

Perlmutter visited. Japanese international business strategic orientation transformation in India: progress made and forces against

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27

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Abstract

Purpose – Although Asia’s rise in the global economy is increasingly recognized, international business (IB) interactions between Japan and India remain under-commented. These interactions are especially salient due to the United Nations Sustainable Development Goal 17 (UN SDG 17), which focuses on partnerships. This study updates and analyzes the strategic orientation of Japanese multinational enterprises (MNEs) in India.

Design/methodology/approach – Following a subjectivist approach, this study employs a constructivist epistemology. Utilizing mixed methods, it obtains primary data from interviews and informal conversations with senior personnel from Japan and India and secondary data from archives. These data then undergo manual organic thematic analysis.

Findings – The study reveals instances of Japanese MNEs diverging from traditional ethnocentric orientations, such as senior management’s growing commitment to India. The findings also indicate that the transformation to a polycentric orientation remains incomplete.

Practical implications – The study uncovers themes impeding a polycentric transformation, offering insights for strengthening international partnerships and emphasizing the necessity of prioritizing local demands and cultural expectations.

Social implications – Clues to strengthening IB contribute to attain UN SDG 17, especially given the advanced-emerging characteristics of the Japan–India dyad.

Originality/value – This study’s research makes a novel contribution to the literature on international strategic orientations by providing insights into a rare dyad – namely, Japanese MNE expansion in India. It is also a valuable and timely addition consistent with current beyond-China business diversification trends.

Keywords International strategic orientation, Perlmutter, Cross-cultural management, Japan, India, Social constructivism, UN SDGs

Paper type Research paper

JEL Classification — F20, F23, F29

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1. Introduction

The primary aim of this paper is to analyze and enhance the understanding of how Japanese multinational enterprises (MNEs) in India approach international strategies – whether ethnocentric, polycentric or geocentric (Perlmutter, 1969). Perlmutter suggests that a firm's international strategy affects its profitability through improved staffing, market feedback, innovation and development of a high-caliber global organization. Perlmutter's seminal work continues to impact contemporary international business (IB) research (Michailova *et al.*, 2023). As Asia's rise as a global economic driver is noticed and calls for diversification beyond China shrill (Alon, 2020), attention turns to other big economies – Japan (an advanced economy) and India (an emerging market). This leads to the argument that the profitability of Japanese MNCs in India is linked to their international strategic orientation, an area of focal interest now.

Perlmutter (1969) finds that even as MNEs progress from ethnocentrism to geocentrism, ethnocentrism tends to linger in attitudes toward affiliates in developing countries. IB literature on the Japan–India (advanced economy-emerging market) dyad is limited, despite the increasing focus on this relationship (e.g., Jaishankar, 2022). Concrete data show that Japanese companies in India have grown almost three-fold from 550 in 2008 to 1,439 in 2021 (Embassy of Japan, 2023), thus provoking the practical research question (RQ): How have Japanese MNEs progressed in their international strategic orientation in India, and what are the challenges they face?

This RQ requires immediate attention due to Japan's and India's growing role in the Asian hemisphere. Its salience is even further highlighted because of the potentially powerful influence Japanese MNEs in India have in supporting the United Nations Sustainable Development Goals (UN SDGs), specifically SDG 17. SDG 17 is specifically crucial for collaboration toward the other 16 goals (Doh *et al.*, 2023). SDGs 8 and 9 directly pertain to the IB domain, concerning decent work and innovation. Therefore, addressing this study's RQ will enhance IB literature on the Japan–India dyad, particularly in terms of international strategic orientation.

2. Literature review

A seminal typology for international strategic orientation suggests that firms lie in a continuum from ethnocentric to polycentric to geocentric inclinations (Perlmutter, 1969). Ethnocentrism here means a focus on one's home country. This inclination manifests within Japanese MNEs in India via alignments in thinking and staffing with typical Japanese ways. The leader of the Indian branch may also be Japanese or an Indian representative with decision-making authority overseen from Japan. Conversely, a focus on the host country signifies a polycentric approach. This would reveal itself as a more Indian-focused Japanese MNE that prioritized "local environment factors" (Perlmutter, 1969, p. 13). The third approach is geocentrism, which manifests as a global focus in which international considerations are important at both the head office and overseas subsidiaries. A geocentric orientation is linked to the globalization of a firm. In this way, internationalization progresses along the continuum of ethnocentrism, polycentrism and geocentrism.

Different tendencies for the three orientations can coexist within a company (Verbeke and Kano, 2016). Some functions, like research and development (R&D), adapt to polycentrism more rapidly than others, like finance. In terms of innovative behavior, the ethnocentric approach is commonly seen as domestic market-focused, the polycentric as adaptable to local markets and the geocentric as targeted toward the global market (Barmeyer *et al.*, 2021). In essence, even if a company operates in multiple countries, making key decisions in the home country would still be considered ethnocentric. GE, formerly General Electric Company of the USA, provides an example of globalization through its major R&D center in India; namely, its adoption of reverse innovation or innovating in developing countries for worldwide consumption, represented by its low-cost ECG (electro-cardiograph) machine, lay in stark contrast to glocalization, or developing

in the home country for global markets and local adaptation (Immelt *et al.*, 2009). Immelt *et al.* (2009) argue that for developed countries to sustain their strength, they must succeed in developing economies. This principle has been put into action by European companies such as Bosch and Siemens (Dhamija, 2018) and could be a model for Japanese businesses as well.

Internationalizing the Japanese economy is considered vital for its revival, particularly in the manufacturing industry (Orsini and Magnier-Watanabe, 2023). At the same time, an implementation of standardization strategies remains beneficial to ensure sustainability (Strange and Humphrey, 2019). Perlmutter (1969) recommends worldwide standardization through a geocentric approach, rather than ethnocentric standardization. Using international standards helps new emerging markets achieve this objective by prioritizing global business models over local technology (Hennart *et al.*, 2021). The remaining needs can be met by employing highly skilled professionals who cater to global needs. Japanese companies falter in the global market by continuing to apply a high-specification approach from their home country rather than adapting to the specific needs of each local market. Although manufacturing is crucial for India's development (Jaishankar, 2022), Japanese companies often ignore the motivations of customers and local people in a manner known as "management without local considerations." This phenomenon is evident even among top Japanese companies, such as Toyota (cf. Mathew and Jones, 2012), Honda (Saini, 2006) and Suzuki (Bose and Pratap, 2012). In manufacturing, Japanese companies lead in lean supply innovation (Kumar Singh and Modgil, 2023), but additional advancement is necessary to achieve UN SDGs. Unfortunately, recent research on Japanese manufacturing companies in India raises ethical concerns about ethnocentric orientations (Chaudhuri, 2020). Such issues must be addressed to revive and internationalize the Japanese economy and achieve the UN SDGs.

Perlmutter suggests that R&D will be the first to advance to geocentrism. In terms of R&D and innovation, GE has been successful in healthcare due to its attention to local needs (e.g., low cost and low functionality) and its reverse innovation (Immelt *et al.*, 2009). Meanwhile, instances in Japanese companies, such as Toyota's introduction of the Qualis in India, demonstrate a progression toward polycentrism. By developing a vehicle based on the Indonesian Kijang, which was not sold for global markets, Toyota remains at a standstill that inhibits its ability to reach globalization.

This is not to say that Japan lacks a plan for revitalization. Former Prime Minister Abe's "three arrows strategy" was exactly that, focusing on monetary policy, fiscal policy and growth strategy. However, this proposal was deficient in a globalization strategy. Internationalization enhances firms' performance (Capar, 2022). Research on cross-cultural management indicates that Japanese people tend to be highly distinctive and referred to as singletons, meaning that they barely form clusters with other countries (Ronen and Shenkar, 2013). As a result, Japanese companies that internationalize tend to maintain an ethnocentric orientation (Conrad and Meyer-Ohle, 2019).

Such dominant ethnocentrism has long been recognized in extant literature (e.g., Kopp, 1994). Conrad and Meyer-Ohle's (2019) recent review further proves persisting ethnocentricity in Japanese companies via company efforts "to export their human resource management practices overseas, [control] overseas operations through the delegation of Japanese expatriates and leaving decision-making with headquarters in Japan" (2019, p. 2528). However, such conclusions about Japanese MNEs need not be hegemonic. For example, Kim *et al.*'s (2018) recent research found that Malaysian employees often find working for Japanese employers aspirational. Noting such divergence in extant literature lends urgency and importance to the current RQ.

The evolution from ethnocentrism to geocentrism is a laborious process. Perlmutter identifies lubricating forces, such as senior management's commitment to geocentrism, increased recognition of the availability of technological and managerial know-how and the desire to optimize personnel and local product demands. He then isolates braking forces, such as mutual distrust, resistance to yielding power to host country nationals, linguistic and

cultural differences and desire for central control. Perlmutter recognizes that “geocentrism is not inevitable in any given firm” (1969, p. 17). Thus, the progress of Japanese companies cannot occur over time as a matter of course, and research is needed to update the departure from an ethnocentric orientation.

Furthermore, the international strategic orientation of a firm impacts innovation. An ethnocentric orientation can inhibit innovation via the silo effect or the isolation of members across geographical boundaries (Oparaocha, 2016). Meanwhile, a geocentric orientation can facilitate innovation by enabling diverse perspectives and competencies (Sandberg and Hansen, 2004). These perspectives contribute to the notion that progression in the international strategic orientation of Japanese companies would benefit innovation.

Ultimately, an ethnocentric orientation potentially causes innovation to suffer due to either local employee resistance (Ashta, 2021) or talent flight (Bohas *et al.*, 2021). Consequently, the following actions may be attempted to counter the above negative impacts of ethnocentrism on innovation:

Abducted conjecture 1: Japanese companies looking to lubricate innovation tend to strengthen communication mechanisms to enhance mutual trust.

Abducted conjecture 2: Japanese companies seeking to lubricate innovation tend to strengthen staffing using competent talent.

Attention now turns to a methodology to examine these abducted conjectures.

3. Methodology

This study uses qualitative research because of its potential to gain in-depth insights into the subject matter (Patel, 2016). It further adopts a mixed approach of interviews and informal conversations, extolled for “general qualitative exploration that occurs in everyday settings where talking is involved” (Swain and King, 2022, p. 1). Following national research ethics standards, the confidentiality of informants and their companies is strictly observed.

Accessing senior executives was crucial to this study due to their significant power and influence on subsidiary-level strategies and outcomes (Meyer *et al.*, 2020). However, accessing elites can pose challenges (Kraus *et al.*, 2023). The researcher collected data by contacting informants through personal connections. Seven Japanese manufacturing companies operating in the Delhi area (National Capital Region) were selected through a convenience approach of contacting companies familiar to the researcher using pre-existing contacts. All companies were listed in the Tokyo Stock Exchange, although their size of operations in India varied. A total of 15 senior executives, both Japanese and Indian, were interviewed and engaged in conversations. Respondents were from diverse industries, such as clean technology, chemicals and automobile parts suppliers. The author further spoke with three professors at top national-level higher education institutions who previously collaborated with the Japanese industry.

The data were manually analyzed via organic thematic analysis. Subjectivist organic thematic analysis differs from a realist ontological approach in that the researcher constructs the study’s themes rather than assuming certain themes are waiting to be discovered (Braun and Clarke, 2016). The robustness of such research is dictated not by replicability but by the plausibility of interpretation (Polkinghorne, 2007), and readers are invited to judge the plausibility of the findings.

4. Findings

This study uses the Perlmutter (1969) lens to explore the practical research question (RQ): how have Japanese MNEs progressed in their international strategic orientation in India and what are the challenges they face? The literature review reveals a continued culture of

ethnocentrism; consequently, two conjectures were abducted. Organic thematic analysis points to several themes that are constructed in conformance with the conjectures. Table 1 provides an overview of these themes. They indicate actions favorable to innovation and other themes that prove to be problematic to emerging economy interactions.

4.1 Themes pointing to innovation lubrication

Consistent with the literature reviewed above and in accordance with the abducted conjectures, several factors have an impact on lubricating Japanese innovation in India. These include a commitment to India, building appropriate relations and Indian market orientation. Such themes are elucidated below:

4.1.1 Commitment to India. India continues to be considered a difficult destination, meaning that expatriates find it challenging to live there (Wang and Varma, 2019). However, the time spent in the country is crucial to business relations. One Japanese senior executive who had pan-Asia responsibility mentioned:

“I was initially placed in Singapore, which is a hub for regional Head Offices for many global companies from Europe and America, too. But in order to succeed in Indian business, I felt that the business method also needed innovation, so I moved to India.

This excerpt refers to innovation in terms of organizational processes and structures. Another Japanese executive mentioned, “*Living in India has been useful, because I can personally experience what the market needs. Just travelling and staying in hotels, I cannot understand everyday problems, such as power outages or water shortages...*” This comment further shows that Japanese executives can obtain useful feedback from the market based on their firsthand empirical experience.

A senior Indian executive explained the value of this feedback from another angle: “*Having a senior permanent presence is useful because the (Indian) customers can see that the company will not just run away.*”

Such excerpts demonstrate that Japanese senior managers’ presence in India has been a facilitator of innovation, whether simply as a way of doing business or as a starting point from which to understand local needs. The lubricating nuance noted in these statements resonates with the reviewed literature, especially in terms of the importance of senior management’s commitment to local markets.

Force acting on orientation evolution	Key theme constructed from the data	Illustrative examples
Lubrication	Commitment to India	Top management relocates to India
	Building relevant relations	Collaboration with host country firms to adapt technology to local conditions
	Indian market orientation	Setting up a local R&D center
Braking	Ignoring the market	Ignore local wishes and motivation for a smart city project
	Difficulty in attracting local talent	Decision making takes time based on Head Office priorities Local staff get insufficient recognition for their contribution

Source(s): Author’s own work

Table 1. Overview of progress made and forces against evolution from an ethnocentric strategic orientation in India

4.1.2 Building relevant relations. India is quickly becoming a hub for global R&D, as exemplified by GE. However, for Japanese companies that tend to be ethnocentric, it is not as easy to delegate. In such circumstances, forming partnerships and alliances can be useful. As another Japanese executive mentioned:

“[Forming partnerships] makes it easier to work on product innovation. When top management understands India, for example, it becomes clear who to do [business] with and for whom, and it is easier to come up with policies. For example, it became easier to conclude that ‘I want to do [business]!’ with the Indian Institute of Technology.”

This statement shows a desire to engage with local partners, which the current research interprets as a form of respect for local people. Such attitudes are consistent with the reviewed literature that speaks to the importance of optimizing the use of people. Innovation can be realized under these circumstances because of the diverse perspectives introduced. An example of building relevant relations can further be found in secondary data. Hitachi, for instance, has engaged in innovative product development in India, including solutions for power shortages in local industrial parks (Kawano *et al.*, 2010). A solar project with Hitachi’s technology was then commissioned in Neemrana (Nedo, 2017), in cooperation with an Indian firm. This project is now a foundational stone for further industrialization in India (Meti, 2022) and contributes to SDG 7 (clean energy). Though the original technology is Japanese, it has innovatively been adapted to host country conditions with the support of a local partner (Sandberg and Hansen, 2004).

4.1.3 Indian market orientation. According to Perlmutter’s (1969) seminal treatise, a divergence from ethnocentrism to polycentrism benefits companies in terms of better sales in the host country because of improved leveraging of local talent who understand the host country. Local government support and local manager morale also manifest benefits. The abovementioned GE establishment of an R&D hub in India is a salient example. Hitachi, too, established an R&D center to facilitate innovation. A Hitachi spokesperson explains: “In order to support the entry and expansion of Hitachi Group companies in India, the researchers will study local market need and promote market-oriented technology research and development to improve and enhance current products” (Mint, 2011). These archived data suggest that Hitachi’s divergence to a polycentric orientation occurred over a decade ago. However, it should be noted that its R&D center’s remit remains polycentric to date. Seeking to attract local talent, its website states, “As the driving force behind Hitachi’s Social Innovation Business in India, Hitachi India R&D provides a unique opportunity for those who wish to contribute to the future of our region through research and development” (Hitachi, 2023). Especially noting the call for a “regional contribution”, it would be plausible to deduce that this remit is not yet global, although the strategic orientation has progressed to a polycentric outlook.

4.2 Themes of innovation braking

As Perlmutter (1969) predicts, there are several elements that brake progress in this study. The data analysis with respect to the abducted conjectures indicates that some issues continue to thwart innovation. These findings are explained below:

4.2.1 “Ignoring the market” style of management. As previously mentioned, a lack of trust between home and host country executives, including nationalistic tendencies, mitigates a divergence from ethnocentric orientations (Perlmutter, 1969). This kind of friction can prove problematic (Kopp, 1994). Ethnocentric mindsets and resulting dissatisfaction are observed in the current dataset. An Indian executive at a leading Japanese firm explained the frustrations as follows:

“We were tasked to check the feasibility of smart cities. This feasibility is being studied using a consortium of Japanese and Indian companies, but the consortium leader is Japanese. At the

consortium's main company, team leaders do not know India and only come on a business trip basis. I go to see various institutions in India, but everywhere we (the consortium) gather information from a top-down perspective, but I do not observe any consideration to local wishes and motivation at all. This 'management method that ignores local circumstances' is common when I work with Japan company partners, but this time I was surprised to see it in an elite international business company among the Japanese consortium, and from the conclusion, that project has not progressed. There is no way to go."

The above narrative stresses the need to inspire the other party (the local Indian customer, in this case) and the difficulties to succeed if the other party is ignored. While the importance of understanding the customer may seem obvious, it is something that is often forgotten on a practical basis. This finding agrees with Perlmutter's view of management inexperience on overseas markets as an obstacle toward geocentrism. Cutting edge technologies, such as for the development of smart cities are required for the expansion of Asian economies and the frustration expressed here points to a brake in achieving the UN SDGs.

It is further important to note the departure in the narrative present in the Indian executive's statement. In the aforementioned Hitachi case, the analysis revealed a theme of divergence to a polycentric orientation. However, this case exposes a Japanese company's inexperienced management, posing a caveat to the current research findings. Clearly, the themes are not universal and it cannot be concluded that all Japanese companies are ethnocentric or that no Japanese company is geocentric. Thus, a disclaimer is in order. The objective of the current qualitative research is not to arrive at generalized conclusions, but rather to update the progress made and challenges that Japanese international businesses face in India, especially regarding the transformation of strategic orientations.

4.2.2 Challenges to attract local talent (voices from India). Another theme that emerges from the formal interviews with both Japanese and Indian executives is the difficulty faced in attracting local Indian talent. This theme resonates with prior research by [Kopp \(1994\)](#) that identifies difficulties in attracting high-caliber local nationals for Japanese firms. The question therefore becomes, when innovating in India, who to work with and why to work with Japan?

The interview protocol subsequently asked, "what are the good and bad things about working with Japan?" As a result, the following sub-themes (e.g., drawbacks) surfaced.

All talk, no do. Different cultural backgrounds hinder divergence from an ethnocentric orientation ([Perlmutter, 1969](#)). As previously mentioned, Japanese culture is often observed as a singleton, meaning it resists clustering with others more than any other nation ([Ronen and Shenkar, 2013](#)). One cultural dimension in which Japanese executives score highly involves uncertainty avoidance, which results in a cautious approach to decision-making. Indian executives, on the other hand, tend to be less uncertainty avoiding. This discrepancy can result in a culture clash, which was found in this study's dataset. To quote a researcher: "Japanese companies have a long process to make decisions. Over the years, I have come to meetings many times, but it is difficult to decide. Eventually, the professor in charge loses interest, and the research committee members move to a different place."

In other words, a significant cultural clash may occur between Japanese and Indian companies regarding the need for speed. This finding goes against the grain of prior research that finds working for Japanese MNEs aspirational in other Asian countries (e.g., [Kim et al., 2018](#)). The Japanese penchant for uncertainty avoidance ([Hofstede et al., 2010](#)) results in longer decision-making that impedes the interests of local talent in India. As a result, ethnocentrism persists and innovation suffers.

Rewards and recognition (funds, quality, progression, mobility etc.): [Kopp \(1994\)](#) highlights the lack of advancement opportunities for local personnel at ethnocentric Japanese companies as a central problem. This experience persists at Japanese MNEs in India, since Indian employees often seek rewards and recognition. As one informant explains:

There is the image problem of Japan company. For example, regarding funds, Japanese funding is troublesome. There are too many rules in a ruled society. Taking the example of IIT, a top school in India, American companies such as Microsoft, Google, and GE are aspirational, and they are really developing for the global market in India. However, my image is that in the case of Japan companies, R&D is really done locally, and overseas R&D centers only tackle incidental issues.

Another respondent mentions: *“It is common knowledge that working in Japanese companies does not make money. However, all researchers don’t just care about money. I know professors at the Indian Institute of Technology who quit famous American companies to become professors. So, they don’t value money. But it’s not clear why they do it for Japan if they don’t get recognized for it from society. For example, IIT students are still involved in Samsung or LG’s research and development, but I don’t hear that they are aiming to work for a Japanese company. In that case, the partnership with the Japan does not tell what benefits the institution has.”*

These excerpts show that local talent is averse to the cultural ethnocentrism of Japanese companies. The observation that *“Overseas R&D centers only tackle incidental issues”*, especially resonates with [Perlmutter’s \(1969\)](#) recognition of the argument that foreign counterparts “are not yet ready or reliable” (p. 11). Additionally, though Japanese companies are poor paymasters compared to other advanced economies ([Canon Institute for Global Studies, 2022](#)), it is not just about money; local employees also yearn for some sort of social recognition.

4.3 Transformation visualized

The thematically sorted empirical evidence presented here in conjunction with the reviewed literature, encourages an understanding that Japanese companies’ international business strategic orientation is transforming in India. As depicted in [Figure 1](#), the findings suggest a divergence toward a polycentric orientation. Within the limitations of the scope of the present study, evidence of reaching a geocentric orientation remains elusive. Progress can be observed in a commitment to the market; yet challenges include managerial inexperience and difficulties in attracting local top talent.

5. Discussion and limitations

This paper attempts to offer insights into the progress made by Japanese firms in India with respect to their international strategic orientation. Not only is Asia’s economy growing progressively stronger but also it is the formation of global partnerships that is ever more

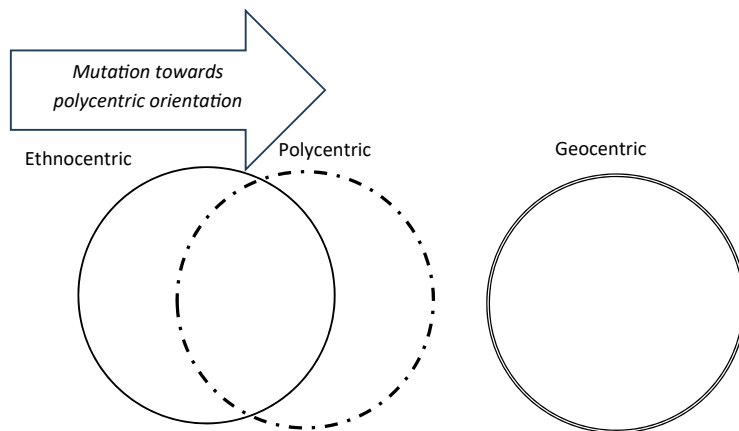


Figure 1.
Japanese international business strategic orientation transformation in India visualized

Source(s): Author’s own work

crucial to achieve the SDGs. Past IB studies highlight that Japanese employers are highly desired in other Asian countries, including Malaysia (e.g., Kim *et al.*, 2018). This study adds diversity to IB scholarship by evaluating the basis of these beliefs and expanding the national reach of these expectations since Asia has many cultural differences. It further analyzes the current data in tandem with Perlmutter's (1969) typology to uncover the themes of lubrication and braking in relation to innovation.

The study finds that though it is important to accurately consider local needs, it is undeniably difficult to address all these needs in the near future. Japanese firms are successful at gathering the needs of customers in Japan, but it still takes time to grasp the needs of other local countries, especially in developing economies like India (Ashta, 2020). Therefore, restructuring the manufacturing industry is necessary. As previously mentioned, the Japanese three arrows of national revitalization (monetary policy, fiscal policy and growth strategy) lack a globalization element. Additionally, this research resonates with Kopp (1994) regarding the continued difficulties in attracting local talent. Japanese companies need to create a system that grows and incorporates developing countries through ecosystems to contribute to developing countries, form recognition cultures and strengthen employee relations. For this reason, Japanese MNEs need to adopt a global innovation function over their conventional ethnocentric policies.

By way of practical example, there are products in which Japanese companies could be global leaders. One of them is the "industrial park" (Kawano *et al.*, 2010), which also relates to SDG 7 (infrastructure). There are many Japanese tenants in industrial parks in emerging countries (e.g., Thilawa Industrial Park in Myanmar, cf. Er, 2016). The requirements for these tenants can be thematized as economically reasonable in cost, safe and secure. If Japanese companies create an industrial park that meets these requirements and follows global standards, they could become a model for sustainable global businesses. Additionally, Indian national or local governments could provide R&D subsidies to spur innovation in Japanese MNEs' Indian subsidiaries (Sofka *et al.*, 2022), for example, through the innovation of Neemrana type of industrial parks (Kawano *et al.*, 2010).

The use of global human resources and a commitment to India are also essential for the effectiveness of this strategy. Indian employees often say, "Japanese companies are slow," while Japanese executives often say, "Indian companies are slow." But this thematic debate needs to be resolved, since it comes across as "all talk, no do." To do this, it is necessary to provide products that meet market needs. Japanese companies can find value in relationship building initiatives in Indian society, such as sustainable industrial parks and low-cost ECG machines. This could be enhanced through a more comprehensive use of non-Japanese talent in global headquarters. Toyota's recently announced global chief is yet another Japanese man, a far cry from the innovative giants in the USA and Europe that have used non-native talent at the helm (e.g. Vodafone, Microsoft, Deutsche Bank, Google, etc.).

5.1 Practical recommendations

The need for greater attention to local expectations should now come as common sense. In line with the update on the Kopp (1994) literature that Japanese companies continue to have a problem with ethnocentric orientation three decades later, it is time to act. As a practical suggestion, Japanese companies may benefit from increasing diversity by hiring multicultural individuals, as IB research suggests that they possess an improved global mindset (Hong and Minbaeva, 2022). Further action to overcome ethnocentric mindsets could involve hiring recent foreign university graduates at Japanese Head Offices. This concept, which is in the early adoption stage (Conrad and Meyer-Ohle, 2019), would help internationalize the head office from within. Japanese companies could, for instance, increase their recruitment efforts at Indian university campuses for higher level hiring purposes.

At the Indian subsidiary-level, it would be useful to increase awareness of the angst caused by ethnocentric orientations for local employees. This could be accomplished through awareness by apex bodies, such as the Confederation of Indian Industry (CII) or the Japanese Chamber of Commerce and Industry in India (JCCII). Such bodies could take hints from the current research and conduct broader surveys with host country employees that could be disseminated to Japanese MNEs.

Next, it would be beneficial to implement high-quality training with skilled instructors to spread the information about best practices. Since this could be a costly undertaking for individual firms, apex organizations should consider providing this training to their members. Trainers can then facilitate the effective circulation of information through a network of companies.

This study's findings demonstrate breakthroughs in polycentric orientation that could foster an environment conducive to further divergence from ethnocentric orientations. While the above recommendations are made specifically for the Japan–India context, they may also be extended to other advanced economies that require internationalization due to their relatively smaller domestic size, such as New Zealand, to caution against the dangers of ethnocentrism.

5.2 Limitations and future directions

While this research finds even prominent Japanese firms lagging behind in breaking from ethnocentrism, it also finds encouraging buds of divergence toward polycentric and geocentric orientations. Subjectivist ontology and interpretivist epistemology have concomitant limitations; this study was limited to Japanese manufacturing firms in the Delhi area and the themes developed here are limited to the subjectivity of the researcher. Specifically, the researcher's familiarity with the field could have created blind spots that another researcher might find insightfully novel. Thus, it is recommended that future research attempts to validate the current conceptualization using a larger quantitative study.

Further research is also encouraged on the following: (1) divergent progressives to explicate how ethical human centricism can coexist with financial profit and (2) wider industry blocks, such as the financial sector, trading companies, etc. It is essential for Asian giants, specifically Japanese firms in India, to showcase the path to ethical achievement of the UN SDGs.

6. Conclusion

This study derived motivation from UN SDG 17, which pertains to partnerships required to achieve other goals, such as SDG 8 and SDG 9 (infrastructure, sustainable industrialization and innovation). It considered the RQ: how have Japanese MNEs progressed in their international strategic orientation in India and what are the challenges they face? Taking Perlmutter seminal typology as a theoretical lens, the current research identified innovation as an important indicator of firm success. In line with the RQ, the qualitative study further constructed the themes of innovation lubrication and braking, finding that braking elements include ignoring local markets and talent. Given the urgency of the UN SDGs, Japanese companies must consider both externally oriented actions, such as entrusting local subsidiaries and internally oriented actions, such as globalizing head offices. As seen in [Figure 1](#), this study also discovered hints of an encouraging move of Japanese companies towards geocentrism with actions, such as increasing commitments to India. The UN SDG goals are inter-connected with this gradual movement. By unearthing practical pointers for strengthening the partnership envisioned in SDG 17 (specifically, a Japan–India partnership here), the current study raises hope for enhancing the inclusivity of host country nationals and increasing global innovation.

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