

The Lean Transplant:

Challenges of Japanese Management Practices in India

19th Aug 2025, 15:00 IST (18:30 JST) Thursday

About the Organizer

Mizuho India Japan Study Centre (MIJSC) is a Centre of Excellence at the Indian Institute of Management Bangalore, established in 2017, dedicated to promoting deeper economic, cultural, and strategic ties between India and Japan. Chaired by a career diplomat Amb. Jaideep Sarkar and led operationally by an Industry Veteran Mr. Saideep Rathnam, MIJSC's mission is to foster mutual understanding and build expertise in areas such as manufacturing, corporate governance, start-ups, innovation, and cultural exchange. Through collaborative research projects, executive education programs, student and faculty exchanges, and regular webinars and seminars, the Centre serves as a dynamic hub for knowledge-sharing and capacity building in India–Japan relations.

About the Moderator

Saideep Rathnam is the Chief Operating Officer of Mizuho India Japan Study Centre, bringing a wealth of 47 years of industry and academic experience to the Centre. An alum of IIM Bangalore, from Hindustan Aeronautics Ltd. to British Aerospace, UK he has spent over 2 decades in the aeronautics industry and over 18 years in the automotive sector in various capacities including president of manufacturing excellence at Anand Automotive Ltd. He is also a Certified Chartered Management Accountant [CMA], UK. He wears many hats and has chaired Anand University, helping companies in the fields of management of change and innovation. Recently, he drove the Visionary Leaders for Manufacturing (VLFM) program as a Senior Advisory Committee Member of CII.

About the Initiative

The Webinars and Seminars Initiative is a dynamic platform that brings together global experts, practitioners and policy-makers to share insights on pressing challenges and opportunities. Its core themes include Science, Technology & Sustainability; People, Art & Culture; Innovation, Entrepreneurship & Society; and Leadership, Management & Business Culture. A special focus of this series is to deepen India–Japan ties, fostering bilateral dialogue through joint sessions, case-study exchanges and collaborative research. By leveraging each country's strengths—India's vibrant startup ecosystem and Japan's cutting-edge technologies—the initiative aims to catalyze new partnerships, policy alignment and capacity building across both nations

About the Speaker

Dr. Takahiro Sato is Professor and Deputy Director at the Research Institute for Economics and Business Administration (RIEB), Kobe University.

A leading scholar on the Indian economy since 1991, he brings over three decades of expertise in development economics and South Asian studies.

Widely published in top international journals, Dr. Sato has also engaged closely with policymakers and business leaders in both Japan and India. His contributions earned him the inaugural JASAS Award in 2007.

Context

Saideep: Japanese management practices such as Kaizen, Lean Manufacturing, 5S, and Just-in-Time (JIT) have shaped global manufacturing standards for decades.

In India, these practices have been adopted by leading companies like Toyota Kirloskar Motors, Maruti Suzuki, TVS, TATA Motors, and Ashok Leyland, driving significant gains in efficiency, quality, and competitiveness.

However, the process of transplanting Japanese systems into Indian industry has been far from seamless. Cultural differences, diverse labour environments, and contrasting organizational structures have often created friction.

In today's era of digital transformation, where AI, IoT, and automation redefine efficiency, the discipline and mindset behind Kaizen and Lean remain just as important. Beyond manufacturing, these principles are increasingly influencing IT and services sectors through Lean and Agile methods.

This seminar will explore the successes, challenges, and future prospects of adapting Japanese management excellence to Indian realities.

By revisiting lessons from the past and examining the evolving context, the session seeks to uncover how Lean and Kaizen can continue to shape Indian industry in the years ahead.

Prof. Takahiro Sato's Presentation

Prof. Sato: I have spent 34 years studying India's economy, meeting leaders and many talented young people. Today's focus is on Japanese practices in manufacturing firms in India. The emphasis is the difference between Japanese work culture and Indian work culture, and how that affects implementation of management systems.

In the standard approach, managers design a production process as a sequence of tasks, allocate specific tasks to workers, and hire specialists accordingly. That is common in

India and many countries. In Japan, the division of labor is different: membership in the company matters for job allocation. Workers are expected to handle multiple tasks—cutting, pressing, processing, inspection, some maintenance—rather than a narrow specialization. The Japanese worker’s role overlaps across processes, building quality in the flow.

Illustrative anecdotes

Prof. Sato:

- Household help story: a babysitter in India did childcare perfectly but did not clean spilled milk on the floor because it was not her task. This reflects a strong sense of task boundaries. In Japan, cleaning would be done without question because responsibility is shared.
- 5S and leadership: a Japanese MD noticed garbage in a factory garage, picked it up immediately, and used it as a teaching moment. 5S is fundamental for safety and discipline; everyone, including managers, upholds it.
- Localization tension: a senior Japanese manager in India said he never picks up garbage on site because staff might label him a “garbage picker,” undermining authority. Cultural signaling differs, and practices must adapt.

Core Japanese systems in India

Prof. Sato:

- 5S and Kaizen are visible in India, even in retail environments like airport shops. The 5S mindset and continuous improvement are widely promoted.
- Automotive sector: India is now a top producer in two-wheelers and expanding in cars. Japanese production and management systems introduced by firms like Suzuki have significantly influenced India’s auto industry development. TPM and related systems are common among major Indian firms.

Employment system and skill development

Prof. Sato: Japanese management emphasizes long-term employment, on-the-job training, job rotation, and performance-based promotion from blue-collar roles to supervisory positions. In India, supervisory roles often require formal degrees, limiting promotion from shop floor to supervisor. The Japanese approach accumulates firm-specific human capital across tasks, integrating maintenance and inspection to build quality in the process.

Prof. Sato: A hybrid factory survey was conducted to measure the degree of Japanese management practice implementation across 23 parameters, including job classification harmony, promotion opportunities for blue-collar workers, performance evaluation, and

on-the-job training. A sample of 40 Japanese manufacturing firms in India was analyzed with financial data over five years to estimate total factor productivity (TFP) associations. Key result: stronger Japanese employment practices correlate with large improvements in productivity. By contrast, the production-side toolset alone (without employment system depth) shows limited independent impact. The employment system—long-term training, rotation, multi-skilling, supervisor development—drives much of the productivity gain.

Prof. Sato: Teamwork is central to Japanese practice. Knowledge is widely shared; skills are taught collegially; the unit wins together. In some Indian research and work settings, skills may be held as personal assets for career leverage, slowing diffusion. Where trust and mentoring are strong, Japanese systems can take root, but it can take up to a decade to mature.

Saideep's Reflection on Incentives

Saideep: To strengthen teamwork, incentive design matters. In past industry roles, individual incentives were stopped and group incentives introduced. Team members had to share knowledge because one person's underperformance reduced the group outcome. Management students and professionals can practice group exercises to internalize teamwork so that one plus one becomes far more than two.

Discussion

1. Unions and Enterprise Relations

Saideep: Japanese firms are accustomed to cooperative enterprise unions, whereas India's unions are politicised and fragmented. Building trust and sustaining productivity becomes complex in this environment.

How can Japanese firms navigate India's politicised union environment while sustaining productivity?

Can enterprise-based union models work in India's multi-union, politically fragmented setting?

How can trust and long-term relationships be built with a highly mobile workforce?

Prof. Sato: Japanese enterprise unions include white-collar staff, engineers, and workers employed by the company, unlike many trade-union models that are worker-only and external. This enterprise-union structure, formed after severe labor disputes in the 1950s–60s, is historically rooted and not directly transplantable to India. However, continuous, direct dialogue between top management and union leaders builds trust and

reduces conflict. Regular, unlimited discussions in a common language are important; leadership should not rely solely on HR intermediaries.

2. Localization and leadership approach

Prof. Sato: Enterprise unions cannot be recreated wholesale in India, but principles can translate: management must understand real worker demands, and unions must recognize business constraints. A paternalistic, trust-based model has succeeded in some Indian groups, aligning with certain local traditions. The owner or top management should behave as a guardian of people, building mutual respect.

3. Technology, multi-skilling, and resilience

Saideep: With AI, IoT, and automation transforming operations, the challenge is to keep Lean and Kaizen relevant. The question is whether human discipline can complement machine-driven efficiency. How can AI and IoT enhance Lean principles rather than replace them?

Prof. Sato: Digital tools, AI, welding machines, and automation can displace narrow jobs. Multi-skilled workers can move across tasks and remain valuable as technologies change. Japanese practice builds a skill matrix for each worker—A, B, C, D tasks at graduated levels—encouraging progression beyond a single specialty. This flexibility protects employability and supports productivity.

4. Evolving Japanese practice

Saideep: Kaizen requires consistent training and mindset shifts, but Indian firms face high attrition and fluctuating workforce commitment. Sustaining long-term improvement is a critical challenge.

How do we maintain Kaizen amid high attrition and shifting workforce demographics?

What incentives can drive long-term employee engagement with Lean practices?

Can digital learning tools make continuous training more scalable and consistent?

Prof. Sato: Japanese firms are not uniform; not all 23 parameters are present in every company. Practices evolve by context and over time. Even companies known for never laying off workers have faced pressures to change policies. The core philosophy remains: 5S, just-in-time, quality at source, Kaizen, long-term skill development. Adaptation is necessary to remain competitive in the 21st century.

Prof. Sato: MSMEs can start with 5S, safety, internal standards, and ISO certification to build credibility with large firms and export markets. Just-in-time and quality-at-source require deeper cultural shifts and managerial rigor, which take longer. Start with safety and cleanliness, then build toward quality systems and multi-skilling.

Closing

Saideep: Japanese practices have delivered decades of results and continue to inspire transformation. After a long period of stagnation, Japan is ready to show new facets of change. Thanks to Professor Sato for an insightful session and for reminding us that systems must evolve rather than be copied blindly.