

CHAPTER 7: HYBRIDIZATION PROFILES COMPARED: SIMILARITIES AND DIFFERENCES EXPLAINED

The goal of this chapter is to systematically compare the four cases presented above and explain the similarities and differences found in their hybridization profiles. The analysis starts with a broad comparison of the four cases (in section 7.1). Addressing the *how-question*, this involves first a broad comparison of the hybridization outcomes between cases and then between different production system dimensions. After having identified broad differences and similarities, the *why-question* will be addressed. It will be shown that the different generic strategies, the related strategic distance between the sites and the internationalization experience of MNEs, on the one hand, and the strategic and institutional contextual conditions in the host context, on the other, are important building blocs for developing a broad understanding of the differences and similarities found. Starting from here, it is further argued that we need a more fine-grained comparison to better understand differences by case and dimension. Again addressing the *how-question*, this involves a detailed comparison of the similarities and differences by the cases and by the production system dimensions (in section 7.2). Addressing once more the *why-question*, there will be a systematic explanation effort, showing how template availability, template transfer or use, (mis)fits/recontextualization pressures and recontextualization modes and therefore hybridization outcomes, can only be understood as the combined result or interplay of a host of factors including MNE generic strategies, their internationalization experience, different kinds of contextual distances as well as subsidiary level strategic choices and conditions.

7.1 OVERALL COMPARISON

THE HOW-QUESTION: BY CASES AND BY DIMENSION

A first broad comparison of the four cases reveals the following pattern with regard to the hybridization outcomes. While MUL and FIPL show the highest incidence of imitation, DCIPL and SAIPL feature much less imitation outcomes and instead much more customized solutions. The biggest contrast can be identified between MUL and SAIPL. The MUL case has come closest to imitation. This contrasts with SAIPL which has come closest to local solutions as an overall outcome.

As opposed to a case-based hybridization outcome view, a production system dimension-based outcome perspective reveals the following pattern. The production system dimensions: industrial relations and hierarchical differentiation have the strongest tendency for

local outcomes. In contrast, the dimensions of functional differentiation, technical configuration and supplier relations featured the least amount of local outcomes. Specifically, while the dimension of technical configuration and supplier relations had a high incidence of customized solutions, the dimension of functional differentiation had a more moderate incidence of customization. Compared to all other dimensions the dimension of work organization and HR-profile featured the highest degree of hybrid outcomes (see table 29).

Table 29: Hybridization outcomes of all four cases compared

Dimension / case	MUL	FIPL	DCIPL	SAIPL
Functional Differentiation	Imitated	Imitated	Customized	Customized
Hierarchical Differentiation	Local	Imitated	Between local and hybrid	Local
Technical Configuration	Between imitated and customized	Between imitated and customized	Customized	Customized
Work Organization & HR-profile	Between hybrid and imitated	Hybrid	Between hybrid and customized	Between hybrid and local
Industrial Relations	Between imitated and hybrid	Local	Local	Local
Supplier Relations	From between hybrid/customized to increasingly imitated	Between imitated and customized	Customized	Customized

THE WHY-QUESTION: BY CASES

The single most important explanation to understand the broad differences between MUL and FIPL, on the one hand, and DCIPL and SAIPL, on the other, is probably the availability and transfer of a comprehensive foreign parent template in the MUL and FIPL case and no such template availability and transfer in the DCIPL and SAIPL case. As we shall see next, this template availability can be explained by the interplay of the respective companies' generic strategies, the related strategic distance between the MNEs' sites and their internationalization experience.

THE IMPACT OF GENERIC PRODUCT STRATEGY, STRATEGIC DISTANCE AND INTERNATIONALIZATION EXPERIENCES ON HYBRIDIZATION OUTCOMES

There is evidence to suggest that there is an association between the *global product or generic strategies, the related strategic distance and the internationalization experience of the parent companies* and the hybridization outcomes observed. This relationship can probably be most strongly discerned in the firms' different definition/development and transfer of a foreign parent production-system template and to some extent in the degree of recontextualization pressures they face as a result of strategic distance. The relationship is less clear

with regard to the propensity of choosing a particular recontextualization mode. (In this latter respect there appear are a number of intervening factors, some of which clearly beyond the control of individual companies). Both SMC and Fiat featured generic strategies that were based on cost leadership and focus. The focus element of the strategy involved in both cases a strong concentration on low-segment vehicles, mainly for price sensitive customers in emerging or developing markets.

SMC's global product or generic strategy mainly rested on the manufacturing of a limited range of small and subcompact cars, targeting low market segments, to be produced in volumes at constant cost reduction. This generic strategy and the related strategic proximity between a number of crucial sites – mainly in task profile and demand market terms – allowed SMC to define and transfer its integrated home plant Kosai as a template for the production set-ups in different world regions including countries as divergent as Canada and India. Compared to a company like DC, SMC's strategic focus on affordable small cars in lower market segments implied a lower strategic distance in with respect to task profile and demand market conditions between its home markets and developing markets abroad. The low product differentiation and high importance of cost reductions allowed and suggested the definition and use of a home plant template in MUL's case. The comparatively moderate strategic distance between SMC's home site and its Indian operation, implied less recontextualization pressures on those transferred aspects of the production system (e.g. functional differentiation, technical configuration, supplier relations) that turned out to be strongly dependent on specific strategic context conditions (see section 7.2). Thus, the generic strategy explains to some degree, why SMC was able to define and transfer a template, why it experienced only a moderate to low strategic misfit and recontextualization pressure on certain dimensions and therefore a relatively high incidence of imitation.

The findings in MUL were mirrored by similar associations in FIPL. Although it is true that Fiat's overall generic strategy can be regarded as combining a differentiation and a cost leadership strategy (similar to VW), its generic strategy for developing markets – including India – could be more aptly described as one of cost leadership and focus. Fiat's focused World Car strategy, which based on a limited range of platform sharing models, targeting lower market segments, and relying on volume, suggested similar strategic context conditions of different World Car sites and allowed the development and definition of a standardized global production-system template for developing countries. The focus on a low segment product in a low variation for emerging markets suggested or forced the development of a production-system template. Import restrictions, corresponding production-localization requirements, supposedly similar supply and demand conditions in developing countries, and similar task-profiles across World Car sites, created a high incentive to develop and transfer similar production-systems the world over. Given similar strategic context across Fiat World Car sites, one would expect that FIPL faced only moderate recontextualization

pressures when transferring its template, at least of those aspects of the template that turned out to be most dependent on strategic context conditions. However, while Fiat was able to transfer some of those aspects, the company had underestimated the strategic distance between different World Car locations. Nevertheless, the generic strategy explains to a substantial degree, why Fiat developed and transferred a template and did not meet so much strategic misfit and recontextualization pressure as to not transfer its template at all. After all, FILP still had a much higher incidence of imitation outcomes as compared to DCIPL and SAIPL.

Similarly, we may suggest that the *differentiation element* in the generic strategies of DC and VW/Skoda and the likely strategic distance between different sites, explains the absence of definition/development and transfer of foreign parent templates in these cases and therefore the high degrees of customization, especially of those aspects of their production systems (e.g. functional differentiation and technical configuration) that turned out to be most dependent on strategic context conditions. However, causalities were not as straight forward as that in the case of DC and VW/Skoda because the companies did not represent clear-cut cases of differentiation strategies.

DC's generic or global strategy rested on a combination of a product differentiation and high market-segment focus strategy. Although the company increasingly broadened its product portfolio and differentiated in certain market niches, it always had a firm focus on higher market segments, which implied some possibility and incentive to develop templates for similar sites. At the same time, the company was not serving price-sensitive customers and *not targeting developing economies* (at least not in a meaningful way until the early 1990s). Therefore, there was no incentive to define/develop a template particularly suited for small developing country operations. Given the focus on higher market segments, there was a substantial strategic distance – in demand market terms – between home and developing host countries, ruling out a home plant transfer as in the case in of SMC. In fact, DC production-related FDI in developing countries was for the most part an export-substitution approach, triggered by host country import barriers. Again, the high segment focus and the related high strategic distance between the home and the host, a developing country site in India, ruled out using the integrated home plants as comprehensive production templates. Instead, the strategic distance suggested more customized solutions for those aspects of the production systems that tended to be dependent strategic context conditions. (It should also be noted that although the strategic distance was high, there were still some elements of strategic similarity. After all, the models to be manufactured were the same, which ruled out purely local solutions). The combination of differentiation and high segment focus did not create a strong incentive to define and develop foreign parent production system templates because different sites potentially differed in their product/task profile (differentiation effect) and because the focus on premium vehicles (premium focus effect) involved moderate production volumes that made a replication of similar production set-ups on a global base

uneconomical. The most important reason, however, that explains the absence of a foreign parent template definition and transfer in the DCIPL case, is linked to the fact that the product strategy and internationalization focus on high market segments *for developed markets* featuring comparatively little import restrictions, created for a long time no need to repeatedly localize production in different countries. This situation has at least been the case for DC until the 1990s. Only since then has DC refocused its internationalization strategy on Asia and with that from a mere export-oriented internationalization to a market-seeking internationalization of production (MD, interviewed in 1998). This strategic shift was caused by increasing saturation in the triad markets and a new focus on emerging economies, particularly in Asia. This shift implied that DC – based on import restrictions – would now also be forced to set up a greater number of production sites in different countries in Asia. Thus, in the wake of this strategic reorientation, DC has set up quite a number of production sites (see section 6.3) in similar strategic contexts and with similar product/task profiles that are still strategically distant from home operations but not very strategically distant from each other. Interestingly, this has led, at the turn of the millennium, to the development of a production-system template for SKD/CKD sites. However, when the Indian operation in the early/mid 1990s was set up, no such template existed. At that point in time, DC had only little internationalization experience in the set-up of CKD/SKD passenger car sites. Thus, a closer look at the generic strategy, changes in internationalization strategies as well as internationalization experience helps us to understand why DC lacked a defined foreign parent template for its Indian site and why the strategic distance between home plants and the Indian site was too large to transfer for home plants or home plant elements that tended to be dependent on strategic context conditions. The generic strategy, changes in internationalization strategies and the internationalization experience help us to explain, why DCIPL came to a host of customized solutions on production-system dimensions that are strongly dependent on strategic context conditions and demands.

Like DC's generic strategy, VW/Skoda's global product strategy was not a pure differentiation strategy. Instead, VW's strategy can be described as a mix between differentiation and cost leadership. While in the VW case the element of differentiation potentially worked against the definition/development and transfer of foreign parent templates, the cost leadership and the long-standing internationalization experience of VW suggested that the company would have at least some incentive to develop and transfer foreign parent templates from a third country-site. After all, VW had historically different world-region-specific product-strategies, which also involved some focus on lower segment vehicles for developing markets. VW has been following from relatively early on a market-seeking internationalization of production (see section 6.4). Put differently, the cost element in VW's generic strategy, its internationalization experience and potentially similar strategic contexts of its production sites in developing countries suggests a possible availability and transfer of foreign parent templates to a CKD/SKD site like SAIPL. What is more, if such templates

were developed for specific emerging market conditions, we would expect moderate degrees of recontextualization pressures on strategic context sensitive production-system dimensions and accordingly a fair amount of imitation. However, as the empirical case of SAIPL showed, practically no use was made of such a foreign parent template, which was even more surprising in the case of the Skoda-brand because Skoda has been assigned the task of establishing a “CKD-Strategy to conquer other markets in Eastern Europe and Asia, including China” (Vahland, 2005). Three factors can probably explain the absence of a comprehensive foreign parent template for transfer in the SAIPL case. First, there were strong indications that Skoda India was under the direct control of Skoda Auto, i.e. not under the direct control of VW. SAIPL was a wholly-owned subsidiary of Skoda and there was, at the time of research, little direct VW involvement in the set-up. Secondly, when SAIPL was established, Skoda had little internationalization experience, which could have fed into the development of a SKD/CKD template. At the same time, SAIPL was strategically distant from Skoda’s integrated home plants, which also ruled out a comprehensive replication of home operations. Thirdly, the SAIPL operation was at an early set-up stage and essentially an SKD facility. It may well be that the shift from a SKD to a CKD site involved the use of a more comprehensive foreign parent template. Thus, in the Skoda case the generic strategy serves only as a limited predictor for the hybridization outcome. As in the DCIPL case, little internationalization experience, a large strategic distances between the home sites and the Indian site explain why no foreign parent template was available and transferred and why there was a high incidence of customized solutions on those dimensions of the production system that are strongly dependent on strategic context conditions. While the generic strategy, strategic distance and internationalization experience provide us with a general explanation why MUL and FIPL have come to comparatively more imitation and why DCIPL and SAIPL have come comparatively to more customized solutions, it doesn’t help us to explain variations within the cases across different dimensions of the production system. For neither do MUL and FIPL feature pure imitation outcomes, nor do DCIPL and SAIPL feature pure customized or local outcomes across all dimensions of their production systems.

THE WHY-QUESTION: BY DIMENSION

In this section we try to give a first and broad explanation, why specific dimensions of the subsidiaries' production systems showed propensities for certain hybridization outcomes. Generally speaking, it appeared that some dimensions of the production systems were mainly affected by institutional context conditions and distance, and others more by strategic context conditions and distance, which is not to say that the other context was respectively irrelevant. For instance, it appeared that the high incidence of *local outcomes* on the dimensions *hierarchical differentiation and labor relations* could be related to entrenched institutional patterns in the host context that penetrated deeply into the companies, irrespective of generic or internationalization strategy and experience related template availability and transfer. Similarly, the high incidence of *hybrid outcomes* on the dimension of *work organization and HR-profile* was strongly related to the interplay of whatever was being transferred or demanded from the foreign parent and local/host institutional patterns. Regarding the latter, it was most notably the strong socio-professional demarcation produced by the Indian social stratification and education system that pulled transfers towards hybrid solutions. In fact, in no case in the research sample – no matter how strong the foreign parent's transfer intent or demand for an alternative work pattern – was the foreign parent able to overcome this institutional or societal effect. (However, it should also be mentioned that particularly with regard to the work organization it was not only institutional misfits that mattered). In contrast, with regard to the *functional differentiation, technical configuration and supplier relations* host/local institutional demands or misfit – while not entirely irrelevant – were comparatively less relevant than local/host strategic conditions for the outcome. On these latter production system dimensions, the host country demand and supply market conditions and their strategic distance to home or third country operations, were causing a high incidence of customized outcomes. However, here again, the broad comparison of dimensions covers up that there were fine differences on these dimension from one case to another. Therefore, we need to proceed to a *production system dimension based case comparison* in the next section and analytical step.

7.2 SIMILARITIES AND DIFFERENCES BY CASE AND DIMENSION

To better understand the similarities and differences in hybridization outcomes, we need an approach that does not only consider broad differences between cases or between certain dimensions of production systems but an approach that explores *how* and *why* hybridization outcomes differ from case to case on specific dimensions. While this involves as a crucial explanatory starting point knowledge about generic strategies and related strategic misfits this is not sufficient to understand complex differences.

ORGANIZATION STRUCTURE

FUNCTIONAL DIFFERENTIATION: HOW THE CASES DIFFER

With regard to the hybridization outcome of the functional differentiation of the respective production systems the empirical material is probably the weakest compared to the other dimensions of the production systems. Nonetheless, a marked difference was discerned between the cases MUL and FIPL on the one hand, and DCIPL and SAIPL on the other. Indications were that while MUL and FIPL had come to imitation as an outcome, DCIPL and SAIPL had mainly come to customized solutions (see table 30).

Table 30: Hybridization outcomes on the dimension of functional differentiation

Functional Differentiation	MUL	FIPL	DCIPL	SAIPL
Outcome	Imitation	Imitation	Customization	Customization

FUNCTIONAL DIFFERENTIATION: WHY THE CASES DIFFER

GENERIC STRATEGY, INTERNATIONALIZATION EXPERIENCE & TEMPLATE AVAILABILITY FOR TRANSFER

As discussed above, the respective companies' variance with regard to generic strategy, related strategic distance between sites and internationalization experience provides an important explanation why SMC and Fiat developed or defined templates for transfer and why DC and Skoda did not – at least not at the time when their sites were established.

Table 31: Generic strategy, internationalization experience and template availability for transfer

Functional Differentiation	MUL	FIPL	DCIPL	SAIPL
Generic strategy	Focus & Cost	Focus & Cost	Focus & Differentiation	Differentiation & Cost
Strategic distance between units	Low between home and Indian operation and also a number of other integrated foreign operations	High between home and Indian operation; low between World Car operations	High between home and Indian operation; increasingly low between Asian operations	High between home and Indian operation; increasingly low between foreign operations
Internat. experience	High	High	Low	Low
Template availability	Yes	Yes	No	No

ENTRY MODE AND LOCAL TEMPLATE AVAILABILITY

As a result of their variance in entry modes – mainly the *establishment mode* – the firms differed with regard to the availability of a *local template*. While the Greenfield sites MUL, DCIPL and SAIPL had no existing local template at their site, things were different for Fiat that had chosen or had to choose a Brownfield site/acquisition. What is more, related to their *equity mode* as JVs, MUL, Fiat and DCIPL had at least in theory the option to use on the local JV partners’ configurations as a template.

Table 32: Entry mode and local template availability

Functional Differentiation	MUL	FIPL	DCIPL	SAIPL
Establishment mode	Green	Brown	Green	Green
Equity mode	Minority JV > Majority JV	Majority JV > Wholly-owned	Majority JV > Wholly-owned	Wholly-owned
Local template availability (existing at site / from local partner)	No / Yes – in theory	Yes / Yes – in theory	No / Yes – in theory	No / No

CONFIGURATION MANDATE, (MIS)FIT AND TEMPLATE TRANSFER/USE

Both SMC and Fiat had a foreign template and were transferring it. Fiat was the only company that could have used an existing local template at its site but refused to use it. While SAIPL neither had an existing local template at its site nor the possibility of using one from a local JV partner, DCIPL and MUL in theory had such possibly but did not use it. How can we explain this?

Let us start with SMC/MUL. Although SMC was throughout most of the company's existence a minority JV partner, it was SMC which essentially had the configuration mandate to establish the functional set-up. This was related to the interplay of a number of factors. First, the establishment mode of the MUL operation was a Greenfield and required substantial establishment work. Second, despite holding the majority in the JV, the local partner, the Government of India, was not able to perform this establishment work. The very absence of local capability in MUL with regard to automobile design and manufacturing was the very reason that had pushed the Indian Government to look for a foreign JV partner. Third, as a result of lacking local JV partner capability, the product to be built had to be introduced by the JV partner. This implied that the crucial dimensions of the production system including the functional set-up would have to be transferred by the foreign JV partner SMC. Thus, there neither was a locally existing functioning manufacturing facility to build on nor did the Indian JV partner have any prior experience in automobile manufacturing. Given the Greenfield nature of the set-up, given the asymmetry of capability between the JV partners and the absence of a comprehensive local template and given SMC's product ownership, no local template was used. Instead SMC, as a minority JV partner, had the *mandate* to introduce the products and core aspects of the production system, including the functional organization. Now, SMC's configuration mandate was a precondition but probably not the ultimate reason to use the Kosai plant as a template for the Indian site. The main reason to transfer Kosai's functional differentiation was the *generic strategy related strategic fit* between the Kosai template and the task profile/host strategic context of the Indian operation. Moreover, there were no indications that institutional distance induced a transfer restraint with regard to the site's functional differentiation. This is also related to the fact that the Greenfield establishment mode implied little existing institutional patterns acting as an ex-ante deterrent for transfer.

Fiat's entry mode contrasted with SMC's. Fiat had the option of either using the existing local template and/or transfer its World Car template. Fiat choose the latter option, why?

From the beginning Fiat practically had the majority in the Indo-Italian JV FIPL, and assigned its subsidiary the task of producing its World Car range of models. Fiat was in control of the JV, introduced its own product and consequently had the configuration mandate for the whole site, including the functional differentiation. Theoretically, Fiat could have used the existing functional set-up or template of the Brownfield site. Fiats choose not to because Fiat was determined to implement its standardized World Car production template and because the existing local template was not in line with the template requirements. Although there was some strategic misfit between the World Car template's ideal local/host strategic context conditions and the Indian site's strategic context conditions (i.e. in local demand market/volume terms), this misfit was not severe or relevant enough to affect the company's transfer intent with regard to the functional differentiation. Moreover, in spite of using a Brownfield site, there was no local/host context institutional misfit, which might

have called for an *ex ante* transfer restraint. Thus, the *equity mode* and the introduction of the World Car gave Fiat the configuration mandate to shape the operation. As the existing local template did not fit the World Car task profile and as there was no meaningful strategic or institutional misfit between the World Car template's functional differentiation and the local/host context, Fiat engaged in transferring it.

DC essentially shared with Fiat that the company was from the beginning in control of the JV DCIPL, introduced the product and had basically the configuration mandate for the functional differentiation of the site. The DCIPL case contrasted with FIPL, in that the establishment mode was a Greenfield operation and in that DC had no defined foreign parent template available for the establishment of the site's functional set-up. Given the *equity mode* and the *product ownership*, DC had the configuration mandate as far as the site's functional differentiation set-up was concerned. What is more, DC had no defined template for CKD operations. At the same time, DC's home operations – despite building in principle similar vehicles – were far too *strategically distant* with respect to production volume and product variety to be transferred. Thus, the absence of a specific template and the strategic distance between home and host country operation ruled out a transfer. However, given the *establishment mode*, the site's functional differentiation had to be configured some way. Now, theoretically there was also the option of using the local JV partner's configurations as a template. This was, however, ruled out by the Germany side's configuration mandate – in basically all manufacturing related areas – and the *lacking capabilities* of the local JV partner in luxury-vehicle-production. After all, the local partner was a mass-producer of trucks and there was a substantial *strategic distance* between the local JV partner's task profile and the task profile of DCIPL. While neither a foreign parent nor local template was being used, there were different demands/policies from the foreign parent side as well as demands and conditions in the host institutional and strategic context that called for accommodation in the functional differentiation of the site. Apart from general DC policies, the German side's demands expressed themselves in an ethnocentric staffing policy in the early years of the operation. Most important of all, the site's functional differentiation would have to be tailored to the specific task profile of a low-volume-production and a low-vertical integration site, given moderate demand market conditions in the host context.

In SAIPL the situation was somewhat similar to DCIPL. The main difference to DCIPL was that the company's entry mode ruled out the use of an existing local/JV partner template. Another crucial difference between SAIPL and basically all other cases in the sample, was its polycentric staffing policy that implied relatively low levels of foreign parent demands mediated by expatriates. Given its establishment and equity mode, Skoda not only had the unrestrained configuration mandate but also the task to configure its Indian site's functional differentiation on its own. After all, the site was a Greenfield operation and there was no local JV partner to turn to for a local template. At the same time, Skoda, like DC, had no template available for the functional differentiation of its Indian SKD operation. Similarly

its home operations, which were in principle building the same vehicles, were far too strategically distant (in production volume and product variety) to serve as a template for SAIPL's functional differentiation. The absence of a template and the strategic distance between their home and host country operations, ruled out a template transfer. Although there neither was a foreign nor a local template to be used, there were – like in the DCIPL case – different demands/policies from the foreign parent side. In contrast to DCIPL, however, these demands were much less mediated through expatriates and based on general policies. Like in DCIPL, demands and conditions in the host institutional and strategic context called for accommodation in the functional differentiation of the site. Most important of all, the site's functional differentiation had to respond to the specific task profile of low-volume-production and low vertical integration, in view of the demand market conditions in the host context.

Table 33: Configuration mandate, (mis)fit and template transfer/use

Functional Differentiation	MUL	FIPL	DCIPL	SAIPL
Template availability	Yes	Yes	No	No
Local template availability (existing at site / from local partner)	No / Yes – in theory	Yes / Yes – in theory	No / Yes – in theory	No / No
Configuration mandate	Foreign parent nationals	Foreign parent nationals	Foreign parent nationals	Host country nationals
Foreign template transfer	Yes – complete	Yes – complete	No – but foreign parent function related demands	No – but foreign parent function related demands
Local/host template used	No	Yes/No – but had to be dealt with as it was	No – but host context related demands	No – but host context related demands

INSTITUTIONAL/STRATEGIC (MIS)FITS AND RECONTEXTUALIZATION PRESSURES

Both SMC and Fiat transferred a foreign parent template. SMC's template met a favorable host strategic (i.e. demand market condition) and a favorable local institutional context (i.e. Greenfield *establishment mode*) which contributed to low recontextualization pressures. In the Fiat case the situation was slightly different. In FIPL the host strategic context (i.e. demand market condition) and the local institutional context (i.e. Brownfield establishment mode) were not ideal for the implementation of the World Car template. However, the strategic misfit was not as bad as to put a high recontextualization pressure on the functional differentiation of the World Car template.

DC and Skoda neither had transferred a foreign parent template nor did they use a local template that could cause a misfit with local/host strategic and institutional context conditions or demands. Yet, their functional differentiation had to accommodate foreign parent and host context demands and conditions. However, there were no indications that these

foreign parent and local/host context demands were contradictory. Moreover, the establishment mode of both sites implied a low existing level of local institutionalization and therefore little recontextualization pressure on the functional differentiation to be built. What is more, the different staffing policies in DCIPL and SAIPL, implied that the likelihood of contradictory demands and corresponding recontextualization pressure was lower in SAIPL than in DCIPL. For Skoda's polycentric staffing approach meant that there were fewer demands that could cause misfit in the first place. Overall, DCIPL and SAIPL did not differ much with regard to recontextualization pressures on the functional differentiation dimension. Both companies faced similar contextualization pressures, which basically involved building a functional differentiation that accommodated foreign parent and host context strategic demands and conditions.

Table 34: Institutional/strategic (mis)fits and recontextualization pressures

Functional Differentiation	MUL	FIPL	DCIPL	SAIPL
Foreign template transfer	Yes – complete	Yes – complete	No – but foreign parent function related demands	No – but foreign parent function related demands
Local/host template used	No	Yes/No	No – but host context related demands	No – but host context related demands
Strategic/institutional (mis)fit	No / No	Yes / No	No / No	No / No
Recontextualization pressure	No	Yes	No	No

CONTEXTUAL STRENGTH/RESILIENCE AND RECONTEXTUALIZATION MODE FOUND

Broadly speaking, MUL and Fiat arrived at an imitation outcome of their functional differentiation because the transferred templates fitted with the host/local strategic and institutional context. As a result, no major recontextualizations were required. In the case of MUL, the product strategy fitted well with the host context demands market conditions so that the home functional differentiation could largely be reproduced. Moreover, there was no host or local institutional context misfit for MUL. Despite being a junior partner in the JV, SMC delegates had the mandate to set up the functional structure of MUL's production system. In fact, if SMC wanted to conduct business in India, it had to bring in its capabilities and resources because the local partner was lacking them. At the same time, given the site's Greenfield nature, there were no existing local structures that stood against a functional set-up that followed the Kosai template (high local context resilience).

This was slightly different in the case of Fiat. Fiat had to deal with an existing functional set-up of the Brownfield site it had taken over from PAL. But even in this case, the changes in functional differentiation required by the World Car template did not meet any major resistance from the local institutional context (high local context resilience). There was

probably such a relatively high resilience of the local institutional context in this respect because the functional changes did not strongly challenge employees' status positions in a meaningful way. Furthermore, the strategic distance – i.e. between the contextual requirements of the World Car template's functional differentiation and the host context conditions – was not as big as to deter the transfer. Thus, in the case of MUL and Fiat there was only little adaptation of the foreign transfer template to fit the local/host strategic and institutional context. In both cases the foreign parent was able and willing to transfer a template and faced a local/host context that was conducive or resilient enough – related to entry mode and low levels of misfit – to achieve an adaptation of the local context in line with the template's requirements.

In the case of DCILP and SAIPL, the main (re)contextualization mode was the new establishment of the sites' functional differentiation in response to foreign parent and host/local contextual demands and conditions. As neither a foreign parent nor a local template was used, *no template adaptations were possible*. However, while neither DCIPL nor SAIPL displayed a wholesale foreign parent template transfer effort, the functional differentiation had to respond to foreign parent and host context demands and conditions. For example, given that the manufactured models were practically the same as at home operations, certain quality policies had to be applied and accommodated in the functional organization in the form of audit or quality departments. Conversely, specialized functional units were needed to accommodate host context institutional demands related to India's FDI policy. Most importantly, however, the functional differentiation would have to respond to the particular demand market conditions in the Indian host strategic context and the corresponding task profile of the local site. To accommodate these different parent and host context demands and market conditions both DCIPL and SAIPL created functional structures that resembled neither a foreign-context template nor typical local-context template. Instead, they came to customized solutions to accommodate different demands and conditions in the functional set-up. These adaptations of local context on site met little institutional resistance, which was probably related to their entry modes as controlled Greenfield operations as well as low or no levels of misfit. As there was little discernable misfit-induced recontextualization pressure, the question of resilient parent and host context demands and conditions was not very crucial. It was only relevant with regard to the question, if the local context of the site would be resilient enough to allow the set-up of the functional differentiation in line with the different demands. There was no indication that the local context of the site was not resilient enough. After all, both sites' establishment modes were Greenfield operations.

Table 35: Explanatory dimensions of hybridization outcome

Functional Differentiation	MUL	FIPL	DCIPL	SAIPL
Foreign template available	Yes – Kosai template	Yes – World Car template	No	No
Foreign template transfer	Yes – complete	Yes – complete	No – but function related demands	No – but function related demands
Existing local template	No – Greenfield	Yes – Brown-field/Acquisition	No – Greenfield	No – Greenfield
Local/host template used	No	No	No – but host context demands	No – but host context demands
Misfit/ recontext. need	No	Yes	No	No
Mode of recontextualization	Adpt. of local context (creation) according to Kosai template	Adpt. of local context/template (change & creation) according to World Car template	Adpt. of local context (creation) according parent & host context demand	Adpt. of local context (creation) according parent & host context demand

HIERARCHICAL DIFFERENTIATION: HOW THE CASES DIFFER

The variation of the hybridization outcome on the dimension of hierarchical differentiation of the respective production system can be put on a continuum. The extreme poles were taken by the cases FIPL and SAIPL. While FIPL was the case with the most far-reaching imitation the case SAIPL showed clear signs of a local solution. The cases MUL and DCIPL were in-between. That is, while MUL appeared to be between a local and hybrid solution, DCIPL showed the clearest signs of having come to a hybrid solution (see table 36).

Table 36: Hybridization outcome on the dimension of hierarchical differentiation

Hierarchical Differentiation	MUL	FIPL	DCIPL	SAIPL
Outcome	Local (or between local and hybrid)	Imitated	Hybrid	Local

HIERARCHICAL DIFFERENTIATION: WHY THE CASES DIFFER

GENERIC STRATEGY, INTERNATIONALIZATION EXPERIENCE AND TEMPLATE AVAILABILITY FOR TRANSFER

The respective companies’ variance in generic strategy and internationalization experience provides an important explanation why SMC and Fiat developed or defined templates for

transfer and why DC and Skoda did not – at least not at the time when their sites were established.

Table 37: Generic strategy, internationalization experience and template availability for transfer

Hierarchical Differentiation	MUL	FIPL	DCIPL	SAIPL
Generic strategy	Focus & Cost	Focus & Cost	Focus & Differentiation	Differentiation & Cost
Strategic distance between units	Low between home and Indian operation and also a number of other integrated foreign operations	High between home and Indian operation; low between World Car operations	High between home and Indian operation; increasingly low between Asian operations	High between home and Indian operation; increasingly low between foreign operations
Internat. experience	High	High	Low	Low
Template availability	Yes	Yes	No	No

ENTRY MODE AND LOCAL TEMPLATE AVAILABILITY

The different entry modes – mainly the establishment modes – implied that the firms differed with regard to their local template availability. While in the Greenfield cases MUL, DCIPL and SAIPL there was no existing local template available, things were different for Fiat that had chosen or had to choose a Brownfield site/acquisition. What is more, related to their equity mode as JVs, MUL, FIPL and DCIPL had the theoretical option to draw on the local JV partners' configurations.

Table 38: Entry mode and local template availability

Hierarchical Differentiation	MUL	FIPL	DCIPL	SAIPL
Establishment mode	Green	Brown	Green	Green
Equity mode	Minority JV > Majority JV	Majority JV > Wholly-owned	Majority JV > Wholly-owned	Wholly-owned
Local template availability (existing at site / from local partner)	No / Yes – in theory	Yes / Yes – in theory	No / Yes – in theory	No / No

CONFIGURATION MANDATE, (MIS)FIT AND TEMPLATE TRANSFER/USE

Both MUL and Fiat had a comprehensively defined template for transfer, also involving an ideal hierarchical differentiation. However, while Fiat did transfer its template's hierarchical differentiation to the Indian site, SMC did not. Instead, the MUL site used the local template from the Indian JV partner for its hierarchical differentiation. The difference in tem-

plate transfer with regard to the hierarchical differentiation between SMC and Fiat can be explained by the difference of entry mode, specifically the *equity mode*. Although both firms started off as JVs, Fiat, in contrast to SMC, was practically from the outset the senior partner in the JV and was quick to turn the JV into a wholly-owned subsidiary. It could do so because it entered the Indian market much after the 1991 market liberalizations. Such a swift shift in equity was more difficult for SMC for two reasons. SMC entered the Indian market in the early 1980s before the liberalization. This meant that in the early years SMC was not even allowed to acquire a majority. Secondly, and more importantly, unlike Fiat, SMC had entered a JV with a *Government of India Company*. Being involved in a Government of India company and being in a *minority shareholder position* meant that SMC could only configure the Indian site in line with the Kosai template where it was *mandated* to do so. In the area of hierarchical differentiation, it did not have the *configuration mandate* because certain rules and regulations of a public sector company applied. Thus, although SMC had a far reaching configuration mandate to establish the production operations, indications were that the hierarchical differentiation was not established in line with Kosai because public sector institutional rules and regulations had to be observed in the areas of compensation, personnel policies, promotions and the like. Instead a local template, a typical public sector pattern, was used to configure the hierarchical differentiation of MUL.

In contrast to SMC, Fiat's equity mode and its swift move towards becoming a wholly-owned subsidiary meant that the company was not facing equity or control related obstacles to transferring its template's hierarchical differentiation. In addition, the institutionally distant existing template at the Brownfield site did not deter Fiat from seeking the transfer of its World Car hierarchical set-up. Conversely, the intent to develop the site into a World Car location, the foreign parent template availability and the institutional misfit between the existing hierarchical differentiation at the Brownfield site and the much flatter one defined by the World Car template, ruled out using the existing local template of the site.

While SMC and DC differed substantially in the availability of a foreign parent template, they shared the starting point of using a local template from the JV partner for the site's hierarchical differentiation. In MUL – as we saw – this was mainly related to the equity mode and the special circumstance of a JV with a Government company. In DCIPL it also had to do with the *equity mode*, i.e. having entered a JV with a host context partner. However, although DC was not a minority JV partner – DC had from the outset been the senior partner in the JV – the lack of a foreign parent template, lacking familiarity with the Indian industrial context as well as the initial tasks division between the JV partners, had resulted in giving the configuration mandate for the hierarchical differentiation to the Indian JV partner. This implied that the Indian partner and the host country management had the configuration mandate for “personnel administration”, i.e. issues of compensation, personnel policies and promotions. This configuration mandate for the local JV partner meant that

Telco's hierarchical differentiation was applied to the Greenfield site DCIPL (somewhat scaled down to DCIPL's operational size).

Finally, SAIPL neither transferred a foreign parent template nor did it use a local template from a JV partner. While SAIPL's equity mode ruled out adopting a template from a local JV partner, its establishment mode implied that there was no existing template at the site. In fact, SAIPL's MD indicated that Skoda had chosen a wholly-owned subsidiary as an entry mode because it wanted to create its "own little thing". However, Skoda had no foreign parent template ready for the Indian site's hierarchical differentiation. Paradoxically, the site's polycentric staffing policy and the perceived misfit between Skoda's home and host context institutional conditions, minimized parent demands vis-à-vis SAIPL's hierarchical differentiation and deterred the transfer from the home plant. Not only had the parent not formulated any mission, policy or template for the Czech expatriate to shape the Indian site's hierarchical differentiation but the expatriate and his Indian counterparts also shared the conviction that the institutional distance between the Czech home site and the India operation was much too pronounced to allow any transfer. Consequently, there were mostly local/host context institutional demands that were posed with regard to SAIPL's hierarchical differentiation. Like DCIPL, SAIPL had no mission to apply a defined foreign parent template with respect to hierarchical differentiation. Its configuration was basically left to host country nationals. But while DCIPL had done so because of its *equity mode* – a JV with divided responsibilities – SAIPL had done so because of its *polycentric staffing policy*. What is more, while DCIPL's expatriates moved into all top management positions over time as the equity shifted and started to put pressure for change on the local template of hierarchical differentiation, SAIPL's only Czech expatriates remained hierarchically on an equal footing with his Indian managerial counterparts.

Table 39: Configuration mandate, (mis)fit and template transfer/use

Hierarchical Differentiation	MUL	FIPL	DCIPL	SAIPL
Template availability	Yes	Yes	No	No
Local template availability (existing at site / from local partner)	No / Yes	Yes / Yes – in theory	No / Yes	No / No
Configuration mandate	Host country nationals	Foreign parent nationals	Host country nationals	Host country nationals
Foreign template transfer	No – partly if at all	Yes – complete	No – but increasing foreign parent hierarchy related demands	No
Local/host template used	Yes	Yes/No – but had to be dealt with as it was	Yes	No /Yes – realization of host context related demands due to polycentric staffing policy

Both MUL and DCIPL started off with a local template that was quite distant from foreign parent institutional context conditions and demands. In DCIPL, many German expatriates found the hierarchical differentiation based on the local template much too steep in relation to the operations size. Similarly, in MUL the extensive hierarchy contrasted sharply with SMC's comparatively flat hierarchies in Japan, and it is very likely that SMC would have preferred a flatter hierarchy or at least a decoupling between hierarchical designations and reporting levels. Thus, in both cases there was an institutional misfit between the local template's hierarchical differentiation and foreign parent institutional demands, putting a recontextualization pressure on the local template. In contrast to SMC and DC, Fiat transferred a foreign parent template that was institutionally distant from the local institutional conditions and demands. Fiat's World Car template faced an established local template that was quite distant from the ideal hierarchical differentiation of the World Car template. For the hierarchical differentiation of the foreign parent template was much flatter than the locally existing one. There was, thus, a strong recontextualization pressure for either an adaptation of the foreign parent template or the existing local template. Finally, SAIPL saw the lowest level of recontextualization pressure regarding to the establishment of its hierarchical differentiation. SAIPL neither had a foreign parent template to transfer nor were there strong parent demands vis-à-vis the hierarchical differentiation of its site. Based on the polycentric staffing policy, the establishment of the Greenfield site's hierarchical differentiation was put into the hand of host country nationals who largely configured the organizational hierarchy in line with host/local institutional context demands and conditions. The only Czech expatriate on site found this configuration bewildering but saw little ground for an alternative configuration.

Table 40: Institutional/strategic (mis)fits and recontextualization pressures

Hierarchical Differentiation	MUL	FIPL	DCIPL	SAIPL
Foreign template transfer	No – partly if at all	Yes – complete	No – but increasing foreign parent hierarchy related demands	No
Local/host template used	Yes	Yes/No – but had to be dealt with as it was	Yes	No /Yes – realization of host context related demands due to polycentric staffing policy
Strategic/institutional (mis)fit	No / Yes	No / Yes	No / Yes	No / No
Recontextualization pressure	Yes - from foreign parent	Yes - from foreign parent	Yes - from foreign parent	No

Both MUL and DCIPL started off with a local template that didn't fit particularly well the foreign parent context demands for a flatter hierarchical differentiation. However, while in the DCIPL case this led over time to an adaptation of the local template as well as some adaptation – change or rejection – of foreign parent demands and ultimately to a hybrid profile of hierarchical differentiation, this was much less the case in MUL. In MUL it seemed that there was much less of an adaptation – change – of the local template and more of a ceremonial or cosmetic response to foreign parent demands. Indications were that the publicly purported flat structure, was more of ceremonial nature – to display an image of a Japanese-cultured organization – rather than an empirical reality in response to foreign parent demands. While in DCIPL the hierarchical differentiation had been initially created at the Greenfield site in line with the local parent template, foreign parent demands pulled the organizational hierarchy towards a hybrid solution over time (some local context resilience). In MUL, the hierarchical differentiation was also created at the Greenfield site in line with the local parent template. However, here the foreign parent was less able to pull the organizational hierarchy towards its own home template (less local context resilience). What lies behind this difference? Probably the main explanatory factor lies in the equity mode and the equity development of the two cases. SMC was throughout most of MUL's existence a minority JV partner and had little choice but to accept local solutions. SMC was not able to put through its most likely preferred template because of the interplay of the high institutional misfit, the equity mode and low local context resilience. In MUL the major recontextualization mode was therefore a rejection of foreign parent demands. Later, when SMC finally had the majority and thereby a wider configuration mandate, there was some indication of an attempt to adapt the local hierarchical template. However, at the time of research, there were no indications that a change of the local template had seriously commenced. In contrast to SMC, DC and its expatriates on site could give their demands a much stronger voice and were able to affect a change of the local template. DCIPL had started as a majority JV and had shifted equity rather rapidly to becoming a wholly-owned subsidiary. This equity mode in combination with a strong German expatriate presence allowed DC to at least partly put through the foreign parent demands for less hierarchy. This implied that the local template was adapted, changed to some extent. It should also be noted, however, that local institutional demands were strongly up against this change. Moreover, by the time German managers pushed for an adaptation of the local hierarchical template, the site already had an institutionalized hierarchical differentiation which was not very resilient any more. What is more, German managers were not only not equipped with a clearly defined hierarchical template for the CKD-site but they were also not agreeing as to whether a reduction of the existing hierarchical differentiation made sense. A moderate to low foreign parent willingness and ability and a moderate-low resilient local context proba-

bly explain why the hierarchical differentiation was never brought fully in line with foreign-parent demands. The recontextualization mode involved in DCIPL both the adaptation of the local template as well as of the foreign-parent demands. In contrast to MUL, it was the entry mode and more concretely the equity development that allowed at least some putting through of foreign-parent demands against an existing template.

In contrast to DCIPL and MUL, FILP transferred a foreign template that sharply contrasted or conflicted with the existing local template of the Brownfield site. However, having shifted the equity very early in its favor, having delegated Italian expatriates into all top management positions and having the implementation of its World Car template as a strong mission, made Fiat very rigorously apply its world template's hierarchical differentiation without much alteration. The main recontextualization mode was here the adaptation of the existing local template in line with the World Car template. Again, Fiat was able to do this against local institutional resistance because of a swift equity shift in favor of the Italian side, combined with the presence of Italian expatriates in top management positions who had a clear mission to implement the World Car template. This allowed installing the World Car template's hierarchical differentiation against adverse local institutional demands.

DC and Fiat – in contrast to SMC – moved much more quickly from a JV to a wholly-owned subsidiary. This shift in equity gave both Fiat and DC the control and ability to put through their template or demands with regard to their sites' hierarchical differentiation (even against heavy local institutional resistance). However, DC was not as rigorous in doing so as Fiat. After all, DC lacked a strong mission or will to implement a particular hierarchical template. While the foreign parent context pressure led in DCIPL case to a reduction in hierarchical designations and an adoption of a reporting structure similar to those of the home/parent institutional context, there was never an effort to bring DCIPL's hierarchical levels fully in line with home country conditions. In comparison to FIPL, DCIPL not only had no clearly defined mission to implement a particular foreign parent template but the human resource function of the site was throughout DCIPL's history – even when it became a wholly-owned subsidiary – in the hands of India managers who probably had a moderating effect on German demands. Finally, in SAIPL there was no particular misfit between demands and templates or different context demands. Related to the establishment mode and given that the organization building was left for the most part to host country nationals, the site's hierarchical differentiation was established in line with local/host institutional context demands and conditions. The polycentric staffing policy meant that there were no foreign-parent demands that induced a recontextualization pressure on the hierarchical differentiation that had just emerged. The (re)contextualization mode was therefore adaptation – creation – of the local context in line with host/local context demands.

Table 41: Explanatory dimensions of hybridization outcome

Hierarchical Differentiation	MUL	FIPL	DCIPL	SAIPL
Foreign template available	Yes – Kosai template	Yes – World Car template	No	No
Foreign template transfer	No (- but hierarchy related demands)	Yes – complete	No – but hierarchy related demands	No (- but hierarchy related demands)
Existing local template	No – Greenfield	Yes – Brownfield/ Acquisition	No – Greenfield	No – Greenfield
Local/host template used	Yes	No	Yes	No – but hierarchy related demands
Misfit/recontext. need	(Yes)	Yes	Yes	(Yes) No
Form of recontextualization	Adpt. of local context (creation) according to local template	Adpt. of local context/template (change & creation) according to World Car template	Adpt. of both local template (change) and of parent demand (rejection)	Adpt. of local context (creation) according to host/local demand

ORGANIZATION OF PROCESS

TECHNICAL CONFIGURATION: HOW THE CASES DIFFER

With regard to the hybridization outcome of the technical configuration we have to distinguish between the levels of vertical integration and basic factory layout/process design on the one hand, and the sites’ technical hardware configuration on the other. Similar to the functional differentiation, we could observe here a marked difference between the cases MUL and FIPL on the one side and DCIPL and SAIPL on the other. While MUL and somewhat less FIPL featured some elements of imitation, DCIPL and SAIPL displayed practically pure customizations of their levels of vertical integration, basic factory layout/process design and technical hardware configuration. One could also describe these outcomes as a continuum. MUL’s vertical integration and basic factory layout/process design was featuring the most far-reaching imitation. MUL’s technical hardware configuration, in turn, was already no complete imitation any more. The result was here more between imitation and customization. FIPL for its part featured a mix of imitation and customization regarding its vertical integration and basic factory layout/process design. However, its technical hardware configuration was mainly characterized by customized solutions. Finally, DCIPL and SAIPL featured basically fully customized solutions in their vertical integration and basic factory layout/process design as well as their technical hardware configuration. The only difference in outcome between these cases was that DCIPL had received more technical equipment from its foreign parent (see table 42).

Table 42: Hybridization outcome on the dimension of technical configuration

Technical Configuration	MUL	FIPL	DCIPL	SAIPL
Outcome: vertical integration, factory layout/ process design	Imitated	Between imitated and customized	Customized	Customized
Outcome: technical hardware configuration	Between imitated and customized	Customized	Customized	Customized

TECHNICAL CONFIGURATION: WHY THE CASES DIFFER*GENERIC STRATEGY, INTERNATIONALIZATION EXPERIENCE AND TEMPLATE AVAILABILITY FOR TRANSFER*

The variance with regard to generic strategy, related strategic distance between sites and internationalization experience provides an important explanation why SMC and Fiat developed or defined templates for transfer and why DC and Skoda did not – at least not at the time when their sites were established.

Table 43: Generic strategy, internationalization experience and template availability for transfer

Technical Configuration	MUL	FIPL	DCIPL	SAIPL
Generic strategy	Focus & Cost	Focus & Cost	Focus & Differentiation	Differentiation & Cost
Strategic distance between units	Low between home and Indian operation and also a number of other integrated foreign operations	High between home and Indian operation; low between World Car operations	High between home and Indian operation; increasingly low between Asian operations	High between home and Indian operation; increasingly low between foreign operations
Internat. experience	High	High	Low	Low
Template availability	Yes	Yes	No	No

ENTRY MODE AND LOCAL TEMPLATE AVAILABILITY

Related to their variance in *establishment mode*, the firms differed with regard to the availability of a local template. While the Greenfield sites MUL, DCIPL and SAIPL had no existing local template available at their site, things were different for Fiat that had chosen or had to choose a Brownfield site/acquisition. What is more, in view of their *equity mode* as JVs, MUL, FIPL and DCIPL, at least in theory, had the option of adopting the local JV partner's configurations.

Table 44: Entry mode and local template availability

Technical Configuration	MUL	FIPL	DCIPL	SAIPL
Establishment mode	Green	Brown	Green	Green
Equity mode	Minority JV > Majority JV	Majority JV > Wholly-owned	Majority JV > Wholly-owned	Wholly-owned
Local template availability (existing at site / from local partner)	No / Yes – in theory	Yes / Yes – in theory	No / Yes – in theory	No / No

CONFIGURATION MANDATE, (MIS)FIT AND TEMPLATE TRANSFER/USE

The pattern of foreign template transfer or local template use with respect to the technical configuration can mainly be explained by the interplay of product-ownership- and entry-mode-related configuration-mandates and strategic/institutional misfits between foreign parent templates/demands and local/host contextual demands and conditions.

Although a minority JV partner, it was SMC's leading home plant Kosai that was used as a template for MUL's vertical integration and basic factory layout/process design. As MUL was a Greenfield site, as the local JV partner was lacking capabilities to develop and produce its own vehicle, it was SMC's task to introduce the vehicle and the processes to build it. SMC – also as part of the JV agreement – and its expatriates were mandated to configure the technical configuration of the site. Now, given the *strategic fit* between the Kosai template and the Indian host context – i.e. mainly in the demand market conditions for small low segment cars – SMC was able to transfer selectively its foreign parent template to establish MUL's vertical integration and basic factory layout/process design. However, there was also some *strategic misfit* between the Kosai template and the host strategic context with respect to supply and demand market conditions. This expressed itself in much lower labor costs and higher price sensitivity of customers in India. To keep down production costs, SMC transferred its Kosai template's technical hardware configuration only selectively. At the same time, the local JV partner, the Government of India, pushed for labor intensive production.

In contrast to SMC's involvement in MUL, Fiat had control over the JV practically from the beginning. Given that Fiat not only started off as the senior JV partner but was also very quick to turn the JV into wholly-owned subsidiary and given that it produced its own range of vehicles, it assumed the mandate to set up the technical configuration of FIPL. Although Fiat, in contrast to SMC, used PAL's Brownfield site, it could only very selectively use the existing factory layout/process design and technical hardware configuration. This was due to the fact that facilities were either run down or strategically too distant – mainly in product quality – to the manufacturing specifications and standards of the World Car range. Thus, Fiat had a template, it had the mandate to shape FIPL's technical configuration and it ruled out using the existing local template. At the same time, the strategic distance between other

World Car site strategic contexts and the Indian one also made a full transfer of its template difficult. Against this background, Fiat transferred its World Car production template as far as the host strategic conditions and the spatial restrictions of the Brownfield site allowed. Compared to MUL, Fiat de-selected more of its template's technical configuration, which was mainly caused by a higher degree of strategic misfit (in host context demand market conditions/local volume). While Fiat was able to transfer its World Car template's configuration in some areas of the site's level of vertical integration and basic factory layout/process design, it almost completely refrained from transferring the template's technical hardware configuration. Even though the Fiat template was already optimized for modest demand conditions and low cost labor supply conditions, the host strategic context conditions were still too distant, to allow a full transfer with respect to the template's technical configuration. *In short, like in the MUL case, the strategic misfit led Fiat to only selectively transfer its template.* And again, like in the MUL case, the lower volumes/market demand conditions and the price sensitive Indian customers ruled out the transfer of the World Car template's technical configuration. In contrast to MUL, the local partner had much less power to push for labor intensive production. (However, when market demand fell below expectations, host institutional labor laws made it difficult for FIPL to reduce labor, making it even less attractive to introduce automated production hardware.

In contrast to MUL and FIPL, DCIPL and SAIPL lacked a defined parent template to transfer in the first place. What is more, using their home plants as templates was equally ruled out by the strategic distance between the home and host strategic context conditions. However, using a local template for DCIPL's and SAIPL's technical configuration was also out of the question. First, DC had from the first day a majority in the Indo-German JV with Telco. Second, the site was to manufacture the vehicle introduced by the German partner who was therefore mandated to set up the corresponding technical configuration. Clearly, using the technical configuration of an Indian JV partner – who was hitherto a truck manufacturer in a developing country context and who had operated until recently in a suppliers market – for the production of a German luxury vehicle was out of the question. As neither a foreign parent nor a local template were available or could be used, the Greenfield site's technical configuration had to be created anew. This set-up had to comply with foreign parent strategic demands centering on the specification of the product. In addition to product specific demands, host context strategic supply and demand conditions – crucially defined by low demand and low labor costs – as well as institutional demands – crucially defined by local content requirements – translated into a specific task profile of the site.

In contrast to DCIPL, SAIPL had no local JV partner who could provide a local template for its technical configuration. Skoda had to set up the technical configuration for a model, which was also produced at one of its home sites in the Czech Republic. Just as DCIPL, SAIPL neither had a foreign parent nor a local template it could use. Similar to DCIPL, SAIPL's technical configuration had to respond to a specific set of demands and conditions.

These were foreign parent strategic demands for profitable production, demands with regard to technical and quality specifications of the product and specific host context strategic and institutional conditions: of low demand, low labor costs and local content requirements. The specific task profile of the site resulted from these.

Table 45: Configuration mandate, (mis)fit and template transfer/use

Technical Configuration	MUL	FIPL	DCIPL	SAIPL
Template availability	Yes	Yes	No	No
Local template availability (existing at site / from local partner)	No / Yes – in theory	Yes / Yes – in theory	No / Yes – in theory	No / No
Configuration mandate	Foreign parent nationals	Foreign parent nationals	Foreign parent nationals	Host country nationals
Foreign template transfer	Yes – but only selectively due to strategic misfit	Yes – but only selectively due to strategic misfit	No – but foreign parent technical configuration related demands	No – but foreign parent technical configuration related demands
Local/host template used	No	Yes/No – but had to be dealt with as it was	No	No

INSTITUTIONAL/STRATEGIC (MIS)FITS AND RECONTEXTUALIZATION PRESSURES

In the case of MUL and FIPL, the strategic distance between the foreign parent template and the host strategic context and the resulting recontextualization pressure were felt before transfer took place and led to a selective transfer. Those selected aspects of SMC's and Fiat's templates that were actually transferred, did not cause any strategic or institutional misfit and consequently induced little recontextualization pressure. Yet, those aspects of the production system that were not targeted by transfer due to strategic misfit still had to be configured. In the case of FIPL, the foreign template transfer and demands as well as host strategic conditions, did put some recontextualization pressure on the existing technical configuration. In MUL, in contrast, there was no such recontextualization pressure because there was no existing local template. Also, foreign parent and local/host demands hardly contradicted each other in those areas that were not covered by the template.

Thus, at MUL and FIPL, the configuration of those aspects that were not targeted by transfer, still had to respond to contextual pressures of foreign parent and host context strategic demands and conditions.

This was even more so the case in DCIPL and SAIPL, which did not transfer or could not transfer. DCIPL and SAIPL used no templates at all – neither a foreign parent one, nor a local one. Hence, there was no misfit between any template and specific context conditions and demands. What is more, while at DCIPL and SAIPL technical configurations did have to respond to specific parent demands as well as host context strategic and institutional conditions, there was no contradiction between foreign parent demands and local/host con-

text demands with respect to their site’s technical configuration. This was also related to the fact that both production systems were established as Greenfield operations with no existing local institutional demands at the sites.

Table 46: Institutional/strategic (mis)fits and recontextualization pressures

Technical Configuration	MUL	FIPL	DCIPL	SAIPL
Foreign template transfer	Yes – selectively mainly due to strategic misfit	Yes – selectively mainly due to strategic misfit	No – but foreign parent technical configuration related demands	No – but foreign parent technical configuration related demands
Local/host template used	No	Yes/No – very selectively	No	No
Strategic/institutional (mis)fit	No / No	Yes / No	No / No	No / No
Recontextualization pressure	No	Yes	No	No

CONTEXTUAL STRENGTH/RESILIENCE AND RECONTEXTUALIZATION MODE FOUND

As in the MUL and FIPL cases, only those aspects were transferred from the Kosai and the World Car template that fitted into the local/host strategic context, there was no recontextualization pressure on those aspects of the template that were actually transferred. In turn, those aspects that did not fit were de-selected. However, as all four sites were either Greenfield sites or featured no usable technical configurations, the local technical configuration had to be either changed or newly created. In the MUL and FIPL case, the local context was adapted – newly created or changed in the case of FIPL’s local template – in line with those foreign template aspects transferred. In those areas where no transfer was possible, the technical configuration was mainly created in line with foreign parent demands and host context strategic conditions. As a result, the technical configuration featured a mix of imitated and customized solutions in MUL and FIPL. Both SMC and Fiat were only willing to transfer, what fitted strategically well with non-resilient (i.e. low resilience of supply and demand conditions).

In DCIPL and SAIPL, there was no recontextualization pressure on any template, either because neither a foreign parent nor local templates were used. There were, however, different contextual pressures – mainly foreign parent strategic demands and host context supply and demand conditions – the technical configuration of the sites had to respond to. This shaping mainly involved an adaptation of the local site’s technical configuration in line with foreign parent demands and host strategic context conditions. It is important to understand that the host strategic context – demand market conditions and supply conditions, i.e. labor costs – was not very resilient. FIPL, for example, despite great marketing efforts, had little chance to change the host context market demand conditions. As regards host context

supply market conditions, specifically labor cost, the companies had no interest in adapting the host strategic context to the strategic context conditions their templates were originally designed for. Thus, adaptation of host strategic context conditions limited the companies' ability and willingness to adapt the host strategic context to their templates. With regard to the technical configuration of the sites in our sample, this limited ability to adapt the host strategic context led to an adaptation of MUL's and FIPL's template and a customized response in the case of DCIPL and SAIPL. In contrast to the low host strategic context resilience, the resilience of the local sites with regard to the technical configuration in line with foreign parent and host strategic context conditions was high. After all, MUL, DCIPL and SAIPL were Greenfield JVs. In all cases no matter what their general staffing policy was, foreign parent expatriates were mandated to configure the technical configuration or keep a watchful eye on it. At the same time a newly created or changed technical configuration was not perceived by local employees as a threat to the local/host institutional patterns.

Table 47: Explanatory dimensions of hybridization outcome

Technical Configuration	MUL	FIPL	DCIPL	SAIPL
Foreign template available	Yes – Kosai template	Yes – World Car template	No	No
Foreign template transfer	Yes – selectively	Yes – selectively	No – but foreign parent demands	No – but foreign parent demands
Existing local template	No – Greenfield	Yes – Brownfield/ Acquisition	No – Greenfield	No – Greenfield
Local/host template used	No	Yes/No – very selectively	No	No
Misfit/recontext. need	Yes / No (some template de-selection before transfer due to strategic misfit)	Yes / Yes (some de-selection before transfer due to strategic misfit, misfit of the Brownfield facility)	Yes / No (no home template transfer possible due to strategic misfit)	Yes / No (no home template transfer possible due to strategic misfit)
Form of recontextualization	Adpt. of foreign template through de-selection (to meet and host context demands and conditions) & adpt. of local context (creation) according to selected aspects of parent template, foreign parent demands and host context strategic conditions	Adpt. of foreign template through de-selection (to meet and host context demands and conditions) & adpt. of local context/ template (change & creation) according to selected aspects of parent template, foreign parent demands and host context strategic conditions	Adpt. of local context (creation) in line with foreign parent demands and host context strategic conditions	Adpt. of local context (creation) in line with foreign parent demands and host context strategic conditions

WORK ORGANIZATION AND HUMAN RESOURCE PROFILE: HOW THE CASES DIFFER

With regard to the hybridization outcome of the sites' work organization and human resource profile we observed the following. MUL was most successful in imitating its home-plant work-organization and human resource profile. Only in a few areas we found traces of typical local forms of work organization and human resource profile. This was in marked contrast with SAIPL, where outcomes were just the other way around. SAIPL featured imitation in a limited number of areas, mainly with regard to the formal work organization at the shopfloor level. For the rest, the work organization and human resource profile were local solutions. The hybrid solution in SAIPL – a side by side of imitation and localization – was based on coexistence rather than on integration of elements from different origins. This outcome was somewhat similar to the FIPL case. FIPL had also successfully imitated major formal aspects of the work organization of the World Car template. However, FIPL had not been able to transfer all aspects of its World Car template as it originally intended. There was, particularly in the beginning, a decoupled hybrid solution based more on combination/coexistence rather than on integration of foreign parent and local/host elements. However, over time Fiat's hybrid solution has probably shifted toward an integrated hybrid solution. Finally, DCIPL showed the strongest signs of integrating foreign and local/host elements with regard to work organization and human resource profile. The fulfillment of foreign parent demands gave rise to a work organization and human resource profile that integrated foreign parent demands and local/host institutional demands and conditions in a way that was novel in the sense that the resulting work organization and human resource profile reflected neither a typical parent nor a typical host context organizational set-up. Although different contextual origins of the set-up were still discernable, the solution integrated the elements in a novel way. All cases – irrespective of their transfer intent and effort were showing socio-professional demarcations that contrasted with foreign parent company conditions. (see table 48).

Table 48: Hybridization outcome on the dimension of work organization & HR

Work Organization & HR profile	MUL	FIPL	DCIPL	SAIPL
Outcome	Between hybrid and imitated	Hybrid	Between hybrid and novel/customized	Between hybrid and local

WORK ORGANIZATION AND HUMAN RESOURCE PROFILE: WHY THE CASES DIFFER

GENERIC STRATEGY, INTERNATIONALIZATION EXPERIENCE AND TEMPLATE AVAILABILITY FOR TRANSFER

The respective companies' variance in generic strategy, related strategic distance and internationalization experience provides an important explanation why SMC and Fiat developed or defined templates and why DC and Skoda did not. However, with regard to the work organization, there was an exception. SAIPL did have a very circumscribed template for transfer, i.e. the Skoda Production System. At the time of research, DCIPL was also in the process of introducing the Mercedes Benz Production System. However, when the site was founded the system was not available.

Table 49: Generic strategy, internationalization experience and template availability for transfer

Work Organization & HR profile	MUL	FIPL	DCIPL	SAIPL
Generic strategy	Focus & Cost	Focus & Cost	Focus & Differentiation	Differentiation & Cost
Strategic distance between units	Low between home and Indian operation and also a number of other integrated foreign operations	High between home and Indian operation; low between World Car operations	High between home and Indian operation; increasingly low between Asian operations	High between home and Indian operation; increasingly low between foreign operations
Internat. experience	High	High	Low	Low
Template availability	Yes	Yes	No	Yes

ENTRY MODE AND LOCAL TEMPLATE AVAILABILITY

The entry mode variance – mainly their *establishment mode* – implied different availabilities of local templates for the firms. While the Greenfield sites MUL, DCIPL and SAIPL had no existing local template at their site; things were different at Fiat's Brownfield site. At the same time, MUL's, FIPL's and DCIPL's equity mode meant at least in theory that these firms had the option to use the local JV partners' configurations as a template.

Table 50: Entry mode and local template availability

Work Organization & HR profile	MUL	FIPL	DCIPL	SAIPL
Establishment mode	Green	Brown	Green	Green
Equity mode	Minority JV > Majority JV	Majority JV > Wholly-owned	Majority JV > Wholly-owned	Wholly-owned
Local template availability (existing at site / from local partner)	No / Yes – in theory	Yes / Yes – in theory	No / Yes – in theory	No / No

CONFIGURATION MANDATE, (MIS)FIT AND TEMPLATE TRANSFER/USE

The foreign parent had the mandate to set up the work organization at all sites. These foreign parent configuration mandates were mainly related to equity modes, foreign partner product ownership and local/host capability gaps. While MUL, FIPL and to a limited degree SAIPL, used a foreign parent template to configure the Indian sites' work organization and human resource profile, DCIPL was not equipped with such a foreign parent template. This is not to say that DCIPL had no foreign parent demands vis-à-vis its work organization and the human resource profile of the site. Although SMC entered the Indian market as a junior partner in the JV, it was SMC who had the mandate to configure the work organization and shape human resource profile of the site. SMC's expatriates were very explicitly mandated to use SMC's leading home plant Kosai as a template to establish the work organization and human resource profile of MUL. Why did SMC get the mandate and why could it transfer the template? First, MUL was basically a Greenfield site that required some configuration. The local JV partner, had chosen a foreign partner because it was lacking capabilities to introduce and produce a vehicle on its own. As a result, the foreign JV partner – even though in a minority position – had to have the mandate to organize the work for building a range of vehicles that were introduced by the foreign partner. More importantly, SMC also was chosen as a partner because of “the Japanese work culture”. The local JV partner asked SMC to transfer its home plant work organization and human resource profiles because they contrasted with prevailing host country institutional patterns. Conversely, SMC had probably no problems with such a transfer approach because institutional conditions in the host context were rated as so disadvantageous that drawing on typical host patterns was out of the question. So institutional distance was actually a reason to transfer the home parent work organization and related human resource profiles. It should be noted, however, that there were also some institutional misfits between the Kosai template and the host institutional context that led to a transfer restraint. Most of all, the strong socio-professional demarcations in the local/host institutional context led SMC to leave out a few aspects of its home sites' work-organization. A case in point was the concept of consensual decision-making.

In contrast to SMC's involvement in MUL, Fiat was practically from the beginning the senior JV partner and quick to turn the JV into a wholly-owned subsidiary. Given Fiat's equity development and given that it produced its own range of vehicles, it was clearly mandated to organize/change the work organization and human resource profile of its Indian site. Like in the MUL case, there was no strategic misfit (i.e. in supply and demand market terms) ruling out the use of its foreign parent template's work organization and human resource profile. At the same time, FIPL was facing a local template that was institutionally very distant from what the World Car template envisioned. The existing local template deterred Fiat – at least initially – from transferring the full range of its foreign parent template with regard to the work organization and human resource profile to FIPL. The transfer restraint mainly applied to high involvement concepts of its work organization.

DC from the first day had a majority in the Indo-German JV with Telco and turned, like Fiat, the JV into a wholly-owned subsidiary. Moreover, the site was to manufacture a vehicle introduced by the German partner who was mandated by the JV to set up the work organization of the Greenfield site. Clearly, using the local JV partner's work organization as a template for the production of a German luxury vehicle was out of the question. So essentially, no local template was used to structure the site's work organization. However, no use was made of a foreign parent template either. This was related to the fact that a specific work organization template was not available for CKD sites. DCIPL Expatriates also could not simply apply home plant standards because these didn't fit strategically and institutionally. The use of home plant configurations was ruled out by the Indian site's task profiles based on low volume and low labor costs as well as substantial socio-professional demarcation between different employee groups. While DCIPL did not draw on a work organization template from the local JV partner, it drew on Telco's experienced workforce to staff its own human resources. Although the human resources delegated from Telco were experienced in automobile manufacturing, this did not mean that their basic work dispositions were in line with the foreign parent demands. Thus, there neither was a foreign parent template and nor local template used with regard to the work organization and corresponding human resource profile. There, however, were local/host context and foreign parent demands and expectations.

In contrast to DCIPL and FIPL, SAIPL had, no local JV partner who could a local template for its work organization and human resource profile. Being a wholly-owned Greenfield subsidiary, Skoda had to set up the work organization and corresponding human resource profile of its own operation. While there was enough strategic fit to transfer the basics of SPS, there was too severe an institutional and strategic misfit to seek a comprehensive transfer of Skoda's home plants' work organization and human resource profile. Particularly, the transfer of home plant supervisor-worker relations were ruled out by socio-professional expectations of the Indian employees. Moreover, the modest volumes at the Indian site, the early phase of the venture ruled out the transfer of Skoda's home vocational

training system. As this supporting infrastructure for reproducing a certain HR profile was missing, the transfer of SPS only covered limited aspects of work organization on the shop-floor. Thus, SAIPL did not use a comprehensive template because it had not defined one for SKD operations and because of the strategic and institutional distance with between SAIPL's local/host context and the home plant's context. Nevertheless, Skoda did seek a limited transfer of its home plant work organization and human resource profile. In contrast to DCIPL, however, there were far fewer foreign parent demands in SAIPL vis-à-vis the work organization and human resource profile.

Table 51: Configuration mandate, (mis)fit and template transfer/use

Work Organization & HR profile	MUL	FIPL	DCIPL	SAIPL
Foreign template availability	Yes	Yes	No	Yes – very limited
Local template availability (existing at site / from local partner)	No / Yes – in theory	Yes / Yes – in theory	No / Yes – in theory	No / No
Configuration mandate	Foreign parent nationals	Foreign parent nationals	Foreign parent nationals	Host country nationals
Foreign template transfer	Yes – comprehensive	Yes – selective	No – but foreign parent function related demands	Yes – very limited, but few additional foreign parent demands
Local/host template used	No – but host context related demands	Yes/No – but had to be dealt with as it was	No – but host context related demands	No – but host context related demands

INSTITUTIONAL/STRATEGIC (MIS)FITS AND RECONTEXTUALIZATION PRESSURES

Both MUL's and FIPL's foreign parent templates met very adverse institutional conditions in the local/host context. For FIPL institutional conditions were even more adverse because FIPL had to deal with the conditions of a Brownfield set-up - involving all typical local conditions including a low commitment and high labor unrest human resource profile. In short, the recontextualization pressures on either the foreign parent template or the existing local site context/template exemplified substantial institutional misfits.

Now, while DCIPL, transferred no foreign parent template that could have caused a local/host context misfit, its ethnocentric staffing policy and the nature of local/host institutional conditions also caused institutional misfits between foreign parent demands and local institutional demands and conditions. This institutional misfit and corresponding recontextualization pressure occurred because of foreign parent expatriate demands. These demands met some adverse local institutional demands and conditions in the local context. Thus, also in the DCIPL case there was some misfit between parent demands and local institutional conditions that caused recontextualization pressures.

In contrast to SMC's and Fiat's templates, Skoda's template saw only limited institutional misfit in the local/host institutional context. This had two reasons. On the one hand the template was not very comprehensive and did not strongly challenge entrenched institutional – socio-profession demarcations. On the other hand, in contrast to MUL, FIPL and DCIPL, SAIPL featured an utterly polycentric staffing policy. This implied that there were not many expatriates on site that could pose institutionally conflicting demands. There were, therefore, only few further foreign parent demands with regard to SAIPL's work organization and human resource profile. Again, this was in stark contrast to DCIPL.

Table 52: Institutional/strategic (mis)fits and recontextualization pressures

Work Organization & HR profile	MUL	FIPL	DCIPL	SAIPL
Foreign parent template transfer	Yes – comprehensive	Yes – between selective and increasingly comprehensive	No – but foreign parent function related demands	Yes – very limited, but little addition foreign parent demands
Local/host template used	No – but host context related demands	Yes/No – but had to be dealt with as it was	No – but host context related demands	No – but host context related demands
Strategic/institutional (mis)fit	No / Yes	No / Yes	Yes / Yes	No / No
Recontextualization pressure	Yes	Yes	Yes	No

CONTEXTUAL STRENGTH/RESILIENCE AND RECONTEXTUALIZATION MODE FOUND

In MUL, the institutional misfit between the template and the local/host context was mainly tackled by massively adapting the local institutional context rather than the template transferred. Like no other company, MUL and its the foreign parent, invested resources to imitate the SMC work organization and human resource profile. The adaptation of the local context was facilitated by combination of measures most important of which: selecting a young workforce, massive two-way transfer of personnel across all employee levels, operating with an ethnocentric staffing policy as well as with an elaborate material and normative incentive system, gratifying very purposefully the desired work behaviors. In addition to, the Greenfield nature of the site and it was the massive support by Indian top management that created a resilient local context for the implementation of a distant work organization and human resource profile. However, in some areas this resilience was also limited, like in all other cases in this sample. Local and host context resilience was low where it targeted changes to deeply entrenched institutional patterns of socio-professional identity and demarcation.

In comparison to MUL, FIPL was facing a more substantial institutional misfit between its foreign parent template and the local institutional conditions. In contrast to SMC, Fiat also

adapted – deselected – more of its foreign parent work organization template. This is not to say that Fiat did not make an effort to adapt the local institutional context in line with its World Car template. However, compared to MUL, FIPL adapted more of its template and less the local institutional context. This different recontextualization mode was the result of its establishment mode and the corresponding lower resilience of the local institutional context. Additionally, the Indian host context, the Indian labor law rendered it quite difficult to lay off employees. This external condition made it difficult for FIPL to achieve a re-composition of its work-force at a short notice. While Fiat also invested substantial resources in two-way personnel transfer, it did not do it to the same extent as SMC did. Moreover, unlike MUL, FIPL did not use an elaborate monetary and normative incentive system to achieve work dispositional change. While it is difficult to give it a numeric estimation, it was quite evident that SMC had been willing and able to put more resources into the Indian operation to adapt the local institutional context, in a sea of adverse host context institutional conditions.

DCIPL, in contrast, had no template to transfer. Yet, DCIPL also experienced some misfit between foreign parent demand and local institutional demands and conditions with respect to the site's work organization and HR-profile. DCIPL was able to put through its demands. Part of its 'success' was related to its staffing policy, the strong presence of German expatriates (involving mostly a one-way transfer of Germans to India) and the entry mode. However, for the most part the success was related to the fact that German demands were not aiming at replicating concrete German work concepts and human resource profiles but trying to achieve desired work dispositions by observing and drawing on host country institutional patterns.

Finally, SAIPL featured the lowest degree of institutional misfit and corresponding recontextualization pressure in the course of the set-up of its work organization and human resource profile. The limited resources that SAIPL was putting into its Indian venture were focused on adapting the local context to the SPS template. This adaptation was made possible by a very deliberate selection of human resources in India, combined with a focused and limited personnel transfer approach. The selection of young workers and the selection of Indian managers with prior work experience in other auto MNE in India moderated the distance between the template and the local conditions. Secondly, given that the template's work organizational reach was limited, focused personnel transfers facilitated to institutionalize different work dispositions in those few areas. There were potentially more far-reaching misfits between local institutional conditions of the site and what the expatriate considered a proper set-up. However, limited resources expressed by limited personnel transfer and an utterly polycentric staffing policy at SAIPL, did not give the expatriate the willingness and ability to adapt the local institutional context beyond the scope of the SPS.

Table 53: Explanatory dimensions of hybridization outcome

Work Organization & HR profile	MUL	FILP	DCIPL	SAIPL
Foreign parent template available	Yes	Yes	No	Yes – very limited
Foreign parent template transfer	Yes – comprehensive	Yes – between selective and increasingly comprehensive	No – but foreign parent function related demands	Yes – very limited, but little addition foreign parent demands
Existing local template	No – Greenfield	Yes – Brownfield/ Acquisition	No – Greenfield	No – Greenfield
Local/host template used	No – but host context related demands	Yes/No – but had to be dealt with as it was	No – but host context related demands	No – but host context related demands
Misfit/recontext. need	Yes	Yes	Yes	No
Form of recontextualization	Adpt. of foreign template through some de-selection (to meet and host context inst. demands and conditions) & mostly adapt. (creation) in line with foreign parent template	Adpt. of both foreign template through de-selection & adpt. of local context/template (change & selection) in line parent template	Adpt. of local context (creation) in line with foreign parent demands, local/host context strategic conditions and institutional demands and conditions	Adpt. of local context (creation) in line with limited parent template but mainly in line with local/host institutional conditions and demands

ORGANIZATIONAL RELATIONS

INDUSTRIAL RELATIONS: HOW THE CASES DIFFER

The hybridization outcome on the dimension of industrial relations does not show a great deal of variance across cases. However, the different cases – mainly FIPL, DCIPL and potentially SAIPL – have come to their local solution from different starting points. MUL has started with an imitation of Japanese/SMC company industrial relations. Over time these have developed more towards a local pattern, so that it is somewhere between imitation, hybrid or even increasingly local. FIPL has started from the opposite end. FIPL was witnessing in the beginning a typical local pattern of adverse company industrial relations. Over time, FILP has been able to shift this local pattern to a modern Indian pattern of industrial relations similar to that of MUL, i.e. having just one unaffiliated company union on site. In contrast to MUL and FIPL, DCIPL and SAIPL had no or only weak formalized company industrial relations in the beginning. Over time, DCIPL has come to a modern host context institutional pattern of industrial relations and indications were that SAIPL would follow suit (see table 54).

Table 54: Hybridization outcome on the dimension of company industrial relations

Company Industrial Relations	MUL	FILP	DCIPL	SAIPL
Outcome	From imitated to between hybrid and local	From traditional local to modern local	From absence to modern local	From absence to probably modern local

INDUSTRIAL RELATIONS: WHY THE CASES DIFFER

GENERIC STRATEGY, INTERNATIONALIZATION EXPERIENCE AND TEMPLATE AVAILABILITY FOR TRANSFER

Generic strategy, strategic distance between sites and internationalization experience provide an important explanation why SMC and Fiat developed or defined templates for transfer and why DC and Skoda did not. While the foreign parent template in the MUL case included an ideal definition of industrial relations, Fiat had left this aspect out of its World Car template definition. Aware of the institutional differences in industrial relations systems, Fiat did not include a specific mode of company industrial relations in its World Car template. This is not to say that Fiat had no demands vis-à-vis industrial relations at its site. Instead, Fiat had defined the development of participative and cordial labor relations as a policy for the whole Fiat group, i.e. not just for its World Car operations.

Table 55: Generic strategy, internationalization experience and template availability for transfer

Company Industrial Relations	MUL	FIPL	DCIPL	SAIPL
Generic strategy	Focus & Cost	Focus & Cost	Focus & Differentiation	Differentiation & Cost
Strategic distance between units	Low between home and Indian operation and also a number of other integrated foreign operations	High between home and Indian operation However, low between World Car operations	High between home and Indian operation Increasingly, low between Asian operations	High between home and Indian operation Increasingly low between foreign operations
Internat. experience	High	High	Low	Low
Foreign template availability	Yes	Yes/No - company IR not part of World Car template	No	No

ENTRY MODE AND LOCAL TEMPLATE AVAILABILITY

Entry mode variance – mainly in *establishment mode* – implied that the firms had different availabilities with regard to local templates. While the Greenfield sites could not use an existing local template, this was different for the Brownfield site FIPL. Moreover, the JVs in the research sample had at least in theory the option to draw on their local JV partners' configurations.

Table 56: Entry mode and local template availability

Company Industrial Relations	MUL	FIPL	DCIPL	SAIPL
Establishment mode	Green	Brown	Green	Green
Equity mode	Minority JV > Majority JV	Majority JV > Wholly-owned	Majority JV > Wholly-owned	Wholly-owned
Local template availability (existing at site / from local partner)	No / Yes – in theory	Yes / Yes – in theory	No / Yes – in theory	No / No

CONFIGURATION MANDATE, (MIS)FIT AND TEMPLATE TRANSFER/USE

With regard to the establishment of company industrial relations not all foreign parents had the mandate or used the mandate to structure company industrial relations.

The MUL operation was a Greenfield operation and there was no existing industrial relations profile at the site. Given the equity situation, the option of adopting a local template from the local JV partner, suggested itself for the site's company industrial relations. This was, however, only a theoretical option in the case of MUL. For, the local JV partner – the Government of India – was extremely keen on not replicating a typical local company industrial relations pattern. Thus, SMC had the mandate to introduce its company industrial relations template because the Government of India very deliberately sought to depart from industrial relations typical in public sector and other industrial undertakings at the time. Given the institutional distance between the Japanese and Indian industrial relations and the preference for the Japanese company industrial relations, MUL tried to adopt SMC's industrial relations template. From the SMC side, this was also welcome because the transfer of SMC's industrial relations template was clearly an institutional contextual precondition to establish its work organization and high involvement work dispositions.

In contrast, MUL and DCIPL, FIPL not only had the theoretical option of using a local template but was facing an existing company industrial relations template at its Brownfield site. As Fiat had chosen to take over PAL's Brownfield site, FIPL had to deal with an existing local template of company industrial relations. But Fiat, was not very happy with this template. The existing industrial relations were an adversarial and conflict-prone mode, obstructing the transfer of its template's work organization. Therefore, it was out of the question to build on or use the existing local industrial relations template. Moreover, as

discussed earlier, FIPL had practically from the beginning control over its Indian operation and turned it quickly into a wholly-owned subsidiary. Against this background, Fiat had the undisputed mandate to structure FIPL's company industrial relations. While Fiat had not defined company industrial relations as part of its World Car template, the company formulated a broader policy, calling for the establishment of participative, non-adverse industrial relations. Such constructive relations were a crucial element for developing a number of World Car work-organization concepts to their full potential.

In DCIPL the situation was different, yet again. Firstly, DCIPL neither had a foreign parent template to be transferred nor was there any mentioning of a defined foreign parent industrial relations policy. Secondly, as part of the equity mode, it was in the beginning the local JV partner's mandate to take care of industrial relations. Thirdly, even as DCIPL equity shifted towards a wholly-owned DC subsidiary, the German expatriates left the handling of company industrial relations largely in the hands of their experienced Indian human resource managers. This polycentric staffing policy vis-à-vis the management of company industrial relations implied that host country managers applied modern host context templates for DCIPL's industrial relations. Fourthly, in the first years of operation DCIPL was in a way under the umbrella of the local JV partner's company industrial relations. A number of company industrial relations related issues were taken care of by the local JV partner Telco at a wider corporate level. This changed, however, with the shift in equity and when DCIPL moved out of the Telco premises. Fifthly, there was no indication that German managers found the local institutional patterns of company industrial relations – which were distant from home patterns and as handled by their Indian managers – problematic. In fact, quite the opposite was the case; German managers preferred local industrial relations over the ones at home. This naturally implied little demand for changes on their part.

Skoda in contrast, neither had a local JV partner nor an existing Brownfield site to draw on for its company industrial relations. For Skoda had entered the Indian market in the format of a wholly-owned Greenfield subsidiary. From the very beginning the foreign parent Skoda had the mandate to structure the site's company industrial relations. However, at the time of research, the company neither had a foreign parent template nor concrete foreign parent demands in this regard. Instead, SAIPL's utterly polycentric staffing policy meant that its industrial relations were handled by host country nationals. The staffing policy suggested that, just as in DCIPL, a typical modern Indian company industrial relations solution would sooner or later be implemented in SAIPL.

Table 57: Configuration mandate, (mis)fit and template transfer/use

Company Industrial Relations	MUL	FIPL	DCIPL	SAIPL
Foreign template availability	Yes	Yes/No – but foreign parent demands	No	No
Local template availability (existing at site / from local partner)	No / Yes – in theory	Yes / Yes – in theory	No / Yes – in theory	No / No
Configuration mandate	Not quite clear probably foreign parent and host country nationals	Foreign parent nationals	Host country nationals	Host country nationals
Foreign template transfer	Yes	No – but foreign parent demands	No	No
Local/host template used	No	Yes/No – but had to be dealt with as it was	Yes	Yes - probably

INSTITUTIONAL/STRATEGIC (MIS)FITS AND RECONTEXTUALIZATION PRESSURES

MUL was the only company that tried to model its company industrial relations on a foreign parent template. This template was transferred, however, into a host institutional context that presented about the opposite of what the template contextually required. Concretely, the concept of a single company union combined with cooperative and harmonious labor-management relations was placed into a host institutional context that was characterized by the presence of multiple competing unions in companies, unions that were usually externally affiliated with political parties and/or external union leaders, and labor relations that were marked by adverse management-labor relations. Put simply, there was an utter institutional misfit between the foreign parent template and the host institutional context condition. While MUL’s establishment mode probably reduced the misfit, there was still a substantial recontextualization pressure on the foreign parent template.

In contrast to MUL, FILP had no defined foreign parent template to use. Instead, FILP was advised to apply Fiat’s global industrial relations policy calling for cordial and participative labor relations. However, Fiat – in contrast to MUL – had inherited a typical local template of industrial relation that mirrored institutionally about the opposite what Fiat’s policy asked for. There was, thus, a strong misfit between the local industrial relations template at the Brownfield site and foreign parent policy demands. As a consequence, there was a strong foreign parent recontextualization pressure on the local industrial relations template. Finally, in the cases of DCIPL and SAIPL no major misfit was reported. First, both cases had no foreign parent template to be transferred. Second, based on a polycentric staffing policy on this particular production system dimension in both companies, the configuration of company industrial relations was put into the hands host country nationals. These shaped

the company industrial relations in line with local/host context conditions and demands. In these cases the local configuration of industrial relations met no recontextualization pressure from the foreign parent side because they were either rated positive, as in DCIPL, or because there were no foreign parent demands in this respect, as in SAIPL. After all, this modern Indian mode of company industrial relations was marked by low labor unrest and high factory discipline, which was preferred over foreign parent institutional conditions at the home sites. This modern mode was clearly facilitated by DCIPL's and SAIPL's establishment mode.

Table 58: Institutional/strategic (mis)fits and recontextualization pressures

Company Industrial Relations	MUL	FIPL	DCIPL	SAIPL
Foreign template transfer	Yes	No – but foreign parent demands	No	No
Local/host template used	No	Yes/No – but had to be dealt with as it was	Yes	Probably Yes
Strategic/institutional (mis)fit	No / Yes	No / Yes	No / No	No / No
Recontextualization pressure	Yes	Yes	No	No

CONTEXTUAL STRENGTH/RESILIENCE AND RECONTEXTUALIZATION MODE FOUND

How were the institutional recontextualization pressures tackled in the case of MUL and FIPL? MUL's company industrial relations were based on a foreign parent template that was in stark contrast to host context institutional demands and conditions. Nevertheless, instead of strongly adapting the foreign parent template to host context conditions and local demands, strong efforts and commitments were made to adapt the local institutional context. The goal was to create a context conducive for the transfer and survival of the foreign parent company industrial relations template. This recontextualization mode became possible by the firm willingness of both JV partners. Most important of all, was probably the commitment of the Indian Government. It brought all its influence to bear, to keep out local forces pushing for an adaptation of the foreign parent industrial relations template. The Indian Government used its political power to dissuade external interference aiming at bringing the single union concept off track. Also, the financial resources that were put into the venture played their role in ensuring industrial peace. It is, for example, no coincidence that MUL's workers are among the best paid in Indian industry. Thus, a strong willingness of the foreign and local parent to institutionalize the foreign parent template, the investment of substantial resources into above industry average wages, and the Greenfield nature of the venture, provided initially a quite resilient local context for a successful transfer. However, the overall host context industrial relations context proved not as resilient in the long run.

Over time, the foreign parent template has been pushed towards a typical host context pattern.

Even more than in the MUL case, FIPL was facing a strong misfit between the company industrial relations inherited from PAL, and foreign parent demands related to company-wide industrial relations policies. There was a misfit between the existing local Brownfield template and foreign parent demands for a cordial and participative mode of industrial relations. While in the beginning this misfit was resolved by freezing foreign parent demands, in the face of deeply entrenched and non-resilient Brownfield conditions, this recontextualization mode changed over time. Gradually, it became possible for FIPL to adapt the local institutional conditions to some extent. This was achieved by shifting company industrial relations to a different host context mode, more in line with foreign parent demands. The adaptation of the local context became possible by applying a range of measures. Fiat also invested – although not as much as MUL – substantially in personnel transfers and more importantly into voluntary retirement schemes. This has allowed the company to re-compose its human resource profile to a younger work-force, less prone to take industrial action. Thus, FIPL was determined to change its company industrial relations. While it was not able to do so in the beginning, it invested resources to dismiss some of its old work-force to create a more resilient local context that would allow the implementation of an alternative host-context industrial relations template.

As DCIPL and SAIPL were Greenfield sites, company industrial relations had to be newly established. In these cases the (re)contextualization mode was an establishment of the local site's industrial relations in line with host institutional context conditions and demands. Neither in DCIPL nor in SAIPL was there a misfit between a foreign parent template and local demands and conditions because no foreign parent template was transferred. There was also no misfit between the company industrial relations that were following host institutional patterns and foreign parent demands. This was either because there were no foreign parent demands or because local industrial relations situations were rated as, at best, as good, if not better than at home. Given the absence of misfit, there were also no recontextualization pressures.

Table 59: Explanatory dimensions of hybridization outcome

Company Industrial Relations	MUL	FIPL	DCIPL	SAIPL
Foreign template available	Yes	No – but foreign parent IR policy	No	No
Foreign template transfer	Yes	No – but foreign parent demands	No	No
Existing local template	No – Greenfield	Yes – Brownfield/ Acquisition	No – Greenfield	No – Greenfield
Local/host template used	No – but local/host context demands	Yes – modern host context template	Yes – modern host context template	Yes – modern host context template
Misfit/recontext. need	Yes	Yes	No	No
Form of recontextualization	Some adpt. of foreign template & mainly adpt. of local context (creation) in line with foreign parent template	Adpt. of parent demands & mainly adpt. of local template (change) in line modern host context templates	Adpt. of local context (creation) in line modern host context templates	Adpt. of local context (creation) in line modern host context templates

SUPPLIER RELATIONS: HOW THE CASES DIFFER

With regard to the hybridization outcome of the supplier relations the following was found. MUL came closest to an imitation of SMC’s home-country supplier relations. While MUL’s supplier relations reflected initially a combinatory hybrid solution, constituted by of some typical local patterns and some typical Japanese/SMC patterns, MUL has come over time very close to imitation. Although FIPL has not been able to imitate core aspects of its World Car supplier relations, its supplier relations still reflected to some degree the supplier relations of other World Car sites. For the most part, however, Fiat’s supplier relations, like those of DCIPL and SAIPL, reflected customized solutions. These customized solutions neither mirrored any local/host template nor any foreign parent site but were peculiar to the respective sites (see table 60).

Table 60: Hybridization outcome on the dimension of supplier relations

Supplier Relations	MUL	FIPL	DCIPL	SAIPL
Outcome	From between hybrid/customized to increasingly imitated?	Between customized and imitated	Customized	Customized

SUPPLIER RELATIONS: WHY THE CASES DIFFER

GENERIC STRATEGY, INTERNATIONALIZATION EXPERIENCE AND TEMPLATE AVAILABILITY FOR TRANSFER

As discussed earlier, the broader question of template availability in the cases of SMC and Fiat, contrasting with DC and Skoda, was related to different *generic strategies*, *strategic distance* and different *internationalization experiences* of the companies. While Fiat and SMC had defined or developed a foreign parent template serving as blueprints for their supplier relations, DCIPL and SAIPL were lacking it.

Table 61: Generic strategy, internationalization experience and template availability for transfer

Supplier Relations	MUL	FIPL	DCIPL	SAIPL
Generic strategy	Focus & Cost	Focus & Cost	Focus & Differentiation	Differentiation & Cost
Strategic distance between units	Low between home and Indian operation and also a number of other integrated foreign operations	High between home and Indian operation; low between World Car operations	High between home and Indian operation; increasingly low between Asian operations	High between home and Indian operation; increasingly low between foreign operations
Internat. experience	High	High	Low	Low
Template availability	Yes	Yes	No	No

ENTRY MODE AND LOCAL TEMPLATE AVAILABILITY

Related to their variance in entry mode – mainly their *establishment mode* – the firms differed in their availability of a local template. While MUL, DCIPL and SAIPL had no existing local template to draw on, this was different at Fiat's Brownfield operation. The firm's *equity mode* implied, in turn, that the JVs, MUL, FIPL and DCIPL had at least in theory the option to use the local JV partners' supplier relations as a template. This was only a theoretical option, however.

MUL's operation was a Greenfield operation and there were practically no existing company supplier relations that could be used. At the time of SMC's market entry, the Indian ancillary sector was utterly under-developed. The size of suppliers, their technical knowledge and financial resources and all sorts of delivery and quality problems provided no supplier base to work with. This situation was somewhat different for DCIPL, FIPL and SAIPL. First, DCIPL and FIPL had a local JV partner with existing supplier relations that could theoretically be used. Second, by the time FIPL and SAIPL entered the Indian market there

was quite a developed and capable supplier base in India. Many international auto MNEs who came earlier had made their suppliers to follow and open up local JVs. Due to the low market volume these suppliers were on the constant look out for business opportunities from different auto MNEs in the Indian market.

Table 62: Entry mode and local template availability

Supplier Relations	MUL	FIPL	DCIPL	SAIPL
Establishment mode	Green	Brown	Green	Green
Equity mode	Minority JV > Majority JV	Majority JV > Wholly-owned	Majority JV > Wholly-owned	Wholly-owned
Local template availability (existing at site / from local partner)	No / Yes – in theory	Yes / Yes – in theory	No / Yes – in theory	No / No

CONFIGURATION MANDATE, (MIS)FIT AND TEMPLATE TRANSFER/USE

The pattern of templates use/transfer with respect to supplier relations can be linked to foreign parent configuration mandates – resting on either entry-modes or product-ownership – as well as strategic and institutional misfits between templates and different contextual demands and conditions.

Being a Greenfield operation, MUL was lacking existing supplier relations. In addition, the local/host supplier sector was underdeveloped and practically non-existent. Those suppliers that were existent were technologically and financially incapable to supply the quality and quantity MUL required. Based on the entry mode, the host strategic/institutional context conditions and the task environment – large volume production – there was no possibility to apply a local/host context supplier relations template. Moreover, the local JV partner lacked the experience and capabilities to establish such suppliers on its own or produce the required supplies in-house. After all, SMC introduced its vehicle into a market that had been protected for decades, which had led to a huge technology gap. Thus, even though SMC was the junior JV partner, it was SMC who had the mandate for developing supplier relations. Again, this was related to the circumstance that MUL and local/host suppliers lacked the resources and capabilities to develop supplier relations capable of living up to quality and quantity requirements of a vehicle introduced by SMC. What is more, as exchange rates and local content requirements and import taxes ruled out imports, and as SMC’s outsourcing policy ruled out higher vertical integration, SMC reverted to its home patterns as a template for MUL’s supplier relations. Thus, it was the strategic fit with regard to host context demand market conditions and simultaneously the strategic misfit with regard to local/host supply market conditions that allowed and forced SMC to draw on its own template for MUL’s supplier relations.

This situation contrasted very much with the Fiat case. Fiat had practically from the outset a majority in the Indo-Italian JV and turned it soon into a wholly-owned operation. It had

done so, to have the control over the implementation of World Car project and its template, which included a concept for ideal supplier relations. Thus, Fiat had a template for supplier relations, it was Fiat's product to be built and Fiat had the equity related mandate to develop supplier relations to its own liking. Wishing to transfer its own template, Fiat had little interest in using its local partner's supplier relations patterns. For Fiat wanted to introduce a car with state-of-the-art technology and quality standards. Put differently, taking over existing supplier relations from PAL, without alternation, was ruled out by the strategic distance between the site's existing task profile and the World Car task profile. However, simply transferring its World Car supplier relations template was equally problematic. In contrast to MUL, there was a substantial strategic misfit between Fiat's supplier relations template and host strategic context conditions. As demand market conditions were much below expectations in India, Fiat dropped its Greenfield project and the related supplier relations concept. As a result, Fiat could not transfer its, follow-sourcing, supplier park and JIT concept. At the same time, and again in contrast to MUL, FIPL was facing much less adverse host institutional/strategic context conditions as far as an existing supplier infrastructure in India was concerned. When Fiat entered the Indian market, the company was able to take advantage of a much more developed host-context supplier base. While Fiat had to drop some of its World Car template's supplier relations concepts, there were still a range of supplier relation policies that fitted well with the host context supply market conditions. In contrast to MUL and FIPL, SAIPL and DCIPL had no defined foreign parent template. In addition, the demand market conditions were much too distant as to allow any replication effort of foreign parent home country supplier set-up. While DCIPL, in contrast to SAIPL, could theoretically have drawn on a supplier relations template of its Indian JV partner, it did not do so. Like Fiat, DC had from the outset the equity and product ownership related mandate to develop the suppliers for a product it introduced. There were essentially three core reasons why DCIPL did not extensively use its local JV partner's or host context supplier relations as a template. First, like in FIPL, DCIPL had to follow foreign parent supplier policies/demands that ruled out a simple use of Telco's or other local suppliers. Second, DC's JV partner Telco was at the time of DC's market entry mainly a truck manufacturer. There was a huge strategic/institutional distance between what Telco's suppliers could supply in terms of quality and what DC demanded for its premium segments vehicles. Third, DCIPL entered the Indian market at a relatively early stage. Unlike, FIPL and SAIPL there was not a very developed supplier base to take advantage of. Fourth, DCIPL had no volumes to offer to suppliers in India that made it particularly attractive to supply the company. Thus, DCIPL had also no specific CKD template to follow and home plant supplier relations could also not serve as a template, given the strategic misfit in demand market conditions. Strategic and institutional misfits made DCIPL neither use a foreign parent nor a local/host template for its supplier relations. However, although there was no specific tem-

plate from the foreign parent side, there were a number of supplier related policies and local institutional context demands the site had to respond to.

Like DCIPL, SAIPL neither used a home country template nor a host context template to develop its supplier relations. The use of a foreign parent template was mainly ruled out by the absence of such a template and the strategic distance between the local/host and home demand market conditions. The use of a host context template was ruled out by the fact that SAIPL was a wholly-owned subsidiary – giving Skoda the configuration mandate – and had to follow foreign parent policy demands.

Table 63: Configuration mandate, (mis)fit and template transfer/use

Supplier Relations	MUL	FIPL	DCIPL	SAIPL
Foreign template availability	Yes	Yes	No	No
Local template availability (existing at site / from local partner)	No / Yes – in theory	Yes / Yes – in theory	No / Yes – in theory	No / No
Configuration mandate	Foreign parent nationals	Foreign parent nationals	Foreign parent nationals	Host country nationals/ foreign parent nationals
Foreign template transfer	Yes – increasingly complete	Yes – selectively plus foreign parent policy demands	No – but foreign parent policy demands	No – but foreign parent policy demands
Local/host template used	No – but host context related demands	Yes/No – but had to be dealt with as it was	No – but host context related demands	No – but host context related demands

INSTITUTIONAL/STRATEGIC (MIS)FITS AND RECONTEXTUALIZATION PRESSURES

MUL’s supplier relations were most clearly modeled on a foreign parent template. However, the very reason why supplier relations were transferred in the first place – the institutional/strategic distance – also defined a contextual misfit for the template’s implementation. The local/host contextual conditions with regard to supplier relations were quite the opposite of what SMC’s supplier relations template required. There was, thus, a huge recon-textualization pressure on either host context conditions or the foreign parent template.

In contrast to MUL, there was no foreign parent template to be implemented in the FIPL, DCIPL and SAIPL case. However, these cases also had to factor into the establishment of their supplier relations contradictory demands and conditions from the host and the foreign parent context. In contrast to FIPL and MUL, DCIPL and SAIPL faced the dilemma constituted by the low demand market conditions and local content demands in the host context and demands for profitable manufacturing from the foreign parent context. Specifically, in the face of low demand market conditions in the host context, it was very difficult for DCIPL and SAIPL to raise local content as demanded by the host institutional context, to

deepen vertical integration or motivate suppliers in India to supply parts and components as demanded by foreign parent follow sourcing policies. For FIPL, in turn, this problem was less dramatic. FIPL had still some volumes to offer to prospective local suppliers and relied anyway on high local content to offer its low to medium segment vehicles to price sensitive customers. Yet, even FIPL experienced some misfit between certain foreign parent supplier relations policies and the existing local/host supplier sector. Like all other companies, FIPL faced an institutional/strategic misfit between foreign parent quality policies and the quality-levels local/host suppliers were initially able to offer.

Table 64: Institutional/strategic (mis)fits and recontextualization pressures

Supplier Relations	MUL	FIPL	DCIPL	SAIPL
Foreign template transfer	Yes – increasingly complete	Yes – selectively plus foreign parent policy demands	No – but foreign parent policy demands	No – but foreign parent policy demands
Local/host template used	No – but host context related demands	Yes/No – but had to be dealt with as it was	No – but host context related demands	No – but host context related demands
Strategic/institutional (mis)fit	Yes / Yes	Yes / Yes	Yes / Yes	Yes / Yes
Recontextualization pressure	Yes	Yes	Yes	Yes

CONTEXTUAL STRENGTH/RESILIENCE AND RECONTEXTUALIZATION MODE FOUND

MUL has not been able to set up SMC’s supplier relations template from the first day. Some aspects of the template such as tierisation and JIT supplies were initially not even transferred. However, over time, SMC and MUL have mobilized a tremendous amount of human and financial resource to change and create the local/host supplier context in line with the MUL supplier relations template. While there were some adaptations to the foreign parent supplier relations template, the major recontextualization mode has been an increasing adaptation of the local/host context rather than the other way round. There is probably a complex of factors that explain this recontextualization mode. First, in certain respects the host/local institutional context was not very resilient and allowed little else but to adapt the foreign parent template and customize supplier relations. Absent and adverse supplier relations patterns could not be created and changed over night. Similarly, the geographical distance of suppliers, poor infrastructure, and government regulations improved or changed only slowly. Thus, some aspects to the foreign parent template were adapted to non resilient host context conditions. At the same, time the weakly institutionalized level of the Indian auto supplier sector provided opportunities to establish new patterns. This implied some degree of host context resilience for the first movers. Secondly, the supplier sector was

initially so weakly and adversely institutionalized that the bottom line of business could not be achieved under the prevalent conditions. This meant that the host country supplier context had to be changed or created to some extent to meet SMC's production system template and demands. Such an effort was only possible, if there was a serious willingness on the part of SMC and MUL to invest resources. Such willingness was present because India's emerging automobile market offered a huge untapped demand for low segment vehicles.

In the FIPL case, the dominant mode of recontextualization was the adaptation of the foreign parent template and some minor adaptation of the host supplier context, in line with foreign parent and host context strategic conditions and institutional demands. While Fiat withdrew substantial parts of its supplier relations template in the face of strategic misfit, Fiat's more general supplier policies were implemented. In fact, Fiat's World Car supplier policies fitted quite well with host context conditions and demands. It was, for example, an integral part of Fiat's supplier policy to strongly draw on locally available suppliers and localize production in order to keep down transportation and manufacturing cost. This was, in turn, in harmony with the host institutional context's local content requirements. Thus, there neither was a rejection of foreign parent policy demands nor of local content demands from the host institutional context. Now, with regard to initial supply quality problems, Fiat was able to adapt local/host supplier relations to realize its quality standards. To achieve this, Fiat was willing to mobilize human resources and delegate them to local suppliers for some time. Such investments were not least made because the Indian operation was a corner stone of the World Car strategy. Interestingly, in contrast to MUL, FIPL faced a much less underdeveloped supplier sector when it entered the Indian market. This meant on the one hand less host context resilience to shape the supplier relations and on the other less of a need to do so. As FIPL was not an early mover and faced strategic misfit in demand market conditions, it was difficult to bring in its own suppliers and implement its ideal supplier relations template. At the same time, Fiat's late entry made it easier to achieve an adaptation of the supply quality because earlier movers either had already brought in their suppliers or had developed local/host context suppliers.

DCIPL mainly created and changed its host context supplier relations in response to foreign parent demands and host context strategic conditions and demands. DCIPL was able, to attract some of its foreign parent suppliers to India. Being among the early movers, DCIPL was able to ask some of its home suppliers to follow into a market that still promised a huge scope for growth. While SAIPL was at too early an entry-stage to determine as to how its supplier relations would turn out, the DCIPL case showed that there was some adaptation of host context demands because anything else would have threatened the company's survival. Given low production volumes, DCIPL could not achieve the officially demanded rates of local content but resorted to an accepted 'trick' to fulfill the host institutional demands for local value addition. DCIPL's supplier relations related recontextualization mode involved on the one hand some adaptation creation and change of host context supplier relations

patterns in line with foreign parent demands regarding quality standards, supplier policies and contractual relations. On the other hand, it involved an adaptation of the company's supplier relations to host context institutional demands and strategic conditions. As such the result could be best described as a customized outcome. The misfit that existed between host context demands for higher local value addition – under low demand market conditions – and the foreign parent demands for profitable production, led to an adaptation of host context demands and some adaptation of DCIPL's supplier relations. This showed that the host institutional context demands were resilient enough to tolerate such non-compliance but only under the condition that the foreign company displayed a pro-forma compliance with host institutional demands. This solution implied a face saving for host context institutional demands and gave DCIPL the chance to produce profitably under low volume conditions.

Table 65: Explanatory dimensions of hybridization outcome

Supplier Relations	MUL	FILP	DCIPL	SAIPL
Foreign template available	Yes	Yes	No	No
Foreign template transfer	Yes	No – but parent demands	No – but parent demands	No – but parent demands
Existing local template	No – Greenfield	Yes – Brown-field/Acquisition	No – Greenfield	No – Greenfield
Local/host template used	No – but host context related demands	Yes/No – but had to be dealt with as it was	No – but host context related demands	No – but host context related demands
Misfit/recontext. need	Yes	Yes	Yes	Yes
Recontextualization pressure	Some adpt. of foreign template (de-selection) & increasingly adpt. (creation) of local/host SR in line with foreign template	Major adpt. of foreign template (almost complete de-selection) & adpt. (creation and change) of local/host SR in line with foreign parent and host context inst. demands	Adapt. (creation and change of local/host SR in line with foreign and host context inst. demands (some rejection of host demands)	Adapt. (creation and change of local/host SR in line with foreign and host context inst. demands (some rejection of host demands)