

Ford Debacle Derails ‘Make in India’ Plans : Socio Economic Impacts

L.R.K. Krishnan & S. Poorani

Ford India operations ended up losing roughly two billion dollars due to lack of demand and sales. The pandemic has placed the company on the back foot, unprecedented failures and affecting the livelihoods of employees. The shutdown of the company's Indian wing will reduce up to 4,000 factory jobs, with over 2,600 regular employees and around 1,000 contract workers. The shutdown will also affect auxiliary companies that sell minor components and parts to Ford. Data were collected from workers, union leaders, union members, dealers, customers, and management to understand the issues faced by Ford. Indian operations were typically marginal and vulnerable to significant economic shifts; export was a face-saver. The study attempts to present the impact of the closure on the socio-economic conditions of workers.

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Introduction

The automobile industry has carved a unique path in the manufacturing sector; it is also a significant driving force of our country's economic growth, with an employee count of 35 million, contributing 50 % of manufacturing GDP and 7.1% overall GDP. India has more than 30 automotive research and development centers and is on its way to becoming a worldwide automotive hub (Priyanka, 2021). Indian auto exports are expected to grow rapidly in the coming years. Furthermore, several governments and extensive automobile company activities in the Indian market are expected to propel India to the forefront of the global two- and four-wheeler markets by 2020. India exported 1.419 million vehicles from April to June 2021, up from 436,500 from April to June 2020 (Ibef.org,2021). The manufacturing industry, including vehicle assembly, has been reshaped by technological breakthroughs. Technology up-gradation has significantly contributed to the R & D roll out of passenger and commercial vehicles.

The automobile business is witnessing several astonishing technological advancements such as Machine learning, Blockchain, Artificial intelligence, the Internet of things, Predictive technologies, which will help to improve road safety and provide a highly personal driving experience. Due to dynamic international business and environmental protection requirements, the automobile sector keeps up with shifting scenarios. The pandemic has placed the economy on hold, resulting in unprecedented losses and affecting the livelihoods of millions of people worldwide. The automobile industry is going through a rough patch. It has already experienced a significant slowdown over the previous 12-18 months due to adopting the Goods and Services Tax (GST). It has resulted in a liquidity crisis as well as structural adjustments. The effect of the Covid 19 lockdown has been amplified; production units have been shut down due to a drop in sales and revenue, causing the automobile industry to plummet. Initiatives that historically deliver manufactured products have streamlined their operations and stayed aware of the constantly changing needs of their customers and suppliers. The company came up with advanced and cutting-edge technology that is reliable and continues to prove its commitment to the environment (Yuthika, 2019)

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Ford Motor's closure in India is an indication of a larger issue. The joint venture with Mahindra & Mahindra failed on December 31, 2020. Ford ended up with

no new models in the pipeline and chronically underused factories. Employees will be losing a steady paycheck; this will be a primary adverse effect of the plant's closure. Workers stated that we were locked up with personal commitments; winding up all these will be challenging. Workers said that most of them have migrated to Chennai for work; our lifestyles changed, and we were able to provide good quality education for our children, thanks to our employment at Ford.

Effects of Ford India's plant closure are categorized as under:

- Direct impact: loss of jobs for permanent and contract workers
- Indirect impact: ancillary units, suppliers, vendors
- Induced impact: other industries which were beneficiaries of Ford and their ancillary units

Ford worldwide & Indian Market

Ford is the 2nd largest carmaker in the United States (after GM) and the fifth-largest in the world (behind Toyota, Volkswagen, Hyundai, and GM). Ford's commitment to making and developing new products makes research and development one of the company's core strengths. Ford has a diverse products and service portfolio, giving them significant power and reducing their reliance on a single product line in the USA.

To enhance customer experiences and deepen loyalty, the company's development and value creation approach combines strengths, new capabilities, and

constant customer interactions. As a manufacturer, designer, producer, marketer, and servicer of electric passenger and commercial vehicles, including trucks, utility vehicles, vans, and sedans, along with Lincoln luxury vehicles, Ford designs, produces and markets them. Finance services are provided by Ford Motor Credit Company, which specializes in electrification, connected cars, and mobility solutions, including autonomous vehicles (Mich, 2021)

Table 1 Ford Global Business Foot Print

Country	Retail sales(a)			Industrial Volume (b)			Market Share ©		
	(in millions of units)			(in millions of units)			(as a percentage)		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
United States	2.5	2.4	2	17.7	17.5	14.9	14.10%	13.80%	13.70%
Canada	0.3	0.3	0.2	2	2	1.6	14.7	14.6	15.1
Mexico	0.1	0.1	-	1.5	1.4	1	4.8	4.4	4
North America	2.9	2.8	2.3	21.5	21.1	17.6	13.4	13.2	13.2
Brazil	0.2	0.2	0.1	2.6	2.8	2.1	9.2	8.1	6.8
Argentina	0.1	0.1	-	0.8	0.5	0.3	12.1	11.4	9.7
South America	0.4	0.3	0.2	4.5	4.3	3.1	8.3	7.2	6.2
United Kingdom	0.4	0.4	0.2	2.8	2.7	1.9	13.7	13	12.9
Germany	0.3	0.3	0.2	3.8	4	3.3	7.9	8.3	7.4
EU20(d)	1.4	1.3	1	17.7	17.7	13.7	7.6	7.4	7.1
Turkey	0.1	-	0.1	0.6	0.6	0.8	10.9	10.1	12.4
Europe	1.5	1.4	1.1	19	19	15.1	7.6	7.3	7.2
China (E)	0.8	0.6	0.6	26.7	26.7	25.2	2.9	2.2	2.4
Australia	0.1	0.1	0.1	1.2	1.2	0.9	6	6	6.5
India	0.1	0.1	0.1	4.4	4.4	2.8	2.2	2	1.7
ASEAN (F)	0.1	0.1	0.1	1.7	1.7	1.3	6.6	5.9	5.3
Russia	0.1	-	-	1.8	1.8	1.5	2.9	1.6	0.9
International Market Group	0.5	0.4	0.3	22.5	22.5	17.5	2.2	1.9	1.7
Global/ Total Company	6	5.5	4.5	94.2	94.2	78.5	6.30%	6.00%	5.80%

Source: Ford Motor Annual Report 2021

Table 1 shows the number of estimated vehicles registered by the dealers for 2018 to 2020. More vehicles have been registered and sold in the United States, North America, followed by Europe and China. Based on the internal estimates, North America holds the highest industrial volume in 2018- 2020. The USA, UK, and North America have the highest market share than the other countries.

Ford Motor Company reported revenue of slightly over 127 billion dollars in

2020. Year over year, revenue dipped by 22 percent. Wholesale vehicle sales dropped from 5.4 million in 2019 to 4.2 million in 2020 (Mathilde, 2021).

Ford India's integrated manufacturing facility in Maraimalai Nagar, near Chennai, assembles Ford EcoSport and Ford Endeavour. Ford India can produce 610,000 engines and 440,000 automobiles per year. (India.ford.com, 2021). Due to the sheer scale of losses, the company decided to halt its manufacturing operations in India and is only handling export

Table 2 SWOT Analysis of Ford India

Strength (Internal Strategic Factors)	Weaknesses (Internal Strategic Factor)
<ul style="list-style-type: none"> • Global Recognition • Automotive Segment • Research and Development • Diverse Offerings • Adaptability • Strong Financial Position 	<ul style="list-style-type: none"> • Product Recalls • Weak Foothold in Emerging Markets • Poor Reputation • Dependence on US Markets • Overdependence on Trucks and SUVs • Price Sensitivity • Lack of launch of New Products
Opportunities (External Strategic Factors)	Threats – (External Strategic Factors)
<ul style="list-style-type: none"> • Eco-Friendly Vehicles • Increase Customer Base • Digital Marketing • Expand into Related Fields 	<ul style="list-style-type: none"> • High Competition • Increased Prices of Raw Materials • Regulations and compliance • Market uncertainties • Strong Labour Unions • Ford shuts down manufacturing plants in India & Brazil

Source- Business Strategic Hub (2021)

operations. Producing high-quality cars was not just a tagline for Ford; it critically acclaimed new designs and set a safety standard for its launched models.

On September 9, 2021, Ford announced its plant closure in India and informed only exports would be continued till 2022, resulting in unemployment at an unprecedented level. The shutdown of the company’s Indian wing will result in up to 4,000 factory job losses with over 2,600 permanent workers and over 1,000 contract workers. As a result, micro, small, and medium-sized businesses and their employees face an unclear future (News 18.com, 2021). A field survey was undertaken at the Chennai plant, and it was known that Ford has already reduced shift workers.

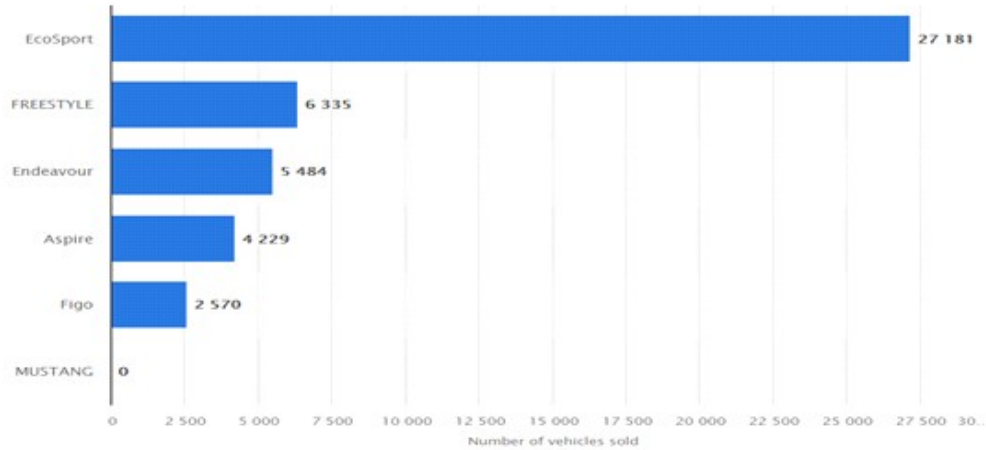
Ford India exported to over 50 countries; Ford’s EcoSport was India’s top exporting passenger car, with over 37k shipments in FY21’s first ten months.

They were followed by Aspire and Figo cars with 3k and 2 k. Ford export has slowly fallen due to lack of demand. Currently, Ford India exports 40% of its engine manufacturing to 35 countries and 25% of its automobile manufacturing to 28 countries. (en.wikipedia.org, 2021).

Providing high-quality customer care, especially in terms of after-sales services, has been Ford’s priority

EcoSport (27181 units) is the top-selling brand, followed by Freestyle (6335 teams), Endeavour (5484 units), Aspire (4229 units), Figo (2570 units) (Fig.1). India exports Ford models, including the Figo, the Aspire, and EcoSport to more than 40 countries worldwide. Providing high-quality customer care, especially in terms of after-sales services, has been Ford’s priority. Currently, Ford has 376 sales and service shops in 209 Indian cities.

Fig.1 Sales volume of Ford cars across India in 2020, by model



Source- Statista (2021)

Table 3 Ford India- Financial Report

Operating Revenue	Over INR 500 cr
EBITDA	-425.08 %
Networth	-30.90 %
Debt/Equity Ratio	-5.89
Return on Equity	N/A
Total Assets	-15.03 %
Fixed Assets	65.95 %
Current Assets	121.56 %
Current Liabilities	5.39 %
Trade Receivables	366.30 %
Trade Payables	1,039.87 %
Current Ratio	0.85

Table 3 depicts the financial information for year ending March 31, 2021, where the turnover of Ford India is over Five hundred crores of rupees - there is a decrease in companies net worth (-30.90%) and earnings before interest, taxes, depreciation, and amortization (EBITDA -425.08%). The assets of the company are reduced by -15.03% and increase in liability by 5.39% is also seen.

Source: Tofier. in (2021)

Table 4 Year-wise Comparison of Financial Data (Rs/Crores)

Year	Total Asset	Total Liability	Total income	Total expenses	Sales	Change in stock
2014	11203.52	11203.52	9651.17	10354.32	9363.55	106.31
2015	15752.84	15752.84	13491.87	14056.77	13320.36	-215.52
2016	18520.8	18520.8	16649.35	17788.76	14604.7	545.41
2017	19149.05	19149.05	22243.83	22858.81	19384.73	94.35
2018	21114.94	21114.94	25557.85	24995.35	22392.68	-37.05
2019	18377.74	18377.74	28101.79	27947.5	24201.62	57.17
2020	11192.19	11192.19	24360.01	29328.18	20189.79	-464.09
2021	9502.71	9502.71	13770.7	13621.01	12056.84	-337.24

Source: Prowessiq (2021)

A year-wise comparison of financial data indicates a steady drop in sales from 2019, total income and total expenditure. Due to sales drop, Ford India faced a loss of around 2 billion. The year-wise comparisons indicate that the expenses are

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Table 5 Competitive Landscape

S.no	Brand	Number of vehicles models	Price Band (Rs)
1	Ford	5	5.82 Lakhs to 36.26 Lakhs
2	Maruti	12	3.15 Lakhs to 12.56 Lakhs
3	Hyundai	13	4.76 Lakhs to 23.79 Lakhs
4	Honda	5	6.32Lakhs to 15.11 Lakhs
5	Tata cars	11	4.99 Lakhs to 23.17 Lakhs
6	Mahindra	11	6.08s Lakh to 31.77 Lakhs
7	Skoda	4	7.79s Lakh to 35.85 Lakhs
8	Renault	4	4.11s Lakh to 14.25 Lakhs
9	Nissan	3	5.71s to 2.12 Crs
10	Datsun	3	3.83 Lakhs to 6.99 Lakhs
11	Toyota	6	7.49 lakhs to 89.90 Lakhs
12	Morris Garages	5	9.78 Lakhs to 37.68 Lakhs
13	Kia	3	6.89 Lakhs to 33.99 Lakhs
14	Volkswagen	5	6.32 Lakhs to 34.20 Lakhs
15	Jeep	2	17.29 Lakhs to 57.90 Lakhs

Source: cardekho.com (2021)

Compared to the same segment cars, the price band of Maruti, Datsun, Renault was lesser (Table 5). Ford India's price band was around Rs. 5.82 lakh to Rs. 36.26 lakhs. The closure will affect the customer on resale value, which has further dented the brand.

Despite the 45 percent industry-wide upswing, Ford Motors managed to capture only a meager 2 percent of the market share (Table 6). As a result, only about 25 percent of its capacity was utilized at the two Indian manufacturing locations (Simi, 2021).

Table 6 Car OEM Market Share March 2021 Vs. March 2020 (YoY- Year on Year)

NO	OEM Market share	Mar-21%	Mar-20 %
1	Maruti	45.61	54.16
2	Hyundai	16.41	18.68
3	Tata	9.25	4.03
4	Kia	5.96	6.1
5	Mahindra	5.21	2.4
6	Toyota	4.68	4.99
7	Renault	3.85	2.32
8	Ford	2.42	2.5
9	Honda	2.22	2.63
10	MG	1.72	1.08
11	Nissan	1.25	0.59
12	VW	0.63	0.09
13	Jeep	0.42	0.12
14	Skoda	0.36	0.32
	Total	100	100

Source: Rushlane.com (2021)

Table 7 Original Equipment Manufacturing Companies (Auto) Export Statistics

Rank	OEM Export statistics	April to Jan 21 (Nos)	April to Jan 20 (Nos)
1	Hyundai	82,121	1,54,982
2	Maruti Suzuki	71,776	85,450
3	Ford	42,758	1,11,180
4	Kia	32,138	15,307
5	GM	28,619	54,863
6	Volkswagen	28,368	48,669
7	Nissan	21,983	65,392
8	Renault	6,952	12,892
9	Mahindra	4,841	9,579
10	FCA	4,075	2,593
11	Honda	3,095	3,469
12	Tata	187	1,129
13	Isuzu	165	76
14	Toyota	40	9,768
15	Skoda	12	4
16	MG	0	0
	Total (Nos)	3,27,130	5,75,353

Source: Autopundit.com(2021)

Several global and domestic original equipment manufacturers and component manufacturers currently operate in the country, providing consumers with an ever-growing selection of automobiles that meet global technological, state-of-the-art features, and quality requirements (Table 7). India is also one of the few auto-producing countries seeing a consistent increase in domestic and export sales. Hyundai stands number one in passenger vehicle exporter and has a market share of over 25 percent in export. Maruti has increased its export quantities dramatically, comfortably surpassing Ford in FY2021. Ford's exports fell by significant percentages year after year, and the company now ranks third on the list. The pandemic has also considerably impacted the export volume for the American automaker.

Conceptual Framework

Ford entered the Indian market in 1995 and continued with its go-to-market strategy with manufacturing limited models in its segment resulting in low absorption of the latest technologies. The high cost of acquisition followed by higher service/extra expense put the company at a disadvantage in the marketplace. While Ford ensured high standards of quality of its products, its operating costs were mounting, resulting in

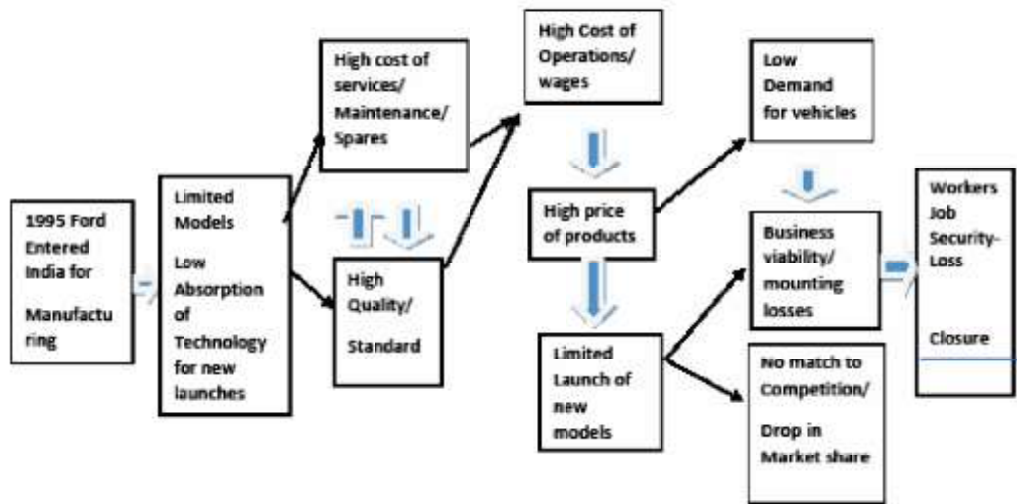
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The limited model launch coupled with low demand for its vehicles made its business unviable with its mounting

losses. Consequently, Ford remained no match to its competitors in the Indian market with a sequential drop in market share. Outcome; closure of the plant, loss of Jobs, and serious dent to Make in India Plans.

Fig. 2 Ford Closure - Flow of Events



Business- Technology & Market Dimensions

Domestic auto industry has raised alarm bells with the proposed India-EU free trade agreement (FTA), claiming that including the sector in the deal will kill investments and technology inflows and jeopardize the goals set under the government’s much-heralded Automotive Mission Plan (AMP). The whole equilibrium would be disturbed, and the AMP target of India would not be achieved if the auto sector was included in the FTA (FIC, 2021).

In order to assess compliance with international automotive standards, WTO recognizes the measures adopted by UN/

ECE Working Party 29. As a result of the prevalence of IPR violations in the global automotive sector, it recommends that all governments fully implement the TRIPS Agreement, including the obligations to enforce it (Sugato, 2009).

Car buyers in India focus on mileage, services, and operating costs, including resale value. Customers have ample choices in the same segment of cars with different features. Ford produces vehicles with automatic and manual gears; they are of high build quality – Fit to Finish compared to other non-luxury segment cars. (Ford India, 2021) stated that it uses advanced technology in its production process, such as high electronic stability control, rear parking sensors and cam-

era, cruise control, keyless entry and push button start, hill launch assist, electric power-assisted steering. Since its inception, it has always had an eye on innovation and up-gradation and concentrates on driving assistance, safety, and convenience. It constantly puts more effort into improving fuel efficiency, vehicle safety, and capabilities. These technologies help customers to have a safe driving experience, and Ford tried to reduce the manufacturing impact on the environment by taking global operational environmental initiatives. It also leads the way with many manufacturing industries.

When comparing Ford with other cars in the same segment, Maruti uses intelligent hybrid technology, which will help in improving engine life and performance, improved fuel efficiency, emission reduction. Maruti also manufactures automatic cars with safety features committed to the environment (Maruti Suzuki, 2021). In its high segmented cars, Hyundai provides innovative traffic jam assist, interactive voice recognition, night view, highway driving assist. Mahindra uses digital sensing technology, available in all of its products. By having customers' enjoyment at the top priority, Kia discovers emotive driving experience and has a plan of advanced technology V-TOUCH, AI-Based real-time emotion (kia.com, 2021)

Industrial & Labor Relations

While closely looking at the provisions of the Factories Act 1948, Chapter 3,4,5 (Section 11 – 46), Ford has complied with all requirements and maintains a world-

class manufacturing facility. The workers on the ground have firmly committed to the safety standards. The workers expressed that the management has taken all steps required to maintain a safe, healthy, and progressive work environment (Padhi, 2017 a).

Ford management, in the interim, has not laid off nor retrenched its permanent workers and the contract employees, while planning for closure. Once the closure of the plant was announced, workers initiated a strike inside the plant against closure, but having utmost faith and confidence in the management, strike was cancelled.

The principles as enshrined in the Constitution of India Article 12 every business has a right to conduct its business and trade (Baskhi, 2020 a), however as outlined by Sections 2CC, 25 (O) of the ID Act 1947, certain restrictions are imposed on employers concerning closure of undertaking. Sub-section (3) of the amended, Section 25(0) implies, if the government does not communicate the order within 60 days from the date of application made, it shall be deemed to have approved the closure. Within the ambit of Article 19 (1)(g), the State can impose reasonable restrictions on the closure of undertakings in the interest of public good. The Ford management's intention to close down its industrial plant is now going through the prescribed process under sec 25 (O)(1) of the ID Act (Padhi, 2017 b).

The appropriate government (State of Tamil Nadu) is looking into the rea-

sons as per sec 25(O)(3) before the expiry of 60 days from the date of the application for closure. As per 25 (O)(4) of the ID Act, the government refusal or permission is final and binding on all the parties and shall remain in force for one year from the date of such order. As per 25 (O) (5), the appropriate government may also refer the matter to the Tribunal for adjudication. Sec 2(O) was amended in 1982 through Amendment Act 46; the appropriate government decision is open to judicial review under Article 226, Article 32 of the Indian Constitution.

There are cases wherein the general public's interest in a closure may be denied; however, they are restricted to defence (or) manufacturing of drugs (vaccines) in the current scenario. But no such reason is available for workers in the Ford scenario. Ford management has the legal and rightful protection for ensuring the smooth closure of its manufacturing facilities in Chennai. The closure does not fall under Unfair Trade practices as defined in Chapter 5 (C) Section 25 T of the ID Act.

Ford has one recognized Union registered since 2015, and it has 2500 members in Chennai. The same Union negotiated with the management under Trade Union Act 1926 for its rightful cause. Since the appropriate government is yet to provide for formal closure approval, the management is negotiating with the Union on the probable compensation package, which is much more favorable than the provisions of section 25 (0) (8) of the ID Act 1947. As per the ID Act, workers are entitled to receive compensation equivalent

to fifteen days wages for every completed year of service, Ford management plans to pay roughly 1 Lakh per worker for every continuous year of service.

As per Krishnan and Sumathi (2021) the government's control on settling labor disputes is marred with politics and corruption, and powerful employers and business houses get away. Trade union leaders coming with political affiliations have been ineffective in driving in-house leadership and on the protection of the labor and this is surely impacting the collective bargaining and settlement process at Ford, during the closure process.

Collective bargaining, worker participation in management can be seen to be at desired levels at Ford which clearly indicated that the management had largely complied with the principles of Art 43A of the Indian Constitution. Ford has offered excellent pay packages, wages to its workers and employees. These management efforts can be safely assumed that the principles of Art 43 (Living Wage) of the Indian Constitution in some forms have been realized in the Ford context.

As regards, ILO Conventions and Recommendations on Social Security, Promotion and Protection against Unemployment, 1988 (No 168) Freedom of Association and Protection of the Right to Organize (No 87), Government of India intervention is required if unemployment has to be prevented by rehabilitation of the workers, to ensure the ILO principles are met in the true spirit (ILO, 2021).

As per the Indian Constitution, Labor appears in the Concurrent list. The relevant entries appear in Schedule 7, entries 22,23,24,26 (Bakshi, 2020), the State Government intervention in industrial closure is much needed to ensure the protection of worker rights while enhancing the business and manufacturing eco-system. The State has to provide utmost importance for the welfare of the labor, playing a critical role in workmen's compensation, social security, employment and unemployment benefits. The state government should ensure that the company follows bipartism, collective bargaining, the functioning of the industrial adjudication system, and ensure settlement of all labor disputes within the framework of the ID Act, 1947.

Now that it is understood from the field interactions and recording statements of Union leaders, there are discussions in progress between the management and Union members on a possible compensation package for the workers owing to the closure of the plant. But the Union leaders are insisting on job security with a handsome closure compensation package to tide over the crisis. The State government, in this regard is trying to woo other auto manufacturers to take over the plant to ensure continuity and avoid a socio-economic issue in the state.

The Ford organization's culture transformed the workers to have a healthy lifestyle, wellness, and mental health, focusing on sustainability. The closure decision by management has pushed employees back in the passage of time.

Historical Labor Unrest in the Auto Sector

Ford India faced labor unrest due to sacking of 9 workers guilty of violating company's code of integrity by fudging the medical bills. The workers demanded the reinstatement of nine dismissed employees, according to a Union official, outside Ford India Pvt Ltd's facility in Maraimalai Nagar, near Chennai (Firstspot,, 2012). In 2018 over 400 workers of Ford India Ltd who were protesting the dismissal of nine co-workers were detained. Though management refused to relent, the Union decided to strike, and employees gathered within the plant (Hindu Business Line, 2018). At Ford India's Chennai plant, workers protested a cut in performance bonuses from 26% of their salaries in 2012 to 15.8%, even as production increased by 15% to 122,000 units in 2013. Workers suspect Ford is downgrading productivity as a criterion in determining performance incentives in a year in which it increased 15% loss. The automaker appears to be risking a long and valuable tradition of mutual trust and industry best practices for the sake of saving some money (Sudhakar, 2014). When one looks back in time, it could be possible that FORD management must have been contemplating closure or reducing the operations and investments in India, way back in 2014.

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Ten major trade unions were involved in a strike on Jan-2020 for affected auto component manufacturers (Business Standard, 2020). HMSI (Honda Motor Scooters India) union leader said that due to the strike, production was seriously affected; 3000 from several multinational companies joined the strike to accept the Charter of Demands. In Dec 2010, the Honda union went on a wildcat strike for 24 hours until management intervened; there was a production loss of Rs 7 crores. There are estimates of Rs 65 crores or 7600 units over two years because Hyundai workers, with the support of CITU, participated in a strike over the reinstatement of 67 dismissed workers. Adding to this, workers at one of Maruti's auto manufacturers attacked supervisors. The event sparked a fire, killing a senior HR manager and injuring 100 managers at the Manesar facility, including two Japanese ex-pats. Rathnamma (2017) stated that the strike at Maruti's Manesar Plant started on June 4, 2011, and continued for the whole year in three phases, adversely affecting the company's products and state revenues. During this period, Maruti Suzuki suffered considerable losses.

In contrast, the Ford Union worked closely with the management to resolve outstanding issues without resorting to strikes and work stoppages, neither did the management resort to lockouts. The policy of give and take worked well but with zero tolerance to Code of Ethics etc. While India witnessed an ugly breakdown of relations between management and workers in the auto sector over the years, at Ford it was minimal due to all stakeholders' better understanding and coordination.

SIAM (Society of Indian Automobile Manufacturers) reports that the following automobile companies have closed their doors in the last five years: I Hindustan Motors, II General Motors, III Harley Davidson, IV UM Motorcycles, and V Honda Cars, which has consolidated its operations in Tapukara on the Rajasthan-India border (Business Today, 2021). Hindustan Motors paid compensation to the workers on an average between Rs.21 lakhs and Rs.24 lakhs. They also received their PF as well as Gratuity. Hindustan Motors Union head Gandhi stated (Venkatachari, 2021). He also indicated company to date did not provide any alternative employment; most employees of Hindustan Motors still did not get placement in other companies and there was no support forthcoming from the State Government.

On the other hand, Harley Davidson entered the Indian market a decade ago but has so far managed to sell only 27,000 bikes, barely half of what the country's segment leader Royal Enfield sells in a month. Due to high restructuring costs, the company decided to wind up, resulting in the termination of employees in its India operations. It will retain only a scaled-down sales office in Gurugram.

General Motors has ceased production in India by 2017, nearly 1550 firm employees lost their jobs. However, they continue to provide maintenance services (Wikipedia, 2021). Honda announced its closure of the Manesar plant in Haryana in 2019; they laid off about 1,500 contractual workers and 650 workers. Meanwhile, nearly 1,500 contractual workers

who had been staging a sit-in at the company's headquarters since November 5 protested their co-workers' retrenchment vacated the building and continued their strike outside after management agreed to work toward a quick resolution (Hindustan times, 2019). Honda has experienced violent strikes over the years and a periodical breakdown of the industrial relations machinery.

At Toyota Motor Corp., Bidadi, Bangalore plant has experienced multiple strikes and lock outs resulting in breakdown of relationship between the workers and the management over the years. The most recent issue being Nov 2020; the company had declared a lockout. This is a clear case of Multinational Company's inability to manage the industrial relations climate in India (Economic Times, 2021).

Unemployment in rural and urban areas will increase due to business failure or winding up. There are chances that some companies will rehire; it is challenging to find the right job at the right salary during these times. Although employees are facing challenges, they should ask themselves whether they would be better off holding onto an unsustainable job for as long as possible or attempting to change now? (Willy, 2018).

Conclusion

Make in India is imperative to India's growth, and Ford's debacle will increase unemployment and social issues. While Ford entered the Indian market believing that its potential was untapped, the outcomes haven't lived up to expectations.

Customers in India are price-sensitive; they tend to purchase budget cars. Indian OEMs and car manufacturers have introduced the most cost-effective automobiles understanding the purchasing patterns of the Indian customers.

Low demand and a fall in consumer expenditure had lowered the footfalls at the showrooms and dealer outlets, putting pressure on vehicle makers. Higher gasoline prices have an impact on the industry. On the other hand, consumers continually expect more extraordinary product features and services while seeking lower prices; forecasting future demand is increasingly challenging (Poorani & Krishnan, 2021). The company also offers several development programs and adopts new technologies. Failing to launch new models in a highly competitive market had an adverse impact on business.

On the other hand, Ford believed in retaining employees; workers were pleased and comfortable with the work culture. This sudden closure announcement has pushed workers into depression and uncertainty. Ford union leaders and members placed their Charter of Demands to the management. All they want is alternate employment and not compensation/ settlement. To resolve this situation, Union members met Ministers from the State government and took the issue to the Chief Minister of Tamilnadu for their employment security. Chief Minister, Industries minister, and senior government officials reportedly are trying their efforts on a solution to avoid a political backlash (Business Standard .com, 2021). As per Live mint.com (2021) Rural Industries

Minister stated that the government had received information that Ford was releasing a settlement package' to the employees after conducting a review meeting with more than 50 car parts suppliers from Chengalpattu, Tiruvallur, and Chennai. Soon after news of Ford's decision broke, Chief Minister discussed the options open to protect the employees' jobs, including the possibility of another manufacturer taking over the plant.

Many auto giants quit India due to business losses; Ford is one. In a high price-sensitive market, customers are concerned about the money they pay and look for value. Ford does not offer cars in the budget segment, and the cost of acquisition, maintenance is high in comparison with the competition. Customers can save money on gasoline, maintenance, and repair using electric trucks and vans. However, there is still apprehension regarding Electric Vehicles as regards the management. This could be one of the reasons for the company not to upgrade its plant operation and roll out new products in the EV Platform.

Ford provides its employees with numerous easy-to-access well-being programs that address their physical, emotional, social, and financial (lifestyle) wellness needs using innovative, engaging, and persuasive methods. It has maintained a good work environment, complied with various safety policies and procedures, and organized safety programs to create awareness among employees regardless of the situation. Employees were satisfied and felt safe with the prevailing work culture and shop floor management.

Ford provides flexible work options to balance life with work. Employees were provided with paid time off and were satisfied with the welfare facilities provided at the workplace; it also made a significant contribution to collective bargaining.

According to Hollenbarch (2012), the measures for mitigating the effects of retrenchments are to provide pre-dismissal and post-dismissal counselling to affected employees. Therefore, to mitigate the effects of retrenchments, training should be provided to augment personal financial skills, career goals management, strategies for re-entering the formal market and most importantly skills for developing small businesses. This seems to be missing in the Ford Management's strategy while planning closure, which would have addressed most of the socio-economic concerns of the workers. This could have largely ring fenced the Ford brand while exiting the Indian landscape due to business compulsions.

Business compulsions and consequent closure of operations, resulting from a drop in sales, fall in demand caused by the pandemic, inconsistent leadership decisions, lack of new product launches, government taxation policy, technology absorption, high cost of replacement parts, and maintenance, added to business cycles played spoilsport in the Ford experience.

A large percentage of workers who lost their jobs in the past due to the closure of auto plants were rehired by local incumbents in the industry-since a considerable portion of workers' skills is industry-specific. While Ford is closing its

manufacturing operations in India, it will continue to run its global analytics centre out of Chennai, India, since it has retained one of the best talent available globally, sourced locally, for international support. As a part of global downsizing, Ford announced the closure of the Europe plant by the end of 2020; the cut will be hardest in Germany, the United Kingdom, and Russia. It also announced the closing of its Brazil manufacturing operations and stopped producing automobiles in South America. The company states that slow sales have resulted in significant losses (Bloomberg, 2019). The trend seems that Ford is consolidating its position in the USA and slowly exiting global markets, which is alarming.

Interviews Summary

Workers: Workers were worried about their lifestyle change, children's education, other personal commitments. Workers aged more than 40 were concerned about their placement in other companies. Most of the workers have migrated from their hometowns for work; they were in depression and stress. They also stated that they were concerned about the company's decision, which would impact their lives and livelihoods. They stated that they joined the company with incredible dreams and hopes and will carry excellent memories. They also stated that their children studying in good schools, addressing monthly expenses, and settling their debt would be a huge problem; they feel hopeless and know their lifestyles will be impacted severely. Apart from this, Ford provided a good work culture, and they believe that it will

be difficult for them to adjust to the other work cultures. Social security benefits provided were adequate from the perspective of the workers. Ford treated their employees comfortably during the pandemic; they followed a simple mantra: "One Ford -One Team -One Plan -One Goal" (Ford.com, 2021).

Union: Union leaders and Union members from their side were making utmost efforts for workers' job security. They were also asking for alternative employment and are pursuing this with the State government.

Showroom Dealers: According to them sales started automatically dropping when the closure was announced. However, they confirmed that spare parts would be available after closing the production unit. Due to the fear among the customers for non-availability of spares and service, the sales are further dropping.

Customers: Ford cars Fit to Finish is among the best for city driving, compact use, built quality, and outstanding safety features. Low fuel efficiency, low mileage, spare parts price higher than other brand cars in the same segment; less resale value and inadequate service network impacted sales and revenues. In summary, a great brand producing good quality cars did not attract Indian customers in large proportion owing to the pricing strategy, non-availability of multiple models, inadequate service/ maintenance network, high cost of acquisition and service/maintenance, business cycles all resulted in business losses and end of the road for Ford in India!

Government Intervention

A few officials from the Labour Department suggested that the state government in consultation with the Ministry of Labour and Industry must invest in the up-skilling and unemployment compensation for the workers getting displaced, to ensure the labour finds alternate employment in 6 months to avoid

social unrest and mitigation of other risks in the society.

Ford Leadership needs to take accountability for business sustainability failure while the government of the day needs to introspect on the debacle and its impact on the socio-economic fabric of the working class and Make in India plans.

Questions for Discussion

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- Q1 Ford has excellent work practices and has established good working relationships with Union and workers. Why are they letting go the workers without rehabilitation?
 - Q2 Why Ford did not bring its international or US models to India?
 - Q3 Ford seems to close down many operations globally? Why this trend?
 - Q4 Why Ford failed to explore partnerships in India to ensure business continuity?
 - Q5 Business Strategy has a direct impact on sustainability and results? Discuss the Ford experience
 - Q6 Has the government at the State and Centre done enough to prevent Ford from exiting India?
 - Q7 What role competition played in the end of Ford operations in India?
 - Q8 Did Ford use India to serve the international market without investing in the Indian market?
 - Q9 Do workers have a right to demand business continuity and job security ?
 - Q10 How does the Ford exit play around with the make in India plans?
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