

COMPARATIVE ADVANTAGES OF SPINOFF SUPPLIERS:
A CASE STUDY OF A TURKISH AUTOMOTIVE MANUFACTURER

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BİLGEHAN UZUNCA

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Approval of the Graduate School of Social Sciences

Prof. Dr. Sencer AYATA
Director

I certify that this thesis satisfies all the requirements as a thesis for the degree of Master of Business Administration.

Prof. Dr. Cengiz EROL
Head of Department

This is to certify that we have read this thesis and that in our opinion it is fully adequate, in scope and quality, as a thesis for the degree of Master of Business Administration.

Prof. Dr. S. Nazlı WASTI PAMUKSUZ
Supervisor

Examining Committee Members

Prof. Dr. S. Nazlı WASTI PAMUKSUZ (METU, BA) _____

Dr. Pınar ACAR (METU, BA) _____

Assist. Prof. Berna TARI (TOBB ETU, BA) _____

I hereby declare that all information in this document has been obtained and presented in accordance with academic rules and ethical conduct. I also declare that, as required by these rules and conduct, I have fully cited and referenced all material and results that are not original to this work.

Name, Last name: Bilgehan UZUNCA

Signature :

ABSTRACT

COMPARATIVE ADVANTAGES OF SPINOFF SUPPLIERS: A CASE STUDY OF A TURKISH AUTOMOTIVE MANUFACTURER

UZUNCA, Bilgehan

MBA, Department of Business Administration

Supervisor: Prof. Dr. S. Nazlı WASTİ PAMUKSUZ

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Using an evolutionary perspective, this thesis examines the presence of specific genetic features that make spinoff suppliers more advantageous compared to other (non-spinoff) suppliers. The spinoff supplier concept is studied by analyzing the automotive subsidiary of one of the largest industrial and commercial conglomerates in Turkey. The company name is kept confidential.

In this study, the idea that managerial processes and routines of the parent firm will pass on to spinoff suppliers (like the transfer of genes from mother to child), and that due to this genetic ability, spinoff suppliers will possess faster organizational learning processes compared to other external suppliers, is adopted. In addition, it is expected that spinoff suppliers' founders, who are former employees of the parent firm, will access the parent's resources more easily as a result of their informal relations with the parent company. In this regard, it is considered that spinoff supplier companies will be more advantageous compared to other suppliers which provide products/services to the same parent firm.

Transfer of managerial processes and routines, organizational learning, informal relations and social capital are examined using a multiple case study method. Data collected is analyzed qualitatively.

The results imply that managerial processes and routines genetically pass on from the parent company to suppliers and that spinoff suppliers perform more effective organizational learning. At the same time, the findings also show that informal relations with the parent company do not provide an advantage in terms of access to its resources. However, as a result of the dependence of non-spinoff suppliers to the parent company in sales, it is found that they might develop the advantages that spinoff supplier companies have.

Keywords: Spinoff suppliers, evolutionary view, transfer of routines, organizational learning, social capital.

ÖZ

SPINOFF (YAVRU FİRMA) TEDARİKÇİLERİN KARŞILAŞTIRMALI AVANTAJLARI: BİR TÜRK OTOMOTİV İMALATÇISI ÜZERİNDE VAKA ÇALIŞMASI

UZUNCA, Bilgehan

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Bu tez, evrimsel bir bakış açısı kullanarak, spinoff (yavru firma) tedarikçi firmaları diğer tedarikçi firmalara kıyasla daha avantajlı hale getiren belirli kalıtsal özelliklerin varlığını incelemiştir. Spinoff tedarikçi firma kavramı, Türkiye'deki en büyük sanayi ve ticari holdinglerinden birine bağlı bir otomotiv şirketinde incelenerek çalışılmıştır. Şirket ismi gizli tutulmuştur.

Bu çalışmada ana firmaya ait yönetim süreçleri ve rutinlerin, bir annenin çocuğuna genlerini aktarması gibi, spinoff tedarikçilere aktarılacağı ve bu kalıtsal yetenekler sonucunda spinoff tedarikçilerin diğer dış tedarikçilere kıyasla daha hızlı öğrenme süreçlerine sahip olacakları görüşü benimsenmiştir. Ayrıca spinoff tedarikçisi firmaları kuran eski ana firma çalışanlarının ana firma ile aralarındaki gayri resmi ilişkileri sonucunda ana firma kaynaklarına daha kolay erişim sağlayacakları beklenmiştir. Bu doğrultuda spinoff tedarikçi firmaların aynı ana firmaya ürün/hizmet sağlayan diğer tedarikçi firmalara kıyasla daha avantajlı olacakları düşünülmüştür.

Yönetim süreçleri ve rutinlerin aktarılması, örgütsel öğrenme, gayri resmi ilişkiler ve sosyal sermaye, çoklu vaka çalışması yöntemi kullanılarak incelenmiştir. Toplanan veri nitel olarak analiz edilmiştir.

Sonuçlar ana firmadan yönetim süreçleri ve rutinlerin genetik olarak tedarikçilere aktarıldığını ve spinoff tedarikçi firmaların daha etkin örgütsel öğrenme gerçekleştirdiklerini göstermiştir. Aynı zamanda bulgular, ana firmayla gayri resmi ilişkilerin ana firma kaynaklarına erişim anlamında bir avantaj sağlamadığını da göstermiştir. Ancak satış açısından ana firmaya bağımlılıkları sonucunda spinoff olmayan tedarikçi firmaların da spinoff tedarikçi firmaların sahip olduğu avantajları geliştirebilecekleri saptanmıştır.

Anahtar Kelimeler: Spinoff tedarikçi, evrimsel görüş, rutinlerin aktarılması, örgütsel öğrenme, sosyal sermaye.

To all who believed in me wholeheartedly

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CHAPTER 1

INTRODUCTION

The importance ascribed to new business ventures has triggered various attempts to explain multiple facets of spinoffs over the last decades. Such studies mainly focus on new research/technology-based firms from universities (Smilor et al., 1990; Steffensen et al., 1999; Nlemvo et al., 2000; Cesaroni et al., 2004; Wallin and Dahlstrand, 2006; Walter et al., 2006; Wright et al., 2006; Zahra et al., 2007) or high-tech organizations (e.g., Chesbrough, 2002; Chesbrough and Rosenbloom, 2002; Klepper and Thompson, 2005). Few studies, however, have focused on spinoffs with a relatively mature technology and/or a manufacturing orientation. On the other hand, finding suppliers with the right combination of quality, delivery performance, flexibility, and cost has become a challenge for firms, leading them to develop their suppliers in order to enhance their capabilities. As a result, supplier development activities has become a crucial element of firms' supply chain management strategies, and lately many researchers (e.g., Hartley and Choi, 1996; Krause et al., 1998, 2007; Humphreys et al., 2004; Carr and Kaynak, 2007; Li et al., 2007; Modi and Mabert, 2007; Rogers et al., 2007) have empirically examined different kinds of factors related to supplier development activities.

A special type of supplier is the "spinoff supplier", a somewhat obscure concept in the academic literature. Spinoff suppliers can be regarded as similar to "industrial spinoffs" or "sponsored spinoffs" (Wallin and Dahlstrand, 2006). A sponsored spinoff can be defined as the result of the venturing activities of the parent firm which is voluntarily involved in the development of the progeny. The parent holds minority ownership in the sponsored spinoff where the spinoff is not thoroughly split up. Thus sponsored spinoffs can be taken as an equivalent to traditional venture capital (Wallin and Dahlstrand, 2006). On the other hand, spinoffs that have an industrial owner are classified as "industrial spinoffs". In both sponsored spinoffs and industrial spinoffs, the parent allocates its incurred risks by the

occurrence of new technologies (Wallin and Dahlstrand, 2006). However, what is unique about the spinoff supplier is that the buyer firm spins out certain in-house manufacturing operations not thought to produce revenue into an independent or semi-independent firm. This process allows the buyer firm to garner greater value from the spinoff supplier which continues to operate as a primary supplier of the parent firm.

The theories of biological evolution have gradually been employed in investigating organizations (Aldrich, 1999). Specifically, we exploit the idea introduced by Klepper and Sleeper (2005) that established companies can be taken as mothers generating spinoffs, such that the heritage of these parents pass onto their spinoffs. This heritage can include specific traits such as the genotype, or the genetic material of the parent (Phillips, 2002; Sahaym, 2005) which breeds knowledge relatedness, i.e., shared understanding, common language, and open and fluent channels of transfer that enable the spinoff to easily transact with its parent (Sapienza et al., 2004; Sahaym, 2005; Klepper and Sleeper, 2005). Through this relatedness, the spinoff can develop its own phenotype, the outer appearance of the progeny, which is a result of its genotype and what it learns from its parent. Other than this genotype–phenotype evolution of the spinoff, there is another channel that differentiates spinoff suppliers from non-spinoff (or “external”) suppliers. This process of spinoff suppliers’ evolution, from genotype to phenotype, is supported with easy access to and acquisition of resources through the informal relations between the parent and the spinoff (Agarwal et al., 2004; Klepper and Sleeper, 2005; Johansson, 2007). The informal relations are formed through the spinoff founders’ prior job experiences which are shaped during the period the founders were employees of the parent firm. These informal relations can be proxies to social and cultural counterparts of genes, i.e., memes (Dawkins, 1976) or culturgenes (Lumsden and Wilson, 1981). The parent affects the initial strategies of its spinoffs, their behaviors, production techniques, innovation and organizational learning capabilities, habits, and hence their survival rates and performance (Lindholm–Dahlstrand, 1997, 2000; Klepper, 2001; Agarwal et al., 2004).

Studies have shown that spinoffs are among the most successful entrants in a diverse set of industries like the tire industry (Buenstorf and Klepper, 2009), laser industry (Klepper and Sleeper, 2005), automobiles (Klepper, 2002), and disk drives

(Agarwal et al., 2004); however, little consideration has been paid to the linkage between the heritage of a spinoff from its parent and the exploitation of this heritage as a competitive advantage with respect to non-spinoff firms. We develop a model to evaluate our sensitizing propositions in which this distinct class of spinoffs, i.e., spinoff suppliers, inherit certain traits through the three dimensions of the evolutionary view, namely genotype, phenotype, and memes, which put them in an advantageous position in their business lives compared to non-spinoff firms. The theoretical perspective in this study is based on the evolutionary view and the notion of heredity (Nelson and Winter, 1982; Klepper, 2001; Klepper and Sleeper, 2005). The research question at hand in our study is, therefore, to fill the gap in this specific area of the spinoff literature and reach conclusions about the distinctiveness of spinoff supplier firms compared to non-spinoff firms.

This research utilizes a qualitative research methodology, specifically the case study approach, using semi-structured interviews, observations, and secondary data sources to discuss the spinoff supplier development efforts of the parent company, an automotive subsidiary of one of the largest industrial and commercial conglomerates in Turkey. The automotive sector is an appropriate context for this study since automotive suppliers produce the vast majority of systems, modules, components, and parts to be used in manufacturing or final assembly of those vehicles (Chiesa et al., 1999). In other words, the automotive industry is heavily reliant on the suppliers. What is more, this distinct class of spinoffs, i.e., spinoff suppliers, comes into existence as a result of the parent's supplier development efforts. The parent company in this study has a Department of Supplier Quality and Process Development, the department responsible for the supplier development processes. All these factors reveal the ambient conditions for investigating spinoff suppliers.

This study is organized as follows. The second chapter starts with a review of the literature on the evolutionary view and presents its basic principles. We explain how the evolutionary view can be applied to the case of spinoffs and propose a model on spinoff suppliers and present our sensitizing propositions. The third chapter describes the research context and the methodology. This is followed by a section on data collection and the operationalization of the measures. In the fourth chapter, we show the findings as the evaluation of our sensitizing propositions and finally in the

fifth chapter, we conclude with a discussion of our findings, future research areas, and the limitations of the study.

CHAPTER 2

THEORETICAL DEVELOPMENT AND SENSITIZING PROPOSITIONS

2.1 PRINCIPLES OF THE EVOLUTIONARY VIEW

A general overview of the evolutionary view is needed in order to understand its relevance to this study. Different approaches are present in the literature that define the evolutionary mechanisms of inheritance from different angles. For example, Hodgson (2002) argues that a true analogy between biological and organizational evolution is not possible, i.e., industrial organizations are not counterparts of biological organisms; however, biological evolutionary principles can be used as a “metaphor”. With his “continuity hypothesis”, Witt (2004) argues that Darwinian theory is not adequate to clarify the detailed mechanisms of cultural evolution; i.e., “appropriate and peculiar explanatory theories are required for the different aspects of cultural evolution” (Witt, 2004). On the other hand, it is widely accepted by many scholars that organizational evolution is rooted in, and analogous to, the biological theory of evolution (Aldrich, 1999; Knudsen 2002; Hodgson 2003; Murmann 2003; Geisendorf, 2004; Hodgson and Knudsen, 2004, 2006a, 2006b; Vanberg, 2006). According to Nelson and Winter (1982), it can be anticipated that business organizations look rather like biological organisms. This can be observed in many ways.

Every organization is initiated with an individual person or group. These small initiators must keep up with all functions of the organizations, just like the simplest structures of biological organisms, i.e., cells. As the organization becomes more complex, different departments grow out of this initial core which is equivalent to diversified cells, i.e., brain cells, muscle cells, etc. Furthermore, the communication of these complex organizations shows additional resemblance to biological organisms. The counterparts to senses of humans in organizations are the information collecting channels by which an organization listens to its environment, i.e., market, competitors, customers, or suppliers. In his study, Mitchell (1991)

indicates that not only formal market research reports, but front-line staff, salespersons, and call centers also serve as senses of organizations and facilitate collecting information about the organization's environment. The organizations react and adapt themselves according to the information gathered from their environment, which evolves based on a combination of random circumstances. Thus, these reactions and adaptations of organizations all happen in an evolutionary manner (Nelson and Winter, 1982). In other words, similar to biological organisms, organizations largely shape their existence by their evolution in random, thus it is not based on an intentional design (McKelvey, 1982).

Furthermore, the idea of "universal Darwinism" has been adapted (Dawkins, 1983; Hodgson and Knudsen, 2004, 2006a, 2006b) claiming all evolutionary mechanisms share the conceptual organization of Darwinian processes. Universal Darwinism broadens Darwinian concepts from the field of biology to all types and levels of systems, including business organizations (Hodgson and Knudsen, 2004). In biology, the inherited characteristics of a population of organisms change from one generation to the next through the processes of evolution (Darwin, 1887). Darwin (1887) argued that all individuals strive to survive on limited resources, but some have small, heritable differences that give them a greater chance of survival compared to individuals lacking these beneficial traits. Such individuals have higher evolutionary fitness and the useful traits they possess place them in an advantageous position compared to other entrants to the population.

But why employ an evolutionary view and how does the evolutionary view fit organizations? Campbell (1960, 1965, 1969) reveals three main elements of the evolutionary view as *variation*, *selection*, and *retention*. These three elements of the evolutionary view give information about the so-called biology-based theory to be applicable to the business organizations (Aldrich, 1999; Klepper and Sleeper, 2005). First, the evolutionary view permits *variation* in the possible structures that organizations pursue (Aldrich, 1999), in which particular units or the entire organization produce unique and innovative combinations of their natural design in order to adapt to their environment in a better way. Second, the *selection* process is especially effective in winnowing weak variants out; i.e., it provides survival and reproduction of individuals whose inherited attributes are better suited to the current environmental state. In business organizations, selection occurs on at least two

levels: Managerial selection of routines within firms and competitive selection of firms in markets (Simon, 1962). The scope of this study covers the former. Selection processes facilitate the distinction between the strong and weak variations in the existing collection of routines (Nelson and Winter, 1982). Finally, *retention* takes place where the selected traits are routinized and only a group of organisms are retained as a result of the selection processes of the nature; that is, most of them are rejected. In the organizational context, retention takes place through the spread of routines and competences and the persistence of the selected variations within a population. Retention will include both the replication of successful routines within the firm itself and from other organizations; in this case, the parent firm. Knowledge of routines increases within the population, with firms learning vicariously from each other (Aldrich and Baker, 2001). This, in turn, increases confidence and access to the parent's resources among the founders of the spinoffs as they enter the new industry with lower costs and risks involved compared to non-spinoff firms. The organizational blueprint of the spinoff founder confines the adaptation of individual formations shaping the administrative and managerial intensity of the firms, even after the departure of the founder (Baron et al., 1999). In this manner, as the spinoff grows, organizational learning is actualized through the shared understanding, common language, and related channels of knowledge transfer between the parent and the spinoff supplier and is retained and protected within the organizational boundary.

After reviewing the traditional cycle of variation, selection, and retention and its applicability to business organizations, there are also other aspects of the evolutionary view that are worth mentioning. The evolutionary view lately adopted different perspectives and courses of action of many scholars such as the transfer of routines (Hodgson, 2003; Hodgson and Knudsen, 2004), organizational learning (Aldrich et al., 2001), entrepreneurship (Breslin, 2008), organizational survival (Buenstorf, 2007a), firm networks and early growth of the firm (Hite and Hesterly, 2001; Hite, 2005), and capabilities of new firms (Klepper, 2002). However, modern evolutionary theory deals with three different dimensions of inheritance which constitute the base of our study. The first is the *collection of genotypes*, which is delineated as the genetic heritage of an organism or group of organisms transmitted from a parent. The genotype in the organizational context can be characteristic

elements of a firm, such as managerial processes and routines (Nelson and Winter, 1982). The second is the *collection of phenotypes*, which is stated in terms of what an organism looks like as a consequence of its genotype. Examples of phenotypes might comprise weight, appearance, size, hair color, or reactions to specific situations such as anything that can be learned experience (Nelson, 1995). The phenotype in the organizational context can be the visible activities of the firm, i.e., business behavior, organizational culture, language, performance, and innovativeness. An organism acquires some attributes as a result of its genotype and all of these attributes are expressed externally that depict the "fitness" of each individual organism. "Fitness" here is defined in terms of solving particular problems better; e.g., being more profitable than other members of the population that do not have this genotype. The third dimension of inheritance is the less known concept of *memes* (Dawkins, 1976) or *culturgenes* (Lumsden and Wilson, 1981). Memes are somewhat different from genes in that they are the cultural units that are transferred between generations by nongenetic means. In other words, memes are the cultural counterparts of genes (Nelson, 1995). Some examples of memes include sanitary and security warnings like: "Don't go swimming just after you eat", games, actions, songs, and behaviors (such as teasing each other) that are peculiar to separate age groups, and memes of the Internet that spread rapidly amongst users by means of transactions such as blogs, websites, e-mail, and others. The memes in the organizational context can be any transferable cultural forms embedded in human capital like job experiences, ideas, economical and personal connections, and informal relations of employees with their previous jobs.

In summary, there are different arguments and principles of the evolutionary view found in the literature. The three dimensions of the modern evolutionary view, namely genotype, phenotype and memes, form the base of our study. In the next section, the evolutionary view is applied to spinoffs.

2.2 THE EVOLUTIONARY VIEW APPLIED TO SPINOFFS

There are several types of spinoffs resulting from different factors influencing the spinoff decision given by the parent company. Spinoffs may arise out of disagreements within existing firms that drive frustrated employees to pursue their ideas in their own firms (Garvin, 1983; Klepper and Thompson, 2005) or they may

be instruments of restructuring large parent organizations (Markides, 1995). One widely used definition of spinoffs is “one class of entrants that perform distinctly well with considerably lower failure rates than other types of startups. These firms are founded by employees of incumbent firms in the same industry” (Klepper, 2002).

Although the evolutionary view itself has long been seen as a biological process, the inheritance of spinoffs from their parents is of booming interest in the organization theory literature (Phillips, 2002; Parhankangas and Arenius, 2003; Agarwal et al., 2004; Klepper and Sleeper 2005; Sahaym, 2005; Buenstorf, 2006; Ferreira et al., 2006; Buenstorf, 2007a, b; McIvor, 2007; Breslin, 2008; Garnsey et al., 2008). It is customary to use biological metaphors in discussing spinoffs and to talk about “parent” firms and their “children” (Klepper, 2001). As described in the former section, the three dimensions of modern evolutionary theory, namely genotypes, phenotypes, and memes, give additional insights and can provide a better understanding of the spinoff process after the spinoff is separated from the parent firm.

Evolutionary theory assumes that the parents’ blueprints can be recognized in the genotype of spinoffs (Klepper and Sleeper, 2005). The phenotype of the spinoff, which is based on the spinoff’s genotype, constitutes the solutions to problems or opportunities to improve the spinoff’s business behaviors. Normally new entrants to the market learn and find solutions to the challenges that they face through more costly ways, such as trial and error (Nelson, 2008). However, spinoffs inherit an industry-specific genotype and build a phenotype from their genotype through their relatedness with their parent firm (Sapienza et al., 2004). Many researchers also state that spinoffs have higher profits and higher expected survival rates because they inherit better quality knowledge compared to other forms of entries into the market (Agarwal et al., 2004; Klepper and Sleeper, 2005). These studies have shown that spinoffs are among the most successful entrants in a diverse set of industries including the U.S. tire industry (Buenstorf and Klepper, 2009), laser industry (Klepper and Sleeper, 2005), automobiles (Klepper, 2002), semi-conductors (Braun and MacDonald, 1978; Malone, 1985; Brittain and Freeman, 1986; Moore and Davis, 2004) and disk drives (Franco and Filson, 2000; Agarwal et al., 2004), suggesting that in all these industries, spinoffs had inherited “genes” from their parents that were not available to non-spinoff firms (Agarwal et al., 2004; Klepper and Sleeper, 2005).

The memes of spinoffs constitute another dimension that cultivates the genotype-phenotype process. Industry-specific tacit knowledge and information, which is normally costly for a new venture to obtain, are commonly accessed through the spinoff founders' informal relations with their parent firm. In order to get access to the parent's resources while dealing with their daily activities, the spinoff founders use their prior job experiences. These informal and cultural interactions constitute the third dimension, i.e., memes of the evolutionary inheritance cycle of spinoffs.

The literature stresses spinoffs' survival rates and performance (Lindholm-Dahlstrand, 1997, 2000; Klepper, 2001; Agarwal et al., 2004) without making use of the evolutionary view. Buenstorf (2006) states that the most straightforward analogy to "inheritance" of organizational characteristics is the knowledge transfer through the spinoff process. In order to reveal the performance differences between spinoff and non-spinoff firms, the effects of the distinctive traits that are bestowed to spinoff suppliers can be defined as an evolutionary model. In the next section, we propose our model regarding this evolutionary mechanism.

2.3 A PROPOSED MODEL FOR SPINOFF SUPPLIERS

Spinoff studies are mainly in two groups in the literature; those on R&D spinoffs and those on manufacturing spinoffs. The former mainly includes the largest part of the studies in the literature on spinoffs (e.g., Chesbrough, 2002; Chesbrough and Rosenbloom, 2002; Klepper and Thompson, 2005; Wallin and Dahlstrand, 2006; Zahra et al., 2007), whereas the latter is a relatively small set (Ito, 1995; Boschma and Wenting, 2007). Thus, the definition of a spinoff with a relatively mature technology and a manufacturing orientation is somewhat different from what spinoffs generally mean and thus requires elaboration.

A *spinoff supplier* is the new firm that is born when the parent firm spins off certain manufacturing operations into an independent or semi-independent firm which continues to operate as a primary supplier for the parent firm. The spinoff supplier that receives the technology and its founder are separated from the mother company and incorporated into a new legal entity. The parent supports the formation of the spinoff supplier by providing space, technical facilities, business opportunities, training, counseling, office services, networking, etc., which can also be considered as "incubation" or "facility sharing" (Tilburg, 2000). This provides "mutual

opportunity sharing” for both parties (Tilburg, 2000). The mutual opportunity sharing phenomenon can be seen as a typical win-win situation. The parent transfers its extant technology that is no longer a part of its core activities. On the other hand, the spinoff supplier enters the market with the support of its parent, being shielded from the risk of failure that new entrants normally experience. Obtaining this assistance from the parent, spinoffs surpass other types of entrants not only by means of performance, but also survival (Dyck, 1997). Furthermore, spinoff suppliers transfer the culture and business behavior of the parent firm. This means that spinoff supplier firms simply replicate their parent firm so they reduce the risk of early failure (Romanelli and Schoonhoven, 2001).

Spinoff suppliers typically continue to operate as a primary supplier for the parent firm. This is again an advantage for both parties. As the complexity and the number of parts used in production and assembly increases, it becomes more profitable to establish strong, lifelong relationships with suppliers, and to focus on a specific technological core, rather than to try and make everything in-house (Chiesa et al., 1999). Moreover, the use of new, small, and dynamic spinoffs for innovation activities provides additional benefits such as speed and flexibility.

Spinoff suppliers are originated as instruments for encouraging the entrepreneurship and growth in the firm (*intrapreneurship*). The founders of spinoff suppliers can form their own organizations and benefit from spillovers, i.e., products that no longer interest the parent firm (Burgelman, 1983). Thus, founders are given the possibility of developing their companies in a quasi-market environment, with the necessary autonomy, but without all the risks connected with normal entrepreneurial activity (Cesaroni et al., 2004).

In summary, the spinoff supplier, by definition, provides certain advantages for the parent firm. First, as the parent considers spinning off part of its manufacturing operations, it decreases its overhead and achieves parity in its cost structure with the rest of the competition (Klepper and Thompson, 2005). Second, focusing on its now-smaller and concentrated core business also helps the parent be more agile and enables it to respond quickly to changes in its sector (Lindholm–Dahlstrand, 1997). Third, the parent enjoys more control over the supply chain by having spinoff suppliers that utilize their informal relations with their parents and

dedicate a vast majority of their capacity to their former employer, leading to a faster reaction to increased demand (Klepper, 2001; Johansson, 2007).

On the other side, there are also risks of having spinoff suppliers. Firstly, over time, a spinoff supplier may fail to satisfy the parent company's needs. The delivery of subassemblies to the parent company may possibly be disrupted with the spinoff supplier's failure, causing considerable hindrances in production for the parent (Krause et al., 2007). In order to avoid disaster and to make the well-intentioned spinoff supplier formation effort work, the parent needs to provide the right preparation and set the stage for the spinoff's success (Krause et al., 2007). Parent companies should take a long, hard look at the spinoffs' longer-term market potential (Lindholm-Dahlstrand, 1997; Klepper and Sleeper, 2005). In addition, the parent company must create measurable service levels and key performance indicators (KPIs) and enforce them (Krause et al., 2007). As the parent sets fledgling spinoff supplier companies up for independence, it should pay attention to the lessons learned from the two notorious examples: Delphi of General Motors Co. (GM) and Visteon of Ford Motor Co., whose missteps as spinoffs in 1999 and 2000 sent their share prices sinking and their parents staggering (Parker et al., 2007). GM and Ford expected to gain some cost cutting advantages through spinning off Delphi and Visteon, respectively. These estimated advantages were based on enforcing their previous in-house operations to participate in the competition for business with other external suppliers. As a result, the parent firms were to obtain supplies from the lowest bidder in the market (Welch, 2005). Both Ford and GM experienced disadvantages associated with their spinoff suppliers' failure and the flow of parts being interrupted (Barkholz, 2005).

A second risk may be the fragility of the entire operation due to the increased reliance of the spinoff supplier to the parent (Krause et al., 2007). Because of the guaranteed business from the parent, spinoff suppliers enter the industry with lower costs and risks involved compared to non-spinoff firms (Lindholm-Dahlstrand, 1997). This could turn out to be a "certain amount of business over a fixed period" transaction between the spinoff supplier and the parent and create noncompetitive behavior and sluggishness in the progeny (Lindholm-Dahlstrand, 1997; Krause et al., 2007). For instance, Delphi was highly reliant on GM, with approximately \$15.4 billion out of \$29 billion of Delphi's annual sales going to GM (McCracken and

Stoll, 2005). Although this was not the only reason for failure, it was one of the main reasons that the spinoff supplier was fragile in its heavily dependent relationship with its parent. Thus, such a dependent spinoff supplier should be carefully monitored and supervised by the parent company in order to stay within the acceptable limits of quality, delivery performance, flexibility, and cost (Lindholm–Dahlstrand, 1997; Krause et al., 2007).

A last risk is that the spinoff supplier may begin competing with the parent firm and become a rival (Klepper and Sleeper, 2005). Furthermore, the spinoff supplier can begin supplying parts to the major competitors of the parent firm. Since spinoff suppliers are usually clustered around the parent, this type of an extraordinary growth is rare (Phillips, 2002).

The present study applies the evolutionary approach to the spinoff suppliers of a Turkish automotive manufacturer using analogies between the principles of organizational evolution and those of biological evolution. As it is explained in the former sections, our proposed model for spinoff suppliers works through the three main streams of application (genotypes, phenotypes, and memes) of the evolutionary view. A detailed explanation of the model is given in the following paragraphs where the sensitizing propositions are formed, but the basic logic behind the model is as follows.

Evolutionary view permits us to make the concepts of managerial processes and routines analogous to biological genotypes (Aldrich, 1999; Klepper, 2001). Through the transfer of the genotype, the spinoff supplier inherits the capabilities that are the counterparts of genes. These capabilities together form the repository of genes, i.e., the DNA of the spinoff supplier. Through its DNA the spinoff supplier possesses relatedness with the parent firm in its business operations and behavior. In other words, a shared understanding, a common language, and better organizational learning from the parent firm compared to other suppliers is provided through this relatedness (Doz, 1996; Crossan et al., 1999). What a spinoff supplier learns, however, is not important unless it puts its learned capabilities into practice. Every spinoff supplier will have different perceptions and these will form their phenotype. While forming its phenotype from its genotype, the spinoff supplier needs certain resources throughout the whole process, such as financial, knowledge, and human resources. The founder of the spinoff supplier uses its prior ties with the parent firm

to transfer the resources when necessary. The memes of the spinoff supplier help it to obtain these resources from the parent firm. Through this study, one can identify the exploitation of the evolutionary view as an indicator of spinoff suppliers' distinctiveness compared to external suppliers that also face similar environmental conditions.

See Figure 1 for an illustration of the sequential transfer process.

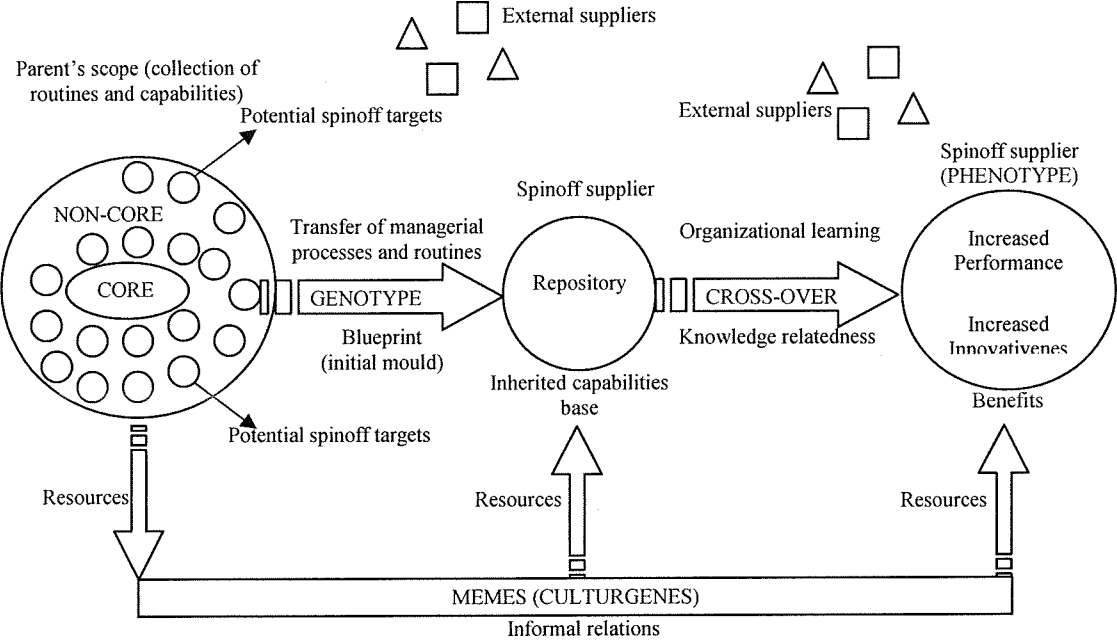


Figure 1. An illustration of the process of spinoff supplier evolution through genotype, phenotype, and memes.

As it was mentioned in the previous section, biological metaphors such as “parent” and “children” have been used to discuss spinoffs (Klepper, 2001). The theoretical approaches to this type of parent–child interaction, such as the inheritance and reproduction of spinoffs, are commonly modeled with the concept of organizational routines (Phillips, 2002; Hodgson, 2003; Hodgson and Knudsen, 2004). Nelson and Winter (1982) originated the term “routines” to denote learned behavior used in the governance of firms. Routines are described as “what firms do” and “how productively they do it” in specific conditions, i.e., the ability of the firm to react to its changing environment without much explicit thinking. Firms mostly depend on their routines to make managerial decisions at different levels of their

operations. In other words, routines do not only characterize how the company works now, but they also define how the firm is going to react, behave, and operate in the future. As it can be seen, the concept of managerial processes and routines is analytically similar to the genes in biological theory.

We propose that the transfer of managerial processes and routines from the parent to spinoff supplier provides the accumulation of genes in the spinoff supplier's genotype. This creates the repository of the spinoff supplier's inherited capability base. The transfer process can be seen as forming the initial mould of the spinoff supplier, i.e., the genotype. This initial mould, formed through the inherited managerial processes and routines, is based on the inheritance of an organization at its founding and shapes what a company explores and experiences about its environment and how it reacts to different circumstances (Huber, 1991). In other words, we assume that part of the "blueprint" of the parent company would pass on to the progeny (Phillips, 2002; Sahaym, 2005) in the form of its managerial processes and routines (Nelson and Winter, 1982). In the evolutionary view, the accumulation of these managerial processes and routines correspond to the inherited DNA of the spinoff supplier and cover the majority of what is habitual and expected about the business behavior of the progeny. The managerial processes and routines endure within the spinoff supplier and are transmissible toward its future. The spinoff supplier's inheritance of genotype is the basis of its operations, growth, and development, and is at the heart of its survival. However, this genotype may also bind it to the way its parent currently operates and restrict its ability to change. Thus the paradox facing spinoff suppliers is that this type of an inheritance is both the source of their survival and success and the cage that imprisons them. However, this constraint is assumed to enhance the advantage of the spinoff supplier over external suppliers since the parent secures the spinoff by its bonds, i.e., spinoff suppliers operate in the industry with lower costs and risks involved compared to non-spinoff firms. Newborn companies that have the right to access the tacit knowledge specific to their industry gain greater advantages (Klepper, 2001; Klepper and Sleeper, 2005). This inherited knowledge is invaluable to the ones that own it, since it is exceptionally hard to reproduce and imitate. This is similar to a mother creating the proper environment for its child to grow and the child using its genotype, i.e., its

genetic inheritance, in order to have an advantage over other children (Klepper, 2001).

Sensitizing Proposition 1 (Transfer of Blueprint): Part of the “blueprint” of the parent company will pass on to the progeny in the form of managerial processes and routines, which is likely to create shared understanding, common language, and dialogue between both parties.

Our first sensitizing proposition covers the incubation period when no real economic activity of the spinoff supplier has yet started. The transfer of the blueprint, which occurs during the pre-entry stage (the incubation and/or founding stage), certainly cannot account for all the differences in the spinoff supplier’s performance. Other capabilities of spinoff suppliers affect their performance as well. Organizational learning is one of those capabilities, which depends on firms’ post-entry activities (when the economic transactions of the spinoff supplier start taking place). Organizational learning can be defined as building best practices in problem solving capabilities through improving managerial processes and routines of the firms (Sapienza et al., 2004; Sahaym, 2005). By definition, organizational learning suggests a stable and iterative pattern for generating improvements and modifications in managerial processes and routines (Nelson and Winter, 1982). The business behaviors and real life reflections of what the spinoff supplier has learned simply reflect the adaptability of the progeny. This adaptability is a result of the cross-over of the genotype which, in turn, forms the spinoff supplier’s phenotype. In this sense, learning is very much an integral part of the evolutionary process. In line with this view, we can say that spinoff suppliers learn from their parent firms, e.g., by mutual adjustment, spinoff suppliers can exploit what they have learned from their parents, such as problem solving, coping with challenges, etc. (Crossan et al., 1999). Thus we hypothesize that organizational learning is facilitated through inherited managerial processes and routines. An important facet of organizational learning is that it is rooted in the genotype of the spinoff that is transferred during the pre-entry stage (Sensitizing Proposition 1). Assuming that learning is adaptive, the faster and the more efficient an organization learns, the stronger, and therefore the more

advantageous it is expected to be compared to other entrants (Agarwal et al., 2004; Klepper and Sleeper, 2005).

In the evolutionary view, the firm is a complex evolutionary system adapting to outside changes by learning and developing new and effective routines (Bower and Doz, 1979; March, 1981; Nelson and Winter, 1982). As depicted in Figure 1, inherited managerial processes and routines form the initial mould, therefore the DNA (repository of inherited capabilities base) of the spinoff supplier. Since this DNA is closely related to the parent's, the initial mould of the progeny can cause distinct combinations of knowledge that lead to more efficient organizational learning, which turn into an important competitive advantage for spinoff suppliers over external suppliers (Lindholm–Dahlstrand, 1997). The efficiency of the spinoff supplier's learning heavily depends on its knowledge relatedness with the parent company (Sapienza et al., 2004). Knowledge relatedness can be defined as the occurrence of parallel and/or related behaviors or shared knowledge bases in both the parent and the spinoff supplier. This knowledge relatedness occurs through appropriate, open, and fluent channels of transfer between the parent and the spinoff supplier (Huber, 1991). While the literature recognizes that organizational learning is very much an integral part of the evolutionary view (Miner, 1994; Jones, 2005), studies have not investigated how the knowledge relatedness between the parent and the progeny affects and enhances the organizational learning of the latter. Through its knowledge relatedness with the parent firm, a spinoff supplier can easily learn the best ways to cope with the challenges it faces, therefore be exceptionally able to operate better compared to external suppliers that operate in the same industry.

We propose that the relationship between the parent and spinoff supplier would offer a fruitful ground for organizational learning due to the knowledge relatedness between the two parties (Sapienza et al., 2004; Sahaym, 2005). Through shared understanding, common language and dialogue, knowledge relatedness between the spinoff supplier and the parent offers an appropriate environment for significant organizational learning to take place (Roberts, 1991). Since the most efficient organizational learning takes place under similar domains of knowledge (Sapienza et al., 2004; Sahaym, 2005), a spinoff supplier can achieve the competency of eliminating irrelevant knowledge and focus on valuable sources of knowledge through its relatedness with the parent firm (Sapienza et al., 2004). The knowledge-

based approach claims that the firm is an entity that knows how to do things, acting like a repository of knowledge about its operations, which in turn provides a suitable base to more efficient organizational learning. Thus, we can evaluate the second sensitizing proposition, organizational learning, only after significantly justifying the repository of the spinoff supplier's inherited capabilities base's existence. The relatedness, shared understanding, and common language between the spinoff supplier and the parent firm are necessary for better organizational learning.

Sensitizing Proposition 2 (Organizational Learning):

Spinoff suppliers are likely to learn the best ways to cope with challenges they face more efficiently compared to external suppliers due to the knowledge relatedness between the parent and the progeny.

As depicted in Figure 1 and put forward in the first two sensitizing propositions, the blueprint of the parent firm is transferred to the progeny in the form of its managerial processes and routines in order to form the initial mould of the spinoff supplier. Organizational learning is then carried out through the knowledge relatedness of the spinoff supplier with the parent firm. The spinoff supplier takes advantage of its informal relations with the parent firm in order to get access to the parent's resources while dealing with challenges it faces. Finally, we ask: How about the effects of the backgrounds of the spinoff founders on spinoff firm performance? Helfat and Lieberman (2002) indicate that the focal mechanisms that determine the success and survival of new entrants are primarily shaped by the pre-entry experience of their founders. All founders convey expertise coming from their previous jobs and from their operational efforts. This expertise of the founders can be beneficial for capturing business opportunities and managing everyday operations of their new firms (Shane, 2000). Research points to the importance of spinoffs exploiting the skills their founders acquired in their prior employment with their parent (Klepper, 2001). The prior relationships and experience that founders acquired from the parent company allow them to understand the specific requirements of the parent company and deliver better service levels compared to other vendors (Sanchez, 1997). Lindholm (1994) argues that spinoff firms that share resources with their parents before separation will most probably constitute a continuous

collaboration and a partnership built on trust, co-operation, and information sharing for mutual benefit. Thus, all spinoff founders carry embedded relationships with their parents, which can affect the spinoff's success and survival.

The success of a firm is affected by the availability of resources it can access (Penrose, 1954). However, the resources that are important in firm growth are rarely found all together in one place. In other words, the resources required for the growth of a new firm show up in different sources that are physically separate (Shane, 2000; Helfat and Lieberman 2002). For instance, the resources of raw materials, customers, suppliers, and labor can show such great dispersions in their accessibility that a new firm's capacity would not be enough to reach them all. Therefore, founders of the new firms choose to stay in close contact with their prior employers in order to access resources that increase the likelihood of firm growth and success (Klepper and Thompson, 2005). Thus, spinoff founders, compared to non-spinoff founders, are expected to be in a better position to acquire resources from the parent firm (Cohen and Levinthal, 1990; Shane and Stuart, 2002). As Nelson (1995) mentions, memes are transferred through human capital; in this case the spinoff suppliers' founders and their counterparts in the parent firm. For the progeny firm, since "experience from leading firms and the founders' informal relations with the parent firm to acquire resources" constitute a relevant meme, it is easier for the spinoff firms to acquire resources from the parent than the firms that do not have these relations (Cohen and Levinthal, 1990; Nahapiet and Ghoshal, 1998). For example, in order to reach a specific type of customer for its products or to outsource the maintenance of its broken workbench, the spinoff supplier uses its informal relations with the parent (Shane and Stuart, 2002).

These informal relations may also be beneficial in accessing knowledge on market opportunities. Sapienza et al. (2004) define marketing knowledge as a phenomenon that enables firms to fulfill better sales figures through the application of better marketing strategies. The degree of marketing knowledge learning includes the extent to which the spinoff firm learns from its parent about distribution channels, marketing techniques, customer groups, and marketing expertise in order to use it as an advantage over other firms in the industry. In his study on German laser producers, Buenstorf (2007a) presents evidence suggesting that entrants performed well because of their ability to learn about market opportunities prior to actually

entering the market. Almost by definition, spinoff firms are likely to learn about customer needs and the corresponding opportunities through their informal relations with the parent firm. It can be anticipated that through mutually dependent collaboration between the parent and the spinoff supplier, the information gained about the market and industry from the parent will underpin the development of the spinoff supplier, allowing it to have better chances of success and survival.

But what are the informal relations between the spinoff supplier and the parent firm, and how do they operate? The information exchange involves informal ties between parent managers and spinoff founders that require interaction and utilization of personal relationships, economic interactions, and social capital across functions (Hite, 2005). This can happen through daily telephone calls, visits to old colleagues, common outdoor activities, etc. To sum up, entrants to an industry vary in their capabilities of how effectively they utilize their informal relations in accessing their parent's resources. Therefore, the informal ties between the spinoff supplier and the parent company foster the acquisition of resources of the spinoff supplier, which creates an advantageous position over external suppliers in the same business environment (Helfat and Lieberman 2002).

Sensitizing Proposition 3 (Informal Relations): Spinoff suppliers acquire resources through their founders' informal relations with their parent firm, which is likely to allow them to stand better chances of success and survival compared to external suppliers.

We now consider these three sensitizing propositions about spinoff suppliers with specific attention to the parent company in the present study. Understanding the spinoff supplier development process in its own context is a primary objective of this study for a clearer evaluation of our sensitizing propositions. In order to better understand the environment that created the motives behind the spinoff supplier development process in the company, the characteristics and historical evolution of the Turkish automotive industry and the parent company in this study are presented in the next section. Following that, the research methods and operationalization of the variables are described in detail.

CHAPTER 3

RESEARCH DESIGN AND METHODS

3.1 RESEARCH CONTEXT

The Turkish automotive industry, as with all automotive industries of the world, comprises two sub-industries: 1) the original equipment manufacturers (OEMs) that manufacture different means of transportation for a variety of purposes like the construction industry, infrastructure, agriculture, tourism activities, and logistics, i.e., carrying passengers, goods, raw materials, etc. 2) the supplier industry that produces all the necessary pieces, materials, modules, and complex systems which will be employed in the production of the vehicles. The industry produces a vast majority of all manufacturing value-added in Turkey and is often called a 'locomotive sector' since it also stimulates various other national industries. The main supply of the automotive sector is from petrochemicals, metals, electronics, glass, and rubber.

The Marmara region in the north-west of Turkey accounts for almost 70% of all automotive production. This region constitutes the area of a triangle connecting the three most important centers of automotive production. As seen in Figure 2, İstanbul, Bursa, and Adapazarı are situated in the corners of this triangle and these three centers jointly host 13 assembly plants and 77% of all first-tier supplier firms (Evren, 2002). The region outside this first triangle covers a larger area than the first and connects it to Ankara and İzmir. Only five assembly plants and 17% of all first-tier suppliers are situated in this larger area (Evren, 2002). The area out of the first two triangles includes the rest of the sector, which is distributed mainly in the various central and southern provinces of Turkey.

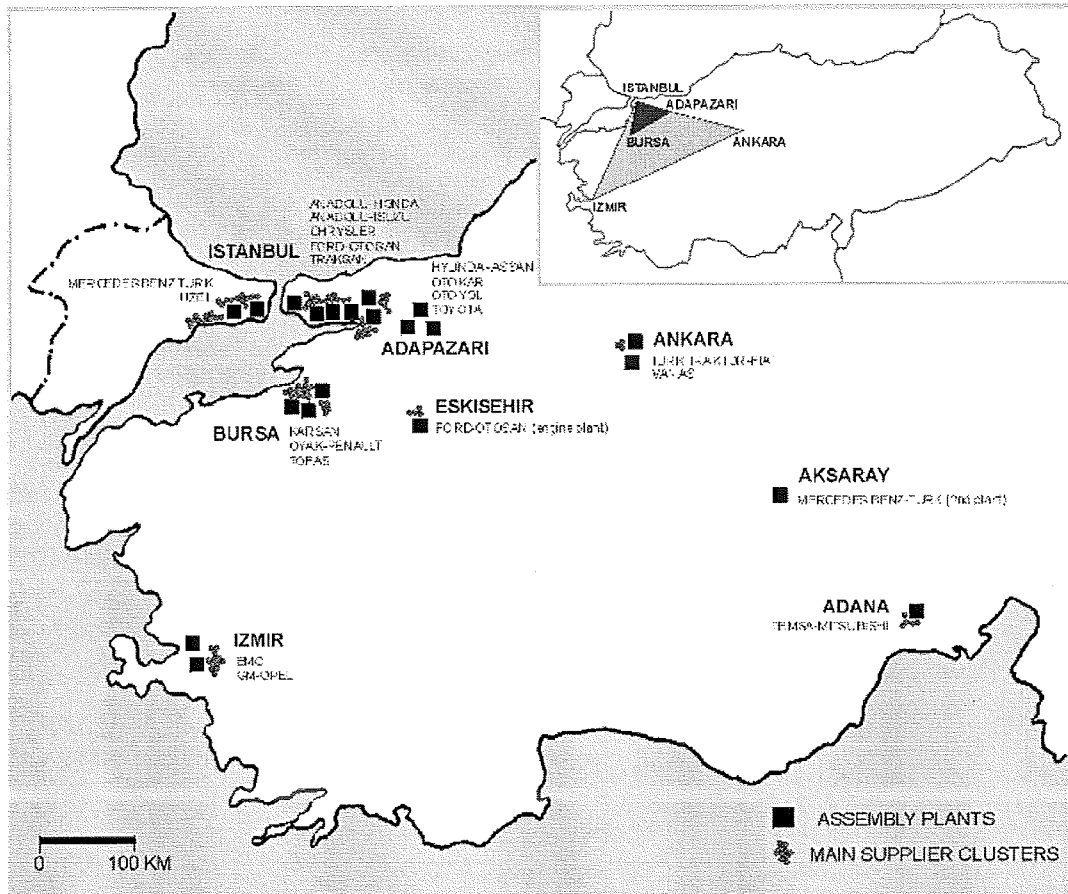


Figure 2. The geographical distribution of the Turkish automotive industry.

Source: Evren, 2002.

The Turkish automotive industry is a relatively young one, with full-scale mass production having a history of barely half a century. The Turkish automotive industry was firstly founded on the basis of import substitution which prompted local production through joint ventures between foreign automotive manufacturers and Turkish partners (Wasti and Wasti, 2008). The international competitiveness of these strategic alliances was constrained because of the restraining license contracts with those foreign firms. The industry survived mostly with tractors used in the agriculture sector and few other means of commercial transportation (www.taysad.org.tr). Considerable acceleration was achieved in the industry as a result of the startup of Tofaş and Oyak Renault. The policy of import substitution was replaced with an export-oriented one in the 1980s, which allowed OEMs to search for more efficient and capable suppliers by the removal of quotas of local content (Wasti and Wasti, 2008). OEMs applied considerable force on suppliers in

order to sustain their cost competitiveness. They increased their demands on the quality, delivery, and flexibility of the supplies; furthermore they played suppliers against each other (Burgess and Gules, 1998). By the early 1990s, Turkey experienced the production of several new brands, such as Toyota, Hyundai, Honda, and Opel of GM, penetrating the domestic market (Wasti and Wasti, 2008). This development increased competition within the domestic market; existing firms were forced to update their models and to improve their production lines and their vehicle quality (Wasti and Wasti, 2008). This move also ensured suppliers to develop together with the OEMs. As OEMs concentrated on exports and became more competitive in the 1990s, local content exceeded 90% for every transportation vehicle produced by the automotive sector in Turkey (www.taysad.org.tr). Owing to these efforts, assemblers stopped producing most of their components in-house and emphasized quality over price when outsourcing. While this situation can be described as arm's length relationships between buyers and suppliers, the initial scarcity of local suppliers spurred the automakers to offer support to potential suppliers in order to persuade them to commence production for the growing automotive sector (Gules et al., 1997).

Owing to the integration between the international automakers manufacturing in Turkey and their Turkish associates collaborating with local suppliers, the manufacturing techniques implemented in the Turkish automotive sector attained the level of the global players (www.taysad.org.tr). Forming alliances with and transferring technologies from global automakers were encouraged for manufacturing and product development. The recent increase in the R&D capacity and capability of the local supplier industry encouraged OEMs to augment their manufacturing methods and technologies. By the end of the 1990s, this transformation process was completed in the suppliers, marketing companies, and the OEMs. Modern manufacturing techniques were put into practice and were supported with professional and technical training of the labor force. Furthermore, quality management programs were formed and firms were certified for those programs (www.taysad.org.tr).

The parent company in this study is an automotive subsidiary of one of the largest industrial and commercial conglomerates in Turkey. For the past 10 years, Millennium Motor Company (MMC, a pseudonym) has developed rapidly to become

one of the giant players of the Turkish automotive industry. Today the company aims to be present in markets of all classes of commercial automotive vehicles with its own brand. After its foreign license agreement ended in 2001, MMC set up an R&D department. MMC now designs and produces its own branded models and is a fully independent world-class automotive manufacturer. The company emphasizes R&D and design and sees these areas as its core business (company web page).

Being geographically far from the main industrial core, namely the automotive industry clusters of the İstanbul metropolitan region and therefore the necessary suppliers (see Figure 2), MMC initiated efforts to build its own cluster of regional suppliers. Renowned primarily for its “component business” model, a strategy that describes a producer who buys main subassemblies from its suppliers and assembles them under its own brand, MMC aimed at differentiating itself by spawning smaller and highly decentralized spinoffs for its non-core business activities. The company also initiated a “Supplier Development Center” in an unused plant in order to enhance collaboration with its suppliers. This supplier development center hosts numerous companies exclusively manufacturing MMC parts. The most competent regional companies have been brought together to produce under MMC’s quality control procedures (company web page). Supplier firms in this network produce critical products for MMC. Chassis, gearboxes, brakes, clutches, seats, air conditioners, and dashboards are all vital components for MMC products and, in fact, help the brand remain competitive in the market with regards to safety and comfort measures. However, the supply of such crucial components creates heavy dependencies on the part of suppliers and requires extra effort to prosper and maintain closer functional relationships between suppliers and their customers. The disadvantage regarding the notorious examples of Delphi and Visteon was avoided mostly through MMC’s close monitoring and supervision of its suppliers.

The growing technological expertise of automotive supplies helped MMC to realize that there is no need to keep the technical know-how and capability to build contemporary vehicles completely in-house. This effort initiated the need for spawning non-core activities to firms that are formed by MMC’s entrepreneurs (*intrapreneurs*, see section 2.3). To achieve the benefits of decentralization, MMC chose to spin off certain manufacturing operations and focus on its core competencies, mainly its innovative design of new brands. As well as having the

ability and independence to work with other companies, the spinoff suppliers of our study conducted manufacturing operations for MMC. A major attraction of the spinoff supplier development effort to senior management was that MMC gave certain manufacturing operations away to its old employees who were already accustomed to MMC's working system. Moreover, MMC would not have to take the risk of transferring all its production processes to an external supplier, since external suppliers can work or at least contact customers other than MMC easier compared to spinoff suppliers. Another motivation behind the spinoff supplier decision was that it was seen as an attractive alternative to straightforward outsourcing since the personnel transferred would have informal relations with and know the requirements of the parent firm. Most importantly, the parent would still have a strong influence over the spinoffs even if they were separate firms. As mentioned above, the increased variety and complexity of the parts supplied in the automotive sector makes the parent firm's control over its supply chain crucial. Due to the existing ties between the parent and the spinoff supplier, maintaining control over a spinoff supplier is much easier than over an external supplier. In other words, the spinoff suppliers and MMC share a common language, a common understanding, and dialogue which makes the governance of a spinoff supplier easier compared to external suppliers.

Presently, the parent firm has a supplier pool which consists of both spinoff and non-spinoff suppliers. Here one point is worth noting: The parent stands at an equal distance to provide the same support for both spinoff suppliers and external suppliers. Thus, MMC sees them as individual suppliers, not as external or spinoff suppliers. The scope of this research covers the parent firm, its spinoff suppliers, and external suppliers. In the next section, the methods of this study are described in detail.

3.2 METHODS

In this study, a qualitative approach has been utilized to develop sensitizing propositions. A qualitative approach reveals the experiential dimensions of the research phenomenon, which are not easily accessible through surveys or experiments (Arnould and Thompson, 2005).

Qualitative research aims to approach the field without being limited by predetermined templates in order to have a detailed and open qualitative inquiry

(Patton, 1990). In fact, qualitative research facilitates an understanding of the research question in terms of the meanings researchers bring (Denzin and Lincoln, 1994). The idea is to avoid having preconceptions about the data or forcing the data into predetermined categories; instead the aim is to allow emergent themes to reflect the data and assure that research outcomes are not theoretically removed from the study subject (Hirschman and Thompson, 1997). That is why an early focus on the literature in the form of specific hypothesis and testable propositions is avoided. Instead, “sensitizing propositions” are used, i.e., general directions in the literature which shape the way we collect and analyze data.

We established our model using some of the information that is in the literature and aimed to better decide where to look and to evaluate our findings accordingly. We felt the need to collect data from different sources since our research question has received relatively little attention in the literature (Goulding, 2002). We use the term “sensitizing proposition” in order to show that we are talking about an idea, a concept, and/or a general approach which helps us further understand the data collected. Sensitizing propositions provide a theoretical base for the way we carry out our research rather than force the data to fit previous findings. For this study, what we express as “sensitizing propositions” are, in fact, our expectations, lenses, and/or ways of looking at an issue. The study is carried out with an open mind to allow easier evaluation of our sensitizing propositions and a potential emergence of new propositions for future research (Hudson and Ozanne, 1988). Thus, our sensitizing propositions do not provide instructions, but rather directions to follow (Blumer, 1954).

Given that it is difficult, if not impossible, to quantitatively analyze issues such as “transfer of routines” or “acquisition of resources through informal relations”, the use of a case study method is considered to be more appropriate for the purposes of our study. Indeed, when well-designed and properly applied, the case study approach is thought to attain the same rigor as other research methodologies (McCutcheon and Meredith, 1993). The case study method is seen as an appropriate research method also when the context of the study is broad and entangled (Eisenhardt, 1989; McCutcheon and Meredith, 1993). The case study approach gives exceptional importance to the examination, description, and analysis of the subject under investigation (Eisenhardt, 1989; Yin, 2003). Therefore, the case study has

attained a key importance in that it has proven to be a powerful descriptive tool (Hamel et al., 1993). Case studies are ideal when the researcher, with little or no control over outcomes, investigates “how” and/or “why” a real life phenomenon is changed or affected (Yin, 2003). McCutcheon and Meredith (1993) indicate that case studies can be specifically taken as a helpful approach for appraising real world cases. The in-depth description of a case and the comparison of cases, i.e., cross-case analysis, are required in order to further understand the relations between our sensitizing propositions. Lastly, our particular and practical reason for selecting the case study method was that there were only a few spinoff suppliers to study. The spinoff supplier is a new phenomenon which lacks extensive research to date, and the number of cases we had did not allow the application quantitative techniques such as surveys.

The study is explanatory, hence it investigates a logical chain of evidence in the findings. According to Yin (2003), an explanatory approach may be appropriate if there is adequate background literature to guide the direction of the study (Yin, 2003). In this study, the theoretical background is based on the evolutionary approach; therefore there is adequate information to guide the direction of the research. On the other hand, since we are trying to approach the field with the idea of not having preconceptions or forcing the data into predetermined categories, the exploratory aspect of the study is also evident. The exploratory nature of the study reserves its right to allow emergent themes to reflect the data.

A multiple case design is utilized in the research in order to provide external validity and facilitate generalizability of the research (Yin, 2003). Case generalization, based on theory building, is achievable by detecting joint patterns between cases where the cases are in some way comparable. The utilization of multiple cases is suggested in the literature since it allows cross-case comparisons (Hamel et al., 1993; Yin, 2003), making the results more accurate (Miles and Huberman, 1994). Each individual case study is considered as a separate experiment in connection with theory, and the combination of these individual cases develop the starting point for the evaluation of our sensitizing propositions which can in turn aid generalization. The replication logic of the case study method may allow case selection in such a way that it either produces parallel or contrasting results with predictable reasons (Eisenhardt, 1989; Yin, 2003). Furthermore, multiple cases from

both spinoff and external suppliers are added to the study to provide literal replication. This proves the verification of data to see whether or not parallel results are obtained for the same type of suppliers. In addition to the suppliers, interviewing the parent company allowed us to reach a common point between spinoff suppliers and external suppliers. Therefore, the final sample included representatives of spinoff suppliers, external suppliers, and the parent firm.

A case study protocol was developed in order to guide the research and to ensure uniformity across cases. The protocol provided a standard roadmap for the data collection stage and ensured accuracy in conducting the study. By doing so, the reliability of the research was ensured by using the same sequence and format of questions for all interviews (Eisenhardt, 1989; Yin, 2003), except for idiosyncratic pieces of information, which were further clarified through probing questions. The protocol was ultimately shaped by the beginning of the field research, through the early interviews (Yin, 2003). The case study protocol consisted of the purpose of the research and the research question, sensitizing propositions, rationale for the research, identification of the data collection method, how to operationalize and measure the variables, and finally the interview questions. The case study protocol summarized the context of the research and drew the boundaries of the study to inform the respondent. In other words, the case study protocol constituted a formal contract between the respondent and the researcher to agree on procedures and plans for data collection and analysis, which allowed the study to remain tied to its main purpose and prevented it from going too far beyond what the sensitizing propositions guided us to look at. It becomes difficult, if not impossible, to compare cases with each other without this structured procedure. A consistent case study protocol is particularly essential in multiple case analyses and therefore required for correct comparison of findings (Yin, 2003). However, there is a paradox that the protocol can both be the source of standardization and limitation for the case under study. Therefore the inquiry should not be restricted to highly structured and exact questions, but be general enough to facilitate inspirations and brainstorming for new topics, routes, and premises. The development of the interview questions is further detailed in the operationalization section. See Appendix A for the case study protocol.

3.3 SAMPLE SELECTION

As it is common in case study research, the selection of cases is purposeful (Glaser and Strauss, 1967) In other words, it requires selecting cases that are expected to provide better quality information. The selection criterion mainly depends on the boundaries of the research questions and the theoretical framework developed. Cases that are rich in information should be selected for gathering efficient and in-depth data. Furthermore, richness in information helps choose the appropriate number of cases (Yin, 2003). Eisenhardt (1989) suggests that the ideal number of cases should be four to ten cases, also considering the time and the funding limitations of the study. The accessibility of the cases is also important in determining the number of cases that are going to be included in the research. Indeed, it is costly to carry out interviews with a large number of cases and the amount of qualitative data gets too difficult to digest and analyze as the case number increases (Miles and Huberman, 1994). The precise number of cases to be studied is hard to agree on; however, the case study approach usually begins with a small number of cases and maintains the flexibility to add supplementary ones as needed (Eisenhardt, 1989). Glaser and Strauss (1967) indicate that the point of theoretical saturation decides on the number of cases to be investigated. Taking these properties of case study research into consideration, traditional random sampling seems to be inappropriate for our study (Eisenhardt, 1989).

Firstly, the selection of MMC as the parent company is purposeful. As it is described in the former sections, MMC is a unique case for the particular industrial sector and conditions of Turkey. The emergence of the “spinoff supplier” phenomenon depended on MMC’s unique strategies. In our research, we selected different cases from different populations. First, we selected cases in which the conditions stated in the sensitizing propositions are more likely to be present, and then we selected cases in which the conditions stated in the sensitizing propositions are more likely to be lacking. Here the former population of cases is the accessible pool of spinoff suppliers, whereas the latter population of cases is the accessible pool of external suppliers of the parent company.

The sampling procedure of the study followed a combination of two different sampling techniques: Snowball sampling and theoretical sampling. In snowball sampling, after a selected initial group of respondents is interviewed, these

interviewees are asked to recommend prospective respondents who are rich in information and fit the specific subject of interest. Snowball sampling technique is purposive, thus professionally judgmental because the researcher and the recommender decide on the cases to add to target sample jointly. For this study, we use the parent company, MMC, to get access to an adequate number of respondents among spinoff and external supplier firms. We tried to add cases to aid easier understanding of the research question and provide better quality information. We had meetings with MMC's Department of Supplier Quality and Process Development, and different cases from spinoff and external suppliers who could represent the population of interest were selected.

Theoretical sampling, on the other hand, is the selection of cases which carry a significant theoretical contribution. Cases may be selected to be homogeneous or heterogeneous so that control over data is maintained through concurrence or divergence, respectively. Through theoretical sampling, the researcher obtains superior knowledge from bits of information, each of which can be taken as a source of data triangulation (Eisenhardt, 1989). Data triangulation is provided by the heterogeneity of cases, where the different heterogeneous cases provide sufficient information to offer a reliable basis for evaluating opposing explanations. On the other hand, homogeneity of the cases provided theoretical assessment of general expectations by looking at similar situations and comparing the differentiating factors. Therefore, homogeneity and heterogeneity are both provided in our target sample. Four external suppliers representing the non-spinoff firms, three spinoff suppliers, and the MMC authorities representing the parent company comprise the final sample. This is also in line with Eisenhardt's (1989) ideal number of cases (four to ten), since the total number of cases chosen is seven (excluding the parent firm).

The process of getting access to the proposed sample of suppliers mainly progressed through the guidance of MMC, the parent firm. We contacted MMC's Head of Supplier Quality and Process Development Department, the department responsible for the supplier development processes. Following our contact, the purpose of the study and the criteria of the required sample were explained to the board of directors by the Head of Supplier Quality and Process Development Department. Access to the field was obtained only after the necessary permissions were given by MMC management. Together with the research team, authorities from

the Supplier Quality and Process Development Department selected suppliers which seemed the most promising for the scope of the study from the pool of all MMC suppliers. Two pilot studies were conducted in order to see what was lacking in the protocol and/or target sample. Those pilot studies were conducted with the parent firm and with external supplier A at two separate time periods. By doing so, not only the parts of the protocol that were not fully considered initially were improved, but also an agreement on the scope and organization of the interview questions was reached with MMC. After the pilot studies, it was decided to include one external supplier with a comparably high ex-MMC employee ratio (6%), one external supplier with complete dependency (100% of sales) on MMC as its single customer, and one with considerably lower dependency (19% of sales) to MMC as its major customer. The less dependent external supplier is not located in the MMC Supplier Development Center. Site visits were planned in coordination with MMC's Department of Supplier Quality and Process Development. On the other hand, access was gained to three spinoff suppliers in MMC's supplier pool. However, the selection of spinoff suppliers depended on their willingness. Furthermore, there are only a few spinoff suppliers in total. Since the final research sample was formed under the coordination and permission of the parent company, all spinoff suppliers that agreed to participate our study were included in the research sample. Getting access to suppliers through MMC ensured that the suppliers would neither act reluctant to provide information during the interviews. See Table 1 for the description of the research sample.

3.4 DATA COLLECTION AND ANALYSIS

In this study, a combination of data collection methods is used, such as semi-structured interviews, observations, and secondary data sources. The main tool in the data collection is semi-structured interviews conducted face-to-face both with the parent firm, the spinoff supplier firms, and the external supplier firms. These semi-structured interviews were audio recorded and transcribed verbatim except for spinoff suppliers E and G¹. I conducted the interviews as a single researcher

¹ These spinoff supplier managers were neither able to create a proper setting, nor they had the necessary time for a recordable interview. As a result, the analysis of spinoff suppliers E and G was done through interview notes instead of tape-recorded interview data.

Table 1 – Research sample

Type	Main Products	2007 total sales (in million US\$)	2007 MMC sales (total \$ volume in millions and percent of total supplier sales)	Number of employees	Number and percentage of ex-MMC employees	Present in MMC Supplier Development Center?	Comments
External Suppliers	A	16.5	16.1 (98%)	350	20 (6%)	Yes	External supplier with a comparably high ex-MMC employee ratio
	B	8.9	8.0 (90%)	235	3 (1%)	Yes	
	C	2.8	2.8 (100%)	75	1 (1%)	Yes	External supplier with complete dependence on MMC as its single customer
	D	21.7	4.1 (19%)	225	0	No	External supplier with considerably lower dependence on MMC as its major customer
Spinoff Suppliers	E	4.5	4.5 (100%)	53	4 (8%)	Yes	
	F	7.9	7.9 (100%)	9	2 (22%)	Yes	
	G	0.4	0.4 (100%)	39	3 (8%)	Yes	

so that I could get accustomed to the format and language of the protocol to improve the reliability of the research. The confidentiality of the firms (including the parent firm) was ensured to gain full collaboration from the participants. The interviewees were informed that their data will be used for research purposes only. The interviews started with a brief personal introduction and an explanation of the interview's purpose. I explained: "I am investigating the relationships between MMC and its suppliers; therefore, I am doing field research investigating and interviewing a select group of MMC's suppliers, including your company, in order to gather opinions and perceptions regarding this subject."

The interview questions were initiated with an introductory section which included general questions regarding the respondents' knowledge about the number of ex-MMC employees in the firms and MMC sales as percent of total supplier sales. By asking general and casual questions, I managed to assess how the participant gave his responses. Through this, I was able to gauge how I should approach the respondent before the interview became too complex. For example, the manager of external supplier D was an elementary school graduate, therefore it was necessary to carry on the interview without using many technical terms, and instead I conducted the interview as if it was a casual chat. All interviews were conducted in the respondents' company buildings, usually in their office or in separate meeting/conference rooms, some place silent and conducive to concentration. The interviews usually lasted from twenty five to forty minutes. I also gained permission from the respondents for operational issues such as tape-recording of the interview, taking notes, and asked for certain documents before the interview session started. By doing so, I tried to keep the interviewees in rapport and at ease to increase the quality of their responses. Since site visits were planned in coordination with (and with the permission of) MMC's Department of Supplier Quality and Process Development, I did not experience any reluctance or resistance from suppliers in providing information. When I felt that the respondent was not clear about the interview questions, in order to clear his/her thinking and/or to make sure that the subject was fully covered, I sometimes had to ask questions in a different way. During the entire interviews, I tried to avoid personal comments and acted non-judgmental in order to maintain objectivity. I tried to give the feeling to the

interviewee that there were no right or wrong answers. These are sine qua non in semi-structured interviews (Glaser and Strauss, 1967).

Likert-scaled data (7-point scales, ranging from 1 (strongly disagree) to 7 (strongly agree)) was also collected during the interviews. An “evaluation question” for each sensitizing proposition was asked, where the respondents were asked whether they agreed or disagreed with the related sensitizing proposition. This way, a brief summary of the respondent’s perceptions on each research proposition was captured.

In addition, observational data were collected through conducting site visits and observing the everyday routines of the companies. Observation data is used to complement interview data since observation by itself is inadequate to provide satisfactory data in this specific research setting and for this specific research question (Adler and Adler, 1998). In other words, observational data enabled us to evaluate and support the data acquired through the semi-structured interviews, thus it provided a good contribution for the validity of measurement. We reduced the possibility of misinterpretation of the interview data and provided data triangulation by adding observed practices and processes of suppliers to our case study database (Yin, 2003). Before each interview, I had the opportunity to take a walk around the facilities of each supplier and directly observe the entire production process. I took notes and photographs in order to capture the similarities as well as the discrepancies between the suppliers and MMC. I acted as a peripheral non-participant observer during the time I took a walk around. The collection of real time observational data provided validity, and non-participant observation provided the noting of data that insiders might find unnecessary to mention. I asked questions to managers that guided me when I needed to clarify certain issues, such as “Is this process/equipment/machinery transferred from MMC?”, “How did you implement this improvement in your processes?”, or “Did learn or hear about this from MMC?” However, one difficulty I experienced in observation was that the time allocated and permitted by the company managers was limited. They did not always have the necessary time for a comprehensive tour around their facilities.

The final source of data was secondary data, including any type of records that would be useful to answer the research question. These included newspapers, company reports, press releases, organizational records, forms, documents, and the

Internet. For example, in coordination with MMC, all suppliers present in MMC's Supplier Development Center jointly issue a periodical called "MMC's Supplier Development Center". This quarterly published periodical includes valuable information about specific circumstances, investments, and expansions of suppliers. Furthermore, during interviews respondents were asked to provide certain documentation and forms transferred or adopted from MMC, or such things that they thought might be useful to discern similarities and differences between their companies and MMC. For example, a sample of transferred forms used in external supplier C and MMC was obtained during interviews (see Appendix B).

In the results chapter, the evidence for the sensitizing propositions are presented. Coding is applied to data in order to label and classify meaningful pieces of information. The data coding process consisted of open and axial coding. The theory is supported with quotations from the interviews. The interviews are categorized and the degree of differentiation between cases is justified by frequently referring to quotations from the interviews for cross-case analysis. The operationalizations of our sensitizing propositions are used as a starting list of codes (Strauss and Corbin, 1990)². This type of a coding scheme also provides us with the flexibility to catch emergent patterns from the data as it is collected (Glaser and Strauss, 1967).

For the within-case analysis, the key variables of the defined model are documented thoroughly for each individual case. Then the patterns emerging from the within-case analyses are compared where individual expressions are "openly coded" with appropriate words or phrases which reflect the content of the conversation in order to attain a general explanation (Eisenhardt, 1989; Denzin and Lincoln, 1994). Open coding includes working through segments of data summarizing all transcripts in order to build basic blocks of data analysis and saturate categories (Glaser and Strauss, 1967; Yin, 2003). Interview transcripts and field notes are read and analyzed line-by-line utilizing an open-coding method (see Table 2 for an illustration of this coding example). The sentences depicted in the messages in Table 2 (especially the underlined words) can correspond to phenomena "separate identities" and "obligation".

² The operationalization is done in the following section (see Section 3.5).

Table 2 – An illustration of open coding and axial coding

Excerpts from interview transcripts	Open coding	Axial coding
<p>Excerpt 1 External supplier B: "... Since <u>we</u> (<i>separate identities</i>) produce MMC's X chassis, <u>MMC</u> (<i>separate identities</i>) can more easily play with the production plan whenever <u>it</u> (<i>separate identities</i>) wants, <u>they</u> (<i>separate identities</i>) can say "Today I will produce that, tomorrow I'll produce this," etc. Previously, <u>they</u> (<i>separate identities</i>) didn't have such a chance..."</p>		
<p>Excerpt 2 External supplier A: "As <u>we</u> (<i>separate identities</i>) are a main supplier of MMC, our relationships with them (<i>separate identities</i>) have to be (<i>obligation</i>) compatible somewhat. <u>We</u> (<i>separate identities</i>) have to understand (<i>obligation</i>) MMC. Since <u>we</u> (<i>separate identities</i>) are <u>their</u> (<i>separate identities</i>) main supplier rather than mere business partners, <u>we</u> (<i>separate identities</i>) <u>have to act</u> (<i>obligation</i>) the way <u>they</u> (<i>separate identities</i>) want..."</p>	<p><i>Separate identities</i>: External suppliers mainly label MMC as "they" and themselves as "we".</p> <p><i>Obligation</i>: Dialogue and language between external suppliers and MMC are based on necessity in order to improve and/or maintain their current level of business.</p>	<p>Dialogue with MMC is mainly for commercial concerns in external suppliers.</p>
<p>Excerpt 3 External supplier D: "If only <u>they</u> (<i>separate identities</i>) would say to me "Yes, we (<i>separate identities</i>) scrapped this part while picking the glass up from the regal, this is <u>our</u> (<i>separate identities</i>) fault", then we would solve a lot of things. Here the issue of distrust in the company which puts the glass on the regals shows up. I would never in my life send a glass like that only to have it returned. I mean, I can say that <u>their</u> (<i>separate identities</i>) top supervisors and chiefs look down on <u>us</u> (<i>separate identities</i>)..."</p>		

Notes: Codes are in italics and in parentheses that are generated from underlined words provided by respondents. Field notes are also analyzed with the similar procedure.

For example, I noticed that external suppliers mainly label MMC as “they” and themselves as “we”, or external suppliers say that they “have to understand” MMC and they “have to be” in good relationships with MMC. While reading other suppliers’ transcripts, I noticed similar expressions, and also coded them with the same name.

Following the general categorization provided through open coding, connections are investigated between those categories. This part of data analysis is called axial coding (Glaser and Strauss, 1967; Strauss and Corbin, 1990; Yin, 2003). While open coding breaks the data down to categories, axial coding combines them back by making connections between those categories. Through categorization, it can be seen whether the data gathered point to the presence or absence of the point of views stated in the sensitizing propositions. Also, if needed, these claims can be evaluated in terms of their strength and intensity (high/low, etc.). An example for this type of coding is illustrated in Table 2. As explained earlier, two codes emerge in Table 2; “separate identities” and “obligation”. When they are taken into consideration together, another pattern emerges that links those two codes, demonstrating that dialogue with MMC is mainly for commercial concerns in external suppliers.

In qualitative analysis, pattern matching is a technique that is commonly employed for comparing the observed patterns of cases with the predicted patterns to which the sensitizing propositions guide us. Here salient patterns which are revealed through open and axial coding are compared with our initial theoretical framework (Glaser and Strauss, 1967; Yin, 2003). Through pattern-matching, we attempted to ascertain that the majority of cases are not inconsistent with the sensitizing propositions and our model. Here the core category is the salient pattern that spinoff suppliers inherit certain traits through the three dimensions of the evolutionary view, namely genotype, phenotype, and memes, which put them in an advantageous position in their business lives compared to non-spinoff firms.

The replication of pattern-matching increases confidence in the rigor of the case study design. Pattern matching can be considered as the qualitative counterpart of statistical tests of quantitative propositions in that it increases internal validity (Yin, 2003). The evaluation of the sensitizing propositions, i.e., the confirmation or rejection of the propositions, is performed through analyzing whether the pattern of

acquired data fit the pattern indicated in the sensitizing propositions. After pattern matching, data contextualization is performed in order to reveal the unforeseen propositions that are not included in the model. These patterns are explained in the results section. Furthermore, cross-case analysis is visualized with figures, tables, or matrices where appropriate (Miles and Huberman, 1994; Yin, 2003) in order to ease understanding of the case study findings. While preparing the visualization of these findings, the data provided by the Likert scales are also used.

3.5 MEASUREMENT of SENSITIZING PROPOSITIONS (OPERATIONALIZATION)

Although Nelson and Winter's (1982) claims on routines increased their popularity in research, it is hard to operationalize them and their impact. Routines cannot be easily transferred since they are firm-specific (Becker, 2001, 2003; Phillips, 2002). Furthermore, routines are strongly correlated with organizational culture and over time they turn out to be observable in procedures, symbols, and structures of the organization (Feldman and Pentland, 2003). Taken as the fundamental unit of analysis for the first sensitizing proposition of this study, managerial processes and routines facilitate understanding how spinoff suppliers resemble their parents by means of business behavior and extremely identified operating procedures (Nelson and Winter, 1982), decision rules (Cyert and March, 1963), capabilities for repeated performance (Cohen et al., 1996), and/or industry specific tacit knowledge (Polanyi, 1967), and be more advantageous by possessing the key for absorbing organizational and environmental changes (Nelson and Winter, 1982).

The aim is to measure managerial processes and routines as "repetitively followed collective patterns of processual behavior" based on Nelson and Winter's (1982) definition. Routines are recurrent, i.e., repetitive (Pentland and Rueter, 1994). The second characteristic of routines stresses their collective nature (Pentland and Rueter, 1994). Each collective set of action is expected to trigger another, thus making managerial processes and routines follow a sequential pattern. Another characteristic that is taken into consideration while forming the definition of managerial processes and routines is the processual nature of routines (Becker, 2001; 2003). Thus, one can analyze the processes of a firm through the concept of routines. The processes are repetitive since organizations are specialized in certain products

and manufacturing techniques. Therefore, the processual nature of routines is a crucial phenomenon to deepen the understanding of the processes of a firm, which are in turn critical to the identification of the transfer of managerial processes and routines.

For the practical purposes of this study, the framework originated by Feldman and Pentland (2003) is adopted in order to measure the aforementioned aspects of managerial processes and routines. The framework is followed by Rumelt's (1974) measures of relatedness in order to strengthen the evaluation of the first sensitizing proposition. According to Feldman and Pentland's (2003) classification, there are two different aspects of managerial processes and routines: The *ostensive* and the *performative*. The ostensive aspect of managerial processes and routines include their structure, i.e., standard operating procedures, forms, etc. The performative aspect includes the routine in practice, i.e., actual performance of people's routine behavior in the workplace. As can be seen, the ostensive aspect includes the tangible aspects of managerial processes and routines describing their basic pattern, whereas the performative aspect consists of more intangible aspects, such as tacit knowledge, values, and culture. In this sense, the discussion of the first sensitizing proposition is performed in light of the existence of the same managerial processes and routines with the same characteristics in both the spinoff suppliers and their parent. The measurement criterion is as follows: "If there is evidence of similar routines in both the spinoff supplier and the parent, then managerial processes and routines are said to be transferred from parent to progeny." The suppliers were also asked whether those managerial processes and routines were in fact transferred from the parent firm. During the interviews, managerial processes and routines were investigated in order to find similar sequential patterns of behavior. Table 3 shows the operationalization of the concepts related to the sensitizing propositions of this study. The question numbers are taken from the questionnaire in the case study protocol (see Appendix A).

The intensity of the resemblance of the spinoff supplier to its parent also includes the "relatedness" concept (Sapienza et al., 2004). Therefore, the presence of the relatedness between the parent and the spinoff has to be measured in order to understand whether the genotype of the spinoff supplier is related to its parent, providing the progeny some genealogical advantages. The measurement criterion is

based on Rumelt's (1974) three dimensions of relatedness between parent and its spinoff: *Product relatedness* involves the production capabilities of the parent that are transferred to its progeny. This type of relatedness will have further advantages for the spinoff, such as increasing the utilization of the production facilities and lowering costs (Sapienza et al., 2004). Product relatedness is measured by asking whether the production facilities, production capabilities and/or manufacturing techniques of the parent firm are shared or commonly used by the spinoff supplier.

Table 3 – Operationalization of related concepts

Prop.	Question	Related Concept	Main Sources	Operationalization
P1	1.1, 1.2	Visible aspect of routines	Latour (1986), Feldman and Pentland (2003)	Similarity of the routines in structure (e.g., forms, procedures, flowcharts)
	1.3, 1.4, 1.5, 1.6	Performative aspect of routines	Latour (1986), Feldman and Pentland (2003)	Similarity of the routines in practice (e.g., tacit knowledge, values, culture)
	1.7	Product/production relatedness	Rumelt (1974), Sapienza et al. (2004)	Shared production facilities, production capabilities
	1.8	Technology relatedness	Rumelt (1974), Sapienza et al. (2004)	Shared/complementary/dependent technology
	1.9	Market relatedness	Rumelt (1974), Sapienza et al. (2004)	Shared customer base, market expertise and distribution channels
P2	2.1	Dialogue/conversation	Isaacs (1993), Crossan et al. (1999)	Discern similarities and differences, promote collective thinking, convey established and new knowledge
	2.2	Language	Crossan et al. (1999)	Shared understanding, open and fluent transfer channels
	2.3, 2.4	Organizational learning	Doz (1996), Crossan et al. (1999)	Transfer of new knowledge through the guidance of the parent, learn the best ways to cope with challenges
	2.5, 2.6, 2.7, 2.8	Learned capabilities put into practice	Daft and Weick (1984), Crossan et al. (1999)	Coordinated action, mutual adjustment, shared practice in behavior
P3	3.1, 3.2, 3.3, 3.4	Personal and economic relations with the parent firm	Agarwal et al. (2004), Phillips (2002), Klepper and Sleeper (2005), Johansson (2007)	Easy access to resources by getting in touch with colleagues and friends from earlier job experiences in the parent firm, transfer of experience
	3.5, 3.6	Informal relations as a source of trust	Adler et al. (1999), Johansson (2007)	Flexibility in action provided by guaranteed support from its parent
	3.7, 3.8, 3.9	Social capital	Adler and Kwon (2002), Nahapiet and Ghoshal (1998), Hite (2005)	Privileged access to information and to opportunities through social network ties with the parent firm.

Technology relatedness allows the spinoff to learn ways of designing new products from its parent through sharing similar technological knowledge bases. By having adequate commonality in its technological knowledge base with its parent, the spinoff supplier introduces new products to the market in a shorter time period with superior cost-to-performance ratios (Sapienza et al., 2004). In addition to its increased performance, technology relatedness is closely related to the innovativeness of the spinoff (Ahuja and Katila, 2001). Technology relatedness is measured by asking whether the technological competencies developed within the spinoff supplier, such as adapted new technology and/or product development, are based upon or inspired by the parent's technological knowledge base.

Finally, *market relatedness* helps the spinoff supplier discover market opportunities or potential distribution channels in common with its parent. Market relatedness affects the ability of the spinoff supplier to gain expertise on marketing strategies from its parent company. Market relatedness is measured by asking whether the spinoff supplier possesses any commonality in marketing knowledge, marketing expertise, and distribution channels with its parent firm. The significance of market relatedness is measured to the extent the spinoff supplier is dependent on its parent as its major customer.

As can be seen in Figure 1, "relatedness" is the nexus between the genotype (as a result of the spinoff supplier's managerial processes and routines) and the phenotype (as a result of the spinoff supplier's organizational learning). Having acquired the necessary managerial processes and routines for its repository of inherited capabilities base, the spinoff supplier acquires new knowledge through its relatedness with its parent and learns the best ways to cope with challenges. Since the transfer of managerial processes and routines build genealogical relatedness between the spinoff supplier and its parent by means of organizational knowledge and capabilities, they can be taken as a fundamental component of organizational learning (Feldman and Pentland, 2003). The measurement criteria of the spinoff supplier's organizational learning from its parent are based on the literature review conducted by Crossan et al. (1999). Their framework is adapted to our spinoff supplier-parent relationship context through shared understanding, common language, and dialogue built for an extensive organizational learning base between two parties. The spinoff supplier and its parent are expected to have an extensive and

clear dialogue (Isaacs, 1993; Crossan et al., 1999) and communicate through a common language (Crossan et al., 1999). By doing so, they can discern similarities and differences, promote collective thinking, convey established and new knowledge, build shared understanding, and open fluent transfer channels, thus place an appropriate base for better and more efficient organizational learning (March, 1991). Organizational learning further adopts an approach in which organizations obtain, incorporate, and exploit knowledge (Kogut and Zander, 1992). The existence of the parent helps its spinoff supplier to transfer new knowledge from its parent and to learn the best practices to cope with challenges. As a result of its relatedness with the parent firm, the spinoff supplier is consulted and guided towards the optimal ways to reach solutions, while other firms learn and find these shortcuts through more costly ways, such as trial and error (Nelson, 2008).

Finally, the learned capabilities are put into practice (Daft and Weick, 1984; Crossan et al., 1999). The spinoff supplier's organizational learning from its parent should clearly be observed in the spinoff supplier's business life. There can also be other areas in which spinoff suppliers can exploit what they have learned from their parents, such as problem solving and coping with challenges.

In summary, the respondents were asked about their communication and dialogue with the parent firm. Furthermore, evidence was sought for the existence of a common language, the assistance and guidance of the parent firm to the progeny's business, and the outcomes of what the progeny has learned from its parent. On the other hand, interviewing the parent company allowed the acquisition of the data that acted as the control point between spinoff suppliers and external suppliers.

As depicted earlier in Figure 1, the memes, i.e., culturgenes, of spinoff suppliers feed the other two stages (transfer of managerial processes and routines and organizational learning) with the necessary resources acquired through informal relations of spinoff founders'. Examples include the acquisition of managerial and industry expertise, recruitment of former employees of the parent, and an awareness of industry specific opportunities and agents that are critical for the solution of certain problems. Evidence for the third sensitizing proposition was found through the existence of the personal and economic relations of the spinoff suppliers with their parents, the existence of the informal relations with the parent as a source of trust and social capital. First, spinoff suppliers acquire resources through their

founders' *personal relationships* and *economic interactions* with their counterparts in the parent firm (Phillips, 2002; Agarwal et al., 2004; Klepper and Sleeper, 2005; Johansson 2007). Personal relationships can happen through daily telephone calls, visits to former colleagues, outdoor activities, etc. Economic interactions, on the other hand, indicate prior working relationships, formal agreements, etc. The professional experiences of the founders prior to spinoff formation were asked because career histories are crucial to investigate the existence and benefits of the informal relations with the parent firm (Burton et al., 2002; Johansson, 2007).

Second, informal relations can be seen as a source of trust that provides flexibility in the spinoff supplier's actions due to the guaranteed support from its parent (Adler et al., 1999; Johansson, 2007). To clarify the cause and effect relationship between "the acquisition of resources through informal relations" and "trust," it can be said that the stronger the informal relations, the more trust the two parties will build for each other, the more shared understanding to ease dialogue will be built, which in turn will make the acquisition of resources of the spinoff supplier from the parent firm easier (Johansson, 2007).

Spinoff suppliers acquire resources through their founders' *social capital* inherited from the parent (Nahapiet and Ghoshal, 1998; Adler and Kwon, 2002; Hite, 2005). Formed as a separate entity, spinoff suppliers are a part of the parent's network and use the parent's social capital in order to gain privileged access to information and opportunities through their social ties with the parent firm. For example, the parent is expected to create a basis for the spinoff supplier to contact industry-specific agents that are critical for the solution of certain problems or point out opportunities in the market to the spinoff supplier. Furthermore, the founders of spinoff suppliers already know the key personnel in the parent firm to contact and solve their problems easier.

3.6 EVALUATION OF THE RESEARCH DESIGN

When compared with quantitative methods, qualitative research is criticized as deficient in certain areas. In particular, the qualitative researcher does not possess the equivalent of a "Cronbach alpha", thus he/she cannot lay claim to the reliability and validity of the research as firmly as a quantitative researcher. However, qualitative research has its own criteria for credibility. An extensive explanation of

the method (interview protocols, data collection, etc.) and rich and dense narratives about the data and research context are required to provide a rigorous design, thus to convince readers about the reliability of the research (Strauss and Corbin, 1990).

The reliability of qualitative research lies not only with the access and collection of data, but also under the complete, unbiased, and systematic analysis and elucidation of the qualitative data collected (Dul and Hak, 2008). Instead of beginning the study with general expectations and an open design, the veracity and credibility of our study was supported by constructing the structure of our study by giving through details about our sensitizing propositions, our model, the research context, operationalization of the key variables, and the interview protocol. Therefore our study for the most part satisfies the validity and reliability criteria of a rigorous case study design (Bitekine, 2008). “Rigorously designed case studies could be used to evaluate propositions (such as hypothesis testing)” (Yin, 2003; Bitekine, 2008; Levy, 2008), and examples of studies making use of such strategies exist (Sarker and Lee, 2003; Chiesa and Frattini, 2007; Elfring and Hulsink, 2007; Schwartz and Hornyh, 2008). The operationalization of the qualitative variables can be used to measure the sensitizing concepts listed (Chiesa and Frattini, 2007). Those measures are subjective, and therefore need not be numerical.

A self-assessment of the research design is done in order to avoid any gaps which can undermine the rigor of the case study method. Gibbert et al. (2008) provide a framework in which the requirements for a rigorous case study are listed. Through the descriptions of our sensitizing propositions, our model, the research context, operationalization of the key variables, and the interview protocol, the criteria for a rigorous case study design are mostly satisfied. See Table 4 for the evaluation of the research design of this study based on this framework.

The internal validity of the research design is evaluated by whether a reasonable theoretical and causal link is provided in order to figure out and support the aim of the study (Yin, 2003). The key to ensuring the internal validity is whether observed patterns can be attributed to the causal relationships provided in the research framework. Three measures are proposed by Gibbert (2008) in order to evaluate internal validity; a causal research framework, pattern matching, and theory triangulation. The causal research framework is provided in Figure 1 as a result of the literature review and sensitizing propositions. Pattern matching was explained in

detail in the preceding paragraphs and is put into practice during the data analysis phase.

Table 4 – Framework for the evaluation of the research design

Criterion	Refer to	Research Measures	Evaluation	Explained in
Internal validity	Causal relationships between variables and results	Research framework (diagram)	√	Figure 1
		Pattern matching	√	
		Theory triangulation	√	
Construct validity	Quality of operationalization or conceptualization	Chain of evidence	√	Section 3.5
		Operationalization	√	
		Data triangulation	√	
External validity	Generalizability	Cross-case analysis	√	Section 3.2 Section 3.1
		Rationale for case study selection	√	
		Case study context	√	
Reliability	Absence of random error; transparency and replication	Case study protocol	√	Appendix A
		Case study database	√	
		Organization's actual name given	?	

NOTE: “√” means “satisfied”, “?” means “unsatisfied” or “N/A”.

The final assessment of internal validity is “theory triangulation”. As explained in the former sections, it makes sense to base the theoretical perspective in this study on the evolutionary theory and the notion of heredity (Nelson and Winter, 1982; Klepper, 2001; Klepper and Sleeper, 2005) since we are talking about “parent” firms and the evolutionary traits that pass to their “children”. However, institutional theory can also be applicable to the external suppliers of our study since these suppliers do not have evolutionary traits coming from their parents. Institutional theorists argue that organizations adopt practices from other organizations; that is, they become isomorphic (Scott, 1995, 2004). Isomorphism is the resemblance of one organization in a population to other organizations that confront similar environmental circumstances. The mimetic behavior of organizations is about framing institutionalized behaviors as rules and laws that can be taken for granted (Scott, 1995). This is applicable to the context of our external suppliers that adopt

practices of the parent firm and also experience the same environmental conditions as spinoff suppliers. Furthermore, external suppliers feel the need to comply with the parent firm which leads them to gain a more professional view vis-à-vis the parent firm and thus be more institutionalized. By using another theoretical lens and a different theory's perspective as a means to interpret findings, we increase the internal validity of this study. Evidence is shown in the results section about this theory and the applicability of institutional theory is discussed further in the discussion section.

Construct validity, i.e., the quality and the appropriateness of the established operational measures of the relevant concept, is evaluated through three different indicators: Chain of evidence, operationalization, and data triangulation. Yin (2003) states that sometimes researchers use their subjective judgments instead of fully operationalizing the concepts they intend to study in their case studies. By doing so, the basic and notorious criticism of case studies—lack of rigor—comes up. However, in our study, clear and meaningful links are provided between the sensitizing concepts, model, data, and findings in order to allow readers to understand how we got from the preliminary theoretical background of the study to the discussion and assessment of the findings. In a separate section (Section 3.5) and separate depiction (Table 3), the operationalization of the related concepts is provided. The operationalization section is of great importance since the failure of satisfactorily operationalizing those concepts could result in the research being discredited, regardless of the quality of the key findings.

The final assessment of construct validity is data triangulation. The use of multiple sources of data and multiple data collection strategies serves to increase the confidence in the case evidence and enhances construct validity through triangulation (Eisenhardt, 1989). By using semi-structured interviews, observations, and secondary data sources, and collecting data from multiple cases (external and spinoff suppliers), we looked at the same concepts from different angles, and saw whether data from each of the three data collection methods point in the same direction. Therefore, construct validity is ensured in our research design.

External validity is related to the generalizability of the findings. Case studies rely primarily on analytical generalization rather than statistical generalization. In other words, a case study design with external validity generalizes its findings to

theory, not to different populations in different contexts at different times (Eisenhardt, 1989; Yin, 2003). In our study, each case study of the multiple case study design is considered as a separate experiment in connection with theory, and the combination of these individual cases develop the starting point for cross-case analysis which can in turn be an instrument for analytical generalization. Eisenhardt (1989) argues that analytical generalization can be realized through including four to ten cases for cross-case analysis. This requirement is satisfied in our study and cross-case analysis is put into practice during the data analysis phase. Here the rationale for case study selection and the case study context in which the parent firm operates is clearly described in order to allow the reader to understand our methodology and sampling procedures. Therefore, external validity is ensured in our research design.

Reliability deals with the clear organization of steps of the research design in order to facilitate the replication of the study by future investigators (Yin, 2003). As a measure to provide transparency, a case study protocol is built in order to guide the research and to confirm uniformity in the treatment across cases. Therefore, the protocol provides a standard roadmap for the data collection stage and ensures accuracy in conducting the study. Following this, a case study database is formed and all data from multiple firms, observations, and secondary data sources are gathered and organized in order to increase the quality, accessibility, and therefore reliability, of the data. However, for confidentiality reasons, the real names of the organizations are not given. Instead, a pseudonym for the parent company (Millennium Motor Company, MMC) and capital letters for the external suppliers (A, B, C, D) and spinoff suppliers (E, F, G) are used. This was necessary in order to continue with the research and data collection stages.

CHAPTER 4

RESULTS

In this section, the fit between the findings of the case study analysis and our sensitizing propositions is illustrated. One of the first observation results is that very high percentages of some of the external suppliers' (external suppliers A, B, and C) sales are made to MMC. Such external suppliers and MMC are almost a monopoly to each other. As explained in Section 3.1, MMC is far from the main industrial core, namely the automotive industry clusters of the İstanbul metropolitan region and therefore the necessary suppliers (see Figure 2). This is the reason why MMC initiated efforts to build its own cluster of regional suppliers. The regional suppliers that MMC initiated efforts to develop are also far from the automotive subsidiaries of the giant conglomerates, i.e., customers other than MMC. This special condition creates mutual dependency for both parties.

It should be noted it is hard for the interviewees to directly state the existence of the advantages for spinoff suppliers over external suppliers. The following interview comments from one of the MMC authorities suggest such a difficulty:

“As I see it, as I said, these are not things put down as written rules; in the spinoff company type there really is an advantage that cannot be easily bought. I think that this advantage is; through illegal—and the issue here is not MMC—and not very ethical means, when you are submitting a bid, you can learn the approximate price range you should be offering; or you would know whom you can get to accept your inadequate product using personal favors. Generally speaking, in these types of structures, the advantages that spinoff companies possess which other companies cannot easily purchase are relationships. A spinoff is the continuation of a relationship. However, even if such a relationship exists, here or in any other company, it is difficult to state the existence of such a thing.” (Supplier quality and process development specialist, 5 years' experience)

(Benim gördüğüm hadise, dediğim gibi bunlar yazılı kural haline getirilmiş şeyler değil, spinoff firma tipinde kolay kolay satın alınamayacak bir avantaj vardır gerçekten. Yani bu avantaj bence şudur; siz bir konuma illegal yollardan, konu MMC değil ama, çok etik olmayan yollardan, teklif verirken ne civarda teklif vermeniz gerektiğini öğrenebilirsiniz; ya da siz uygunsuz

ürünü kimlere, ki naz edip de, kabul ettireceğinizi bilirsiniz. Genel olarak bu tür yapılarda spinoff'un sahip olabileceği ama diğer yapılanmaların kolay kolay satın alamayacağı şey ilişkilerdir. Spinoff bir ilişkinin devamıdır. Ama ne bizde ne başka bir yerde var ise bile böyle birşey vardır demek de zordur.)

In order to analyze the sensitizing propositions more specifically, the operationalized variables presented in section 3.5 are used, and the Likert-scaled data gathered to summarize the respondents' overall opinions on the sensitizing propositions are displayed in Figure 3. At the end of this section, the findings of the case study analyses are provided for each individual supplier.

4.1 TRANSFER OF BLUEPRINT

Sensitizing Proposition 1 (Transfer of Blueprint): Part of the "blueprint" of the parent company will pass on to the progeny in the form of managerial processes and routines, which is likely to create shared understanding, common language, and dialogue between both parties.

To understand more about the first sensitizing proposition we analyzed interview data, secondary data (similar and/or transferred documents from both suppliers and MMC), and the patterns from the Likert-scaled data graphs in Figure 3. First, the visible aspect of the routines (similarity in structure, forms, procedures, flowcharts) was investigated. In most external suppliers (A, B, and C) many tangible assets such as tooling, molds, jigs and fixtures, technical drawings, procedures, software, performance data are provided by MMC. This was also observed during site visits to external suppliers' production facilities. External suppliers note the value of those assets in that they would have been otherwise difficult or expensive to obtain. Other than these, MMC helps with the procurement of raw materials that external supplier A uses for production. On the other hand, spinoff suppliers mainly note the complete transfer of occupational health and safety standards, quality assurance standards and procedures from MMC. All the facilities, equipment (shelves, etc.), and machinery that are used by spinoff suppliers are transferred from MMC or are MMC property. During site visits, logo texts saying "MMC Property" are spot-welded on many of the investment goods were observed in spinoff suppliers. Thus, spinoff supplier founders did not have to make considerable investments

during their startup. Here the support of MMC to its spinoff suppliers is evident. The founder of spinoff supplier F indicates that:

“So, we can actually say, when we come out of here [indicating its facilities], someone else can continue the same business with very little investment.”
(General manager, 23 years' experience)

(Yani aslında şöyle de diyebiliriz. Biz buradan çıktığımız zaman başka biri de gelse çok az bir yatırımla aynı işi sürdürebilir.)

Similarities in certain visible aspects are observed for both external and spinoff suppliers. Both parties use the same or similar forms (documents) that are adapted and transferred from MMC (see Appendix B for a sample of matching forms used in external supplier C and MMC) and attend MMC's technical training sessions. Only external supplier D is different since no major similarity in the visible aspects of the routines is observed. In fact, the manager we interviewed in external supplier D clearly indicated that no tangible aspect of the routines was transferred from MMC.

Second, the performative aspect of routines (similarity in practice, tacit knowledge, values, culture) is examined. Specifically, MMC's investment consultancy is found to be significant in expanding the production and technological capabilities of external suppliers. External suppliers mainly use MMC consultancy as a source of tacit knowledge for improving their production systems. This is evident, for example, in external supplier C, where the company executive acknowledged that the procurement of new machinery was done under MMC's consultancy and guidance. This kind of consultancy provides the appropriate base for sharing information, values, and cultures between the parent and the external supplier. Spinoff suppliers, on the other hand, transferred all their know-how and all types of management applications from MMC (such as the tacit knowledge and culture of MMC in the occupational health and safety standards, quality assurance standards). What is more, findings suggest that spinoff suppliers emulate MMC's culture. For instance, the founder of spinoff supplier G indicated that he transferred the MMC culture to his company because he had absorbed this culture during his 20-year work experience there. The analysis shows that technical consultancy, institutionalization, the exchange of ideas, and the exchange of experiences are common performative aspects of both external suppliers and spinoff suppliers.

Finally, relatedness is investigated in three separate components: product/production relatedness, technology relatedness, market relatedness. Production planning activities are found to be synchronous with MMC since MMC's up-to-date annual sales forecasting figures are shared both with external and spinoff suppliers. This was observed in separate site visits to suppliers in the form of job orders that come from MMC. Other than these, there is relatedness in production facilities for certain external suppliers and for all spinoff suppliers. All external suppliers have separate headquarters; however, external suppliers A, B, and C also have their sites in MMC's supplier development center rented for their assembly activities, and thus are MMC's tenants (see Appendix C for photos of the supplier development center). Therefore, relatedness in production facilities is also evident for external suppliers. Only external supplier D does not possess this kind of relatedness. All spinoff suppliers are located in MMC's supplier development center and they do not have any other sites; thus they completely share their production facilities with MMC. This is not something related to the physical proximity of sites, but something about sharing of the same production facilities. Regarding the **product/production relatedness** of spinoff suppliers, all kinds of production facilities, machinery and equipment, and product know-how are transferred from MMC.

Technology relatedness is another component of the relatedness concept. Evidence for shared, complementary and/or dependent technology with MMC is investigated. External suppliers such as B and C indicate that there has neither been a technology transfer nor a usage of shared or dependent technology with MMC. On the other hand, all three spinoff suppliers E, F, and G were established utilizing complete technology transfer and know-how from MMC. For example, the know-how of MMC for the production of automotive parts was completely transferred and/or adapted to spinoff supplier F. Therefore, there is a significant difference in technology relatedness between spinoff suppliers and external suppliers.

Finally, **market relatedness** is not applicable to our cases since MMC is the only customer for the majority of the sample. External supplier D, which sees MMC as an alternative customer, does not possess any market relatedness with MMC. It is also stated by the managers in external supplier A that:

“Any auto service cannot directly ask for parts [spare parts of MMC products] from us. We do not directly supply spare parts to them; they need to obtain it through MMC’s spare part supply division. MMC is our customer and our contact point; MMC orders spare parts from us and they buy them from us. They distribute them to their own customers. Therefore, they do not have any relationship with us regarding the distribution channel.” (Cost and planning chief, 2.5 years' experience)

(Servis bizden direk parça isteyemez mesela. Biz direk parça vermeyiz ona, MMC Yedek Parça bölümü üzerinden almaları gerekir. MMC bizim müşterimizdir biz onunla muhatap oluruz, MMC bizden ister. Onlar yedek parçayı bizden alır. Kendi müşterilerine dağıtımını kendileri yaparlar. Haliyle dağıtım ağı olarak da bizimle bir alakaları yok.)

The following comments by an MMC official also support this finding:

“When we talk about market information in the automotive sector, our only responsibility is the projected sales target, we need to inform them [our suppliers] so that they can adjust their production capacity accordingly. Other than that, the sales and marketing of everything put onto the vehicles is already our responsibility only. Therefore, there is no need for marketing or distribution-related collaborative activity. This is not so only for us, as far as I know, it is the same for the entire automotive sector. For example, if you are entering a market; say, you are placing an LCD group in the car, and you have two or three brands: Toshiba, Sony, etc. No matter what, this is neither Toshiba’s nor Sony’s business. The market launch and sales of this concerns only MMC, or if Mercedes is doing this, it concerns Mercedes. As far as I can understand from this question there is not much joint launching activity [with our suppliers].” (Supplier quality and process development specialist, 5 years' experience)

(Otomotiv sektöründe pazar bilgisi dediğimizde, bizim tek sorumluluğumuz bir projeksiyon satış hedefi olur, onu bildirmemiz gerekir ki, onlar da üretim kapasitelerini ona göre ayarlasınlar. Ama onun dışında araçlara takılı her şeyin zaten pazar ve satışı sadece bizim sorumluluğumuzdadır. Dolayısıyla pazarlama ya da dağıtım ile ilgili ortak herhangi bir faaliyet gerekmez. Bu sadece bizim için değil, bildiğim kadarıyla tüm otomotiv sektöründe böyledir. Örneğin bir pazara giriyorsunuz, nedir, bunun içerisinde LCD bir grup koyuyorsunuz, iki-üç tane de markanız var: Toshiba, Sony, vs. Ne olursa olsun bu Toshiba'yi, Sony'i ilgilendiren bir konu değildir. Bunun pazardaki lansmanı, satışı da tamamen MMC'yle ilgilidir, ya da bunu Mercedes yapıyorsa Mercedes'le ilgilidir. Yani benim bu sorudan anladığım öyle çok ortak bir lansman çalışması falan yok.)

As it can clearly be seen from the above quotes, there is no significant evidence for market relatedness for either party. However, as the MMC official states, annual sales forecasting figures of MMC are shared so that the suppliers adjust their production planning and capacity accordingly. Other than these, MMC

holds an annual “Supplier Day” in order to share all MMC market data and targets with suppliers.

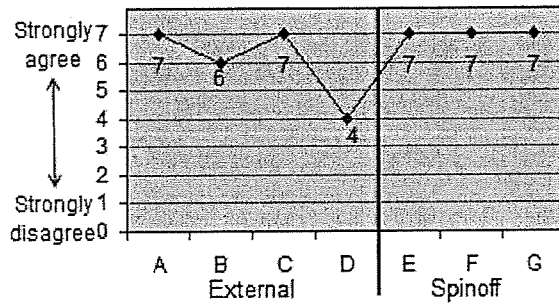
Clearly there is qualitative evidence for the transfer of blueprint to spinoff suppliers from MMC. Supported by observation and secondary data, for example, logo texts saying “MMC Property” that are spot-welded on many of the capital goods in spinoff suppliers, and/or the use of same or similar forms (documents) that are adapted and transferred from MMC, it can be said that part of the “blueprint” of the parent company passes on to the progeny in the form of its managerial processes and routines. However, there is also evidence for this blueprint in external suppliers A, B, and C. It is also interesting to investigate the patterns of the graphs in Figure 3 regarding the sensitizing proposition 1 and MMC sales (as a percent of total supplier sales). We see that the patterns completely match each other and we conclude that external suppliers A, B, and C, with their greater dependencies (90% or more of their sales) on MMC as single customer, start acting like spinoff suppliers. Possible mimetic behavior, i.e., the effort of external suppliers to resemble spinoff suppliers, is worth noting here. However, external supplier D does not possess any evidence of blueprint transfer since (1) it does not possess a great dependency on MMC and (2) is geographically far from MMC. Therefore, our first sensitizing proposition survives empirical evaluation (except for external supplier D, the possible reasons of which will be discussed in the discussion section).

4.2 ORGANIZATIONAL LEARNING

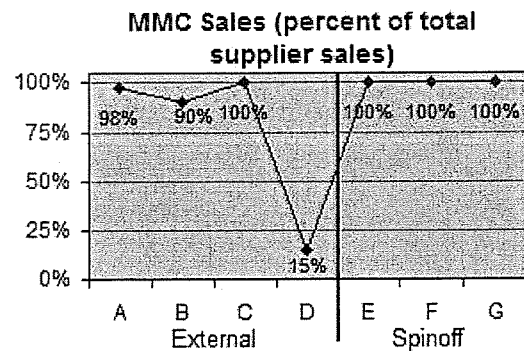
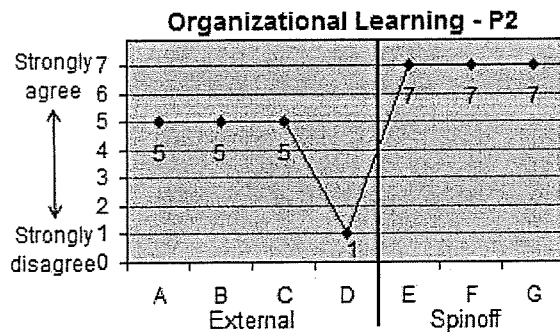
*Sensitizing Proposition 2 (Organizational Learning):
Spinoff suppliers are likely to learn the best ways to cope with challenges they face more efficiently compared to external suppliers due to the knowledge relatedness between the parent and the progeny.*

Interview data and observational data are used in order to evaluate this sensitizing proposition. Patterns from the graphs in Figure 3 and secondary data are also utilized. As it can be recalled from the operationalization of the second sensitizing proposition, a shared understanding, common language, and dialogue between the parent and the progeny corroborates the establishment of an extensive

Evaluation-1 Part of the “blueprint” of MMC has passed on to your company in the form of managerial processes and routines, which created shared understanding, common language, and dialogue between MMC and your company.



Evaluation-2 Your company learns the best ways to cope with challenges it faces efficiently due to the knowledge relatedness between MMC and your company.



Evaluation-3 Your company acquires easy access to MMC’s resources through the informal relations of your managers with MMC.

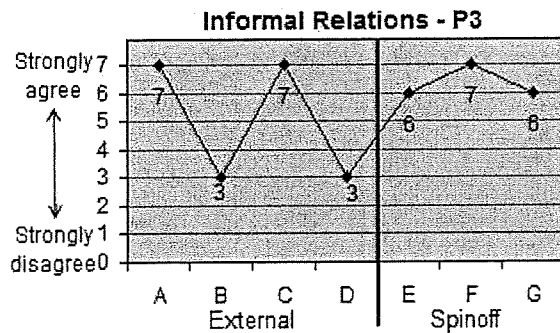


Figure 3. The graphical display of Likert-scale responses of interviewed suppliers.

organizational learning base between both parties. In other words, the logical structure of inquiry for this sensitizing proposition depends on the presence of open transfer channels between the parent and the progeny that foster organizational learning. For this, we examined whether spinoff and external suppliers can discern similarities and differences, promote collective thinking, convey established and new knowledge, build shared understanding, and open fluent transfer channels, thus place an appropriate base for better and more efficient organizational learning from the parent firm. Thus, the first two points of findings presented here, i.e., (1) dialogue and conversation and (2) common language can be taken as the point of transition from the genotype (as a result of the spinoff supplier's managerial processes and routines) to the phenotype (as a result of the spinoff supplier's organizational learning) in our spinoff supplier model.

First, dialogue and conversation between suppliers and MMC are investigated. In all external suppliers, except external supplier D, managers provided evidence for similarities in software (computer aided design/technical drawing, e-mail, and production planning software common with MMC), and similarities with MMC in different stages of doing business, such as responding to a request and/or implementing quality processes. Those similarities promote effective dialogue between MMC and external suppliers A, B, and C.

However, dialogue with MMC is mainly for commercial concerns in the external suppliers. External suppliers A, B, and C carry on an effective dialogue with MMC because their main customer (or, for external supplier C, the only customer) is MMC. Spinoff suppliers are distinct from external suppliers in that the dialogue between MMC and spinoff suppliers is not only for commercial concerns but also for loyalty concerns. Loyalty, here, means the devotion and ethical perseverance of the spinoff supplier in order not to disappoint MMC and/or hinder MMC operations. The link between spinoff suppliers' loyalty to MMC and organizational learning is that spinoff suppliers can easily and automatically transfer established and new knowledge from MMC because they take the reason of their existence as MMC. Loyalty of spinoff suppliers to MMC eliminates the barriers against promoting collective thinking and fosters an extensive organizational learning base between spinoff suppliers and MMC. Furthermore, similarities are common because the spinoff suppliers' founders convey what they have learned to their companies after

having more than 20 years of experience in MMC prior to the foundation of their companies.³ In addition to possessing similarities that external suppliers have with MMC, spinoff suppliers also display easy sharing of information because their founders trust MMC. The spinoff supplier founders we interviewed indicate that they represent MMC and that they identify themselves with MMC. These two findings (representation and identification of spinoff suppliers) can also be taken as evidence for an appropriate base for better and more efficient organizational learning from the parent firm. Spinoff supplier F's founder declares his loyalty and MMC's full control in their problem solving processes:

“We are actually working here as a part of MMC. The purpose of the foundation, the existence of this business here is MMC anyway...A problem arises; MMC's quality, production, we all come together. First, we come up with alternative solutions and present them. We discuss together which of them will be suitable. Then we implement the suitable one. MMC checks [the process], reports the results...Of course we check the process, but we used to get the real official results from MMC and we used to close the file the moment MMC said “OK, the matter is solved”. (General manager, 23 years' experience)

(Biz burada aslında MMC'nin bir parçası gibi çalışıyoruz. Zaten bu işin burada kuruluş amacı varoluş amacı MMC...Bir sorun çıkar. MMC'nin kalitesi, üretimi, biz hep beraber bir araya geliriz. Önce alternatif çözümler üretiriz, onları sunarız. Onlardan hangisinin uygun olacağını beraber tartışırız. Uygun olanı biz uygulamaya geçiririz. MMC kontrol eder, sonuçları bildirir...Biz tabii ki kontrol ediyoruz ama, esas resmi olarak MMC'den sonuçları alıyorduk ve MMC “tamam bu iş çözülmüş” dediği anda da artık o dosyayı kapatıyorduk.)

The loyalty and commitment of spinoff suppliers to MMC is evident in the above quotation. This creates a difference between spinoff suppliers and external suppliers in that the former can more effectively provide an extensive organizational learning base with their parent firm. External suppliers, on the other hand, demonstrate their own company culture and identity instead of this kind of loyalty towards or dependency on MMC. This pattern is also observed in the secondary data. In the quarterly published periodical called “MMC's Supplier Development Center”, the external suppliers publish their name and brand, discussing how well they met the demand coming from MMC. For example, the manager we interviewed in external supplier B states that:

³ All spinoff supplier founders included in the research sample have this experience.

“Compared to the past, our transaction volume [with MMC] is increasing. The first reason for this is we do our work on time and within MMC’s requirements, which means both in terms of price and quality and on time delivery...Since we produce MMC’s X [the brand name of the light truck model of MMC] chassis, MMC can more easily play with the production plan whenever it wants; they can say “Today I will produce that, tomorrow I’ll produce this,” etc. Previously, they didn’t have such a chance. In order to do that, they needed to keep a large proportion of stock. Now they can play with the program as they want without keeping stock.” (Factory manager, 11 years' experience)

(Geçmişe kıyasla ticari işlem hacmimiz artıyor. Birinci nedeni yaptığımız işi zamanında ve MMC'nin istediği değerlerde yapmak, yani hem fiyat hem kalite olarak ve zamanında teslimat...MMC'nin X şaselerinin imalatı bizde olduğu için MMC daha rahat bir şekilde “Bugün ben şundan yapacağım, yarın bundan yapacağım” diye programla da oynayabiliyor. Ama daha önce böyle bir şans yoktu. Yapabilmesi için yüksek oranda stok tutması gerekiyordu. Şu anda stok tutmadan istediği gibi programla oynuyor.)

As can be seen, external supplier B mainly labels MMC as “they” and themselves as “we”. This kind of a pattern can be taken as evidence for the separate identities of external suppliers. Spinoff suppliers do not display such evidence since the purpose of their foundation is MMC. Thus, learning from MMC is something difficult to accept for external suppliers. The visual analysis of Figure 3 verifies this difficulty. Nearly all external suppliers (except for external supplier B) gave their lowest scores when they are asked whether they agreed or disagreed with the statement that their companies learned the best ways to cope with challenges they faced more efficiently compared to other suppliers due to their knowledge relatedness with MMC. In other words, external suppliers do not agree that their organizational learning has happened through MMC.

Secondly, language, i.e., shared understanding and the existence of open and fluent transfer channels, was investigated. External suppliers feel an obligation to use the same language with MMC in order to improve and/or maintain their current level of business. The effectiveness of shared understanding is mainly based on the obligation of the external supplier to understand what MMC tells them. As stated by external supplier A:

“As we are a main supplier of MMC, our relationships with them has to be compatible somewhat. We have to understand MMC. Since we are their main supplier rather than mere business partners, we have to act the way they want, because there is a known production plan, at certain times and certain dates

orders come from MMC to us, we have to comply with that.” (Cost and planning chief, 2.5 years' experience)

(Biz MMC'nin ana yan sanayisi olduğumuz için MMC'yle ilişkilerimiz ister istemez uyuşmak zorunda bir nevi. MMC'yi biz anlamak zorundayız. MMC ile biz iş ortağından ziyade biz onların ana yan sanayisiyiz; onların istediği gibi hareket etmeliyiz çünkü belli bir üretim programı var, belli saatlerde, belli zamanlarda, belli tarihlerde terminler geliyor, ona biz uymak zorundayız.)

It is interesting to note that dialogue and language between external suppliers and MMC are based on obligation. As the percentage of MMC sales in the supplier's total sales decreases, such as with external supplier D, the existence of open and fluent transfer channels and understanding MMC through the use of the same language also decline:

“If only they [people at MMC] would say to me “Yes, we scrapped this part while picking the glass up from the regal [a packaging unit similar to shelves which contains multiple automotive glasses together], this is our fault”, then we would solve a lot of things. Here the issue of distrust in the company which puts the glass on the regals shows up. I would never in my life send a glass like that only to have it returned. I mean, I can say that their top supervisors and chiefs look down on us. We have totally opposite ways of reasoning. I also work with Y [another automotive company]. My rejection rate in that company is at most 2-3%. There [MMC] this rate goes up to 10-15%. On this issue, there is a considerable gap; there are more disparities than similarities between us.” (Domestic sales manager, 21 years' experience)

(Ya bana desinler ki; “Evet bu camı biz regalden alırken burasını atık yaptık. Bu bizim hatamız” deseler birçok şeyi çözeceğiz. malı burada regallere koyan firmaya güvenmeme hususu doğuyor burada. Ben öyle bir camı geri getirtirmek için hayatta göndermem. Üst amirleri, şefleri tepeden bakıyor diyebilirim yani. Mantığımız tamamen ters. Ben Y ile de çalışıyorum. Y'nin bana red oranı ayda en fazla %2-3'tür. Orada ise %10-15'lerde. O konuda bayağı bir kopuk, aramızda benzerliklerden çok farklılıklar var.)

On the other hand, spinoff suppliers' founders personally know the way MMC works, thus MMC understands its spinoff suppliers easily through the use of the same language. The operations manager in spinoff supplier G indicates that:

“Mr. Gursel [the founder of the company] has committed years to MMC. He has the experience to provide consulting to MMC. They call him to get information. He is the perfect MMC person. Upper management likes him very much and knows him personally.” (Operations manager, 5 years' experience)

(Gürsel Bey MMC'ye yıllarını adamıştır. MMC'ye danışmanlık yapacak tecrübededir. Arar bilgi alırlar kendisinden. O tam bir MMC'lidir. Üst yönetim kendisini çok sever, şahsen tanırlar.)

When compared to the former quotation from external supplier D, spinoff supplier G does not complain about MMC; in fact, it seems that spinoff suppliers do not complain about MMC even if they have a problem. The link between complaining about MMC and organizational learning is that complaining about MMC increases the barriers against shared understanding and the existence of open and fluent transfer channels, and discourages an extensive organizational learning base between external suppliers and MMC (Isaacs, 1993; Crossan et al., 1999). This is because spinoff suppliers identify themselves with MMC; they still see themselves as a part of the “MMC family”. During site visits and interviews, it was also observed that the founders of the spinoff suppliers are loyal to MMC.

In short, external suppliers are found to feel an obligation to use the same language with MMC in order to improve and/or maintain their current level of business, while spinoff suppliers easily and automatically provide a shared understanding and open and fluent transfer channels with MMC, which corroborates the establishment of an extensive organizational learning base with MMC. The analysis shows that there is a sensitive balance between MMC and its external suppliers in that the high percentage of MMC sales in total supplier sales seem to be moderating the difference between spinoff and external suppliers since external suppliers with greater percentages of MMC sales are obliged to act the way spinoff suppliers act naturally. Thus the obligation of external suppliers to use the same language with MMC is found to depend on their high dependencies to MMC as their single/major customer. This moderating effect of the percentage of MMC sales in total supplier sales is discussed further in the discussion section.

After presenting the findings for the first two points, i.e., (1) dialogue and conversation and (2) common language, which place an appropriate base for better and more efficient organizational learning from the parent firm; thirdly, organizational learning (the phenomenon itself) is examined. The empirical analysis of external suppliers reveals a pronounced guidance of the parent in the transfer of new knowledge. This is very much about the way of doing business, i.e., the way how MMC works, such as how to prepare a sample and present the sample in order

to satisfy quality standards, the documentation of the quality reports, etc. For example, according to external supplier B:

“A process of getting orders and marketing samples was initiated with another company. When getting the sample, the sample preparation, quality measurement reports, test reports, consignment of the sample to the company, packaging during transportation, product acceptance...All of these things were done with what we have learned from MMC. In the end, this knowledge let us get one score ahead, and now these samples are accepted.” (Factory manager, 11 years' experience)

(Başka bir firmaya sipariş alma ve numune pazarlama sürecimiz oluştu. O numuneyi alırken numunenin hazırlanması, kalitenin ölçüm raporları, test raporları, numunenin firmaya sevki, sevkdeki paketlemesi, ürün kabulü...Bunların tamamı MMC'den öğrendiklerimizle yapılan işler. Neticede bunlar bize olayda 1-0 öne geçmemizi sağladı ve şu anda da bu numuneler kabul edildi.)

The guidance that MMC provides its external suppliers is also evident in improvements in quality standards and certification. MMC wants from all of its suppliers to obtain quality certification for ISO 9001:2000 and ISO/TS-16949:2002. External supplier C pointed out that they have learned a lot from MMC's guidance during their quality certification process. It was also noted that this process would be impossible without MMC's guidance and that this certification is a priceless advantage to them. MMC also supports its external suppliers in improvements in production technologies. MMC's supplier development department identifies and suggests certain machinery and equipment to be procured and installed by its external suppliers in order to improve the quality of their output. The investment decisions that are given under MMC's guidance help external suppliers have a similar perspective with MMC and make their future investment decisions more successfully.

Spinoff suppliers also receive guidance from MMC. MMC's guidance is evident and pronounced in all areas, such as equipment, facilities, technical and financial issues, occupational health and safety standards and quality certification. MMC is the only reference for spinoff suppliers who operate as a part of MMC. The founder and general manager of the spinoff supplier F states that:

“For one, MMC gives our company support in every area... Also, we have been working here with 120 suppliers for 3 years. None of their payments have ever been late, not even for one day! But why is this so? Because that is the culture we have acquired from MMC. This is how MMC works. As this is

what we have learned, we continued in the exact same way.” (General manager, 23 years' experience)

(Firmamıza her konuda yardımcı oluyor bir kere...Biz burada 3 senedir de yaklaşık 120 tane yan sanayiciyle çalışıyoruz. Hiçbirisinin ödemeleri bir gün bile gecikmemiştir. Ama bu niye? MMC'den aldığımız kültür bu. MMC böyle çalışır. Biz de onu öyle öğrendiğimiz için, bu şekilde aynen devam ettik.)

Finally, the outcome and physical reflection of organizational learning from MMC was investigated through how suppliers put their learned capabilities into practice. If we refer to the operationalization of our sensitizing propositions, and according to our model, the presence of organizational learning for the spinoff supplier from its parent should clearly be observed in practice through their applications in the spinoff supplier's business life. This measure includes the mutual adjustments developed through dialogue and common language (Crossan et al., 1999). These coordinated action and mutual adjustments are the outcomes of the organizational learning process.

The coordinated action and mutual adjustments with MMC are stated by external suppliers in that, for example, production planning is coordinated between all external suppliers and MMC through MMC's internet-based portal. Through this portal, I observed on site that all external suppliers reach performance data, costs, and current accounts, and receive orders daily, i.e., they see everything critical at once. Furthermore, they are also able to see and notify MMC if there are any parts that are going to be out of stock soon, so that MMC can give production orders to them. External supplier B states that they mainly know from whom and how to ask for something in MMC. This is because they have a common way of working due to their MMC experiences from previous projects. The common packaging system and shared shipping software are also coordinated actions between external supplier B and MMC.

Spinoff suppliers, on the other hand, display distinction compared to external suppliers. All spinoff suppliers interviewed have put what they have learned during their MMC experiences into action in their own firms. For example, the founder of spinoff supplier F explained what he learned and implemented in his own company, emphasizing his trust in MMC:

“We have established a very flexible working arrangement here. We know that flexibility is one of the major factors in MMC's work system. So we set

up a system that is highly adaptable to [MMC's] changes of plan. Obviously this perhaps requires working with a little extra inventory, but since the important thing is customer satisfaction, we can't say we never experienced any hardships in meeting customer requests on time, but at least we did not cause any problems [for MMC's production system]. Why? I, as the former planning director of MMC, know that this is MMC's work system." (General manager, 23 years' experience)

(Çok esnek bir çalışma düzeni kurduk biz burada. Biliyoruz ki MMC'nin çalışma sisteminde esneklik majör etkenlerden bir tanesi. Dolayısıyla plan değişikliklerine son derece uyumlu bir sistem kurduk. Bu tabii eksi olarak belki bir miktar stoklu çalıştırmayı gerektiriyor ama önemli olan müşteri memnuniyeti olduğu için müşterinin isteklerini zamanında karşılama yönünde hiçbir sıkıntı çekmedik demeyelim ama en azından bir soruna neden olmadık. Niye? Çünkü ben biliyorum ki, hele MMC'nin eski planlama müdürü olarak, MMC'nin çalışma sistemi budur.)

If we summarize the findings of the second sensitizing proposition, as it can be seen from the quotes and observations, spinoff suppliers rely on MMC for their existence and their way of doing business primarily depends on not disappointing MMC. Loyalty to MMC results in solving problems collaboratively. By doing so, spinoff suppliers foster an extensive organizational learning base with MMC. In other words, a shared understanding, common language, and dialogue between the parent and the progeny are easily and automatically established in the spinoff supplier company type.

Spinoff suppliers display stronger evidence in their communication and dialogue compared to external suppliers in that spinoff suppliers have conversations with their parent firm not only for commercial concerns but also for loyalty concerns. This can be taken as evidence in that organizational learning is realized automatically for spinoff firms. The relationship between spinoff suppliers and the parent firm requires this kind of a transaction (the loyalty of spinoff supplier, the purpose of their existence is MMC etc.). Spinoff suppliers display more commitment to MMC in their relations compared to external suppliers because the former think that they represent MMC and the purpose of their existence is MMC. This can also be taken as evidence for an appropriate base in favor of better and more efficient organizational learning from the parent firm, since they are related with loyalty and devotion of spinoff supplier to MMC.

However, as it is stated in the evaluation of the first sensitizing proposition, when the volume of transaction with MMC increases, external suppliers start acting

like spinoff suppliers. The greater dependencies (90% or more of their sales) on MMC as the sole customer makes external suppliers, willingly or unwillingly, understand what MMC wants. Thus the obligation of external suppliers to use the same language with MMC is related to their high dependencies to MMC as their single/major customer. Using a perspective from a different theory, this effort of external suppliers to understand what MMC wants and/or to use the same language with MMC is also about the need to comply with the institutional environment of the parent firm (Scott, 1995, 2004). Therefore this can also be applicable to institutional theory. Thus, our second sensitizing proposition also survives empirical evaluation.

4.3 INFORMAL RELATIONS

Sensitizing Proposition 3 (Informal Relations): Spinoff suppliers acquire resources through their founders' informal relations with their parent firm, which is likely to allow them to stand better chances of success and survival compared to external suppliers.

To evaluate the third sensitizing proposition, we mainly utilized interview data, in addition to observational data and patterns from the graphs in Figure 3. First, the personal and economic relations of the suppliers with MMC are investigated. Our data confirms the pattern of easy access to MMC's resources by getting in touch with colleagues and friends from earlier job experiences in the parent firm, and by the transfer of experience. The presence of ex-MMC employees provides an advantage in bilateral transactions for external suppliers who employ them (especially external supplier A, with its comparably high ex-MMC employee ratio of 6%). Such employees transfer the culture they have gained through their earlier job experiences in MMC to the supplier they work for now. Ex-MMC employees speed up the process of making requests from MMC since they know the key people and procedures in MMC. External supplier D, however, does not display any evidence for this kind of a pattern since there are no ex-MMC employees working there.

Spinoff suppliers' founders, on the other hand, start their own companies with their personal and economic relations already set with MMC. The purpose of the foundation of their spinoff supplier companies is MMC, i.e., the similarities with

MMC and easy access to MMC's resources form the basis of spinoff suppliers' existence. MMC is the first and only authority for a spinoff supplier to ask for guidance in any business decision. Thus, the nature of the work and transfer of experience provides spinoff suppliers to easily access to MMC's resources.

However, strong evidence is found that the above mentioned advantages of spinoff suppliers apply and continue their existence only during the first years of formation of the progeny. As time passes, the personal and economic relations stop providing easy access to the parent's resources since the relationships between the progeny and the parent mature. The following interview comments by the MMC official suggests such a decline in the observed advantages of personal and economic relations as time passes:

“Let me tell you this so that it gives you an idea: Spinoff suppliers have such an advantage, but what does the other do? The other, in administrative things, hires someone who has worked for MMC for years, has retired, so they make up for this disadvantage with them anyway; so nothing changes in the balance of power. However, it's like this; in places where the purchase of goods is in large amounts, input control is very critical. Goods come continuously from many different companies and these have an approval process. To speed up the process, or to immediately solve the problems, it is an advantage to be acquainted with the person who gives the approval. Spinoffs already have established relationships; they do not need to develop a new relationship. The others, those in the region, may try to employ MMC retirees. Firms in Bursa and those in Istanbul try to visit this region regularly, try to meet. So it may seem like a disadvantage, but when you look on average, this only provides an advantage during startup period; but if a 3-5 year-old company is being considered, the relationships have already been formed. So the relationships at the startup point are now pushed back to the second place. Because if you are a 3-year-old firm, the relationships have re-formed and there are no longer gaps with other companies.” (Quality and process development specialist, 5 years' experience)

(Size fikir olsun diye şunu da söyleyeyim ben, mesela spinoff'un böyle bir avantajı var, diğeri ne yapıyor? Diğeri de idari şeyleri, MMC'de yıllarca çalışmış, emekli olmuş böyle bir kişiyi alırlar, çalıştırırlar; yani o dezavantajı onlarla telafi ederler zaten, dolayısıyla güçler dengesinde bir şey değişmez. Ama bu böyledir, çok mal satın alınan yerlerde girdi kontrol süreci çok kritiktir, sürekli farklı firmalardan mal gelir ve bunların bir onay süreci vardır. Bunu hızlandırmak için, ya da sorunları anında çözmek için onayı veren kişiyi tanımak avantajdır. Spinoff'lar zaten kurulu ilişkileri vardır, yeni bir ilişki geliştirmek zorunda değillerdir. Diğerleri, bölgedekiler, MMC emeklilerini almayı deneyebilirler. Bursa'daki firmalar ve İstanbul'dakiler düzenli olarak Adana'ya gelirler burayı ziyaret etmeye, tanışmaya çalışırlar, yani bir dezavantaj olarak gözükebilir; ama ortalamaya baktığımızda sadece bu aslında kuruluş aşamasında bir avantaj sağlar ama 3-5 yıllık bir firmaysa

söz konusu olan, ilişkiler şekillenmiştir zaten. Yani başlangıç noktasındaki bir ilişkiye dair ilişkiler ikinci plana itilmiştir. Çünkü zaten 3 yıllık bir firmaysanız ilişkiler yeniden şekillenmiştir diğer firmalarla da aranızda mesafe olarak bir fark kalmamıştır.)

As it can be understood from the comments of the MMC official, the advantage that personal and economic relations with MMC provide spinoff suppliers is questionable since external suppliers can also acquire the same advantage (or at least minimize the effects of the disadvantage) by other means, such as hiring a person who has retired from MMC. This is observed in nearly all external suppliers (excluding external supplier D). On the other hand, instead of utilizing the personal relationships of ex-MMC employees, institutionalization is emphasized by external suppliers as they are trying to gain a professional stance vis-à-vis MMC. The manager we interviewed in external supplier B refuses the use of the personal relationships of ex-MMC employees and emphasizes the importance of institutionalization and adaptation to the MMC system as follows:

“We act normally according to the requirements of business life. This means that when I enter through that firm’s [MMC] doors, that person there is someone I do business with; when I go out the door, we are friends. We try not to talk about work much outside of working hours. I mean, that is private, this is work. We take care not to mix those two.” (Factory manager, 11 years' experience)

(İş hayatının gerektirdiği şekilde normal olarak hareket ediyoruz. Yani, ben o firmanın kapısından girdiğim zaman o iş yaptığım insandır, kapısından çıktığım zaman arkadaşumdur. Mesai dışında çok yoğun bir şekilde iş konuşmamaya çalışırız. Yani o özeldir, o iştir. Onun ikisini birbirine karıştırmamaya özen gösteririz.)

This refusal towards using personal relationships is also evident in Figure 3. External supplier B gives a considerably lower score to the evaluation of the third sensitizing proposition compared to external suppliers A and C. This is because the factory manager we interviewed in external supplier B does not approve of making use of personal relationships; he rather highlights the importance of institutionalization in order to gain a professional company stance vis-à-vis MMC. Another reason for external supplier B’s lower score (see Figure 3) is that the factory manager assumed during the interview that using informal relationships with MMC is an unethical way to access to MMC’s resources.

It was investigated next whether informal relations were taken as a source of trust for suppliers. Evidence is found in the case of external supplier A that it is important for any supplier to employ a skilled former worker from MMC's assembly line. Although they do not have such an employee, the same evidence is provided by external supplier C. Ex-MMC employees know the process in MMC and they can visualize the assembly and functionality of a component that the supplier produces. Thus they can use their own initiative and be flexible in transactions with MMC. However, as it is stated by external supplier B, where there is no significant effect of ex-MMC employees (1% of total employees are ex-MMC employees), sector experience is found to be more important in gaining support, thus trust, from MMC. On the contrary, spinoff suppliers enjoy flexibility in action provided by the guaranteed support from the parent, especially in their startup years. The spinoff suppliers already possess flexibility in their transactions with MMC, since the founders are retired from MMC. In the first years of formation, this flexibility is more evident, but following the growth stage, the advantages of informal relations as a source of trust start declining. Adapting to MMC's system becomes more important.

Finally, the outcome of social capital, i.e., privileged access to information and opportunities through social network ties of suppliers with the parent firm, was investigated. The evidence from external suppliers indicates that equipment and machinery are procured and/or investment decisions are made after getting MMC's opinion. The existence of ex-MMC employees can speed up this process through their prior social ties with MMC. However, "speeding up the process" does not mean skipping certain procedures; it means accessing the relevant communication channels quicker. The ex-MMC employee in external supplier A indicates the importance of social capital as follows:

"In our communication with MMC, we can get to the point. For example, let's say that there is a test device for paint: "Where did you buy it from? How can we get one?" or "From which company can we procure that device?"; they help us in a short time. Welding machines, also the same way... Whenever a problem arises, when there is quick intervention, it is different when our colleagues over there collaborate with us. We solve the problem in a short time period. There are big advantages... It is important to know which resources will be provided from where. But because they have previously worked for MMC, this staff may have advantages in helping to accelerate the process of finding out how to reach which resource, but this is

not about by-passing anyone. But this is about easy access to communication channels...” (Quality control chief, 20 years' experience)

(MMC'yle iletişimde nokta atışı yapabiliyoruz. Mesela boya için bir test cihazı var, “Bunu nereden aldınız, buna nasıl ulaşabiliriz, veya hangi firmadan temin edebiliriz” şeklinde olur, kısa sürede bize yardımcı olurlar. Kaynak makineleri yine aynı şekilde...Herhangi bir problem çıktığında anında müdahale edilip kısa sürede oradaki arkadaşların bizimle paylaşması farklı oluyor. Kısa sürede çözüyoruz problemi. Avantajları çok büyük yani...Hangi kaynağın nereden temin edileceğini bilmek önemli. Fakat MMC'de önceden çalıştıkları için bu personel hangi kaynağa nasıl ulaşabileceğini hızlandırmak konusunda avantajları olabilir. Yoksa bir yerleri by-pass etme noktasında değil. Ama iletişim kanallarına kolay ulaşmak...)

Only external supplier D is different from the other external suppliers in that no major effect of informal relations between external supplier D and MMC is observed. Spinoff suppliers, on the other hand, provide stronger evidence to privileged access to MMC's resources through their founders' social capital. Having more than 20 years of MMC experience, spinoff suppliers' founders are familiar with MMC, thus there are almost no problems among them. MMC knows them, they know MMC.

In addition to the advantages, the disadvantages of informal relations with MMC were also investigated. Although the ex-MMC employee we interviewed in external supplier A and the founder of spinoff supplier F frankly stated that they have not experienced any disadvantages of being close to MMC, the following comments of the MMC official is worth noting:

“Nothing substantial, but I guess that being a spinoff has certain disadvantages as well as advantages. Because, I mean, suppose someone comes and audits you. Where would you start your audit? You start from the part that you are suspicious about. I am assuming that strange answers might have begun to be given to the questions you are asking; you know, those strange answers come to everyone's mind: “Is it like that?”, so you focus on those areas. For example, you go to a bank as an auditor, you are auditing the loans given and suddenly you notice that one of the last names is the same as the bank manager's. You'll go and investigate that relationship. Now if you have a spinoff firm, your trade connections are more in sight actually, it is in fact an issue one needs to be more careful about. If I were the director of a purchasing department, I would think twice in such formations because they can always come up as issues to bother me.” (Supplier quality and process development specialist, 5 years' experience)

(Çok abartılı değil belki ama yani spinoff olmak avantajları da olduğu kadar dezavantajları da olmuştur, öyle tahmin ediyorum. Çünkü yani düşünün ki biri geliyor sizi denetiliyor. Denetlemeye başlarken nereden başlarsınız? Nereden şüphelenirseniz oradan başlarsınız, sorduğunuz sorulara garip cevaplar çıkmaya başladığını varsayıyorum, hani o garip cevaplar herkesin aklına gelir “acaba öyle mi?”, dolayısıyla orayı irdelersiniz. Mesela bir bankaya gidiyorsunuz müfettiş olarak verilen kredileri denetliyorsunuz ama bir de bakıyorsunuz ki soyadlardan bir tanesi banka müdürünün soyadıyla aynı. Siz giderseniz o ilişkiyi irdelersiniz. Şimdi spinoff firmanız varsa aranızdaki ticari münasebetler daha çok göz önündedir aslında, daha hassas olunması gereken bir konu olması gerekir zaten...Ben bir satın alma bölümü direktörü olsam bu tür oluşumlarda iki kere düşünürüm çünkü hep benim canımı sıkacak konular olarak karşıma gelebilir bunlar.)

Neither external supplier A nor spinoff supplier F clearly mentioned this kind of a disadvantage. To summarize the findings of the third sensitizing proposition, I observed that while spinoff suppliers possess advantages in the startup period, in the following years this advantage starts to lose its effect. As time passes, institutionalization and adapting to MMC's system gain greater importance. We thus conclude that the existence of informal relations is not a significant differentiating factor for spinoff suppliers (i.e., the sensitizing proposition does not hold). External suppliers can compensate for this disadvantage by other means. They may try to employ MMC retirees, or visit MMC and try to get to know people at MMC; in fact, I observed that external suppliers indeed did such things. If we look from a different angle in order to satisfy theory triangulation, this effort of external suppliers to adapt to MMC's system can also be applicable in institutional theory since external suppliers are trying to have the same advantages or at least compensate for the disadvantages through different ways.

This resemblance of the external and spinoff suppliers has two explanations. Firstly, MMC stands at an equal distance to all of its suppliers. Second, the pattern in Figure 3 can be taken as evidence that when the volume of transaction with MMC increases, external suppliers start having the same advantages that spinoff suppliers have through their informal relations.

Table 5 – Research findings

	Transfer of Blueprint – P1	Organizational Learning – P2	Informal Relations – P3
External supplier A	<ul style="list-style-type: none"> • Tooling, molds, jigs and fixtures, technical drawings, performance data transferred from MMC. • MMC helps in raw material procurement and provides technical consultancy. 	<ul style="list-style-type: none"> • Necessity and/or obligation to use the same language with MMC in order to improve and/or maintain current level of business. • Way of doing business with MMC learned. • MMC's guidance evident in improvements in quality standards and certification. • Production planning coordinated with MMC through internet-based MMC portal. 	<ul style="list-style-type: none"> • Presence of ex-MMC employees provide advantage in bilateral transactions • Ex-MMC employees can use their own initiative and be flexible in transactions with MMC. • No disadvantages of informal relations with MMC observed.
External supplier B	<ul style="list-style-type: none"> • Jigs and fixtures, software (ERP implementation) transferred from MMC. • Use of similar and/or transferred forms, common packaging system, shared shipping software. • MMC provides technical training, exchange of ideas and experiences. 	<ul style="list-style-type: none"> • Similarities in software (computer aided design/technical drawing and production planning software common with MMC). • Dialogue with MMC mainly for commercial concerns. • Way of doing business with MMC learned. • MMC's guidance evident in improvements in quality standards, certification, and improvements in production technologies. 	<ul style="list-style-type: none"> • Sector experience found to be more important in gaining support and trust and resources from MMC. • Institutionalization emphasized instead of utilizing personal relationships since supplier is trying to gain a professional stance vis-à-vis MMC.

Table 5 – Research findings (*continued*)

	Transfer of Blueprint – P1	Organizational Learning – P2	Informal Relations – P3
External supplier C	<ul style="list-style-type: none"> • Use of similar and/or transferred forms, procedures, e-mail programs. • MMC provides technical provisions (list of technical conditions), technical drawings, investment consultancy, technical consultancy. 	<ul style="list-style-type: none"> • Similarities in software (computer aided design/technical drawing, e-mail, and production planning software common with MMC). • MMC's guidance evident in improvements in quality standards and certification, and improvements in production technologies. • Production planning coordinated with MMC through internet-based MMC portal. 	<ul style="list-style-type: none"> • Emphasize the importance of ex-MMC employees. • Ex-MMC employees know MMC's processes and can visualize the assembly and functionality of a component. • Equipment and machinery procured and/or investment decisions made after getting MMC's opinion. Ex-MMC employees can speed up this process through prior social ties with MMC.
External supplier D	<ul style="list-style-type: none"> • Does not possess any evidence of blueprint transfer since (1) it does not depend much on MMC (they see MMC as an alternative customer) and (2) is geographically far from MMC. 	<ul style="list-style-type: none"> • Complaints about MMC in many areas form barriers against shared understanding and open and fluent transfer channels. • Dissimilarities are common with MMC. • No evidence found for the use of same language with MMC. 	<ul style="list-style-type: none"> • Different from other external suppliers in that no major effect of informal relations with MMC observed. • Does not display any evidence for advantage of ex-MMC employees in bilateral transactions with MMC.

Table 5 – Research findings (*continued*)

	Transfer of Blueprint – P1	Organizational Learning – P2	Informal Relations – P3
Spinoff supplier E	<ul style="list-style-type: none"> • Quality assurance standards transferred from MMC. • MMC’s culture transferred through the founder’s prior MMC experiences. 	<ul style="list-style-type: none"> • Similarities are common. • Dialogue with MMC both for commercial concerns and loyalty. • Operates as a part of MMC. MMC is their sole reference and purpose of formation. 	<ul style="list-style-type: none"> • Founder started own company with his personal and economic relations already set with MMC. • Similarities and easy access to MMC’s resources form the basis of formation stage. • Founder familiar with MMC and vice versa; almost no problems among them. Following the growth stage, advantages of informal relations as a source of trust start declining. Adapting to MMC’s system becomes more important.
Spinoff supplier F	<ul style="list-style-type: none"> • Occupational health and safety standards, quality assurance standards, investment goods, production facilities, machinery and equipment, and product know-how transferred from MMC. • Use of similar and/or transferred forms, procedures, documentation. • MMC provides technical training, know-how, technical consultancy. 	<ul style="list-style-type: none"> • Similarities are common. • Dialogue with MMC both for commercial concerns and loyalty. • Easy sharing of information because they trust MMC. • They represent MMC and identify themselves with MMC. • MMC guidance in all areas, such as equipment, facilities, technical, financial issues, occupational health and safety standards, and quality certification. • Very flexible working system built up since founder knew that “flexibility is one of the major elements in the way MMC operates”. 	<ul style="list-style-type: none"> • Founder started own company with personal and economic relations already set with MMC. • The first authority to get guidance in any business decision is MMC, thus the nature of the work and transfer of experience provides easy access to MMC’s resources. • Following the growth stage, advantages of informal relations as a source of trust start declining. Adapting to MMC’s system becomes more important.

Table 5 – Research findings (*continued*)

	Transfer of Blueprint – P1	Organizational Learning – P2	Informal Relations – P3
	<ul style="list-style-type: none"> • All kinds of production facilities, machinery and equipment, and product know-how, technical drawings are transferred from MMC. 	<ul style="list-style-type: none"> • Similarities are common. • Dialogue with MMC both for commercial concerns and loyalty. • Founder personally knows the way MMC works, thus MMC understands them easily through the use of same language. • Easy sharing of information is because they trust MMC. Trust in MMC provides solving problems collaboratively. 	<ul style="list-style-type: none"> • Founder started own company with his personal and economic relations already set with MMC. • Founder already possesses the flexibility in transactions with MMC since he is accustomed to MMC's operations. • In the first years of formation, flexibility is more evident. Following the growth stage, advantages of informal relations as a source of trust start declining. Adapting to MMC's system becomes more important.
Spinoff supplier G			

CHAPTER 5

DISCUSSION AND CONCLUSION

In this study, we investigated the distinctiveness of spinoff supplier firms compared to external (non-spinoff) supplier firms. Firstly, using insights from evolutionary theory, our model provides a comprehensive understanding of the spinoff supplier evolution process and a basis for comparison between spinoffs and non-spinoffs by taking advantage of the concepts of genotype, phenotype, and memes. Specifically, using a parent firm from the Turkish automotive sector, its spinoff and external suppliers, we use a blend of these evolutionary concepts with the fundamental notions of transfer of managerial processes and routines through relatedness, organizational learning, and informal relations and social capital. The results provide support for the first and the second sensitizing propositions; while the third sensitizing proposition cannot be claimed to hold at all times and for all organizations since not enough evidence could be provided. It can be summarized that (1) part of the “blueprint” of the parent company passes on to the progeny in the form of its managerial processes and routines, (2) spinoff suppliers display more extensive organizational learning from MMC compared to external suppliers since a shared understanding, common language, and dialogue between the parent and the progeny can easily be established, and (3) the existence of informal relations is not a significant differentiating factor for spinoff suppliers compared to external suppliers.

Here it has to be emphasized that our spinoff supplier model depends on the formation of manufacturing-based spinoff companies that act as suppliers with the support of the parent company. As it is clarified in section 2.3, one should take our definition of “spinoff supplier” into consideration before generalizing the applicability of findings. Our definition of spinoffs contrasts with what spinoffs generally mean in the literature, i.e., brain migrations from R&D companies (Chesbrough, 2002; Chesbrough and Rosenbloom, 2002) or results of disagreements within existing firms that drive frustrated employees to pursue their ideas in their

own firms (Garvin, 1983). In other words, since a greater number of studies characterize spinoffs as such, many parent companies perceive spinoff formation as their knowledge and innovations being carried off by those progenies.

The findings and model presented in this study offer some depth to this debate. Our spinoff supplier companies are found to have mutualistic⁴ relationships with their parent company. This mutualistic relationship differs from what the majority of the studies in literature suggest for spinoff-parent relationships. Phillips (2002), for example, claims that the transfer of the parent's blueprint to its offspring increases the chances of survival for the progeny but diminishes the chances for the parent. However, we offer a more benevolent view of spinoffs. Here the parent supports the establishment and development of its spinoffs in order to promote and enhance its own activities. Furthermore, spinoff suppliers have no need or advantage in the failure of the parent firm since the full dependence and loyalty of spinoff suppliers to MMC is evident in their relationships with the parent.

At this point, a pattern for the first sensitizing proposition reveals that spinoff supplier founders do not make a considerable investment during the startup since all the investment goods including facilities, equipment, and machinery that they use are transferred from MMC or are MMC property. This is usually the reason why spinoff supplier founders start their businesses in a quasi-market environment with the help of their parent. By doing so, spinoff supplier founders are encouraged to start a business without mastering financial issues to run a company. In fact, as Phillips (2002) also notes as a limitation of his study, the finding that parenting results in an increase in the parent's likelihood of failure may hold only for small-to-medium-sized firms. The parent company in our study is an automotive subsidiary of one of the largest industrial and commercial conglomerates in Turkey. Klepper and Sleeper (2005) indicate that larger and longer-lived companies have greater possibilities of supporting spinoff formation since they have the capacity to introduce greater knowledge that spinoffs can exploit. Therefore, our study verifies the findings of studies on spinoffs and further stimulates our view on the nature of spinoff formation and the evolutionary traits that come from their parents. For executives in parent firms, this may be an implication in that establishing spinoff companies should be

⁴ A win-win type of relationship between two organizations that benefits both and harms neither (www.encarta.msn.com).

supported so that the parent company can easily focus on its now-smaller and concentrated core business, thus have substantial advantages in being more agile and innovative in new product development (Lindholm–Dahlstrand, 1997).

The spinoff supplier formation efforts of the parent company of this study also point to some managerial implications. First, it is essential for the parent firms to decide on their core and non-core activities so that potential spinoff targets are determined properly. Second, what the parent firm will divest to its spinoff suppliers, i.e., the initial investment conditions, is also important. Analysis of the spinoff suppliers revealed that they did not make a considerable investment during startup.

The findings of this study can provide valuable insights to the strategic potential of spinoff suppliers. Since spinoff suppliers' founders are retired from MMC, they passed their business lives as employees of MMC, i.e., they are appointed as clerks with standard salaries. Therefore they usually do not have the vast amount of financial resources to start a business on their own. The founders of external suppliers, on the other hand, have the necessary financial resources to start, enhance, and sustain a business. They are usually among the wealthiest people of the region. They can purchase the most recent technological machinery to offer better products to MMC. Therefore under certain contexts and certain jobs, such as the ones which require a considerable investment in technology and production facilities, external suppliers are expected to perform better or last longer. Spinoff suppliers are expected to be more successful under the condition that the parent gives them guaranteed support and any business activities which can be performed without much investment.

One important question that comes to mind is whether the differences between spinoff and non-spinoff suppliers generate any performance differences. Quantitative performance indicators for spinoff and external suppliers were shared with us by the parent company. Spinoff supplier companies are found to be more successful compared to external suppliers regarding some indicators, such as MMC's supplier evaluation scores, quality scores, and defective parts per million scores. A possible reason for this is that the founders of spinoff suppliers transfer the culture and system they have acquired in MMC to their companies, thus their companies are more compatible with MMC's system due to their evolutionary traits. The fact that

this can lead them to perform better compared to other companies that lack those traits is an important managerial implication of our study.

While our findings show that spinoff suppliers gain certain evolutionary traits coming from their parents that make them advantageous compared to external suppliers of the same parent firm, our results also suggest that, with the moderating effect of the high percentages (90% and more) of MMC sales in total supplier sales (greater dependencies on MMC as single/major customer), external suppliers start acting like spinoff suppliers. We were able to show that, in external suppliers A, B, and C, this moderating effect provides the external suppliers to gain the same advantages that spinoff suppliers naturally have. We were also able to find evidence for the opposite case where the percentage of MMC sales in the supplier's total sales starts declining, an external supplier demonstrates disparity from this pattern. As the dependency on MMC as a single/major customer declines, it causes external suppliers to move away from acting like spinoff suppliers and to maintain their separate identities. For instance, external suppliers label MMC as "they" and themselves as "we". Furthermore, external suppliers feel an obligation to use the same language with MMC in order to improve and/or maintain their current level of business. If there are, say, alternative companies, i.e., customers other than MMC, then external suppliers may not be so committed to MMC.

We also investigated the "relatedness" phenomenon in our case study. In accordance with the study by Sapienza et al. (2004), we found that production and technological relatedness were related to the more advantageous position of spinoff suppliers compared to external suppliers; however, the findings failed to show evidence of marketing relatedness. Here we were able to reveal a consistent empirical support for the relatedness Sapienza et al. (2004) found for industrial spinoffs from Finland, thus we were able to generalize their findings. Furthermore, although they cannot depict how much relatedness with the parent firm is necessary for better spinoff learning, Sapienza et al. (2004) argue that higher levels of relatedness lead to higher organizational learning. We also found that this assumption is necessary in order to create a more efficient base for better organizational learning.

Another pattern in external suppliers not valid for spinoff suppliers is that external suppliers need to publicize and prove themselves to MMC so that MMC

prefers their company. In other words, external suppliers try to draw a strong company image towards MMC that says “We are also a professional and separate company, like yours.” This is not the case in spinoff suppliers. Spinoff suppliers are MMC-sanctioned formations which do not feel the need to prove themselves to MMC. Hence, spinoff suppliers do not have such a concern to prove a separate “we” concept against MMC since they do not offer any products to any other company other than MMC in the automotive market. Instead, they demonstrate loyalty and/or commitment towards MMC. This finding is consistent with work done by Klepper and Sleeper (2005), who claim that spinoff companies do not need as large a market share as other entrants because of the learning exploited by their founders. All spinoff suppliers have 100% of their total sales going to MMC, thus they do not work with other companies.

One reason for easier organizational learning of spinoff suppliers is because the founders’ knowledge base and capabilities are skewed toward MMC in every business decision they make. Spinoff supplier founders try to establish the culture they have adopted from MMC and continue the way they learned in MMC. This fosters easier communication and transfer of knowledge between MMC and spinoff suppliers. Thus, we provide evidence that through their evolutionary traits from their parents, spinoffs automatically generate a base for better organizational learning; i.e., open transfer channels. Our findings on better organizational learning in spinoffs generalize Agarwal et al.’s (2004) findings on the disk drive industry to the automotive industry.

Our third sensitizing proposition in the model underlines the importance of informal relations and social capital, and particularly the advantages that spinoff suppliers acquire through access to their parent’s resources during their start-up period. A pattern in the cases is that after the establishment period, as time passes, spinoff suppliers start losing the advantages of their personal relations regarding prior job experiences in the parent firm. Instead of utilizing the personal relationships of ex-MMC employees, institutionalization is emphasized by external suppliers. Thus, our findings fit the pattern described by Johansson’s (2007) study, which also bases its findings on study by Hite and Hesterly (2001), that with the maturity of the company, informal relations of spinoff suppliers have no significant effect on easy acquisition of the parent’s resources compared to external suppliers; rather, adapting

to the parent's system gains greater importance. Also earlier literature has argued that prior job experiences in the parent firm provide the founders of spinoffs with greater advantages compared to other entrants in the industry (Agarwal et al., 2004; Klepper and Sleeper, 2005). Our model of spinoff suppliers and external suppliers provides a basis for such a comparison, contrary to Johansson's (2007) study which takes spinoff companies into consideration without making a comparison with other entrants into the industry.

The literature stresses the spinoff survival rates and performance (Lindholm-Dahlstrand, 1997, 2000; Klepper, 2001; Agarwal et al., 2004) without making use of the evolutionary view. On the other hand, the cases presented in this study may add to the literature on spinoffs by suggesting that the evolutionary view can be applied to spinoffs. In the preceding sections we refer to work by Klepper (2001) and Klepper and Sleeper (2005), who discuss the spinoff phenomenon with biological metaphors such as "parent" and "children". We provide some empirical evidence to confirm the work by Klepper (2001) and Klepper and Sleeper (2005); however, with the addition that other entrants (i.e., external suppliers) may become "stepchildren" of the parent company who acts the same way it does to the spinoffs. This may happen in the context of this case study also because the parent stands at an equal distance to provide the same support for both spinoff suppliers and external suppliers. MMC sees them as individual suppliers, not as external or spinoff suppliers. This is observed in the secondary data sources, such as supplier evaluation forms, where all suppliers (including external suppliers and spinoff suppliers) are listed together (without any differentiation or labeling). In fact, one of the MMC authorities clearly stated that they do not differentiate between suppliers.

Furthermore, we also provide empirical evidence for the studies by Cohen and Levinthal (1990) and Nahapiet and Ghoshal (1998) that it is easier for the spinoff firms to acquire resources from the parent through their informal relations than the firms that does not have these relations. Our study moves beyond those findings, suggesting that external suppliers can compensate for this disadvantage by other means. They may try to employ MMC retirees or visit MMC and try to get to know people there. In fact, external suppliers A, B, and C avoid the disadvantage of being "external" by focusing on and strengthening their relations with MMC.

Despite its important findings, our study suffers from certain limitations. First and foremost, we have looked at only one industry and one country. Although we focused on a structurally heterogeneous sample (including both spinoffs and non-spinoffs), we are not able to verify whether analogous patterns may be observed in other settings. Thus, future research may increase the generalizability of the results to other industries. A second limitation is that, although our study for the most part satisfies the criteria for a rigorous case study design, the lack of trust in qualitative studies is unavoidable (Yin, 2003). Nevertheless, we provide a rigorous framework within which our sensitizing propositions can be investigated, and the systematic evaluation of our case study design increases trust in the findings of the study.

Some of our findings could benefit from alternative explanations of future research. First, our findings pave the way for future research into strategies that parent firms may employ spinoff supplier formation to deal with their suppliers better (in order to manage their network of suppliers easier, and have more control over supply chain and supplier selection). Second, it can be mentioned as a strength of this study that after a comprehensive review of the literature, we built measures for our sensitizing propositions. We tried expanding applicable measures to conduct more effective case studies. However, existing definitions usually lack construct validity, in that theories defined in our sensitizing propositions suffer from ambiguous operationalization in the literature. Further studies with attempts such as ours would help generalize the patterns found here.

Third, if there are moderators other than “greater dependencies on parent as a single/major customer” that make external suppliers have the same advantages that spinoff suppliers have, then performance implications of spinoff suppliers and external suppliers should be investigated more explicitly. Fourth, more work is needed whether the obligation which external suppliers feel to use the same language with MMC in order to improve and/or maintain their current level of business has a longitudinal negative effect on the performance of both parties. On the other hand, it may be beneficial to utilize a longitudinal approach to identify whether spinoff supplier practices give rise to superior overall supplier performance compared to external suppliers.

As mentioned in our evaluation of our research design, institutional theory can also be applicable to the external suppliers of this study. As Scott (1995) notes,

organizations imitate each other in order to survive. The external suppliers of our study do not have evolutionary traits that come from their parents; therefore the evolutionary view may not be as applicable to external suppliers as it is for spinoff suppliers. On the other hand, external suppliers can have the same advantages or at least compensate for their disadvantages through different ways. External suppliers adapt to the norms, rules, and routines of the parent firm to avoid the disadvantage of being “external”, creating isomorphism between them and spinoff suppliers. Future research may try to understand the behavior and development of external suppliers more explicitly through the use of the institutional theory lens.

An alternative path for future research may be on the innovativeness of suppliers due to population diversity (Phillips, 2002). Evolutionary theorists like Nelson and Winter (1982) stress the importance of diversity for success in innovation. Assuming that the transfer of parent’s blueprint makes the population of spinoffs less diverse, i.e., homogeneous with the parent firm, future research should investigate the differences in innovativeness between external suppliers and spinoff suppliers. In other words, it may be beneficial to understand whether the sources of innovation will skew toward external suppliers as spinoff suppliers become more homogeneous with each other and their parent firms, thus less likely to employ diverse and innovative ideas.

Finally, our model on spinoff supplier evolution adds to the literature on spinoffs to explain how spinoff suppliers are from an evolutionary perspective more advantageous, thus have higher chances of success and survival compared to external suppliers. This study and our spinoff supplier model can be taken as a new approach to spinoff company foundation and parenting events with the potential to provide a basis for research on manufacturing-based spinoff suppliers. It is hoped that this study will encourage future research to investigate further dimensions that may affect spinoff success and survival.

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VAKA ÇALIŞMASI PROTOKOLÜ

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Bölüm 1–Önsöz

Bu çalışma bir Orta Doğu Teknik Üniversitesi (ODTÜ) İşletme Yüksek Lisans (MBA) tezi kapsamında yapılmaktadır. Araştırma Millennium Motor Co. (MMC) ve tedarikçilerini kapsamaktadır. Vaka çalışması protokolü ile araştırmanın yapılış şeklinin ve izleyeceği adımların yapılandırılması ve bu sayede yöntemin standart hale getirilerek her bir vakanın üzerinde aynı standartta uygulanması sağlanacaktır. Protokol içerisinde araştırmanın kapsamı, sunulan önermeler, mülakat yapılacak firmaların seçimi, veri toplama şekli, mülakat soruları ve veri analizinin nasıl yapılacağı sunulmuştur.

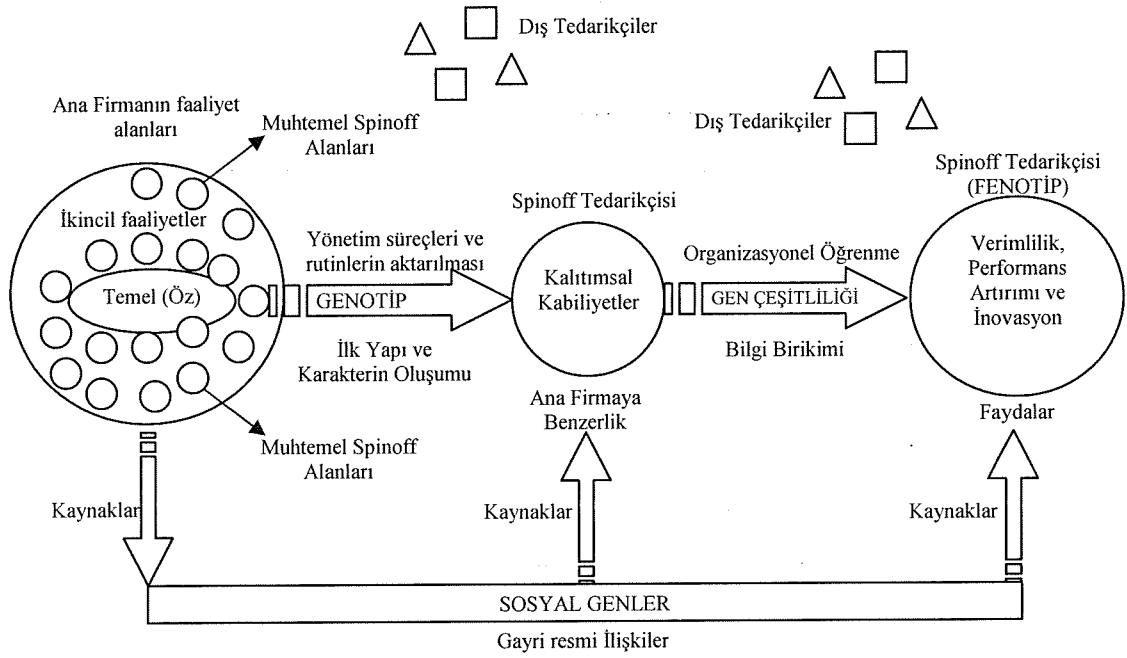
Araştırma sonuçları kapsamlı bir rapor formatında hazırlanıp bir Yüksek Lisans tezi olarak sunulacaktır. Tezde vaka hikâyeleri ve genel bulguların nitel çözümlemeleri kullanılarak araştırmanın yapıldığı ortamın spinoff tedarikçi gelişimine nasıl yol açtığı hakkında açıklamalarda bulunulacaktır. Bunlara ilave olarak konuyla ilgili akademik makaleler yazılıp çalışma sonuçları ilgili uluslararası konferanslarda sunumlar yapılması planlanmaktadır.

Bölüm 2–Genel

Araştırmanın Kapsamı ve Önermeler

Spinoff firmalar genel olarak “büyük bir şirketten ayrılan ve yatırımcıların desteği ile piyasaya giren yeni küçük firmalar” olarak tanımlanabilir. Bu araştırma yeni teknolojilere kıyasla daha olgun ve oturmuş teknolojilere sahip ve/veya imalat oryantasyonlu spinofflar üzerinedir. “Spinoff Tedarikçisi” olarak adlandırılan bu özel tür spinofflar, ayrı bir firma olarak kurulmalarına karşın, ana firmanın (MMC) tedarikçisi olarak faaliyet göstermeye devam etmektedirler. Bu çalışmanın amacı önerilen “spinoff tedarikçisi” modelinin özelliklerini belirlemek adına MMC’nin birincil tedarikçileri olarak seçilen örnek firmalardaki yansımaları araştırmaktır. Çalışmanın amacı spinoff tedarikçilerini diğer dış tedarikçilere göre avantajlı hale getiren belirli kalımsal özelliklerin varlığını göstermektir. Tedarikçi gelişimi üzerindeki artan ilginin de mecbur kılması sebebiyle kalite, ürün teslimat performansı, esneklik ve maliyet açısından spinoff tedarikçiler ile dış tedarikçiler arasındaki performans farklılıklarını anlayabilmenin MMC’nin etkinliği üzerinde kritik öneme sahip olduğu düşünülmektedir. Bu kapsamda spinoff tedarikçilerin ana firmadan ayrılarak kurulması esnasında ve yeni bir firma olarak gelişimini sağlarken ana firmadan (MMC) aldığı ve onu diğer tedarikçilere kıyasla farklı konumlara getirebilen karakteristik özelliklerin şema halinde gösterimi aşağıda sunulmuştur.

Modelin işleyişi özetle şu şekildedir. Ana firma (MMC) kendi faaliyet alanlarından temel olanlar haricindeki oturmuş teknolojiye sahip faaliyetleri (ikincil faaliyetler) belirler ve iç girişimciliği destekleyerek söz konusu faaliyetleri gerçekleştirebilecek firmaların kurulabilmesi için muhtemel spinoff alanları oluşturur. Bu şekilde spinoff tedarikçisi firmalar ortaya çıkar. Fakat spinoff tedarikçisi firmalar yeni kurulmuş olmaları sebebiyle işletme için gerekli prosedür, kural, yapı ve stratejilerden yoksundurlar. Bunun yanında ana firma hâlihazırda bulunan yönetim süreçlerini ve rutinlerini, bir annenin çocuğuna genlerini aktarması gibi, spinoff tedarikçisi firmalara aktarırlar ve bu sayede “genotip” olarak tanımlanan spinoff tedarikçisinin ilk yapı ve karakterinin oluşumu sağlanmış olur.



Şekil 1. Spinoff Tedarikçisinin Evrimsel Gelişim Süreci.

Genlerini (yönetim süreçleri ve rutinler) ana firmadan almış ve piyasaya girmeden önce ana firma içinde benzer faaliyetleri göstermiş olan spinoff tedarikçisi firmaların elde ettikleri bu kalıtsal kabiliyetler sonucunda ana firmaya çeşitli açılardan benzerlikler göstermeleri beklenir. Bu benzerlikler paylaşımlar, ortak anlayış, dil benzerliği ve uyumlu yapı olarak tanımlanabilir ve ana firma ile spinoff tedarikçilerin ilişkilerinde daha net ve kolay anlaşmalarını sağlar. Ana firmanın mevcut kabiliyetleri, yapısı, işleyişi, rutinleri ve anlayışı üzerine kurulmaları sonucunda, spinoff tedarikçilerin diğer dış tedarikçilere kıyasla daha hızlı öğrenme süreçlerine sahip olacakları söylenebilir. Bunun nedeni yukarıda açıklanan benzerlikler sonucunda spinoff tedarikçilerin dış tedarikçilere kıyasla ana firmadan daha çok bilgi alabilecek kapasiteye sahip olmalarıdır. İş yaşamlarında çeşitli durumlarla karşılaşan ve ana firmadan öğrendikleri davranış ve yöntemleri bu durumlarda etkin olarak kullanan spinoff tedarikçisi firmalar dış tedarikçilere kıyasla daha avantajlı olacaklardır.

Yukarıda açıklanan spinoff tedarikçisinin gelişimine ve avantajlı durumda olmasına sürekli katkıda bulunan bir başka süreç de spinoff tedarikçisi firmaları kuran eski ana firma çalışanlarının ana firma ile aralarındaki gayri resmi ilişkileri sonucunda ana firma kaynaklarına daha kolay erişim sağlamalarıdır. Sosyal genler olarak tanımlanan bu ilişkiler sayesinde spinoff tedarikçisi firmalar ana firmanın

kaynaklarına ulaşırken daha az dirençle karşılaşır. İş yaşamlarında çeşitli durumlarla karşılaşan ve ana firma ile gayri resmi ilişkileri sayesinde elde ettikleri kaynakları bu durumlarda etkin olarak kullanan spinoff tedarikçisi firmalar dış tedarikçilere kıyasla daha avantajlı olacaklardır.

Özetle, spinoff tedarikçisi firma ile ana firma arasındaki ilişkinin doğası gereği, spinoff tedarikçisi firma ile dış tedarikçi firma arasında verimlilik, performans ve inovasyon farklılıklarının olması beklenmektedir. Araştırmada örnekleri aranacak kavramlar ve hipotezler aşağıya çıkartılmıştır.

1. MMC'nin kendi spinoff tedarikçilerine aktardığı benzer yönetim işlemleri ve rutinler sayesinde aralarında spinoff tedarikçisi firmaların diğer dış tedarikçilere kıyasla daha avantajlı olmalarını sağlayacak benzerlikler oluşur; örneğin, paylaşımlar, ortak anlayış, dil benzerliği ve uyumlu yapı.
2. MMC'ye bağlı benzerlikler ve bilgi birikimiyle spinoff tedarikçiler iş yaşamlarında karşılaştıkları çeşitli durumlarda kullanacakları davranış ve yöntemleri diğer tedarikçilere kıyasla daha kolay ve etkin öğrenirler.
3. Spinoff tedarikçisi kurucuları, MMC'yle aralarındaki gayri resmi ilişkileri sayesinde, diğer tedarikçilerin yöneticilerine kıyasla MMC'nin kaynaklarına daha kolay erişim sağlarlar.

Yöntem

Spinoff tedarikçisi uygulamalarını anlamak için çoklu vaka çalışması yöntemi kullanılacaktır. Vaka çalışması yönteminin seçilme nedeni, araştırmacının üzerinde fazla kontrol sağlayamadığı, doğası gereği kendiliğinden gelişen gerçek olaylara ilişkin "neden?" ve "nasıl?" sorularına cevap vermede etkin olarak kullanılan bir yöntem olmasıdır. Bu sayede araştırmacı nicel ve istatistiksel yöntemler ile bulabileceği sonuçların ötesine geçer ve araştırmaya konu olan tarafların davranışsal durumlarını da anlayabilir. Spinoff tedarikçilerin MMC ile olan kalımsal ilişkileri sonucu diğer tedarikçilerden performans olarak neden ve nasıl farklılaştıklarının araştırılması konunun çoklu vaka çalışması için uygun olacağını göstermektedir. Araştırmaya dahil edilen her vaka tek başına bir gözlem sonucu olarak değil, özerk bir deney olarak değerlendirilecektir.

Bölüm 3 – Veri Toplama

Firmaların seçimi

Yazında yeni teknolojilere kıyasla daha olgun teknolojiye sahip ve/veya imalat oryantasyonlu spinofflar hakkında yapılan çalışmaların yaygın olmaması nedeniyle spinoff tedarikçi kavramının ortaya çıktığı MMC ve tedarikçileri ile mülakat yapmak bu özel durum için daha uygundur. Mülakata alınacak firmaların seçiminde tanımı daraltmak ve örneklemin kapsadığı nüfusu temsil edebilmesi adına iki tür örneklem metodu kullanılmıştır. Bunlar kuramsal örnekleme ve kartopu örnekleme teknikleridir. Kuramsal örnekleme tekniği, araştırmacının hangi örneklemden ne şekilde veri toplamaya ve analiz etmeye kendisinin karar verdiği bir yöntemdir. Kurduğu kuramsal yapıyı geliştirmeye katkıda bulunabileceğini düşündüğü vakaları araştırmaya dahil eder. Kartopu örnekleme tekniğinde ise önce araştırmacının konusu açısından fayda sağlayabileceğine inanılan firmalar arasından öne çıkan bir grup seçilerek mülakata alınır. Mülakatları sonrasında gruba konuya uyan ve katkıda bulunabileceğine inandıkları başka firmalar tavsiye etmeleri istenir. Elde edilen bulgular sayesinde çalışma kuramsal doygunluğa ulaşana kadar bu işlem devam eder. Araştırmada kartopu örnekleme tekniği ilk olarak MMC’de uygulanacaktır. Daha sonra mülakat yapılan spinoff tedarikçi ve diğer tedarikçiler üzerinde de uygulanacaktır.

Veri Toplama

Çalışma boyunca birden fazla kaynaktan veri toplanacak, bu sayede bulguların çeşitli kaynaklara dayandırılmış olması sağlanacaktır. Toplanacak verinin ana kaynağını eski ve mevcut MMC çalışanları, spinoff tedarikçiler ve diğer tedarikçilerle yapılacak olan görüşme ve mülakatlar oluşturmaktadır. Bunların dışında görüşme yapılan firmalarda gerçekleştirilecek gözlemlerden ve derlenecek dokümanlardan (elde edilen formlar, toplantı kayıtları, raporlar) da uygun ve ihtiyaç olduğu sürece faydalanılacak, bu sayede mülakatlarda elde edilen ana bilgi kaynaklarının desteklenmesi sağlanacaktır.

Mülakatlarda sorulacak sorular ana firma (MMC) ve tedarikçilerine (spinoff ve diğer) sorulmak üzere iki grup halinde hazırlanmıştır. Bu sayede soruların vakalara ait özel durumları yakalayabilmesi sağlanmıştır. Mülakat yapılacak kişiler araştırmacının kapsamı ve amacı hakkında bilgilendirilerek cevabı aranan soruların

kaynağına yönelik veri toplanması sağlanacaktır. Gerekli görüldüğünde anlaşılmayan ve/veya eksik görülen kısımlarla ilgili ilave sorular sorulacaktır. Mülakatların uzunluğu görüşme yapılan kişinin uygunluğuna göre olarak ayarlanacak, katılımcının müsaadesi dahilinde konuşmalar kaydedilecektir.

Bölüm 4–Mülâkat soruları

Giriş

Araştırma sonuçlarının tedarikçi firmalar açısından MMC'nin etkinliği üzerinde kritik öneme sahip olduğundan bahsedilecek, bu mülakatın yapılmasındaki amacın kalite, ürün teslimat performansı, esneklik ve maliyet açısından spinoff tedarikçiler ile dış tedarikçiler arasındaki performans farklılıklarını anlayabilmek olduğu anlatılacaktır. Gizlilik hususuna değinilecek, mülakat sonucunda edinilen bilgilerin yine görüşme yapılan kişilerce onaylanacağı anlatılacak ve bulguların yayınlanması ile ilgili bilgiler verilecektir.

Veri toplama bölümünde anlatıldığı üzere iki grup halinde hazırlanan mülakat soruları aşağıda sunulmuştur.

Spinoff Tedarikçi Mülakat Soruları

GENEL SORULAR:

- i. Şirket tipi nedir? Limited şirketi mi, kendi işyeriniz mi, ortaklık mı?
- ii. Firmanız MMC içerisinde ayrılarak mı kuruldu? Firmanızın nasıl kurulduğunu, tarihçesini anlatır mısınız?
- iii. Firmanızın kuruluş yeri, adresi nedir?
- iv. Firmanız kim (kimler) tarafından kurulmuştur? Hissedarları kimler? Varsa MMC'nin elinde tuttuğu hisselerinizin oranı nedir (yüzde olarak)?
- v. Firmanızın ana iş sahası işi nedir?
- vi. MMC'ye ürün/hizmet sağladığınız alanlar nelerdir?
- vii. Şirketinizin toplam satış miktarı nedir?
- viii. Toplam satışlarımız içerisinde MMC'nin payı nedir (yüzde olarak)?
- ix. MMC ile ticari işlem hacminiz geçmişe kıyasla artıyor/azalıyor/değişiyor mu? Eğer artıyor veya azalıyorsa lütfen nasıl ve neden olduğunu anlatınız.
- x. Mevcut kaç çalışmanız var?
0 – 20 20 – 50 50–100 100 ve üzeri?
- xi. Mevcut çalışanlarınız içerisinde eski MMC çalışanlarının oranı nedir (yüzde olarak)?

ÖNERME 1: MMC'nin kendi spinoff tedarikçilerine aktardığı benzer yönetim işlemleri ve rutinler sayesinde aralarında spinoff tedarikçisi firmaların diğer dış tedarikçilere kıyasla daha avantajlı olmalarını sağlayacak benzerlikler oluşur, örneğin; paylaşımlar, ortak anlayış, dil benzerliği ve uyumlu yapı.

- 1.1. Rutin faaliyetlerinizi yürütürken takip ettiğiniz sırayı gösteren akış şemalarınızı, varsa, görebilir miyim? İmalat Akış Şeması, Satınalma Akış Şeması, Kalite Kontrol Akış Şeması gibi? (Mülakatın yapılmasına müteakip mümkün olduğu takdirde akış şemasının uygulamasını yerinde görmeyi istediğinizi söyleyiniz.)
- 1.2. MMC'den firmanıza aktarıldığını düşündüğünüz veya tespit ettiğiniz somut yapılar var mı? Formlar, prosedürler, tezgâh/set/alet/ekipman, ürün bilgileri, donanım/yazılım gibi. Sık kullandığınız doküman/form/prosedürlerden görebilir miyim? Organizasyon şemanızı görebilir miyim?

- 1.3.MMC'den firmanıza aktarıldığını düşündüğünüz veya tespit ettiğiniz soyut (yazılı olmayan) yapılar var mı? İş yapma şekilleri, yönetim teknikleri, üretim metotları gibi.
- 1.4.Firmanızın iş yapış şekli, değerleri ve kültürünü nasıl tanımlarsınız? Yani firmanızdaki bir çalışan diğer çalışanlar ve yönetimle nasıl bir ortamda çalışır? Lütfen örneklerle açıklayınız. (Gerek duyulursa “esnek, düşüncelerini serbestçe ifade edebildiği ve katılımcılığın desteklendiği bir ortam mı? Diğer çalışanlarla ortak kurumsal amaçlar için çalıştığı, takım odaklı bir ortam mı? Performans ve üretkenlik odaklı mı?” gibi örneklerle yönlendirme yapılabilir.)
- 1.5.Firmanızın bu iş yapış şekli, değerleri ve kültürünü nasıl oluşturduunuz? Firmanızda ne tür davranışlar ödüllendirilir? Çalışanlarınız bu şekilde davranmaları gerektiğini nasıl biliyorlar/öğrendiler?
- 1.6.Firmanızın iş yapış şekli, değerleri ve kültürü ile MMC'ninkiler benziyor mu? Birbirinizin iş yapış şeklini, değerlerini, kültürünü açık ve kolay biçimde anlayabiliyor musunuz? Nasıl?
- 1.7.MMC ile paylaştığınız/faydalandığınız/ortak kullandığınız imalata yönelik özellikler neler? Örneğin, üretim tesisleri, üretim kabiliyetleri, ürün özellikleri.
- 1.8.Sizce kullandığınız/geliştirdiğiniz teknolojiler MMC tabanlı mıdır veya bu teknolojiler üzerinde MMC teknolojisinin herhangi bir etkisi var mıdır?
- 1.9.MMC ile paylaştığınız/faydalandığınız/ortak kullandığınız pazarlama ve satışa yönelik özellikler nelerdir? Örneğin, pazar bilgisi, satış ve/veya dağıtım ağı, müşteriler, pazarlama ve promosyon.

Değerlendirme: MMC'nin firmanıza aktardığı benzer yönetim işlemleri ve rutinler sayesinde aranızda paylaşımlar, ortak anlayış, dil benzerliği ve uyumlu yapı gibi benzerlikler olmuştur.

Hiç Katılmıyorum ---1---2---3---4---5---6---7--- Tamamen Katılıyorum

ÖNERME 2: MMC'ye bağlı benzerlikler ve bilgi birikimiyle spinoff tedarikçiler iş yaşamlarında karşılaştıkları çeşitli durumlarda kullanacakları davranış ve yöntemleri diğer tedarikçilere kıyasla daha kolay ve etkin öğrenirler.

- 2.1.MMC ile iletişiminizi/ilişkinizi anlatır mısınız? Aranızdaki farklılıklar/benzerlikler nelerdir? Bunları nasıl tespit ettiniz?
- 2.2.MMC'den aktarılan benzer yönetim işlemleri ve rutinler MMC ile iletişimi nasıl etkiledi? Bu benzerlikler MMC ile aranızda paylaşımlar, ortak anlayış, dil benzerliği ve uyumlu yapı gibi iletişim, etkileşim ve ticaret yapılabilmesi için açık ve akıcı kanallar açılmasını kolaylaştırdı mı (MMC ile aynı dili konuşmak gibi)? Eğer olduysa belirleyici olduğunu düşündüğünüz açık örnekler verebilir misiniz?
- 2.3.MMC'nin sizi yönlendiren, firmanıza yardımcı olduğunu düşündüğünüz özellikleri nelerdir?
- 2.4.MMC ile varsa, aranızdaki benzerlikler, yani paylaşımlar, ortak anlayış, dil benzerliği ve uyumlu yapı sayesinde öğrendikleriniz nelerdir?
- 2.5.MMC ile iletişiminiz sayesinde geliştirdiğiniz ortak düzenlemeler var mı? MMC ile koordineli çalıştığınız alanlar nelerdir?
- 2.6.MMC'den öğrendiklerinizi hangi alanlarda kullanıyorsunuz?
- 2.7.Yakın zamanda karşılaştığınız ve çözerken MMC'den öğrendiklerinizi uyguladığınız bir durum oldu mu? Karşılaştığınız bu durumda ne yaptınız? Lütfen anlatınız.
- 2.8.Bu şekilde davranmanız gerektiğini nereden biliyordunuz?

Değerlendirme: MMC'ye bağlı benzerlikler ve bilgi birikimiyle firmanız iş yaşamında karşılaştığı çeşitli durumlarda kullanacağı davranış ve yöntemleri kolay ve etkin şekilde öğrenir.

Hiç Katılmıyorum ---1---2---3---4---5---6---7--- Tamamen Katılıyorum

ÖNERME 3: Spinoff tedarikçisi kurucuları, MMC'yle aralarındaki gayri resmi ilişkileri sayesinde, diğer tedarikçilerin yöneticilerine kıyasla MMC'nin kaynaklarına daha kolay erişim sağlarlar.

- 3.1.MMC ile olan kariyer geçmişinizi anlatır mısınız? MMC deneyimleriniz size ne tür katkılarda bulundu?
- 3.2.MMC ile aranızdaki benzerliklerin oluşmasında sizin ve/veya çalışanlarınızın eski iş tecrübeleri yardımcı oluyor mu?
- 3.3.MMC’de iş dışında da görüştüğünüz şahsi ilişkilerinizin bulunduğu kimse var mı? Nereden tanışıyorsunuz? MMC’de hangi bölümlerde çalışıyorlar?
- 3.4.MMC ile ticari ilişkilerinizde en büyük rakipleriniz hangi firmalardır? Bu firmalara kıyasla çalışanlarınızın ve/veya sizin eski iş tecrübelerinin sağladığı avantajlar nelerdir? Örneklerle açıklayınız.
- 3.5.MMC’deki gayri resmi ilişkilerinizi iş hayatınızda ihtiyacınız olduğunda size yardımcı olan bir güven unsuru olarak görüyor musunuz? Nasıl?
- 3.6.MMC’yi bir güven unsuru olarak görmeniz sonucunda iş yaşantınızda daha esnek hareket edebildiğiniz söylenebilir mi? Örneğin, MMC ile gayri resmi ilişkileriniz sayesinde normalde çözmekte zorlanacağınız bir problemi çözerek, kaynaklarınızı rakiplerinizden avantajlı duruma geçmek için diğer kanallara kanalize etmek gibi.
- 3.7.MMC’yle olan gayri resmi ilişkileri ve eski iş tecrübeleri sayesinde şirkete kaynak sağlayabilen çalışanlarınız var mı? Bu çalışanlarınız hangi alanlarda şirkete kaynak sağlamaktadır? Örneğin;
- Pazar fırsatlarını öğrenmek.
 - Fiyat pazarlığı yapmak.
 - Fiyat kırmak.
 - Belirli ürünü üreten müşterilere ulaşmak.
 - Tezgâh bakım onarımı için dış kaynağa ulaşmak.
 - Özellikle MMC’nin bilebileceği/ulaşabileceği üçüncü partilere ulaşmak.
- 3.8.MMC’ye olan yakınlığın sizce dezavantajları var mıdır? Lütfen açıklayınız.
- 3.9. MMC’de eski iş bağlantıları ve deneyimi olan çalışanlarınızın olmasının başka ne gibi avantajları vardır?

Değerlendirme: Firmanızdaki yöneticilerin MMC’yle aralarındaki gayri resmi ilişkileri sayesinde MMC’nin kaynaklarına daha kolay erişim sağlarlar.

Hiç Katılmıyorum ---1---2---3---4---5---6---7--- Tamamen Katılıyorum

Katılımcı Bilgileri

İsim _____

Tel _____

Firma _____

Unvan _____

Eğitim Düzeyi _____

Çalıştığı Pozisyon _____

Bu pozisyonda çalıştığı yıl _____

Firmada çalıştığı yıl _____

İş tecrübesi _____

MMC'de çalıştığı yıl _____

MMC Mülakat Soruları

GENEL SORULAR:

- i. Firmanız için kritik öneme sahip temel olarak belirlenmiş faaliyet alanları nelerdir?
- ii. Hangi faaliyet alanları spinoff firma kurulmak üzere ikincil faaliyetler olarak belirlenmiştir?
- iii. Mevcut kaç çalışmanız var?
- iv. Çalışanlarınız içerisinde iç girişimciliğin desteklenmesi sonucu spinoff firma kurmak üzere ayrılan çalışanlarınızın sayısı nedir?

ÖNERME 1: MMC'nin kendi spinoff tedarikçilerine aktardığı benzer yönetim işlemleri ve rutinler sayesinde aralarında spinoff tedarikçisi firmaların diğer dış tedarikçilere kıyasla daha avantajlı olmalarını sağlayacak benzerlikler oluşur, örneğin; paylaşımlar, ortak anlayış, dil benzerliği ve uyumlu yapı.

- 1.1. Rutin faaliyetlerinizi yürütürken takip ettiğiniz sırayı gösteren akış şemalarınızı görebilir miyim? İmalat Akış Şeması, Satınalma Akış Şeması, Kalite Kontrol Akış Şeması gibi? (Mülakatın yapılmasına müteakip mümkün olduğu takdirde akış şemasının uygulamasını yerinde görmeyi istediğinizi söyleyiniz.)
- 1.2. Spinoff tedarikçisi firmalara aktarıldığımı düşündüğünüz veya tespit ettiğiniz somut yapılarınız var mı? Formlar, prosedürler, tezgâh/set/alet/ekipman, ürün bilgileri, donanım/yazılım gibi. Sık kullandığımız doküman/form/prosedürlerden görebilir miyim? Organizasyon şemanızı görebilir miyim?
 - Diğer tedarikçileriniz için durum nasıl?
- 1.3. Spinoff tedarikçisi firmalara aktarıldığımı düşündüğünüz veya tespit ettiğiniz soyut (yazılı olmayan) yapılar var mı? İş yapma şekilleri, yönetim teknikleri, üretim metotları gibi.
 - Diğer tedarikçileriniz için durum nasıl?
- 1.4. Firmanızın iş yapış şekli, değerleri ve kültürünü nasıl tanımlarsınız? Lütfen örneklerle açıklayınız. (Gerek duyulursa “esnek, düşüncelerini serbestçe ifade

edebildiği ve katılımcılığın desteklendiği bir ortam mı? Diğer çalışanlarla ortak kurumsal amaçlar için çalıştığı, takım odaklı bir ortam mı? Performans ve üretkenlik odaklı mı?” gibi örneklerle yönlendirme yapılabilir.)

1.5.Firmanızın bu iş yapış şekli, değerleri ve kültürünü nasıl oluşturduunuz? Firmanızda ne tür davranışlar ödüllendirilir? Çalışanlarımız bu şekilde davranmaları gerektiğini nasıl biliyorlar/öğrendiler?

1.6.Spinoff tedarikçisi firmaların iş yapış şekli, değerleri ve kültürü ile MMC'ninkiler arasında tespit ettiğiniz benzerlikler var mı? Spinoff tedarikçisi firmaların iş yapış şeklini, değerlerini, kültürünü açık ve kolay biçimde anlayabiliyor musunuz?

- Diğer tedarikçileriniz için durum nasıl?

1.7.Spinoff tedarikçisi firmalar ile paylaştığımız/faydalandığımız/ortak kullandığımız imalata yönelik özellikler neler? Örneğin, üretim tesisleri, üretim kabiliyetleri, ürün özellikleri.

- Diğer tedarikçileriniz için durum nasıl?

1.8.Sizce spinoff tedarikçisi firmalar tarafından kullanılan/geliştirilen teknolojiler MMC tabanlı mıdır veya bu teknolojiler üzerinde MMC teknolojisinin herhangi bir etkisi var mıdır?

- Diğer tedarikçileriniz için durum nasıl?

1.9.Spinoff tedarikçisi firmalar ile paylaştığımız/faydalandığımız/ortak kullandığımız pazarlama ve satışa yönelik özellikler nelerdir? Örneğin, pazar bilgisi, satış ve/veya dağıtım ağı, müşteriler, pazarlama ve promosyon.

- Diğer tedarikçileriniz için durum nasıl?

Değerlendirme: MMC'nin kendi spinoff tedarikçilerine aktardığı benzer yönetim işlemleri ve rutinler sayesinde aralarında spinoff tedarikçisi firmaların diğer dış tedarikçilere kıyasla daha avantajlı olmalarını sağlayacak benzerlikler oluşur, örneğin; paylaşımlar, ortak anlayış, dil benzerliği ve uyumlu yapı.

Hiç Katılmıyorum ---1---2---3---4---5---6---7--- Tamamen Katılıyorum

Diğer tedarikçileriniz için durum nasıl?

Hiç Katılmıyorum ---1---2---3---4---5---6---7--- Tamamen Katılıyorum

ÖNERME 2: MMC'ye bağlı benzerlikler ve bilgi birikimiyle spinoff tedarikçiler iş yaşamlarında karşılaştıkları çeşitli durumlarda kullanacakları davranış ve yöntemleri diğer tedarikçilere kıyasla daha kolay ve etkin öğrenirler.

2.1. Spinoff tedarikçisi firmalar ile iletişiminizi/ilişkinizi anlatır mısınız? Aranızdaki farklılıklar/benzerlikler nelerdir? Bunları nasıl tespit ettiniz?

- Diğer tedarikçileriniz için durum nasıl?

2.2. Spinoff tedarikçisi firmalara aktarılan benzer yönetim işlemleri ve rutinler bu firmalar ile iletişiminizi nasıl etkiledi? Bu benzerlikler spinoff tedarikçisi firmalar ile aranıza paylaşımlar, ortak anlayış, dil benzerliği ve uyumlu yapı gibi iletişim, etkileşim ve ticaret yapılabilmesi için açık ve akıcı kanallar açılmasını kolaylaştırdı mı (Onlar ile aynı dili konuşmak gibi)? Eğer olduysa belirleyici olduğunu düşündüğünüz açık örnekler verebilir misiniz?

- Diğer tedarikçileriniz için durum nasıl?

2.3. MMC olarak spinoff tedarikçisi firmaları yönlendiren, onlara yardımcı olduğunuzu düşündüğünüz özellikleriniz nelerdir?

- Diğer tedarikçileriniz için durum nasıl?

2.4. Spinoff tedarikçisi firmalar ile aranızdaki benzerlikler, yani paylaşımlar, ortak anlayış, dil benzerliği ve uyumlu yapı sayesinde onlara öğrettikleriniz nelerdir?

- Diğer tedarikçileriniz için durum nasıl?

2.5. Spinoff tedarikçisi firmalar ile iletişiminiz sayesinde geliştirdiğiniz ortak düzenlemeler var mı? Bu firmalar ile koordineli çalıştığınız alanlar nelerdir?

- Diğer tedarikçileriniz için durum nasıl?

2.6. Spinoff tedarikçisi firmalar MMC'den öğrendiklerini hangi alanlarda kullanıyorlar?

- Diğer tedarikçileriniz için durum nasıl?

2.7. Spinoff tedarikçisi firmaların karşılaştığı ve çözerken sizden öğrendiklerini uyguladığı bir durum tespit ettiniz mi? Karşılaştıkları bu durumda ne yaptılar? Lütfen anlatınız.

2.8. Sizce bu şekilde davranışlarını gerektiğini nereden biliyorlardı?

- Diğer tedarikçileriniz için durum nasıl?

Değerlendirme: MMC'ye bağlı benzerlikler ve bilgi birikimiyle spinoff tedarikçiler iş yaşamlarında karşılaştıkları çeşitli durumlarda kullanacakları davranış ve yöntemleri diğer tedarikçilere kıyasla daha kolay ve etkin öğrenirler.

Hiç Katılmıyorum ---1---2---3---4---5---6---7--- Tamamen Katılıyorum

Diğer tedarikçileriniz için durum nasıl?

Hiç Katılmıyorum ---1---2---3---4---5---6---7--- Tamamen Katılıyorum

ÖNERME 3: Spinoff tedarikçisi kurucuları, MMC'yle aralarındaki gayri resmi ilişkileri sayesinde, diğer tedarikçilerin yöneticilerine kıyasla MMC'nin kaynaklarına daha kolay erişim sağlarlar.

3.1.MMC'den ayrılarak spinoff tedarikçisi firma kuran eski çalışanlarınızı düşünürsek, sizinle olan kariyer geçmişlerinin ve deneyimlerin onlara sağladığını düşündüğünüz katkıları nelerdir? Lütfen açıklayınız.

3.2.Sizce spinoff tedarikçisi firmalar ile aranızdaki benzerliklerin oluşmasında spinoff tedarikçisi kurucuları veya çalışanlarının MMC'deki eski iş tecrübeleri yardımcı oluyor mu?

3.3.Spinoff tedarikçisi firmalarda iş dışında da görüştüğünüz şahsi ilişkilerinizin bulunduğu kimse var mı? Nereden tanışıyorsunuz? Hangi firmalarda çalışıyorlar?

- Diğer tedarikçileriniz için durum nasıl?

3.4.Spinoff tedarikçisi kurucuları veya çalışanlarının eski iş tecrübelerinin/arkadaşlıklarının MMC ile aralarındaki ticari ilişkilerinde rakiplerine kıyasla onlara sağladığı avantajlar nelerdir? Örneklerle açıklayınız.

3.5.Sizce spinoff tedarikçisi firmaların MMC ile aralarında olan gayri resmi ilişkileri iş hayatlarında ihtiyaç duyduklarında onlara yardımcı olan bir güven unsuru olarak görülmekte midir?

3.6.Sizce spinoff tedarikçisi firmaların MMC'yi bir güven unsuru olarak görmeleri sonucunda iş yaşantılarında daha esnek hareket edebildikleri söylenebilir mi? Örneğin, spinoff tedarikçisi firmaların MMC ile aralarında olan gayri resmi ilişkileri sayesinde normalde çözmekte zorlanacağı bir problemi çözerek, kaynaklarını rakiplerinden avantajlı duruma geçmek için diğer kanallara kanalize etmek gibi.

3.7.MMC'yle olan gayri resmi ilişkileri ve eski iş tecrübeleri sayesinde spinoff tedarikçisi firmalar en çok hangi alanlarda kendilerine kaynak sağlamaktadır?

Örneğin,

- Pazar fırsatlarını öğrenmek.
- Fiyat pazarlığı yapmak.
- Fiyat kırmak.
- Belirli ürünü üreten müşterilere ulaşmak.
- Tezgâh bakım onarımı için dış kaynağa ulaşmak.
- Özellikle MMC'nin bilebileceği/ulaşabileceği üçüncü partilere ulaşmak.

3.8.Sizce spinoff tedarikçilerinizin MMC ile olan yakınlıklarının dezavantajları var mıdır? Lütfen açıklayınız.

3.9.Spinoff tedarikçileriniz için, MMC'de eski iş bağlantıları ve deneyimi olan çalışanlarının olmasının başka ne gibi avantajları vardır?

Değerlendirme: Spinoff tedarikçisi kurucuları, MMC'yle aralarındaki gayri resmi ilişkileri sayesinde, diğer tedarikçilerin yöneticilerine kıyasla MMC'nin kaynaklarına daha kolay erişim sağlarlar.

Hiç Katılmıyorum ---1---2---3---4---5---6---7--- Tamamen Katılıyorum

Diğer tedarikçileriniz için durum nasıl?

Hiç Katılmıyorum ---1---2---3---4---5---6---7--- Tamamen Katılıyorum

Katılımcı Bilgileri

İsim _____

Tel _____

Firma _____

Unvan _____

Eğitim Düzeyi _____

Çalıştığı Pozisyon _____

Bu pozisyonda çalıştığı yıl _____

İş tecrübesi _____

MMC'de çalıştığı yıl _____

Bölüm 5–Veri Analizi

Mülakatların tamamlanmasından sonra tüm kayıtların yazılı suretleri çıkartılacak ve bu suretler elde edilen diğer veri kaynakları (gözlem kayıtları ve diğer dokümanlar) ile birlikte analize tabi tutulacaktır. Her bir vakanın titiz analiz edilebilmesi için toplanan veri gruplanacaktır. Gruplama yapılırken ilk olarak görüşmelerde öne çıkan temalar belirlenecek, bu sayede veride belirli konularda yoğunlaşmalar ve örüntü olup olmadığına bakılacaktır. Bir vaka ile ilgili toplanan tüm verinin (birden fazla katılımcı ile gerçekleştirilen mülakatlar ve diğer kaynaklardan elde edilen veri) tek bir vaka özeti oluşturacak şekilde derlenmesi sağlanacak, bu şekilde vakalar aralarındaki benzerlikler, farklılıklar, birbirini tamamlama gibi özellikler açısından karşılaştırılacaktır. Bu esnada katılımcıların görüşme boyunca kilit sorulara verdiği yanıtları daha net bir çerçevede görebilmek için vaka özellikleri protokolde yer alan aşağıdaki tablo formatında özetlenecektir.

Tablo 1. Vakaların karşılaştırılmasında kullanılacak tablo formatı

<u>Vaka</u>	<u>Faaliyet Alanı</u>	<u>Kaynak</u>	<u>Tespit edilen Hususlar</u>			<u>Açıklama/Yorum</u>
			<u>Önerme 1</u>	<u>Önerme 2</u>	<u>Önerme 3</u>	
Spinoff Tedarikçisi A						
Diğer Tedarikçi B						

Her bir vaka ile ilgili toplanan tüm verinin birbiri ile karşılaştırılması sonucunda o vakaya ait bilginin güvenilirliği sınanmış olacak ve bir vakadan toplanan verinin diğer vakalardan toplanan veri ile birlikte analiz edilmeden önce kendi içerisinde çözümlemesi yapılacaktır. Daha sonra diğer vakalarla karşılaştırılacak olan veri, en son MMC'den elde edilen veriler ile beraber çözümlenecektir. “Örüntü eşleme” tekniği kullanılarak çeşitli kaynaklar aracılığıyla tekrarlanan ve güvenilirliği onaylanan bulgular önermelerin test edilmesinde ve sonuç raporunda kullanılacaktır.

Bölüm 6–Ek–Katılımcı Firmalara Gönderilecek Mektup

.../.../ 2008

Sayın Şirket Yöneticisi/Yetkilisi,

Size çalışmamla ilgili ön bilgi vermek amacıyla protokol hazırladım, ekte bulabilirsiniz. Spinofflar, büyük bir şirketten ayrılan ve yatırımcıların desteği ile piyasaya giren yeni küçük firmalar olarak tanımlanabilir. Araştırmam yeni teknolojilere kıyasla daha olgun teknolojiye sahip ve/veya imalat oryantasyonlu spinofflar üzerinedir. Spinoff tedarikçisi olarak adlandırılan bu özel tür spinoff, ayrı bir firma olarak kurulmasına karşın, ana firmanın (MMC) birincil tedarikçisi olarak faaliyet göstermeye devam etmektedir. Ana firma ve spinoff tedarikçisi arasındaki ilişkileri bulmak için konuyla ilgili sizin firmanıza özgü hususları öğrenmek istiyorum. Bu çalışma kapsamında sizinle olduğu gibi, eski ve mevcut MMC çalışanları, spinoff tedarikçiler ve diğer tedarikçilerle yapacağım görüşme ve mülakatlar benim ana bilgi kaynağımı oluşturacaktır.

Görüşmemizin sonucunda firma içinden birinin bakış açısıyla MMC'nin spinoff tedarikçilerinin kalıtımsal özelliklerinin varlığını araştırmak ve bunun evrimsel teori ile bağlarını bulmak çalışmamda çok faydalı olacaktır. Araştırma kapsamında şu kavramlar için örnekler arıyorum:

1. MMC'nin kendi spinoff tedarikçilerine aktardığı benzer yönetim işlemleri ve rutinler sayesinde aralarında spinoff tedarikçisi firmaların diğer dış tedarikçilere kıyasla daha avantajlı olmalarını sağlayacak benzerlikler oluşur; örneğin, paylaşımlar, ortak anlayış, dil benzerliği ve uyumlu yapı.
2. MMC'ye bağlı benzerlikler ve bilgi birikimiyle spinoff tedarikçiler iş yaşamlarında karşılaştıkları çeşitli durumlarda kullanacakları davranış ve yöntemleri diğer tedarikçilere kıyasla daha kolay ve etkin öğrenirler.
3. Spinoff tedarikçisi kurucuları, MMC'yle aralarındaki gayri resmi ilişkileri sayesinde, diğer tedarikçilerin yöneticilerine kıyasla MMC'nin kaynaklarına daha kolay erişim sağlarlar.

Bu çalışmayı yapmamızın Orta Doğu Teknik Üniversitesi (ODTÜ) tarafından onaylandığını ve takip edildiğini, bu nedenle tüm konuşmalarımızın kesinlikle gizli tutulacağını ve araştırmamızda doğru yöntemlerin katı prosedürler izlenerek

kullanıldığını belirtmek isterim. Hem sizin hem de MMC veya kendi firmanızdan vereceğiniz herhangi bir ismin, alıntı izni vermediğiniz sürece tezimde hayal ürünü başka isimlerle anılacağını hatırlatırım. Sizden öğrendiğim bilgiler herhangi bir şekilde şahsi menfaata kullanılmayacaktır. Son olarak, röportajımızı toparlayıp sonuçlarımı çıkarırken çalışmanın hedefine yönelik olarak özetleyebilmem için konuşmalarımızın ses kaydını almak için sizden izin istiyorum.

Görüşmek üzere.

Saygılarımla,

Bilgehan UZUNCA

Ekler:

Vaka Çalışması Protokolü (19 Sayfa)

(Interview questions in English)

Interview questions for spinoff suppliers

GENERAL QUESTIONS:

- i. What is the company type? Limited company, private company, partnership?
- ii. Is your company founded through being spun off from MMC? Could you tell how your company was founded, the history of the firm?
- iii. What is your company's location of incorporation, the address of the firm?
- iv. By whom was your company founded? Who are the shareholders? What is the proportion of MMC shares in total shares of the company (in percentages), if any?
- v. What is the main business area of your company?
- vi. What are the areas in which you provide products/services to MMC?
- vii. What are the total revenues of your company?
- viii. What is the share of MMC in your total sales (in percentages)?
- ix. Is the volume of your business transactions with MMC increasing/decreasing/not changing compared to the past? If it is increasing or decreasing, then please tell how and why so.
- x. How many employees do you have at present?
0 – 20 20 – 50 50–100 100 and more?
- xi. What is the proportion of ex-MMC employees in total employees of the firm (in percentages)?

Sensitizing Proposition 1: Part of the “blueprint” of the parent company will pass on to the progeny in the form of managerial processes and routines, which is likely to create shared understanding, common language, and dialogue between both parties.

- 1.1. Could I see the flowcharts, if available, which demonstrate the sequence you follow while performing routine tasks? Such as, production flowchart, purchasing flowchart, quality control flowchart etc. (Tell the respondent that, following the interview, you would like to see the demonstration of the flowchart on site, if possible.)

- 1.2. Are there any tangible aspects which you think or ascertain to have been transferred from MMC to your company? Such as forms, procedures, workbenches/sets/tools /equipment, product information, hardware/software etc. Could I see any documents /forms/procedures that you frequently use? Could I see your organization chart?
- 1.3. Are there any intangible (unwritten) aspects which you think or ascertain to have been transferred from MMC to your company? Such as ways of doing business, management techniques, production methods etc.
- 1.4. How do you define your company's way of doing business, values, and culture? I.e., in what type of an environment does one employee work with other employees and management? Please explain with examples. (Guidance can be done through giving examples such as "Is it an environment which is flexible, where people can freely express their own ideas, and where participation is supported?", "Is it a team-oriented environment where employees work together for achieving common corporate targets?", "Is it performance or productivity oriented?")
- 1.5. How did you constitute this way of doing business, values, and culture in your company? What types of behaviors are rewarded in your company? How did your employees know/learn that they should be behaving this way?
- 1.6. Is your company's way of doing business, values, and culture bears resemblance to MMC's? Can you easily understand way of doing business, values, and culture of each other? How?
- 1.7. What are the production related aspects that you share/exploit/collectively use with MMC? For example, production facilities, production capabilities, product characteristics.
- 1.8. In your opinion, is the technology that you use/developed MMC-oriented, or does MMC technology have any influence on this technology?
- 1.9. What are the marketing and sales related aspects that you share/exploit/collectively use with MMC? For example, market expertise, sales and/or distribution channels, customers, marketing and promotion.

Evaluation: Due to the fact that part of the "blueprint" of the parent company passes on to your company in the form of managerial processes and routines; a

shared understanding, common language, and dialogue between both parties have been created.

Strongly disagree ---1---2---3---4---5---6---7--- Strongly agree

Sensitizing Proposition 2: Spinoff suppliers are likely to learn the best ways to cope with challenges they face more efficiently compared to external suppliers due to the knowledge relatedness between the parent and the progeny.

2.1. Could you tell your communication/relationship with MMC? What are the differences/similarities between? How did you ascertain those?

2.2. How did managerial processes and routines transferred from MMC affected your relationship with MMC? Did those similarities facilitate the establishment of open and fluent transfer channels for interaction and business, such as shared understanding, common language, and coherent structures (i.e., talking the same language with MMC)? If so, could you give examples which you think are significant?

2.3. What are the features of MMC that guide and help your company?

2.4. What are the things that you learned through the similarities, i.e., shared understanding, common language, and coherent structure with MMC, if any?

2.5. Are there mutual adjustments that you developed due to your communication with MMC? What are the areas that you work in coordination with MMC?

2.6. In which areas do you use what you have learned from MMC?

2.7. Have you recently encountered a situation that you applied what you have learned from MMC while resolving? What did you do in this situation you have encountered? Please describe.

2.8. How did you know that you ought to act this way?

Evaluation: Your company learns the best ways to cope with challenges they face efficiently due to the knowledge relatedness between the parent and the progeny.

Strongly disagree ---1---2---3---4---5---6---7--- Strongly agree

Sensitizing Proposition 3: Spinoff suppliers acquire resources through their founders' informal relations with their parent firm, which is likely to allow them to stand better chances of success and survival compared to external suppliers.

- 3.1. Can you tell your career history in MMC? What kind of contributions did your MMC experiences have on you?
- 3.2. Are experiences of you and/or your employees helping on the formation of the similarities between you and MMC?
- 3.3. Are there anyone in MMC that you see each other off-the-job, and have personal relationships with? How do you meet? Which division are they working in MMC?
- 3.4. In business relations with MMC, which companies are your biggest competitors? What are the advantages that former work experiences of you and/or your employees provide compared to those competitors? Explain with examples.
- 3.5. Do you see your informal relationships with MMC as a source of trust that helps you when you need in your business life? How?
- 3.6. Can it be said that you can act more flexibly in your business life as a result of seeing MMC as a source of trust? For example, solving a problem normally difficult to resolve through utilizing your informal relationships with MMC, you can canalize your resources to other channels in order to be more advantageous compared to competitors.
- 3.7. Do you have any employees who can provide resources to the company through their informal relationships and former work experiences with MMC? In which areas do these employees provide resources to the company? For example;
 - To learn market opportunities.
 - To bargain a price.
 - To bargain down price.
 - To reach the customers producing a specific product.
 - To reach external sources for machinery maintenance.
 - To reach third parties that MMC can particularly know/access.

3.8. Do you think that being close to MMC has any disadvantages? Please explain.

3.9. What other advantages are there having employees with former business connections and experiences with MMC?

Evaluation: Your company easily gains access to MMC's resources through the founders' informal relations with MMC.

Strongly disagree ---1---2---3---4---5---6---7--- Strongly agree

Participant Information

Name _____

Phone _____

Company name _____

Job title _____

Level of education _____

Actual position held _____

Years in this position _____

Years in the company _____

Work experience _____

Years in MMC _____

Interview questions for MMC

GENERAL QUESTIONS:

- i. What are critical areas of activity that have been determined as the basis for your company?
- ii. Which type of areas are determined as secondary activities in order to establish spinoff companies?
- iii. How many employees do you have at present?
- iv. What is the number of your employees who left to establish a spinoff company as a result of supporting intrapreneurship among your employees?

SENSITIZING PROPOSITION 1: Part of the “blueprint” of MMC will pass on to its spinoff suppliers in the form of managerial processes and routines, which is likely to create shared understanding, common language, and dialogue between both parties.

- 1.1. Could I see the flowcharts, if available, which demonstrate the sequence you follow while performing routine tasks? Such as, production flowchart, purchasing flowchart, quality control flowchart etc. (Tell the respondent that, following the interview, you would like to see the demonstration of the flowchart on site, if possible.)
- 1.2. Are there any tangible aspects of MMC which you think or ascertain to have been transferred to spinoff supplier companies? Such as forms, procedures, workbenches /sets/tools/equipment, product information, hardware/software etc. Could I see any documents /forms/procedures that you frequently use? Could I see your organization chart?
 - How is the case for your other suppliers?
- 1.3. Are there any intangible (unwritten) aspects which you think or ascertain to have been transferred to spinoff supplier companies? Such as ways of doing business, management techniques, production methods etc.
 - How is the case for your other suppliers?
- 1.4. How do you define your company’s way of doing business, values, and culture? I.e., in what type of an environment does one employee work with other employees and management? Please explain with examples. (Guidance

can be done through giving examples such as “Is it an environment which is flexible, where people can freely express their own ideas, and where participation is supported?”, “Is it a team-oriented environment where employees work together for achieving common corporate targets?”, “Is it performance or productivity oriented?”.)

1.5. How did you constitute this way of doing business, values, and culture in your company? What types of behaviors are rewarded in your company? How did your employees know/learn that they should be behaving this way?

1.6. Are the spinoff supplier companies’ ways of doing business, values, and culture bears resemblance to MMC’s? Can you easily understand way of doing business, values, and culture of each other? How?

- How is the case for your other suppliers?

1.7. What are the production related aspects that you share/exploit/collectively use with your spinoff suppliers? For example, production facilities, production capabilities, product characteristics.

- How is the case for your other suppliers?

1.8. In your opinion, is the technology that spinoff suppliers use/developed MMC-oriented, or does MMC technology have any influence on this technology?

- How is the case for your other suppliers?

1.9. What are the marketing and sales related aspects that you share/exploit/collectively use with spinoff supplier companies? For example, market expertise, sales and/or distribution channels, customers, marketing and promotion.

- How is the case for your other suppliers?

Evaluation: Due to the fact that part of the “blueprint” of MMC passes on to its spinoff suppliers in the form of managerial processes and routines; a shared understanding, common language, and dialogue between both parties have been created.

Strongly disagree ---1---2---3---4---5---6---7--- Strongly agree

How is the case for your other suppliers?

Strongly disagree ---1---2---3---4---5---6---7--- Strongly agree

Sensitizing Proposition 2: Spinoff suppliers are likely to learn the best ways to cope with challenges they face more efficiently compared to external suppliers due to the knowledge relatedness between the parent and the progeny.

2.1. Could you tell your communication/relationship with spinoff supplier companies? What are the differences/similarities between? How did you ascertain those?

- How is the case for your other suppliers?

2.2. How did managerial processes and routines transferred from MMC affected your relationship with spinoff supplier companies? Did those similarities facilitate the establishment of open and fluent transfer channels for interaction and business, such as shared understanding, common language, and coherent structures (i.e., talking the same language with MMC)? If so, could you give examples which you think are significant?

- How is the case for your other suppliers?

2.3. What are the features of MMC that guide and help spinoff supplier companies?

- How is the case for your other suppliers?

2.4. What are the things that you taught to spinoff supplier companies through the similarities, i.e., shared understanding, common language, and coherent structure with them?

- How is the case for your other suppliers?

2.5. Are there mutual adjustments that you developed due to your communication with spinoff supplier companies? What are the areas that you work in coordination with them?

- How is the case for your other suppliers?

2.6. In which areas do spinoff supplier companies use what they have learned from MMC?

- How is the case for your other suppliers?

2.7. Have you ascertained a situation that spinoff supplier companies applied what they have learned from MMC while resolving? What did they do in this situation they have encountered? Please describe.

2.8. According to you, how did they know that they ought to act this way?

- How is the case for your other suppliers?

Evaluation: Spinoff supplier companies learn the best ways to cope with challenges they face more efficiently compared to external suppliers due to the knowledge relatedness to MMC.

Strongly disagree ---1---2---3---4---5---6---7--- Strongly agree

How is the case for your other suppliers?

Strongly disagree ---1---2---3---4---5---6---7--- Strongly agree

Sensitizing Proposition 3: Spinoff suppliers acquire resources through their founders' informal relations with their parent firm, which is likely to allow them to stand better chances of success and survival compared to external suppliers.

3.1. If we think about ex-MMC employees who established a spinoff supplier company after leaving MMC, what kind of contributions did their MMC experiences have on them? Please explain.

3.2. According to you, are MMC experiences of spinoff supplier founders' and/or their employees helping on the formation of the similarities between MMC and them?

3.3. Are there anyone in spinoff supplier companies that you see each other off-the-job, and have personal relationships with? How do you meet? In which company are they working now?

- How is the case for your other suppliers?

3.4. What are the advantages that former work experiences/friendships of spinoff supplier founders' and/or their employees provide in business relations with MMC compared to their competitors? Explain with examples.

3.5. According to you, do spinoff supplier companies see their informal relationships with MMC as a source of trust that helps them when they need in their business life?

3.6. Can it be said that spinoff supplier companies can act more flexibly in their business life as a result of seeing MMC as a source of trust? For example, solving a problem normally difficult to resolve through utilizing their

informal relationships with MMC, they can canalize their resources to other channels in order to be more advantageous compared to competitors.

3.8. As a result of their informal relationships and former work experiences with MMC, in which areas do spinoff supplier companies mostly provide resources to their company? For example;

- To learn market opportunities.
- To bargain a price.
- To bargain down price.
- To reach the customers producing a specific product.
- To reach external sources for machinery maintenance.
- To reach third parties that MMC can particularly know/access.

3.8. Do you think that being close to MMC has any disadvantages to spinoff supplier companies? Please explain.

3.9. For your spinoff supplier companies, what other advantages are there having employees with former business connections and experiences with MMC?

Evaluation: Spinoff suppliers acquire MMC's resources easier compared to external suppliers through their founders' informal relations with their MMC.

Strongly disagree ---1---2---3---4---5---6---7--- Strongly agree

How is the case for your other suppliers?

Strongly disagree ---1---2---3---4---5---6---7--- Strongly agree

Participant Information

Name _____

Phone _____

Company name _____

Job title _____

Level of education _____

Actual position held _____

Years in this position _____

Work experience _____

Years in MMC _____

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		03 TARİH Date :

04 PARÇA KODU Part No :				05 PARÇA ADI Part Name :				06 MALZEME Material :			
07 Sıra Item	08 Resim Ölçüsü Specified Value	09 Tolerans Tolierans	10 FİİLİ ÖLÇÜ Measured Value	11 Kabul OK	12 Red NG	13 Sıra Item	14 Resim Ölçüsü Specified Value	15 Tolerans Tolierans	16 FİİLİ ÖLÇÜ Measured Value	17 Kabul OK	18 Red NG

19 AÇIKLAMALAR Remarks

20 TEKNİSYEN Technician	21 KONTROL Checked by	22 ONAY Approved by
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- MMC -

Appendix C: Photos of MMC's Supplier Development Center

