

Abstract

Ever since India decided to globalize, concentrated effort was made to attract Japanese participation through foreign direct investment. However, response from Japan has been rather subdued. This paper attempts to gain some insight into this reluctance of Japanese investors by studying the experiences of eight firms which are either subsidiaries or joint ventures of Japanese companies. The companies that were studied are YKK, Honda SIEL Pvt. Ltd, Sona Koyo Steering, Kyocera Wireless India Ltd, Mitsubishi Chemical Corporation PTA India (MCC PTA), Toyota Kirloskar Motor Ltd, Satake India Engineering Ltd and Eisai Pharmaceutical Pvt. Ltd.

Key findings of the study are as follows: Japanese companies are long term orientated with a strong commitment to 'quality' and 'the customer' and they try to fulfil this commitment by embedding the Japanese style of management into their operations. Among other factors, Japanese firms seek trust in their partner and each of the companies that have a joint venture in India spent a long time in deciding about the partnership. Labour unions are no longer viewed as a threat, as they have realized that a humane approach to labour guarantees harmony. Skill gap at the lower end of the employee order is a concern and the response has been to participate in skill enhancement. In the telecommunications and pharmaceutical sectors, India has become a potential destination for R&D activity because of its cheap, knowledgeable and capable talent pool. Kyocera and Eisai have taken steps to take advantage of this opportunity. Though there are obstacles that continue to impede smooth operations, the Japanese firms that were studied have acquired a greater understanding of the Indian market, and the Government of India has also stimulated foreign direct investment through investor friendly policies, thus contributing to their success in Indian operations. The achievements of these firms show that many of the perceptions about investing and operating in India are unfounded and/or outdated. The success stories of these companies should help attract more Japanese firms into India.

Keywords: Foreign direct investment, Japanese multinational corporations, strategies, obstacles in operations.

JEL classification F0, F1, F21, F23, N85