A Case on the HRM Model in One Indian Based Japanese Trading Establishment

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Abstract

Indian-based Japanese companies tend to concentrate more on providing communications rather than creating a structural human resource management system that incorporates all the essential instruments of effective communication. For a notable progress of any company, human relations are crucial. Proper interpersonal relationships and cross- cultural management are necessary in creating a defined organizational structure. Career development and enlisting of the job requirements are some of the elements that dictate the performance of humans. Similarly, a healthy work environment through a structured human resource model and motivation plays an important role in defining the outcome of productivity. The synergy of all these human resource components is essential in organizational operations and effectiveness. This research paper focused on studying such elements of international management of human resources through a case study of India-based Japanese establishments with their human resource models. On the basis of these findings, recommendations for improving the human resource system and practices are suggested.

Keywords : **human resources, international management, career development, organizational management**

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The present century is dominated by multinationals, and as a consequence, many organizations all over the world are going global. The evolution of organizations going global can be traced back to the Industrial Revolution, which began in the middle of the 18th century in England, that grew rapidly first in the European Countries and then spread to America, Asia, and the rest of the world. It gave international trade an unprecedented boost (Watanabe, 2003). In our time, the advances made in telecommunications and information technology have rightly been considered as the second industrial revolution, which has, in turn, increased the volume of trade between the nations. These developments have, in turn, increased the volume of trade in between the nations.

The breaking down of trade barriers has also helped the process of international business and trade, which resulted in emerging of MNCs (multi national corporations). For example, when referring to MNCs to examine U.S. multinational corporations, the research done by Steven Edmond utilized a multivariate model to differentiate among IHRM practices and their impact on U.S. expatriate performance. Questionnaires sent to 481 corporations combined with an analysis of the six independent variables, including selection criteria, cross-cultural training, and inability of spouses to adjust helped them to understand U.S. expatriate rates of success and failure in Mexico. While, to a considerable degree, an IHRM model based on mainstream literature could predict U.S. expatriate success and failure rates, the research demonstrated the significant discrepancies that exist when comparing the results of the relationship of each variable individually (Edmond, 2002).

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Multinational corporations (MNCs) have played a dominant role in this process because they are the main source by which most of the goods and services move around the world. In short, they are the principal agents for increasing the tempo of global competition and global business (Ferner, 1994). They enjoy premier position in regard to technology and innovation. They spend huge amounts of money on research, development, and design of their products.

MNCs are unique because their scale of operations, distribution networks, suppliers, and their customers are spread across nations. The wide spread of MNCs and globalization resulted in coining a new concept : international human resource management (IHRM). IHRM encompasses HR practices, processes, organization structure, and culture. As a result, HR managers in international organizations deal mainly with HR processes like recruitment, selection, compensation, performance management, training, and also how these processes are influenced by organization culture and structure to deliver organizational performance. Whether one is conducting a business in foreign countries, or competing against foreign firms at home, or hiring immigrants, one has to deal with a respective country's freedom of association, cultures, and languages.

According to Compa (2004), Senior Lecturer at Cornell University's School of Industrial and Labor Relations, the workers' freedom of association in the United States in light of international human rights standards and workers' freedom of association under U.S. labor law has presented lots of case studies of violations of workers' freedom of association. These cases include where U.S. law comports with international standards regarding freedom of association, but government enforcement is not sufficient to protect workers' exercise of these rights and cases where U.S. law conflicts with international labor rights standards, and thus, places legal obstacles in the way of national workers seeking to exercise their rights in the face of violations by employers. This set out Human Rights to watch recommendations, discussing ways to make enforcement of workers' rights more effective under existing U.S. laws, both for U.S and international organizations entering into U.S.

Every aspect of business is influenced by cross-culture, particularly in the field of HRM. People play a key role in any type of business activity, and their role has become crucial in the present day competitive world. Initially, multinationals have emerged mostly from developed economies. They now appear to control about 50% of world trade and 75% of global GDP. They dominate the service sector to the extent of 60 to 80%. Therefore, multinationals managing human resources have become an important field of study. The article of Morgan (1986) on the development of IHRM presented a model of IHRM, which consisted of three dimensions. The three broad human resource activities : procurement, allocation, and utilization can be easily expanded into six HR activities: human resource planning, recruitment and selection , compensation , benefits, retention, and labor relations. The three national or country categories involved in IHRM activities are the 'host' country, where a subsidiary may be located; the 'home' or 'parent' country , where the head quarters of a firm are located, and the 'other' country that may be the source of labor or finances.

The three types of employees of an international firm are host-country nationals (HCNs), parent-country nationals (PCNs), and third-country nationals (TCNs). Thus, for example, IBM employs Australian citizens (HCNs) in its Australian operations, often sends U.S. citizens (PCNs) to Asia-Pacific countries on assignment, and may send some of its Singaporean employees on an assignment to its Japanese operations (as TCNs) (Dowling, 1999).

Human Resource Management by Japanese MNCs

Human resource management (HRM) constitutes one of the most significant factors in global trade. There are many economic studies that have been conducted on globalization, firm-level characteristics, and environmental management with respect to the Japanese economy. Using the Japanese firm-level data, the

identification and the factors that influence the environmental management of Japanese firms were quantified. Fourteen different aspects of a firm's environmental management were considered and investigated - that how firm-level characteristics and external pressures affected the quantity and effectiveness of environmental management systems and structures. The results of the study showed that one consequence of the growth in international trade and FDI is that Japanese firms are increasingly aware of their environmental obligations and that both regulatory and non-regulatory factors play a role in a firm's decision to quantify and manage the impact their activities have on the environment. Out of the 14 different aspects, one of the aspects which was measured is globalization, that is, Japan's entry and presence in rest of the world. In particular, this globalization of Japan forms the key role player in the success of the Japanese industry in India (Mathew & Robert, 2006).

Over the past decades, Japan has been in the spotlight as one of the countries with excellent human management skills for her international employees (Chapagain, 2009). However, over the recent past, Japan underwent a recession that affected its international operations, especially the management of her foreign employees.

As outlined by Grill (2012), it has been difficult for Japan to recover from such a recession, creating an impending competitive advantage of other Western firms in the global market. Therefore, this study illuminates the various models of international human management strategies employed by Japanese companies to compete in an international market like India. The study uses various HR management practices by focusing on India, where Japan established its companies recently.

Keizer (2008) did an excellent job in international human resource studies by presenting a balanced set of conclusions, skillfully avoiding the overblown rhetoric of previous studies that have hailed a complete transformation or collapse in lifetime employment in Japan. His study showed contemporary employment practices in developed countries, and is an excellent example for researches who are themselves engaged in firm level field work and grounding in real world data analysis in order to retain balance. Japan's employment practices were long considered a cornerstone to its economic success. However, the reversal in economic performance during the 1990s altered the positive perception and inspired major adaptations like the rise in performance-related pay *('seikashugi')* and non-regular employment. Drawing on insights from institutional theory, it showed how factors such as legitimacy and institutional interlock have guaranteed an important continuity in employment practices. It discussed how the adaptations have not actually replaced the existing practices, but have been shaped by them and, as a consequence, the result may not be as revolutionary as once expected, but is likely to last. Furthermore, it argued that the employment practices remain specifically Japanese and that expectations of convergence have so far proved misplaced.

The Japanese HRM model is one of the best components that steers the Japanese economy in the global market. In the 1980s, the Japanese HRM model acted as a role model in the global market, to a greater extent in the West, and especially in India. However, in the course of its operations, Japan underwent substantial reforms (Grill, 2012). Other companies having noted the loss of its inherent strengths due to the change gained entry into the global market, India included. The Americans adopted the human resource managing systems of Japan. One component that lacked in the new Japanese human resource management model was the human resource development (Chapagain, 2009). The extraction of this management policy from its new intervention provided a way for America to take control of the global market due to its highly trained personnel. Eventually, a shift in the economy to the West was evident, with America taking control of the global market. Another factor that is evident in the Japanese human resource department is the domination by men. Most of its global companies constitute of more men than women, prompting decision-making challenges.

Grill (2012) noted that the imbalance in equity has been used by the Western world that balances its human resource management accordingly. According to the Chartered Institute of Personnel and Development, 72% of the global business members were women. However, 60% of the senior HR managers were men (Gastin, 1999).

Significantly, the Europe HR as a field needs women domination to provide corporate governance. Nevertheless, a higher percentage of women also tend to impose certain challenges as observed in the case of Hungary. In Hungary, for example, only 24% of the senior HR directors are men, and this contributes to the poor performance among such countries in the global market (Chapagain, 2009). The imbalance in gender in the global companies of Japan is one of the greatest challenges being faced by Japan. Therefore, the Western countries developed an operational advantage against Japan, leading to reduced operational coverage.

Recruitment and selection are also other elements that require keen analysis by the Japanese HR departments. Japan employs unique criteria of planning and recruitment. Observably, most, if not all, Japanese companies do a massive recruitment of fresh graduates in April annually. To enable organizational suite for the selected, the selection process takes six months through the execution of the HR and as outlined in the recruitment guidelines. The recruits undergo training for six months, though no defined job skills are considered. The recruitment guidelines do not provide clear job specifications for the recruits, but rather absorbs fresh graduates from all the disciplines. Significantly, the lifetime employment system limits workplace changes. The recruitment system has been advantageous to the Japanese international companies by providing a competitive advantage. However, the system has developed a criticism of slowness with regards to the fast changing job market and the social structure in the foreign companies. Secondly, Japan tends to diversify recruitment systems. For instance, the system incorporates 30% in-house staff recruitment, internship programs that cover 40% in all the companies, and career counselling to workers (Pudelko & Harzing, 2010).

Japanese companies operate on an 80% contraction or part time scheme. According to Grill (2012), the hourly pay is another model that Japanese companies employ to curb the impending competition. Any extra time worked above the normal working hours is paid twice as much as the normal working days. Importantly, Japan adopted the most advanced employees' technological system called Teleworking. The option ensures workforce reduction. Nevertheless, most researchers tend to claim that the human resource operations of international Japanese companies ignore most of the essential HR principles. For instance, most Japanese companies freeze recruitment by 40%, do not renew most contracts by 27%, redistribute employees by 24%, and plan for the early retirement of the employees by 17% (Chapagain, 2009). The models act as strategies to avoid layoffs. In short, from the studies, it is evident that the systems of the Japanese companies are continually facing adverse effects on the employees. Most employees are not capable of reaching the senior management HR officers. Consequently, interpersonal relations are continually broken, leading to low professionalism in operations. Even though the Japanese international companies are on the verge of operational success in income, the reduced career development programs and lack of family support is likely to affect negatively their operations in the near future. Hence, HR is an important component of business operations and requires critical analysis to adapt to organizational operations.

Japan's entry into India has adopted its own human resource management system ,which is very different from how Indian establishments operate. Unlike other Western countries, cultural differences have become a major challenge for the Japanese companies established in India. But over the years, the Indian-based Japanese companies have acknowledged the Indian culture and systems and also started slow adoption to the same. The number of Japanese establishments set up in India has increased since the last few years and it has been into four major industries like automobiles, electronics, construction, and trading (Table 1).

The recent increase in Japanese companies in India has drastically grown. The total number of Japanese companies registered in India is 1,209, with an increase of 137 companies (13% growth) as compared to 1,072 in October 2013 (Figure 1), and the total number of Japanese business establishments in India is 3,961, with an increase of 1,419 establishments (56% growth) as compared to 2,542 in October 2013 (Table 2).

In principle, any of the following is considered as a Japanese Business Establishment (JETRO, 2015): [*1] Franchisee or Dealer is not counted under this category.

Table 1. Major Japanese Companies Operating in India

MAJOR JAPANESE COMPANIES OPERATING IN INDIA- 352 COMPANIES							
Part	**State/ Union Territory**	**City**	**No. of Companies**	**Part**	**State/ Union Territory**	**City**	**No. of Companies**
NORTH	New Delhi	New Delhi	78	WEST	Gujarat	Vadodra	2
	Haryana	Gurgoan	38			Ahmedabad	1
		Faridabad	1			Panchmahals	1
		Bawal	6		Madhya Pradesh	Dhar	1
		Dharuhera	1			Indore	1
	Uttar Pradesh	Noida	19			Dewas	1
	Chandigarh	Chandigarh	1			Malanpur	1
	Uttaranchal	Rudrapur	1		Maharastra	Mumbai	48
	Rajasthan	Bhiwadi	1			Aurangabad	1
		Jaipur	1			Thane	2
EAST	West Bengal	Kolkata	10			Pune	17
		Haldia	2		Goa	Goa	1
		Puruliya	3	SOUTH	Karanataka	Bangalore	59
	Orissa	Dhenkanal	1		Telangana	Hyderabad	6
					Andhra Pradesh	Visakhapatnam	3
	Raigarh	Chattisgarh	1		Tamil Nadu	Chennai	36
						Vellore	1
	Jharkhand	Jamshedpur	1		Kerala	Thiruvananthanpram	2
						Cochin	3

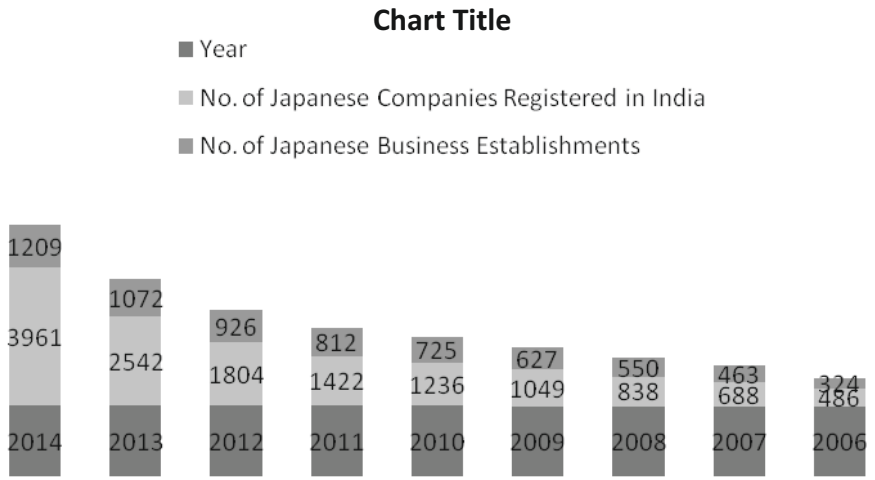
Source :Embassy of Japan in India 2006

Table 2. State Wise Number of Japanese Business Establishments in India (2014)

State/ Union Territory	No. of Companies	State/ Union Territory	No. of Companies
Andhrapradesh/ Telangana	257	Kerala	125
Arunachal Pradesh	1	Madhy Pradesh	102
Assam	44	Maharastra	637
Bihar	64	Meghalaya	2
Chandigarh	8	Mizoram	1
Chattisgarh	24	Odisha	47
Daman & Diu	4	Puducherry	8
Delhi	272	Punjab	63
Goa	21	Rajasthan	137
Gujarat	220	Sikkim	2
Haryana	399	Tamilnadu	577
Himachal pradesh	18	Tripura	6
Jammu & Kasmir	15	Uttar pradesh	247
Jharkand	57	Uttarkand	36
Karntaka	395	Westbengal	172
TOTAL 3961			

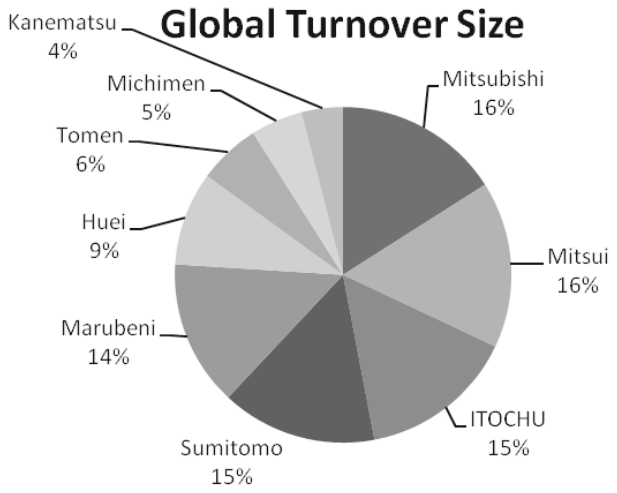
*Source: Embassy of Japan in India, January 2015

Figure 1. Number of Japanese Companies Registered in India vs. Number of Japanese Business Establishments in India



*Source: Embassy of Japan in India, January 2015

Figure 2. Sogo Sosha (Trading Companies) Global Sales - Company Wise



Source: Gastin (1999)

(1) Liaison Office/ Branch Office etc of a Japanese company in India (as a foreign entity),

(2) (a) Indian subsidiary (wholly owned/ joint venture) of a Japanese company, in the form of: head office, (b) manufacturing unit, or (c) branch office/ business office etc,

(3) Business enterprise founded in India by Japanese national(s).

Most of us are aware of the Japanese's strengths in the pace of their growth in automobile, manufacturing, and electronics industries in the global market, but over the years, the Japanese have shown their strengths in the trading industry (which is popularly known as SogoShosha Companies). As per the latest data (Figure 1), out of 1209 registered Japanese companies in India, there are around 12 leading trading houses operating in India either as subsidiary or joint venture of their main headquartered in Japan (Tokyo/Osaka) (Table 3). The Sogo Shosha or Japanese General Trading Companies have made significant investments in the wholesaling sector in

Table 3. List of Trading Companies Operating in India

Sl. No	TRADING COMPANIES IN INDIA
1	Mitsubishi Corporation India Private Limited
2	Mitsui & Co. Private Limited
3	ITOCHU India Private Limited
4	Sumitomo Corporation India Private Limited
5	Marubeni India Private Limited
6	Hitachi India Trading Ltd.
7	Honda Trading Corporation India private Limited
8	JFE Shoji Trade Corporation
9	Komatsu Asia and Pacific Private Limited
10	Metal One Corporation
11	Nagase & Co. Ltd.
12	OG Corporation
13	Sojitz India Private Limited
14	Tonan Trading Co. Ltd.
15	Toyota Tsusho India Private Limited

Source: www.ibef.org

Japan in recent years, taking them away from their traditional business model of facilitating international trade (Larke & Davies, 2006).The *sogo shosha* have pioneered bilateral relationships between Japan and its trading partners like India and other Western countries, and because of the sheer demand of Japan's economy in the global economic spectrum, so they ,therefore, come to account for a significant proportion of the global economic transactions in their own right.

Over the years, the role and functions of the *sogo shosha* have evolved in line with Japan's domestic economic development and global business trends. Thirty years ago, they were responsible for 70% of Japan's trade. Today, it is a smaller proportion, but with around one third of Japan's imports and exports passing through the hands of nine largest and biggest trading companies (Figure 2), the *sogo shosha* remains the main channel in and out of the Japanese main market. The four fundamental types of businesses traditionally handled by the *sogo shosha* are: export of Japanese goods and services ; import of goods and services to Japan (particularly of industrial raw materials, energy, and foodstuffs); 'offshore' businesses (the transactions between countries other than Japan); domestic businesses (that is, the activities of the *Sogo shosha* inside Japan – the dominant proportion – and inside the domestic economies of the countries in which they maintain representative offices or operating subsidiaries) (Mark, 1985).

Objectives of the Study

This research paper endeavors to :

(1) Determine the factors relating to the Japanese HRM model existing in Indian based Japanese companies,

(2) Establish an impact of international human resource management on business operations and efficiency,

(3) Determine satisfaction level of HCN's (host country nationals) working for Japanese companies in India.

Research Method

When this study started, the questions that guided the study were :

Q1: What are the major IHRM issues which can be encountered in foreign markets?
Q2: What are cross cultural management issues encountered by the Managements in MNCs?
Q3: What are the measures that MNCs adapt to overcome IHRM issues in foreign markets?

Due to the stated research questions and conceptual framework, one Japanese trading company was selected as the sample organization for the case study. I chose only one company in order to get a higher level of understanding within the research area. In order to be able to collect data, I tried to find the most appropriate respondents with experience of working with Indian employees. I also selected some senior management staff as they were the most appropriate people to interview in connection with the stated research question of the study.

(1) Need of the Study : I looked at different research strategies and decided to apply a case study strategy to gain a deeper understanding of the IHRM issues encountered by Japanese MNCs in India. Since the stated research questions reach the criteria of "how" questions, where a researcher has very little control over events, so a case study methodology was considered appropriate. In order to reach the purpose, I chose to conduct a case study, and chose one Japanese multinational company co-operating with India in order to gain deeper understanding of the barriers that can arise within IHRM.

(2) Pilot Study : As I am working on a detailed research study on this topic on a large scale, this is a pilot study conducted by me before the main research in order to check the feasibility or to improve the design of the research for a future large scale study, which will be conducted with a huge sample size. Such an analysis permits preliminary testing of the hypotheses that labels to testing more precise hypotheses in the main study, and it often provides a researcher with ideas, approaches, and clues that he/she may not have foreseen before conducting the pilot study. Such ideas and clues increase the chances of getting clearer findings in the main study. It can reveal deficiencies in the design of a proposed research and these can then be addressed before time and resources are expended on large scale studies. A sample of about 56 respondents was taken for the pilot study. The analysis made by the pilot study was found trustworthy and thus, the schedule/interviews will be used for the main study for more analysis and findings.

(3) Research Paradigm : From the objectives of this study, it is clear that this research is targeted towards analyzing an individual or a group of organization's behaviour and preferences rather than conducting an empirical analysis. Through an understanding of human factors, the qualitative data was measured through one to one interviews and focused group discussions. Though the research is more subjective, and the focus of the study is more complex and broad, but it also gained some facts through precise and detailed methods of data collection in one leading Japanese trading company through employee survey and few in-depth interviews with the management representatives.

(4) Time Period of the Study : A population is a definable set of individual units to which the findings from statistical examination of a sample subset are intended to be applied. A population includes all people or items with the characteristics one wishes to understand. As there was very rarely enough time or money to gather information from everyone or everything in a population for this research paper, the goal became finding a

representative sample (or subset) of that population. In this study, the total size of the population selected is 56 respondents, and the study was conducted during March and April 2015. This research analysis was extended by conducting a survey on the Indian staff and their opinions on the human resource systems implemented by a Japanese owned trading company operating in India .

A one to one survey of the employees' satisfaction of the monitoring mechanisms applied by the senior officials indicated a low turnout. For example, out of the 56 employees of the Indian staff working in one Sogo sosha, about 60% of these employees asserted that there were communication issues between the Indian-based Japanese expatriates. Furthermore, others showed fair monitoring satisfaction, with only about 10% of the population posing a satisfaction with the surveillance systems.

The Indian-based Japanese companies faced reduced feedback model to the management by the employees. A survey of the 56 employees showed that only 7.6% of the population supported the company's feedback system fully. Another approximated 15% of the interviewed population demonstrated some opportunity of employees giving feedback to the management. A greater population of approximately 27% partially supported the possibility of employees providing feedback to the management. Notably, most of Japanese global companies in India do not allow feedback from the employees in prompting decision-making challenges. Significantly, for corporate governance, both the employees and the management must work together. A case study of failure due to no involvement of workers in decision-making has been observed in Hungary. Therefore, the Western countries developed an operational advantage against Japan in India.

According to the survey of the 56 employees, the Japanese companies do not provide constant training and required skill development programmes to staff. Recruitment and selection apply a principle that does not maintain a defined flow of operations. Japan employs unique criteria of planning and recruitment. Primarily, the recruitment system creates a mixture of interests among the employees, creating a reduced operational structure of the employees (Pudelko & Harzing, 2010). The lack of defined job skills and minimal training in the fast changing job market and the social structure tend to hinder the functionality of the Indian-based Japanese companies. Japan's diversification of the recruitment systems tends to affect the organizational understanding of the operations of the companies. Secondly, Japan tries to diversify recruitment systems. The Japanese human resource system incorporates more than 30% in-house staff recruitment and operates more than 80% on outsourced, or consultants, or part time scheme in India.

According to Grill (2012), clear and constant communication is a significant factor in human relations. The competitive advantage of Indian-based Japanese companies rises from clear and regular communication from the management officials to the employees. According to the survey, out of the 56 respondents, 26 respondents asserted clear and consistent communication between the management agent and the employees. Similarly, seven of the remaining population stated some truth in communication channel between the parties mentioned above. Additionally, a greater percentage of the remaining population declared partially clear and regular communication. Only one individual showed some inconsistency in communication. From the analysis, it can be concluded that communication was the only balancing factor of human relations in the operational structure of Indian-based Japanese companies.

The survey also establishes that 71% of the respondents felt the Japanese managements practice high standards of professionalism, and more than 80% felt that the work environment in the Japanese owned company has a healthy atmosphere and it follows a good approach towards targets. The respondents also conveyed their opinions that in the Japanese style of management system, they believe in the philosophy, *'You are the doer as well as manager'* unlike the Indian managers, who show no interest in doing their basic jobs like printing, photocopies, or documentation and would like to depend on someone's assistance for this kind of support. Also, the Indian staff expressed their views that they found difficulty in meeting the high expectations and targets or timelines set by the Japanese management .The Indian staff did not like the stiff deadlines, and

more than 70% of the managers neither reported the progress of work assigned if the projects or targets were beyond the deadline. They were unlike the Japanese managers who always like to expect timely reporting on completion or any delays.

The conclusion of the content analysis drawn from the quantitative interviewing, in-depth analysis interviews with the management representatives, objectives, and hypotheses are presented :

(1) The company overall showed that it is following IHRM policies and practices. When discussing planning HRM operations in India, the company stated that they never had an HR department shown in the organization structure, as most trading businesses follow this strategy. The global HR activities are handled by the PCN (Japanese expatriate) like Head of Finance & Administration generally sited in India, and the Administration Manager (who is not a HR professional) handles the local HR activities like recruitment and payroll. The company agreed that it is easier to have an administration department handling both HR and administration activities.

(2) The company prefers the PCN to play a key role in heading the HR & Administration activities in order to avoid communication issues with Headquarters. When discussing recruitment in India, the Japanese company focused both externally and internally, they said that they choose the most appropriate at the given moment. The organization operating in India has different objectives in its cooperation due to cost reducing causes, that is why it is efficient for the company to recruit Indians, but the company preferred to have the Business Head a PCN in its early stages of internationalization, and over a period of time, once the business grows, it is beneficial for the Japanese company to employ HCN in its Indian operations.

(3) The sample organization provides training in connection with cultural diversity, though it is not as developed, and focused more on the in-house training activities. There were some cross-cultural issues encountered by the Japanese Trading MNC in establishing itself in a foreign market like India. The problems during the initial stages of the set up are in connection with cultural differences between Japanese and Indians. The main problem for the company is the cross cultural communication. The company faced problems regarding mentality & accountability and task assignment. The language deficiency in communication was also one of the problems faced. But now, the company was not encountering any problems relating to the motivation of the national staff as they understood the cultural difference in motivation. When discussing the cross cultural conflicts, the MNC stressed that there were not many conflicts that occurred in their Indian operations except the ones related to the task performance and related to the relationship between employees and different perspectives of the work process.

(4) The Japanese company needs to conduct different levels of training for its employees including cross-cultural , leadership, and communication training for both PCNs and HCNs to a limited degree. The creation of a third culture to bridge the gap is something that the company is trying to establish. The company is doing adaptation for itself, and not because the company is encouraging it, but to have a smooth business operations with minimal conflicts.

A measure that they have considered is to have a Bridge Manager in their business operations in India to work as a communication link so that the problems related to Communication are minimized. One such Bridge Manager implemented recently is a HR professional who can bring strong HR experience and be a communication link between the management and employees. Also, local Japanese speaking managers were recruited to promote new business developments - who can be good communicators with customers or suppliers in Japan. This helps the MNC to save cost on sending the PCNs to India for management roles.

Managerial Implications

The following points may be important to Japanese companies in connection to start or establish international operations in India:

(1) All practitioners should pursue the creation of a good culture to bridge cultural differences. MNC's should consider creating a third culture in international business. This can make the international operations more efficient.

(2) Japanese MNCs should be aware about the importance of cultural diversity. It may determine the success or failure of international business and IHRM.

(3) Japanese companies should provide cross cultural training through orientation or regular training. The MNCs should provide the HCN's a training exposure in a third country like Regional Headquarters for SWASEAN or in home country headquartered in Japan.

(4) Japanese MNCs should emphasize upon English language skills for their employees. They should emphasize these skills even during recruitment. They should also provide language training in order to minimize misunderstandings in communication.

(5) In connection with the Indian market, Japanese MNCs should have an HR department in India to handle all HR issues for employees in India.

In short, from the study, it is evident that the human resource systems of the Japanese companies are continually facing adverse effects on national staff. Most employees are not capable of reaching the senior management HR representatives. Consequently, interpersonal relations are frequently broken, leading to low professionalism in operations. To improve performance in Indian based Japanese operations, inclusive decision-making, two-way feedback, and defined job skills and training are essential.

Limitations of the Study and Scope for Further Research

Since the principal method of the study is the case study method with a pilot study, it has all the limitations associated with the method. The scope of the survey is limited to satisfaction of the employees and feedback provided on cultural differences seen in Indian- based Japanese management companies. The generalizations of the study cannot be expected to have universal application. Since it is a small sample study, and even when we try to apply to the units of similar nature, these must be applied with caution.

However, the above mentioned limitations do not detract from the quality output of the present study. The main utility of the research study is in terms of indicating the gap between what is known and what is unknown. The study also provides a suitable methodological base which will be useful for further research. The findings are not generalizable for all MNCs and all cultures. The paper has focused on one Japanese trading MNC in India, and this makes the findings only valid towards Japanese companies and their operations in India. The research recommends that further study should be conducted on larger samples of Japanese companies in trading and also in other industries like automobile, electronics, and construction. When working on this research paper, it came across issues that could be subjects for future research like IHRM issues encountered by Japanese companies operating in host country and third country, multi dimension IHRM issues encountered by

Japanese acquired companies operated by third country management and established in India , cross- cultural problems encountered by PCN's/ expatriates (parent country nationals) in India, and cross-cultural problems encountered by a Japanese MNCs operating in more than one country.

End Notes

*[1] The increase in the number of Japanese business establishments during the one year (October 2013 to October 2014) under the survey is very large, mainly due to the following reasons: In case where a Japanese company forms a JV with an Indian partner, the newly formed JV will also have the already established direct branch offices of that Indian partner, which will result in the immediate increase of the total number of business establishments. There are several such cases found during the survey, especially in insurance and transport sectors. There were also quite a number of Japanese business establishments which have not been captured in previous surveys.

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