CHAPTER 1
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“As a modern employer you have to treat people well.” James Dyson

Organizations invest in human resource practices looking for betterment in relationship with the employees expecting employee loyalty and employee commitment. Although researches show that human resource practices influence psychological contracts (Guzzo and Noonan 1994, Sims, 1994, Martin et al 1998), it is crucial to synthesis the links between specific human resource practices and psychological contracts systematically to check the relationship. The employer-employee relationship should not be looked at simply in economic terms. It is a significant human relationship of mutual dependency that has great impact on the people involved and both the employer and the employee have moral obligations arising from this relationship.

An ethical employer does not think of employees only as a means to an end. Employees must be treated as a major stakeholder group. Ethical employers consciously and consistently protect the well-being of employees as an important business obligation and objective. Organisations who nurture employees through their best HR practices perform effectively developing employee loyalty and employee commitment. Concerning organizational commitment, research has demonstrated a close link between psychological contracts and organizational commitment, where the fulfilment of the psychological contract may lead to more committed employees (Sturges et al 2005, Lemire and Rouillard 2005). The inclusion of organizational commitment as part of the examination of psychological contacts is beneficial. Commitment to the organization may change and fluctuate throughout an individual’s career (Meyer and Allen 1997) and as such it is
important to understand how this construct relates to other important issues (i.e., Psychological Contracts).

Numerous studies emphasises the importance of psychological contracts between employer and employee (Rousseau and Wade-Benzoni 1994, Rousseau 2004, Freese and Schalk 2008, Wcke and Sutherland 2008). Therefore, the researcher has gathered descriptive data on the relationship between Human Resource Practices and Psychological Contract. The Human Resource Practices included in this study are Employee Career Development, Employee Stress Management, Employee Health and Hygiene related practices implemented in selected Automobile Companies in Chennai. The intention of this research was to check whether specific HR practices have a positive impact on Employee Commitment and Employee Loyalty through the measures of Psychological contract.

1.1 PSYCHOLOGICAL CONTRACT

Psychological Contract refers to mutual unwritten expectations that exist between an employee and an employer regarding policies and practices in the organization. Psychological Contract is seen as an influencer of job attitudes and performance of employees.

1.1.1 Evolution of the Term ‘Psychological Contract’

The psychological contract is found as a concept in the psychological literature almost fifty years ago, as a footnote in understanding Organizational Behaviour (Argyris 1960). The Psychological Contract is a deep and varied concept and is open to a wide range of interpretations and theoretical studies. Primarily, the Psychological Contract refers to the relationship between an employer and its employees, and specifically concerns mutual expectations of inputs and outcomes. The Psychological Contract is usually seen from the standpoint or feelings of employees, although a full appreciation requires it to be understood from both sides. Simply, in an employment context, the Psychological Contract is the fairness or
balance (typically as perceived by the employee) between: how the employee is treated by the employer, and what the employee puts into the job.

'The Psychological Contract' is an increasingly relevant aspect of workplace relationships and wider human behaviour.

Interestingly the theory and principles of the Psychological Contract can also be applied beyond the employment situation to human relationships and wider society. Unlike many traditional theories of management and behaviour, the Psychological Contract and its surrounding ideas are still quite fluid; they are yet to be fully defined and understood, and are far from widely recognised and used in organizations. The concept of 'Psychological Contracting' is even less well understood in other parts of society where people and organisations connect, despite its significance and potential usefulness. Sensibly this study will encourage one to advance the appreciation and application of its importance. It is a hugely fertile and potentially beneficial area of study.

At the heart of the Psychological Contract is a philosophy - not a process or a tool or a formula. This reflects its deeply significant, changing and dynamic nature. The way we define and manage the Psychological Contract, and how we understand and apply its underpinning principles in our relationships - inside and outside of work - essentially defines our humanity. Respect, compassion, trust, empathy, fairness, objectivity are qualities that characterize the Psychological Contract, just as they characterize a civilized outlook to life as a whole.

1.1.2 Diagrams and Models

Much of the theory surrounding Psychological Contracts is intangible and difficult to represent in absolute measurable terms. Diagrams can be helpful in understanding and explaining intangible concepts. The following is a diagrammatic interpretation, as a model to in understand Psychological Contracts. Psychological contract – Venn diagram is shown in Figure 1.1.
Here is a Venn diagram representing quite a complex view of the Psychological Contract, significantly including external influences, which are often overlooked in attempting to appreciate and apply Psychological Contracts theory. Venn diagrams (devised c.1880 by British logician and philosopher John Venn, 1834-1923) are useful in representing all sorts of situations where two or more related areas interact or interrelate. The Venn diagram provides a simple interpretation of the factors and influences operating in Psychological Contracts.

\[ \text{vc} = \text{visible contract} \ - \text{the usual written employment contractual obligations on both sides to work safely and appropriately in return for a rate of pay or salary, usually holidays also, plus other employee rights of notice and duty of care.} \]

\[ \text{pc} = \text{psychological contract} \ - \text{which is hidden, unspoken, unwritten, and takes account of the relationship references (r) between employee and market (which includes other external factors), also the employer's relationship with the market (also r), and the visible contract (vc). Note that only the visible contract (vc) element is written and transparent. All the other sections are subject to perceptions until/unless clarified. The Psychological Contract 'iceberg model' is shown in Figure 1.2.} \]
This Psychological Contracts 'iceberg' diagram illustrates the crucial aspects and influences within Psychological Contracts theory. An iceberg is said to be 90% hidden beneath the water. This metaphor fits the Psychological Contract very well, in which most of the Contract perceptions are unwritten and hidden, consistent with its definition.

This is especially so for junior workers in old-fashioned autocratic organizations, where mutual expectations typically have little visibility and clarity. Here we might imagine that the iceberg maybe 95% or 99% submerged.

By contrast especially senior mature experienced and successful staff is likely to be clearly understood and visible, with deeper inputs and rewards, formally and mutually agreed the Psychological Contract as it is between a more modern enlightened employer and its employees. Here the iceberg might be only 60% or 70% submerged.
These percentage figures are not scientific - they merely explain the way the model works. The iceberg metaphor extends conveniently so that the 'sky' and the 'sea' represent external and market pressures acting on employee and employer, affecting the balance, and the rise or fall of the iceberg.

As the iceberg rises with the success and experience of the employee, so does the contract value and written contractual expectations on both sides. Increasingly deeper inputs and rewards emerge from being hidden or confused perceptions which is below the water-line, to become visible mutual contractual agreement above the water-line.

The process can also operate in reverse, although in a healthy situation the natural wish of both sides is for the iceberg to rise.

Note that this diagram is an example of a very basic employee/employer relationship in which only work and pay are formally agreed and contracted. In reality a representation of the Psychological Contract for most modern work relationships would include several more mutual obligations with work and pay 'above the water-line', i.e., formally contracted and agreed.

**Left side of iceberg** = employee inputs (and employer needs).

**Right side of iceberg** = rewards given by employer (and employee needs).

**Above the water level** = factors mostly visible and agreed by both sides.

**Work /Pay** = visible written employment contract.

**Black arrows** = mostly visible and clear market influences on the work and pay.

**Red arrows** = iceberg rises with success and maturity, experience, etc., (bringing invisible perceived factors into the visible agreed contract).

**Below the water level:** factors mostly perceived differently by both sides, or hidden, and not agreed.

**Left side of iceberg** = examples of employee inputs, which equate to employer expectations - informal, perceived and unwritten.
Right side of iceberg = rewards examples and employee’s expectations.

Blue arrows = influences on employee and employer affecting perceptions, mostly invisible or misunderstood by the other side.

1.1.3 Implication of Psychological Contract

In management and organizational theory many employee attitudes such as trust, faith, commitment, enthusiasm, and satisfaction depend heavily on a fair and balanced Psychological Contract. Where the Contract is regarded by employees to be broken or unfair, these vital yet largely intangible ingredients of good organizational performance can evaporate very quickly. Where the Psychological Contract is regarded by employees to be right and fair, these positive attitudes can thrive.

The traditionally dominant and advantageous position of an employer compared to its workforce (or indeed of any other authority in relation to its followers, 'customers', or members, etc.) means that the quality of the Psychological Contract is determined by the organizational leadership rather than its followers. An individual worker, or perhaps a rebellious work-group could conceivably 'break' or abuse the Psychological Contract, but workers and followers under normal circumstances are almost always dependent on the organization's leadership for the quality of the Contract itself.

Several factors within the Psychological Contract - for example employee satisfaction, tolerance, flexibility and - are both causes and effects. Feelings and attitudes of employees are at the same time expectations (or outcomes or rewards), and also potential investments (or inputs or sacrifices).

This reflects the fact that employee's feelings and attitudes act on two levels:

- Employee feelings and attitudes are strongly influenced by their treatment at work (an aspect of the Psychological Contract), while at the same time,
Employee feelings and attitudes strongly influence how they see themselves and their relationship and behaviour towards the employer (also an aspect of the Psychological Contract).

The simple message to employers from this - and a simple rule for managing this part of the Psychological Contract - is therefore to focus on helping employees to feel good and be happy, because this itself produces a healthier view of the Contract and other positive consequences. Less sensible employers who ignore the relevance of employee happiness - or the relevance of the Contract itself - invariably find that the Psychological Contract is viewed more negatively, and staff are generally less inclined to support and cooperate with the leadership.

Apart from this, a major reason for the increasing significance of, and challenges posed by, the Psychological Contract is the rapid acceleration of change in business and organised work. This modern dramatic acceleration of change in organisations, and its deepening severity, began probably in the 1980s. Some leaders do not understand this sort of change and how to manage it.

Autocratic leaders, who we may define as 'X-Theory' in style, are probably less likely to appreciate the significance of the Psychological Contract and the benefits of strengthening it. Modern enlightened people-oriented leaders, whom we may regard as Y-Theory in style, are more likely to understand the concept and to develop a positive approach to it.

An old-style autocratic X-Theory leader might say: "I pay the wages, so I decide the contract..." Here the Psychological Contract is unlikely to be particularly healthy, and could be an organizational threat or weakness.

An enlightened Y-Theory leader is more likely to take the view: "People work for many and various reasons; the more we understand and meet these needs, the better and more loyally our people will perform..."

Here the Psychological Contract is more likely to be fair and balanced, and is probably an organizational strength and even a competitive advantage.
The most enlightened and progressive leaders will find themselves looking into the deeper issues of employee ownership and representational leadership.

1.1.4 Psychological Contract as a Tool

There is no scientific tool or a process invented so far to measure Psychological Contract. As the growth of technology is swift and is gathering and interpreting highly complex data, in real time, across large groups of people there is a likely chance perhaps a feasible tool will be developed one day. The dynamics and details of any substantial analysis of the Contract are too complex for scientific interpretation to be viable or practical. Apart from this, there are big difficulties in resolving self-perpetuating loop effects like the virtuous and vicious circles which feature strongly in the Contract. Additionally, as ever, measuring feelings and attitudes represents a further big obstacle to developing the concept onto a process or system. Certain vast systemic activities, such as managing a nation's finances, or regulating a stock market, can just be translated into a series of mathematical processes, but the Psychological Contract poses deeper complexities.

The successful management of the Psychological Contract is more of a philosophy than a process or tool, and it is in this spirit it is best managed.

The Psychological Contract can be seen as a working model in the sense that it provides a guiding philosophy which is to be used as different organizational tools and processes, specifically in human resources management. Fairness is fascinating both the leadership driver (for leaders who decide so), and also about the positive outcome and perception within the Psychological Contract.

1.2 RELEVANCE ON HR PRACTICES

Any practice that is devised to increase the competence, commitment and improve the culture building can be termed as HR practice, and this can be in the form of a norm, rule, system, or some practices. There is no single best practice to which all organizations should aspire. Rather, the literature shows that each firm has
a distinctive HR system that represents a core competency required for the survival and sustainability for that particular organisation. “Best practices” in HR are subjective and transitory. What is best for one company may not be best for another. What was best last month may not be best for today. The concept of best is highly subjective and non-specific. “Best Practice” is not a set of discrete actions but rather a cohesive and holistic approach on organizational management.

Practices are initiatives taken by HR departments to:

- Not only satisfy but delight
- Create a feel good factor
- Give high visibility and focused impact
- Be unique and relevant
- Gel with organization culture
- Provide fresh/ creative way to accomplish a task.

Human resources functions are significantly different from HR practices. Functions are comprised of transactional activities that can be handled in-house or easily outsourced. Practices are part conceptual, part implementation of an HR strategy, comprised of systems that follow the normal or customary way of doing business. The term "best practices" refers to the HR systems that have the greatest impact on the workforce and the organization.

The HR practices have been prescriptively labelled with various expressions such as:

- Best Practices (Pfeffer 1994),
- High-Performance HR Practices (Huselid 1995, Appelbaum et al 2000),
- Progressive HR Practices (Delaney and Huselid 1996, Ichniowski et al 1997),
High Implication Practices (Bae and Lawler 2000, Batt 2002),

Among all, it is found that ‘high-performance HR Practices’ is the most widely accepted expression in HRM literature. Literature survey has shown that focus of early research is confined only to:

- Recruitment and Selection
- Induction
- Performance Appraisal
- Training and Development
- Compensation and Reward System
- Health and Safety and the like

Contemporary research studies focus on:

- Improving the flow of communication,
- Special programmes for maintaining procedural justice processes,
- Empowerment process, and
- Helping employees grow and develop within organizations

Human resource practices send strong messages about what organisations expect and what employees can anticipate in return (Rousseau and Greller 1994, Guest 1998). They are major mechanisms employees use to understand the terms of their employment (Rousseau and Wade-Benzoni 1994, Rousseau 1995). Furthermore, human resource practices create contractual and future intentions through hiring practices, reward practices and developmental activities.

1.3 STATEMENT OF THE PROBLEM

Good HR practices indeed make a difference in terms of business effectiveness. Good HR practices are those that contribute to one or more of the three C’s: competencies, Commitment and Culture. They need to be identified and implemented cost-effectively, reviewing and revising them from time to time to enhance their effectiveness and appropriateness (Rao 1999). To identify this contribution by the employees the effect of Psychological Contract guides and tacks the employer to move further, finding the employees wellness. In many traditional theories of management and behaviour, the idea of Psychological Contract is still quite fluid. It is yet to be fully defined and understood, and is far from widely recognised and used in organisations. The quest for HR Practices is important for corporate India today precisely because it offers a way to vault into the global league. With the view to ascertain the connectivity between the employee and employer this study is focused on HR practices offered at the Automobile giants at Chennai.

Most of the Automobile giants implement standard policies and practices in order to keep the employees happy by caring for their wellness. Employee care is a developing concept to trigger employee loyalty. The aim of this research is to analyse whether HR practices really develop a positive and amicable relationship between the employee and employer which in turn lead towards employee commitment and employee loyalty. At the heart of the Psychological Contract is a philosophy - not a process or a tool or a formula. This reflects its deep significance, in today’s changing, dynamic and turbulent environment.
1.4 OBJECTIVES OF THE STUDY

Human resource management practices are viewed as investments in human capital management (Snell and Dean 1992) that becomes a valuable resource for any organization.

Barnard (1934) and Katz and Kahn (1978) advocate the need for organizations to have employees who are willing to exceed their formal job requirements. No doubt, every department, unit, organization, and industry operates on multitude of such acts of cooperation, helpfulness, suggestions, and other behaviours that researchers refer to as “organizational citizenship behaviour” (OCB; Bateman and Organ 1983, Organ 1988, Podsakoff et al 2000). Another important element that Katz (1964) identified for effective organizations is to retain employees within their systems can be best achieved through another organizational factor called “organizational commitment” defined by Allen and Meyer (1990) as “psychological state that binds the individual to the organization”. Although relationships among human resource management practices, organizational citizenship behaviour, and organization commitment have been found by different researchers but the specific set of HR practices on career development, stress management and health and hygiene variables have not been modelled together particularly in the context of psychological contract of employees in Automobile Sector.

This study is aimed at finding how HR practices can contribute to predict the employee commitment and employee loyalty among automobile sector employees through Psychological Contract for which the following objectives are framed.

Specific Objective

- To study the HR Practices of Automobile firms in Chennai and its effect on building Psychological Contract between employees and the organisation.
Secondary Objectives

- To identify the HR Practices which lead to employee care with respect to Career Development, Stress Management and Health and Hygiene of employees.
- To identify the effect of Psychological Contract towards developing Employee Loyalty and Employee Commitment.
- To develop a HR Practice Model for achieving Employee Care.

1.5 SCOPE OF THE STUDY

The scope of the study is restricted to Automobile firms in Chennai. This study measures only three sets of HR practices, like career development, stress management and health and hygiene and hence the other traditional and contemporary HR practices are not directly within the purview of this study. This boundary is mainly defined by the research methods known to date.

The relationship between the HR practices and their employee commitment and employee loyalty alone are mediated throughout the study and other relevant relationship with regard to organisational performance, productivity and development are not concentrated here. Any variations in the contextual factors were not accounted for.

All that is needed to do is to dive into this wealth of experience and discover the hidden secrets to create better psychological contract between the employee and employer by implementing best practices which takes care of the employee wellness in the organisations. That is exactly what this research project has attempted to do. The following pages chronicle the journey of discovery as travelled by the researcher, which was filled with surprise, joy, shock, clarity, disillusionment and hope, as some facets of the hero with a thousand faces revealed one by one!
1.6 INDUSTRY PROFILE

1.6.1 Automobile Industry

1.6.1.1 Introduction

The automobile industry comprises of heavy vehicles (trucks, buses, tempos, tractors), passenger cars, and two-wheelers. The automobile industry is one of India’s most vibrant and growing industries. This industry accounts for 22 per cent of the country's manufacturing gross domestic product (GDP). The Indian automobile industry has a well-established name globally being the second largest two wheeler market in the world, fourth largest commercial vehicle market in the world, and eleventh largest passenger car market in the world and expected to become the third largest automobile market in the world only behind USA and China. The Indian automobile industry bagged the position of being the ninth largest in the world in 2008. The automobile industry in India is expected to be the world’s third largest by 2016. A research conducted by the global consultancy firm Deloitte says that at least one Indian automobile company will feature among the top six automobile companies that will dominate the car market by 2020. India’s domestic market and its growth potential have been a big attraction for many global automakers. India is presently the world’s third largest exporter of two-wheelers after China and Japan. According to a report by Standard Chartered Bank, India is likely to overtake Thailand in global auto-export market share by the year 2020.

1.6.1.2 Human resources in automobile sector

Automobile industry provides employment directly and indirectly to over 10 million people in the country. It is estimated that every job created in an auto company leads to three to five indirect ancillary jobs. It is expected to provide additional employment to 25 million people by 2016. The auto industry in south is likely to generate almost 5 lakh new jobs over the next ten years the next few years are projected to show solid but cautious growth due to improved affordability, rising incomes and untapped markets. With the government’s backing, and trends in the international scenario such as the decline in prices of natural rubber, the Indian
The automobile industry is slated to witness some major growth. The growth of the Indian middleclass along with the growth of the economy over the last few years has resulted in a host of global auto giants setting their foot inside the Indian Territory. Moreover India also provides trained manpower at competitive costs making the country a manufacturing hub for many foreign automobile companies. India proves to be a potential market as compared to most of the other countries which are witnessing stagnation as far as automobile industry growth is concerned. Recognizing the potential of Indian Automobile sector, leading global brands are entering Indian markets and Indian companies are going for acquisition of global automobile companies.

**HR issues and trends in Automobile sector:**

**Attrition and skill migration:** The sector is grappling with high attrition rates. With attrition rates elevating to reach 15-20%, the auto industry is becoming dependent on contract workers. There is a shift of skills within the industry only. Skilled people are shifting their bases from auto component industry to domestic and global Original Equipment Manufacturers (OEMs). This seems to be the result of unmatched compensation packages between domestic and global players. To address this issue companies need to ensure that employees get a proper career path in the sector or company.

**Talent Crunch:** The sector is facing a shortage of skilled manpower. Moreover many top-level executives at automobile companies are quitting to join either rival firms or new industries altogether. They are willing to explore new avenues. Moreover, most of the auto players are reserving top positions for expatriates rather than escalating an Indian to that position.

**Lower Salary hikes:** Automobile companies pay less salary compared to other sectors such as IT and FMCG. Automotive sector falls among those sector which will see lowest salary hikes (of about 13 per cent) as compared to others sectors like real estate which will witness highest hike of 25 per cent.
Reverse Brain drain for R and D: The auto industry is investing heavily in R and D due to which a large number of Indian expatriates are returning back to India so as to work on R and D in domestic players like Mahindra and Mahindra (M and M), Ashok Leyland, Tata Motors, etc.

1.6.1.3 Indian automobile export market

India is a very favourable market for small cars, be it production, sales or export. Since the Indian automobile industry is the largest manufacturer of small cars companies like Hyundai and Nissan Motors export about 2,40,000 and 2,50,000 annually. India emerged as Asia's fourth largest exporter of automobiles, behind Japan, South Korea and Thailand. The Indian automobile exports registered a 22.30 percent growth in the year 2009. The growth trend was as follows: Two Wheelers-32.31 percent, Commercial Vehicle - 19.10 percent and Passenger Cars grew by - 19.10 percent.

The cumulative foreign direct investment (FDI) inflows into the Indian automobile industry during the period April 2000 – August 2014 was recorded at US$ 10,119.68 million, as per data by Department of Industrial Policy and Promotion (DIPP). Data from industry body Society of Indian Automobile Manufacturers (SIAM) showed that 137,873 passenger cars were sold in July 2014 compared to 131,257 units during the corresponding month of 2013. Among the auto makers, Maruti Suzuki, Hyundai Motor India and Honda Cars India emerged the top three gainers with sales growth of 15.45 per cent, 12 per cent and 11 per cent, respectively. The three-wheeler segment posted a 24 per cent growth to 51,461 units on the back of increased demands from the urban market. Total sales across different vehicle segments grew 12 per cent year on year (y-o-y) to 1,586,123 units. Scooter sales have jumped by 29 per cent in the ongoing fiscal, and now form 27 per cent of the total two-wheeler market from just 8 per cent a decade back. The ever-rising demand for scooters, which has far outstripped supply has prompted Honda to set up its first dedicated scooter plant in Ahmadabad. Tractor sales in the country is expected to grow at a compound annual growth rate (CAGR) of 8–9 per cent in the
next five years (2019) making India a high-potential market for many international brands.

Figure 1.3 Market share of Indian Automobile Industry by Volume

Source: Media Reports, Press Releases, Department of Industrial Policy and Promotion (DIPP), Automotive Component Manufacturers Association of India (ACMA), Society of Indian Automobile Manufacturers (SIAM).

1.6.1.4 Investments

To match production with demand, many auto makers have started to invest heavily in various segments in the industry. Some of the major investments and developments in the automobile sector in India are as follows:

- Ashok Leyland plans to invest Rs 450–500 crore (US$ 73.54–81.71 million) in India, by way of capital expenditure (capex) and investment during FY15. The company is required to manage Rs 6,000 crore (US$ 980.56 million) of assets in seven locations across the world, for which maintenance capex is needed.

- Honda Motors plans to set up the world's largest scooter plant in Gujarat to roll out 1.2 million units annually and achieve leadership position in the Indian two-wheeler market. The company plans to spend around Rs 1,100 crore (US$ 179.76
million) on the new plant in Ahmadabad, and expand its range with a few more offerings.

- Yamaha Motor Co has restructured its business in India. Now, Yamaha Motor India (YMI) will take care of its India operations. “The restructuring is part of Yamaha’s mid-term plan aimed at improving organisational efficiency,” as per Mr Hiroyuki Suzuki, Chief Executive and Managing Director. YMI would be responsible for corporate planning and strategy, business planning and business expansion, quality control, and regional control of Yamaha India Business.

- Tata Motors plans to use the 'hub-and-spoke' model in which India will be the key manufacturing base while it will have mini-hubs in overseas markets. The company also plans to set up mini hubs in potential markets like Africa, Middle-East and South East Asia.

- Hero Cycles through its unit OPM Global has acquired a majority stake in German bicycle company Mitteldeutsche Fahrradwerke AG (MIFA) for €15 million (US$ 19.11 million). The company plans to invest an additional €4 million (US$ 5.09 million) as capital expenses in restructuring the acquired company.

1.6.1.5 Government initiatives

The Government of India encourages foreign investment in the automobile sector and allows 100 per cent Foreign Direct Investment (FDI) under the automatic route. To boost manufacturing, the government had lowered excise duty on small cars, motorcycles, scooters and commercial vehicles to eight per cent from 12 per cent, on sports utility vehicles to 24 per cent from 30 per cent, on mid-segment cars to 20 per cent from 24 per cent and on large-segment cars to 24 per cent from 27 per cent. The government’s decision to resolve VAT disputes has also resulted in the top Indian auto makers namely, Volkswagen, Bajaj Auto, Mahindra...
and Mahindra and Tata Motors announcing an investment of around Rs 11,500 crores (US$ 1.87 billion) in Maharashtra.

The Automobile Mission Plan for the period 2006–2016, designed by the government is aimed at accelerating and sustaining growth in this sector. Also, the well-established Regulatory Framework under the Ministry of Shipping, Road Transport and Highways, plays a part in providing a boost to this sector. The Government of India-appointed SIAM and Automotive Components Manufacturers Association (ACMA) are responsible in working for the development of the Indian automobile industry.

1.6.1.6 Road ahead

The future of the auto industry depends on the positive sentiments and the demand for vehicles in the market. The Indian auto sector is expected to see a rise in demand which is expected to bring in major growth. An auto dealer survey by firm UBS suggested that the Indian auto industry, riding on trends like the upcoming festival season and decline in fuel price, will observe a 12 per cent y-o-y growth in FY15.

The automobile is a primary mode of transportation for many developed economies. The Detroit branch of Boston Consulting Group predicts that, by 2014, one-third of world demand will be in the four BRIC markets (Brazil, Russia, India and China). Meanwhile, in the developed countries, the automotive industry has slowed down. It is also expected that this trend will continue, especially as the younger generations of people (in highly urbanized countries) no longer want to own a car anymore, and prefer other modes of transport.

1.6.2 Profile of Automobile firms taken for the Study

1.6.2.1 Ashok Leyland Limited

Ashok Leyland limited is a Hinduja Group company. The Hinduja Group is a transnational conglomerate that provides a wide range of products in over fifty
countries worldwide. Today, the Hinduja Group has become one of the largest transnational business conglomerates in the world with diversified operations, spanning all the continents. The Group employs over 25,000 people and has offices in many key cities of the world and all the major cities in India. In 1948, Ashok Motors was set up in then Madras, for the assembly of Austin Cars. The Company's destiny and name changed soon with equity participation by British Leyland and Ashok Leyland commenced manufacture of commercial vehicles in 1955.

Ashok Leyland has its presence in India's commercial vehicle industry with a tradition of technological leadership, achieved through tie-ups with international technology leaders and through vigorous in-house R and D. Access to international technology enabled the Company to set a tradition to be first with technology. Ashok Leyland vehicles have built a reputation for reliability and ruggedness. In the populous Indian metros, four out of the five State Transport Undertaking (STU) buses come from Ashok Leyland. Some of them like the double-decker and vestibule buses are unique models from Ashok Leyland, tailor-made for high-density routes. For over five decades, Ashok Leyland has been the technology leader in India's commercial vehicle industry, moulding the country's commercial vehicle profile by introducing technologies and product ideas that have gone on to become industry norms. From 18 seater to 82 seater double-decker buses, from 7.5 tonne to 49 tonne in haulage vehicles, from numerous special application vehicles to diesel engines for industrial, marine and genset applications, Ashok Leyland offers a wide range of products. Eight out of ten metro state transport buses in India are from Ashok Leyland. With over 60 million passengers a day, Ashok Leyland buses carry more people than the entire Indian rail network!

In the journey towards global standards of quality, Ashok Leyland reached a major milestone in 1993 when it became the first in India's automobile history to win the ISO 9002 certification. The more comprehensive ISO 9001 certification came in 1994, QS 9000 in 1998 and ISO 14001 certification for all vehicle manufacturing units in 2002. It has also become the first Indian auto company to receive the latest ISO/TS 16949 Corporate Certification (in July 2006) which is specific to the auto industry.
Product range of the company includes, Buses, Trucks, Engines, Defence and Special Vehicles. Associates Companies of Ashok Leyland are Automotive Coaches and Components Ltd (ACCL), Lanka Ashok Leyland, Hinduja Foundries, IRIZAR-TVS, Ashok Leyland Project Services Limited.

Ashok Leyland has a number of continuous improvement activities for its employees.

**MISSION GEMBA** – launched in 2005, is one of the most successful initiatives aimed at information spread, developing skills, empowering employees to reach world-class levels of quality, cost and delivery with recognition and reward for performance. ‘Gemba’ means ‘real place’ in Japanese, refers to the shop floor. The manufacturing units are divided into function-based ‘Gembas’, totally over 100 now, and each ‘Gemba’ is run as an independent ‘business’ by empowered ‘Gemba Unit Leaders’ (GULs) chosen based on their performance track record. ‘Mission GEMBA” has triggered an attitudinal transformation of the workforce, operational excellence to decongest bottlenecks and continual improvements in several core areas.

**Improve** - a home-grown employee engagement programme which has emerged as a platform to showcase the best projects by employees on productivity improvement, efficiency enhancement and cost cutting. An annual, company-wide contest, beyond the existing Quality Circles (QCs) is organized to include new cross functional employee teams too. Having assumed the proportions of a mass employee movement, IMPROVE sees more than 50% of the employees participating and the impact of these projects are felt to the bottom line.

**Future Leader Programme (FLP)**–A systematic attempt at identifying and nurturing future leaders.

**Mission YEs – Powered by Youth**: A programme aimed to engage and harness the substantial "youth power" available to meet the emerging business
challenges in a vibrant and energetic culture focused on competitive attributes of Speed, Innovation and Attitude

**Blessing** – Opportunities for the discerning is the credo of this unique HR initiative that is introduced in Pant nagar Unit. Aimed at developing shop floor skills, youth who have passed 12th grade are recruited and educated or trained in partnership with a renowned technical and training institute. This is a novel way to earn while you learn on the shop floor

**RISE** - Reward for Individual Search for Excellence.

**100% Club** - highest reward for exemplary individual or team performance.

### 1.6.2.2 BMW India Private Limited

Bayerische Motoren Werke is better known as BMW is originally a German based motorcycle and engine manufacturing company founded in the year 1916. Although BMW's current fame and reputation as being one of the greatest automobile manufacturers in the world can be mostly linked to models produced in the last two decades, the history of the company trails back to almost 90 years. Karl Friedrich Rapp who was well known German engineer formed his own company called Rapp Motoren Werke in 1913. His company specialized in the manufacturing of airplane engines. However Karl soon discovered that his engines were creating problems due to excessive vibrations. Karl joined hands with Gustav Otto who was also involved in the same business and both together formed the Bayerische Motoren Werke better known as BMW.

BMW employs more than 100,000 employees around the globe. They manage to produce, develop, market and sell their cars all by themselves. Apart from luxury models, BMW also makes small cars, but all the models manufactured by BMW cater to only one class of society that is the elite. The best ever automobile witnessed by the globe is also manufactured by the German auto giants called the Rolls Royce.
BMW entered the Indian car market in the year 2006 with the launch of its first BMW model. The company established a sales subsidiary in Gurgaon in 2006 to develop its dealer network. In 2007, BMW set up its first state of the art manufacturing unit in Chennai. The company's India based manufacturing units cater to the local markets. The company imports most of its critical components from its overseas supply base; with only 10 per cent content sourced from the domestic market, which includes seats, leather and door panels.

Managers at BMW are expected to interact regularly with their team members and this process is formalised through a performance management system called 'Portfolio'. Managers and employees review performance together annually covering the following areas:

- Review of performance against agreed objectives
- Establishing objectives for the forthcoming 12 months
- Identification of individual training and development needs
- Planning actions to build on strengths, address weaknesses and plan career development.

Staff training schemes are offered and all employees are given practical support, advice and training opportunities to encourage personal development, aligned to the achievement of corporate objectives. Special selection events are designed to give applicants every opportunity to demonstrate their skills and abilities in a variety of relevant activities, to learn as much as they can about the organisation and to take responsibility for the role they are applying for.

1.6.2.3 Daimler India Commercial Vehicles Private Limited

Daimler India Commercial Vehicles Pvt. Ltd. is a subsidiary of the German Daimler AG. DICVPL designs, manufactures, and sells commercial vehicles that cater to the demands of Indian customers and are designed with
nation's terrain in mind. These vehicles are branded as "Bharat Benz", "Mercedes Benz" and "Fuso". The first heavy-duty truck was launched in September 2012. DICV plant is located at Oragadam, Kanchipuram District, Tamil Nadu. The production plant at Oragadam, near Chennai, spreads over 400 acres (160 hectares) was inaugurated on April 18, 2012. The plant hosts a full production facility including body shop, paint and assembly as well as all logistics needed. DICV plant at Oragadam has its own 6 km test-track that simulates Indian conditions. Before the launch of Bharat Benz trucks in India in the year 2012, Daimler Trucks were available in India with the Mercedes-Benz Actros trucks which were earlier assembled at the Mercedes-Benz India plant at Chakan, Pune. The Mercedes-Benz Actros trucks are now assembled at DICV's Oragadam plant.

Daimler Chrysler is a well known brand of cars. Presently the company is known by another name and that is Daimler AG. Daimler Chrysler is a German based company for automobiles. The company Daimler Chrysler is a very renowned one; it is the thirteen largest producers of cars and ranks second on the list of production of trucks. Not only in cars but the company Daimler Chrysler has its stake in other businesses like as financial services. The company produces cars and trucks under different brands. Daimler Chrysler has an old history. The company got into a mutual interest agreement with another company named Benz and Cie. In 1926 both the companies got merged and got a new name Daimler-Benz AG. And later in 2007 the Chrysler unit was sold to some other company.

Daimler India Commercial Vehicles believes in its people as that of its products. The management team comprises the best minds in the industry from across the world. The mix of talent from India and abroad bring to the table global experience and exposure along with precious local market insights. The top management is ably supported by a dedicated team of engineers and professionals who along with the skilled workforce which gives Daimler India Commercial Vehicles the edge to deliver products that are tailor made to its market requirements.
1.6.2.4 Hyundai Motor India Limited

Hyundai Motors is South Korea's largest car maker and the sixth largest car manufacturer in the world. Hyundai Motor India Limited (HMIL) is a wholly owned subsidiary of Hyundai Motors of South Korea. Hyundai Motor India Limited is the second largest car manufacturer and the largest exporter of passenger cars in India. Hyundai Motors registered total sales of 489,328 vehicles in the year 2008 in the overseas market and clinched sales of 243,931 units in the domestic market.

Hyundai motors currently markets a range of 37 passenger cars across segments. The Santro in the B segment, the Getz Prime, i10 and the Premium hatchback i20 in the B+segment, the Accent and the Verna in the C segment, the Sonata Embera in the E segment and the Tucson in the SUV segment. Hyundai motors state of the art manufacturing plant situated in Chennai boasts of the most refined manufacturing, quality and testing techniques in India. In keeping with its promise of a further production capacity Hyundai motors commissioned its second plant which produces 3,00,000 units per annum raising the total car production by Hyundai motors per annum to 6,00,000 units. Hyundai Motors India Limited presently markets over 34 variants across 7 models. Hyundai Motors India continues to be one of the fastest growing car manufacturing companies in India.

HMIL is growing rapidly delivering 16 variants of passenger cars in Indian market such as Santro, Getz, Accent, Verna, Elantra, Sonata and Tucson at Hyundai changes are frequent. The company keeps itself updated with the latest technology, quality and people. The company also organizes welfare programmes, taking into consideration safety, health and welfare of its employees.

1.6.2.5 Rennault Nissan Automotive India Private Limited

Nissan Motors was earlier known by the name of Datsun and was one of the largest producers of cars all over the world. Masujiro Hashimoto founded Kwaishinsha motor car Works Company in 1911 and launched its first car in 1914 named DAT. The name of the company was later changed in 1925 to DAT Motorcar
co. The company used to make trucks and passenger cars also. In 1918 for the first time the company produced trucks for the military market. In 1926 the company got merged with Jitsuyo Motors as there was not much demand for trucks at that time. In 1931 the company launched a new line of small cars under the name Datsun. Ultimately Nissan Motors were founded in 1934. Nissan was the manufacturer of trucks, airplanes and engines for the military in Japan. In 1947-48 the company was known as Nissan Heavy Industries Corp. In early 1950s the company came into partnership with a well known European company Austin which was later known as British Motors Corporation. In 1966 Nissan Motors got merged with the Prince Motor Company. Through and through the company has been using upgraded technology for the production. In 1950 it was evident that the company was going global as it showed its cars Los Angeles Auto Show for the first time in 1959. By 1970s the company has hold the status of being the worlds’ largest exporters of automobiles. In 1993-2002 the company has also partnership with Ford Motors. In 1999 the company was suffering financial crises, to overcome which the company came into partnership with Renault Motors

Nissan motors have a production centre in India at Oragadam in Tamil Nadu along with the two other groups of automobiles and they are Renault and Mahindra. These companies signed a memorandum of understanding with the state government of India. The companies set up the production centre with the initial investment of 400 Crore Indian Rupees. This tie up will not only benefit the company but also the state Government, which will also increase the employment opportunities annually.

Human Resources at Rennault Nissan are considered more than a support function. It is a strategic structure tasked with ensuring the development of human resources, which is the company’s greatest asset. The Renault group has nearly 1,900 employees working in Human Resources. Through its Declaration of Employees’ Fundamental Rights, Renault is committed to respecting employees worldwide and helping them to progress. It aims to foster a spirit of openness, to ensure the full transparency of information, and to be honest and fair in accordance with the Renault Code of Good Conduct, which commits the entire company to
behaving in a responsible way. The human resources policy seeks to draw upon and develop the wealth of employee skills, which are key to Renault’s performance. Personnel commitment, Group performance and social strategy are the three cornerstones of Renault’s social strategy. The HR function ensures close, local presence with employees in the field and provides managers with support to improve management quality. It listens closely to employees so that all of them feel supported in their day-to-day work and career. The HR function also has a global task to back Group growth and international development by implementing consistent and cross-functional HR management worldwide. In the field, local HR managers work closely with all employees on all HR issues, supporting managers and listening to employees. They are coordinated through the HR departments of each establishment/subsidiary/country by the Regional HR Departments, corresponding to all regions. Within the functions, the Career and Skills Development Departments manage career development for key positions and skills development using a global worldwide approach.

This organization structure consists of 7 HR activities:

- **Skills and training.** This activity includes managing skills and designing, coordinating and managing training.

- **Managing individuals.** This covers all activities linked to recruitment, grandesécoles internships, internal mobility, career management, performance assessment and international mobility.

- **Pay.** These teams manage pay and, more generally, all pay systems for Renault employees (shareholding, profit-sharing, and employee savings schemes). They are also responsible for qualifications, retirement and personal protection schemes.

- **Management development.** This activity concerns the design and coordination of training for managers, at a corporate and individual level.
- **Labor relations.** Made up of legal specialists in labor relations, these teams are responsible for labor law, regulations and relations with labor representatives.

- **Working conditions.** Human Resources is responsible for hygiene and safety, ergonomics and working conditions.

- **HR performance.** The HR Performance unit proposes and coordinates measures to standardize processes and indicators to assess performance in terms of quality and economic efficiency.

The Group *fosters diversity* and *promotes equal opportunities* for all its employees.

### 1.6.2.6 Hindustan Motors Limited

Hindustan Motors was the largest producer of cars before Maruti Udyog came into the market. Earlier it formed a part of the Birla Technical Services industrial group. Hindustan Motors is an Indian based leading producer for Automobiles and Automotive Parts. The company Hindustan Motors was started in Gujarat in the year 1942 by Mr. B.M Birla, and then was then shifted to West Bengal in the year 1948. It was there in West Bengal where the production of the Ambassador car was initiated. The model of the Ambassador car by Hindustan Motors is inspired from the model of Morris Oxford, which was a British based car.

Though Hindustan Motors manufactures limited models of vehicles, the company has not lost its authenticity and trust in the minds of people. Through the passage of time, Hindustan Motors came in Joint Venture with number of other companies like General Motors, Mitsubishi and Isuzu. The company Hindustan Motors not only deals in cars but also other number of automotive parts and products on road and off-road. Hindustan Motors are the leading company for the production of Tractors in India. The company started the production of tractors in the year 1963 under the name of Hindustan Tractors and Bulldozers Ltd and came in collaboration with Motokov-Praha. Later 60% of the company was taken over by
Mahindra Motors and in 2001 it took over the whole company. Hindustan Motors has faced ups and downs since the company has started Hindustan Motors (HML) is an automobile manufacturing company incorporated in the year 1942. It is flagship company of the CK Birla Group.

The company started operations in a small assembly unit in Port Okha near Gujarat, which was later shifted to Uttarpura, West Bengal in 1948. In 1948 the company began its production of the Ambassador car, which became first Indian car. Currently, it owns three manufacturing facilities located in Tiruvallur (Chennai), Uttarpura (Kolkata) and Pithampur (Indore). In the year 1987, the company commenced production of petrol engines and transmissions at Pithampur, Madhya Pradesh, in collaboration with Isuzu Motor Company of Japan. HML manufactures passenger cars like Ambassador, Lancer, Lancer Cedia, Montero, Pajero and RTV. The company has entered in technical collaboration with Mitsubishi Motors, Japan for production of Lancer. Hindustan Motors' brand ‘RTV’, a multi utility vehicle, is manufactured in technical collaboration with OKA Motor Company, Australia.

Hindustan Motors Exports is a wholly owned subsidiary of HML. It exports all products manufactured by the company. Hindustan Motors, in collaboration with a Chinese company Shandong Shifeng, has launched a mini-truck that will compete directly with the Tata Ace. This mini truck will be named Winner. The truck will be built at HML’s Uttarpura plant. The company will manufacture around 1,000 units of the Winner 2.3 tonne mini-truck per month, which will be introduced by March 2009.

1.6.2.7 Ford India Limited

Ford Motor Company, an American company, manufactures and sells automobiles worldwide. The company was launched from a converted wagon factory with Rs. 28,000 cash from twelve investors. Henry Ford, the founder, was 40 years old when the company was founded. Today, it is the largest family-controlled company in the world. It has been in continuous family control for over 100 years.
Ford introduced itself in India in 1988 with its Ford Escort model. Later in 2001 it was replaced by locally produced Ford Ikon. Since then it has added Fusion, Fiesta, Mondeo and Endeavour to its product line.

The company is a leading producer for not only cars, but also for buses, trucks and other automobile parts. The company is a globally known firm, and thus has its production centers in almost all over the world. According to the reports Ford is the fifth largest company in terms of the sales in 2010. In 2010 only Geely automobiles took over Volvo from the Ford Motor Company. In 2008 subsidiaries like Jaguar and Land Rover were also sold to the Tata Motors India. Throughout from the beginning the company has seen many ups and downs.

Ford Motor Company has many production centers throughout the world. There are almost 90 production plants of this company that are set all over the world, as it is one of the famous globally known brand of cars. There is a production plant for Ford Motor Company in India, in Tamil Nadu. Rest other plants are situated outside the country.

The overall market reviews about the company has been good. Ford Motors is a well known brand since decades. People trust and rely on the quality and reliability of its products. Ford cars are easily affordable, though there are some very expensive cars. But the Ford cars are designed in such a way that it suits everyone. So the overall market reviews about the company is excellent.

HR is a vital part of the team – which develop and support the people who design, build and sell the world’s best vehicles. Human Resources professionals at Ford are leading the most ambitious transformation in today’s business world. The goal is to build a team of people who possess strong consumer instincts and innovative ideas, who draw strength from diversity, and who can deliver the performance needed to compete effectively in a global marketplace.

Ford Motor Company offers a breadth of opportunities most HR professionals never experience – global and cross-cultural considerations, contract
negotiations with labor’s largest and most prominent union, or learning about the unique challenges and needs of people in environments as diverse as financial service centres, manufacturing facilities or design studios.

Employees work with business partners who lead the world in technical expertise. Employees face a tremendous variety of complex business issues and help develop people with training, motivation and recognition. HR offers opportunities in:

- Labor Relations
- Business Operations
- Compensation
- Benefits
- Workforce Planning and Recruiting
- Organization Development
- Personnel Relations
- HR Strategy
- Learning and Development

1.6.2.8 TAFE

**Tractors and Farm Equipment Limited (TAFE),** is the third largest tractor manufacturer in the world and the second largest in India by volumes, with a 25% market share of the Indian tractor industry and a sale of approximately 150,000 tractors (domestic and international) annually. TAFE is a part of the Amalgamations Group based at Chennai, one of India's largest light engineering groups, comprising 41 companies, involved in the design, development and manufacture of diesel engines, automobile components, light engineering goods, plantations and services.

In the Indian market, TAFE has earned the trust of its customers through its wide range of products that are known for high quality and low cost of operation,
backed by over 1000 strong distribution network that effectively supports its three tractor brands of Massey Ferguson, TAFE and Eicher. TAFE exports tractors in partnership with AGCO and independently, powering farms in over 80 countries including developed countries in Europe and the Americas.

Besides tractors, TAFE and its subsidiaries have diverse business interests in areas such as farm machinery, diesel engines, batteries, transmission components, panel instruments, engineering plastics and hydraulic pumps and cylinders.

From a small beginning with just one tractor model in 1961, TAFE today is recognized as a high quality mass manufacturer with an extensive product range to meet every farming need, innate engineering strengths, uncompromising focus on quality and an immense reserve of experiential knowledge gained through designing, developing, manufacturing and supporting tractors that are synonymous to reliability and ruggedness.

TAFE presently has four tractor plants in India, an engines plant and two engineering plastics units besides other facilities, employing over 2500 engineers apart from a number of specialists in other disciplines.

TAFE believes in sound corporate governance and has illustrated the same through the years by establishing a solid balance between being a consistently profit-making company while keeping ethical business practices and values intact. In 2008, TAFE's direction is deep-rooted in corporate social responsibility, contributing to the environment and to society while facilitating business growth, thereby establishing the role of a responsible corporate citizen. TAFE’s social focus has been significant since inception and it contributes in the areas of education, healthcare, agriculture and community development and in supporting traditional art forms. TAFE is committed to the Total Quality Movement (TQM) and three of its tractor plants are certified under ISO 9001 and also under ISO 14001 for their environment friendly operations. TAFE was conferred the Corporate Citizen of the Year award by the Public Relations Council of India in March 2013. In the recent
past, TAFE has garnered three TPM Excellence Awards for various plants from the Japan Institute of Plant Management, the Frost and Sullivan - IMEA Award for significant progress towards reliable processes, the Regional Contributor Award for quality supplies from Toyota Motor Company, Japan and the Manufacturing Supply Chain Operational Excellence - Automobiles Award at the second Asia Manufacturing Supply Chain Summit for its supply chain transformation, as well as a number of other regional awards for TPM excellence.

TAFE has the distinction of having received the commendation for "Significant Achievement on the journey towards Business Excellence" by the CII-EXIM Bank Business Excellence Award jury in 2012.

1.6.2.9 Royal Enfield

Royal Enfield is a motorcycle manufacturing company based in Chennai, India. Originally, a confluence of the British Motorcycle company, Royal Enfield and indigenous Madras Motors, it is now a subsidiary of Eicher Motors Limited, an Indian automaker. Along with its flagship motorcycle Royal Enfield Bullet, the enterprise is notable for its Mid-premium motorcycles with the characteristic thumping engine sounds and high capacity engines. Today Royal Enfield is the only motorcycle company to be certified with the coveted ISO 9001 and ISO 14001 for quality and environment systems. Royal Enfield has clearly established itself as one of the leaders in the Indian Two-wheeler industry and continues to transform itself to align with global markets and geographies to grow this leadership position. The diversity and breadth of the entire Royal Enfield portfolio uniquely distinguished Royal Enfield from other companies in the industry. Royal Enfield is an equal opportunity employer and offers an exciting workplace environment besides the unique opportunity to be behind the creation of these legendary machines.

In 1956 Enfield of India started assembling Bullet motorcycles under license from UK components, and by 1962 were manufacturing complete bikes. Enfield of India bought the rights to use the Royal Enfield name in 1995. Royal
Enfield production, based in Thiruvottiyur, Chennai, continues and Royal Enfield is now the oldest motorcycle brand in the world still in production with the Bullet model enjoying the longest motorcycle production run of all time. In May 2013 a new assembly facility was started at Oragadam Chennai.

Royal Enfield motorcycles had been sold in India since 1949. In 1955, the Indian government looked for a suitable motorcycle for its police and army, for use patrolling the country's border. The Bullet was chosen as the most suitable bike for the job. The Indian government ordered 800 350-cc model Bullets, an enormous order for the time. In 1955, the Redditch company joined Madras Motors in India in forming "Enfield India" to assemble, under licence, the 350 cc Royal Enfield Bullet motorcycle in Madras (now called Chennai). Under Indian law, Madras Motors owned the majority (over 50%) of shares in the company. In 1957 tooling equipment was sold to Enfield India so that they could manufacture components.

Royal Enfield India manufactures and sells in India, and also exports to Europe as well as America, South Africa and Australia. Recently Royal Enfield has undergone a major retooling particularly in the engine department going from carburated cast-iron engines to twin spark unit construction engines on all its models, with EFI available on their flagship 500 cc model.

1.6.2.10 Caterpillar India Ltd.

Caterpillar Inc. is the world’s leading manufacturer of construction and mining equipment, diesel and natural gas engines, and industrial gas turbines. If it digs, grades, hauls, dumps, or moves earth and it’s yellow, it’s probably a CAT.

Founded in California in 1925, the company soon moved its headquarters and main manufacturing operations to Peoria, Illinois, and today has nearly 300 manufacturing operations in 40 countries. Caterpillar sells products and services in almost every country of the world. More than 2 million Caterpillar machines and engines are at work in almost every country each day.
Caterpillar India Ltd was started in the year 1990 and has manufacturing facilities at Hosur, Thiruvallur, Pondicherry and Aurangabad.

Advanced components and systems division: The ACSD plant is located in Hosur, Tamil Nadu. It is home to the Small Drivetrain Transmissions that assemble into Backhoe Loaders and Small Wheel Loaders. The plant supplies to the BCP division located in Thiruvallur, Clayton, and also caters to OEMs based in India.

Asia pacific shared services: APSS provides valued accounting and related shared services to help Caterpillar achieve its goals for the region. With two service centers, in Bangalore (India) and Tianjin (China), APSS supports 51 ledgers and covers over 90% of Machines and Engine Sales and transfers in the region. It is recognized for providing significant value addition or low cost services. APSS partner's with businesses wherever Caterpillar grows in Asia. It currently supports 29 Vice President offices from both the centers.

The services provided include General accounting, Statutory reporting, Accounts payable, Global Travel Reporting, Payroll (Local and ISE Payroll), Tax compliance, Trade compliance, Miscellaneous invoicing, and Caterpillar India - Incentive management.

APSS also houses -

- **Caterpillar Construction and Infrastructure**: This division is located in Bangalore, India. It is responsible for ensuring the success of Cat dealers in India, Nepal, Bhutan and Sri Lanka. It works with dealers to improve their performance and to provide customers with high quality products, solutions, and services thereby making the customers more successful than ever before.

- **The Law and Public Policy | Legal Services Division - India (LPP | LSD - India)** enables Caterpillar's global success by providing high-quality, timely and cost-effective legal and
compliance services through an engaged, values-based and strategically minded team.

Building construction products: The Building Construction Products Division is headquartered in Thiruvallur. It produces 424B Backhoe Loaders from a manufacturing facility situated at Thiruvallur. In addition, it also produces the HM2021 Small Wheel Loaders in Banda, Maharashtra. Since its inception, the HM2021 is regarded as a highly reliable loader and has been the market leader in the 3-ton category. It is widely used in ports, mines, quarry aggregates, and construction. The 424B is currently among the top 3 brands in the BHL industry in India. These machines are used in a variety of applications like small and large-scale construction, quarry aggregates, agriculture, pipe laying, process industries, and solid waste management. Besides these two models D5K dozers are also being imported and sold to a niche market segment. BCP currently employs nearly 300 employees.

Caterpillar logistics services India private limited: For more than 80 years, Caterpillar has designed and implemented the world-class supply chain solutions that have helped make it the company it is today. Caterpillar Logistics Services was established in 1987 to bring the same supply chain know-how to other companies and decision makers.

CLSI provides low-cost, high-quality logistics, information technology, and business process services to help Cat Logistics and other business unit customers succeed.

**Caterpillar India Private Limited:** CIPL, FG Wilson Division is situated in Pondicherry. Previously known as 'FG Wilson Generators India Private Limited,' it was subsequently amalgamated with Caterpillar India. It packages low cost, high efficiency utility Diesel Generators of 500 KVA of both CAT and FG Wilson Brand, with soundproof enclosures to cater to the local markets.
Electric Power: Caterpillar India Private Limited

CIPL, EPD is situated in Hosur. Previously known as Genset Packaging (GSP) of the Large Power System Division; it was separated from LPSD in June 2012. It packages low cost, high efficiency Diesel Generators from 600 KVA to 2000 KVA of both CAT and FG Wilson Brand, with soundproof enclosures to cater to the local markets.

Caterpillar India Design Center: Caterpillar India Engineering Design Center has about 900 Engineers and provides comprehensive product development and its associated engineering services (Design, Virtual Validation and Virtual Manufacturing) to more than 40 business units across the globe. It also leverages heavily its supplier partner resources to be more responsive to the rapid changes for its various engineering needs. The Design Center has collaborated with leading technical universities (Indian Institute of Technology, Chennai and Anna University) to support the enterprise in research and development in the areas of Emission, Engine Performance Simulation and Transportation.

Integrated Manufacturing Operations Division (Machines Division): The Machines Division is located in Thiruvallur, which is about 40 km away from Chennai. It currently employs more than 1,000 employees and produces Wheel Loaders, Backhoe loaders, and Quarry and Mining Trucks. The facility has been recently upgraded to manufacture off-highway trucks for global supply.

Industrial Power Systems: Perkins India Private Ltd.

Perkins India Private Ltd is situated in Aurangabad, which is the leading supplier of off-highway diesel and gas engines in the 4 - 2000 kW (5 - 2800 hp) market. At 2500 kVA, the 4000 Series is the largest and most powerful engine built by Perkins. In June 2013 Perkins will manufacture its 4000 Series range of engines in Aurangabad. Construction work at the Aurangabad facility is currently underway, and once opened will employ more than 450 people, producing engines for Perkins electric power customers in the Asia Pacific region.
Large Power Systems Division: The Large Power Systems Division is located in Hosur, Tamilnadu. The unit specializes in the design and manufacture of Internal Combustion engines, genset packages and components. The product variants in a wide-ranging perspective are Diesel Engines, Gas Engine Long blocks, and Electric Power generator sets. Product ratings range from 200 kVA to 2000 kVA depending on the various families like 3300, 3400, C series, and 3500. There are more than 300 employees in this facility. Caterpillar India – Hosur currently has an extensive customer base across India, China, Indonesia, Australia, Europe, and North America.