1. **Those who are willing to be part of the local population, make friends and understand local issues.**

2. **Those who insist on adhering to Japanese systems.** Japanese managers go to India on secondment for 3 years and this means that they do not have long-term vision, however some Japanese managers enjoy living in India which is a less developed country where they can enjoy a higher standard of living.”

Indian Vice President, Marketing [9h]

The French CEO of Company B also identified the same two kinds of Japanese manager as his Indian colleagues. However, he agreed that those who are willing to adapt to the Indian business environment also seem able to adapt to India and appreciate the higher standard of living they and their families can enjoy compared to life back in Japan.

“Japan is as far away (culturally) from India as you can get. Japanese managers dislike the dirt and chaos in India. Japanese managers are very adaptable and around 50% of Japanese managers love India as they can enjoy a lifestyle they cannot afford in Japan (household staff, drivers etc.)” [9i]

One General Manager at Company B described below how Japanese managers’ authoritative approach to dealing with Indian workers in the initial stage of their assignment develops into a relationship built on trust over time. He believes that understanding their cultural similarities is useful in helping Japanese expatriates prepare to work in India. A key aspect is the cultural heritage of Buddhism with its emphasis on harmony, spirituality and society (Choudhury, 2005; Shintaku and Suzuki, 2009; Buckley and Cross *et al.*, 2012).
“The perception is really good, but it does vary from industry and level of employee. Cultural background is somewhat similar. Japanese managers are authoritative at first but once they trust employees the relationship becomes closer.” [9f]

However, this view is not shared by the CEO from Company B who thought that “Japanese firms are better than local firms but less warm in that they don’t adhere to local culture so are cold and insensitive” [7f]. He believes that this has resulted in some cases of ‘Japan-bashing’, which can also be exacerbated by media coverage of industrial disputes. Two executives from Company B referred to Japanese expatriate managers’ strict adherence to procedure. They used phrases such as ‘focussed on processes’ [11b] and ‘process-oriented’ to describe the Japanese managers they have worked with. This was the only area where negative comments were made about Japanese expatriate managers. These ranged from mild criticism about Japanese managers spending too much time on detail [11e], to Japanese managers being described as ‘very cold’ because they view workers as ‘machines’ [11b].

“Implementation of company policies is complex and time-consuming. Japanese managers are ‘focused on processes’ and ‘don’t think outside the box.’ Japanese managers are ‘very cold’ because they view people as machines. The ratio which is used by Japanese expatriates is 1 Japanese worker is equal to 1.6 Indian workers. This comparison is very demoralising.” HR Business Partner [11b]

Furthermore, the ratio which is used by Japanese expatriates at Company B was disheartening because it implies that Indian workers are worth less than their Japanese counterparts. This HR executive has been working for Company B for four years and during his interview expressed frustration about time-consuming meetings where he regularly experiences communication difficulties between Indian and Japanese managers. These problems arise due to the complex and time-consuming nature of Company B’s HR policies.
in India which involve adopting processes and systems from the French and Japanese joint venture partners.

To overcome differences in the level of skills and ensure that Indian workers can attain the high standards of work expected by Company B, the HR Executive explained that the firm has developed several dimensions to manage talent in all their operations which are also used in staff appraisals. These include change management, leadership, technical engineering to deliver sustainable results and fostering a culture of trust and transparency. Through the implementation of measurable HR standards, Company B has found a way to enable Indian workers to understand the standard of work which is expected of them. Nonetheless, there appears to be some animosity towards Japanese management at Company B.

4.6.7 Impact of unionisation on the transfer of Japanese HRM at Company B

The Indian VP of Marketing at Company B highlighted lack of discipline amongst Indian unions as problematic for Japanese automotive firms and warns that this can result in ‘negative consequences.’

“In Japan workers have a 'job for life.' It is difficult for Japanese firms to manage Indian unions. This is because in India unions are not disciplined and therefore Japanese managers don’t know how to work with them. This can result in negative consequences.” [13h]

Lack of discipline is reflected in the industrial unrest which Company B suffered in 2014 because of the dismissal of 200 trainee workers. The reason given by the company for these dismissals was poor performance (NDTV, 19 September 2014). However, the trainees claimed that they had been promised permanent work after their three-year training ended and approached the Aam Aadmi Party, an anti-corruption organisation, (www.aamaadmiparty.org) to help them organise a hunger strike. Company B stated that they were under
no obligation to offer permanent employment. The problem was finally resolved when the firm recognised an internal employee union to replace five-member works council at the plant (NDTV, 15 June 2016). However, the sacked workers were not re-employed.

This dispute appears to have resulted from a misunderstanding between trainees and managers at Company B regarding job prospects after training. There are several examples in this case study where the expectations of strategic level managers in relation to the transfer of Japanese HRM at Company B are different to workers’ perceptions in India. These highlight the challenges of transferring Japanese HRM to India. One example was different attitudes to the word ‘commitment’ discussed earlier in relation to culture and commitment to the firm. If such a fundamental misunderstanding of management expectations goes unchecked, it is probable that new recruits will fail to reach performance targets.

On 11 June 2016, Company B announced a 57% pay increase over three years for workers at their Chennai plant, representing the highest pay rise the automotive industry has ever seen. This was the result of negotiations with the automotive workers’ unions which took place earlier in the year (Times of India, 11 June 2016). On the same day, the firm also announced in a press release that employees and close family members will be covered by company medical insurance and they will facilitate the building of a new township for their workers, as well as onsite shopping facilities (Times of India, 11 June 2016). Such improvements in pay and conditions demonstrate Company B’s commitment to their workers and are designed to increase workers’ allegiance to the firm.

One Indian executive from Company B said it had taken time for workers to understand the ‘benefits’ of working for a Japanese firm, as he put it below. Nonetheless, becoming part of a firm’s family may result in a conflict of loyalty
for Indian workers who are also expected to prioritise their real family’s needs over work.

“Japanese firms manage relations with Indian unions well now but didn’t at the beginning. Japanese management is developed for long-term employment, so it takes time for people to understand (the benefits of working for a Japanese firm). People become part of the firm’s ‘family’ and they realise that the firm is taking care of them from providing good quality food in the canteen to offering training. Japanese firms are not the ‘best paymasters’ but they do take care of workers.” [13g]

Company B began operating in an established automotive cluster 28 years after Suzuki made their first foray into India. They inherited a legacy of industrial unrest from other Japanese automotive firms which persists because Japanese firms send executives who do not understand the complexities of the Indian business environment and are unwilling and/or unable to adapt to India. The typically short tenure of three years does not help in this regard. However, Company B have endeavoured to introduce the best of Japanese management whilst making adaptations for local conditions. For example, the fiscal bond system for engineers is designed to counteract high attrition which is prevalent in India (Kaur, 2013). Moreover, one of the main criticisms of Japanese firms overseas is that they do not allow local workers to be promoted to managerial level. Company B is the only Japanese automotive firm in this study to have appointed an Indian MD which means that they have reduced the barrier of the ‘rice paper ceiling’ (Kopp, 1999) and enabled local managers to be promoted to the most senior positions.
Table 4.4: Timeline of Company B’s operations in India

<table>
<thead>
<tr>
<th>Timeline</th>
<th>No. of Indian plants</th>
<th>Ownership</th>
<th>Year</th>
<th>No. of permanent employees</th>
<th>Total current capacity (units)</th>
<th>Data source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>Japanese-French Joint venture</td>
<td>2020</td>
<td>1,500</td>
<td>400,000</td>
<td>Company website, accessed 01/12/20</td>
</tr>
<tr>
<td>1</td>
<td>1</td>
<td>2015</td>
<td>1,500</td>
<td>400,000</td>
<td>Company press release, 08/01/16</td>
<td></td>
</tr>
<tr>
<td>Production begins in May 2010</td>
<td>1</td>
<td>2010</td>
<td>1,500</td>
<td>400,000</td>
<td>Company press release, 17/03/10</td>
<td></td>
</tr>
<tr>
<td>Company B begins operating in India-importing vehicles and parts</td>
<td>1</td>
<td>2005</td>
<td>11</td>
<td>N/A</td>
<td>Company press release, 15/06/05</td>
<td></td>
</tr>
</tbody>
</table>
4.7 Company C

4.7.1 Introduction

Company C is by far the largest automotive manufacturer in India and accounts for 51% of the passenger vehicle market (Statista, 2020). It has become a household name in India where it sells one in every two cars (Economic Times, 12 July 2017). It was also ranked the 8th most trusted brand in India by the Trust Research Advisory organisation in 2020 (TRA, 2020), ahead of Indian automotive firms like Tata Motors (75). This company established the auto manufacturing hub in Haryana, North India and two of its three plants are located there (Okada, 2004; Horn and Forsans et al., 2010; Kanungo, 2016). The third plant became operational in 2017 and is in Gujarat (Annual Report 2015-16; The Economic Times, 9 September 2015).

Company C was the first Japanese automotive firm to invest in India and began as an Indo-Japanese joint venture in 1982. The Indian partner was created by the government in 1969 who were keen to introduce competition into the moribund automotive industry to meet burgeoning demand (D’Costa, 1995, p.487). Demand for cars in India had been gradually increasing in the 1960s and 70s, but growth in production had declined. By 1974 demand for cars reached 80,000 units but industry capacity was only 35,000 units which meant that customers had to wait several years to buy one (Hamaguchi, 1985, p.115). The company was the brainchild of Sanjay Gandhi son of PM Indira Gandhi who wanted to develop an affordable car made entirely in India without technology or parts from overseas. However, by 1980 the project was deemed a failure because the firm managed to only produce 100 vehicles before it was seized by the government (Hamaguchi, 1985, p.115).

The policy of the Indian government since independence in 1947 was one of self-reliance through import substitution which led to high tariffs on imported goods including vehicles. A small number of Indian automotive firms, along with those in key sectors which were deemed important to economic
development, were granted licences under the so-called ‘license Raj’ (Anand and Delios, 1996). It was only from the late 1970s that the government relaxed licensing in the automotive industry (D’Costa, 1985, p.487).

Moreover, new thinking about the role of foreign technology led to a change in direction for the Indian government who began to open the automotive industry to foreign investment. They decided to look for a joint venture partner for Company C and several foreign firms were involved in the negotiations, including British Leyland, Fiat, Renault and Volkswagen (Nandi, 1998). The Japanese bid was chosen for two reasons; firstly, because they were willing to accept a 26% shareholding and, secondly, because of the speed of decision-making by the firms’ leaders (Nayak, 2005). The Japanese partner gradually increased their stake and currently own 56% of shares (company report 2019-20).

Company C began producing cars in 1984 with 500 employees and a production capacity of 20,000 units (Becker-Ritterspach, 2007). The first plant was in Gurgaon in the state of Haryana, close to the NCR of New Delhi. To make low cost and efficient cars in India, the Japanese partner invested heavily in the Indian automotive components sector by creating equity joint ventures with key suppliers (Ministry of Finance, 2016). This strategy enabled the firm to meet government requirements for components to be sourced in India and meant that they could work with producers to improve quality. Company C managed to attain 88% local content for its main vehicle within five years of operating (D’Costa, 1995, p.492).

By 1995, the workforce had increased ten-fold and the company was producing 200,000 cars a year (Becker-Ritterspach, 2007). In 2006, Company C opened a second plant at Manesar in Haryana (Annual Report, 2007-08). This increased capacity to 500,000 and the workforce to 5,521 people. Sales reached 1 million vehicles in 2010 and by then the workforce had grown to
9,100 (Annual Report 2010-11). The firm has continued to grow from strength to strength and by 2020 there were 15,954 employees (Annual Report, 2019-20). Company C also decided to add a second production line at its new plant in Gujarat before it opened in 2017 (Nikkei Asian Review, 4 November 2016), with plans to add two further lines (The Economic Times, 9 September 2017). The current production capacity is 1,500,000 units.

Company C is the only firm in this study which has received substantial academic interest, and this made it possible to document its progress since inception in 1982 until the early 21st century. Several researchers have examined the transfer of Japanese HRM at this firm, particularly at the beginning of their operation (Hamaguchi, 1985; D’Costa, 1995; Nandi, 1998; Nayak, 2005; Becker Ritterspach, 2007; John and Soni, 2014). However, none of these prior studies documented the development of Japanese HRM over the four decades they have been operating in India. This firm also suffered the most serious industrial dispute in 2012 when an Indian manager was killed by protesting workers. Therefore, an investigation of the evolution of Japanese HRM since the beginning of its operations in the early 1980s is timely and worthy of research.

4.7.2 Culture and commitment to the firm at Company C
A female HR Business Partner explained that the main challenge at Company C is talent retention. She referred to generational differences between attitudes of ‘millennials’ (those born between 1980 and 2000) compared to ‘baby boomers’ (those born between 1943 and 1960). The biggest differences between workers from these two generations are believed to be the greater need for a work/life balance by millennials compared to their grandparents or parents, and “the understanding that job security and retiring after working for one organisation are both very rare” (Smith and Nichols, 2015, p.41). The lack of job security, coupled with a shortage of workers with the appropriate skills and education may also increase the likelihood of ‘job-hopping’ by young Indian workers (Chatterjee, Nankervis and Connell, 2014). However,
millennials with a graduate degree are more likely to continue working at an organisation than those without (Kaifi and Nafei et al., 2012). Opportunities for career development such as training may also be a way to ensure that new recruits do not leave a firm. Newly recruited engineers at Company C undergo training in India to prepare to work in Japan for three years; whilst there they gain experience working on the shopfloor as well as in quality and testing. They also learn the Japanese language which enables them to communicate more effectively with Japanese workers.

The Indian Executive Director at Company C believes that discipline, particularly in relation to timekeeping, is the biggest challenge facing Japanese firms in India. He stated very simple that “the Japanese are disciplined, and Indians are not” [2c]. The reason he gave to explain this lack of discipline in timekeeping is the contrast between the traditional village life that many new recruits are used to in Haryana, and the strict routines of the factory where punctuality is very important. In addition, from 1984 until April 2016, staff at Company C worked long days over a six-day week. To instil discipline, between 30 and 50 shop floor workers are sent to Japan for training every six months. Once they have observed Japanese workers there is a big change in their behaviour. They begin to understand that punctuality is key and that even managers must adhere to the rules. They also see how all workers share a common canteen (as they do in Company C’s operations in India), all wear the same uniform and work in the same office (there are no ‘cabins’).

4.7.3 Transfer of Japanese management at Company C

Company C introduced Japanese management to India in the 1980s and undoubtedly set the scene for Japanese firms to enter the Indian automotive industry. However, they faced several obstacles in transferring Japanese management to India. These included “lack of team spirit, the gap between labour and management, lack of quality consciousness and trade-based labour laws and unions that have made the introduction of job rotation and multiple skills - two important constituents of Japanese management
techniques - difficult” (Siddharthan and Lakhera, 2005, p.107). Nonetheless, the implementation of Japanese management was integral to the success of their operations. Company C managed to overcome these obstacles in two ways. Firstly, through recruiting graduates to lower and middle level management positions Company C could ensure that these workers did not have any pre-existing biases (Nayak, 2005). Secondly, new recruits underwent the rigorous training in Japanese management described by the Indian executive director above. The recruitment and training process at Company C has provided an exemplar to subsequent Japanese investors.

4.7.4 Hierarchy and opportunities for progression at Company C

The female HR Business Partner stated that the hierarchy in Japanese firms such as Company C has been customised and is flatter in India. However, promotion is slow due to the seniority system (whereby employees are required to spend a fixed number of years in one position). Nonetheless, she believes that Japanese firms are changing; one example of this is that performance-related promotion has been adopted by some employers (although not by Company C at the time of writing). The overall perception from Company C is that it is a firm which is highly successful in India but is also in transition as older managers retire. Many of these Indian managers have worked for Company C since the inception of the joint venture. Therefore, it may be the case that the next generation of Company C managers adopt performance-related promotion to attract and retain workers.

“Many Indian managers have worked for Company C since the inception of the joint venture in the 1980s and these people really believed in the firm. The firm is currently in transition as older managers retire.” Female HR Business Partner [9]

There are few Japanese expatriate managers working at the firm now but despite its long tenure in India, the current Managing Director of Company C is Japanese, and Director of Marketing is also Japanese. The head of HR is
Indian. An Indian executive working for Company C, who has worked at the firm for 32 years, pointed out that the Japanese expatriates still working there are not directly involved in operational activities. Instead they liaise with local managers who work with shop-floor staff [9j]. Having said that, this executive still believes that Indians can learn from Japanese managers who are perceived positively by Indian workers.

“Japanese managers) are disciplined, quality-conscious and knowledgeable. There are few Japanese expat managers now.” [9j].

4.7.5 Attractiveness of Company C as an employer

The executive director who has worked at Company C since the beginning of its operations in India stated that there have been two major strikes during his career at the firm. The most significant of these occurred in 2012 and will be discussed in the section on unionisation. However, he believes that workers realised that ‘strikes didn’t pay’. In his view, workers have now matured and are prepared to work. In addition, the company put in place the following measures to improve workers’ lives:

- Company C provides housing for workers. They negotiated buying the land, organised the building and ‘supervised the whole thing’.
- They have their own school for workers’ children.
- They offer company loans for two-wheelers i.e., motorbikes.
- They have put in place medical insurance for workers and their families.
- The company has also made more promotion opportunities available for workers.

More recently Company C set up a system whereby workers’ grown-up children can join the firm if they pass a test, thus demonstrating that they are willing to invest in and train the next generation of workers. In addition, three years ago the firm upgraded their in-house qualifications, for example an engineering diploma has been upgraded to degree level. In doing this they
have made their engineering jobs more attractive to current and prospective employees. These measures may go some way to recruiting and retaining young workers discussed above. Furthermore, by providing such a comprehensive package of benefits, Company C has incorporated Indian workers into the company ‘family’. The firm was also commended at the Forbes India Leadership Awards (FILA) for CSR initiatives such as improving rural living standards by building sewerage and sanitation systems (press release, 13 December 2018). Such benefits are not limited to Company C nor indeed to Japanese firms; the Tata corporation also offers workers housing, hospitals and education (The Economist, 5 March 2011). However, Company C has exhibited the ability to learn from the mistakes of the past by making investments which will improve workers’ lives both inside and outside work.

4.7.6 Workers’ perceptions of Japanese expatriate managers at Company C

Company C has been operating in India for 35 years, which is the longest of any firm in this study. However, there are some persistent gaps in cultural understanding at Company C. One of these gaps is the perception that Japanese managers expect workers to deliver what they promise, whereas Indian managers may still tend to overcommit and underdeliver (Varma and Awasthy et al., 2015). Another gap concerns the different attitudes to discipline and punctuality amongst workers recruited from rural Haryana at Company C, which were discussed earlier. There are also still differences in the way workers behave in the office. The Indian executive director compared the hectic Indian office environment where people move around talking to each other to a Japanese office where workers sit quietly at their desks below.

“Japanese managers are not directly involved in shop-floor activities. Instead they liaise with local managers who work with shop-floor staff. They are very particular about timing and schedules. ‘What is promised must be delivered.’ Japanese have ‘no family values.’ Work comes first.” [11c]
This difference in behaviour at work may lead to Japanese managers' developing a negative perception of Indian workers. Furthermore, despite 35 years of Japanese management at Company C there remains one negative image of Japanese expatriate managers which persists among those interviewed. This is the perception that they put work before family.

4.7.7 Impact of unionisation on the transfer of Japanese HRM at Company C

The following section highlights the most serious industrial dispute at a Japanese automotive firm in India. The causes for this dispute are generally believed to be wage disparities between permanent and temporary workers; failure of the firm to increase wages in line with increased profit; lack of trust between local HR staff and workers and lack of communication between Indian workers and Japanese expatriates (the latter had no idea of workers' discontent) (Prasad, 2012). However, labour unrest at Company C’s operations go back to a previous dispute in 2000 when the firm refused to recognise an independent trade union in addition to the company-based workers’ organisation (Forbes India, 19 July 2011). Workers attempted to establish a union again in 2011 but were thwarted by the management (Bose, 2012). Tough working conditions at Company C’s factory in Manesar, Haryana, where temporary workers earned around half the wages of permanent workers, were also contributory factors to the industrial unrest which led to the breakout of violence in 2012.

Many workers were injured by union members at Company C's plant in Manesar in July 2012, after a dispute between an Indian worker and his supervisor became violent. Furthermore, an Indian manager burnt to death after being so badly beaten that he was trapped in his office when it was set on fire. (The Economic Times of India, 23 July 2012). This incident resulted in the plant being temporarily closed and workers arrested. The case took five years to get to court and thirteen men were convicted of murder in 2017 (Hindustan Times, 10 March 2017). Since 2012 Company C has introduced
several measures to improve relations with workers. One such change was the appointment of a new MD in 2013 with experience of the Indian subcontinent. He developed a ‘policy of inclusiveness’ for staff at Manesar (Forbes India, 29 April 2015). This policy centred around a suggestion system whereby workers could contribute ideas about making improvements to the production system which led to better working conditions and increased productivity. The firm also announced significant pay increases for workers in June 2016 (Times of India, 11 June 2016), in addition to the package of benefits discussed above. In May 2017, the MD opened the first of 15 Automobile Skill Enhancement Centres (ASECs) which will be set up in government industrial training institutes across 11 states (The Economic Times, 26 May 2017). The establishment of these centres demonstrates the firm’s willingness to train young workers who will understand the company’s ethos and be ready to work in their factories or their network of dealerships. Overall, the comprehensive investment Company C has made in India since 2012 has demonstrated that the firm has learned from the industrial unrest of the past. The role of the current Japanese MD was instrumental in the changes which have taken place over the last six years.
### Table 4.5: Timeline of Company C’s operations in India

<table>
<thead>
<tr>
<th>Timeline</th>
<th>No. of Indian plants</th>
<th>Ownership</th>
<th>Year</th>
<th>No. of permanent employees</th>
<th>Total current capacity (units)</th>
<th>Data source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company sells 1 million vehicles</td>
<td>2</td>
<td></td>
<td>2015</td>
<td>13,259</td>
<td>1,500,000</td>
<td>Company C Annual Report 2015-16</td>
</tr>
<tr>
<td>Company C opens second plant in Manesar in 2006</td>
<td>2</td>
<td></td>
<td>2007</td>
<td>5,521</td>
<td>500,000</td>
<td>Company C Annual Report 2007-08</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td></td>
<td>1995</td>
<td>4,840</td>
<td>200,000</td>
<td>Becker-Ritterspach, 2007</td>
</tr>
<tr>
<td>Company C begins operating in Gurgaon</td>
<td>1</td>
<td></td>
<td>1984</td>
<td>500</td>
<td>20,000</td>
<td>Becker-Ritterspach, 2007</td>
</tr>
<tr>
<td>Company C established in India</td>
<td>1982</td>
<td>11</td>
<td>N/A</td>
<td>Company website 2020</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.8 Company D

4.8.1 Introduction

Company D was originally a joint venture with an Indian firm and became a wholly owned Japanese subsidiary in 2012 (press release, 10 August 2012). It has manufacturing facilities in the automotive hubs of Greater Noida, Uttar Pradesh and Tapukara, Rajasthan, North India. Company D began manufacturing in India in 1997 in Greater Noida which was set up in 1991 as a ‘metro centre’ designed to attract investment and deal with the expanding population of Delhi (Greater Noida Authority, 2020). Production began with a capacity of 30,000 units and 2,000 employees (Choudhury, 2005). In 2008 Company D doubled their production capacity without increasing the number of workers through automation and the use of robots (press release, 25 February 2008).

The plant in Rajasthan began producing vehicles in 2014 and capacity more than doubled to 240,000 units with an increase in the workforce to 5,200 (press release 24 February 2014). Rajasthan has become a major cluster in the Indian automotive industry and there are currently over 150 automotive and auto parts firms operating there (Rajasthan, the Land of Promise, Government of Rajasthan, 2020). The northern region of Alwar where Company D is based is also close to the border of the NCR and has excellent links to the capital and other major cities including Mumbai.

By 2020 there were 9,000 employees working at Company D and capacity had increased to 280,000 units (press release, 17 July 2020). However, this was reduced to 180,000 units in December 2020 when Company D closed the Greater Noida plant. In a report by the Economic Times, (23 December 2020), the Japanese MD explained that:

“Market conditions remain unpredictable for the industry at large. The impact of Covid-19 has pressed us to strengthen our constitution,”
Company D has been operating in Greater Noida for 23 years and is the only firm in the study which has reduced capacity since this research began. This firm experienced a levelling off in sales even before the Covid-19 pandemic created a downturn in the global automotive industry (Financial Times, 3 September 2020). In March 2017 their Japanese president said that he wanted his firm to achieve over 10% market share within three to four years (The Economic Times, 16 March 2017). Company D’s current share of the passenger vehicle market is approximately 4% (Statista, 2020). The closure of the Greater Noida plant is part of a strategy to amalgamate their operations and combat a rise in investment costs around the world. This firm has been the study of prior research, most notable by Choudhury (2005) who examined the transfer of Japanese HRM in the Greater Noida factory in the early 2000s. Therefore, an examination of recent developments is timely and will reveal how Japanese HRM has evolved in this company. For clarification, research with executives working at Company D’s operations in Greater Noida took place in 2015-16.

4.8.2 Culture and commitment to the firm at Company D

The Indian Senior Vice President (HR) at Company D discussed how Japanese HRM can be adapted at his firm. However, he believes that there should be an implementation period of 4-5 years if Japanese automotive firms wish to set up successful operations in India. He also feels that Japanese managers should provide explanations about the need for workers to be disciplined in their timekeeping. For example, the reason why everyone must take breaks at the same time is to ensure continuity on the production line. These views are shared by a young Indian HR Manager at Company D’s headquarters in Ghaziabad, Greater Noida [1d].
"Japanese managers need to provide a detailed explanation of the rationale behind Japanese HRM to convince Indian managers of its value and merit."

He believes that training provides an opportunity for local managers to learn about Japanese management. He also highlighted the importance of training for contract staff who may work for the firm for a period of six months to two years. He pointed out that Japanese managers need to explain the ideas behind Japanese HRM to help workers understand what it is and how it works, rather than ‘tweaking’ (customising) it in India. He felt that information on machine output and productivity is also needed in India to convince workers to follow the ‘Japanese way’ of working.

The competitive advantage of Japanese management systems is derived not only from the firm but from the managerial environment in Japan (Abo, 2014, p.9). That being the case, it is to be expected that there is a need for Company D to provide explicit information such as the ‘facts and figures’ mentioned by the young HR Manager above, to support the implementation of Japanese management in India. An Indian Weld Shop Manager described the Japanese ethic of managing the workplace as ‘I do, you do, we do’. In other words, Indian workers are encouraged to emulate Japanese managers until everyone is working in the same way together. However, there is still a gap in the knowledge between Japanese managers and Indian workers regarding understanding the principles which underpin Japanese management at Company D. One way in which Japanese managers have dealt with this problem is to document processes and procedures in writing [11d]. The young Indian HR manager at Greater Noida compared the role of Japanese managers at Company D with that of Company F where he previously worked. One of the reasons why Japanese managers are more involved in day-to-day activities at Company D could be because this firm had been manufacturing for 10 years when the interview took place in 2016 whereas Company F had been operating in India since 1985.
“In Company F the involvement of Japanese was very less but in Company D it is very much in the day-to-day functioning. Japanese managers are clear about what they want from workers and they have clearly written procedures and processes from which they never deviate. They have everything in writing and there is a process for everything.” [11d]

These written documents provide a record which workers can refer to if necessary. They also ensure that instructions are carried out correctly and mistakes can easily be identified and fixed. The firm also sends some Indian workers overseas for training. However, it is not possible to send all workers overseas, particularly those who are employed on short-term contracts.

4.8.3 Production planning process at Company D

Japanese management processes including lean manufacturing with its emphasis on kaizen (continuous improvement), have been introduced at Company D to enable the firm to maximise its resources. However, a young Indian manager felt that kaizen is time-consuming to launch and, in his view, it could take five years from planning to reach the perfection stage. This seems to be a long time to implement a system and implies that the firm would be operating inefficiently during the implementation period. It could also be the case that the young manager at Company D has misunderstood the 5 Step philosophy which underpins kaizen. The basis of this philosophy involves keeping a clean tidy workplace or gemba through ‘5 Steps; seiri-sort; seiton-straighten; seiso-clean; seiketsu-standardise and shitsuke-discipline’ (Kaizen Institute, 2016). The production process at Company D with its emphasis on kaizen and the 5 Steps is deeply rooted in Japanese culture. Therefore, analysis of the interview data suggests that the challenge for Company D is cultural and technical. This system, which is an integral part of Japanese management, involves constantly changing goals to ensure that complacency doesn’t set in. Therefore, it is impossible for any organisation to ever reach

4.8.4 Hierarchy and equality at Company D
Company D appointed a new Japanese Managing Director in February 2018, this was the second change of leader in three years (The Economic Times, 23 February 2018). The firm had been operating in India for over 20 years but accounted for only 6% industry market share by 2018 (The Financial Express, 11 January 2018). Furthermore, they had not been able to reach their target of selling 3 lakh (300,000) vehicles per year which may explain why the company has repeatedly appointed Japanese expatriates to this role and why they have changed managing directors so frequently.

The Indian Senior Vice President HR at Company D highlighted the difference between management and shop-floor salaries at Indian firms which is much greater than at Japanese firms where it is about 15 times higher [4j]. The reason he gave for this difference was the high social status of managers in India which is reflected in their salary. A former HR executive at Company D stated that the most positive aspect about working for this firm was job security whilst low pay and lack of flexibility were the negative aspects [4l]. He explained that this led to staff being headhunted by other foreign firms offering higher pay during his three years at the company.

4.8.5 Attractiveness of Company D as an employer
The perception that foreign firms create jobs was highlighted by the HR Manager from Company D [5j] who talked about job creation for India’s growing youth population. He also refers to MNCs gaining access to ‘cheap resources’.

“India has the largest youth power and every year millions of students pass out from masters and engineering colleges and need job. Hence, they appreciate all the MNCs to come and function in India. Foreign firms get cheap resources in India and can make good profit out of it.
Human resources are still cheap in India which remains a low wage economy (ILO, 2020). In addition, Company D’s two plants are in two of India’s poorest states, Uttar Pradesh and Rajasthan (The Hindu, 22 September 2016). He also commented on India’s business environment stating that ‘geographically it is more secure than other countries’. He may have been alluding to India’s neighbour, Pakistan, with whom relations have been difficult since the November 2008 Mumbai attacks and further strained by attacks in India by militants suspected of being backed by Pakistan (CIA, 2016). When he spoke about the government welcoming foreign firms, he was referring to Prime Minister Narendra Modi’s ‘Make in India’ campaign which is designed to encourage foreign firms to invest in India (The Economic Times, 3 September 2014).

4.8.6 How a hybrid of Japanese philosophy and Hindu teaching is used in off-JT training at Company D

According to the Senior VP of HR at Company D, training is key to the successful transfer of Japanese management in India. He pointed out that there are two types of training; on-the-job and off-the-job, both of which have been utilised at his company. On-the-job training (OJT) is a programme which is concerned with developing workers’ knowledge and skills which are specific to their job description (Company CSR report, 2016). Company D also provides off-the-job training (Off-JT) which ranges from ‘self-improvement training’ such as helping workers to stop smoking to ‘management leadership training’ which enables workers to develop their managerial skills (Company CSR report, 2016). The Senior VP HR has also developed his own off-the-job training which involves using Hindu clerics to help Indian workers develop the personal qualities he believes are necessary for workers at Company D. He
calls this 'spiritual' training which is designed to instil in employees the virtues of good living.

He also chose Brahma Kumari, female Hindu clerics of the Brahmin caste, to conduct such training and help develop a 'bright workplace' as he termed it. This life training is aimed at covering workers' basic needs and encourages discipline in all aspects of life including time-management, financial management, communication, and respect. However, the Senior VP HR stated many times during his interview that in his opinion, “Japanese firms have failed to implement Japanese HRM successfully in India because they try to implement it wholesale as it is practised in Japan.” Nevertheless, he believes that the hybrid of Japanese philosophy and traditional Hindu teaching of Off-JT he created at Company D has enabled workers to understand and assimilate key aspects of Japanese management and encouraged them to develop discipline in all aspects of their lives.

4.8.7 Japanese managers' attitude towards employees at Company D

Japanese managers at Company D were praised for their ‘hands-on’ attitude to work which is exemplified in the quote from a shop-floor executive at Company D [7i].

“In the Welding Shop there is one Indian manager and one Japanese. The Indian manager is ‘typically Indian’ and very authoritative. However, the Japanese manager works with the men. The shop floor workers ‘can’t believe' Japanese managers will show how to do the work with their (own) hands.”

A former Company D HR Executive pointed out one key difference between the management styles of those Japanese and Indian managers he has worked with. In his view, Japanese managers prioritise loyalty to the firm and their team whilst Indian managers appear to prioritise results at the expense
of transparency and fairness. There is some obvious bias here which this executive admitted when he described working at Company D as “the best part of (my) career - the experience was outstanding. It was a very positive experience compared to working at Indian firms.” The young HR Manager commented favourably on the equality at Company D in relation to the open office environment and canteen. However, he also pointed out that Japanese managers at Company D do not interact with local people socially and prefer to spend time together after work [10d].

“Japanese managers treat everyone (at work) equally. At Company D we work together and eat together. Managers spend time together after work and there is no interaction with local people.”

This preference may be explained by the fact that Japanese managers struggle to adapt to living in India, particularly in the states where Company D is situated which are relatively poor and underdeveloped. Therefore, they may form a cultural enclave to help them manage their culture shock (Schlunze, 2010, p.8).

4.8.8 Impact of unionisation on the transfer of Japanese HRM at Company D

During interviews for this research, Company D’s Senior VP HR mentioned that there had been consternation amongst some members of the local population at the beginning of the firm’s operations in 1995. This was because the chosen location of their Greater Noida plant was a site of religious significance. To allay fears that Company D would not allow local people to visit the site, he gave them free access to it and even organised transport for them. However, he went on to say that the number of people visiting the site quickly dwindled once they knew they could visit it whenever they wanted to. One could argue that this executive demonstrated an empathy with the local community in Greater Noida which enabled him to offset a potential dispute. He has combined his knowledge of the area and people with an understanding of the needs of his firm. In this way, he has fostered good relations between
workers and managers at Company D’s Greater Noida plant. Nonetheless he was very clear that it had taken some time to reach this point:

“Union-worker relations are very positive in Company D. There is open and honest dialogue between the two parties which is characterised by mutual respect and equality. However, this had taken around 4 years to achieve.” [13k]

The young HR Manager reiterated the point that Company D works hard to engage with the union in Greater Noida. However, he is based in the firm’s Rajasthan plant which does not have a union [13j]. Company D has experienced labour disputes in Rajasthan and the last major incident of workers’ unrest took place in February 2016, when police were called by the firm’s management. They charged at workers with lathi (baton), injuring some workers and arresting 44 others. The causes of the strike are disputed with workers saying they were trying to form a union, and the firm stating that four sacked workers and their supporters from neighbouring states began an illegal strike (The Hindu, 28 February 2016).

However, an official from an external union, one of 50 organisations who got involved to support the strike stated that:

“Japanese managements, wherever they are starting industries, refuse to give workers their legitimate rights. That’s why the... workers’ struggle has been going on for a long time” (The Hindu, 28 February 2016).

It is difficult for anyone outside India to understand the exact causes of disputes such as the one discussed above. Nonetheless, labour unrest still causes occasional disruption at Company D’s Rajasthan plant which demonstrates that there is still some work to be done to improve employee relations. Allowing workers to establish a union such as the one at the firm’s Greater Noida plant may be one way to alleviate tensions between the
Japanese firm and their Indian workforce. This would provide workers with a forum to discuss their grievances and work with managers to develop solutions.

Table 4.6: Timeline of Company D’s operations in India

<table>
<thead>
<tr>
<th>Timeline</th>
<th>No. of Indian plants</th>
<th>Ownership</th>
<th>Year</th>
<th>No. of permanent employees</th>
<th>Total current capacity (units)</th>
<th>Data source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company D begins producing cars in Tapukara</td>
<td>1</td>
<td>Originally a JV. Became a wholly-owned Japanese subsidiary in 2012.</td>
<td>2014</td>
<td>5,200</td>
<td>240,000</td>
<td>Company press release, 24/02/14</td>
</tr>
<tr>
<td>Production doubled with expansion of Greater Noida plant through greater automation and robots</td>
<td>1</td>
<td>2008</td>
<td>2,000</td>
<td>100,000</td>
<td>Company press release, 25/02/08</td>
<td></td>
</tr>
<tr>
<td>Manufacturing begins in Greater Noida</td>
<td>1</td>
<td>1997</td>
<td>2,000</td>
<td>30,000</td>
<td>Choudhury, 2005</td>
<td></td>
</tr>
<tr>
<td>Company D established in India</td>
<td>1</td>
<td>1995</td>
<td>2,000</td>
<td>50,000</td>
<td>Choudhury, 2005; Company press release, 17/05/06</td>
<td></td>
</tr>
<tr>
<td>originally a JV. Became a wholly-owned Japanese subsidiary in 2012.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.9 Company E

4.9.1 Introduction
Company E is a wholly owned Japanese subsidiary headquartered in Chennai, Tamil Nadu with a manufacturing facility in Sri City, Andhra Pradesh which opened in 2016 (International Business Times, 27 April 2016). Company E began its Indian operations in 2012 with an agreement to assemble vehicles under contract with an Indian firm in Chennai (International Business Times, 27 April 2016). The company now produces all vehicles at the Sri City plant which has a capacity of 50,000 units and employs 376 people (press release 27 April 2016). This plant is designed to support Company E’s main operation in Thailand (press release, 15 March 2013) by producing light commercial vehicle (LCV) models for export to SAARC countries (Bangladesh, Bhutan, Indian, Maldives, Nepal, Pakistan and Sri Lanka), the Middle East and Africa (The Economic Times, 11th and 26 May 2017).

In February 2020 Company E expanded their Sri City facility with the opening of a press shop and engine plant which means that key components can be produced in-house (Sri City, 10 February 2020). This demonstrates the firm’s commitment to India which is becoming an important regional hub to their global operations (Anand and Delios, 1996). Company E has a Japanese MD and the head of marketing is also Japanese. The HR function is led by an Indian manager. Company E is the most recent Japanese automotive firm in this study to enter India so a study of the transfer of Japanese HRM at this firm offers researchers the opportunity to compare their experience with early entrants and to ascertain whether they have learned from the experience of incumbent firms.

4.9.2 Culture and commitment to the firm at Company E
A Japanese General Manager working in Chennai for Company E echoes the views put forward by the two Indian managers from Companies A and D. He also believes that communication is the biggest cultural challenge for
Japanese firms in India. He makes specific reference to the language barrier and points out that although Japanese managers speak to workers in English, there are few English speakers amongst local staff at his firm’s Indian plants in Chennai and Andhra Pradesh (AP). AP is one of India’s poorest states where most workers come from an agricultural background, therefore it is unlikely that they will have learned to speak English. (BBC, 2 June 2014). The HR Manager at Company E is Indian, so it is likely that hiring shop-floor workers was carried out by Indian managers or local agents in the case of temporary and contract workers. These local managers probably speak the same languages as workers and may not have made English language a requirement. This is not the case for white-collar positions which are advertised in English on the company website.

However, language is not the only problem which restricts communication between Japanese managers and Indian workers. The Japanese General Manager felt that there is also a cultural ‘mindset’ barrier between Japanese managers and Indian workers. It is therefore necessary for managers to provide more explanations to help Indian workers understand Japanese management:


This young Japanese executive perceives Indian workers as having a completely different way of solving problems, or dealing with new information, to that which he is used to. In his eyes, Indian workers prefer detailed explanations to help them solve problems, which means that Japanese managers like him need to spend a great deal more time working with them. However, Company E only opened their own manufacturing plant in 2016, so it is plausible that their local Indian workers who have never worked for a Japanese firm, will be unfamiliar with Japanese styles of management. It
follows that the need for ‘detailed explanations’ might be expected to diminish over time with training and experience.

4.9.3 Planning process at Company E

An Indian Senior Manager at Company E felt that the tensions between the Japanese HQ, Indian subsidiaries, and supply firms in terms of planning are also linked to cultural differences between India and Japan [3i]. He said that Company E is Japanese so has ‘certain ways of working’. He explained this by saying that Japanese managers are time and process oriented. He also stated that Japanese workers are methodical and punctual. Nonetheless, he said that when working in India one cannot make comparisons with Japan as the conditions are totally different. In India, communication should be clear and effective, if not there is a ‘perception gap’ between the instructions given by Japanese managers and workers’ understanding of them.

This emphasis on giving clear instructions echoes the view of the young Japanese manager above. Therefore, a gap in expectations is evident at Company E in relation to problem-solving, i.e., Indian workers expect Japanese managers to provide detailed explanations when introducing them to practices and procedures from Japan whereas Japanese managers may assume that Indian workers will work through any problems by themselves. Such gaps in perceptions can result in problems such as procedures being incorrectly followed, and timelines not being met in India. This Indian Senior Manager talked about Japanese managers engaging in ‘post-mortems’ to find out what went wrong if there is a problem in the plant. In doing this, he has identified the reflective element of Japanese management which is part of ‘genchi-genbutsu’ (go and see). He also pointed out that Japanese managers always have a contingency ‘plan B’ or ‘plan C’ should the original plan not work.
4.9.4 Attractiveness of Company E as an employer

The interview data from Company E revealed that foreign firms’ HR policies make them attractive employers in India. An Indian HR Manager at Company E points to the values, transparency and systems of foreign firms which makes them attractive employers.

“Foreign firms are viewed as good employers by Indian people, because foreign firms have better HR values, better transparency in functions, better systems and tools to control business and its human beings...They have more employee satisfaction than Indian companies.”

These views imply that foreign firms take a more ethical approach to managing people than Indian firms and are better organised. However, the Japanese General Manager at Company E also uses the terms ‘better systems’ and ‘better ways of working’ as the reasons why Japanese firms are attractive to work for. These systems and ways of working could apply to manufacturing processes in addition to HR.

4.9.5 Japanese managers’ attitude towards employees at Company E

There is no union at Company E, however the young Japanese manager knew that other Japanese firms had experienced problems with unions due to ‘outside influence’. These influences include political parties who are sometimes accused of agitating workers to garner support for their own agendas (Aam Aadmi party.com, 2017). He also explained that managers such as himself take a different approach when working with Indians from the one they take with Japanese staff. He referred to this as a more ‘sensitive’ approach which involved giving more detailed instructions, making frequent checks and more follow-ups. However, he also said that Indians are generally hard-working, frequently come in early and work late even though there is no overtime pay at Company E. He thought that Indian people ‘respect us’ but felt that they may hide their true feelings from Japanese managers. The language
Company E has been operating in India for eight years and its wholly owned production plant opened only in 2016. Nonetheless, the young Japanese Manager at the beginning of his career demonstrated awareness of the problems faced by established firms such as companies A and C. In addition, he has cultural awareness and sensitivity to the differences between Japanese and Indian workers which will enable him to understand and manage these differences going forward. There are no reports of industrial unrest at Company E at the time of writing.

Table 4.7: Timeline of Company E’s operations in India

<table>
<thead>
<tr>
<th>Timeline</th>
<th>No. of Indian plants</th>
<th>Ownership</th>
<th>Year</th>
<th>No. of permanent employees</th>
<th>Total current capacity (units)</th>
<th>Data source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Wholly owned Japanese-subsidiary</td>
<td>1</td>
<td>Wholly owned Japanese-subsidiary</td>
<td>2020</td>
<td>376</td>
<td>50,000</td>
<td>Company press release, 27/04/16; Interview data</td>
</tr>
<tr>
<td>Manufacturing begins in Sri City</td>
<td></td>
<td></td>
<td>2016</td>
<td>376</td>
<td>50,000</td>
<td>Company press release, 27/04/16; Interview data</td>
</tr>
<tr>
<td>Company E established in India</td>
<td></td>
<td></td>
<td>2012</td>
<td></td>
<td></td>
<td>Company press release, 15/03/13</td>
</tr>
</tbody>
</table>
4.10 Company F

4.10.1 Introduction

Company F entered India in 1985 as a minority joint venture with an Indian firm and held only 26% of shares at that time (Anand and Delios, 1996). Manufacturing began in 1986 in Faridabad, Haryana with 450 employees. The firm gradually increased their equity to 50% in 1990 when they opened a second plant in Surajpur, Uttar Pradesh (Anand and Delios, 1996). Company F became a 100% subsidiary of its Japanese owner in 2001 (press release, 25 April 2000). By then, the number of employees had reached 3,400 and capacity had increased to 300,000 units (press release, 25 April 2000).

The firm entered into a joint venture agreement with another Japanese conglomerate in 2008 to enhance their logistics network (press release, 5 March 2008). There are now three manufacturing facilities in India; Faridabad, Surajpur, and a third in Kanchipuram, Tamil Nadu which opened in 2015 (Overdrive, 10 September 2015). These plants produce motorbikes and scooters for the Indian market. The Tamil Nadu plant was inaugurated in 2015 to enable the firm to increase production to 2.5 million units by 2018 (Overdrive website, 10 September 2015). The firm has also established an R&D centre in Kanchipuram which is its second in India, the first being in Surajpur. This new facility is designed to increase the firm’s manufacturing competitiveness in India and develop products for export. This will be done through the development of new models at the high and low ends of the market (The Economic Times, 26 July 2016).

Despite operating in India for over 30 years, almost as long as Company C, this firm has not attracted the same level of academic interest, perhaps because it manufactures two-wheelers and not cars. Nonetheless, India is the firm’s second largest market after Indonesia (Economic Times, 22 September 2017). Its Chairman also stated that they aim to fill 60% of management positions in overseas subsidiaries with local managers by 2018 (The Hindu...
Business Line, 15 May 2017; annual report 2016 and 2018). However, it is difficult to ascertain whether this has been achieved as there are no references to this objective in the annual reports for 2019 or 2020. Currently, in India the company’s MD and Head of Sales are both Japanese whilst the Head of HR is Indian.

4.10.2 Impact of Japanese culture at Company F

According to the MD of the company’s IT facility, Japanese firms have their own philosophy and he believes that Indian employees should adhere to this philosophy. As an example, he explained how US firms prefer documents to be written whereas Japanese firms prefer diagrams and spreadsheets. In other words, they prefer pictorial explanations. One explanation for this preference could be language problems. The MD felt that communication between Indian workers and Japanese staff at the company’s HQ in Japan was sometimes difficult. This is because, in his opinion, around 50% of HQ staff are not comfortable speaking English and learning Japanese is difficult for Indian workers. However, he also felt that the situation is improving with the younger generation of Japanese managers becoming more confident when communicating in English.

4.10.3 Challenges for Company F in India

The MD of Company F’s IT facility gave an example to illustrate the challenge his firm faces in India. He explained that Company F is ranked number four or five in the top ten two-wheeler sales. However Japanese managers say that the firm is ranked second globally therefore the firm’s executives cannot understand why they are unable to gain more market share in India. The MD believes that the problem lies in the firm’s difficulty in understanding the Indian consumer. Workers have little choice but to adapt to Japanese management, but when it comes to buying their products ‘the customer is king.’ He cited three reasons why he believes his firm may be struggling to increase sales in India. Firstly, the fact that Company F vehicles are not ‘seen’ on the streets as much as the market leaders. Secondly, he explained that Indians need hard-
wearing vehicles which can run for longer than Company F’s bikes giving the customer ‘more mileage’ as he put it. Finally, his firm’s two-wheelers are expensive in India.

Internal costings are high at Company F and this is reflected in the price customers pay for a standard motorbike (800US$ compared to 600US$ for a Tata model). The high cost of production could be due to Company F’s stringent quality systems and high-level manufacturing processes which are all in-house. Outsourcing low-level processes such as machining and welding could lead to cost savings. However, this may mean that Company F would find it more difficult to maintain high standards of quality. In November 2017, the president of Company F’s global operations stated that the company plans to focus on the premium segment of the market for two-wheelers in India which is the world’s largest market for such vehicles (Economic Times, 6 November 2017; MotorCycles Data, 26 November 2020). The firm is planning to develop new models with more powerful engines for India in its new R&D centre in Kanchipuram. This strategy could be a way for the firm to target customers at the premium end of the market where the company already accounts for 20% market share.

4.10.4 Attractiveness of Company F as an employer

The MD of Company F’s IT facility believes that Indian people like working for MNCs as well as small firms. However, he also pointed out that there are few large Japanese IT firms in India. This is because Japanese IT firms are not interested in India ‘in a big way’ as he put it. To provide an example he explained that the number of people working for all Japanese-owned IT firms in India is less than 5,000 compared to 150,000 working for IBM. However, as Japanese companies continue to increase their investment in India it looks likely that this number will increase. In July 2017, Company F opened their first Japan-India Institute of Manufacturing in Chennai (The Economic Times, 24 July 2017). This centre will train young people from rural India to work on the shopfloor. In this way Company F has demonstrated its willingness to reduce
the skills shortage in India and its training programme will make Company F a more attractive employer.

4.10.5 Japanese managers’ attitude towards employees at Company F
The MD stated that communication between managers and workers is very courteous which is also true of Indian firms. This is because in his opinion, Japanese people are cultured, disciplined and polite. However, he pointed out differing attitudes towards timekeeping between Japanese managers and Indian staff which meant that Japanese managers are always early for meetings. He also gave the example of a business trip he took to Japan to illustrate his point about differing attitudes to time in Japan in comparison to India. There were problems with ‘bugs’ in a new IT system which needed to be rectified before the information went live on the company website. This anecdote reflects the differences this Company F executive perceived between Indian and Japanese culture regarding attitudes to time.

“An Indian engineer asked his Japanese counterpart to ‘give me five minutes’ to fix a problem and became irate as the Japanese man returned every five minutes to ask if it had been fixed.” [2e]

The MD has worked for Company F for over 20 years and was one of their first Indian employees. The incident took place some years ago but had obviously made an impression on a young Indian recruit at the beginning of his career at a Japanese firm.

4.10.6 Impact of unionisation at Company F
The tension which is evident at Company C between permanent and temporary or casual workers is also evident at Company F. The firm experienced industrial unrest at the Surajpur facility in Uttar Pradesh in 2016 in the last major incident reported in the Indian media. This occurred because temporary workers went on strike in protest that they had received a lower wage increase than permanent workers (The Economic Times, 10 June 2016).
However, despite being established in India since 1985 this firm has not experienced the same level of industrial unrest as Company C. This could be because when Company F opened their Indian operations in the 1980s, Japanese firms often located in remote areas such as rural Uttar Pradesh to reduce high labour turnover and to “make employees conform to Japanese-style norms, behaviours and management techniques” (Kenney and Florida, 1995). This also means that union activity remains localised and there is less opportunity for workers to come in to contact with national unions. This firm has a company-based union which covers all three plants (Economic Times, 12 September 2019).
Table 4.8: Timeline of Company F’s operations in India

<table>
<thead>
<tr>
<th>Timeline</th>
<th>No. of Indian plants</th>
<th>Ownership</th>
<th>Year</th>
<th>No. of permanent employees</th>
<th>Total current capacity (units)</th>
<th>Data source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholly owned Japanese-subsidiary</td>
<td>3</td>
<td></td>
<td>2020</td>
<td>4,000</td>
<td>2.5m</td>
<td>Overdrive 10/09/15</td>
</tr>
<tr>
<td>Production begins at Kanchipuram</td>
<td>3</td>
<td></td>
<td>2015</td>
<td>4,000</td>
<td>2.5m</td>
<td>Overdrive 10/09/15</td>
</tr>
<tr>
<td>Company F enters into agreement with Mitsui and Co. to enhance logistics network</td>
<td>2</td>
<td></td>
<td>2008</td>
<td>2,000</td>
<td>300,000</td>
<td>Company press release 05/03/08</td>
</tr>
<tr>
<td>Company F became 100% subsidiary of Japanese firm</td>
<td>2</td>
<td></td>
<td>2001</td>
<td>3,400</td>
<td>300,000</td>
<td>Company press release 25/04/00; company website 08/12/20</td>
</tr>
<tr>
<td>Company F increases equity to 50%. Manufacturing begins at Surajpur</td>
<td>2</td>
<td></td>
<td>1990</td>
<td></td>
<td></td>
<td>Anand and Delios, 1996</td>
</tr>
<tr>
<td>Manufacturing begins in Faridabad</td>
<td>1</td>
<td></td>
<td>1986</td>
<td>450</td>
<td></td>
<td>Anand and Delios, 1006</td>
</tr>
</tbody>
</table>

4.11 Summary of Stage 2 findings

This chapter was designed to explore the challenges faced by Japanese firms in India when they transfer established HRM practices from Japan and also to investigate whether Japanese firms have adapted their HRM in India in response to the challenges they face there. The findings of this research demonstrate that the six participant Japanese automotive firms face serious challenges in India. Furthermore, it has become clear that each firm has developed their own strategies for managing them. Three main themes emerged from the interview data in relation to the challenges of transferring...
Japanese HRM to India. These were 1) culture and commitment to the firm; 2) the production planning process; and 3) hierarchy and opportunities for progression. A further three key themes have also been discussed. These emerged from the pilot and the exploratory interviews (see table 4.2) and were explored in greater depth during the main data collection period. They were 4) the attractiveness of Japanese firms as employers in India; 5) Indian workers’ perceptions of Japanese expatriate managers; and 6) the impact of unionisation on the transfer of Japanese HRM in India.

Cultural issues were discussed by respondents from all six firms and these can be divided into three sub-themes: 1) different attitudes to commitment and loyalty to the firm; 2) discipline; and 3) communication problems. Firstly, different attitudes to commitment and loyalty manifest themselves in different ways at each of the six firms. For example, at Company A, workers expect to give equal priority to work and family needs which may result in a conflict of interest. This is because Japanese firms expect workers to demonstrate their commitment by prioritising work. At Company C, the firm which has been established in India longer than any other in this study, different attitudes to commitment are evident between ‘millennials’ and ‘baby boomers’. The biggest differences between workers from these two generations are believed to be the greater need for a work/life balance by millennials compared to their grandparents or parents, and the understanding that they are unlikely to enjoy the same job security as previous generations (Smith and Nichols, 2015). Company C has created several ways to encourage long-term commitment amongst new recruits. For example, the firm has upgraded their engineering diploma to degree level which is a very attractive prospect in a country where engineering degrees from many colleges are deemed unfit for purpose (The Economic Times, 9 April 2018). In addition, they send newly recruited engineers to Japan for three years to gain experience working on the shopfloor as well as in quality and testing. This policy not only trains new recruits but immerses them in Japanese management.
The practice of sending engineers to Japan is well-established amongst Japanese automotive firms. Company B also sends trainee engineers overseas for training and managers have introduced a unique way of making sure they do not leave the firm on their return through a ‘fiscal bond’ system. This policy demonstrates the firm’s cultural understanding and ability to adapt to the Indian business environment. Nonetheless, sending workers to Japan is costly and time-consuming therefore such opportunities are unlikely to be extended to temporary or contract workers who also need to understand the principles of Japanese management if they wish to apply for full-time, permanent work.

The second cultural issue is discipline which is exemplified in attitudes to punctuality. This was identified as problematic at companies B, C, D and F. Company B has been manufacturing in India since 2010, although it was established in 2005, so the firm is possibly still dealing with problems that more established firms have learned how to manage. Nonetheless, Companies C and D, who are much more established in India, also reported that timekeeping is still a challenge for them. However, the Indian Senior VP HR at Company D developed an in-house hybrid of Japanese philosophy and traditional Hindu teaching in his Off-JT at the firm’s Greater Noida plant to help workers understand and assimilate key aspects of Japanese management and encourage them to develop discipline in all aspects of their lives. Company D was the only firm in this study where such an approach to developing discipline was discussed and it appears to be unique in this regard.

Communication presents a third cultural problem for the participant firms. At Company E this was referred to as a cultural ‘mindset’ barrier which makes communication less effective between Japanese managers and Indian workers. This is because Indian workers expect their managers to provide detailed explanations whereas Japanese managers expect workers to think problems through by themselves. Company E opened its own manufacturing
plant in 2016 in Sri City, Andhra Pradesh which is a relatively new industrial cluster established in 2010, so it is plausible that local Indian workers have never worked for a Japanese firm before. Communication problems were also discussed in relation to language at Company E where shop-floor workers are not always fluent in English. The fact that Japanese managers and workers are both communicating in a second (or even third) language can only exacerbate this problem. This issue may also be resolved in time as both parties get used to conversing in English. Communication problems between Japanese managers and Indian workers in terms of explaining the rationale underpinning Japanese management were also apparent at Company D. The use of diagrams has been used to reduce day-to-day communication problems between Japanese managers and workers at Companies D and F. In addition, the situation is improving with a new generation of Japanese managers at companies E and F who are more confident when communicating in English.

The production planning process at Japanese firms is the second theme which emerged from the data in relation to the challenges of transferring Japanese management to India. The amount of time devoted to planning a new project is difficult for Indian workers to comprehend at Company A where the planning process was reported to account for 70% of the total project time. However, workers become more receptive to the planning process when they see how it leads to the successful implementation of new projects because potential problems were identified and resolved. Nevertheless, Indian workers also fear being blamed if they identify problems during the ‘check’ part of the PDCA system (Plan, Do, Check and Action). Company B has adapted its production planning process in India by giving workers realistic goals and providing rewards when each task is completed successfully. Workers are also encouraged to bring problems to their line manager.

The planning process is underpinned by the Japanese management philosophy of *kaizen* (continuous improvement). This process involves
constantly reflecting on and reviewing goals which are changed as soon as they are attained. Therefore, there is no end to this process, a fact which may not be fully understood by Indian workers at Company D. In this case more training may be required to enable those workers to develop a better understanding of *kaizen*. Indian suppliers to Japanese automotive firms must also work closely with them to produce high-quality components. However, there is a fine line between collaboration and over-reliance. Firms such as Company B expected suppliers to be able to diagnose technical problems and develop components. However, they found that potential suppliers expected much more collaboration than the firm was willing to provide. Training proved to be a workable solution in this case.

Hierarchy and opportunities for progression is the third theme which emerged from the data. The hierarchy at five firms which took part in this study appears to follow a similar pattern to that of Japanese overseas subsidiaries in other countries. All firms have appointed Indian managers to lead at least one key business function where local knowledge is important. Nonetheless, Indian executives at Company A believe there is a glass-ceiling at their firm whilst their European counterparts at Company B believe that career progression is open to all employees. This is supported by the fact that only Company B has ever had an Indian MD despite being established in India for ten years at the time of writing. Company C is experiencing a transition as managers who have been working at the firm since the 1980s retire and new personnel take their place. This transition offers the firm an opportunity to appoint more local managers in key roles. The table below set out the list of firms which were the focus of this research and the year each one was established. The nationalities of the Managing Director, the Head of Sales and Marketing and HR are also listed.
Table 4.9: Nationalities of key personnel

<table>
<thead>
<tr>
<th>Company</th>
<th>Year established in India</th>
<th>Nationality of managing director</th>
<th>Nationality of HR director</th>
<th>Nationality of sales and marketing director</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>1997</td>
<td>Japanese</td>
<td>Indian</td>
<td>Indian</td>
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<td>B</td>
<td>2010</td>
<td>Indian</td>
<td>Indian</td>
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<td>C</td>
<td>1982</td>
<td>Japanese</td>
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<td>D</td>
<td>1995</td>
<td>Japanese</td>
<td>Indian</td>
<td>Indian</td>
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<td>E</td>
<td>2012</td>
<td>Japanese</td>
<td>Indian</td>
<td>Japanese</td>
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<tr>
<td>F</td>
<td>1985</td>
<td>Japanese</td>
<td>Indian</td>
<td>Japanese</td>
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</table>

The fourth theme concerns the attractiveness of Japanese firms as employers in India. Foreign firms in general benefit from a positive image in India, according to the findings of this study. Indian workers perceive that MNCs offer the same compensation and benefits as workers in the home country and in overseas subsidiaries. Japanese firms are perceived to treat workers well and their work environments also offer employees opportunities for learning. Nonetheless Japanese firms are sometimes criticised for not adhering to local culture. One area where this is evident is management pay which is perceived to be much lower at Japanese firms in comparison with Indian firms. This factor contributes to job-hopping by highly skilled workers (Kaur, 2013). It has also led to managers being headhunted at Company D.

In relation to the fifth theme, workers’ perception of Japanese expatriate managers, Japanese firms are attractive employers in India, so it is logical that their Japanese managers are also well-regarded and respected. Indian workers perceive Japanese managers to be disciplined, principled and highly skilled. However, these perceptions may be inversed so that disciplined becomes ‘rigid’, principled becomes ‘cold’ and highly skilled becomes ‘challenging to work for’. These negative perceptions may diminish over time as workers become more accustomed to working with Japanese managers.
The sixth theme is the impact of unionisation on the transfer of Japanese management in India. Five out of six companies which took part in this study have experienced industrial unrest. Only Company E, which opened its own manufacturing plant in 2016, has not. Company C, which has been operating in India the longest of any firm in this study, experienced the most severe unrest leading to the death of an Indian HR manager in 2012. Unfortunately, violence is not uncommon during trade union disputes in India. It is also easy to blame workers, but politically affiliated unions can act as agent provocateurs in some cases. Furthermore, casual workers and those on temporary contracts are very exposed to manipulation by outsiders. This volatile situation is made worse by state authorities who seem to protect the interests of foreign investors such as Japanese automotive firms over workers’ rights. However, five of the firms in this study have set up company unions to provide a forum for workers. These unions have been successful in negotiating higher pay and better conditions for them.

The Senior VP for HR at Company D fostered good relations between Japanese managers and the local community in Greater Noida by allowing pilgrims to visit a site of religious significance on the firm’s land. In doing this he combined his knowledge of the local area and people with an understanding of the needs of his firm to develop an efficient automotive factory. He also avoided potential disputes and the possibility of these attracting media attention. Companies A, B, C, D and F have all managed to improve relations with workers and trade unions since 2012 by adapting their production systems and improving pay and conditions. Labour disputes have not been eradicated but the situation has improved significantly. These firms have provided an exemplar for later entrants to India such as Company E. Such flexibility demonstrates that Japanese firms are willing and able to adapt their operations to the cultural environment in India.
This chapter has identified and explored six themes which emerged from the research data in relation to the challenges of transferring Japanese HRM in the Indian automotive industry. It is evident from the six cases presented here that these challenges exist regardless of the length of time a firm has been operating in India or the experiences they have developed from working with Indian people. The next chapter will examine each theme in relation to the extant literature to understand the contribution that this research makes to our understanding of Japanese management in India. Finally, the examination of the emergent themes will address the research questions in chapter 6. These were set out in the introduction of this thesis and the literature review examined the small number of studies available. However, empirical research was required to fully address them. Both research questions are re-stated below.

1. What are the challenges faced by Japanese firms in India when they transfer established HRM practices from Japan? Are they exacerbated by the diverse institutional and cultural environment in India?

2. Have Japanese firms adapted their HRM in India in response to the challenges they face there? If so, are these adaptations specific to the challenges they face in different regions?
5 Discussion

The themes which emanated from the two exploratory stages were discussed in chapter four. These initial themes were used to identify potential areas for discussion during the main data collection stage. I had some prior knowledge of the challenges Japanese automotive firms face in transferring Japanese HRM in India in relation to trade union issues, as these have been extensively documented in the Indian press. However, I did not have prior knowledge of the specific challenges firms face in relation to the remaining five themes. Therefore, the interview questions used in all three data collection stages were designed to allow respondents to discuss their experience of working in India and for new themes to emerge. The themes which emerged from all interviews were identified during analysis using NVivo.

The four principal themes which formed the basis of the case studies emerged from the main data collection period between 2015-16. Table 5.1 sets out the themes which emerged from the main data collection period with the second column highlighting the relevant literature. The variance between the six firms in relation to each theme is presented to demonstrate the differences and similarities between them. The ways in which the case of India can be understood by referring to the extant literature is also discussed. I then move beyond the literature to explain how firms have responded to the challenges of operating in India which brings the research up to date. In this way, my research develops our understanding of Japanese HRM in India.

It is also important to understand why Japanese firms have developed strategies for reducing the impact of the challenges they face in India. A picture emerged from my data that time and experience are key factors which have reduced the risk of operating there. However, the task of transferring Japanese HRM is still challenging even for those firms which have been established in India for several decades. The ways in which the six firms who took part in this
study dealt with these challenges provide valuable lessons for other firms who might wish to set up manufacturing operations in India, which has experienced continuous growth in FDI, despite the Covid-19 pandemic in 2020-21 (UNCTAD, 2020). India’s expanding market and low-cost labour (ILO, 2020) make this country an attractive prospect for the post-pandemic era. The chapter concludes with an examination of how this research contributes to the literature on the transfer of Japanese management in India which was discussed in chapter two.
### Table 5.1: Table of key research themes

<table>
<thead>
<tr>
<th>Main Theme Number One – Challenges of transferring Japanese HRM to India</th>
<th>Sub-theme(s)</th>
<th>Literature</th>
<th>Company A</th>
<th>Company B</th>
<th>Company C</th>
<th>Company D</th>
<th>Company E</th>
<th>Company F</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>1. Culture and commitment to the firm</td>
<td>Mankidy, 1984; Jain, 1987; Nonaka and Takeuchi, 1995; Choudhury, 2005; Kiyokawa and Oba et al., 2006; Mathew and Jones, 2012; Chatterjee, Nankervis et al., 2014; James and Jones, 2014; Abo, 2014</td>
<td>Indians are expected to prioritise family over work and expect to be granted leave to deal with family issues.</td>
<td>Indian engineers sent to overseas sign ‘fiscal bond’ to ensure they do not leave the firm.</td>
<td>‘Job-hopping’ problematic, amongst new recruits from the millennial generation. Firm reduces attrition through career development.</td>
<td>Some workers sent to Japan or other countries for training. Workers encouraged to emulate Japanese managers.</td>
<td>Language and ‘cultural mindset’ barrier.</td>
<td>Language barrier apparent but improving with younger generation of Japanese managers.</td>
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<td></td>
<td>2. The production planning process at Japanese firms in India</td>
<td>Okada, 2004; Humphrey, 2003; Altenburg, 2007; Mitra, 2007; Mir and Mir, 2009; Siddharthan and Lakhera, 2014</td>
<td>Planning process perceived to be long. The Plan, Do, Check, Action (PDCA) system is difficult to</td>
<td>Planning process perceived to be long. ‘Blame culture’ hinders workers from reaching targets.</td>
<td>Company C introduced Japanese management to India. The recruitment of graduates to management positions and Kaizen challenging to introduce. Time consuming and difficult for Indian workers to understand ethos.</td>
<td>Japanese managers engage in reflection or ‘post-mortems’ when problems occur.</td>
<td>Japanese managers use diagrams and pictures to reduce communication problems.</td>
<td>Japanese managers use diagrams and pictures to reduce communication problems.</td>
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</table>
Main Theme Number One – Challenges of transferring Japanese HRM to India

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<thead>
<tr>
<th>Sub-theme(s)</th>
<th>Literature</th>
<th>Company A</th>
<th>Company B</th>
<th>Company C</th>
<th>Company D</th>
<th>Company E</th>
<th>Company F</th>
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<tr>
<td>2005; Panizzolo and Garengo et al., 2012; McKinsey, 2016</td>
<td>implement due to 'blame' culture.</td>
<td>training in Japan aided this process.</td>
<td>Contingency plans always prepared.</td>
<td>Company D has documented processes in writing for workers’ reference.</td>
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<tr>
<td>3. Hierarchy and opportunities for progression</td>
<td>Kopp, 1999; Legewie, 2002; Whitley and Morgan et al., 2003; Belderbos and Heijltjes, 2005; Itagaki, 2009; Pudelko, 2009; Buckley, 2009; Harzing and Pinnington, 2015; Abo, 2014</td>
<td>There is a perception that there may be barriers to promotion for non-Japanese staff.</td>
<td>Nationality is not perceived to be a barrier to promotion. Company B only firm to have had Indian MD.</td>
<td>Company C has flatter hierarchy which has been customised for Indian business environment. Seniority system still in place.</td>
<td>Difference between managers and workers pay far lower than Indian firms. Can lead to attrition and headhunting.</td>
<td>Company established only in 2016 but HR and Marketing functions led by Indian executives.</td>
<td>Firm aims to fill 60% of management positions in overseas subsidiaries with local managers by 2018.</td>
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</tbody>
</table>
Main Theme Number Two – The attractiveness of Japanese firms as employers in India

<table>
<thead>
<tr>
<th>Sub-theme(s)</th>
<th>Literature</th>
<th>Company A</th>
<th>Company B</th>
<th>Company C</th>
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<tr>
<td>Negative:</td>
<td>Legewie, 2002; Whitley and Morgan et al., 2003; Belderbos and Heijltjes, 2005; Itagaki, 2009; Pudelko, 2009; Buckley, 2009; Harzing and Pinnington, 2015; Abo, 2014</td>
<td>Negative: There is a perception that there may be barriers to promotion for non-Japanese staff.</td>
<td>Negative:</td>
<td>Negative: Some Japanese firms attempt to implement Japanese management with adaptation to India.</td>
<td>Negative:</td>
<td>Negative: Company F vehicles are expensive for Indian consumers products are expensive (but also deemed high quality).</td>
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Positive: Foreign firms (including Japanese) provide opportunities for learning ‘global best practice.’ Allowing workers to grow.

Positive: Japanese firms have a good reputation as trusted employers. Company B is building a township for workers.

Positive: Company C provides extensive benefits for workers and their families, from housing to education and healthcare.

Positive: Senior VP HR developed hybrid of off-the-job training and Hindu teaching to instil in employees the virtues of good living.

Positive: Japanese firms offer ‘better systems’ and ‘better ways of working.’

Positive: Workers must adopt Japanese management.

Negative: Some Japanese firms attempt to implement Japanese management with adaptation to India.

Negative: Company F vehicles are expensive for Indian consumers; products are expensive (but also deemed high quality.)
Main Theme Number Three – Indian workers’ perceptions of Japanese expatriate managers

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<tr>
<th>Sub-theme(s)</th>
<th>Literature</th>
<th>Company A</th>
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<td>1. Japanese managers’ approach to</td>
<td><em>Positive: Bhappu, 2000; Hickson and Pugh, 1995</em></td>
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<td>an Indian assignment</td>
<td><em>Varma and Awasthy et al., 2015</em></td>
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<td>towards employees.</td>
<td><em>Negative: Mathew and Jones, 2012</em></td>
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Main Theme Number Four – The impact of unionisation on the transfer of Japanese management

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5.1 Culture and commitment to the firm
This first sub-theme emerged from the opening interview question which asked respondents to discuss their own views on the challenges Japanese firms face in India. It was deliberately broad to allow respondents to discuss their own experiences. It is evident that Japanese companies face numerous cultural challenges in transferring Japanese HRM to India, a country which has an extraordinarily heterogeneous and hierarchical social system. It is also clear from the findings that there is variance between different firms’ strategies for dealing with these challenges. Cultural issues fall into three main areas: 1) attitudes to commitment and loyalty to the firm; 2) lack of discipline, which is often reflected in attitudes to punctuality; and 3) communication problems which are reflected in lack of understanding of the rationale which underpins Japanese management.

5.1.1 Attitudes to commitment and loyalty to the firm
In terms of the first cultural issue, attitudes to commitment and loyalty between Japanese and Indian workers, the most fundamental difference between them is the contrast between the “loyalty and identification with the firm as central to a person’s life” (Jain, 1987, p. 1034) expected by Japanese firms, and Indian workers who are expected to give equal consideration to work and family needs. Even though Jain (1987) was writing at a time when Japanese firms were just beginning to invest in India, this difference continues to present a dilemma for the firms which took part in this study. Indian workers expect to be given time off to deal with family matters such as attending weddings, and this has led to the disruption of carefully planned production schedules at firms such as Company B. However, workers are also willing to make up for time lost by working at weekends or in the evening without pay. By doing this, Indian workers demonstrate commitment to work but in an ad-hoc manner which may still result in disruption to production schedules caused by time lost during regular hours.
Commitment to the firm is also exemplified by workers’ desire to remain at the same firm throughout their career. There are two discernible differences in attitudes to commitment between managers and shop-floor workers. India has a large unemployed labour force which means that low-skilled Indian workers have fewer opportunities to change jobs and are more likely to lose their job than managers. Therefore, these workers are likely to be committed to remain in their job for as long as possible (Kiyokawa and Oba et al., 2006). However, ‘job-hopping’ (Kaur, 2013) which means changing jobs regularly for better pay and promotion, is prevalent amongst managers in India due to a chronic labour shortage of workers who are educated to the global standards required by Japanese firms (The Economic Times of India, 9 April 2018). This may explain why managers were described as ‘mercenaries’ [1c] at Company B, implying that they are ‘guns for hire’ by the highest bidder.

The issue of staff retention is not limited to India, in fact it is also problematic for Japanese firms in other emerging markets. Gamble (2008) found that Japanese retailers in China lost workers to competitors after extensive selection and training programmes. Itagaki (2009) pointed out that this problem is exacerbated by the prevalence of the seniority system in Japanese firms which is characterised by slow promotion at the beginning of a career. One of the ways in which an electronics components firm in Itagaki’s (2009) study encouraged long-term employment was to offer opportunities for workers to gain qualifications through an education programme at a well-known university in Beijing.

The seniority system is also practised even by those companies which have been established in India for the longest such as Company C. However, this firm has developed comprehensive training and educational packages to appeal to a new generation of workers and potentially reduce job-hopping amongst highly trained engineers. These packages include the introduction of training programmes for workers’ grown-up children who can join the firm if they pass a test. Furthermore, the firm has upgraded their in-house
qualifications, for example an engineering diploma has been upgraded to degree level and the firm has made more promotion opportunities available for workers.

Company B has also found a way to retain their engineers after training by creating a ‘fiscal bond’ system which is unique to their Indian operations. This system ensures that newly recruited engineers do not leave the firm after returning to India from Japan where they are sent for three years to gain experience working on the shopfloor as well as in quality and testing. This training enables them to gain first-hand knowledge and understanding of Japanese production methods which facilitates their transfer to operations in India.

5.1.2 Lack of discipline
The second cultural challenge which impacts upon the successful transfer of Japanese HRM in India is lack of discipline amongst workers. This is exemplified in poor timekeeping which hinders the smooth-running of the production line and by the way in which some workers walk around the office talking to colleagues instead of working at their desks. These problems reflect the working environment in India where lateness is prevalent and office workers have a more relaxed attitude to professional conduct (Financial Times, 24 February 2018). This behaviour is challenging for Japanese managers who are accustomed to a punctual workforce who work quietly at their desks. The case studies demonstrated that firms have developed different strategies for dealing with this challenge. These range from sending workers to Japan for training to devising Off-JT programmes which are relevant to Indian workers. These approaches are now examined in more detail.

Sending workers to Japan for training was identified as an effective way to instil the importance of punctuality at Company C. However, it is not possible
to send all workers to Japan and that is why Company D developed a way of teaching workers to adopt a more disciplined approach to everyday life through a hybrid of Japanese management and traditional Indian teaching. Japanese management systems such as ‘Toyotism’ (Mathew and Jones, 2012) with its emphasis on total commitment to the firm, discipline in adhering to uniform and standardised performance, correspond to the three tenets of Brahminism. Therefore, Brahma Kumari (female Hindu clerics of the Brahmin caste) would appear to be well-suited to conduct off-the-job training at Company D. All the firms which took part in this study have established training centres in India, but Company D is the only one which has combined key aspects of Hindu teaching with Japanese management philosophy to create their Off-JT training. By doing this they have enabled workers to find similarities between Indian and Japanese culture which in turn has improved discipline at Company D’s Greater Noida plant.

However, Brahmins, the top caste in India, have also been associated with exploitation and poor treatment of lower castes particularly in the state of Karnataka (Mathew and Jones, 2012). Company A, the firm which is attributed with developing many key aspects of Japanese production methods, experienced resistance from low caste Hindu workers about the ethos of their production system when they began operating there in 1997. This was because the workers drew parallels between the company’s emphasis on total commitment to the firm, discipline in adhering to uniform and standardised performance and perfection achieved by zero waste and defects, with the three tenets of Brahminism; renunciation, performance and perfection (Mathew and Jones, 2012).

These disputes were ongoing and disrupted the firm’s production for many years, to the extent that the firm operated at a loss. Nonetheless, Company A has now managed to improve discipline and its success can be attributed to the work of the former MD (2014-2016) who when posted to India in 2014, recognised that a fresh approach to the transfer of Japanese HRM was
required. This Japanese executive spent considerable time and effort listening to workers’ concerns and dealing with disputes. Furthermore, the respect he demonstrated for his firm’s stakeholders, as well as his approach to dealing with workers’ concerns, has enabled his firm to transfer Japanese HRM more effectively.

5.1.3 Communication problems

Communication is the third cultural challenge for Japanese firms in India and takes two forms. The first is knowledge transfer and the second is language. These are discussed below beginning with knowledge transfer.

5.1.3.1 Knowledge transfer

Japanese managers possess a great deal of tacit knowledge which they have developed through experience (Nonaka and Takeuchi, 1995) and this is a key element of Japanese automotive firms’ competitive advantage. This knowledge forms the bedrock of Japanese productions systems such as the Toyota Production System (TPS) and emanates not only from the firm but from the managerial environment in Japan (Abo, 2014, p.9). Therefore, it is deeply internalised but must somehow be externalised to make it transferable to workers in overseas subsidiaries (Nonaka and Takeuchi, 1995). One way in which externalisation can happen is through the creation of manuals and written instructions. The use of diagrams has been used to reduce day-to-day communication problems between Japanese managers and workers at Company F and Company D.

Another way in which tacit information can be externalised is through socialisation which is the simple process of Japanese managers working with local staff to impart knowledge not easily transferred by diagrams or manuals alone. Nonaka and Takeuchi (1995) may have written their seminal work over 20 years ago, but it is evident that Japanese firms are still utilising this method of transferring knowledge in India today. One observation which was made by respondents from all six firms about Japanese managers was their willingness
to work with Indian workers at any level on the shop floor. However, it is important to note that imparting knowledge in this manner requires trust and that takes time to develop. Furthermore, the cultural 'mindset' barrier identified at Company E restricts the transfer of knowledge between Japanese managers and Indian workers. This barrier was perceived in different attitudes to problem-solving between Japanese workers who can solve problems by themselves in comparison to Indian workers who need detailed instructions. It has also resulted in procedures being incorrectly followed and timelines not being met at Company E. This firm opened their own manufacturing plant in 2016, so it is plausible that local Indian workers have never worked for a Japanese firm and are also unlikely to be familiar with Japanese management. Such problems can be expected to diminish over time with the appropriate training as workers become accustomed to Japanese management. However, the fact that Japanese managers must translate tacit knowledge into explicit knowledge for Indian workers explains the need for Japanese managers to spend more time training them than they might expect.

5.1.3.2 Language
Language is the second communication issue and manifests itself in lack of fluency in English which was highlighted at Company E because not all Indian shop-floor workers can speak it well. This problem appears to be reversed at Company F where lack of English language ability amongst Japanese staff at the company's HQ in Japan hinders communication with Indian managers. The situation is improving with the new generation of Japanese managers at Companies E and F who are more confident when communicating in English.

5.2 Production planning process at Japanese firms in India
The time and effort spent on planning at Japanese firms was discussed by managers from Company B in relation to the challenges their firm faces in transferring Japanese HRM to India. The term 'micro-management' was used by two executives from Company B in relation to the time their Japanese colleagues spend on planning to ensure that plans are on schedule. However,
Company B has only been manufacturing vehicles in India since 2010 so it is possible that workers will become more mature and the plant environment more stable in time. This will also reduce the time and effort spent on planning.

The time factor was also discussed in relation to the duration of the planning process compared to the implementation period for a new project at Company A. An Indian Deputy General HR Manager at Company A explained that the planning process for a new project typically takes up 70% of the total project time whilst implementation takes up to 30% [3b]. In addition, the ‘Plan, Do, Check and Action’ (PDCA) [3a] system has been difficult for the firm to implement in India because workers fear being blamed if a problem is discovered during the ‘check’ period. If this is the case, problems may go unreported and will not be rectified which renders the PDCA system ineffective. The Indian owner stated that better resourcing is needed to improve checking, however fear of being blamed is cultural and may be more difficult to change even if more resourcing is made available. Executives at Company B also understand that Indian workers fear being blamed if they fail to reach their targets because of unforeseen circumstances. To ensure that this doesn’t happen, workers are given realistic goals which are broken down into smaller tasks and they receive rewards when each task is successfully completed. Most importantly, they are encouraged to bring problems to their line manager as they occur. In this way Company B has adapted production management in India to deal with a key cultural difference which impacts their operations.

At Company D, time is also perceived to be a challenge in relation to the successful implementation of *kaizen*. Cultural misunderstanding is also evident as the shop-floor manager interviewed for this research believes that *kaizen* is a time-bound process for working towards an end goal which is reached when the firm achieves ‘perfection’. However, *kaizen* involves constantly setting new targets as old ones are met, so it is not possible for any organisation to ever reach ‘perfection’ (McKinsey, 2014). Therefore, more
training needs to be done to explain the finer points of *kaizen* at Company D. Reflection is an important part of *kaizen* but may sometimes be difficult or even painful in the immediate aftermath of a crisis. Japanese managers at Company E were observed to conduct ‘post-mortems’ to find out what went wrong if a problem occurred in the plant.

The planning process also impacts relationships with suppliers and the British executive working at Company B’s European HQ explained that there is a mismatch of expectations between Company B and their suppliers which has impacted the planning process at his firm. To reduce conflict between Company B and their Indian suppliers, the firm could have set up joint venture operations with suppliers. However instead of this, the firm has used training to enable Indian suppliers to become more autonomous. This was made easier by the fact that Company B has representatives from key local partners working in the same building. Japanese firms have been working closely with Indian Tier 1 and 2 suppliers to improve quality and lower costs since Suzuki entered India in the early 1980s (Okada, 2004; Tachiki, 2015). However, this has led to a situation where many suppliers became heavily dependent on one Japanese customer for technology and design (Altenburg *et al.*, 2007). Therefore, there was little incentive for suppliers to develop their own components (Mitra, 2007). Furthermore, they did not develop the ‘industry-specific expertise to diagnose complex technical problems’ and find solutions to them (Panizzolo and Garengo *et al.*, 2012, p.2). That is why companies such as Company B entering India 30 years after Suzuki, still need to establish very close working relationships with their suppliers. These relationships are undoubtedly beneficial to both parties but an over-reliance on one customer may be preventing the development of a globally competitive automotive supply cluster in India (Mitra, 2007). Company B’s training strategy provides a blueprint for the Indian automotive industry which may also enable the firm’s suppliers to eventually develop their own components.
It has become clear that the planning process, which is integral to the production systems of firms in this study face barriers to implementation in India. *Kaizen* is one aspect of this process which has been particularly challenging. Even though *kaizen* was thought to be easy to introduce in India because it is not capital intensive (Recht and Wilderom, 1998; Choudhury, 2005), such processes do require a well-trained workforce and it has become evident that more training still needs to be done by the firms in this study. Furthermore, although *kaizen* may not require a great deal of capital (Choudhury, 2005), it does challenge Indian cultural norms. The paternalistic management style which is prevalent in India, where workers expect managers to make decisions on their behalf (Bhappu, 2000; Cappelli and Singh *et al.*, 2010; James and Jones, 2014), is not conducive to *kaizen* which entrusts workers to suggest improvements to the workplace. Gamble (2008) found that it would be difficult to implement culturally innovative practices which do not fit with the institutional features of a country, such as the nature of its local labour markets. The continued deployment of temporary workers by Japanese firms in India also makes it hard for firms to implement and maintain *kaizen* and other Japanese management practices which contribute to firms’ competitive advantage (Aoki and Delbridge *et al.*, 2012).

### 5.3 Hierarchy and opportunities for progression at Japanese firms in India

Reiche and Harzing (2015) found that subsidiaries of Japanese MNCs are much more likely to appoint a parent country national (PCN) to the role of managing director than is the case in subsidiaries of European MNCs. This is particularly the case when the subsidiary is a majority-owned joint venture that reports directly to the firm’s headquarters (Belderbos and Heijltjes, 2005). All six firms in this study are wholly or majority-owned subsidiaries of Japanese firms. India is also important to Japanese firms who have invested there for market-seeking and export-platform activities, both nationally and internationally (Taylor, 1999; Belderbos and Heijltjes, 2005; Buckley and Cross *et al.*, 2012). Therefore, the nature of firms’ ownership and the strategic importance of India explains why five out of the six firms are managed by
Japanese expatriates.

Furthermore, four out of the six firms have repeatedly appointed Japanese managing directors regardless of the length of time they have been operating in India. The most recent entrant, Company E, which began producing vehicles in India in 2016, also has a Japanese MD. Company B appointed an Indian MD in for the first time in 2014 and again in 2019. In between, there have been German and Turkish MDs. Therefore, Company B is the outlier in this respect, appointing the most suitable person for the job regardless of nationality. In contrast, the directors of HR, a function which requires local knowledge, are Indian in all six firms which took part in this study. Taylor (1999) found that it is advantageous for Japanese firms to employ local managers in the HR business function because they understand the local business environment better than Japanese expatriates. For example, they will be able to cope with local government regulations and have a good understanding of local workers.

Sales and marketing are also functions where first-hand knowledge of a market is advantageous. Three of the six firms in this study have appointed Indian managers to lead this function. These executives will have a good understanding of India’s highly competitive market which is also extremely price-sensitive (Economic Times, 20 April 2016). The fifth firm, Company F has repeatedly appointed Japanese directors to lead the sales and marketing function, despite being established in India since 1985. This firm has struggled to gain market share in India and their president announced that the firm intends to focus on the premium end of the market in November 2017 (Economic Times, 6 November 2017). The failure to gain market share and the subsequent change in the firm’s India strategy may explain why Japanese expatriates have been repeatedly appointed to this role at Company F. The last firm, Company B, has an India Marketing Director. The diversity of Company B’s executive team reflects its geocentric approach to staffing which means that appointments are based on merit regardless of nationality (Perlmutter, 1969). The interview data from executives working at global level
provides evidence that this is the case. Company B began producing cars in 2010 and the firm’s first Indian MD was appointed in 2014 (Economic Times, 9 October 2014). Thus, neither the duration of operations in India nor the type of ownership appeared to influence the choice of a Japanese national in this role at Company B.

Nonetheless, the perception that Japanese automotive firms have an ethnocentric staffing policy whereby mainly Japanese expatriates are appointed to key managerial positions (Legewie, 2002) was highlighted at Company A, which was established in 1997. One manager at Company A talked about an ‘invisible glass ceiling’ [8a] which prevents non-Japanese staff progressing in their career. This firm has a Japanese MD but has devolved its marketing and HR functions to Indian managers. This is evidence that Company A may be moving away from an ethnocentric policy of appointing only Japanese expatriates to lead key business functions. Time and experience may be contributory factors here as Company A has now been operating in India for 23 years and Japanese executives have finally resolved long-standing labour disputes in 2014. However, Company D which was established in 1995, has had two Japanese MDs in the past five years. This frequent change in the firm’s top management may be attributed to failure in reaching their target of 10% market share by 2020 (The Economic Times, 16 March 2017).

By opening-up key managerial positions to local staff, Japanese firms can provide more opportunities for progression to Indian managers and perhaps reduce job-hopping. There is also evidence that the firm which has been established in India the longest, Company C, has begun to move Indian managers into more senior roles. In addition, the hierarchy in Company C appears to have been customised and is flatter in India, although promotion was perceived to be slow due to the persistence of the seniority system. Nevertheless, Company C is a firm which is currently in transition as older managers who have worked there since its inception in the 1980s retire.
Therefore, the next generation of Company C managers may adopt performance-related promotion to attract and retain young workers. It was reported that there are now few Japanese expatriate managers working at the firm and those who are still deployed no longer work directly with local staff.

Japanese firms are faced with many challenges in India where the cultural and institutional distance is high between home and host country (Gaur and Delios et al., 2007). The nature of the labour market is a good example of cultural distance. That is why all the firms in this study have taken the decision to appoint Indian managers to lead the HR function. This makes good sense and offers Indian managers the opportunity to progress to the highest level in their firm. Three of the six firms have appointed Indian managers to lead the sales and marketing function, also making good sense in light of India’s position as an emerging economy with a diverse automotive market. Furthermore, the case of Company C demonstrates that firms which are well-established in India are prepared to promote Indian workers. Company F is also actively seeking Indian managers even though they are yet to appoint an Indian to lead the sales and marketing function. Later entrants such as Company B has led the way in appointing Indian managers to lead key business functions. Therefore, the cases discussed have painted a nuanced picture in relation to the hierarchy and opportunities for progression at Japanese automotive firms in this study which is reflected in the interview data.

5.4 The attractiveness of Japanese firms as employers in India

Japanese firms are perceived to be as attractive to work for as MNCs from other countries in India. They are generally perceived to be more attractive than even the most global of Indian firms by those who took part in this study. One of the reasons for this positive perception is the investment Japanese firms have made in developing India’s infrastructure (Bloomberg, 2015, 2016). Therefore, recent entrants such as Companies B and E may benefit from the positive image that Japanese firms have developed in India.
The Indian Marketing Director at Company B felt that Japanese firms are viewed as good employers by engineering graduates as they offer ‘good exposure’ to manufacturing. However, he also said that Japanese automotive firms are not considered to be ‘aspirational’ by marketing graduates. This may be because manufacturing is perceived as a dirty, dangerous and difficult environment to work in compared to the service sector. In Japan, such work is known as *kitanai* (dirty), *kiken* (dangerous) and *kitsui* (difficult). In India, firms including Maruti-Suzuki have deployed robots to undertake such work on the production line (Quartz India, 16 May 2017). However, perceptions can be difficult and slow to change.

Foreign firms including Japanese, are perceived to adhere to global standards of pay and conditions which implies that Indian workers are treated the same as workers in the home country and around the world. Japanese firms are also deemed to be ethical employers meaning that they are regarded as honest in the ways in which they treat employees and even ‘better than local firms’ in emerging markets such as India. Company C has endeavoured to improve workers’ lives by, amongst other things, providing housing as well as schools for workers’ children. By providing a range of benefits, Company C has rewarded current employees and fostered loyalty in the new generation of workers who are already immersed in the company culture. In this way, Company C has prepared the way for later entrants to India such as Companies B and E.

Two negative factors also emerged regarding the attractiveness of Japanese firms as employers. These were lack of progression opportunities, and low management salaries. The theme of hierarchy and opportunities for progression was discussed in relation to cultural challenges but it also re-emerged in interviews in relation to the attractiveness of working for a Japanese firm in India. Management pay at Japanese firms in India was perceived to be lower than that of Indian firms by executives working for companies A, B and D. The Indian Senior Vice President HR at Company D
highlighted the difference between management and shop-floor salaries at Indian firms which he said is much greater than at Japanese firms where it is approximately 15 times higher. Low management pay at Company D was also reported to have led to staff being headhunted by other foreign firms offering higher pay. One European executive at Company B observed that Japanese companies ‘don’t adhere to local values’ which can result in ‘Japan bashing’ or criticism which may detract from their positive image as good employers. The expectation that management pay should be significantly higher than workers’ may make Indian firms more attractive to work for than Japanese firms in some cases.

Furthermore, India has evolved rapidly from an agricultural economy with state control of industry to an industrial economy which has become increasingly open to foreign investment (Nagaraj, 2003). All six firms have production facilities in rural areas which means that they recruit most of their workers from traditional agricultural communities. Some of these workers may not have had formal employment before so interviewees understood they would find it difficult to adjust to working in a Japanese firm. Thus, if jobs are available at Indian firms, they may prove more attractive employers as they can more easily assimilate cultural values into their HRM (Chatterjee and Nankervis et al., 2014). However even though Japanese firms may not adhere to the same cultural values as Indian firms, there may be other benefits to working for them. These were identified in the findings of this research and include safe working environments, opportunities for learning and rates of pay which are standardised throughout a firm's international operations.

5.5 Indian workers’ perceptions of Japanese expatriate managers
The literature review identified the differences and similarities between Indian and Japanese management styles. Managers from both cultures are paternalistic which implies that older people take care of younger staff (Bhappu, 2000; Cappelli and Singh et al., 2010). However, the paternalistic style of Indian management may lead to the development of a hierarchy where
favouritism is prevalent (Harzing and Pinnington, 2015, p.411). Japanese managers at Company D were perceived to work with their team and treat all workers fairly whilst Indian managers were thought to prioritise results at the expense of transparency and fairness. Overall, Japanese managers are held in high regard by Indian workers who admire their discipline. Their expertise is also appreciated, and workers believe that they can learn from them.

The length of time a firm has been established in India does not seem to have resulted in different perceptions by workers of their Japanese managers. For example, Company C has been operating in India for longer than any firm in this study but workers’ perception of Japanese expatriate managers is similar to that of Company A which was established 23 years ago, and Company B which was established 16 years ago (but only began producing vehicles 11 years ago). Respondents from companies A and C divided Japanese managers into two distinct types which can be identified by age. The first generation of Japanese expatriate managers began their careers during the late 1960s and 1970s and would probably have spent most of their career in Japan. Furthermore, they would have been around 50 years old when their firm established operations in India and even if they had prior overseas experience, it would not have been in India. These first-generation Japanese expatriate managers introduced Japanese management to India. They also had to manage the conflict which arose due to differences between Japanese and Indian management systems. In contrast, second-generation managers who began their careers in the 1970s and 1980s, are more likely to have had extensive global experience and exposure which offers them a broader perspective of overseas operations. The former MD of Company A who is attributed to resolving long-standing industrial disputes between Japanese managers and Indian workers, falls in to this second category (Economic Times, 10 April 2016).

Two types of Japanese expatriate managers were identified by attitude rather than age at Company B. These were those who are willing to adapt their own
ways of working in India, and those who believe Indian workers should adapt to Japanese ways of working. However, this latter authoritative management style is relaxed once workers become accustomed to Japanese management. Furthermore, Company B has put in place a comprehensive appraisal system to enable Indian workers to understand the standard of work which is expected of them.

Nevertheless, Japanese firms sometimes send young, inexperienced staff overseas who do not have knowledge of the local business environment. Haspeslagh and Jemison (1991) and Haleblian and Finkelstein (1999) found that sending managers overseas with little international exposure could be a risky strategy as lack of confidence and experience could lead them to impose discipline and conformity when flexibility and adaptation would be more effective. However, the risk seems to have paid off at Company E where a young Japanese manager was posted to India with no prior international experience. Even so, he demonstrated cultural awareness and sensitivity to the differences between Japanese and Indian workers enabling him to understand and manage these differences. He explained that he takes a ‘more sensitive’ approach when working with Indians which involves giving more detailed instructions, making frequent checks and more follow-ups. He also thought that Indian people respect Japanese managers, a view which is supported by evidence from companies A, B, C, D and F.

Prior research (Whitley and Morgan et al., 2003; Itagaki, 2009) suggest that the number of Japanese nationals working at managerial level declines as firms become established in a country. The findings of this research suggest that companies A, C and D which have all been established in India for over 20 years, have scaled back the number of expatriates deployed there over time. For example, Company C now sends Japanese expatriates to India as consultants rather than managers. This means that they no longer interact with shop-floor staff on a regular basis. Instead, Indian managers have been entrusted to manage the firm’s operational level functions. These firms may
act as exemplars to later entrants such as companies B and E. Indeed, Company B has a low number of Japanese expatriate managers as there are only 50 Japanese expatriates out of a total of 3,750 workers at the firm’s Chennai plant which was established in 2010. The overall percentage of Japanese expatriate managers at Company B is 1.3% even though the firm has been manufacturing in India for only ten years. However, Japanese managers are sent to solve problems at the firm’s Chennai plant several times a year. At Company E which has been manufacturing for five years, Japanese expatriate managers account for 5% of the workforce. These figures broadly concur with 2% of Japanese expatriate managers at firms in the USA (Itagaki, 2009) and 1-3% at Chinese plants by the end of the 20th century (Taylor, 1999; Legewie, 2002).

There may be a lack of communication between Japanese and local managers in India who do not have direct links to HQ in Japan. Nonaka and Takeuchi (1995) found that local managers in Japanese subsidiaries overseas are unable to access the informal network of Japanese expatriate managers who may have extensive international experience and who are able to communicate with each other informally on a regular basis. Japanese managers operating at managing director levels will also communicate formally with HQ through board meetings which are likely to be held in Japan (Legewie, 2002). Therefore, local managers may feel resentful because they are left out of strategic decision making and may not understand the rationale behind it.

Furthermore, a lack of inclusivity has led to the development of some negative images of Japanese expatriate managers at the firms which took part in this study. Poor perceptions of Japanese managers who are seen to be ‘cold’ and ‘view people like machines’ are still apparent at Company B. Such attitudes are probably a reflection of the firm’s relatively short tenure in India. Nevertheless, the perception that Japanese managers have ‘no family values’ and ‘work comes first’ were also mentioned in relation to companies A and C.
Such ideas may come from observations of Japanese managers, some of whom are posted to India whilst their families remain at home in Japan. Therefore, they may be more likely to spend long hours at work. However, another reason for the persistence of the view that Japanese managers put work first may stem from the fact that Japanese management has existed in India for 35 years but the traditional family values held by people such as Company C’s Haryanvi workers are much older and much more entrenched (Prasad, 2012).

Company B has devised a way of reducing managers’ reliance on their Japanese HQ which may also counteract some of the negativity towards them discussed above. The Senior VP and Chairman of the Asia Pacific region used the analogy of the wheel to describe the way in which the firm organises international assignments. Japanese HQ is the ‘hub’ and global subsidiaries are the ‘spokes’. Managers may be sent from one ‘spoke’ in South Africa for example, then to another in the UK and then on to India without returning to the ‘hub’. This strategy enables the firm to build teams of people with diverse views from different countries. In this way, Company B has compelled Japanese managers to expand their network offering the possibility to learn about the challenges their firms face overseas from the perspective of those who are dealing them. Earlier it was seen that Company B has a geocentric approach to appointing managers (Perlmutter, 1969). This is reflected in the diverse nationalities of the firm’s executives working at global level and in India. Company B was also the first Japanese firm to appoint a non-Japanese CEO in 1999. Therefore, this firm has opened its top-level labour market to foreign executives and reduced the level of control exerted by HQ (Buckley, 2009). In doing this, Company B provides an exemplar for Japanese MNCs with a network of overseas subsidiaries.

Time and experience have reduced the need to send large numbers of Japanese expatriates to India. However, this country has become a very important country for Japanese firms and is now the fourth largest automotive
market (Nikkei Asian Review, 12 January 2018; Financial Times, 13 January 2019). Therefore, the firms which took part in this study will continue to post Japanese executives there. The image of an Indian assignment is evolving amongst Japanese expatriates who have developed a better understanding of the country and its culture over time. Furthermore, the opportunity to enjoy a luxurious lifestyle, which comes with a big house and staff is appreciated by some expatriate managers. However, this is counterbalanced by the culture shock of living and working in a country that is perceived to be very ‘culturally distant’ (Gaur and Delios et al., 2007) from Japan and may still be viewed as a ‘hardship posting’ by some managers.

Overall, the findings from this research suggest that increased global experience has resulted in Japanese firms becoming less concerned about deploying large numbers of expatriates and relying more on local managers. Liesch and Welch et al. (2011, p.867) found that internationalising firms may experience ‘vicious and virtuous circles of interactions’ in relation to the risk of operating in a country. The virtuous circle which emanated from Company C’s early success in developing a strong position as market leader in India’s automotive industry may have reduced the perceptions of risk for later entrants (Liesch and Welch et al., 2011, p.867). These perceptions have led to firms such as companies B and E deploying fewer expatriate managers to India. However, the positive experience of Company C is counter-balanced by the vicious circle of continued industrial unrest and the challenges of transferring Japanese management to India. This is discussed below.

5.6 The impact of unionisation on the transfer of Japanese HRM in India

This section examines the extent to which the transfer of Japanese HRM practices is affected by Indian unions. There are two key problems which have resulted in labour disputes at the Japanese automotive firms which took part in this study. The first of these is the discrimination between permanent and temporary workers in terms of pay and conditions and the second is the right
of workers to form a union. These issues caused disruption to operations from the 1980s onwards and it is only in the past five years that the situation has improved. In fact, continued unrest led Toyota to consider moving part of its production to Hungary (Wharton, 2010). However, evidence from this research suggests that the Japanese firms which took part in this study have developed the maturity to understand and deal with industrial disputes much more effectively. Furthermore, a new generation of Japanese managers with more international experience has contributed to the improvement in labour relations in India.

5.7 Discrimination between temporary and permanent workers in India

The discrimination between permanent and temporary workers can be found in the ways in which firms manage the labour force. Firstly, firms manage to get around Indian labour laws, which stipulate that firms with 100 or more workers must give three months’ notice or payment in lieu to workers of more than one year’s tenure (OECD, 2012), by keeping a reserve of casual workers (Das and George, 2006). This practice enables firms to manage fluctuations in demand, but it also creates tension between permanent and casual workers. The former MD of Company A made a great deal of effort to resolve the disputes he encountered during his two-year tenure from 2014-2016. One of the ways he did this was to declare an eight-day ‘lockout’ on his arrival in India which gave him time to hold talks with the employees’ union whilst production was suspended (The Hindu, 21 March 2014; Economic Times of India, 10 April 2016). Company A has not suffered from unrest since 2014 but the contrast between the pay and conditions of temporary and permanent workers is still evident in India.

The pay gap between permanent and temporary workers, who earned approximately half the wages of permanent workers at Company C’s factory in Manesar, Haryana, was a contributory factor in the violent protests which led to the death of a HR manager in 2012. This was not the first time that
protests had resulted in the death of a manager at a MNC company in India. There were three similar incidents which occurred at other MNCs from Italy, India and Japan between 2008 and 2011 (All India Organisation of Employers, 2017). However, news of the incident at Manesar was widely reported in the Indian media and even reached Japan.

The reason why labour disputes at Manesar escalated to such an extent was because Japanese managers 'had no clue about local ethos and cultural mores' in India (Economic Times, 27 March 2014). Therefore, tensions grew between workers recruited from local farming families with no experience of working on a highly efficient factory production line and Japanese managers with little or no knowledge of Indian culture. One of the key findings from this research is that Japanese firms are perceived to be attractive employers because they have standardised pay and conditions throughout their global operations. However, this can mean that workers expect to be paid the same as workers in countries with a much higher standard of living which is unrealistic. Furthermore, Japanese firms cannot be held responsible for the state of India’s labour market where almost 90% of the Indian workforce is unorganised and working in low paid poor conditions (Hind Mazdoor Sabha, 2017). It may also be argued that they are merely adapting to local conditions (Rosenzweig and Nohria, 1994). Nonetheless, their deployment of temporary workers has resulted in sustained industrial unrest at Japanese automotive firms in India.

In addition to utilising casual and temporary workers, some firms use training as a probationary period after which employees have an appraisal and may be released if they do not meet the firm’s standards. The standards of work and commitment expected from new recruits may not be fully understood by inexperienced workers from rural areas. Therefore, there appears to be a gap in expectations between managers and workers which has led to labour disputes when workers are dismissed after failing their appraisals.
At Company B, training is provided during a probationary period and managers use appraisals to evaluate and ultimately dismiss workers if their performance does not meet the required standards. In this way, the firm uses the appraisal system to regulate the number of workers and ensure that those who are eventually employed on a full-time permanent basis can meet the firm’s requirements. However, there may be misunderstanding between managers who view the period of training as probationary and trainees who assume that they will be kept on after training. In addition, expectations of workers’ commitment at Japanese firms such as Company B, may not fit with the traditional cultural values of workers recruited from rural areas of India. This cultural gap was identified at Company B and is also apparent at companies A, C, D and E. To mitigate the impact of this cultural difference, the firms which took part in this study have devised several adaptations to their production systems which have represent a divergence from their global operations.

At Company A, the number of workers both on the production line and at each workstation was increased in correspondence with each increment in the timing of the production cycle, known as tact time (James and Jones, 2014). Since the tragic incident in 2012, Company C has introduced several measures to improve relations with workers including the appointment of a new MD in 2013. He introduced a form of the kaizen suggestion system at Company C which allows workers to make suggestions for improving production. In addition, Company C also announced that it will set up Automobile Skill Enhancement Centres (ASECs) in 15 government industrial training institutes across 11 states (Economic Times, 26 May 2017). The introduction of a kaizen-style suggestion system and the establishment of training courses demonstrates the firm’s willingness under its new leadership, to transfer and adapt Japanese management in India (Recht and Wilderom, 1998).

In 2016 both companies B and C announced significant pay increases for workers. Furthermore, Company B is following the exemplar set by Company
C in providing housing and other benefits for employees and their families. These improvements in pay and conditions demonstrate Company B’s commitment to their workers and can only enhance workers’ allegiance to the firm. The Tata Group also has an established housing complex for its employees in Jamshedpur, in the northern state of Jharkhand (The Economist, 5 March 2011; 19 November 2016; The Hindustan Times, 23 November 2016). Therefore, Japanese firms are not unique in this regard, but such measures demonstrate that they have learned from the mistakes of the past and are willing and able to adapt to the local environment in India.

5.8 Workers’ rights to form a trade union in India

The second problem which has led to labour disputes at Japanese firms in India is conflict between workers who attempt to establish a trade union and managers who fear that local trade unions may encounter national unions and political parties leading to increased unrest. For example, disputes are ongoing at Company D’s plant in Rajasthan which does not have a union and there have been labour disputes there as recently as February 2016. Managers are reluctant to allow workers to form a union which is understandable in the light of the disruption caused by union activity. However, one official from a national trade union centre in New Delhi, Hind Mazdoor Sabha, expressed the view that Japanese firms “refuse to give workers their legitimate rights” (The Hindu, 28th February 2016). Media reports may sometimes be unreliable, but the two key themes identified in earlier disputes were apparent here. These are the disparity in pay between temporary and permanent workers and the rights of workers to form a union.

The rights of workers to form a union is enshrined as a ‘concurrent subject’ in the Indian constitution. This means that although central law gives every worker the right to form a union, it is not mandatory in all states for the company to recognise the union (Bose, 2012, p.59). State governments who are keen to attract FDI may engage in a race-to-the-bottom by adopting a
laissez-faire attitude to labour laws which allows MNCs to manage their workforce as they see fit (ILO, 2011).

In terms of the firms which took part in this research, companies A, B and C have their own company-based unions and Company D’s Greater Noida plant has its own union. Company E does not have a union, but Company F has a union at both plants which are affiliated to Hind Mazdoor Sabha (Hindmazdoorsabha.com). Furthermore, all five firms have managed to improve relations between managers and trade unions since the tragic incident which took place at Company C in 2012 by adapting their production systems and improving pay and conditions. Labour disputes have not been eradicated but have greatly reduced. These firms have provided an exemplar for recent entrants to India such as Company E who established its Indian plant in 2016.

5.9 Summary
All six firms face challenges in transferring the three aspects of Japanese HRM in India identified in the literature review. These are long-term employment, seniority-based pay and company unions. Of these three, long-term employment is the aspect which is challenged the most in India and one of the main reasons for this is linked to the existence of the second aspect, the seniority-based pay system. Young, talented managers may perceive that promotion to higher levels in a Japanese company is slow compared to that of a local firm and may leave to seek higher positions and salaries elsewhere. However, company-based unions have survived almost intact and have been established by all but the latest entrant to India, Company E.

The case studies explored how six Japanese automotive firms deal with the challenges of transferring Japanese HRM to India. Importantly, it is apparent that firms find very different answers to these challenges. For example, Company D has created a hybrid of Japanese management philosophy and
Hindu teaching in its Off-JT to encourage its Indian workers to become more disciplined. In doing this, Company D has demonstrated the ability to adapt Japanese management to the Indian business environment. Such innovations also reflect the monozukuri approach to working which involves doing whatever is necessary to solve problems. Abo (2014) also stated that alternative training methods should be used in countries where the Japanese system is difficult to install.

The first aspect of Japanese HRM, long-term employment, is connected to four of the six themes which emerged from this research. These are culture and commitment to the firm, the production planning process, the perception of Japanese firms as employers in India and workers' perceptions of Japanese expatriate managers. HRM practices are key to Japanese firms' competitiveness but the transfer to environments such as India is problematic. Hence Japanese firms spend a great deal of time and effort developing their personnel. The problem with such initiatives is that once employees become highly qualified, they are attractive to other firms. Retention then becomes a key issue. This study has examined the ways in which firms deal with this challenge. Company B has found an effective way to deal with this problem by asking trainees to sign a fiscal bond before they are sent overseas for training; thereby ensuring that they do not leave the firm on their return. This policy has been implemented only in the firm's Indian operations, but it formalises the social contract which is implicit between the firms and its workers in Japan. It may provide a useful exemplar for Japanese firms operating in other countries where this social contract is not implicit.

Not only does job-hopping make it more difficult for firms to retain workers, lack of continuity in the workforce also makes the implementation of Japanese management practices such as kaizen, which are integral to the planning and production system, more difficult. Therefore, Japanese firms have a strong incentive to develop a way of retaining staff that they have invested in. Training is particularly important in relation to kaizen which is not yet fully understood.
by workers at Company D who see it as a process with a finite end rather than a continuous cycle.

The planning process at Japanese firms was difficult for Indian workers to grasp in some cases. The length of time spent on planning in comparison to execution was highlighted at Company A. The Plan Do Check Act (PDCA) system, which is integral to planning, is also challenging to implement at Company A because workers fear being blamed if they identify a problem on the production line. Encouraging workers to bring small problems to their managers as they occur helps to build confidence and bridge the cultural gap between managers and workers at Company B. Indian society is much more hierarchical than that of Japan but there is similarity in the way that Japanese and Indian firms treat workers as part of the family (Bhappu, 2000). In this scenario managers may also be viewed as father-figures and teachers so utilising such similarities helps to develop trust amongst Indian workers and Japanese managers.

Japanese firms have developed close relationships with their suppliers, which has enabled them to source components in India. However, this may have led suppliers to develop an over-reliance on their Japanese customers (Panizzolo and Garengo et al., 2012, p.2). This situation will continue to pose a challenge to later Japanese entrants to India and firms will need to be prepared to invest time and effort to enable potential suppliers to develop high-quality components.

The positive image that Japanese firms have in India makes them attractive potential employers. However, lack of opportunities for progression due to the seniority system is perceived as a barrier to promotion in companies A, C and D, may also promote job hopping. Furthermore, the difference between managers’ and workers’ pay is much greater in India than in Japan. Therefore, it may be difficult for Japanese firms to manage the expectations of Indian
managers in this regard. Indian firms may be more attractive employers for
some managers as they can more easily absorb cultural norms and values
into their HR systems (Chatterjee and Nankervis et al., 2014). Promoting local
staff may encourage Indian managers to remain at the same firm and there is
evidence from all firms that this is happening.

Japanese expatriate managers are instrumental in creating the positive
perception of Japanese firms in India. Their discipline and loyalty to the firm
and to their team means that they are respected and admired. Furthermore, a
'second generation' of expatriate managers with more international experience
have enabled firms such as companies A and C to improve industrial relations.
Nonetheless, some negative perceptions of Japanese managers, which
persist despite the length of time the firms in this study have been operating in
India, may detract from their overall positive perception.

The second aspect of Japanese HRM, seniority-based pay, is also challenging
to implement in India. This can be linked to the third theme which emerged
from this research; hierarchy and opportunities for progression. Indian
managers from Company A also believe that there is a 'rice-paper ceiling'
(Kopp, 1999) which cannot be penetrated by non-Japanese executives.
However, evidence from all the companies which took part in this study refutes
this. Indian managers have been appointed to lead at least one key business
function which requires local knowledge by all six firms (Taylor, 1999).
Furthermore, the number of Japanese expatriates has been greatly reduced.
Later entrants to India such as Company E have not deployed large number
of Japanese expatriates. These findings suggest that Japanese firms may
have modified this strategy in the light of increased global experience.

The third aspect, company-based unions has been transferred by five out of
six firms which took part in this study. Mankidy (1984, p.58) stated that the link
between industrial relations and HRM which was apparent in Japanese firms,
was lacking in India where HRM was applied ad-hoc with no connection to the strategic aims of the business. The transfer of this practice could be an attempt for firms to establish this link and create constructive relationships with Indian workers. The evidence from this research suggests that Japanese firms did not understand the complexities of the Indian business environment at the beginning of their operations and five out of six companies have experienced severe disruption from strikes and lockouts. The number of disputes has reduced over time which would suggest that Japanese firms have become better at understanding and responding to workers’ concerns. Nonetheless India still has a very large pool of casual workers who have no job-security. Japanese firms are not unique in their deployment of such workers to manage fluctuations in demand. However, the discrepancy between their pay and conditions and those of permanent workers has created friction which will inevitably lead to ongoing industrial disputes unless India’s strict employment laws are relaxed.

The main objective of this research was to examine the challenges of transferring Japanese HRM in six Japanese automotive firms in India. It is now clear that time and experience have alleviated the culture shock and risk of operating in this country. Most companies have also managed to develop strategies to manage the challenges they have encountered in India and some of these could be implemented in other countries where similar problems are apparent. However, Japanese firms still face many challenges in transferring their HRM to India and these have been discussed here. The key findings to my research questions and their potential application to other emerging markets are summarised in the final chapter.
6 Conclusion

6.1 Introduction
The purpose of this study was to investigate the transfer of JHRM in India which has become an important destination for Japanese automotive firms in the 21st century (Ministry of Foreign Affairs, Japan, 2021). This subject has not drawn a great deal of academic attention to date, despite India’s growing importance in Japanese firms’ global production network (Buckley and Strange et al., 2019). Therefore, this study contributes to the burgeoning literature on the transfer of JHRM overseas and in particular the work of Professor Tetsuo Abo and the JMNESG (Japan Multinational Enterprise Study Group), by providing new insights into a country which has become an integral part of Japanese automotive firms’ strategic operations.

This chapter will begin by re-stating the purpose of this study and the research questions. This is followed by a review the contribution of this study to the extant literature and a summary of my key findings. Subsequently, the research questions are addressed to demonstrate how this study has created a new understanding of the development of JHRM in the 21st century and its transfer overseas. I then move on to setting out the implications of this study to firms who invest in emerging markets with heterogeneous, rapidly evolving settings like India. Finally, I present suggestions for the direction of future research.

The central objective of this study was to examine the ways in which Japanese firms transfer their HRM system to emerging markets by examining the case of India. Following on from the literature review, two research questions emerged:

1. What are the challenges faced by Japanese firms in India when they transfer established HRM practices from Japan? Are they exacerbated by the diverse institutional and cultural environment in India?
2. Have Japanese firms adapted their HRM in India in response to the challenges they face there? If so, are these adaptations specific to the challenges they face in different regions?

There were also two sub-questions in relation to these research questions which emanated from the extant literature and were designed to strengthen the validity of this research by examining Japanese and Indian perspectives.

1. Firstly, have Japanese managers’ perception of India evolved as Japanese firms have become more established?

2. Secondly, how do Indian workers perceive Japanese expatriate managers and has this perception evolved as Japanese firms have become more established?

6.1.1 The contribution of this study to the extant literature

JHRM has evolved since its original identification in the late 1950s when Japanese firms began to attract international academic interest. However, the link between the development of HRM in Japan and how this impacts its transfer overseas is not firmly established in the extant literature. In chapter two I identified three new strands in the literature which emerged in the 21st century and set out potential implications for the transfer of JHRM overseas and in particular to India. The first strand relates to the mainstay of JHRM; lifetime employment which is still evident even though there has been no increase in the number of full-time permanent jobs since the 1980s (Gordon, 2017). Instead, there has been an increase in non-permanent workers which means that companies have maintained the flexibility to respond to economic changes without making radical changes to their core workforce (OECD, 2019).

This has also led Japanese firms to consider the way they manage their workforce overseas. In India, they deal with fluctuations in the business cycle by utilising a pool of non-regular workers as labour laws enable them to do so
(The Confederation of Indian Industry, 2016). This is exemplified in one of the cases I studied. Company C has been operating in India since 1982 and has changed the composition of their workforce several times. For example, they almost halved the number of employees in 2004 and introduced automation which was designed to increase productivity (Becker-Ritterspach, 2007). This decline in the number of permanent workers was coupled with an increase of workers on temporary contracts who could be laid off and re-hired when needed. In this way, there was a ‘Japanisation of the workforce’ (Becker-Ritterspach, 2007), where a core of permanent workers are protected by temporary workers on the periphery of the firm.

The findings from this research are that the number of regular workers at Company C subsequently increased three-fold which reflects the firm’s expansion in the last decade. Nonetheless, the utilisation of non-regular workers is controversial in India and has led to industrial unrest. One of the main reasons which was identified in chapter five is the fact that non-regular workers earn around half the wages of regular workers (All India Organisation of Employers, 2017). Therefore, the deployment of non-regular workers can have a negative impact on industrial relations which has implications for Japanese firms who utilise this method of manpower management in overseas subsidiaries. Japanese firms have been impacted by industrial unrest which has been documented throughout this thesis.

Having said that, the industrial action which disrupted production in the early 2000s, has greatly reduced both in frequency and severity which indicates that Japanese firms have become better at handling disputes and dealing with their causes. In addition, all the firms who took part in this study have endeavoured to improve wages and working conditions in India. However, the discrimination between Indian permanent and temporary workers is still apparent and will continue to cause tension. The problem stems from India’s outdated labour laws and the Indian labour market where casual work is prevalent. Japanese
firms cannot be blamed for this situation, but they do rely on casual workers to help them manage fluctuations in demand.

The second strand highlights the way that JHRM has become part of Japanese culture and therefore difficult to change (Debroux, 2003). Japanese firms demonstrated the ability to respond to economic conditions from the 1970s when they tightened the criteria for promotion so that most high school graduates no longer qualified beyond the first level of management (Pucik, 1984). By the 1990s some firms had also introduced performance-based pay in response to the economic downturn which followed the end of the bubble era of the 1980s (Dedoussis, 2001; Imai 2011). Nonetheless, Japanese labour markets are still “strongly shaped by the existing national institutions and practices and dependent upon social support for their stability” (Keizer, 2007). Furthermore, the core workforce of Japanese firms who were integral to Japan’s competitive advantage in the post WWII era (Matanle and Matsui, 2011) depend on the continuation of the system which promised them job-security and incremental pay in return for hard work, loyalty and long tenure.

The changes identified above signify a gradual evolution in JHRM from the 1970s onwards which have impacted Japanese firms at home and abroad. In particular, the lack of expansion in the number of full-time permanent positions coupled with a reduction in promotion prospects means that there are fewer highly trained executives available for overseas positions. This has two implications for Japanese managers and the firms who employ them; firstly, the likelihood of being sent overseas increases which will enhance young managers’ career prospects as these assignments are integral to developing ‘career capital’ (McCann and Monteath, 2018). Secondly, sending young, inexperienced managers could impact the successful international transfer of Japanese management and production systems.
The findings of this research demonstrate that firms sometimes post young managers to India with no prior overseas experience. Company E is an example of this, however the young manager working at their Andhra Pradesh plant demonstrated cultural awareness and sensitivity to the differences between Japanese and Indian workers enabling him to understand and manage them. On the one hand, this strategy is risky and sending inexperienced Japanese managers who cannot deal with the culture shock many suffer in India could undermine the work of their predecessors who have endeavoured to create good relationships with Indian workers. On the other hand, reducing the number of expatriates sent overseas could ease the pressure on human resources at home.

Findings from this research demonstrates that Japanese firms have also scaled back the number of expatriates as firms become established which validates the findings of previous studies (Kumaraswamy and Mudambi et al., 2012 p.371). The percentage of Japanese expatriates in India correlates with the 2% of Japanese expatriate managers at firms in the USA (Itagaki, 2009) and 1-3% at Chinese plants by the end of the 20th century (Legewie, 2002; Taylor, 1999). Most importantly, Indian managers have been entrusted to manage the firm’s operational level functions. Recent entrants companies B and E also report low numbers of Japanese managers. These findings imply that Japanese firms may be reviewing the extensive deployment of expatriates in the light of changes to the composition of the workforce in Japan and increased international experience. This also indicates that they are moving away from an ethnocentric approach to managing overseas subsidiaries towards a more polycentric orientation (Perlmutter, 1969). In other words, Japanese firms are prepared to devolve decision-making roles to Indian managers instead of appointing expatriates.

The third strand relates to the heart of the workforce; the sararimen who have experienced a gradual erosion in the system they joined after graduating from Japan’s top universities (Hazama, 1996). This has created a gradual change
in workers’ attitudes. Firstly, Japanese managers have begun to prioritise their careers, and the traditional model of employment, where loyalty to the firm was rewarded with lifetime employment, is becoming less acceptable (Okabe, 2011). Secondly, younger workers are becoming more individualistic in their career aspirations and Japanese firms increasingly value the ability for independent thinking in new recruits (Rear, 2020). The findings from this research demonstrate that younger Japanese executives are prepared to use their own initiative when they encounter problems. This was illustrated by the example of the former Japanese MD of Company A who managed to resolve the long-standing industrial disputes which had confounded his predecessors in India. He did this by holding talks with workers’ representatives to understand the issues which led his firm to make a profit for the first time in 2015 (The Economic Times, 10 April 2016). He is one of the second-generation of Japanese managers characterised in chapter 4 who had more international exposure prior to being posted to India and who are more comfortable communicating in English.

The three new strands in the literature discussed in chapter two identified changes to the Japanese employment system in the 21st century. Tradition and continuity still play an important part, but internal and external pressures have impacted the ability of firms to maintain the core elements which defined it. Japanese firms attempted to counteract the impact of the Plaza Accord in 1985 by prolific overseas investment from the late 1980s which in turn created career development opportunities for managers. However, the gradual erosion of the seniority system and the ageing of the workforce, will lead to fewer executives with the necessary skills and experience to introduce Japanese production and management systems overseas. In this case Japanese firms will need to train more local managers, and there is evidence that this is happening in India.

The findings from this research also demonstrate that the initial transfer of Japanese management in India was challenging not only because there was
no link between firms’ strategy and their HRM systems as there is in Japan (Mankidy, 1984), but because the three ‘conditions’ (Abo, 2014) for its transfer did not exist. These are firstly, ‘necessary conditions’ where individual workers must be committed to work by a process of ‘self-realisation’ which suggests that they are willing to work towards reaching their potential. Abo (2014, p.30) states that they must also have ‘wide demarcation of authority and individual responsibility.’ The second factor is ‘sufficient condition’ which means that the society has a ‘majority culture of group and cooperation orientation’.

The third factor necessary for the successful transfer of the Japanese work environment relates to the company, which must have the ability to adapt and have the potential to cope with change. In countries where the Japanese system is difficult to install, Abo (2014) recommends alternative methods such as creating in-house training programmes to replace on-the-job training. Japanese firms demonstrated the ability to adapt and cope with change during the 40 years they have been operating in India. Moreover, the HRM systems which have evolved in 21st century India resemble the Japanese system in several important ways and reflect the solutions firms have found to the circumstances they have had to deal with. These are summarised below.

6.2 Summary of key findings
All six firms which took part in this research face challenges in transferring the core components of JHRM in India due to the diverse institutional and cultural environment. Of the three, long-term employment is the aspect which is the most challenging to implement due to the prevalence of job-hopping. The existence of the second aspect, the seniority-based pay system increases the likelihood that ambitious young Indian workers will seek employment at firms which offer more opportunities for promotion and higher pay in the early years of their careers. Therefore, Indian firms who are more attuned to the Indian labour market may be more attractive than Japanese firms for some workers. Job-hopping also results in a lack of continuity in the workforce which makes management practices such as kaizen challenging to implement. Japanese
firms have a strong incentive to develop a way of retaining staff that they have invested in and those who took part in this study have been compelled adapt the three key components of JHRM in India. These adaptations relate to the challenges they face in different regions discussed below.

6.2.1 Lifetime employment
All six firms have experimented with different solutions, ranging from penalties to incentives to create a stable, disciplined workforce. For example, Company B operates in the automotive hub of Chennai in the southern state of Tamil Nadu. Education levels are high and there is also a good supply of engineers (Bhaskaran, 2016). Therefore, it is likely that well-trained young graduates would easily be able to move to another global MNC or an Indian firm which is more attuned to Indian cultural norms and values (Chatterjee and Nankervis et al., 2014). Company B has introduced a ‘fiscal bond’ which trainee engineers are required to sign to ensure that they do not leave the firm after training and this solution is appropriate to the labour market conditions they face in Chennai.

Company C has been operating in the state of Haryana, north India since 1984 and was the pioneer of Japanese management in India. This firm faced challenges in transferring JHRM because they had to establish the automotive cluster and recruit workers from local rural communities with no experience of working for a global automotive firm. Japanese expatriates endeavoured to transfer the fundamental principles of Japanese management and production but have struggled to create a disciplined workforce. They now use training and education to appeal to workers of all ages and potentially reduce job-hopping. These offerings include the introduction of training programmes for workers’ grown-up children who can join the firm if they pass a test. Furthermore, the firm has upgraded their in-house qualifications, for example an engineering diploma has been upgraded to degree level, and the firm has made more promotion opportunities available for workers. By offering such a comprehensive package of training and education Company C are developing
long-lasting loyalty and ensuring that there is a ready-made new workforce. This is an incentive to stay rather than a penalty for leaving which is used by Company B. However, it is potentially more effective because it builds in long-term loyalty which extends beyond the current generation of workers to their children.

At Company D, a third approach to training and development was introduced by an Indian Senior HR Executive who had experience of working in Japan and India. His hybrid of Japanese philosophy and traditional Hindu teaching of Off-JT has enabled workers to understand and assimilate key aspects of Japanese management. It has also encouraged them to develop in areas which Japanese firms find difficult to transfer in India such as time management and communication. This approach is more holistic than the first two and does not tackle job-hopping directly. However, arguably it is effective because it creates disciplined and loyal workers. It is also in line with Abo’s (2014) advice that firms should create alternative methods such as creating in-house training programmes to replace on-the-job training in countries where the Japanese system is difficult to install.

6.2.2 The seniority system

Seniority-based pay, where pay rises incrementally with tenure and experience, has not been adapted to the Indian business environment. Therefore, there is a perception that management salaries at Japanese firms are lower than Indian firms where the high social status of managers is reflected in their salaries. However, Indian managers have been appointed to lead at least one key business function which requires local knowledge by all six firms. Furthermore, the five most established firms in India have scaled back the number of expatriate managers providing increased opportunities for Indian managers to take these positions. For example, customisation of Company A’s HRM in India, can be seen in the firm’s decision to reduce the number of expatriate managers. This firm was established in 1997 and by 2011, Indian managers outnumbered Japanese 3:1. Therefore, Company A
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seemed to be following the same path as Japanese firms in China, for example, in reducing the number of Japanese expatriate managers once a firm becomes established (Taylor, 1999; Itagaki, 2009). In addition, the decision to move Indian managers into more senior managerial positions was part of a policy put in place from 2008 to improve industrial relations at Company A (James and Jones, 2014).

The firms which took part in this research have all appointed Indian managers to lead the HR function. This enables local managers to be promoted to the highest levels in a firm and reduces the perception that there is a ‘rice-paper ceiling’ (Kopp, 1999). In addition, three of the six firms have appointed Indian employees to lead the sales and marketing function. India is already an important production base for Japanese automotive firms. Therefore, it makes sense to have an Indian executive with first-hand knowledge of the Indian market to lead this function. Nevertheless, only one of the participant firms has an Indian managing director. This indicates that Japanese automotive firms may not be prepared to devolve responsibility for managing all key business functions to local managers even though two companies (Company F and Company C) have been operating in India since the 1980s. This may be because of the challenges Japanese firms still face there.

However, in 2017, the Chairman of Company F stated that his firm aims to fill 60% of management positions in overseas subsidiaries with local managers by 2018 (Business Line, 15 May 2017). This is an ambitious target, but it signals a change in this firm’s strategy and a recognition that diversity in the firm’s top management may benefit a global firm which operates in countries with very different business environments to Japan. At least two Indian managers from Company A who took part in this study are working at the firm’s Asia Pacific HQ in Singapore which illustrates that this firm is also prepared to promote Indian managers to regional level strategic management positions. The devolution of key roles to Indian managers is evidence that Japanese firms are becoming more polycentric in their approach to managing overseas
subsidiaries. This makes sense in the light of India’s growing importance for Japanese firms and also goes some way to solve the problem of fewer suitable Japanese expatriates available for overseas assignments which was identified in chapter two.

6.2.3 Enterprise-based labour unions

The third aspect of JHRM, enterprise unions, have ‘survived’ almost intact and have been established by all but the latest entrant to India. However, Japanese firms have struggled to deal with the influence of industrial trade unions in India whose objectives seem in direct conflict with the role of the enterprise union. Japanese firms prefer to deal with issues in-house to maintain the smooth running of the organisation and reduce the likelihood that workers will encounter national trade union organisations (Choudhury, 2005). In contrast, the strikes and lockouts organised by Indian trade unions and their affiliates have disrupted operations at all firms in this study apart from Company E, the latest entrant to India.

There are also sub-national differences in the power of unions. For example, the volatile environment in Rajasthan, where national union organisations have been involved in disputes, may be the reason why managers there have repeatedly refused workers’ requests to form any kind of union. Nonetheless, Japanese firms have also been forced to concede some negotiating power to external unions and this is exemplified in Company A where managers allowed company union representatives to consult with an external union organisation on a regular basis following years of industrial unrest (James and Jones, 2014).

Japanese firms have also made adaptations to incorporate the role of national automotive union bodies in negotiating pay rises. This led to companies B and C agreeing to the highest pay rise ever awarded for workers in the Indian automotive industry in June 2016 (Times of India, 11 June 2016). These
concessions demonstrate that Japanese firms have learned from past mistakes and are prepared to develop a compromise to their established way of managing workers’ issues. They have also taken steps to respond to workers’ concerns and prevent a potential situation getting out of control. This is particularly important in the light of the tragedy at Company C in 2012. The findings from this research illustrate that the situation has greatly improved since then which suggests that Japanese firms have accepted that the trade union movement is an Indian institution which they must work alongside where necessary.

6.2.4 The role of Japanese expatriate managers

The role of expatriate managers is invaluable, not only in transferring HRM systems but in adapting them to the local context. A ‘second generation’ of Japanese with more international experience than the ‘pioneers’ who introduced Japanese management to India in the 1980s and 1990s, have enabled firms to improve their relationship with Indian workers. The image of an Indian assignment also appears to be evolving amongst Japanese expatriates who have developed a better understanding of the country and its culture as firms have become more established. Furthermore, the opportunity to enjoy a more luxurious lifestyle is appreciated by some ‘serial expat’ managers. However, the findings from this research suggest that India may still be viewed as a ‘hardship posting’ because it is an emerging market with a diverse economic landscape. A good example of the culture shock which managers experience in India is the frustration of having to employ a driver because of the difficulties of driving on India’s roads.

The ways in which Japanese expatriate managers are perceived by Indian workers is reflected in the positive perception of Japanese firms in general. This may be attributed to Japanese investment in infrastructure projects such as India’s first high-speed railway (Bloomberg, 10 November 2016) and the Delhi metro system. Importantly, the extensive coverage of labour disputes at Japanese automotive firms in the media had not created a completely negative
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The image of them in India. This was largely thanks to firms such as Suzuki who transformed the automotive industry in the 1980s by working with suppliers to create an efficient supply chain through the diffusion of Japanese management systems.

The length of time a firm has been established in India does not seem to have resulted in different perceptions of Japanese managers. In fact, the overall perception is very positive, and they are respected by Indian workers who believe they can learn from them. Indian managers from all six firms gave examples to emphasise this point. These ranged from the willingness of Japanese managers to work with any team member on the shop floor at Company A, to their adherence to punctuality at companies C and F. However, some negative images of Japanese expatriate managers persist at the firms which took part in this study. These include the perception that Japanese managers are ‘cold’ and ‘view people like machines’ at Company B. Furthermore, Japanese managers were also perceived to have ‘no family values’ and ‘work comes first’ at Company C. In the discussion it was seen that such ideas may come from observations of Japanese managers, some of whom are posted to India whilst their families remain at home in Japan. Therefore, negative perceptions seem unlikely to change unless Japanese firms change their policy of posting managers overseas alone.

The fact that five out of six firms still have Japanese managing directors may lead to a lack of communication between Japanese and local managers in India who do not have direct links to HQ in Japan. Japanese managers operating at managing director level will also communicate informally with colleagues in Japan and formally with HQ through board meetings which are also likely to be held in Japan (Legewie, 2002). Therefore, local managers may feel resentful because they are left out of strategic decision making. These findings imply that there is still room for improvement in this area although the appointment of local managers to lead the key functions of marketing and HR is a step in the right direction.
Company B has devised the most effective way of reducing managers’ reliance on their Japanese HQ which may also counteract some of the negativity towards them. The Senior VP and Chairman of the Asia Pacific region used the analogy of the wheel to describe the way in which this firm organises international assignments. Japanese HQ is the ‘hub’ and global subsidiaries are the ‘spokes’. Managers may be sent from one ‘spoke’ to another without returning to the ‘hub.’ This strategy has not only compelled Japanese managers to expand their network, but it also provides an exemplar for Japanese firms who have an extensive network of managers deployed overseas. This method of organising and controlling global operations was outlined by Buckley (2009) in his analysis of the ‘global factory.’ It is a geocentric approach to managing global operations where the relevant person is chosen for a role regardless of nationality (Perlmutter, 1969).

The cases above exemplify the ways that Japanese firms in India have adapted the Japanese system of HRM to manage the challenges they face there. Abo (2014, p.10) stated that:

“the management style of centre-driven global operations like the ‘mother-plant’ system in many Japanese MNEs needs to continue in the long-term. In cases of problems in BoP (Bottom of Pyramid) markets (India, China), ways for Japanese MNEs to adapt to the local environment… will be ‘centre-driven’ from the parent’s side, not from subsidiary-led localisation.”

However, the cases presented here have challenged this theory as India has created several obstacles for the transfer of Japanese management which are more severe than firms have previously encountered, even in other emerging markets such as China. That is because the economic and cultural landscape of India is so diverse and adaptation requires understanding of local culture, particularly when recruiting workers from rural areas who may not have had previous formal employment. Hence, it is logical that the measures Japanese firms have devised to deal with the challenges they face in India have been created at subsidiary level.
For example, the fiscal bond system devised by Company B was designed to counteract the problem of attrition amongst highly trained young engineers in Chennai and is a rational response to a local problem. This is a good example of how the transfer of JHRM in India was facilitated by utilising aspects of local culture which are compatible with the firm’s values and which international firms typically do not exploit (D'Iribarne, 2002. p.244). Finally, the cases presented in this thesis demonstrate that Japanese firms have taken a polycentric approach to the challenges of transferring JHRM in India which means they have developed an appropriate local strategy rather than trying to impose JHRM directly from Japan.

6.3 Implications of this study for Japanese firms in India

The Japanese firms which took part in this study have made adaptations to the three core elements of JHRM and these were summarised above. They are still identifiable as ‘Japanese’ but in adjusting them to deal with the challenges they have faced, Japanese firms have created a hybrid of JHRM with Indian characteristics. This section will outline the implications of this study for firms operating in India which can be applied to other emerging markets with similar settings.

6.3.1 Lifetime employment

Japanese firms have found this aspect of JHRM the most challenging to transfer in India due to the prevalence of job-hopping. This research has identified a range of methods which are appropriate to the specific problems firms face in different regions. They also demonstrate that Japanese firms are flexible enough to consider new approaches to solving long-standing problems. However, Japanese firms have also transferred their reliance on a pool of non-regular workers to India where they provide a buffer to protect the core of full-time permanent workers as they do in Japan. Several Indian and Japanese executives stated that they would like to see Indian labour laws updated to reflect labour market conditions of the 21st century. This would create more job opportunities as the current restrictive lay-off policy deters
firms from hiring workers in the first place. In the meantime, Japanese firms will continue to utilise the large pool of non-regular workers in India which will continue to be a source of industrial friction until the law changes.

6.3.2 The seniority system
The Japanese seniority-based pay and promotion system where pay rises with tenure, has been transferred to India. This has led to the perception that pay is low and promotion is slow, which exacerbates the likelihood that young managers will leave their job in search of higher salaries at Indian firms or foreign MNCs. In addition, the presence of Japanese expatriates hinders promotion prospects for local managers. The most effective approach for dealing with this problem is to devolve management roles to locals where possible and evidence from this research demonstrates that this is happening. This has the added benefit of reducing the reliance on expatriate managers which is important as the pool of experienced executives in Japan is getting smaller. This change in policy signifies that Japanese firms are reconsidering their overseas staffing policy in the light of experience. However, firms should limit the number of inexperienced young Japanese managers to India as this could impact the transfer of Japanese management and productions systems. Japanese managers play an important role in establishing and running operations overseas and this is exemplified by the fact that 5 of out of the 6 firms in this study are still led by Japanese expatriates. Therefore, this change reflects a gradual adjustment to a polycentric over an ethnocentric approach to managing overseas subsidiaries.

6.3.3 Enterprise-based labour unions
Japanese firms found it difficult to understand the diverse socio-economic background of the Indian workforce which, coupled with the antagonistic nature of the trade union movement in India, make it difficult to foster cooperation (Rao, 2007). They introduced enterprise unions to India, but the influence of external trade unions and affiliated organisations have negatively affected the relationship between management and workers at Japanese
firms. It has taken many years for firms to resolve this problem, but they have managed to do this primarily by improving pay and conditions in the mid-2010s. There have been few disputes in India since 2016 and none of these led to extensive disruption of operations. Therefore, the lesson here is that enterprise unions can be an effective forum for negotiation if Japanese firms attend to workers’ concerns by taking early action to resolve problems and ensure that matters do not get out of control.

6.4 Suggestions for further research
This research has examined the challenges Japanese companies face in transferring their management systems in India. It also examines this phenomenon from the perspectives of both Indian and Japanese managers, as well as Europeans and Americans all working at strategic level. Such people work under high pressure and can be difficult to reach, so the fact that I was able to gain insight from 38 executives is significant. Most of them have experience of managing operations in a range of settings; from Europe to the USA and emerging markets such as China and India. They have provided very nuanced and candid insight into the transfer of Japanese human resource management in India. I hope that the issues they highlighted, and the solutions firms have developed in response, may be cause for serious consideration by firms who are already operating in India and those who set up operations there in the future.

The findings from this research provide a snapshot of the changes JHRM has undergone since the beginning of their operations in India. Japanese firms have demonstrated the ability to adapt even in the most difficult environments. Therefore, it is important to continue to document the evolution of JHRM in other challenging settings, in particular where Japanese firms do not have a historical legacy such as Africa. Moreover, the ways in which the respondent firms have adapted Japanese management to India may provide useful guidelines for others. It may also enable them to understand how Japanese managers are sometimes perceived by workers encountering them for the first
time. Conversely, the ways in which Japanese managers approach an assignment to a developing country may also have a bearing on this perception.

The scope of this research was limited to six Japanese automotive firms in India. Further studies could examine whether these findings can be applied to additional Japanese firms in the Indian automotive and allied industries, or indeed to Japanese firms operating in other sectors of the Indian economy. A Japanese HR expert who was interviewed for this research works with Japanese firms to help them navigate the transfer of Japanese management around the world. He observed that:

“Indian managers and engineers in the automotive industry have a very global view and are very outward-looking. Their understanding of Japanese management has greatly increased. They now understand the value of it.” Japanese Executive, Overseas HR and Industry Development Association (HIDA).

This observation illustrates how the understanding of Japanese management has evolved in India and how Indian engineers have developed a global perspective which has improved its transfer. India liberalised in 1991 and this led to changes in the management of people in India as the concept of HRM was introduced by global MNCs investing in India (Som, 2010). In addition, many Indian engineers and managers have studied overseas and the ideas they return home with challenge existing practices (Maharjan and Sekiguchi, 2017, p.326).

This research has identified several ways in which firms have adapted JHRM which is integral to the successful transfer of management practices including the planning process and kaizen. However, the findings have demonstrated that India still poses ongoing challenges to Japanese firms and there is still some way to go before Indian workers fully understand these systems.
Therefore, future research could examine whether the situation has improved. The impact of Covid-19 on the Indian industry is still unfolding at the time of writing so it would also be useful to see how the pandemic has impacted JHRM in India. An in-depth study of a firm which entered India in the past decade could also be the subject of future research. Company B which began producing vehicles in 2010 would be a good case as this firm has already adapted JHRM so it would be useful to see whether these adaptations are still in place and whether further adjustments have been made. This study has filled the gap in the literature regarding the transfer of JHRM in India. It has illustrated in detail the challenges Japanese firms face in transferring their HRM systems and the solutions they have devised to overcome them. In doing this it has provided a steppingstone to future research which could examine whether the experience Japanese firms have gained from working in India, could be applied to operations in emerging markets.
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8 Glossary

CEO – Chief Executive Officer – more commonly used in the USA instead of MD. Can be interchangeable as some authors use the term CEO whilst others use MD.

FDI – Foreign Direct Investment (FDI) can be defined as a ‘cross-border investment made by a resident in one economy’ (the direct investor or parent) ‘with the object of establishing a lasting interest in an enterprise’ (the direct investment enterprise)

GM – General Manager – a manager responsible for a specific department such as purchasing who may also co-ordinate activities across areas such as finance and accounting.


ILO – International Labour Organisation based in Geneva. The main aims are to promote rights of workers around the world. There are currently 187 member countries. (ILO, 2018).

Japanese Management – this term incorporates both practices which are personnel-related and those which are manufacturing-orientated (Naylor, 2000). However, when referring to personnel practices specifically, the term HRM is used.

MD – Managing Director – the most senior executive of a company or department of a company (Collins English Dictionary, 2018).

MNC – Multinational Corporation.

OECD – Organisation of Economic Co-operation and Development. This organisation was established in 1960 and is dedicated to economic development (OECD, 2018). There are 36 member countries including Japan. (OECD, 2018).

(OECD, 2018) – This definition not only implies a long-term relationship between both parties but also a ‘significant degree of influence by the direct investor in the management of the enterprise’ (OECD, 2008).
OJT – On the job training, an in-house programme to develop workers knowledge and skills. It incorporates specific training in production systems and more general training in areas such as teamwork.

Off-JT – Off the job training, this is designed to complement OJT and can include fitness training and lifestyle guidance such as help to stop smoking (see Fujimoto, 2018 in JILPT).

R&D – Research and development.

TKM Toyota Kirloskar Motors – a Japanese-Indian joint venture which is based in the state of Karnataka, South India.

TPS – Toyota Production System (see Chapter 2 for a detailed explanation of key aspects of this system).

VP – Vice President – the head of a key business function such HR or sales and marketing. May be interchanged with Executive Director.
A. Interview topics and associated literature
<table>
<thead>
<tr>
<th>Interview topics</th>
<th>Associated literature</th>
<th>Research objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>How does working for a Japanese company differ from that of an Indian one?</td>
<td>Mankidy, 1984; Jain, 1987; Choudhury, 2005; Kiyokawa &amp; Oba et al., 2006; Mathew &amp; Jones, 2012; Chatterjee, Nankervis et al., 2014; James and Jones, 2014</td>
<td>Question 1 - What are the challenges faced by Japanese firms in India when they transfer established HRM practices from Japan? Are they exacerbated by the diverse institutional and cultural environment in India?</td>
</tr>
<tr>
<td>What does the term Japanese management mean to you?</td>
<td>Wickens, 1987; Aoki, 1990; Nakamura, 2004; Abegglen, 2006; Keizer, 2007; Pudelko, 2009; Ono, 2010; Matanle and Matsui, 2011</td>
<td>Question 1 - What are the challenges faced by Japanese firms in India when they transfer established HRM practices from Japan? Are they exacerbated by the diverse institutional and cultural environment in India?</td>
</tr>
<tr>
<td>Can you identify management practices which you consider to be Japanese at your firm?</td>
<td>Taylor, 1999; Legewie, 2002; Whitley and Morgan et al., 2003; Belderbos and Heijltjes, 2005; Kamiyama, 2007; Rose and Kumar, 2007; Gamble, 2008; Itagaki, 2009; Buckley, 2009</td>
<td>Question 2 - Have Japanese firms adapted their HRM in India in response to the challenges they face there? If so, are these adaptations specific to the challenges they face in different regions?</td>
</tr>
<tr>
<td>What kind of training and promotion prospects are available at your firm?</td>
<td>Okada, 2004; Choudhury, 2005; Kiyokawa et al., 2006; Altenburg et al., 2008</td>
<td>Question 2 - Have Japanese firms adapted their HRM in India in response to the challenges they face there? If so, are these adaptations specific to the challenges they face in different regions?</td>
</tr>
<tr>
<td>Are workers allowed to join a union?</td>
<td>Okada, 2004; Choudhury, 2005; Kiyokawa et al., 2006 Altenburg et al., 2008; ILO (2011, 2016); The Confederation of Indian Industry, 2016</td>
<td>Questions 1 and 2</td>
</tr>
</tbody>
</table>
B. Interview tracker table

(Tracker with interviewees’ details removed for confidentiality)
Table B.1: Interview tracker table

(Tracker with interviewees’ details removed for confidentiality)

Table B.2: Expert interviews and commentators

(Tracker with interviewees’ details removed for confidentiality)
C. Interview quotes
C.1 Interview Question 1 - What are the most significant challenges facing foreign firms (particularly Japanese firms) as they transfer and adapt their HRM practices to India?

<table>
<thead>
<tr>
<th>Emergent theme</th>
<th>Firm</th>
<th>Job title and location of work</th>
<th>Length of time at company</th>
<th>Career history at Japanese firms</th>
<th>Nationality</th>
<th>Data collection method</th>
<th>Key quotes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Culture and commitment to the firm</td>
<td>A</td>
<td>Deputy General Manager, Singapore</td>
<td>6 years</td>
<td>Current company: 1 year, 9 months</td>
<td>Indian</td>
<td>Email - 9/5/2015</td>
<td>“The most significant challenge facing foreign firms is their ability and willingness to accept and understand that India is truly diverse (unlike any other country).” [1a]</td>
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<tr>
<td></td>
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<td>Company A: 11 years, 6 months</td>
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<td>5 years, 6 months at non-Japanese automotive firm</td>
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<tr>
<td>a) Commitment and loyalty to the firm</td>
<td>B</td>
<td>Overseas Programme Director, Switzerland</td>
<td>26 years</td>
<td>Current company: 26 years whole career spent at firm</td>
<td>British</td>
<td>Email followed up by Skype - 6/7/2016</td>
<td>“We work to global standards and commitment means do not stop until the target is reached.” [1b]</td>
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<tr>
<td>a) Commitment and loyalty to the firm</td>
<td>B</td>
<td>CEO, Japan</td>
<td>15 years</td>
<td>Current company: 15 years</td>
<td>French</td>
<td>Skype - 15/6/2016</td>
<td>“Japanese have strong belief in loyalty to the firm. Indian managers are ‘mercenaries,’ who are motivated by money and promotion opportunities.” [1c]</td>
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<td></td>
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<tr>
<td>b) discipline</td>
<td>A</td>
<td>Manager, Bangalore, Karnataka, India</td>
<td>9 years</td>
<td>Current company: 9 years</td>
<td>Nepalese</td>
<td>Telephone - 19/8/2015</td>
<td>“To the Japanese, ‘today means today’’” [2a]</td>
</tr>
<tr>
<td>Emergent theme</td>
<td>Firm</td>
<td>Job title and location of work</td>
<td>Length of time at company</td>
<td>Career history at Japanese firms</td>
<td>Nationality</td>
<td>Data collection method</td>
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<tr>
<td>b) discipline</td>
<td>B</td>
<td>Vice President Marketing, Chennai, Tamil Nadu, India</td>
<td>1 year</td>
<td>Current company: 1 year, Company A: 5 years 9 months, Company D: 1 year 10 months</td>
<td>Indian</td>
<td>Skype - 9/6/2016</td>
<td>“Japanese are punctual to the second.” [2b]</td>
</tr>
<tr>
<td>b) discipline</td>
<td>C</td>
<td>Executive Director, New Delhi, India</td>
<td>32 years</td>
<td>Current company: 32 years</td>
<td>Indian</td>
<td>Telephone - 10/6/2016</td>
<td>“The Japanese are disciplined, and Indians are not.” [2c]</td>
</tr>
<tr>
<td>b) discipline</td>
<td>D</td>
<td>Sr. Vice President HR, Greater Noida, Uttar Pradesh, India</td>
<td>17 years</td>
<td>Current company: 17 years</td>
<td>Indian</td>
<td>Telephone - 13/8/2015</td>
<td>“They expect workers to be disciplined, for example everyone must take breaks at the same time.” [2d]</td>
</tr>
<tr>
<td>b) discipline</td>
<td>F</td>
<td>Managing Director (IT), Noida, Uttar Pradesh, India</td>
<td>14 years</td>
<td>Current company: 14 years</td>
<td>Indian</td>
<td>Skype - 13/5/2016</td>
<td>“An Indian engineer asked his Japanese counterpart to ‘give me five minutes’ to fix a problem and became irate as the Japanese man returned every five minutes to ask if it had been fixed.” [2e]</td>
</tr>
<tr>
<td>c) communication</td>
<td>D</td>
<td>HR Manager, Ghaziabad, Uttar Pradesh, India</td>
<td>2 years</td>
<td>Current company: 2 years, 4 years, 5 months at Company F</td>
<td>Indian</td>
<td>Email followed up by Skype - 22/3/2016</td>
<td>“Japanese managers need to provide a detailed explanation of the rationale behind Japanese HRM to convince Indian managers of its value and merit.” [1d]</td>
</tr>
<tr>
<td>Emergent theme</td>
<td>Firm</td>
<td>Job title and location of work</td>
<td>Length of time at company</td>
<td>Career history at Japanese firms</td>
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<tr>
<td>c) communication</td>
<td>E</td>
<td>General Manager, (Sourcing &amp; Supplier Quality Engineering) Chennai, Tamil Nadu, India</td>
<td>3 years</td>
<td>Current company: 3 years - whole career spent at firm</td>
<td>Japanese</td>
<td>Telephone - 27/5/2016</td>
<td>“The ‘Japanese way’ of problem-solving is ‘thinking by ourselves.’ Compared to Japanese, Indian workers need detailed explanations.” [1e]</td>
</tr>
<tr>
<td>2. The planning process at Japanese firms in India</td>
<td>A</td>
<td>Vice Chairman Bangalore, Karnataka, India</td>
<td>From beginning of JV:19 years</td>
<td>Current company (from beginning of JV): 19 years</td>
<td>Indian</td>
<td>Skype - 9/6/2016</td>
<td>“Trust is a vital component of the Plan Do Check Act (PDCA) system but as India has a 'blame culture' it has been poorly implemented as workers fear being blamed if a problem is identified.” [3a]</td>
</tr>
<tr>
<td>2. The planning process at Japanese firms in India</td>
<td>A</td>
<td>Deputy General Manager HR Bangalore, Karnataka, India</td>
<td>16 years</td>
<td>Current company: 16 years</td>
<td>Indian</td>
<td>Telephone - 5/5/2016</td>
<td>“The planning process for a new project typically takes up 70% of the total project time whilst implementation takes up 30%.” [3b]</td>
</tr>
<tr>
<td>2. The planning process at Japanese firms in India</td>
<td>B</td>
<td>Deputy General Manager HR Chennai, Tamil Nadu, India</td>
<td>8 years</td>
<td>Current company: 8 years</td>
<td>Indian</td>
<td>Email - 25/3/2016 Followed up by telephone call - 03/04/2016</td>
<td>“If workers were asked to plan a mountain trip, on the day, the Chinese would be ready and waiting at the wrong mountain, the Indians would at the right mountain but would be fighting. The Japanese would be at base planning!” [3c]</td>
</tr>
<tr>
<td>Emergent theme</td>
<td>Firm</td>
<td>Job title and location of work</td>
<td>Length of time at company</td>
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<td>2. The planning process at Japanese firms in India</td>
<td>B</td>
<td>Deputy General Manager HR Chennai, Tamil Nadu, India</td>
<td>8 years</td>
<td>Current company: 8 years</td>
<td>Indian</td>
<td>Email - 25/3/2016 Followed up by telephone call - 03/04/2016</td>
<td>“Meticulous planning is in sharp contrast to jugaad or frugal innovation.” [3d]</td>
</tr>
<tr>
<td>2. The planning process at Japanese firms in India</td>
<td>B</td>
<td>Vice President for After-Sales Chennai, Tamil Nadu, India</td>
<td>2.5 years</td>
<td>Current company: 3 years</td>
<td>Indian</td>
<td>Telephone - 2/7/2016</td>
<td>“If you want to start a new project, it takes the Japanese 6-8 months to prepare. A typical project takes between 6 months and 1 year to come to fruition. This is because the Japanese engage in ‘micro-management.” [3e]</td>
</tr>
<tr>
<td>2. The planning process at Japanese firms in India</td>
<td>B</td>
<td>Director HR and General Affairs Chennai, Tamil Nadu, India</td>
<td>19 years</td>
<td>Current company: 19 years</td>
<td>French</td>
<td>Telephone - 23/8/2016</td>
<td>“Colleagues from Japan are used to a ‘stable’ plant environment where workers are ‘mature.’ In India they find workers who are good at problem-solving and building relationships but not good at process planning which requires attention to detail and quality control.” [3f]</td>
</tr>
<tr>
<td>2. The planning process at Japanese firms in India</td>
<td>B</td>
<td>Overseas Programme Director Switzerland</td>
<td>26 years</td>
<td>Current company: 26 years - whole career spent at firm</td>
<td>British</td>
<td>Email, followed by Skype - 7/6/2016</td>
<td>“We expect a lot from our component suppliers. Indian suppliers were expecting a more open collaborative relationship that was easy for the local engineers to understand but difficult for</td>
</tr>
<tr>
<td>Emergent theme</td>
<td>Firm</td>
<td>Job title and location of work</td>
<td>Length of time at company</td>
<td>Career history at Japanese firms</td>
<td>Nationality</td>
<td>Data collection method</td>
<td>Key quotes</td>
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<td>foreign managers to tolerate. This made it difficult to align resource planning with actual need – leading to conflict between India and global.” [3g]</td>
</tr>
<tr>
<td>2. The planning process at Japanese firms in India</td>
<td>B</td>
<td>Brand CEO Japan</td>
<td>15 years</td>
<td>Current company: 15 years</td>
<td>French</td>
<td>Skype - 15/6/2016</td>
<td>&quot;Production targets were missed by 10% during the first week of June 2016 because many workers took leave to attend weddings.” [3h]</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Deputy General Manager Chennai, Tamil Nadu, India</td>
<td>4 years</td>
<td>Current company: 4 years</td>
<td>Indian</td>
<td>Telephone - 22/6/2016</td>
<td>&quot;From the Japanese perspective timelines are not met, and processes are not followed in India. However, when working in India you cannot make comparisons with Japan as the conditions are totally different.” [3i]</td>
</tr>
<tr>
<td></td>
<td></td>
<td>General Manager (Sourcing &amp; Supplier Quality Engineering) Chennai, Tamil Nadu, India</td>
<td>3 years</td>
<td>Current company: 3 years - whole career spent at firm</td>
<td>Japanese</td>
<td>Telephone - 27/5/2016</td>
<td>“The ‘Japanese way’ of problem-solving is ‘thinking by ourselves.’ Compared to Japanese, Indian workers need detailed explanations.” [3j]</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Head of Strategic Planning</td>
<td>5 years</td>
<td>Current company: 5 years</td>
<td>Indian</td>
<td>In person - 21/5/2013</td>
<td>“Japanese firms have adapted well to India”</td>
</tr>
</tbody>
</table>
### Emergent theme

#### Firm, Job title and location of work, Length of time at company, Career history at Japanese firms, Nationality, Data collection method, Key quotes

<table>
<thead>
<tr>
<th>Japanese firms in India</th>
<th>Gurgaon, Haryana, India</th>
<th>13 years</th>
<th>Current company: 13 years</th>
<th>American</th>
<th>Telephone - 13/5/2016</th>
<th>&quot;although decision-making remains very centralised - strategic decisions, pricing decisions etc. emanate from Japanese HQ with some level of input from local managers.&quot; [3k]</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Hierarchy and opportunities for progression</td>
<td>A</td>
<td>Vice President Institute (Asia Pacific)</td>
<td>USA</td>
<td>13 years</td>
<td>Current company: 13 years</td>
<td>American</td>
</tr>
<tr>
<td>3. Hierarchy and opportunities for progression</td>
<td>A</td>
<td>Managing Director</td>
<td>Bidadi, Karnataka, India</td>
<td>19 years</td>
<td>Current company: 19 years</td>
<td>Japanese</td>
</tr>
<tr>
<td>3. Hierarchy and opportunities for progression</td>
<td>A</td>
<td>Vice-Chairman</td>
<td>Bidadi, Karnataka, India</td>
<td>From beginning of JV: 9 years</td>
<td>Current company (from beginning of JV): 19 years</td>
<td>Indian</td>
</tr>
<tr>
<td>3. Hierarchy and opportunities for progression</td>
<td>A</td>
<td>Assistant General Manager, UK</td>
<td>15 years</td>
<td>Current company: 15 years</td>
<td>British</td>
<td>Questions answered by email - 10/6/2015</td>
</tr>
<tr>
<td>Emergent theme</td>
<td>Firm</td>
<td>Job title and location of work</td>
<td>Length of time at company</td>
<td>Career history at Japanese firms</td>
<td>Nationality</td>
<td>Data collection method</td>
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</tr>
<tr>
<td>3. Hierarchy and opportunities for progression</td>
<td>B</td>
<td>General Manager Planning for Africa, Middle East and India Japan</td>
<td>9 years</td>
<td>Current company: 9 years</td>
<td>French</td>
<td>Telephone - 18/9/2015</td>
</tr>
<tr>
<td>3. Hierarchy and opportunities for progression</td>
<td>B</td>
<td>Director HR and General Affairs Chennai, Tamil Nadu, India</td>
<td>19 years</td>
<td>Current company: 19 years</td>
<td>French</td>
<td>Telephone - 23/8/2016</td>
</tr>
<tr>
<td>3. Hierarchy and opportunities for progression</td>
<td>B</td>
<td>Vice President Marketing Chennai, Tamil Nadu, India</td>
<td>1 year</td>
<td>Current company: 1 year</td>
<td>Indian</td>
<td>Skype - 9/6/2016</td>
</tr>
<tr>
<td>Emergent theme</td>
<td>Firm</td>
<td>Job title and location of work</td>
<td>Length of time at company</td>
<td>Career history at Japanese firms</td>
<td>Nationality</td>
<td>Data collection method</td>
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</tr>
<tr>
<td>3. Hierarchy and opportunities for progression</td>
<td>B</td>
<td>Vice President for After-Sales, Chennai, Tamil Nadu, India</td>
<td>2.5 years</td>
<td>Current company: 3 years</td>
<td>Indian</td>
<td>Telephone - 2/7/2016</td>
</tr>
<tr>
<td>3. Hierarchy and opportunities for progression</td>
<td>D</td>
<td>Sr. Vice President HR, New Delhi, India</td>
<td>17 years</td>
<td>Current company: 17 years</td>
<td>Indian</td>
<td>Telephone - 13/8/2015</td>
</tr>
<tr>
<td>3. Hierarchy and opportunities for progression</td>
<td>D</td>
<td>Human Resources Manager, Ghaziabad, Uttar Pradesh, India</td>
<td>2 years</td>
<td>Current company: 2 years</td>
<td>Indian</td>
<td>Skype - 22/3/2016</td>
</tr>
<tr>
<td>3. Hierarchy and opportunities for progression</td>
<td>D</td>
<td>HR Specialist (ex. Firm D)</td>
<td>3 years</td>
<td>Company D: 3 years</td>
<td>Indian</td>
<td>Skype - 20/8/2015</td>
</tr>
<tr>
<td>Emergent theme</td>
<td>Firm</td>
<td>Job title and location of work</td>
<td>Length of time at company</td>
<td>Career history at Japanese firms</td>
<td>Nationality</td>
<td>Data collection method</td>
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</tr>
<tr>
<td>3. Hierarchy and opportunities for progression</td>
<td>G</td>
<td>Head of Strategic Planning</td>
<td>5 years</td>
<td>Current company: 5 years</td>
<td>Indian</td>
<td>In person - 21/5/2013</td>
</tr>
</tbody>
</table>
**C.2 Interview Question 2 – Are foreign firms viewed as good employers by Indian people? If so, why / if not, why not?**

<table>
<thead>
<tr>
<th>Emergent theme</th>
<th>Firm</th>
<th>Job title and location of work</th>
<th>Length of time at company</th>
<th>Career history at Japanese firms</th>
<th>Nationality</th>
<th>Data collection method</th>
<th>Key quotes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attractiveness of foreign firms as employers</td>
<td>A</td>
<td>Deputy General Manager, Singapore</td>
<td>6 years</td>
<td>Current company: 6 years, 3 months, Joined following graduation in 2010</td>
<td>Indian</td>
<td>Email - 9/5/2015</td>
<td>“Foreign firms are viewed as an opportunity to learn global business practices and the benefits associated with them. They are also seen as a status symbol in society and a source of pride.” [5a]</td>
</tr>
<tr>
<td>Attractiveness of foreign firms as employers</td>
<td>A</td>
<td>Project Manager, Tokyo, Japan</td>
<td>26 years</td>
<td>Current company: 26 years</td>
<td>Canadian</td>
<td>LinkedIn messages exchanged between 4th-9th May 2016</td>
<td>“Foreign employers may be viewed well, in many ways a step-up vs domestic Indian firms, but then there would be a ranking, for example difference between IT and manufacturing.” [5b]</td>
</tr>
<tr>
<td>Attractiveness of foreign firms as employers</td>
<td>A</td>
<td>Assistant Manager, Bangalore, Karnataka, India</td>
<td>6 years</td>
<td>Current company: 6 years</td>
<td>Indian</td>
<td>Email - 10/6/2015</td>
<td>“The work environment in foreign firms will be better. It can help to understand different work culture and platforms.” [5c]</td>
</tr>
<tr>
<td>Attractiveness of foreign firms as employers</td>
<td>A</td>
<td>Deputy General Manager HR, Bangalore, Karnataka, India</td>
<td>16 years</td>
<td>Current company: 16 years, Previous career history: unknown</td>
<td>Indian</td>
<td>Telephone - 5/5/2016</td>
<td>“Indian people have equal respect for foreign and Indian global firms who are considered as good employers in terms of compensation and benefits determined by global rules and regulations.”</td>
</tr>
</tbody>
</table>
### Emergent theme

<table>
<thead>
<tr>
<th>Firm</th>
<th>Job title and location of work</th>
<th>Length of time at company</th>
<th>Career history at Japanese firms</th>
<th>Nationality</th>
<th>Data collection method</th>
<th>Key quotes</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Consultant New Business, New Delhi, India</td>
<td>4 years</td>
<td>Current company: 4 years</td>
<td>Indian</td>
<td>Email - 26/3/2016</td>
<td>“Foreign firms to some extent are viewed as good employers. The pay offered by them is more attractive compared to Indian companies but opportunities to hold key/decision making positions are few.” [5d]</td>
</tr>
<tr>
<td>A</td>
<td>Deputy General Manager Asia-Pacific, Singapore</td>
<td>6 years</td>
<td>Current company: 1 year, 9 months</td>
<td>Indian</td>
<td>Email - 15/9/2015</td>
<td>“Foreign firms are viewed good employers because they provide an opportunity to learn global best practices and put them in practice in India. They also provide an opportunity to showcase your talent at global platforms thereby providing you with a chance to grow much faster.” [5f]</td>
</tr>
<tr>
<td>B</td>
<td>Deputy General Manager HR, Chennai, Tamil Nadu, India</td>
<td>7 years</td>
<td>Current company: 8 years</td>
<td>Indian</td>
<td>Email - 25/3/16 followed up by telephone-03/04/2016</td>
<td>“Foreign firms are considered as good employers especially since the comp and benefits will be guided by the global rules and regulations. International assignments and exposure are other added features.” [5g]</td>
</tr>
<tr>
<td>Emergent theme</td>
<td>Firm</td>
<td>Job title and location of work</td>
<td>Length of time at company</td>
<td>Career history at Japanese firms</td>
<td>Nationality</td>
<td>Data collection method</td>
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</tr>
<tr>
<td>Attractiveness of foreign firms as employers</td>
<td>C</td>
<td>HR Business Partner Gurgaon, Haryana, India</td>
<td>12 years</td>
<td>Current company: 12 years</td>
<td>Indian</td>
<td>Telephone - 10/6/2016</td>
</tr>
<tr>
<td>Attractiveness of foreign firms as employers</td>
<td>D</td>
<td>National Head Dealer Standard and Performance Greater Noida, Uttar Pradesh, India</td>
<td>9 years</td>
<td>Current company: 9 years</td>
<td>Indian</td>
<td>Email - 1/7/2016</td>
</tr>
<tr>
<td>Attractiveness of foreign firms as employers</td>
<td>D</td>
<td>HR Manager Alwar, Rajasthan, India</td>
<td>2 years</td>
<td>Current company: 2 years</td>
<td>Indian</td>
<td>Skype - 22/3/2016</td>
</tr>
<tr>
<td>Emergent theme</td>
<td>Firm</td>
<td>Job title and location of work</td>
<td>Length of time at company</td>
<td>Career history at Japanese firms</td>
<td>Nationality</td>
<td>Data collection method</td>
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</tr>
<tr>
<td>Attractiveness of foreign firms as employers</td>
<td>E</td>
<td>HR Manager Ropar, Punjab, India</td>
<td>4 years</td>
<td>Current company: 4 years</td>
<td>Indian</td>
<td>Email - 6/6/2016</td>
</tr>
<tr>
<td>Attractiveness of foreign firms as employers</td>
<td>F</td>
<td>Managing Director</td>
<td>14 years</td>
<td>Current company: 14 years</td>
<td>Indian</td>
<td>Skype - 13/5/2016</td>
</tr>
</tbody>
</table>
C.3 Interview Question 3 – What is the perception of Japanese firms (in the auto industry)? Does this vary by industry / level of employee/cultural background?

<table>
<thead>
<tr>
<th>Emergent theme</th>
<th>Firm</th>
<th>Job title and location of work</th>
<th>Length of time at company</th>
<th>Career history at Japanese firms</th>
<th>Nationality</th>
<th>Data collection method</th>
<th>Key quotes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Producers of efficient, reliable and safe products</td>
<td>A</td>
<td>Deputy General Manager Asia-Pacific, Singapore</td>
<td>6 years</td>
<td>Current company: 6 years, 3 months Previous career history: unknown</td>
<td>Indian</td>
<td>Email - 9/5/2015</td>
<td>“In general, Japanese companies are admired for the sheer efficiency and reliability which aids in learning fundamental topics.” [6a]</td>
</tr>
<tr>
<td>1. Producers of efficient, reliable and safe products</td>
<td>A</td>
<td>Vice President Institute (Asia Pacific), Ohio, USA</td>
<td>12 years</td>
<td>Current company: 13 years Honda: 3 years</td>
<td>American</td>
<td>Telephone - 13/5/2016</td>
<td>“Japanese firms are viewed as producers of quality. The Japanese are respected as a race and also as managers.” [6b]</td>
</tr>
<tr>
<td>1. Producers of efficient, reliable and safe products</td>
<td>A</td>
<td>Assistant Manager, Bangalore, Karnataka, India</td>
<td>6 years</td>
<td>Current company: 6 years</td>
<td>Indian</td>
<td>Email - 10/6/2015</td>
<td>“They are almost close to perfectionist and their production system is adorable. Japanese culture in the work / social life is helping many to improve their work efficiency and also some lessons to social life.” [6c]</td>
</tr>
<tr>
<td>1. Producers of efficient, reliable and safe products</td>
<td>A</td>
<td>Deputy General Manager HR, Bangalore, Karnataka, India</td>
<td>16 years</td>
<td>Current company: 16 years Previous career history: unknown</td>
<td>Indian</td>
<td>Telephone - 5/5/2016</td>
<td>“The emphasis on quality, time management, safety and kaizen have an impact on workers’ lives which you carry back to your social life.” [6d]</td>
</tr>
<tr>
<td>1. Producers of efficient,</td>
<td>A</td>
<td>Managing Director</td>
<td>19 years</td>
<td>Current company: 19 years</td>
<td>Japanese</td>
<td>Questions answered by</td>
<td>“Japanese firms are known for their quality and durability… Japanese cars have been liked”</td>
</tr>
<tr>
<td>Emergent theme</td>
<td>Firm</td>
<td>Job title and location of work</td>
<td>Length of time at company</td>
<td>Career history at Japanese firms</td>
<td>Nationality</td>
<td>Data collection method</td>
<td>Key quotes</td>
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<tr>
<td>reliable and safe products</td>
<td>B</td>
<td>Overseas Programme Director</td>
<td>25 years</td>
<td>Current company: 26 years - whole career spent at firm</td>
<td>British</td>
<td>Email - 7/6/2015</td>
<td>“Japanese companies are known to be strict and regimental where process is the key.” [6e]</td>
</tr>
<tr>
<td>1. Producers of efficient, reliable and safe products</td>
<td>B</td>
<td>HR Business Partner</td>
<td>4 years</td>
<td>Current company: 4 years</td>
<td>Indian</td>
<td>Email - 3/4/2016</td>
<td>“Japanese firms are perceived as good, this is because they are organised and systematic (in their approach to work).” [6g]</td>
</tr>
<tr>
<td>1. Producers of efficient, reliable and safe products</td>
<td>B</td>
<td>Vice President Marketing</td>
<td>1 year</td>
<td>Current company: 1 year</td>
<td>Indian</td>
<td>Skype - 9/6/2016</td>
<td>“Japanese firms enjoy a good reputation for quality and reliability with consumers in India. They are very strong in manufacturing and their products are sold by reputation.” [6h]</td>
</tr>
<tr>
<td>1. Producers of efficient, reliable and safe products</td>
<td>C</td>
<td>HR Business Partner</td>
<td>12 years</td>
<td>Current company: 12 years</td>
<td>Indian</td>
<td>Telephone - 10/6/2016</td>
<td>“Firms such as Toyota are known for quality by employees and consumers, not only in the auto industry but also in the household”</td>
</tr>
</tbody>
</table>

May 2021
## Emergent theme: Firm job title and location of work, length of time at company, career history at Japanese firms, nationality, data collection method, key quotes

<table>
<thead>
<tr>
<th>Emergent theme</th>
<th>Firm</th>
<th>Job title and location of work</th>
<th>Length of time at company</th>
<th>Career history at Japanese firms</th>
<th>Nationality</th>
<th>Data collection method</th>
<th>Key quotes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Producers of efficient, reliable and safe products</td>
<td>D</td>
<td>National Head Dealer Standard and performance, Ghaziabad, Uttar Pradesh, India</td>
<td>9 years</td>
<td>Current company: 9 years</td>
<td>Indian</td>
<td>Email - 1/7/2016</td>
<td>&quot;The Japanese firms are treated as quality conscious. On the other side these firms are treated as more driven by process rather than by individuals.&quot; [6j]</td>
</tr>
<tr>
<td>1. Producers of efficient, reliable and safe products</td>
<td>D</td>
<td>HR Manager, Alwar, Rajasthan, India</td>
<td>2 years</td>
<td>Current company: 2 years</td>
<td>Indian</td>
<td>Skype - 22/3/2016</td>
<td>&quot;Japanese companies have a very good reputation in India. All the big brands like Yamaha, Honda, Suzuki, Toyota, Meihatsu, Denso etc. They are operating in India and Indians love to work with them.&quot; [6k]</td>
</tr>
<tr>
<td>1. Producers of efficient, reliable and safe products</td>
<td>E</td>
<td>General Manager (Sourcing &amp; Supplier Quality Engineering), Chennai, Tamil Nadu, India</td>
<td>3 years</td>
<td>Current company: 3 years (whole career spent at firm)</td>
<td>Japanese</td>
<td>Telephone - 27/5/2016</td>
<td>&quot;Japanese firms are viewed as good employers in India. This is because their systems are better and Indian want to take systems from Japanese firms. We can give them better ways of working.&quot; [6i]</td>
</tr>
<tr>
<td>2. Producers of efficient, reliable and safe products</td>
<td>G</td>
<td>Head of Strategic Planning, Gurgaon, Haryana, India</td>
<td>5 years</td>
<td>Current company: 5 years</td>
<td>Indian</td>
<td>In person - 21/5/2013</td>
<td>&quot;Excellent quality, innovative, good places to work.&quot; [6m]</td>
</tr>
<tr>
<td>3. Ethical employers</td>
<td>A</td>
<td>Vice President Institute (Asia)</td>
<td>12 years</td>
<td>Current company: 13 years</td>
<td>American</td>
<td>Telephone - 13/5/2016</td>
<td>&quot;Japanese firms are fair and consistent employers as they...&quot;</td>
</tr>
</tbody>
</table>
Emergent theme | Firm | Job title and location of work | Length of time at company | Career history at Japanese firms | Nationality | Data collection method | Key quotes
---|---|---|---|---|---|---|---
Who treat workers with respect | Pacific) Ohio, USA | Company D: 3 years | | | | | “Engineers who leave Company A for Tata often say they miss the ‘cultural aspects’ of the firm.” [7a]

4. Ethical employers who treat workers with respect | A | Project Manager Tokyo, Japan | 26 years | Current company: 26 years | Canadian | LinkedIn messages exchanged between 4th-9th May 2016 | “…Japanese auto firms are well regarded - steady, stable, basically honest employers and good product. The general Indian perception would not rank or differentiate Honda higher than Toyota, or vice-versa. Maruti-Suzuki would be considered almost local, just due to volume…other automotive are more niche. Japanese would be viewed as more almost luxury, or high-end product.” [7b]

5. Ethical employers who treat workers with respect | A | Consultant new business New Delhi, India | 4 years | Current company: 4 years Company C: 21 years | Indian | Email - 26/3/2016 | “Japanese companies are most attractive whereas European companies are less attractive.” [7c]

2. Ethical employers who treat workers with respect | B | Vice President and Division General Manager Global Product Marketing Yokohama, Japan | 29 years | Current company: 30 years | French | Telephone - 18/7/2016 | “We have no problems with recruitment. The automotive industry is an attractive industry and we are a Japanese firm which is highly regarded within the industry.” [7d]
<table>
<thead>
<tr>
<th>Emergent theme</th>
<th>Firm</th>
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<th>Data collection method</th>
<th>Key quotes</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Ethical employers who treat workers with respect</td>
<td>B</td>
<td>Deputy General Manager HR, Chennai, Tamil Nadu, India</td>
<td>7 years</td>
<td>Current company: 8 years</td>
<td>Indian</td>
<td>Email - 25/3/16 followed up with telephone call - 3/04/2016</td>
<td>“...the trust factor that the Japanese bosses give to the Indian employees are quite strong compared to other nationalities. This trust is rewarded by (good) performance and becomes a virtuous circle. Japanese bosses and Indian bosses become close as colleagues do in India.” [7e]</td>
</tr>
<tr>
<td>4. Ethical employers who treat workers with respect</td>
<td>B</td>
<td>CEO, Yokohama, Japan</td>
<td>14 years</td>
<td>Current company: 15 years</td>
<td>French</td>
<td>Skype - 15/6/2016</td>
<td>“In emerging markets such as India Japanese firms are considered to be ‘better than local firms’ but less ‘warm’ in that they don’t adhere to local culture so can be seen as ‘cold’ and ‘insensitive.’ Japanese firms suffer unfairly from ‘Japan-bashing.” [7f]</td>
</tr>
<tr>
<td>5. Ethical employers who treat workers with respect</td>
<td>B</td>
<td>HR Director, Chennai, Tamil Nadu, India</td>
<td>18 years</td>
<td>Current company: 19 years</td>
<td>French</td>
<td>Telephone - 23/8/2016</td>
<td>“In terms of manufacturing and engineering, the firm has a good reputation and attrition is low. Company B is viewed as a firm which offers good jobs. We don’t have problems recruiting.” [7g]</td>
</tr>
<tr>
<td>2. Ethical employers who treat</td>
<td>C</td>
<td>HR Business Partner</td>
<td>12 years</td>
<td>Current company: 12 years</td>
<td>Indian</td>
<td>Telephone - 10/6/2016</td>
<td>“Japanese are workaholics i.e. they are ‘sincere’ towards work. Japanese firms are also quality focused.” [7h]</td>
</tr>
<tr>
<td>Emergent theme</td>
<td>Firm</td>
<td>Job title and location of work</td>
<td>Length of time at company</td>
<td>Career history at Japanese firms</td>
<td>Nationality</td>
<td>Data collection method</td>
<td>Key quotes</td>
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</tr>
<tr>
<td>workers with respect</td>
<td>Gurgaon, Haryana, India</td>
<td></td>
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<td></td>
<td>“In the Welding Shop there is one Indian manager and one Japanese. The Indian manager is ‘typically Indian’ and very authoritative. However, the Japanese manager works with the men. The shop floor workers ‘can’t believe’ Japanese managers will show how to do the work with their (own) hands.” [7i]</td>
</tr>
<tr>
<td>2. Ethical employers who treat workers with respect</td>
<td>Tapukara, Rajasthan, India</td>
<td>D Senior Executive</td>
<td>4 years</td>
<td>Current company: 4 years 6 months</td>
<td>Indian</td>
<td>Telephone - 19/8/2015</td>
<td></td>
</tr>
<tr>
<td>2. Ethical employers who treat workers with respect</td>
<td>Ropar, Punjab, India</td>
<td>E HR Manager</td>
<td>4 years</td>
<td>Current company: 4 years</td>
<td>Indian</td>
<td>Email - 6/6/2016</td>
<td>“Japanese firms specially auto industry have very good perception in India and among Indian people… it does not vary by Industry. All Japanese firms stick to their values.” [7j]</td>
</tr>
<tr>
<td>3. Opportunities for progression</td>
<td>Singapore</td>
<td>A Deputy General Manager Asia-Pacific</td>
<td>6 years</td>
<td>Current company: 6 years, 3 months</td>
<td>Indian</td>
<td>Email - 9/5/2015</td>
<td>“Japanese companies are admired for the sheer efficiency and reliability which aids in learning fundamental topics. However, there is a perception of a kind of invisible glass ceiling for career growth which is very difficult to be broken by a non-Japanese male / female leader.” [8a]</td>
</tr>
</tbody>
</table>
## Emergent theme: Opportunities for progression

<table>
<thead>
<tr>
<th>Firm</th>
<th>Job title and location of work</th>
<th>Length of time at company</th>
<th>Career history at Japanese firms</th>
<th>Nationality</th>
<th>Data collection method</th>
<th>Key quotes</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Deputy General Manager Asia-Pacific, Singapore</td>
<td>6 years</td>
<td>Current company: 1 year, 9 months &lt;br&gt; Company A: 11 years, 6 months &lt;br&gt; Non-Japanese automotive firm: 5 years, 6 months</td>
<td>Indian</td>
<td>Email - 15/9/2015</td>
<td>“Japanese firms are perceived to be good employers providing good opportunity to learn and grow.” [8b]</td>
</tr>
<tr>
<td>B</td>
<td>General Manager; HR Business Partner Africa, India, Middle East; Head HR Transformation, Yokohama, Japan</td>
<td>25 years</td>
<td>Current company: 16 years</td>
<td>Spanish</td>
<td>Telephone - 18/9/2015</td>
<td>“Labour turnover on the shop floor is low. However, it is higher amongst mid-level managers. The main reason for leaving is that managers seek higher salaries in other firms.” [8c]</td>
</tr>
<tr>
<td>B</td>
<td>Senior Vice President and Chairman of Asia-Pacific region, Hong Kong</td>
<td>13 years</td>
<td>Current company: 14 years &lt;br&gt; Previous career history: unknown</td>
<td>French</td>
<td>Telephone - 18/7/2016</td>
<td>“There is no ‘glass ceiling’ regarding nationality. The management team is very diverse so people can progress as far as they want to.” [8d]</td>
</tr>
<tr>
<td>B</td>
<td>VP &amp; Division General Manager Global Marketing, Yokohama, Japan</td>
<td>29 years</td>
<td>Current company: 30 years</td>
<td>French</td>
<td>Telephone - 18/7/2016</td>
<td>“We are an unusual Japanese firm because the top management are not all Japanese. The top 35 managers are Indian.” [8e]</td>
</tr>
<tr>
<td>B</td>
<td>HR Director</td>
<td>18 years</td>
<td>Current company: 19 years</td>
<td>French</td>
<td>Telephone - 23/8/2016</td>
<td>“We train people. Workers are also sought-after by other firms.” [8f]</td>
</tr>
</tbody>
</table>

[8b], [8c], [8d], [8e], [8f]
<table>
<thead>
<tr>
<th>Emergent theme</th>
<th>Firm</th>
<th>Job title and location of work</th>
<th>Length of time at company</th>
<th>Career history at Japanese firms</th>
<th>Nationality</th>
<th>Data collection method</th>
<th>Key quotes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Chennai, Tamil Nadu, India</td>
<td>Deputy General Manager</td>
<td>4 years</td>
<td>Current company: 4 years</td>
<td>Indian</td>
<td>Telephone - 22/6/2016</td>
<td>“Japanese firms are highly regarded - they are viewed as 'aspirational.'” [8g]</td>
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</tbody>
</table>

4. Opportunities for progression
C.4 Interview Question 4 - What is the perception of Japanese expatriate managers (in your firm)? Does this vary by industry/level of employee/cultural background?

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<tr>
<th>Emergent theme</th>
<th>Firm</th>
<th>Job title and location of work</th>
<th>Length of time at company</th>
<th>Career history at Japanese firms</th>
<th>Nationality</th>
<th>Data collection method</th>
<th>Key quotes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Japanese managers’ approach to an Indian assignment</td>
<td>A</td>
<td>Deputy General Manager, Singapore</td>
<td>6 years</td>
<td>Current company: 6 years, 3 months</td>
<td>Indian</td>
<td>Email - 9/5/2015</td>
<td>“In general, there are high expectations from Japanese managers. Those who can see the real challenges, strengths, weaknesses and understand the ground reality and motivate the team towards a common goal can be very successful.” [9a]</td>
</tr>
<tr>
<td>1. Japanese managers’ approach to an Indian assignment</td>
<td>A</td>
<td>Assistant General Manager, UK</td>
<td>15 years</td>
<td>Current company: 15 years</td>
<td>British</td>
<td>Email - 10/6/2015</td>
<td>“The position of expat manager has been given to a wide variety of Japanese staff – from experienced staff used to working overseas with excellent networks internally and externally – to young staff, overseas for the first time, with little cultural understanding of the workings of the local environment.” [9b]</td>
</tr>
</tbody>
</table>
| 1. Japanese managers’ approach to an Indian assignment | A    | Managing Director, Bangalore, Karnataka, India | 19 years                  | Current company: 19 years       | Japanese    | Email - 6/7/2015       | “In earlier days India was not considered an attractive location to work for by Japanese Managers. This was when India had not opened up to the world. But slowly
<table>
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<tr>
<th>Emergent theme</th>
<th>Firm</th>
<th>Job title and location of work</th>
<th>Length of time at company</th>
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<th>Nationality</th>
<th>Data collection method</th>
<th>Key quotes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Japanese managers’ approach to an Indian assignment</td>
<td>B</td>
<td>General Manager; HR Business Partner Africa, India, Middle East; Head HR Transformation Yokohama, Japan</td>
<td>25 years</td>
<td>Current company: 25 years Previous career history: unknown</td>
<td>Spanish</td>
<td>Telephone - 9/8/2015</td>
<td>“Japanese managers are ‘adored’ if they are prepared for India and are good leaders.” [9d]</td>
</tr>
<tr>
<td>1. Japanese managers’ approach to an Indian assignment</td>
<td>B</td>
<td>Senior Vice President and Chairman of Asia-Pacific region Hong Kong</td>
<td>14 years</td>
<td>Current company: 14 years Previous career history: unknown</td>
<td>French</td>
<td>Telephone - 18/7/2016</td>
<td>“We have rotating flows of managers. To use the analogy of a wheel, with the Japanese HQ being the hub and global subsidiaries the spokes, the HR department sends managers from South Africa to the UK and then to India and onto the middle east without returning to Japan before each new assignment. By using this rotation system, we have been able to build teams of people with different views and from different environments.” [9e]</td>
</tr>
<tr>
<td>1. Japanese managers’ approach to an Indian assignment</td>
<td>B</td>
<td>Deputy General Manager HR Chennai, Tamil Nadu, India</td>
<td>8 years</td>
<td>Current company: 8 years</td>
<td>Indian</td>
<td>Email - 25/3/16 followed up by telephone - 03/04/2016</td>
<td>“The perception is really good, but it does vary from industry and level of employee. Cultural background is somewhat similar. Japanese managers' impressions are evolving, and image of India is changing.” [9c]</td>
</tr>
<tr>
<td>Emergent theme</td>
<td>Firm</td>
<td>Job title and location of work</td>
<td>Length of time at company</td>
<td>Career history at Japanese firms</td>
<td>Nationality</td>
<td>Data collection method</td>
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</tbody>
</table>
| 1. Japanese managers’ approach to an Indian assignment | B    | Vice President After Sales, India Chennai, Tamil Nadu, India | 2.5 years | Current company: 3 years Company A: 13.6 years | Indian      | Telephone - 2/7/2016   | “There are 2 types of Japanese manager who are as far apart as the North and South poles.  
1. Those who understand Indian culture-for example that Indians are more emotional which means that people should not be told off in public.  
2. Those who don’t understand Indian culture. They believe their role (in India) is clear. ‘These people should adapt’. For these managers even commuting is frustrating due to the chaos of Indian roads.” [9g] |
| 1. Japanese managers’ approach to an Indian assignment | B    | Vice President Marketing Chennai, Tamil Nadu, India | 1 year | Current company: 1 year Company A: 5 years, 9 months Company D: 1 year 10 months | Indian      | Skype - 9/6/2016      | “There are two kinds of Japanese managers:  
1. Those who are willing to be part of the local population, make friends and understand local issues.  
2. Those who insist on adhering to Japanese systems. Japanese managers go to India on secondment for 3 years and this means that” |
<table>
<thead>
<tr>
<th>Emergent theme</th>
<th>Firm</th>
<th>Job title and location of work</th>
<th>Length of time at company</th>
<th>Career history at Japanese firms</th>
<th>Nationality</th>
<th>Data collection method</th>
<th>Key quotes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>CEO Yokohama, Japan</td>
<td>15 years</td>
<td>Current company: 15 years</td>
<td>French</td>
<td>Skype - 15/6/2016</td>
<td>they do not have long-term vision, however some Japanese managers enjoy living in India which is a less developed country where they can enjoy a higher standard of living. [9h]</td>
</tr>
<tr>
<td>1. Japanese managers’ approach to an Indian assignment</td>
<td>C</td>
<td>HR Business Partner Gurgaon, Haryana, India</td>
<td>12 years</td>
<td>Current company: 12 years</td>
<td>Indian</td>
<td>Telephone - 10/6/2016</td>
<td>“Japan is as far away (culturally) from India as you can get. Japanese managers dislike the dirt and chaos in India. Japanese managers are very adaptable and around 50% of Japanese managers love India as they can enjoy a lifestyle they cannot afford in Japan (household staff, drivers etc.).” [9i]</td>
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<td>“Disciplined, quality-conscious and knowledgeable. Many Indian managers have worked for Company C since the inception of the joint venture in the 1980s and these people really believed in the firm. The firm is currently in transition as older managers retire. There are few Japanese expat managers now.” [9j]</td>
</tr>
</tbody>
</table>
2. Japanese managers’ attitude towards employees

<table>
<thead>
<tr>
<th></th>
<th>Name</th>
<th>Years</th>
<th>Current company:</th>
<th>Nationality</th>
<th>Telephone</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Vice President Institute (Asia Pacific)</td>
<td>12</td>
<td>13 years</td>
<td>American</td>
<td>13/3/2016</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Company D: 3 years</td>
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<tr>
<td></td>
<td>Ohio, USA</td>
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</table>

“Japanese expatriate managers are perceived to be capable but challenging to work with. However, they are always on the shop floor and will work with anyone at any level.” [10a]

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<tr>
<th></th>
<th>Name</th>
<th>Years</th>
<th>Current company:</th>
<th>Nationality</th>
<th>Telephone</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Senior Vice President and Chairman of Asia-Pacific region</td>
<td>14</td>
<td>14 years</td>
<td>French</td>
<td>18/7/2016</td>
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<td></td>
<td></td>
<td></td>
<td>Previous career history: unknown</td>
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<tr>
<td></td>
<td>Hong Kong</td>
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</table>

“India has a very young population. Japan has an ageing population and managers tend to be older so there is a mismatch. Young people tend to be passionate but not good at detail. In Japanese firms the challenge is to match the young and old management teams.” [10b]

<table>
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<tr>
<th></th>
<th>Name</th>
<th>Years</th>
<th>Current company:</th>
<th>Nationality</th>
<th>Telephone</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>General Manager Africa, Middle East and India</td>
<td>9</td>
<td>9 years</td>
<td>French</td>
<td>1/7/2016</td>
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<tr>
<td></td>
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<td></td>
<td>Non-Japanese automotive firm: 13 years</td>
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<tr>
<td></td>
<td>Japan</td>
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</table>

“People like working with Japanese managers. They feel they can learn from them. Japanese managers are well-mannered and hard-working. They travel without their families, so work is their 'only occupation.'”[10c]

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<th>Name</th>
<th>Years</th>
<th>Current company:</th>
<th>Nationality</th>
<th>Telephone</th>
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</thead>
<tbody>
<tr>
<td>D</td>
<td>HR Manager</td>
<td>2</td>
<td>2 years</td>
<td>Indian</td>
<td>22/3/2016</td>
</tr>
<tr>
<td></td>
<td>Alwar, Rajasthan, India</td>
<td></td>
<td>Company F: 4 years, 5 months</td>
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</tbody>
</table>

“Japanese managers treat everyone (at work) equally. At Company D we work together and eat together. Managers spend time together after work and there is no interaction with local people.” [10d]
<table>
<thead>
<tr>
<th>2. Japanese managers’ attitude towards employees</th>
<th>E</th>
<th>General Manager (Sourcing &amp; Supplier Quality Engineering)</th>
<th>3 years</th>
<th>Japanese</th>
<th>Telephone - 27/5/2016</th>
<th>“Indian people ‘respect us’. However Indian people may hide their true feelings from Japanese managers.” [10e]</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>E</td>
<td>Chennai, Tamil Nadu, India</td>
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<td></td>
<td>E</td>
<td>Current company: 3 years - whole career spent at firm</td>
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</tr>
<tr>
<td>2. Japanese managers’ attitude towards employees</td>
<td>F</td>
<td>Managing Director</td>
<td>14 years</td>
<td>Indian</td>
<td>Skype - 13/5/2016</td>
<td>“80% of Japanese managers are good people with ‘fantastic’ personality traits. Japanese people are cultured, disciplined and polite. Communication is very courteous-like India. Discipline in timekeeping means that Japanese managers are always early for meetings. Indians are comfortable with the Japanese but there are some areas of misunderstanding such as use of the term ‘onegaishimasu’ meaning ‘sorry for inconveniencing you.’” [10f]</td>
</tr>
<tr>
<td></td>
<td>F</td>
<td>Noida, Uttar Pradesh, India</td>
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<tr>
<td></td>
<td>F</td>
<td>Current company: 14 years</td>
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<td></td>
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</tr>
<tr>
<td>3. Japanese managers’ procedure-driven approach to work</td>
<td>B</td>
<td>Overseas Programme Director</td>
<td>25 years</td>
<td>British</td>
<td>Email followed up by Skype - 7/6/2016</td>
<td>“Inside of India, Indians have respect for hierarchy, and they are generally quite respectful, so Japanese managers have no major concerns. However, Japanese managers tend to focus on the detail which can be quite uncomfortable for less experienced engineers (detail focuses on what you don’t know).” [11a]</td>
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<td></td>
<td>B</td>
<td>Switzerland</td>
<td></td>
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</tr>
<tr>
<td>3. Japanese managers’ procedure-driven approach to work</td>
<td>B</td>
<td>HR Business Partner</td>
<td>4 years</td>
<td>Current company: 4 years</td>
<td>Indian</td>
<td>Skype - 3/4/2016</td>
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</tr>
<tr>
<td>3. Japanese managers’ procedure-driven approach to work</td>
<td>C</td>
<td>Executive Director</td>
<td>31 years</td>
<td>Current company: 31 years</td>
<td>Indian</td>
<td>Telephone - 10/6/2016</td>
</tr>
<tr>
<td>3. Japanese managers’ procedure-driven approach to work</td>
<td>D</td>
<td>HR Manager</td>
<td>2 years</td>
<td>Current company: 2 years</td>
<td>Indian</td>
<td>Skype - 22/3/2016</td>
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</tbody>
</table>
processes from which they never deviate. They have ‘everything in writing’ and that there is a ‘process for everything.’\[11d\]

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<tbody>
<tr>
<td>“When I was young, I had a Japanese senior manager. He said, ‘you are working well but you need to communicate when you are given a task. For example, if you can’t meet your deadlines then let your manager know and always respond on a timely basis.’ I have passed this on to others during my career. Japanese managers are very time and process oriented. They will always have a ‘plan B’ or ‘plan C’ but they spend too much time on detail which could be done without.”</td>
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</table>
C.5 Interview Question 5 - In what ways do you think Indian law affects the way that foreign firms conduct HRM practices in India?

<table>
<thead>
<tr>
<th>Emergent theme</th>
<th>Firm</th>
<th>Job title and location of work</th>
<th>Length of time at company</th>
<th>Career history at Japanese firms</th>
<th>Nationality</th>
<th>Data collection method</th>
<th>Key quotes</th>
</tr>
</thead>
<tbody>
<tr>
<td>The impact of Indian labour laws</td>
<td>A</td>
<td>Deputy General Manager</td>
<td>6 years</td>
<td>Current company: 6 years, 3 months</td>
<td>Indian</td>
<td>Email – 9/5/2015</td>
<td>“Labour and other laws need to be updated based on international standards and not on outdated Indian systems set under earlier situations (30 – 40 years ago). India can be a harsh reality for foreign firms which are especially used to more stability, clarity and predictability in overseas operations. The system makes operations opaque due to inbuilt hierarchy and chances for misuse by officials for various purposes, impacting business.” [12a]</td>
</tr>
<tr>
<td></td>
<td>A</td>
<td>Group Manager &amp; Guest Lecturer</td>
<td>27 years</td>
<td>Current company: 27 years</td>
<td>American</td>
<td>Email - 5/7/2016</td>
<td>“The &quot;United States of India&quot; both local state and federal laws really affect Indian, and there are significant language and law differences between the states. In Chennai, and Toyota in Bangalore, different. The local laws are different, and</td>
</tr>
<tr>
<td>Emergent theme</td>
<td>Firm</td>
<td>Job title and location of work</td>
<td>Length of time at company</td>
<td>Career history at Japanese firms</td>
<td>Nationality</td>
<td>Data collection method</td>
<td>Key quotes</td>
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</tr>
<tr>
<td>The impact of Indian labour laws</td>
<td>A</td>
<td>Assistant Manager, Bangalore, Karnataka, India</td>
<td>6 years</td>
<td>Current company: 6 years</td>
<td>Indian</td>
<td>Email - 10/6/2015</td>
<td>“Nowadays Indian laws are more favourable, than before to foreign firms, in respect to human resource management and create/revise policies. Sometimes, foreign firms may face difficulties in frequent change of political parties in ruling govt, which bring new policies and put foreign firms into challenges.” [12c]</td>
</tr>
<tr>
<td>The impact of Indian labour laws</td>
<td>A</td>
<td>Managing Director, Bangalore, Karnataka, India</td>
<td>19 years</td>
<td>Current company: 19 years</td>
<td>Japanese</td>
<td>Email – 6/7/2015</td>
<td>“Compared to Japanese manufacturing industry, Indian labour laws are more protective than Japanese labour laws. For example, on overtime working or transferring working days Japan provides more flexibility. This flexibility is very important for manufacturing industries to keep up with the rapid demand fluctuation. This is one of the reasons why we would like the Indian labour</td>
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<td>Emergent theme</td>
<td>Firm</td>
<td>Job title and location of work</td>
<td>Length of time at company</td>
<td>Career history at Japanese firms</td>
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<tr>
<td>The impact of Indian labour laws</td>
<td>A</td>
<td>Vice-Chairman Bangalore, Karnataka, India</td>
<td>From beginning of JV: 19 years</td>
<td>Current company (from beginning of JV): 19 years</td>
<td>Indian</td>
<td>Skype - 9/6/2016</td>
<td>“We are very careful about hiring. We don’t take people on unless we can offer stable employment. We don’t lay people off (but firing people for bad behaviour is different). Trust is important.” [12e]</td>
</tr>
<tr>
<td>The impact of Indian labour laws</td>
<td>A</td>
<td>Deputy General Manager Singapore</td>
<td>6 years</td>
<td>Current company: 6 years, 3 months</td>
<td>Indian</td>
<td>Email - 9/5/2015</td>
<td>“Unions previously were a reliable “Voice of employee / internal customer” which acted as an input for future company direction &amp; strategy. However, in India a mix of politics and other local issues has made the unions ineffective and unreliable.” [13a]</td>
</tr>
<tr>
<td>Emergent theme</td>
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<tr>
<td>The impact of Indian labour laws</td>
<td>A</td>
<td>Assistant General Manager UK</td>
<td>15 years</td>
<td>Current company: 15 years</td>
<td>British</td>
<td>Email - 10/6/2015</td>
<td>“I think that there is a general distrust of unions among Japanese companies and where possible every effort is made to make relations as smooth as possible to avoid the need to interact with them. Where interaction is necessary, it is often left to local leaders / advisors to have the direct interaction. This has the effect that where possible, workers conditions and pay are kept to the level where it will avoid union interaction.” [13b]</td>
</tr>
<tr>
<td>The impact of Indian labour laws</td>
<td>A</td>
<td>Group Manager &amp; Guest Lecturer</td>
<td>27 years</td>
<td>Current company: 27 years</td>
<td>American</td>
<td>Email - 5/7/2016</td>
<td>“Japanese operations in factory seems to be very &quot;equal&quot; and try to provide &quot;benefits&quot; such as canteen, much more, but not sure unions ever really appreciate, and certainly always want more. This is the general role and position of unions overseas, whereas in Japan, unions are considered more &quot;part of the team&quot; and everyone is working for the same goal to provide best product, with stable sustainable long-term</td>
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<td>Employment</td>
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<td><em>In India, it seems to me, the unions are there to be adversarial, and even the local management expect and try to “keep them in their place.”</em> [13c]</td>
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</table>
## C.6 Interview Question 6 - What is the perception of Japanese expatriate managers (in your firm)? Does this vary by industry/level of employee/cultural background?

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<tbody>
<tr>
<td>The impact of unionisation</td>
<td>A</td>
<td>Deputy General Manager HR Bangalore, Karnataka</td>
<td>16 years</td>
<td>Current company: 16 years</td>
<td>Indian</td>
<td>Telephone - 5/5/2016</td>
<td>“All firms are affected by unions irrespective of origin and that Japanese firms are not unique in this. However, as compensation and benefits (at Company A) are good there is ‘nothing to complain about’. [13d]</td>
</tr>
<tr>
<td>The impact of unionisation</td>
<td>A</td>
<td>Vice-Chairman Bangalore, Karnataka India</td>
<td>From beginning of JV-19 years</td>
<td>Current company (from beginning of JV): 19 years</td>
<td>Indian</td>
<td>Skype - 9/6/2016</td>
<td>“It has taken a long time to improve relations. I want to achieve global quality standards, but it has taken time for employees to understand this. There have been issues around discipline—particularly time-keeping. However, the company wants to foster loyalty.” [13e]</td>
</tr>
<tr>
<td>The impact of unionisation</td>
<td>B</td>
<td>HR Business Partner Chennai, Tamil Nadu, India</td>
<td>4 years</td>
<td>Current company: 4 years</td>
<td>Indian</td>
<td>Skype - 3/4/2016</td>
<td>“Unionisation is ‘in the blood’ for the protection of workers. However there have been no problems at Company B.” [13f]</td>
</tr>
</tbody>
</table>
| The impact of unionisation | B    | Vice President After Sales, India | 2.5 years | Current company: 3 years | Indian | Telephone - 2/7/2016 | “Japanese firms manage relations with Indian unions well now but didn’t at the
### The transfer of Japanese human resource management in the Indian automotive industry

**Clare Moonan**

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<tbody>
<tr>
<td>The impact of unionisation</td>
<td>B</td>
<td>Vice President Marketing, Chennai, Tamil Nadu, India</td>
<td>1 year</td>
<td>Current company: 1 year</td>
<td>Indian</td>
<td>Skype - 9/6/2016</td>
<td>“In Japan workers have a 'job for life.' It is difficult for Japanese firms to manage Indian unions. This is because in India unions are not disciplined and therefore Japanese managers don’t know how to work with them. This can result in 'negative consequences.'” [13h]</td>
</tr>
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</table>
| The impact of unionisation | C    | Executive Director, New Delhi, India | 31 years | Current company: 31 years | Indian | Telephone - 10/6/2016 | “At the beginning there were two major strikes, but people realised strikes didn’t pay. Workers have now matured and are prepared to work. The company have now put in
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<tr>
<td>The impact of unionisation</td>
<td>D</td>
<td>HR Manager Alwar, Rajasthan, India</td>
<td>2 years</td>
<td>Current company: 2 years</td>
<td>Indian</td>
<td>Skype – 22/3/2016</td>
<td>place a number of measures to improve workers’ lives.” [13]</td>
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“Indian union have a big influence on the functioning of companies and Industrial Relations department have to work hard to keep them in line and engaged them fully with the objective of company. Company F has to face big trouble in day to day functioning due to strong union. Company D has two plants one in Greater Noida and another one in Rajasthan. Greater Noida has union, but Rajasthan plant does not have its union. Union Membership is very localised so in order to counteract this firms may hire from outside the area they operate in.” [13]

The impact of unionisation | D    | Sr. Vice President HR New Delhi, India | 17 years                  | Current company: 17 years     | Indian      | Telephone - 13/8/2015 | “Union-worker relations are very positive in Company D. There is open and honest dialogue between the two parties which is characterised by mutual respect and equality. However, this had taken around 4 years to achieve.” [13k] |
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<tr>
<td>The impact of unionisation</td>
<td>E</td>
<td>General Manager (Sourcing &amp; Supplier Quality Engineering) Chennai, Tamil Nadu, India</td>
<td>3 years</td>
<td>Current company: 3 years - whole career spent at firm</td>
<td>Japanese</td>
<td>Telephone – 27/5/2016</td>
<td>“There are no unions at Company E. However, other Japanese firms had had problems with unions due to ‘outside influence.’” [13]</td>
</tr>
</tbody>
</table>
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