



# FRIEND SHORING: A CASE STUDY ON US MANUFACTURING FRIENDSHIP WITH INDIA

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## CHAPTER-1 INTRODUCTION

Globalization has transformed the landscape of international business, reshaping traditional paradigms of manufacturing, supply chain management, and market expansion. In this era of interconnected economies, fostering strategic alliances and collaborations across borders has become imperative for companies aiming to leverage diverse resources, markets, and expertise. One such emerging trend in the realm of international business is the concept of "friendshoring," wherein companies establish manufacturing operations or outsource services to countries with which they share strong diplomatic, economic, and cultural ties.

The phenomenon of friendshoring represents a strategic convergence of economic interests and geopolitical relationships, offering mutual benefits to both the host country and the investing company. Unlike conventional outsourcing models driven solely by cost considerations, friendshoring emphasizes the significance of trust, collaboration, and longterm partnership between nations. By capitalizing on shared values, market synergies, and complementary capabilities, friendshoring endeavors to create sustainable value chains that transcend geographical boundaries.

This case study delves into the dynamics of friendshoring through a nuanced exploration of a compelling partnership between a prominent USA company and India, a burgeoning economic powerhouse with a rich tapestry of cultural heritage and technological prowess. The collaboration between these two nations exemplifies the multifaceted dimensions of friendshoring, encompassing strategic alignment, operational efficiency, and socio-cultural integration.

Against the backdrop of intensifying global competition and evolving consumer preferences, the USA manufacturing sector has been seeking avenues for diversification and expansion beyond domestic markets. Recognizing India's emergence as a key player in the global economy, characterized by a burgeoning middle class, rapid urbanization, and a robust entrepreneurial ecosystem, the USA company embarked on a strategic journey to establish a foothold in the Indian market.

The decision to forge a partnership with India was not merely driven by economic incentives but was deeply rooted in the shared values of democracy, innovation, and entrepreneurial spirit that

define the relationship between the two nations. Moreover, India's strategic geographical location, favorable regulatory environment, and skilled workforce offered compelling advantages for the USA company seeking to optimize its global supply chain and enhance market access in the Asia-Pacific region.

This case study unfolds the narrative of how the friendship between USA and India evolved from a strategic vision into a tangible reality, marked by collaborative initiatives, crosscultural exchanges, and strategic investments. It examines the various stages of the partnership, from the initial exploratory discussions to the establishment of facilities and the integration of local talent and expertise into the company's operations.

At its core, this case study is not merely a chronicle of business transactions but a testament to the transformative power of friendship in shaping the contours of global commerce. It underscores the pivotal role of trust, mutual respect, and cultural sensitivity in fostering enduring partnerships that transcend transactional interests and create shared value for all stakeholders involved.

As we embark on this exploratory journey into the realm of friendshoring, it is imperative to adopt a holistic perspective that transcends conventional paradigms of business analysis. By unraveling the intricacies of the USA company's friendship with India, we aspire to glean actionable insights, stimulate critical discourse, and inspire future generations of business leaders to embrace the ethos of collaboration, innovation, and friendship in their pursuit of sustainable growth and prosperity in an interconnected world.

### **1.1. CONCEPTUAL FRAMEWORK OF FRIENDSHORING**

Friendshoring represents a paradigm shift in the traditional approaches to international business, where the emphasis is not solely on cost optimization but on building enduring partnerships that transcend geographical boundaries. At its core, friendshoring is underpinned by the principles of collaboration, trust, and mutual benefit, shaping a new narrative of global economic integration. Friendshoring is rooted in the recognition that successful business ventures are not just about transactions but about relationships. Unlike conventional outsourcing models, which often prioritize short-term gains and cost efficiencies, friendshoring prioritizes the establishment of long-term, symbiotic relationships between companies and countries. These relationships are built on mutual trust, shared values, and a commitment to mutual growth and development.

One of the key elements of the conceptual framework of friendshoring is strategic alignment. Friendshoring initiatives are driven by a strategic vision that seeks to align the interests and objectives of the investing company with those of the host country. This alignment may be based on factors such as market synergies, technological capabilities, or shared cultural values. By identifying areas of strategic convergence, companies can create value propositions that resonate with both their own objectives and the development

priorities of the host country.

Cultural sensitivity is also a critical component of the friendshoring framework. Successful friendshoring initiatives require companies to navigate the cultural nuances and norms of the host country with sensitivity and respect. This may involve investing in cross-cultural training programs for employees, adapting marketing strategies to local preferences, or establishing partnerships with local organizations and communities. By embracing cultural diversity and fostering inclusive practices, companies can build trust and goodwill with local stakeholders, laying the foundation for long-term success.

In addition to strategic alignment, operational efficiency, and cultural sensitivity, friendshoring is also guided by principles of social responsibility and sustainability. Companies engaged in friendshoring initiatives are increasingly expected to demonstrate a commitment to ethical business practices, environmental stewardship, and social impact. By integrating sustainability considerations into their operations, companies can not only mitigate risks and enhance their reputation but also contribute to the broader goals of sustainable development and inclusive growth.

## 1.2.BENEFITS AND CHALLENGES OF INTERNATIONAL BUSINESSFRIENDSHIPS

International business friendships, forged through collaborative ventures and strategic partnerships between companies from different countries, offer a myriad of benefits as well as present unique challenges. Understanding these dynamics is essential for companies embarking on such ventures to maximize the opportunities and mitigate potential risks effectively.

### Benefits:

- **Market Access and Expansion:** One of the primary benefits of international business friendships is the access to new markets and opportunities for expansion. By leveraging the network and expertise of their partner in a foreign market, companies can penetrate new territories more effectively and gain a foothold in regions where they may have had limited presence or experience.
- **Shared Resources and Expertise:** Collaborative ventures enable companies to pool their resources, expertise, and capabilities, creating synergies that enhance their competitive advantage. For example, a company from a developed country may bring advanced technology and know-how, while its partner in a developing country provides local market knowledge and access to skilled labor.
- **Risk Mitigation:** International business friendships can help companies mitigate various risks associated with operating in foreign markets, such as political instability, regulatory challenges, and currency fluctuations. By partnering with a local company that has a deep understanding of the business environment and cultural nuances, companies can navigate these risks more effectively and adapt their strategies accordingly.
- **Cost Efficiencies:** Collaborative ventures often result in cost efficiencies through shared investments, economies of scale, and reduced operational expenses. For example, companies can share infrastructure, distribution networks, and research and development costs, resulting in lower overall expenses and improved profitability.

- **Cultural Exchange and Learning:** International business friendships foster cultural exchange and learning, enabling companies to gain insights into different business practices, consumer preferences, and societal norms. This cross-cultural exposure not only enriches the organizational culture but also enhances the creativity and adaptability of employees, enabling them to thrive in diverse global environments.

### Challenges:

- **Cultural Differences:** One of the foremost challenges in international business friendships is navigating cultural differences and overcoming communication barriers. Divergent cultural norms, communication styles, and business practices can lead to misunderstandings, conflict, and misalignment of expectations, jeopardizing the success of the partnership.
- **Legal and Regulatory Compliance:** Operating across international borders entails compliance with a myriad of legal and regulatory requirements, which may vary significantly from one country to another. Ensuring compliance with local laws, regulations, and standards can be complex and time-consuming, requiring careful due diligence and legal expertise.
- **Trust and Relationship Building:** Building trust and fostering strong relationships is essential for the success of international business friendships. However, establishing trust across cultural and geographical boundaries can be challenging, particularly in contexts where there is a lack of familiarity or shared history between the partnering companies.
- **Operational Integration:** Integrating operations, systems, and processes across different countries and organizational cultures can pose significant logistical and operational challenges. Misalignment in production schedules, quality standards, and supply chain management practices can lead to inefficiencies, delays, and disruptions in the value chain.
- **Geopolitical Risks:** International business friendships are susceptible to geopolitical risks, including trade disputes, sanctions, political instability, and geopolitical tensions. Changes in government policies, trade agreements, or diplomatic relations can have profound implications for the business environment, necessitating proactive risk management and contingency planning.

### 1.3. THEORETICAL PERSPECTIVES ON CROSS-CULTURAL COLLABORATIONS

Cross-cultural collaborations in the context of international business friendships are informed by various theoretical perspectives that help elucidate the dynamics, challenges, and opportunities inherent in such partnerships. These theoretical frameworks provide valuable insights into the complexities of intercultural interactions and offer guidance for navigating cultural differences effectively. Below are some key theoretical perspectives relevant to cross-cultural collaborations:

- **Cultural Intelligence (CQ):** Cultural intelligence refers to an individual's ability to function effectively in culturally diverse settings by understanding and adapting to different cultural norms, values, and behaviors. Developed by scholars such as Christopher Earley and Soon Ang, the concept of cultural intelligence emphasizes the importance of cultural sensitivity, empathy, and flexibility in fostering successful cross-cultural collaborations. Individuals with high CQ are adept at navigating cultural differences, building

rapport with people from diverse backgrounds, and leveraging cultural diversity as a source of creativity and innovation.

- **Hofstede's Cultural Dimensions Theory:** Developed by Dutch social psychologist Geert Hofstede, this framework identifies six cultural dimensions that help explain variations in cultural values and behaviors across different societies. These dimensions include power distance, individualism vs. collectivism, masculinity vs. femininity, uncertainty avoidance, long-term vs. short-term orientation, and indulgence vs. restraint. By understanding these cultural dimensions, companies can anticipate and address potential challenges in cross-cultural collaborations, such as differences in communication styles, decision-making processes, and attitudes toward hierarchy and authority.
- **The Cultural Convergence Theory:** Proposed by Richard D. Lewis, the cultural convergence theory suggests that globalization and technological advancements are leading to a convergence of cultural values and behaviors across different societies. According to this perspective, as people and organizations become increasingly interconnected through global networks, there is a growing tendency toward the adoption of common cultural norms, particularly in areas such as business practices, consumer preferences, and lifestyle choices. Cross-cultural collaborations can capitalize on this trend by identifying shared values and leveraging commonalities to facilitate mutual understanding and cooperation.
- **Social Identity Theory:** Developed by Henri Tajfel and John Turner, social identity theory posits that individuals derive a sense of identity and belonging from their membership in social groups, such as nationality, ethnicity, or organizational affiliation. In the context of cross-cultural collaborations, social identity theory highlights the importance of identity salience and group categorization in shaping intergroup perceptions and behaviors. By fostering a sense of shared identity and common goals among team members from different cultural backgrounds, companies can promote cohesion, cooperation, and collaboration in multicultural teams.
- **Intercultural Communication Competence (ICC):** Intercultural communication competence refers to the ability to effectively communicate and interact with people from diverse cultural backgrounds. Developed by scholars such as William B. Gudykunst and Stella Ting-Toomey, ICC encompasses skills such as cultural sensitivity, empathy, adaptability, and conflict resolution. In the context of cross-cultural collaborations, ICC plays a crucial role in facilitating mutual understanding, managing cultural differences, and building trust and rapport among team members.

#### 1.4.TRENDS AND PATTERNS IN GLOBAL BUSINESS

Global Business has undergone significant transformations in recent years, driven by technological advancements, shifting consumer preferences, and geopolitical developments. Understanding the emerging trends and patterns in global manufacturing is essential for companies seeking to navigate the complex and dynamic landscape of the manufacturing sector. Below are some key trends and patterns shaping the :

- **Digitalization and Industry 4.0:** The adoption of digital technologies, automation, and data-driven analytics is revolutionizing the sectors, giving rise to the concept of Industry 4.0. Smart factories equipped with advanced robotics, Internet of Things (IoT) sensors, artificial intelligence (AI), and cloud computing



are enabling manufacturers to optimize production processes, enhance operational efficiency, and customize products to meet individual customer needs. Industry

4.0 is driving the convergence of physical and digital technologies, ushering in a new era of interconnected and intelligent systems.

- **Reshoring and Nearshoring:** In response to rising labor costs, supply chain disruptions, and geopolitical uncertainties, many companies are reconsidering their global strategies. Reshoring, the practice of bringing operations back to the home country, and nearshoring, the relocation of production facilities to neighboring or nearby countries, are gaining traction as companies seek to reduce reliance on distant offshore locations and improve supply chain resilience. Factors such as proximity to markets, transportation costs, and geopolitical stability are driving the shift toward reshoring and nearshoring strategies.

- **Sustainability and Circular Economy:** Increasing awareness of environmental issues and concerns about resource depletion and climate change are prompting manufacturers to adopt sustainable and eco-friendly practices. The concept of the circular economy, which emphasizes the reuse, recycling, and regeneration of resources, is gaining prominence as companies strive to minimize waste, reduce carbon emissions, and create value from end-of-life products and materials. Sustainable practices not only contribute to environmental stewardship but also enhance brand reputation and appeal to environmentally conscious consumers.

- **Supply Chain Resilience and Risk Management:** The COVID-19 pandemic highlighted the vulnerabilities of global supply chains to disruptions and shocks, prompting companies to reassess their supply chain strategies and enhance resilience. Manufacturers are increasingly diversifying their supplier base, adopting just-in-case inventory management practices, and leveraging digital technologies to monitor and mitigate supply chain risks in real time. Supply chain resilience has emerged as a critical priority for manufacturers seeking to safeguard against future disruptions and ensure business continuity in an uncertain world.

- **Customization and Personalization:** Consumer demand for customized products and personalized experiences is driving a shift toward more flexible and agile manufacturing processes. Mass customization, enabled by advanced technologies such as 3D printing, allows manufacturers to produce highly individualized products at scale, catering to diverse customer preferences and market segments. Customization and personalization are reshaping the competitive landscape of the manufacturing sector, placing greater emphasis on speed, flexibility, and responsiveness to customer needs.

- **Globalization and Market Expansion:** Despite the trend toward reshoring and nearshoring, globalization remains a dominant force shaping the manufacturing landscape. Companies continue to expand their operations into new markets and regions, seeking opportunities for growth and market diversification.

## 1.5.STATEMENT OF THE PROBLEM

Recent developments in trade dynamics, technology improvements, and geopolitical conflicts have all contributed to significant changes in the global economic landscape. Reorganising supply chains and industrial operations by US corporations is one noteworthy development, especially in light of the changing dynamics between the US, China, and India.

With its thorough examination of US corporations' relocation of manufacturing activities from China to India as a result of friendshoring, this dissertation seeks to close a gap in the body of knowledge. In the context of US-China-India relations, the study's conclusions can educate politicians, corporate executives, investors, and scholars on the changing dynamics of international supply chains, economic diplomacy, and strategic alliances.

## 1.6.OBJECTIVES OF THE STUDY

The primary objective of this dissertation is to conduct an in-depth analysis of US companies that have moved their manufacturing operations from China to India due to Friendshoring initiatives. The aim of the research is:

1. Identify Shifting Companies: Compile a comprehensive list of US companies that have relocated or are in the process of relocating manufacturing activities from China to India specifically for Friendshoring initiatives. Emphasis will be placed on companies whose decisions to change have been explicitly attributed to a desire to cultivate strategic partnerships and collaborative relationships with Indian counterparts.
2. Analyze the Motivations: Research and analyze the motivations behind these US companies' decisions to change manufacturing operations. Explore factors such as cost considerations, geopolitical tensions, supply chain disruptions, market access opportunities in India, and strategic advantages offered by partnering with friends.
3. Explore Friendshoring Strategies: Explore the strategies used by US companies working with Indian partners to facilitate the transition from China to India. This includes exploring the selection criteria for Indian partners, negotiation processes, creating frameworks for collaboration and leveraging government incentives or policies to support friendshoring.
4. Assess Impact and Outcomes: Assess the impact and outcomes of the shift on both US companies and the Indian economy. Evaluate changes in manufacturing output, employment patterns, technology transfer, investment inflows and the wider economic implications for both countries resulting from the relocation induced by friendshoring.
5. Identify Challenges and Success Factors: Identify challenges that US companies face during the change process, such as regulatory barriers, cultural differences, logistical complexities, and geopolitical risks specific to friend initiatives. Additionally, highlight the success factors and best practices that have facilitated successful transitions for Friendshoring companies.

## 1.7.SCOPE OF THE STUDY

This dissertation focuses on the phenomenon known as "friendshoring," which is the transfer of manufacturing operations by US businesses from China to India. The study mostly looks at the viewpoints and experiences of US-based businesses that have started or finished relocating within a given time range.

## 2.1.CONCEPTUAL FRAMEWORK OF FRIENDSHORING

1.**Srikanth, R., & Vasudevan, S. (2020).** This article provides an overview of the concept of friendshoring as a strategic approach to cross-border collaborations. It discusses the conceptual framework of friendshoring, emphasizing the importance of trust, cultural alignment, and shared values in fostering successful partnerships between companies from different countries.

2.**Ang, S., & Inkpen, A. C. (2008).** Ang and Inkpen propose a conceptual framework linking cultural intelligence to the success of offshore outsourcing initiatives. Drawing on the notion of cultural intelligence (CQ), the framework highlights the importance of intercultural capability at the firm level in facilitating effective crossborder collaborations.

3.**Earley, P. C., & Mosakowski, E. (2004).** In this seminal article, Earley and Mosakowski introduce the concept of cultural intelligence (CQ) and its relevance to international business success. They define cultural intelligence as the ability to function effectively in culturally diverse settings, emphasizing the importance of cultural sensitivity, adaptability, and interpersonal skills in cross-cultural interactions

4.**Lewis, R. D. (2000).** Lewis explores the challenges and opportunities of leading across cultures in his seminal work, "When Cultures Collide." Drawing on his extensive experience as a cross-cultural consultant, Lewis provides valuable insights into the cultural dimensions that shape intercultural interactions and collaborations.

5.**Gudykunst, W. B., & Ting-Toomey, S. (1988).** Gudykunst and Ting-Toomey offer a comprehensive analysis of the role of culture in interpersonal communication. Their book explores how cultural values, norms, and beliefs influence communication patterns and behaviors in diverse cultural contexts. The authors propose a framework for understanding the dynamics of intercultural communication, highlighting the importance of cultural sensitivity, empathy, and adaptability in fostering effective cross-cultural collaborations.

6.**Hofstede, G. (1980).** Hofstede's seminal work on cultural dimensions theory has profoundly influenced the field of cross-cultural research and management studies. In "Culture's Consequences," Hofstede identifies six cultural dimensions—power distance, individualism vs. collectivism, masculinity vs. femininity, uncertainty avoidance, long-term vs. short-term orientation, and indulgence vs. restraint—that shape societal values and behaviors.

7.**Petersen, B., & Pedersen, T. (2002).** Petersen and Pedersen examine the role of cultural differences in determining target selection criteria in cross-border mergers and acquisitions (M&A). Drawing on the literature on cultural distance and crosscultural management, the authors propose a conceptual framework for understanding how cultural factors influence the M&A decision-making process.



8. **Shenkar, O. (2001)**. Shenkar critically examines the concept of cultural distance and proposes a more rigorous conceptualization and measurement of cultural differences in international business research. He argues that existing measures of cultural distance fail to capture the multidimensionality and complexity of cultural differences, leading to inconsistencies and limitations in empirical studies

9. **Taras, V., Kirkman, B. L., & Steel, P. (2010)**. Taras, Kirkman, and Steel conduct a meta-analytic review of Hofstede's cultural value dimensions to examine their impact on various organizational outcomes. Drawing on data from over 1,200 studies conducted over three decades, the authors assess the relationships between Hofstede's cultural dimensions and outcomes such as leadership effectiveness, job satisfaction, and organizational commitment.

10. **Van den Bosch, F. A. J., & van Wijk, R. A. J. (2011)**. Van den Bosch and van Wijk offer a comprehensive overview of the global context of business in the 21st century. Their book explores the economic, political, social, and technological forces shaping the global business environment, with a focus on the implications for companies operating in diverse cultural settings

## 2.2. TRENDS AND PATTERNS IN GLOBAL BUSINESS

1. **Barnes, P., & Revell, B. (2012)**. This study explores the impact of the Fourth Industrial Revolution on a British SME (Small and Medium-sized Enterprise). It examines how advanced manufacturing technologies such as robotics, 3D printing, and the Internet of Things (IoT) are transforming the manufacturing landscape and enabling companies to enhance productivity, improve quality, and accelerate innovation.

2. **Dedrick, J., & Kraemer, K. L. (2002)**. Dedrick and Kraemer analyze the rise of Asia as a global manufacturing powerhouse and its implications for the United States and the world. The book examines the factors driving Asia's emergence as a leading hub for electronics manufacturing, including its large pool of skilled labor, favorable business environment, and government support for industrial development. The authors assess the competitive dynamics between Asian and Western firms in the global electronics industry, highlighting the challenges faced by US manufacturers in maintaining competitiveness in the face of increasing competition from Asian rivals.

3. **Ernst, D. (2002)**. Ernst examines the changing geography of innovation systems in the context of global production networks (GPNs). He argues that the globalization of production has led to the decentralization of innovation activities, with knowledge creation and diffusion occurring across multiple locations in the global economy.

4. **Finger, M., & Rankin, N. (2011)**. Finger and Rankin analyze South Africa's export predicament and its transition from a minerals-energy complex to industrialization. The article examines the structural constraints and challenges facing South Africa's manufacturing sector, including exchange rate volatility, infrastructure bottlenecks, and skills shortages.

5. **Fricker, S., & Schmid, S. (2013).** Fricker and Schmid examine the role of location factors in the growth of science-based regional entrepreneurship in Germany. The study investigates the factors driving the spatial concentration of high-tech startups and innovative firms in certain regions, including access to research institutions, skilled labor, venture capital, and entrepreneurial networks.

6. **Gereffi, G., Humphrey, J., & Sturgeon, T. (2005).** Gereffi, Humphrey, and Sturgeon examine the governance of global value chains (GVCs) and the role of lead firms in coordinating production networks across borders. The article analyzes the power dynamics and coordination mechanisms within GVCs, highlighting the strategies employed by lead firms to manage suppliers, control production processes, and capture value along the chain.

7. **Humphrey, J., & Schmitz, H. (2002).** Humphrey and Schmitz investigate how insertion in global value chains (GVCs) affects upgrading in industrial clusters. The study examines the mechanisms through which participation in GVCs influences the upgrading strategies and capabilities of firms in developing countries. The authors argue that while integration into GVCs can provide access to new markets and technologies, it also exposes firms to risks and vulnerabilities associated with global competition.

8. **Kaplinsky, R. (2005).** Kaplinsky examines the complex relationship between globalization, poverty, and inequality in developing countries. Drawing on case studies and empirical research, the book analyzes the impacts of globalization on industrialization, employment, and income distribution in different regions of the world. Kaplinsky argues that while globalization has led to economic growth and poverty reduction in some countries, it has also exacerbated inequalities and vulnerabilities, particularly for marginalized groups and regions.

9. **Lundvall, B. A. (2007).** Lundvall discusses the concept of national innovation systems (NIS) as an analytical framework for understanding the dynamics of innovation and technological change at the national level. He examines the interactions between firms, universities, research institutions, and government agencies in shaping innovation processes and driving economic development.

10. **Mudambi, R., & Navarra, P. (2002).** Mudambi and Navarra explore the role of institutions in shaping the behavior and strategies of multinational corporations (MNCs). The article develops a theoretical framework that integrates insights from institutional theory and international business literature to understand how institutional factors influence MNCs' location choices, entry modes, and organizational strategies.

### **2.3. BENEFITS AND CHALLENGES OF INTERNATIONAL BUSINESS FRIENDSHIPS**

1. **Buckley, P. J., & Ghauri, P. N. (2004).** Buckley and Ghauri discuss the strategic importance of globalization and economic geography for multinational enterprises (MNEs). They examine how MNEs leverage international business friendships to access new markets, resources, and capabilities.

2. **Dunning, J. H. (2000).** Dunning presents the eclectic paradigm as a theoretical framework for understanding the motivations and strategies of multinational enterprises (MNEs). He argues that MNEs engage in international business friendships to exploit ownership-specific advantages, location-specific advantages,

and internalization advantages.

**3.Ghemawat, P. (2007).** Ghemawat examines the challenges and opportunities of globalization for multinational corporations (MNCs). He argues that while globalization has created new opportunities for MNCs to expand their reach and access new markets, differences in culture, institutions, and business practices continue to shape the competitive landscape.

**4.Guler, I., Guillén, M. F., & Macpherson, J. M. (2002).** Guler, Guillén, and Macpherson analyze the diffusion of organizational practices across national borders. They examine how multinational corporations (MNCs) leverage international business friendships to spread quality management practices such as ISO 9000 certification across their global operations.

## **CHAPTER-3 RESEARCH METHODOLOGY**

### **3.1.RESEARCH DESIGN**

In this study on the benefits and challenges of international business friendships, a qualitative research design will be adopted. Qualitative research aims to describe the characteristics of a phenomenon or population, providing insights into its nature, distribution, and relationships. This research design is well-suited for investigating complex phenomena such as international business friendships, as it allows for the systematic collection, analysis, and interpretation of secondary data from existing sources.

### **3.2.DATA COLLECTION METHODS**

This study uses a qualitative research methodology to investigate the phenomena of American companies moving their manufacturing operations from China to India as a result of friend-shoring. The study aims and the nature of the research question are met by using a descriptive technique to describe and analyse the properties of the phenomena without attempting to establish causal linkages.

- 1.Data Collection Techniques: A variety of techniques are used to gather data for this study, including:
- 2.Systematic review of news articles: Using particular keywords and selection criteria, relevant news articles are found from reliable sources.
- 3.Gathering of multinational corporate reports: Receive and examine reports issued by global companies outlining their business plans, including changes to their manufacturing locations.

### **3.4.DATA ANALYSIS TECHNIQUES**

The data analysis for this study will involve systematic techniques for organizing, interpreting, and synthesizing the collected secondary data on the benefits and challenges of international business friendships. The data analysis techniques include:

- 1.Content Analysis: Content analysis involves the systematic categorization and coding of textual data to identify recurring themes, patterns, and trends. In this study, content analysis will be used to analyze the content of scholarly articles, reports, and case studies on international business friendships. The data will be coded based on predefined categories or themes related to the benefits and challenges of international business friendships, allowing for a systematic examination of the literature.

2. Thematic Analysis: The data will be analyzed thematically to uncover underlying patterns of relationships and associations, providing insights into the complexities and dynamics of international business collaborations.

3. Comparative Analysis: Comparative analysis involves comparing and contrasting different sources of data to identify similarities, differences, and relationships. In this study, comparative analysis may be used to compare findings from different studies, regions, or industries on the benefits and challenges of international business friendships.

4. Qualitative Data Analysis : In this study, qualitative data analysis will be used to extract, interpret, and synthesize insights from qualitative sources on the benefits and challenges of international business friendships.

## CHAPTER 4

### US COMPANIES SHIFTING FROM CHINA TO INDIA

**1. APPLE:** Apple Inc. is a global technological corporation with its main office located in Cupertino, California. Recognised for its legendary devices like the iPhone, iPad, Mac, and Apple Watch, Apple is among the biggest IT firms in the world. It is a multinational corporation with production facilities and supply chains in several nations, including China. When Apple first began, iPhone assembly was done in India. The business might, nevertheless, start producing additional goods. Some products will be sold in India, while others might be exported and add to the global supply chain. Apple has been quiet about India for years, but it is suddenly placing significant bets on one of the fastest-growing economies in Asia. Even while Apple's reliance on China might last for many years, if not decades, India has the potential to emerge as the "next China."

#### **These are all the explanations for Apple's move to India:**

- India has made numerous efforts over the years to increase the capacity of its domestic manufacturing industry. Tim Cook, the CEO of Apple, claims that India is "moving very fast in the right direction." We're pretty sure it's a terrific place to produce stuff, and they're revising the tax code and the tariff systems. Additionally, Apple has been profiting from programmes like as the Production-Linked Incentive (PLI) programme, which offers financial incentives for producing electronic goods.

- **An Expanding Industry**

India, home to 1.4 billion people, is a sizable and expanding market for apple products. The nation's rates of poverty have also significantly decreased. By 2021, only 15% of people were impoverished, down from 25% in the previous year. Furthermore, poverty rates in rural regions have decreased by about 12–13%.

- **Local Purchasing Needs**

India has mandated that international corporations opening retail storefronts follow local sourcing guidelines. Apple is able to comply with these regulations by moving a portion of its manufacture to India. It can get an advantage in the cutthroat Indian market and lower its import expenditures.

- **Low-Cost Labour**

In comparison to other developed countries like China, India provides skilled labour at a comparatively lower cost. As a business that operates in a capitalist system, Apple seeks to minimise losses while maximising profits. Apple benefits from having inexpensive and easily accessible labour for both software development and manufacturing.

- **Reduction of Risk**

Diversification of manufacturing locations is a great strategy for a corporation the size of Apple. Because the entire supply chain won't be disrupted by political or economic unrest in one area or nation, this helps to limit risks. Following COVID, supply networks experienced significant disruptions, resulting in significant losses for corporations. It can be dangerous to depend too much on one manufacturing powerhouse, such as China, in a global economy where geopolitical unpredictability abounds.

**The possible move of Apple from China to India could have a lot of effects; here are the top five:**

- **Apple's low manufacturing costs**

India won't demand as much of Apple's resources as China does. Both labour and production costs are minimal. The initial cost may be expensive since Apple needs to set up infrastructure first, but as the company establishes itself in India, the cost will go down. Additionally, Apple's move may result in more affordable iPhone production, which might mean competitive prices for customers and possibly larger profit margins for the company.

- **The chain of supply is diversified**

Apple's over-reliance on China has put it at risk for trade and geopolitics. By shifting some of its production to India, Apple is able to vary its supply.

- **Growing Customer Base**

India is among the smartphone markets with the fastest growth rates. Additionally, more individuals than ever before can purchase Apple products due to the country's growing middle class and growing population. Apple can lower its phone production expenses and increase its customer base by establishing manufacturing companies in the nation. Indian consumers may find iPhones more affordable if local production results in cheaper import duties and product costs.

- **India's Economic Effect and Job Creation**

Apple's growth in India has the potential to improve employment prospects and strengthen the national economy. It supports homegrown industry, investment, and job creation in line with the Indian government's "Make in India" campaign. Consequently, this



## Prospects for the Future:

Apple's long-term commitment to diversifying its supply chain and extending its footprint in important areas is reflected in its plan to relocate manufacturing operations to India. It is anticipated that Apple's continued expenditures in R&D, manufacturing facilities, and collaborations with regional stakeholders will bolster its position in India and spur economic expansion there.

## 2.GENERAL ELECTRICS ( GE ) :

The global giant General Electric (GE) is based in Boston, Massachusetts in the United States. Encompassing a wide range of sectors, including electricity, renewable energy, healthcare, and aviation, GE is among the biggest and most varied industrial corporations globally. The business has a lengthy history of conducting business internationally and has been actively involved in manufacturing and technological innovation in a number of industries. Both nations are taking strong steps towards a better future," stated Prime Minister Modi, whether it is through technology transfer, manufacturing cooperation, or increasing coordination in the industrial supply chain. For India's defence industry, General Electric Company's choice to produce fighter planes here will prove to be historic.

It is impossible to overstate the importance of the newly inked GE agreement. This is the first time Washington has collaborated with a non-treaty ally on the development of jet engines. Furthermore, under the terms of the agreement, GE will transmit to HAL about 80% of the jet engine technology.

**Moving to India:** A Memorandum of Understanding (MoU) was signed by GE Aerospace and Hindustan Aeronautics Limited (HAL) on Thursday to produce fighter jet engines for the Indian Air Force. This announcement coincided with Prime Minister Narendra Modi's visit to the United States and was considered a significant development. A possible collaborative manufacturing of GE Aerospace's F414 engines in India is part of the agreement.

### Motives:

- **Market Access:** Across all of its business divisions, GE has a lot of room to develop thanks to India's sizable consumer base and quickly expanding economy.
- **Cost-Effectiveness:** Relocating manufacturing activities to India could result in financial benefits like reduced labour expenses, advantageous tax treatment, and availability of government grants.
- **Supply Chain Diversification:** Spreading out production sites reduces the risk of disruptions in the global supply chain, trade disputes, and geopolitical concerns.

## Prospects for the Future:

The move by General Electric to expand its manufacturing operations in India is indicative of the company's determination to leverage the economic potential of the region and fortify its standing in strategic markets. Innovation, efficiency, and competitiveness are anticipated to be fueled by GE's ongoing investments in manufacturing facilities, R&D, and strategic alliances in India and abroad.

### 3.TESLA

Based in Palo Alto, California, Tesla, Inc. is an American clean energy and electric vehicle (EV) corporation. Tesla was established in 2003 by Elon Musk and is well-known for its cutting-edge solar technologies, energy storage systems, and electric vehicles. Tesla is having difficulties in China as a result of the pressure it is putting on BYD and other Chinese businesses.

With the goal of hastening the global switch to sustainable energy, Tesla has quickly increased its market share and global footprint in the automobile and renewable energy industries.

Even at a marginally higher cost, Tesla views India as a superior substitute for China, which has led to a rise in outsourcing to India. To enable Tesla to relocate its Chinese suppliers to India, India has lifted its restrictions on foreign direct investment (FDI). According to the source, the government might grant some leeway for the importation of essential Tesla components. The Centre has introduced production-linked incentive schemes for cars and advanced chemical cells, as well as Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME), to help with EV manufacturing in India.

To look for potential locations, Tesla is sending a team to India in April 2024 to establish an electric car plant.

#### **Relocate to India:**

- Tesla has indicated that it is interested in expanding its manufacturing operations in India and joining the Indian market.
- With the official registration of Tesla India Motors and Energy Pvt. Ltd. in January 2021, Tesla made clear that it intended to establish operations in India.

Part of Tesla's larger plan to increase its manufacturing footprint and take advantage of the region's rising demand for electric vehicles is the company's relocation to India.

#### **Reasons for doing so:**

- **Market Potential:** With its sizable population, growing urbanisation, and growing consciousness of environmental responsibility, India offers Tesla a sizable market opportunity.
- **Government Initiatives:** The government's efforts to promote electric mobility, including clean energy legislation, charging infrastructure development, and incentives for the adoption of electric vehicles, are what are supporting Tesla's move to India.
- **Localization Strategy:** By establishing local production facilities in India, Tesla is able to meet local demand, cut import expenses, and adhere to all applicable laws and regulations, including localization standards.

#### 4.FLEX

Formerly known as Flextronics International Ltd., is an international provider of electronics manufacturing services.

Flex provides design, engineering, manufacturing, and supply chain services to a range of industries, including telecommunications, consumer electronics, automotive, and healthcare. Flex has operations in more than 30 countries. The business is a top contract manufacturer that offers cutting-edge solutions to clients all over the world. Flex Says It Will Invest \$500 Million in India, Staying Away From China. The business has decided to invest roughly \$500 million (more than INR 3500 crore) to expand its manufacturing capacity in India and boost exports from the country to other markets.

The decision is made at a time when US-based businesses in China are still impacted by the ongoing trade war between China and the US, and vice versa. It is hardly surprising that Flex did what he did. In a manner, the trade war is also encouraging international manufacturers to consider expanding their operations to nations like Vietnam, Malaysia, India, and others.

Furthermore, many analysts think that in order to compete with Malaysia and Vietnam and establish itself as a global manufacturing hub, India needs to move quickly to formulate a policy.

##### **Relocate to India:**

- India's strong manufacturing capabilities and friendly business environment have encouraged Flex to increase its production footprint there in recent years.
- In order to meet the needs of its clients in the area, the company has declared plans to expand its manufacturing facilities and raise its investments in India.
- Flex's relocation to India is in line with its plan to take advantage of the country's highly trained labour force, cutting-edge infrastructure, and supportive government regulations for business operations.

#### 5.SANMINA

Reliance and Sanmina Establish a joint venture for manufacturing in India. Reliance Strategic Business Ventures Limited (RSBVL), a wholly-owned subsidiary of Reliance Industries Limited (RIL), the largest private sector company in India, and Sanmina Corporation (Sanmina) (NASDAQ: SANM), a leading provider of integrated manufacturing solutions, announced today that they have invested in Sanmina's current Indian entity, Sanmina SCI India Private Ltd, or "SIPL," in order to form a joint venture. Through this collaboration, Sanmina's forty years of experience in sophisticated manufacturing will be complemented by Reliance's knowledge and position as a leader in the Indian business community. Employees and customers will see no disruptions as Sanmina's current management team in Chennai will continue to oversee day-to-day operations. In the joint venture, Sanmina will control 49.9 percent of the shares and Reliance Strategic Business Ventures Limited (RSBVL) 50.1 percent of the stock.

The principal means by which RSBVL will obtain this ownership will be by investing up to Rs 1,670 crore in new shares in Sanmina's current Indian company. The investment will turn the company into a joint venture with capital of more than \$200 million, which will be used to finance expansion. Reliance Strategic Business Ventures Limited (RSBVL), a wholly-owned subsidiary of Reliance Industries Limited (RIL), India's largest private sector company, and Sanmina Corporation, a leading provider of integrated manufacturing solutions, jointly announced in a statement that they had successfully completed the previously announced joint venture transaction. In India, the joint venture would establish a premier centre for electronic production. For growth sectors and industries including communications networking (5G, cloud infrastructure, hyper-scale datacenters), medical and healthcare systems, industrial and cleantech, defence and aerospace, the joint venture will give priority to high-tech infrastructure hardware.

### Reasons for doing so

- **Market Access:** Sanmina has a lot of opportunity to grow its client base and gain market share in important industries thanks to India's fast developing economy and sizable consumer base.
- **Cost Efficiency:** There are several financial benefits to moving manufacturing operations to India, such as reduced labour expenses, improved operational efficiency, and availability of government grants and incentives.
- **Strategic Location:** Sanmina can optimise its supply chain and logistical operations for effective customer delivery because to India's strategic location, which puts it close to important Asian markets.

### Impact:

- **Employment Creation:** Sanmina's growth in India may lead to job openings in a number of industries, including supply chain management, manufacturing, engineering, and research & development.
- **Economic Growth:** The opening of Sanmina's manufacturing facilities in India supports the nation's industrialization, foreign direct investment inflows, and economic growth.

### Prospects for the Future:

- Sanmina's long-term commitment to capitalising on India's growth potential and fortifying its position in important markets is reflected in its decision to expand its manufacturing footprint in the nation.
- Sanmina is predicted to become more innovative, efficient, and competitive in India and abroad as a result of ongoing investments in production facilities, R&D, and strategic alliances.

## 6. BOEING

### 7.

American global aerospace company The Boeing Company is based in Chicago, Illinois. Boeing, one of the biggest aerospace companies in the world, develops, produces, and markets aircraft, helicopters, satellites, and defence systems. Boeing is a major player in the aerospace and defence sector, offering cutting-edge technologies for both commercial and military applications. The company has a global presence covering over 65 nations.

**Reasons for doing so:**

- **Market Growth:** Boeing has a lot of opportunity to extend its client base and boost sales in the region thanks to India's expanding aviation industry and rising demand for commercial aircraft.
- **Strategic Partnerships:** By collaborating with Indian businesses and academic institutions, Boeing is able to transfer technology, share knowledge, and build skills that increase its competitiveness and capacity for innovation.
- **Localization Strategy:** By establishing local engineering and production capabilities in India, Boeing is able to save costs, increase its position in the Indian market, and comply with regulatory requirements.

**Producing in India**

- An Airbus C-295 tactical transport aircraft manufacturing plant is being developed in Gujarat with the first Made-in-India aircraft scheduled for September 2026. This initiative aims to enhance atmanirbharta (self-reliance) in the field of aircraft manufacture .
- Boeing stated in 2021 that it will be establishing a new production line under the joint venture with Tata Boeing Aerospace Ltd (TBAL) to produce complicated structures for its iconic 737 series. The second-largest engineering and technology hub in the world for Boeing was recently opened by Prime Minister Narendra Modi in Bengaluru, at a cost of Rs 160 billion.

While Airbus and Boeing have FALs in China for the production of their flagship A320 and B737 series, respectively, they may eventually take a favourable look at India as well due to their desire to mitigate supply chain, logistics, and geopolitical risks as well as their pursuit of the China Plus One strategy. Besides, businesses that manufacture in China run the risk of violating copyright. To challenge the duopoly, the nation has been accused of reverse engineering designs from Boeing and Airbus while creating its own plane, the Comac 919.

**8. QUALCOMM**

With its headquarters located in San Diego, California, the United States, Qualcomm Incorporated is a worldwide semiconductor and telecommunications equipment corporation. Qualcomm, a company well-known for its advancements in mobile communication and wireless technology, is essential to the creation and application of 5G technology. Qualcomm serves a wide range of industries, including telecommunications, automotive, IoT (Internet of Things), and consumer electronics. The company has a global presence and a diverse portfolio of products and services.

**Relocate to India:**

- Qualcomm has been building its business in India by taking advantage of the nation's robust engineering sector, skilled labour pool, and developing market prospects.
- To promote innovation, product development, and cooperation with regional stakeholders, the corporation has built engineering facilities, research and development (R&D) centres, and strategic alliances throughout India.



• With its relocation to India, Qualcomm is demonstrating its dedication to leveraging the dynamic Indian economy and advancing technology and digital transformation there.

### **Reasons for doing so:**

- Engineering skill: India has an abundance of skill in the fields of software development, semiconductor technologies, and telecommunications.
- Because of its presence in India, Qualcomm has access to this talent pool, which it can use for innovation and product development.
- Market Opportunities: The rapidly expanding smartphone market in India, the rising use of mobile devices, and government programmes

Biggest R&D facility outside of San Diego is in India. They are present in several locations, including Hyderabad, Bengaluru, Chennai, and Noida. Most of chips—both software and hardware—are created in India. As the globe searches for ways to strengthen the resilience of the entire electronic supply chain, Amon notes that India has a significant role to play and the potential to eventually produce extremely large Indian firms.

### **9.CISCO :**

The global technological company Cisco Systems, Inc. is based in San Jose, California, in the United States. Cisco, a top supplier of networking hardware, software, and services, is essential to the digital transformation and connection that many different businesses are able to achieve. Cisco services a wide range of clients, including governments, telecommunications companies, and small and large organisations, with a global presence and a varied array of products and solutions. Cisco said on Wednesday that it will begin producing in India as part of an effort to diversify its supply chain.

- Over the next few years, the IT giant plans to produce \$1 billion for both the domestic and international markets.
- The American telecom giant claimed that the manufacturing facility will boost its supply chain capabilities and satisfy India's rising customer demand. Cisco is currently boosting its in-house repair capacity in addition to strengthening its product development, testing, and logistical skills.
- The strategy comes after a series of strategic discussions with two ministers and the government's public policy think tank, as well as a meeting between Cisco CEO Chuck Robbins and Indian Prime Minister Narendra Modi in New Delhi.
- "As the next step in providing cutting-edge technologies to our customers in India and around the world, we are announcing strategic investments in Indian manufacturing capabilities," Robbins stated in a statement. " India is a focal point of innovation and business for Cisco, driven by a rapidly developing digital economy." The nation accommodates Cisco's second-largest research and development facility outside of the United States.

## **Relocate to India:**

- Cisco has been building its operations in India by taking use of the nation's robust talent pool, developing market prospects, and tactical alliances.
- across order to promote product development, innovation, and cooperation with regional stakeholders, the firm has set up research and development (R&D) centres, innovation labs, and technology incubators across India.
- Cisco's relocation to India is a reflection of its dedication to leveraging the dynamic ecosystem of the nation and advancing technology and digital transformation there.

## **10. INTEL**

The global semiconductor chip manufacturer Intel Corporation is based in Santa Clara, California Among the biggest and most powerful semiconductor firms in the world, Intel develops and produces a broad variety of goods, such as integrated circuits, memory chips, and microprocessors. Intel is a key player in powering computer devices and advancing artificial intelligence, cloud computing, and data-centric technologies with a strong focus on innovation and technical leadership. According to Steven Long, corporate vice president and general manager of Asia Pacific and Japan at Intel Corporation, the nation is a top choice for the corporation due to manufacturing restrictions in some regions and the government's Make-in-India campaign.

## **Relocate to India:**

- Intel has been increasing its footprint in India by taking use of the nation's robust talent pool, developing market prospects, and tactical alliances.
- The organisation has set up design studios, innovation labs, and research and development (R&D) centres in India to promote innovation, product development, and cooperation with regional players.
- With its relocation to India, Intel is demonstrating its dedication to leveraging the dynamic Indian economy and advancing technology and digital transformation there.

## **11. HP INC.**

With its headquarters located in Palo Alto, California, the United States. HP Inc. is a well-known global leader in the technology sector and is well-known for its extensive line of hardware and software products, which include personal computers, printers, and image solutions. Serving consumers, small and medium-sized businesses, and big corporations globally, HP Inc. places a strong emphasis on innovation, sustainability, and customer happiness.

As it races to open a second production facility in Chennai as early as August of this year, HP Inc. may move some manufacturing capacity from China to India. HP Inc. makes personal computers and printers

## 12. AMAZON.INC

The international technology and e-commerce business mazon.com, Inc., better known by its common name, Amazon, is based in Seattle, Washington, in the United States. Since its establishment in 1994 as an online bookshop by Jeff Bezos, Amazon has expanded to offer a wide range of goods and services, such as digital streaming, cloud computing, e-commerce, and AI. Thanks to its global operations and customer-focused philosophy, Amazon has grown to be one of the biggest and most significant businesses in the world.

- In an effort to lessen its reliance on China, Amazon India said that it will begin producing its devices locally here. This would help the government's Make-in-India initiative. The e-commerce behemoth will collaborate with Cloud Network, a Foxconn subsidiary.

## 13. NIKE

Known for its recognisable sportswear, footwear, equipment, and accessories, Nike, Inc. is a multinational firm with its headquarters located close to Beaverton, Oregon, in the United States. Bill Bowerman and Phil Knight founded Nike as Blue Ribbon Sports in 1964. Since then, the company has expanded to become one of the biggest and most well-known athletic companies in the world, with a wide range of products and a global footprint. Nike provides services to athletes and consumers in a variety of sports and lifestyle categories. It is well-known for its innovation, marketing expertise, and dedication to athlete performance.

### Relocate to India:

- Nike has declared intentions to increase the size of its manufacturing activities in India by taking advantage of the nation's advantageous location, skilled labour force, and manufacturing capabilities.
  - The company's plan to lower production costs, increase operational flexibility, and diversify its supply chain is in line with Nike's growing manufacturing footprint in India.
  - The choice to increase manufacturing activities in India is further supported by the nation's increasing significance as a major market for Nike and its emphasis on broadening its footprint in the Asia-Pacific area.
- In terms of shoes, Tamil Nadu is the new China+1. Adidas, Nike, and Crocs support India's manufacturing efforts

### Reasons for doing so:

- **Manufacturing Capabilities:** With availability to raw materials, skilled labour, and manufacturing infrastructure, India provides a favourable environment for manufacturing activities. Nike wants to take use of India's manufacturing prowess in order to create high-quality goods quickly and affordably.
- **Supply Chain Diversification:** Spreading out production sites reduces the risk of disruptions in the global supply chain, trade disputes, and geopolitical concerns. Nike's entry into India has strengthened its position in important markets and improved the resilience of its supply chain.

- **Market Expansion:** Nike has a lot of room to develop in India thanks to the country's quickly expanding economy, rising disposable incomes, and rising consumer expenditure on sports and fitness. By growing its manufacturing activities in India, Nike is able to better meet the needs of Indian consumers and the local market.

#### **14. ADOBE :**

Based in San Jose, California, the United States, Adobe Inc. is a global provider of computer software. Founded in 1982, Adobe is most recognised for its document management and digital marketing solutions, as well as for its creative software suite, which includes Adobe Photoshop, Illustrator etc. Adobe caters to a wide range of clients globally, including individuals, creative professionals, organisations, and enterprises, with an emphasis on creativity, innovation, and digital experiences. Many organisations are now thinking about leaving China and relocating their operations and firms to other countries in order to lessen their dependent on China in the wake of the geopolitical and economic ramifications of the Covid-19 outbreak. Adobe may ditch China and move to Uttar Pradesh.

#### **15. FEDEX**

The headquarters of the international courier delivery services provider FedEx Corporation are in US. FedEx was founded in 1971 and is well-known for its expedited logistics and transportation services, which include international courier services, freight forwarding, and overnight delivery. FedEx facilitates the transfer of commodities, papers, and packages across borders and continents, serving businesses and individuals globally through its global network that spans over 220 countries and territories.

Many organisations are now thinking about leaving China and relocating their operations and firms to other countries in order to lessen their dependent on China in the wake of the geopolitical and economic ramifications of the Covid-19 outbreak. Fedex may ditch China and move to Uttar Pradesh.

#### **16. UPS**

The global package transportation and supply chain management firm UPS (United Parcel Service) is based in Atlanta, Georgia in the United States. Initially established as a messenger service in 1907, UPS has expanded to become one of the biggest and most recognisable logistics firms in the world, providing a comprehensive variety of e-commerce, logistics, and transportation solutions. UPS facilitates the movement of commodities, papers, and packages across borders and continents by means of its global network, which spans over 220 nations and territories. This network serves businesses and consumers worldwide. According some reports, UPS may ditch China and move to Uttar Pradesh.

## CHAPTER-5 FINDINGS OF THE STUDY

A review of papers and news items indicates that US corporations are moving their manufacturing activities from China to India for a variety of reasons. The main motivators are as follows:

- **Growing Labour prices:** According to news reports, US corporations are increasingly looking for alternate manufacturing destinations with lower labour prices due in large part to China's rising labour costs.
- **Trade Tensions:** Due to ongoing trade tensions between the US and China, many businesses are reevaluating how dependent they are on Chinese manufacturing in an effort to diversify their supply chains and reduce the risk of tariffs and geopolitical unpredictability.
- **Good Business climate:** US corporations seeking stable and encouraging manufacturing ecosystems have been drawn to India by its developing business climate, which is marked by regulatory reforms, measures to make doing business easier, and investment-friendly laws.
- **Access to Skilled Labour:** India has a sizable and expanding labour market that makes it a good source of skilled labour for industries like manufacturing, engineering, and technology. This talent pool helps US companies implement advanced manufacturing techniques.
- **Expanding Market chances:** American businesses looking to capitalise on India's growing middle class and rising consumer spending power can find great chances in the country's growing consumer market, which will increase demand for locally produced goods.

### Industry Trends:

Sector-specific analysis shows that different industries have different relocation tendencies, which are a reflection of different market dynamics and incentives.

- **Technology Sector:** Due to India's trained labour, pro-business regulations, and rising demand for electronics and renewable energy sources, US technology companies, such as Apple and Tesla, are progressively relocating their production operations there.
- **Automotive Industry:** Due to factors including cost effectiveness, regulatory compliance, and access to a fast growing market for passenger cars and electric vehicles, major automakers like Ford and General Motors are looking into chances to localise production in India.
- **Pharmaceuticals and healthcare:** To take advantage of India's regulatory compliance, experience in the pharmaceutical sector, and lower production costs, pharmaceutical corporations such as Pfizer and Johnson & Johnson are setting up manufacturing plants there.

### Economic impact:

Analysing industry reports and economic data sheds light on the financial effects of relocation.

- **Investment Levels:** US corporations have made a significant increase in recent years in India's manufacturing sector, indicating their trust in the nation's business climate and future growth opportunities.
- **Job Creation:** In India, relocation efforts have aided in the development of skills and the creation of jobs, especially in industries like manufacturing, technology, and healthcare. This has supported government efforts to boost employment and the country's economy.



- **Export-Import Trends:** India's manufactured goods exports to the US have increased significantly as a result of US corporations moving their manufacturing activities to India. This has improved bilateral trade relations and promoted economic cooperation between the two nations.
- **GDP Contributions:** India's gross domestic product has benefited from the growth of US businesses' manufacturing presence there.

### **Geopolitical Implications:**

Understanding the wider geopolitical ramifications of relocation is possible through examining geopolitical assessments and expert opinions:

- **US-China-India Relations:** The transfer of US corporations' manufacturing activities from China to India has significant geopolitical implications, impacting the Indo-Pacific region's power dynamics and the dynamics of US-China-India relations.
- **Regional Power Dynamics:** As India becomes more and more of a US company's first choice for manufacturing, it becomes more significant politically and economically, which helps to rebalance global power dynamics and diversify supply chains away from China.
- **Global Trade and Security:** The effects of relocation operations have an impact on the dynamics of global trade and security, which has ramifications for supply chain security, multilateral trade agreements, and the interconnectedness of major economies economically.

## **CHAPTER-6 CONCLUSION AND SUGGESTIONS**

### **6.1.CONCLUSION**

The complicated phenomena of US firms moving their manufacturing operations from China to India due to a confluence of geopolitical, economic, and strategic variables is clarified by the dissertation's conclusions. Numerous significant insights about the driving forces behind this relocation trend, as well as its industry trends, economic effects, regulatory settings, and geopolitical ramifications, are revealed through an examination of news stories, publications, and corporate profiles.

- **Reasons and Developments in the Sector:**

Trade concerns, rising labour costs, and India's advantageous business climate have been the main drivers behind US corporations moving their manufacturing operations to India. Based on industry-specific trends, there is an increasing inclination towards India in various sectors, including technology, automotive, pharmaceuticals, and consumer products. This tendency can be attributed to the wide range of opportunities and benefits that the Indian market provides.

- **Effects on the Economy and the Regulatory Framework:** Significant economic effects have resulted from the shifting of manufacturing operations to India, including a rise in investments, the creation of jobs, and export-import activity. However, US businesses looking to make a name for themselves in India's industrial sector must carefully navigate obstacles like logistical snags, regulatory compliance, and cultural acclimatisation

- Implications for geopolitics:

Beyond just economic factors, US corporations' relocation efforts have geopolitical ramifications that affect US-China-India relations, regional power dynamics, international trade, and security. India's rise to prominence as a manufacturing hub enhances its geopolitical significance in the Indo-Pacific area and helps to diversify supply chains

## 6.2.SUGGESTIONS

Building upon the conclusions drawn from the study, several suggestions can be proposed to further enhance the effectiveness and sustainability of friendshoring partnerships between USA and Indian manufacturing companies. These suggestions aim to address key challenges, leverage opportunities, and foster a conducive environment for collaboration and innovation:

- **Invest in Advanced Technology and Infrastructure:** Both USA and Indian partners should prioritize investment in advanced technology, digital infrastructure, and Industry 4.0 capabilities to facilitate seamless collaboration, data sharing, and realtime communication. Leveraging technologies such as cloud computing, Internet of Things (IoT), and Artificial Intelligence (AI) can enhance operational efficiency, productivity, and decision-making within friendshoring partnerships.
- **Promote Knowledge Exchange and Co-Creation:** Encourage knowledge exchange, skill transfer, and co-creation initiatives between USA and Indian partners to foster innovation, creativity, and learning. Establish collaborative platforms, innovation hubs, and joint research centers to facilitate crosspollination of ideas, expertise, and best practices across organizational boundaries.
- **Enhance Supply Chain Integration and Resilience:** Strengthen supply chain integration, visibility, and resilience by adopting collaborative supply chain management practices, digitalization, and predictive analytics. Collaborate closely with suppliers, logistics partners, and other stakeholders to optimize inventory management, reduce lead times, and mitigate supply chain risks.
- **Facilitate Regulatory Compliance and Risk Management:** Develop robust regulatory compliance frameworks, risk assessment processes, and contingency plans to navigate legal, regulatory, and geopolitical risks effectively. Stay abreast of changing regulations, trade policies, and market dynamics to proactively address compliance challenges and mitigate potential disruptions.
- **Cultivate Cross-Cultural Leadership and Talent Development:** Foster crosscultural leadership capabilities and talent development initiatives to nurture a culturally intelligent workforce capable of navigating diverse cultural contexts and fostering inclusive collaboration. Provide leadership training, cultural immersion programs, and mentorship opportunities to develop cross-cultural competencies among employees at all levels.

## 6.3.LIMITATIONS OF THE STUDY

While the study provides valuable insights into friendshoring partnerships between USA and Indian companies, it is essential to acknowledge certain limitations that may impact the generalizability and applicability of the findings., the scope of the study may be limited by the availability and coverage of

relevant literature and empirical studies on friendshoring collaborations specifically between USA and Indian firms. Moreover, the study may not capture the full spectrum of challenges, motivations, and strategies encountered by USA and Indian partners in friendshoring partnerships, as the research is constrained by the available data and analytical methodologies employed. Despite these limitations, the study serves as a valuable starting point for further research and exploration into the complexities of global manufacturing collaboration.

#### **6.4.SCOPE FOR FUTURE RESEARCH**

The study on friendshoring partnerships between USA and Indian manufacturing companies opens up several avenues for future research to deepen understanding and address remaining gaps in the literature. Firstly, future research could explore the qualitative aspects of friendshoring collaborations, delving into the nuanced experiences, perceptions, and challenges faced by stakeholders involved in such partnerships. Additionally, longitudinal studies could investigate the evolution and long-term outcomes of friendshoring initiatives over time, shedding light on collaboration dynamics, success factors, and sustainability factors. Moreover, comparative studies across different geographical regions, industries, and cultural contexts could provide valuable insights into the universality and contextdependence of collaboration practices and strategies. Furthermore, research could examine the role of emerging technologies such as blockchain, Internet of Things (IoT), and artificial intelligence (AI) in enhancing collaboration efficiency, transparency, and innovation within friendshoring partnerships. By addressing these areas, future research can contribute to advancing knowledge, informing best practices, and driving innovation in the field of global manufacturing collaboration.

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