

**The Hybridization of Local MNE
Production Systems:**

The Case of Subsidiaries in India

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RIJKSUNIVERSITEIT GRONINGEN

**The Hybridization of Local MNE Production Systems:
The Case of Subsidiaries in India**

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*To my mother, who never lost faith in me in those early school years,
and to my father, who so much supported me, when I became a student*

PREFACE

Writing this dissertation was a painstaking process in a number of ways: Getting access to companies during the empirical stay in India, living conditions in a developing country on a tight budget, filling threatening white pages with meaningful thought, sacrificing weekend after weekend to a work that appeared at times a never ending insurmountable task. Or in the analogy of flying an aircraft: I started with a plane loaded with fuel, all systems and engines running smoothly. However, once in India two of my engines were suffocated by the thick dust hanging over New Delhi, when two firms broke away that had promised their participation. After some intense efforts and a mobilization of all possible social capital, I managed to re-ignite the engines by replacing the lost firms with two alternatives. However, this was only the beginning; a long flight back was still lying ahead. On my way back to the Netherlands loaded with voluminous empirical cargo it felt like being too heavy, burning too much fuel without covering enough distance. And as if this was not enough, it felt like loosing all navigational systems during night-flight, when I started to explore and make sense of the empirical quagmire. Strangely, hard work, instinct and maybe a hand of God guided me and kept me on route. Nearing home, a number of circles around the airport were unavoidable due to bad visibility. Running low on fuel, the clouds suddenly broke and the runway came into sight. I finally managed to touch down on the last drop of kerosene, leaving the passenger and fuselage miraculously without major structural damage. It should not be forgotten here that this flight was only possible with the support of air traffic controllers, a highly supportive ground crew and infrastructure. Therefore, I would like to very much thank a number of people and institutions, without whom this project never could have got off the ground and brought back home safely. First of all, I would like to thank my parents and my wife Jutta. I would like to thank my parents, who lay the foundations of what I was able to achieve, who financed most of my studies and never lost faith in my work, when I doubted. I would like to thank my wife, who helped me to structure my thoughts in numerous discussions, who comforted me when I faltered, and who took on the arduous task of proofreading some of my work. Moreover, I would like to thank a number of people and friends, who supported me during my research stay in India and helped with the painstaking task of getting access to companies. In this context, I would like to particularly thank a number of Indian women including Vijay and Pushpa Bhatia, Kavita Datta, Anandi Iyer, Sonia Prashar and Priya Jaikishan who proved much more dependable than their male counterparts. I am also very grateful here to Augustus Mallier, whom I got to know years ago, during my first research stay in India and who has become a close friend. Moreover, I would like to extend my thanks to a number of New Delhi based organizations, which were very supportive, including the German Embassy, the Indo-German Chamber of Commerce, the GTZ (Gesellschaft für technische Zusammenarbeit). And I would like to thank of course the companies and or-

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LIST OF ABBREVIATIONS

ACMA	=	Society of Indian Automobile Manufacturers
AITUC	=	All India Trade Union Congress
BEMs	=	Big Emerging Markets
BJP	=	Bharatiya Janata Party
BMS	=	Bharatiya Majdor Sangh
CITU	=	Centre of Indian Trade Unions
CKD	=	Completely Knocked Down
DB	=	Daimler Benz
DC	=	DaimlerChrysler
DCIPL	=	DaimlerChrysler India Private Limited
FERA	=	Foreign Exchange Regulation Act
FIAL	=	Fiat India Auto Limited
FIPL	=	Fiat India Auto Private Limited
GoI	=	Government of India
HCM	=	Heavy Commercial Vehicle
HMS	=	The Hindu Majdoor Sabha
HR	=	Human Resources
HRM	=	Human Resource Management
EWA	=	Engineering Workers Association
IAL	=	India Auto Limited
IB	=	International Business
IDA	=	Industrial Disputes Act
IEA	=	Industrial Employment Standing Orders Act
IIT	=	Indian Institute of Technology
INTUC	=	Indian National Trade Union Congress
ITI	=	Industrial Training Institute
JIS	=	Just In Sequence
JIT	=	Just In Time
JV	=	Joint Venture
KEPS	=	Kamgar Ekta Premier Sanghatana
LMC	=	Light Commercial Vehicle
MB	=	Mercedes Benz
MBIL	=	Mercedes Benz India Limited
MD	=	Managing Director
MNE	=	Multinational Enterprise

MoU	=	Memorandum of Understanding
MPS	=	Mercedes Benz Production System
MRTP	=	Monopolies and Restrictive Trade Practice Act
MUEU	=	Maruti Udyog Employees Union
MUKU	=	Maruti Udyog Kamgar Union
MUL	=	Maruti Udyog Limited
MUV	=	Multi Utility Vehicle
NEP	=	New Economic Policy
PAL	=	Premier Auto Limited
PLEMAs	=	Periphery of Large Existing Market Areas
PSUs	=	Public Sector Undertakings
Rs.	=	Rupees
SAIPL	=	Skoda Auto India Private Limited
SIAM	=	Automotive Component Manufacturers Association
SKD	=	Semi Knocked Down
SMC	=	Suzuki Motor Corporation
SPS	=	Skoda Production System
TELCO	=	Tata Engineering and Locomotive Company Limited
TUA	=	Trade Union Act
UNIDO	=	United Nations Industrial Development Organization
UTE	=	Unita Technologica Elementare
VAT	=	Value Added Tax
VRS	=	Voluntary Retirement Schemes
VW	=	Volkswagen AG
WTO	=	World Trade Organization

