

Corporate Internship Report

Ryuji Suzuki

Ph. D candidate, 2nd year, School of engineering, the University of Tokyo

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Premier Center For Competency Training (India)

<Abstract>

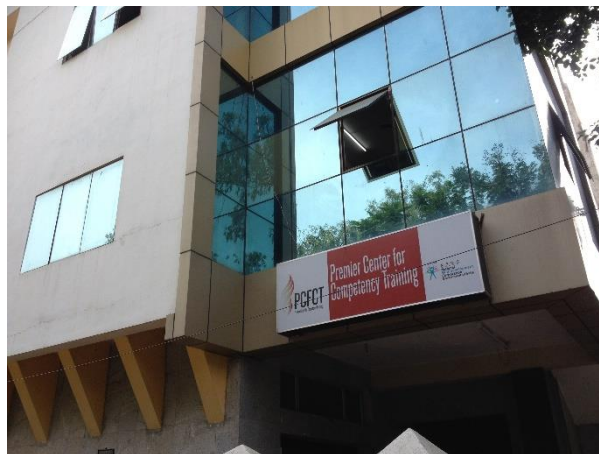
I joined the internship in Indian private skill development company, Premier Center For Competency Training (PCFCT). Through this internship subject of market survey, I achieved the knowledge of the economy, culture, business custom of India, realized the current issues of Japanese manufacturing companies in India, and succeeded in expand my connection.

<Introduction>

The origins of “Innovation” are categorized as “Technology Push” and “Market Pull”. “Technology Push” implies that a new invention is pushed through R&D, production and sales functions onto the market without proper consideration of whether or not it satisfies a user need. In contrast, an innovation based upon “Market Pull” has been developed by the R&D function in response to an identified market need. In our complex modern society, innovations emerge from origins. So far, I have many chances to develop the ability for technology push innovation, but few for market pull. Then, I decided to go outside of my laboratory, and join the internship to observe economy and society. In addition to that, expanding my international connection is needed to do business overseas. Therefore, I chose the host company giving the task for grasping general idea of India, one of the most promising developing country.

In 2011, Department of Industrial Policy and Promotion, Ministry of Economy & Commerce of India announced “National Manufacturing Policy” for giving the skill development scenario that the GDP of manufacturing sector is grown up to more than 25% by 2022, and that the number of the engineers and workers are increased up to 240,000,000. Based on the scenario, central and local government supported to establish new private skill development centers for manufacturing. One of the new centers is PCFCT, my host company.

PCFCT is located at Tamil Nadu state, and delivered its one month skill development courses to 3,500 workers of Indian manufacturing companies of automotive (2, 3, or 4 wheelers) or logistics. So far, its clients are only Indian local companies. Recently, PCFCT made the strategy to expand to Japanese companies in India because the number of them in India is rapidly increasing (the growth rate of the number of the centers is 150 %, 4,000 centers in 2015).



Building of the host company

Therefore, my task of the internship is to conduct market survey to gather the skill development needs of Japanese companies in Tamil Nadu state.

<Method>

- Make appointments with Japanese companies based on the lists of JETRO and Japanese embassy in Chennai
- Visit the companies and interview for the market survey.

When I made appointments with Indian companies, Mr. Ranganathan, a director of PCFCT and president of ABK-AOTS DOSOKAI, supported me.



Interview scene

<Results and analysis>

Forty percent of companies answered that they want to outsource training courses. Half of the companies had the training demand for newcomers, while another half had for up-skilling. The demanded training contents for newcomers were basic hard and soft skills. In the case of up-skilling, manufacturing companies answered that they needed training courses giving not complex techniques but various types of techniques, and logistic companies need training of managements to executive candidates.

The other 60 % do not have outsourcing needs because they already had training courses of On the Job Training. However, potential demand for soft skill training is revealed by my market survey because 60 % companies complained about lack of soft skills of their workers. The specific skills are “Punctuality”, “Precision”, “Cooperative attitude”, “Way of treating their products”, “Not follow the proper process (Short cut)”, “Greeting”, “5S”, “KAIZEN”.

<Others>

When I went clothing stores and shopping malls on weekend, I saw many things sold for as high price as Japan, but many Indian people bought them. I was really surprised that Indian people had such a strong consumption desire because the average salary of Indian is 1/5 ~ 1/10 of Japanese. The demanded level for products seemed to reach the same as developed countries: several my colleagues wanted iPhones or Japanese cars. On the other hand, the manufacturing factories I visited had lack of soft skills. This indicates that there are many weak points of “delay of discharging”, “insufficient management of products and materials”, and “insufficient discipline” in Indian local manufacturing companies. Therefore, I think it’s difficult for them to satisfy Indian costumers, and growing market of India is promising for foreign companies including Japanese.

To expand our share in Indian, I realized that it is necessary to enhance the variety of low price products. Moreover, I observed a lot of Korean products in India. For example, even 3 wheeler Indian drivers have smart phones made by SAMSUNG. Hyundai has more than 10 % share of 4 wheelers. This is because Korean companies supply their products for appropriate prices. On the other hand, it is automotive sector where Japanese companies

have large share. In the case of 2 wheelers in India, the share of Japanese companies is very large (Precisely, Hero MotoCorp, which terminated joint venture with HONDA recently, has large share in India. Including Hero, Japanese companies had 60 % share in 2010.). In 4 wheelers, Suzuki, known as a compact car company in Japan, has 40 %, while other Japanese companies have 1 ~ 5 %, respectively. This means automotive companies selling lower price vehicles tend to have larger share compared to mid-size car company.



Movie theater in a shopping mall. This is completely different from our stereotype of Indian people, wearing dirty shirts near by the Ganges.

If I reduce the above observation to MERIT, I would like to insist that Japanese manufacturing companies need to develop low “cost” materials instead of high quality.

“Cost” should be evaluated in various perspectives: cost of material itself, time cost for assembling, maintenance, aftercare and so on. Especially, “High quality low class products” should be focused. i.e. one low price product has different structure from the high class ones but almost same functions. For example, 2 wheelers have the different structures from and are cheaper than 4 wheelers, but can convey people and objects. In the same manner, projectors and prefabricated houses can be regarded as the low class products of televisions, and houses made of concrete. Through this internship, I realized Japanese engineers should not be trapped by the stereotype of Japanese products, and create new values based on their sophisticated skills and sharp insight into the markets.

<Acknowledgement>

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*This report is based on my personal opinion, and is not official opinion of MERI, JETRO, and HIDA.