

Managing Cultural Differences in Global Business Ventures:

The Case Study of Japan's Automotive Ventures in India

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Abstract

India's automotive industry is well-positioned for growth in terms of both domestic demand and export opportunity. Going by figures India's automotive market has emerged strong from the recent economic crisis which rocked the world, by boasting record breaking sales in the passenger car sector last financial year by India's leader in automotive sector, Maruti Suzuki India ltd. However, in order to cash-in on to the huge profits to be offered by this burgeoning market of private vehicles, namely India, the Japanese automotive firms operating in India need to understand and appreciate the challenges caused by cultural diversity. The current paper attempts to underline the challenges faced by the Japanese companies in the fields of personnel management and product customization due to cultural differences and suggest measures to neutralize cultural challenges and thereby achieve standardization, meet customer demand and improve market share and profits.

Introduction

The ergo dynamic social order demands constant innovation and search for newer market. In today's global economy growth and success of a business venture depends upon globalization of business. According to Brake et al, 'we are in an era of global business – a one world market. The traditional orientation of companies working just within national boundaries is declining worldwide'. With the advent of e-commerce the process is further boosted. Due to affordable transportation and communication facilities more and more companies are entering 'global one market'. Indeed Marshal McLuhan's concept that we inhabit 'global village' has materialized itself big way through this era. As a result, not just large multinationals but also mid-sized and small companies are forced to seek overseas opportunities and to learn about world-trade realities (Brake et al). It is now possible to do business worldwide without setting up costly infrastructure due to the presence of low cost third party providers. Given the advances in the fields of transportation and technology, inter-dependent global economic system is emerging. Gone are the days when national economies used to be self contained sacrosanct entities, isolated from other countries by way of regulation on cross-border trade. According to Charles W L Hill, globalizationprocess not only integrates economies but also societies.

However, as the world is rapidly globalizing new challenges are emerging. People are afraid of losing their identity in global uniformity. This is perhaps, one of the reasons of ethnic unrest. The ethnic minorities feel threatened by larger, dominating foreign culture (Hinner and

Rulke). As the world appears to shrink, people seem to cling more and more to their ethnic identity as an anchor in the times of change. This, in turn, impacts business as the consumers seem to care more about whether or not the products and/or services are sensitive to their culture. Multinationals across the world have come to realize the importance of culture and cultural practices in establishing, sustaining, growing and strengthening their businesses. The reason being in order to flourish in business, the buyer has to be understood, satisfied, pleased and made confident. 'Marketing successes occur when the marketer brings the target market a product or service which solves a problem or fulfils a need' (Hiebing and Cooper). Once that is achieved, can the company move forward to enable a cultural change in terms of shift towards common norms, values, tastes and preferences. For example, Mc Donald came to India with McAlooTikki Burger which is certainly a native avatar of All American Ham Burger and having caught the sensibility of the market, had gone on to innovate and introduce more international items to its menu cards in India. Similarly, automotive giant Toyota Motor Company came with its classic Qualis model in India, which was very akin to the modified Indian sensibility of a jeep and gave a tough and successful competition to the then best sellers in SUV market in India namely Tata Motor's Safari and Maruti Suzuki's Gypsy. Toyota's Qualis offered a more economical option in comparison to suave Tata's Safari (to the price sensitive Indian buyer) and definitely a sturdier option than Maruti Suzuki's Gypsy. It sold like hot cakes and made a history recorded in the annals of Indian automotives market. Having understood Indian taste and preferences Toyota introduced more global options in SUV sector and brought forth Toyota Innova and Fortuner on the front line and continues to rule the SUV market in India.

Business houses are realizing it big way that 'problems encountered during intercultural business transactions lie in the misunderstanding of basic cultural guidelines present in each of the world's countries. In order to conduct business across culture, one must be willing to make the effort to understand and work within these guidelines' (Elashmawi and Harris). Therefore, in order to be successful in international business venture it is mandatory to focus on the cultural set up of the target market and customize the product according to the cultural guidelines of the society. Internationally active companies have to brace themselves to confront with cultural diversity. Disregarding the cultural component can and will lead to mistakes due to cultural misunderstandings which may lead to miscommunication. However, not all companies are prepared for culturally diverse global market. Indeed, many business ventures fail or face obstacles, not for want of superior product or services but due to lack of intercultural competence. It is pertinent to understand here that not only product or services should be culturally customized but also work practices. The reason being 'product' is the resultant of successful synergy between shop floor workers, managers and marketers. **The current paper attempts to underline the cultural challenges before Japanese automotive (both component and vehicle manufacturing) companies in doing business in India. The paper focuses special attention on challenges faced by Japanese automotive companies in personnel management and product customization according Indian cultural needs.**

Research problem, objective and plan

Despite India being the hotspot for investment by both Asian and Western investors in the field of automotive market, few studies till date have been entailed in order to evaluate the factors affecting the success and failure of this capital intensive manufacturing segment. Though a lot of media coverage and hype is created whenever a particular global bestseller of an

international giant (latest case in point are Nissan Motors's *Sunny* and Fiat India's *Linea*) fail to pick up sales, or when automotive majors like Toyota or Ford have to go through the rigors of 'recall' due to component failure thereby increase in warranty claims, or else when due to labor unrest the all time leader of Indian automotive market Maruti Suzuki has to shut down its plant for days' incurring heavy losses, yet little is done to understand the root cause and suggest measures to address these grave concerns which in the long run may also affect FDI in India in this particular segment. Since, Japan rules the Indian automotive market in terms of investment and by the sheer number of automotive companies per country investing in this sector, it is imperative, therefore, to understand the cultural and social reasons responsible for the problems faced by Japanese automotive firms investing in India.

The objective of the present study is to identify the indicators of Indian social and cultural paradigms that influence the acceptability of Japanese automobiles in terms of utility, usage and road worthiness. Though the buyer sentiments are affected by all four parameters of marketing mix (namely Product, Place, Price and Promotion) yet the current study focuses on personnel management and product customization with special focus on cultural and social values.

The research is planned in terms of four tier in-depth analysis of the cultural and social factors affecting personnel management and product success of the Japanese automotive companies operating in India following methods of qualitative research. In the first tier, trend of growing interest of Japanese investors, with special reference to automotive sector, is studied. In the second tier, socio-cultural gaps in perception and practice of work ethics and work culture of Japan and India have been analyzed, based on Hofstede's dimensions measuring cultural behavior of citizens of different nations. In the third tier, reasons for problems in the field of employment, labor and personnel management faced by Japanese automotive companies are analyzed to underline the cultural gap in understanding of home country's management policy and host country's employee practices. In the fourth and final tier, Indian socio-cultural imperatives leading to Japanese component and end product failure are evaluated for design improvement and greater market acceptability. The present study is based on the inferences drawn from the above discussed four tier study and sophistication index developed there from with finer critical analysis and evaluation.

Research Hypothesis

Based on the study of existing literature on the subject, general beliefs and the opinions prevalent in the industry and various other conclusions of corporate meetings, workshops and seminars, implementing methods of qualitative research format, the following hypothesis has come to the fore which has been examined, analyzed and tested in the present study. The major hypothesis are: Japanese work practices and quality tools are equally effective at host country setup (Indian manufacturing units); fresh recruits at host setup are technically competent to take up the shop floor job responsibility; the typical cultural, social and behavioral imperatives affect the design success of end product in India; the topographical features have no bearing on the decisions of passenger car design development and marketing; the Indian buyer of passenger car is starved of major brands and manufacturers from Japan and will accept any and every product from the ancillary of Japanese automakers.

The present empirical study was conducted largely on the lines of qualitative research methods using Exploratory Research Design coupled with Historical (desk) Research and necessary finer points were analyzed to test the validity of the hypothesis.

Literature Review

Literature and past researches related to globalization, cultural dynamics and international marketing were reviewed with special reference to Japanese automotives operating in India and integrated sequentially to develop the hypothesis of the current study. In order to attain contemporaneity, recently published works in addition to surveys and studies conducted by leading international consultancy firms, such as Ernst & Young and KPMG, were referred. The first two sections thus address the interest of Japanese investors in automotive sector in India and the cultural and social gaps between perception and behavioral paradigms of two cultural entities. The succeeding two sections evaluate the challenges in two potent fields namely personnel management and product success on the basis of the findings of the sample survey conducted.

Developing the Research Design and Data Collection

The concepts discussed in section one and two form the foundation for the qualitative research, illustrated in section three and four, which draw inference by studying the reaction of the focus groups to the research hypothesis and its impact on the issues related to personnel management and product success.

The focus of the paper is on how the problems in the area of personnel management and product success emerge due to cultural gap in home country and host country's work ideology, practices and product usage. In order to draw inference the following two focus groups were located:

Focus Group 1: Japanese expatriates working in Japanese automotive manufacturing companies, OEMs, Indian or Japanese vendors and suppliers of automotive components.

Focus Group 2: Indians working in Japanese automotive manufacturing companies, OEMs, Indian or Japanese vendors and suppliers of automotive components.

Members of these two focus groups were interviewed and surveyed to identify the problems related to the field of personnel management and product success. A total of 77 Japanese expatriates and 189 Indians responded out of the target of 126 and 229 respectively.

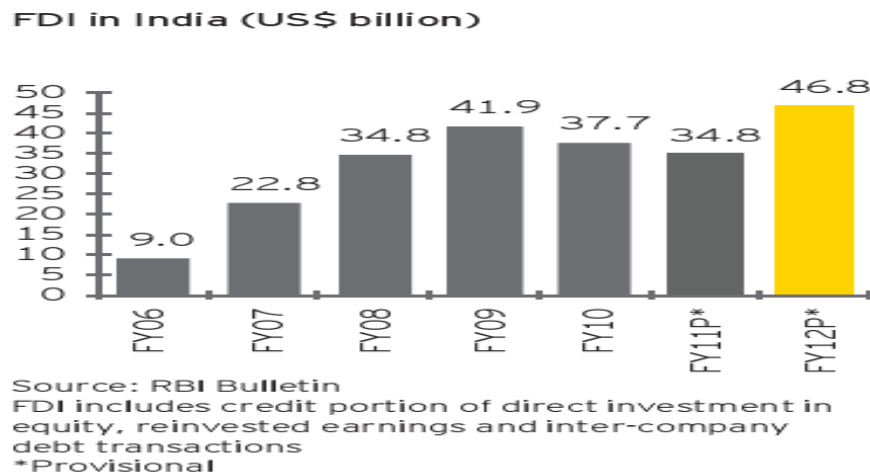
Section One: Trend of Japan's Investment in India

Japan's interest in doing business in India has gradually risen. Nomura Research Institute's studies titled, Chitekishishansozo (Knowledge Integration and Creation) and 2010 nen no Asia – Jisedai no Seicho scenario (Asia in 2010: The Next Generation Growth Scenario), amply suggest that India's appeal to Japan has increased multifold. This can be seen as a resultant of economic liberalization in 1991 and change in FDI rules post 2006.

In the year 2003, Goldman Sach released the paper 'Dreaming with BRIC: The Path to 2050' which geared up the number of Japanese companies investing in India. Post 2006 it boosted further. 'During this year (2006), the number of Japanese companies entering the Indian market increased from 155 to 166, up 7% over the preceding year and the number of companies affiliated with Japanese increased 198 to 216, up 9% over the preceding year (NRI paper no.

123). According to Japanese embassy in India, as of October 2011, 813 Japanese firms were active in the Indian market through 1422 separate investments (Masanari, 2012). Indian economy faced set back between 2008 and 2010 due to international financial crisis leading to

Figure 1: Rising trend of FDI in India post 2006



Source: Ernst & Young study 'Doing Business in India' pg 18

reduction in export but gained momentum again in the succeeding year. The investment saw a surge in 2012, as reflected in Ernst and Young's 2012 attractiveness survey of India titled, 'Ready for the Transition'. The study reflects that despite of the international crisis creeping in India and hitting India hard in the form of devaluation of Indian Rupee, India is still an 'attractive investment destination due to its emerging middle class, cost competitiveness and a mammoth pool of talent'. If Chanderjeet Banerjee, Director General, Confederation of Indian Industry, is to be believed, 'India has the rightful place as a major economic power, along with US and China by 2020' (Ernst & Young study). Interestingly, as compared to other countries Japan emerged as India's second largest investor in the terms of the number of projects and jobs created in India (SIAM). In this automotive giants Toyota and Suzuki are forerunners. According to Society of Indian Automobile Manufacturers (SIAM), in terms of heavy commercial vehicle and two wheelers, India stands second while in passenger vehicle sector it is at number seven in the world.

Moves are also discernible among Japanese auto manufacturers such as Sanden, Sona, Tokaraki and Denso to make India a development base. These companies are positioning their business in India for purpose beyond simple manufacturing and sales. The components sector is "one of the biggest challenges for maintaining growth but also one of the biggest opportunities," according to Ford's Michael Boneham (KPMG report). Ernst and Young study points, 'By 2020, passenger vehicle production is set to treble from the levels in 2011-12 and size of the component sector is set to grow from US\$42b to US\$110b'.

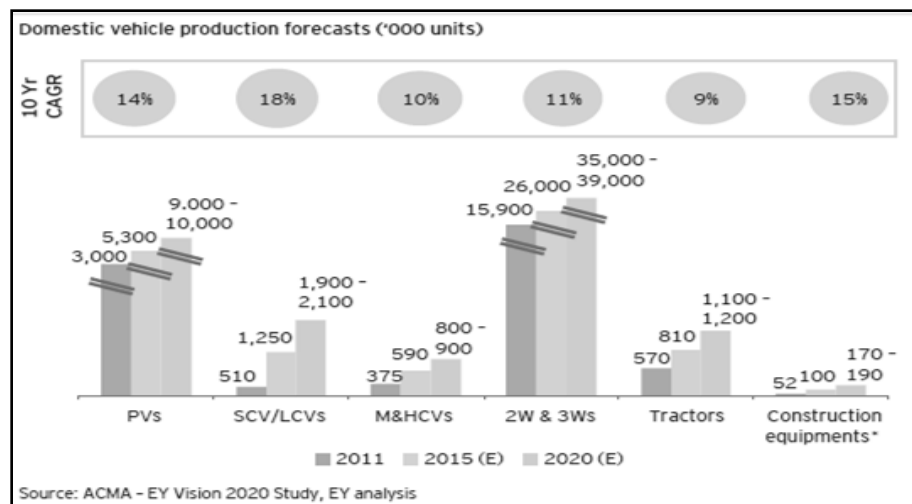
On the basis of the above referred figures and data it can be inferred that Japanese focus on India as a lucrative investment zone especially in automotive sector is set to grow.

Section Two: Cultural Positions of Japan and India and its Impact on Business

The remarkable economic resurgence and future promise of China and India has made

entering these markets critical to the survival and success of many firms (Wilson and Purushothaman). Yet how these foreign entrants perform in these emerging economies depends on how well they adapt to the needs of the host country's cultural and social imperatives. Globalization of market requires total commitment to international marketing (Vignali). While operating overseas cultural, regional and national differences need be bridged in order to standardize the market mix.

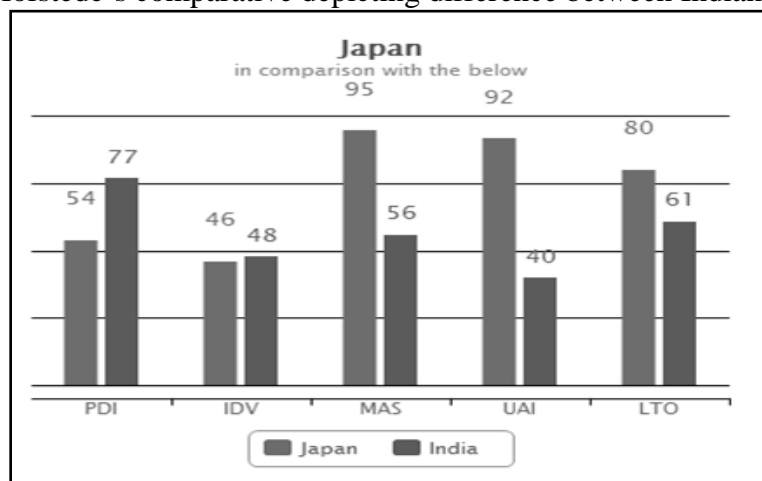
Figure 2: Expected growth trend in various automotive sectors in India



Source: Ernst & Young study 'Doing Business in India' pg25

Interestingly, though Japan and India both are part of the same continent, Asia, yet they differ in culture, as is evident from Hofstede Centre's graph comparing Indian and Japanese culture on the basis of five dimensions given by Hofstede (Power Distance, Individualism, Masculinity, Uncertainty Avoidance and Long Term Orientation).

Figure 3: Hofstede's comparative depicting difference between Indian & Japanese culture



Source: <http://geert-hofstede.com/japan.html>

According to Hofstede's comparative graph India and Japan score closely in the fields of Power Distance (I77, J54), Individualism (I48, J46) and Long Term Orientation (I61, J80). However, it is pertinent to note that culture of a country is a dynamic entity and in the wake of liberalization, changed FDI rules and telecommunication revolution Indian culture has undergone metamorphosis over a period of time. Indian markets are flooded with western goods and brands and due to all these reasons cultural and social values have also shifted spaces. This latter school of thought also finds validity in the figure below from the study titled 'Communication Style and Cultural Features in High/Low Context Cultures: A Case Study of Finland, Japan and India' by Shoji Nishimura et al.

Table 3. A summary of communication style and cultural features in Finland, Japan and India.

Finland	Japan	India
Communication style	Communication style	Communication style
Introvert	Introvert	Extrovert
Modest	Modest	Forceful
Quiet	Quiet	Lively
Doesn't interrupt	Doesn't interrupt	Interrupts
Uses silence	Uses silence	Uses silence
Thinks in silence	Thinks in silence	Thinks aloud
Dislikes big talkers	Dislikes big talkers	Talkative
Little body language	Little body language	Overt body language
Cultural features	Cultural features	Cultural features
Little power of traditions	A lot of power of traditions	A lot of power of traditions
High commitment to complete action chains	High commitment to complete action chains	High commitment to complete action chains
Linear-active and reactive	Reactive	Multi-active and reactive
Listening culture	Listening culture	Talking culture
Data-orientation	Data-orientation	Dialogue-orientation
High situational relevance	High situational relevance	Lower situational relevance
Relatively homogeneous	Relatively homogeneous	Highly diverse and contradictory
Punctual	Punctual	Unpunctual
Non-hierarchical	Hierarchical	Hierarchical
Respect for elders	High respect for elders	High respect for elders
Individualistic	Collectivistic	Collectivistic in local group; individualistic with outsiders

Source: Nishimura, S., Nevgi, A. and Tella, S., 'Communication Style and Cultural Features in High/Low Context Cultures: A Case Study of Finland, Japan and India'

With US and European multinationals flooding Indian market the Power Distance scale of India has reoriented itself as the spirit of Individualism has gained acceleration. Due to the emergence of middle class neo-rich nuclear families, 'individualism' seems to have gained strength. The young and rich, away from familial control and exposed to social networking sites and international brands, are at liberty to innovate, experiment and take risk. This may be good for newer brands and companies seeking share of Indian market, but this may be very detrimental to the already existing international brands like Maruti Suzuki, reason being it may affect their work place ethics because Japanese work culture is collectivist. This may also lead to problems in the area of personnel management. While Japanese work ethic prescribes that organization's growth and well being is supreme, Indian manpower may invert the structure and prescribe to individualistic gains rather than organizational (as also evident from high attrition rate of technical labor post entry of European brands).

In terms of Masculinity and Uncertainty Avoidance, Japan is unbeatable with the score of 95 and 92 respectively, while India scores 56 and 40. This clearly indicates that while Japanese culture is driven by competition, achievement and success, India (though masculine by nomenclature) is more towards exhibitionism rather than achievement or perfection. In case of

Uncertainty Avoidance the contrast is even starker. In India there is acceptance of imperfection and high tolerance for the unexpected. On the contrary, Japanese are highly masculine and thus will not settle for less than 'best and perfect' in all fields – a value which is nurtured from infancy and carried throughout life. Japanese are pro-active rather than reactive. Due to susceptibility to natural disasters like tsunami, volcano, earthquakes etc., Japanese always try to keep action plan ready to avoid unseen natural calamity. In business, also, they undertake a lot of feasibility studies and try to weigh all the risks before starting a project. That also precipitates in difficulty to realize and accept change. However, with regard to Long Term Orientation India and Japan may not be very divergent as per Hofstede's comparative graph, but from the changing social and cultural tastes, preferences and tendencies of, at least, the metro city residents in India, it appears that far from Confucianism and the collectivist growth philosophy of the Japanese nationals, the young Indians are getting more aligned towards the maxims of 'quick gains and no pains'.

In terms of culture, Japan and India may share similarities in terms of figures on Hofstede's Cultural Dimension scale but in terms of organizational culture they differ widely. In order to understand and evaluate this, a sample survey of around hundred Japanese nationals residing in India and working in Japanese automotive companies operating in India and the Indians working in Indian automotive companies was carried out. The survey revealed large gap in organizational culture of Japan and India. While Japanese work philosophy, attaining high score in Long Term Orientation dimension, given by Hofstede, prescribes to work towards the achievement of ultimate goal which is for the larger community; Indian work culture seems to be in a flux. With sudden and explosive invasion of telecommunication, social media and absence of guidance and governmental control, the young masses in rural as well as urban India are at loss to handle these facilities responsibly, which is ultimately leading to erosion of values of self restraint and collective growth. Importantly, India's largest group of population is in the age group 15 to 54 years i.e. 58.4% (http://www.indexmundi.com/india/demographics_profile.html). While Japanese are internally driven, Indians are externally driven, Japanese are time oriented and believe in strict work discipline, Indians, falling short in Uncertainty Avoidance, have little regard for time and thus conform to easy going work culture. Japanese have high degree of Identity with organization and thus Japanese industry marks lower attrition rate as compared to higher attrition rate in Indian subsidiaries of these multinational companies.

The study of gap in organizational culture precipitates in problems faced by Japanese companies operating in India, which are also reflected in the survey by JETRO:

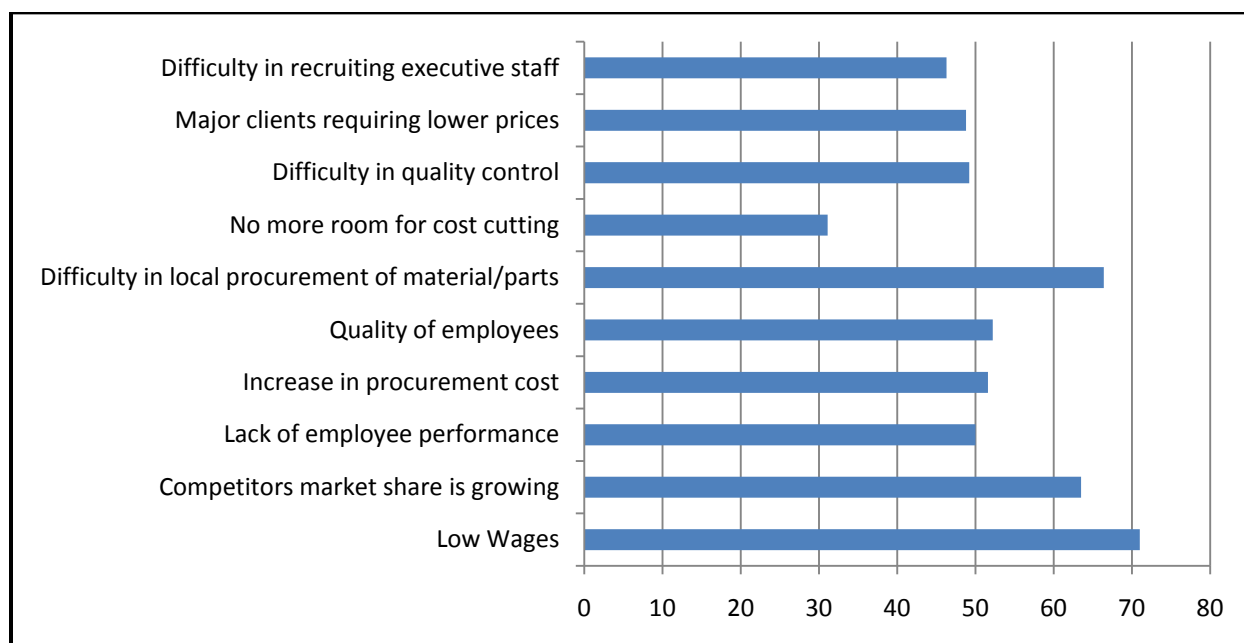
The aforementioned points and figures by JETRO are for Japanese companies operating in diverse sectors (including automobile) and thus are applicable on Japanese automotive firms as well. These problems are studied in the current paper to underline the challenges faced by Japanese automotive firms operating in India for issues concerning personnel management and product customization.

Section Three: Issues in Personnel Management Faced by Japanese Automotive Companies Operating in India

India is an emerging economy and has been quite successful in avoiding global financial crisis till 2012. When robust and developed economies of US and other European giants collapsed like play cards between 2007 and 2012, India slowly but steadily kept offsetting these down slumps in economy. This led to increased focus of American and European automotive majors on India as capable and promising business centre for their offshore operations. Whereas

European luxury brands like Audi, Lamborghini, Jaguar and Ferrari set up their showrooms, and Mercedes Benz set up its plant at Pune, European passenger car makers set up their plants to flood the Indian auto market. In addition, Mercedes, BMW and Audi also established sales and service networks (in partnership with Indian counterparts) across India. This is because they perceived demand for the luxury cars by fast growing upper class in India (emerging due to hefty

Table 1: Problems Faced by Japanese Affiliated Companies Operating In India



Compiled from /Source: FY 2012 Survey on the international Operations of Japanese Firms – JETRO, Overseas Business Survey, March 28, 2013.

profit gains by Indian business houses at the crisis time of western economy), and cultural change in Indian taste and preferences for high-end luxury cars due to improved buying capacity. This cultural and economic inversion of taste and preferences has created problem for Japanese automakers operating in India such as Maruti Suzuki and Hyundai Motors. On one hand it affected the market share of Japanese automakers ruling the Indian market as now the buyer had wider options in terms of brands to choose from, and on the other hand it affected their work place as their trained executives and labor started shifting to western car makers' (Ford, GM, Volkswagen, Skoda, Renault and Fiat) manufacturing setups and service networks in the wake of higher emoluments and individualistic work culture. Due to this the Japanese automotive manufacturers faced the problem of increasing the wages so as to avoid attrition of their trained and talented manpower. The survey conducted by the Hay Group, in association with the Centre for Economics and Business Research (Cebr) found that the total number of people switching their jobs is expected to rise by 49 million during 2013 compared to 2012 around the world mainly due to better economic conditions in the global economy. The survey, which was conducted by global human resource and management consultancy major Hay Group, said that the country is likely to record the highest attrition rate in the world as the jobs market records

growth in India. The survey showed that about one in four are expected to leave their current employers in search for better employment opportunities. "Attrition in India is at 14 per cent, marginally higher than global and Asia Pacific countries (11.20 per cent and 13.81 per cent, respectively)," global professional services firm Towers Watson said in the report. (http://articles.economictimes.indiatimes.com/2013-06-03/news/39714941_1_attrition-rate-indian-employers-cent-employers). However, it should be noted that it is, no doubt, a serious challenge but it can be managed by proposing culturally adapted promotional formulas and incentive schemes to competent and loyal Indian employee working in the same company for more than four years.

Second major problem faced by Japanese automotive manufacturing companies is lack of competent and trained man-power at the level of fresh recruitment. This may seem quizzical in the face of hundred and thousands of engineering colleges and technical training institutes all over India. But again, figures seldom reflect the sordid state of Indian technical education. Culturally India is an exhibitive society and Indian engineering colleges may offer an up-to-date title to their undergraduate and postgraduate programmes but the syllabus offered in most of these technical colleges (barring a handful of institutions like IITs and IIITs) seriously lack in hands-on industry specific training content. Therefore, when Japanese employers seek trained labor, they are at loss. But again, this cultural set back can also be managed by opening training centers for fresh recruits, suppliers, dealers and service centre employers. Interestingly, Maruti Suzuki has opened Maruti Suzuki Training Academy in Gurgaon and Toyota sends his fresh recruits to Japan for compulsory training.

Other major obstacle faced by Japanese automotive manufacturers in India is difficulty in quality control. Innumerable scams that have hit India in the recent past, such as 2G spectrum scam, coal mining scam, chopper scam, Karnataka Wakf Board scam etc., amply hint that the cultural values and business ethics of both big and small business houses are fast eroding. In addition to this, India's scores low on Uncertainty Avoidance scale of Hofstede indicates Indians react only when problem erupts and cause havoc. In order to understand the impact of the dimension of Uncertainty Avoidance on Japanese owned vehicle and component manufacturing plants, vendors and suppliers of the Japanese automakers were interviewed. The survey revealed that implementation of Japanese standardization techniques and principles of Kaizen, 3G (Gemba, Gembutsu and Genjitsu) and poka-yoke face practical problem at the level of implementation since in India work place discipline is a major problem. Survey of 100 meetings at supplier bases revealed, in 81 instances Indians turned late for the same in contrast to their Japanese counterparts who turned late for only 2 instances out of total 29. Additionally, rising individualism and over emphasis on hierarchical status, has led to lack of team spirit in Indian work force which in turn, result to communication gap, un-planned working and also, production goof-ups and delays. Another issue that is worth consideration here is that in India there is higher dependence on manual labour due to less automation or 'jidoka' i.e. high-technology sensing equipment in machinery, as a means of preventing defects from occurring, or detecting them once they occur. Jidoka is a successful tool in such cases as India as 'intelligent' machines require less interaction (and less labor) from operators. Fewer mistakes will result in fewer defects which in turn will lead to less material, labor (rework, handling), and space costs. Also, higher levels of quality will result in better delivery, lower customer complaints and warranty claims, and better market position. In this regard it is pertinent to note the number of recalls by major automotive manufacturers in past few years, reflected in the figure below:

Table2: Recent recalls by Japanese and European automotive companies

Recent Recalls by Car Companies				
Automotive recalls have increased after Siam's recall code was enforced in July 2012				
COMPANY	MODELS	NO OF UNITS	YEAR OF RECALL	REASONS
RENAULT	Pulse & Scala	7,016	May-13	Brake master cylinder
TOYOTA	Corolla Altis	1,100	May-13	Faulty driveshaft
NISSAN	Micra & Sunny	22,188	May-13	Brake master cylinder
TOYOTA	Corolla Sedan	1,000	Apr-13	Airbag malfunctioning
TOYOTA	Camry and Altis sedan	8,700	Oct-12	Power windows switches
HONDA	CBR 250R Bike	11,500	Nov-12	Defective brake system
FORD	Figo and Classic	1,28,000	Aug-12	Steering & suspension

Source:http://automotivehorizon.sulekha.com/indian-vehicle-manufacturers-recall-150-000-cars-and_newsitem_6945

The problem which is most precarious and serious in terms of business establishment and continuation by Japanese firms is personnel management and labor unrest. The gravity of the problem can be guessed from the 2012 labor unrest at Manesar Plant of Maruti Suzuki India Ltd and 2005 workers' strike by workers of Honda Motor Co India Ltd which lasted for about a month and cost immense financial losses to the companies. Therefore, issues related to labor union and management cannot and should not be overlooked. The major reason for the onset of problem is cultural gap leading to miscommunication and thereby misunderstanding which precipitate in unrest. In Japan, the stress is on desire to grow – which is considered a collective responsibility – which leads to fall in demand of bureaucratic control. Due to compression of communication chain there is better communication and improved sense of belonging to the organization. The Japanese employees have a greater commitment to their jobs and sense of belonging to their workplace which is queerly higher than their western counterparts. (Abegglen et al). On the contrary in India bureaucracy rules and work culture is characterized by corruption, rampant indiscipline, and scant respect towards judiciary, lack of synergy and use of bureaucratic method. The contrasts between cultures lead to unrest which is resultant of miscommunication. To Japanese management the response of the union seem disruptive and non co-operative while to Indian labor unions Japanese management policy seem too profit-centric and less employee-oriented. The problem is grave and can only be resolved if Japanese firms understand the root cause and appreciate concerns of the unions and choose to 'sit-talk-resolve policy'. Japanese manufacturers must start and engage in more and more employee motivation and welfare programmes, involve employees in decision-making and expansion plans by making them stake holders. Communication and relationship between corporate office at home country (Japan) and host country (India) is crucial to this. Japanese heads of automotive companies must realize that senior level Indian executives are admired worldwide for their strong technical and management skills. Though the list of Indians who are global heads of big international business houses is exhaustive, yet Indira Nooyi of Pepsico, Anshu Jain of Deutsche Bank, Shantanu Narayan of Adobe and Ajay Banga of Mastercard Worldwide are to name a few. Just like their European and American counterparts, the Japanese automotive company heads must learn to

delegate greater autonomy and authority to local Indian managers/graduates of elite business schools such as Indian Institute of Management. Local business acumen aside, hiring from India's pool of highly trained graduates is also cost effective. The reason being, whilst one Japanese manager might cost up to \$300 000 per annum, several Indian staff could be employed for this cost (Masanori, 2012). More so, expatriate Japanese staff often faces hardships in adjusting to widely different culture from their own in terms of temperature, food and other conditions. This may lead to lowering morale and difficulty in appreciating the divergent and at times obscure demands of their Indian counterparts.

Section Four: Product Customization to Offset Cultural Hurdles and Boost Sales

The cultural challenges before Japanese automotive manufacturers are certainly potential but not insurmountable. The profits to be cropped from Indian market are immense and thus Japanese investors shouldn't deter even in the face of such challenges. However, if these firms want to succeed they need to understand, appreciate and determine to customize both product and services to match the taste and cultural sensibility of the Indian buyer beyond just cosmetic touches. In earlier times there was an immense appeal for anything foreign because of the compromising quality of the native products. But due to telecommunication revolution today's Indian buyer is more vigilant, smart and demanding and argues if vehicle manufacturers can shift the left hand drive to right hand drive to meet Indian conditions, so can other things be adjusted to meet their culture specific, culturally conditioned requirement.

Interestingly, both Japanese and European automakers are coming up with more and more Indian versions of their global bestsellers. Thus, the mantra of 'go glocal' is creeping slowly but steadily. Toyota Motor Co. invested 3200 crores INR to develop Etios, designed specifically to meet Indian demand while Hyundai Motor Co. invested 900 crores INR and four years of its R&D engineers' effort to come out with Eon. Other such examples of Indian adaptations by other automotive giants are Renault Logan (Mahindra Verito), Maruti Suzuki's Swift Dezire and Ertiga.(TheHinduBusinessLine.com) Importantly, the efforts have paid dividends to these giants also. 'Toyota Etios sedan broke all the records of booking by a car of its size when it was launched. Buoyed by the success of Etios, Toyota Motor Co announced a plan to develop eight new models for emerging market such as Brazil, China and India, which will be designed and build locally. These cars will be priced under 10 Lakhs INR and will have 100% localization'.(in.reuters.com) MrHirojiOnishi, President, TMAP, Marketing and Sales commented on the success of Etios, "India is an integral part of our global growth strategy. The Etios project is a milestone not only for Toyota in India but for Toyota globally. The EtiosLiva has been designed focusing on the Indian customer's aspirations, tastes and preferences that were gathered, studied and understood through extensive research".

A lot has been done but great deal of Indian cultural adaptation in terms of product customization can be done to enlarge market share, satisfy the customer and thereby reap the harvest of fastest growing automotive market i.e. India. But before indulging in product customization Indian cultural challenges, in the context of automobile sector, need be studied. As mentioned in previous section, India, world's largest democracy, is infested with corruption, scams, indiscipline, lack of co-ordination and absence of respect for laws and judiciary. Case in point is road scenario (especially in metro cities). It is a point largely acknowledged now that Indians are an undisciplined lot on roads and cases of road rage are rampant. Everyone seems to be in a hurry and there is scant respect for traffic rules and thus traffic jams, bumper to bumper driving, idling etc. are constant phenomenon. 30 kilometer drive to Indira Gandhi International

Airport takes a traveler two to three hours to reach in New Delhi. In such conditions of traffic jams, sudden application of brake and idling are some of the vehicle parts i.e. horns, clutches and brakes are over used and thus need frequent replacement. Since such conditions and problems are specifically grave in India and can't be imagined in Japan and European and American subcontinents, Japanese automakers and component manufacturing firms need to attune these parts to Indian road conditions, make it sturdier and may contemplate to go for durability testing on Indian road and offer warranty on these parts.

Culturally Indians are not adapted to disciplined development of roads and other infrastructural projects and this may be inferred from India's low score in Hofstede's dimensions of Masculinity and Uncertainty Avoidance as compared to Japan. Unless and until something such catastrophic as latest Uttarakhand tragedy at Kedarnath shrine (due to government's apathy towards systematic and regulated development and lack of disaster management mechanism) takes place, masses and government together choose to ignore and let things go unaltered. Since there is no co-ordination between agencies, one agency builds the road and the very next day multiple other agencies such as water-supply, electricity, telephone cable and sewerage etc., dug up the road and sadly the roads are not repaired or re-laid by these agencies for not just weeks or months but years on. This cultural apathy towards disciplined infrastructural development causes hazards like bumpy roads, water logging during rainy seasons and open manholes and potholes. These conditions are unthinkable in Japan and other developed countries. Due to bumpy roads and ample potholes the suspension of the vehicles is worst affected and thus needs serious attention. Secondly, water logging on roads leads to chances of water entering inside engine and other vehicle parts through air-intake system of the vehicle. In order to offset this problem Japanese and Indian engineers together have to evolve components and methods that may avoid engine seizure in case of water logging. More so, before the launch and dispatch the vehicles undergo endurance test. This test shall be designed to suit host country's demand i.e. Indian road conditions, instead of copying home country i.e. Japanese standards, since the road conditions in India and Japan differ widely.

On the basis of the above thesis it can be understood that product has to undergo different usage conditions in different regions, and thus a global product needs proper validation before launch in local market. Usage of same design in all regions may lead to product failure which may lead to customer dissatisfaction. Thus, it is recommended that each part of a product as well as the end-product undergoes local condition test at design evaluation stage itself. The Japanese auto component and vehicle manufacturing firms cannot afford and shall not apply 'Fit for All' approach in India because of its unique problems.

India is a price sensitive community and thus all automakers are under pressure to control price and are offering various incentives such as hefty cash discounts, free insurance, free extended warranty, assured gifts etc to lure the buyer. Having been satisfied there the buyer next looks for fuel economy and since long traffic jams, innumerable traffic lights and idling consumes lot of fuel, more and more Indian buyers are going for economical fuel options in the form of CNG, LPG and diesel variants of vehicles. This has, in turn, created many Indian culture specific problems for manufacturers. First, CNG variants have CNG cylinder and spare wheel fitted in the boot space, thus, there is no room left in the boot space to put luggage etc. Since, Indians are culturally in the habit of carrying all and sundry with them while travelling, they are not left with any other option but to carry luggage in lap. More so, culturally Indians are adapted to using cars veritably in the form of goods carrier, children ferrying to school and commercial use. Therefore, instead of cosmetic roof rails, the automakers can opt for planting luggage carrier on roof which

will solve the problem of space crunch in boot space in CNG and LPG variants. Also, the prices of CNG variants of Hyundai, Honda and Maruti Suzuki are usually 50,000 INR more than petrol variants, while retro fitment of CNG starts from 18,000 INR. Thus, Japanese automakers like Hyundai Motor Co, Honda Motor Co and Maruti Suzuki India need to reevaluate their costing and rationalize pricing.

Another cultural challenge before Japanese and other auto makers is fluid government tax plans and excise policies. Culturally Indians are most adapt to political changes. Each year there is new tax plan and policies in the name of economic reforms and sometimes within the same year certain schemes are rolled back. Recent example is in year 2011 government offered to lower its excise duty on cars less than four metres and this led to total re-orientation of platform and shop floor base of the manufacturing plants and large capital investments by major Japanese automakers like MSIL and Honda Motors in order to bring their hot selling sedan models namely Honda City and Maruti Suzuki Swift D'zire to the length of 4 metres. But now in the wake of latest economic crisis the buzz is afloat that such excise relaxations may be rolled back. Such conditions of four meters and recall of reforms are unique to Indian economic and political culture. Thus, Japanese automakers must consider before replacing their design, equipment and machinery to establishing different platform for Indian market while keeping standard platform for exports to other countries.

Concluding Remarks

In conclusion it is stressed again that understanding and thereby modulating product, services and work practices to local cultural norms is must for Japanese automotive firms or for that matter every other multinational automotive major operating in India. The reason being cultural diversity, in terms of 'conceptualization of work ethic' and 'unique conditions', arising due to socio-cultural morass of the region, can lead to failure of business. Before undertaking a business venture in such culture sensitive market as India, the Japanese automakers should undertake feasibility survey and learn to adopt methods to neutralize the cultural gap. Synergy of vision between top management, workers and product is must for successful business venture and this can only be achieved if the management learns to understand, appreciate and react positively to the cultural diversity of the host country. For the two parameters studied in the current paper, namely personnel management and product customization, it is pertinent on the part of the Japanese management and design engineers to devise means to bridge the gap in vision that may arise due to different cultural ethos of the host countries i.e. India towards work culture and product use. 'Altering and adjusting the marketing mix determinants are essential and vital to suit local tastes, meet special needs and consumers' non-identical requirements' (Czinkota and Ronnenken). It is further inferred that the Japanese automotive majors shall endeavor to combine the elements of globalization and localization to create a 'glocal' product which satisfies the Indian customer or buyer in terms of both global quality and local requirements.

It is important to heed the maxim 'think global, act local'. The firm must ensure that its structure fits in with its international environment, while at the same time, have the internal flexibility required to implement its strategic goal (Taylor, 1991). Imposition of disparate cultural norms in terms of work culture and product evaluation may lead to policy or product failure. In short, Japanese companies should use elements of both localization and globalization to create competitive advantage.

Limitations and Further Research

This study is based on the inputs from Japanese expatriates working with Japanese and Indian Automakers, component manufacturers, and OEMs situated in Delhi and NCR region in India. Also, the scope of current work is limited to product adaptation and personnel management practices by Japanese multinational corporations to suit local culture. Future studies can cover other factors such as government policies and infrastructural hardships to study their impact on automotive business. Also, the cross-sectional survey can be expanded to other cities of India.

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