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## Chinese expats in India\*

The Chinese community in India generally comprises immigrants from China and Indian-born people of Chinese ancestry. In the late eighteenth century, Chinese immigrants came to India to work at the Calcutta (Kolkata) port and Madras port. In 1962, the Indo-China border dispute resulted in a war, leading to mistrust and frictions between the two neighbours. However, the situation started to normalise when India and China resumed diplomatic relations in 1976.

The ethnic Chinese in India contributed to many areas of social and economic life. They engaged in the manufacturing and trade of leather products as well as beauty parlours and restaurants. By the twenty-first century, thousands of Chinese individuals were living in Kolkata, Mumbai, and other cities in India. Many Chinese companies, entrepreneurs, and managers operated in India in fields as diverse as telecommunications, power, construction, heavy machinery, and pharmaceuticals.

### Chinese Investors

In the aftermath of the economic liberalisation policy of 1991, the Indian government encouraged foreign companies to set up manufacturing units in India under its 'Make in India' programme (Ribeiro & Kan, 2015). China became the world's largest economy (by output), producing 16 per cent of all goods and services, whereas India accounted for 7 per cent (International Monetary Fund [IMF], 2015). In 2014, Indo-China trade was estimated to be more than \$70 billion (The Economic Times, 2015). Following India's economic liberalisation policies, there was an influx of not only Western but also Chinese investors and companies. Investors from mainland China as well as Taiwan started operating in India, at times relocating their skilled employees and managers.

One such example was Foxconn Technology Group (Hon Hai Precision Industry Co., Ltd.), a multinational electronics contract manufacturing company headquartered in New Taipei, which was estimated to be the third-largest information technology company by revenue. In August 2015, Foxconn entered into a memorandum of understanding with the Indian state government of Maharashtra and announced that, as a part of its plan to set up 12 manufacturing facilities in India by 2020, the company would invest US\$5 billion in a large

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\*Professor Jawad Syed (Lahore University of Management Sciences) wrote this mini case as a basis for class discussion rather than to serve as an endorsement, source of primary data, or illustration of effective or ineffective management. It has been adapted from: Syed, J. & Jenkins, A. (2017). International assignments. In Syed, J., & Kramar, R. (eds.) *Human Resource Management: A global and critical perspective*, pp.298-314. Basingstoke: Palgrave Macmillan. © Copyright: South Asian Academy of Management. To order copies or request permission to reproduce materials, email: [info@southasianaom.org](mailto:info@southasianaom.org) OR call (+92) 3291009981. This publication may not be digitized, photocopied, or otherwise reproduced, posted, used or transmitted, without the permission of South Asian Academy of Management.

electronics factory and other facilities in India. The investment was projected to create employment for at least 50,000 people (Ribeiro & Kan, 2015). For a contract manufacturing company like Foxconn, which made a variety of products for various companies, including the iPhone, India presented an opportunity to build products such as smartphones both for the booming local market and for global customers. The company employed over a million workers in China, where it had factories across the country. However, it faced labour shortages in China as many workers sought the highest wages possible and were willing to leave for better jobs.

To expand its manufacturing base, Foxconn explored setting up factories in India and Indonesia. In a statement, Foxconn stated that the investments in Maharashtra would be in the areas of manufacturing, research, and development, and other strategic capabilities to tap into the pool of local talent in the technology and manufacturing sectors (Ribeiro & Kan, 2015).

Following Prime Minister Narendra Modi's rise to power in 2014, many Chinese companies gained the confidence to step into the Indian market. While Lenovo, Huawei, and Xiaomi were already household names in India, new entrants such as Gionee and Oppo became equally active. More companies such as Shandong Tiejun Electric Power Engineering, Xian Electric Engineering, and Shanghai Urban Construction began charting out their India plans after the Indian government approved their entry in 2015 (Kastner, 2017).

### **India Remained a Difficult Terrain for Chinese Expatriates**

Chinese manufacturing companies, including mobile phone makers, expanded into India, utilising human and other resources available in the local market. With Chinese firms setting up their factories and offices in India, they brought with them Chinese high-ranking officials. While some Chinese expatriates adjusted to Indian culture, most of them found it difficult to adapt. Some Chinese expatriates struggled to absorb the culture shock of India's many chaotic festivals, elections, cuisines, and languages (Mandavia, 2015).

Most of the 5,000–7,000 Chinese expatriates living in India preferred to remain isolated from Indian culture. The Chinese expatriates formed close communities within themselves. Many of them lived together and interacted primarily among themselves, while very few mingled with the local Indian community. The number of Chinese expatriates in India doubled over two years as hundreds of Chinese nationals moved to India in search of business (Mandavia, 2015). Most of them chose to stay secluded from Indians due to language and cultural barriers as well as their inherent shyness. A Chinese expatriate, Pan Xuan, who lived in Gurgaon for six years, stated that his "talkative" Indian colleagues helped him adjust to the diverse country to a great extent by taking him out for biryani or inviting him for Holi and Diwali celebrations. Most Chinese expatriates lived in Gurgaon, Mumbai, and Bengaluru and often avoided public transport. Many returned to China after two to three years upon completing their assignments. Chinese expatriates complained that obtaining work visas was difficult, and they had to return home periodically to comply with regulations (Kastner, 2017).

Mandavia (2015) reported the case of Shengyu Yang, an Oppo employee, who arrived in India to help the Chinese phone maker make inroads into a fiercely competitive handset market. The 29-year-old Yang lived with his wife in Powai, an emerging hub for Chinese expatriates in Mumbai. Despite his affection for India, Yang faced certain teething problems, such as differences in work culture. "It is not easy to manage teams here. Indians also understand time differently. It is stretchable for them," he laughed. His wife, Jessie, and he, like most other expatriates from China, spent weekends socialising with others from their

home country or engaging in sports. Most Chinese expatriates did not find it easy to mix with locals. Yang's wife, Jessie, attempted to learn Hindi to feel more at home. However, she remained uncomfortable with the idea of venturing too far outside Mumbai without her husband. "When I came to India, I didn't leave home without my husband for one-and-a-half months. In China, we had a negative view about safety in India. Only now I know Mumbai is safe, but we have not travelled much outside" (Mandavia, 2015).

A 2014 Pew Research Centre survey found that only 30 per cent of Chinese people held a favourable view of India (Pew Research Center, 2014). For that to change, Chinese investors and expatriates might have considered that despite their misgivings about Indian culture and economy, opportunities for business and employment existed, especially for IT professionals and producers. Learning Indian culture and Hindi, in addition to English, might have improved their prospects substantially. Equally, the Indian government and local business partners might have considered relaxing work visa regulations and creating opportunities for Chinese expatriates to learn the local culture and language while also ensuring their safety and well-being.

### Discussion Questions

1. What factors have contributed to the increased presence of Chinese companies in India?
2. What are the key cultural adaptation challenges faced by Chinese expatriates in India?
3. How does the Uppsala Internationalization Model apply to Chinese companies in India?
4. What government policies could help improve the experience of Chinese expatriates in India?
5. What strategies can Chinese expatriates adopt to integrate better into Indian society?

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