STRENGTHENING A SUBSIDIARY STRATEGY ORIENTATION BASED ON THE RESOURCE-BASED VIEW

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Management Summary

Purpose – The main aim of the current study was to determine how can a subsidiary successfully formulate its strategy based on an RBV perspective to strengthen its strategic orientation.

Design/methodology/approach – Case study design, interviews, document study.

Findings – From a literature review, the RBV theory was researched and a RBV framework was extended with relevant literature in order to aid in formulation of a subsidiary strategy. Therefore, the framework was implemented in one case study company, where the internal perspective was analyzed with an extended RBV framework for perfect alignment with the subsidiary and parent resources and capabilities. In order to reach competitive advantage and to strengthen their strategic orientation. This framework offers an approach for subsidiaries to formulate a strategy which complements existing literature that identifies that subsidiary performance is primarily determined by parent and subsidiary resources and capabilities. The approach is a holistic process for subsidiary strategy formulation according to literature, however the consequence of implementing this framework should be further investigated.

Research limitations/implications – Especially given the current situation, the case offers different starting points for discussion about subsidiary and competitive advantage.

Practical implications – The case is designed to give practitioners a better understanding on strategy formulation, and how a subsidiary can achieve competitive advantages through the parent and subsidiary's resources and capabilities.

Originality/value – This case of the case study Company X is a unique combination of the concepts of strategy and competitive advantage. It serves as an example for an strategy formulation, which was lost at the beginning of the acquisition due to changes in their subsidiary role. This case offers interesting lessons learned for academics as well as for practitioners.

Keywords: Resource-Based View, Subsidiary Strategy, Competence-Based Theory, Strategic management, Competitive advantage

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Introduction

In the field of strategic management, the fundamental question is how firms can achieve and sustain competitive advantage (Teece, Pisano & Shuen, 1997). One solution for this competitive advantage achievement is for a firm to implement its own approach of 'strategic orientation'. In definition, a firm's strategic orientation reflects the strategic directions implemented by them in order to create the proper behavior for the continuous superior performance of the business (Narver & Slater, 1990).

However, a strategic orientation within a dynamic environment is always changing. In the scenario when a company is acquired from one corporation to another corporation. The change of parent company may potentially lead to changes in subsidiary role. In theory, there is a spectrum of MNE subsidiaries roles, where on the left side the subsidiary is an instrument of the headquarters and on the right side a free agent (Birkinshaw & Pedersen, 2001). Such acquisition can lead to a change in subsidiary role and naturally, a shift of long-term corporate strategy (Taggart, 1998). This change in long-term strategy contributes to a misalignment with the market orientation. Thus, the firm becomes deprived of strategic orientation. Nonetheless, subsidiaries have the ability to reconfigure resources and develop capabilities which drive development (Birkinshaw & Hood, 1998), improve performance (Subramaniam & Watson, 2006) and influence the parent company as a whole (O'Brien, 2011). Therefore, it is necessary for them to have their own subsidiary strategy. Yet, in literature little is known about how subsidiary strategies are developed for companies deprived of strategic orientation.

According to Porter (1980) and Wernerfert (1984), the subsidiary strategy is the positioning of the subsidiary in relation to its competitors and its customers, and regarding its underlying resources and capabilities. The theory that places emphasis on the resources and internal capabilities of a firm as these sources of competitive advantage is the resource-based view (RBV). This theory was tested by Christmann (1999), who stated that subsidiary performance is primarily determined by parent and subsidiary resources, which support the resource-based view of the firm. In their paper, they investigated two dominant theories, the industry structure view and the resource-based view of the firm (Christmann et al, 1999). Their results determine in terms of competing theories that the resource-based view of the firm is supported more than the industry structure view. Furthermore, they indicate that subsidiary performance is also determined by the corporate characteristics and thus support the inclusion of parent resources and capabilities in determining subsidiary competitive advantage.

The main objective of RBV is to create the optimal combination of these resources and efficiently allocate them to exploit environmental opportunities or to neutralize threats (Teece, Pisano, and Shuen, 1997). Since each firm has its own history, growth over time, acquired assets, skills and experiences along the way, and cultivated its own distinctive organizational culture, no two companies are alike. Hence, through RBV a strategy would provide a sustained advantage due to its inimitability (Wernerfert, 1984). Whilst some research has been carried out on RBV, there have been limited empirical investigations into the formulation of a strategy for a company under the umbrella of their parent company and deprived of strategic orientation. The purpose of this paper is to investigate how a subsidiary can develop a strategic scope based on the RBV within the confines of the corporate strategy. Thereby, the following research question was formulated:

How can a subsidiary successfully formulate its strategy based on an RBV perspective?

To answer the previous research question, the following sub-questions were formulated to aid the research:

1. *What are the differences between RBV and other perspectives on strategy formulation?*
2. *What is the state of the art knowledge about RBV?*
3. *What are the dimensions of RBV?*

To achieve this study, a literature review on RBV and other perspectives are conducted in order to answer the sub-questions. After the literature review, an extended strategy formulation framework is presented and implemented in a case study company. The empirical evidence from one company in the chemical industry is collected and analyzed to see if it is possible to put the findings into practice.

Accordingly, this research is categorized as exploratory research and is interpretative in nature. Exploratory research is conducted for a problem that has not been studied extensively, intended to establish priorities, develop operational definitions, and improve the final research design (Edgar & Manz, 2017). The interpretive method used is a qualitative case study approach to investigate how strategy formation can take place from an extended RBV perspective. Thence, the case-study design was followed, with in-depth analysis of interviews and documentation given by a company.

This investigation aims to extend the previous works on strategic orientation, subsidiary strategy, and RBV and will enhance our understanding of the development of a subsidiary strategy based on RBV. Furthermore, subsidiaries in a similar situation can learn from this and strengthen their strategy orientation according to their resources and capabilities.

The overall structure of the study takes the form of six sections, including this introduction followed by, in Section 2, where the literature of resource-based view and other perspectives was reviewed. Afterward, the third section is concerned with the methodology used in this study. In Section 4, the analysis of the results of the interviews and documentation reports undertaken during this research are examined. Lastly, the remaining part of this report presents the conclusion of the current study, discussion, managerial implications, and suggestion for future research.

Theory

Achieving competitive advantage and attaining success is largely attributed to a firm's strategy. The best definition of strategy selected for this research is from Quinn (1980), who stated that a strategy is "the pattern or plan that integrates an organization's major goals, policies, and action sequences into a cohesive whole. A well-formulated strategy helps to organize and allocate an organization's resources into a unique and viable posture based on its relative internal competencies and shortcomings, anticipated changes in the environment, and contingent moves by the intelligent opponent".

In a multinational corporation (MNC), two types of strategy exist; corporate and subsidiary strategy. The broad definition of corporate strategy is the overall scope and direction of a corporation and the way in which its various business operations work together to achieve corporate goals (Business Dictionary, n.d.). In literature, the relevant level of analysis for most theory is on MNC, not on subsidiary (Birkinshaw, 1996; Taggart, 1998). As a result, there is limited literature on applying the MNC level theory to a subsidiary unit. However, a subsidiary strategy is also as important as a corporate strategy. On contrary to an MNC, subsidiaries have more constraints in developing their own strategy given that they are embedded in different networks that include all other units of their parent company, alongside customers, supplier, and other institutions. Despite these constraints, they need the space to define their own mission and goals and look after their own future (Birkinshaw and Hood, 1998). Subsidiaries' goal is to achieve and sustain competitive advantage, therefore, a subsidiary strategy is important for them.

Theoretical approaches to formulate a strategy can be divided into two categories; outside-in and inside-out view. These two approaches use very different means to achieve strategy formulation and thus competitive advantage (See Figure 1). The outside-in approach believes that only the market which means customer value creation, customer orientation, and customer experiences provide value to the company. For the inside-out approach it is the organization's inner assets, strengths, and capabilities of the organization will make the organization succeed.

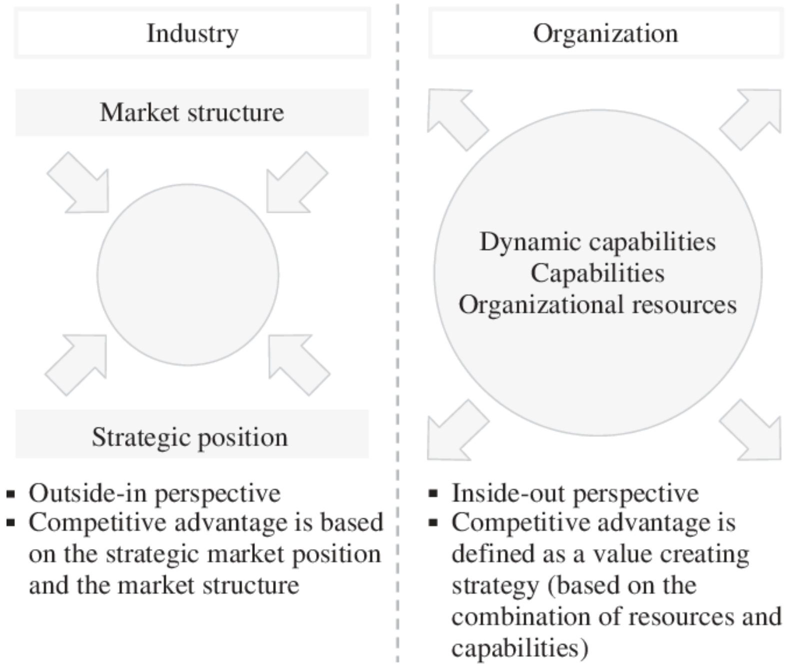

Figure 1: Outside-in and Inside-out perspective (Truyens et al, 2013)

As can see in Figure 1, from an outside-in approach, long-term competitive advantage is a consequence of listening and providing value to customers. Furthermore, by analyzing the competition while providing a good customer experience achieves an advantage. So for a company to be focused on the market and their customer and for their source of inspiration to be targeted customer segments is the aim of this outside-in approach.

With an inside-out approach to strategy, the goal is to effectively use the company resources and core competencies as the main driver of competitive value. Inside-out strategists believe that a company achieves greater efficiencies and adapts more quickly to changing circumstances with this approach (Wernerfelt, 1995; Barney, 1991; Teece, Pisano & Shuen, 1997).

Three dominant theoretical approaches from these two categories are (1) industry-based theory for the outside-in approach and (2) resource-based theory and (3) competence-based theory for the inside-out theory.

Industry-Based Theory

Porter's (1980) five forces framework support that the firm's profitability in any industry is determined by (1) the threat of new entrants to the industry, (2) the threat of substitute products or services, (3) the bargaining power of its suppliers, (4) the bargaining power of its customers, and (5) the intensity of rivalry among its existing competitors. Industry competition consist of these forces, which ‘‘continually works to drive down the rate of return on invested capital toward the competitive floor rate of return, or the return that would be earned by the economist’s ‘perfectly competitive’ industry’’ (Porter, 1980). However, a strategy should aim at altering industry structure by raising barriers to entry and increasing one’s bargaining power over suppliers and customers. Because, according to Porter (1980), a company is not a bounded by only the industry structure.

Porter (1980) propose choosing one of the three generic strategies after choosing industries and/or altering their structure. The three generic strategies are: (1) cost leadership, (2) differentiation or (3) focus. The competitive advantage is then derived from having a lower cost position, having its offering being perceived industry-wide as being unique, or having a focus on one particular market segment and developing a market offering specifically tailored to it. Even though it is possible for a company to choose multiple strategies, for successful competitive advantage Porter advice to choose one, because a company could get “stuck in the middle’’ (Porter, 1985).

Porter (1985) argues that internal activities and assets are only analyzed after the organization chooses one of the three generic strategies. Specifically, if the value is defined as ‘‘what buyers are willing to pay’’, then ‘‘superior value stems from offering lower prices than competitors for equivalent benefits or providing unique benefits that more than offset a higher price’’ (Porter, 1985).

After years of research, the industry-based theory introduced by Porter’s (1980, 1985) works has been very influential on a firms’ strategy. However, empirical research shows that highly concentrated industries are no more profitable than their less concentrated industries (Gale and Branch 1982; Ravenscraft 1983). Furthermore, some studies show that the industry market share and profitability relationship is not valid (Jacobson 1988; Jacobson and Aaker 1985), thus, many strategic management researchers have questioned the industry-based theory.

Resource-Based Theory

Under the RBV of the firm, strategic orientation has been argued to be a key resource allowing for the development of positional advantage (Hult & Ketchen, 2001). Since a firm's specific strategic orientation allows it to align resources in peculiar manners, thus providing a basis for a unique competitive position (Griffith et al, 2006).

In the year of 1984, RBV was introduced by Wernerfelt in his article 'A Resource-Based View of the Firm'. Wernerfelt was the first to formulate the importance of resources in a company and the management of the resources. Years after researchers gained interest in RBV and concluded that in order to gain competitive advantage resource heterogeneity is important for the firm (Barney, 1991). Because, according to multiple literatures, all companies operate with two components; 1. resources and 2. service which in turn are derived from resources only (Wernerfelt, 1995; Alvarez & Busenitz, 2007).

Although the literature presents many different ideas around the concept of the resource-advantage perspective, RBV is a theory that helps in determining the resources available within the firm and relates them to the capabilities of the firm in a silent manner. This brings into consideration, the profitability and the value factor associated with the firm (Colbert, 2004). Therefore, competitive advantage can be delivered to an organization when the organization is able to utilize its resources in a unique and valuable manner than the competitors of the firm (Colbert, 2004). This theory clarifies that due to the extraordinary and non-substitutable slot of resources available to the firm, companies gain excellent capability, which brings the firm more success in the emerging economy of the world (Das & Teng, 2000).

Over the years since the initial presentation of RBV by Wernerfelt, many researchers have made contributions to this theory. One limitation of RBV in literature is that it only partially describes how firms can develop strategies that allow them to exploit their individual resources (Lewis and Gregory, 1996). The gap to bridge resources and strategy leaves an incomplete model for ''explaining firm success, growth, failure'' (Lewis and Gregory, 1996). Other theories have been developed extending the theory of RBV, among them are the core competences (Hamel & Prahalad, 1994), dynamic capabilities (Helfat & Peteraf, 2003; Teece, Pisano, & Shuen, 1997), and the knowledge-based view (Grant, 1996). This is to fill this gap towards a holistic internal explanation of strategy. Which requires a complementary, dynamic, internal theory of strategy. Such a theory can be the extending theory; core competences and dynamic capabilities, also known as competence-based strategy.

Competence-Based Theory

The second dominant inside-out theory of strategy is the competence-based theory, which complements RBV because it explains how firms develop strategies to exploit these resources and the activities that utilize them (Rumelt, 1984). In the competence-based theory, a competence, another word for capability, is defined as an ability to sustain the coordinated deployment of assets in a way that helps a firm achieve its goals (Sanchez et al, 1996).

Over the years, a number of research articles have been developing competence-based theory. One example, Prahalad and Hamel (1990) argued that a company should be viewed as both a collection of resources and a collection of competences because ‘‘in the long run, competitiveness derives from an ability to build, at a lower cost and more speedily than competitors, the core competencies that spawn unanticipated products’’. Core competences provide access to a wide variety of markets, make a significant contribution to the product value, and are difficult for rivals to imitate. Thus, from core competences end products emerge (Hunt and Lambe, 2000). Because core competences, unlike tangible resources, do not reduce value with use but are enhanced as they are applied and shared (Prahalad and Hamel, 1990).

The dynamic state is where ‘‘managers in at least one firm change their assessments of the gap between the perceived and desired states of one or more system elements, modify the firm’s goals, and begin to take gap-closing actions’’ (Sanchez et al., 1996). Dynamic capabilities are the firm's ability to integrate, build, and reconfigure internal competences to address, or in some cases to bring about, changes in the business environment (Teece et al., 1997). The strength of a firm's dynamic capabilities is necessary for the company to maintain profitability over the long term, including the ability to design and adjust the strategy.

Extended Resource-Based and Competence-Based Framework

In 1991, Grant developed a framework to assist companies in their strategy selection based on RBV. This framework focuses on determining the resources and capabilities of a company for strategy selection. As stated before, the competence-based theory extends the RBV and fill the gap of a holistic internal theory. Therefore, it is logical to extend Grant's framework with the competence-based theory. This extended strategy formulation theory can be seen in Figure 2.

The first step of this framework, the resources and capabilities are gathered. Both of these factors are responsible for deciding the competitive advantages utilized by the firm. In the second step, we evaluate the ability to appropriate returns from its resources and capabilities, thus evaluating if each resources and capabilities provide competitive advantage. For step 3, formulating the strategy, here a strategy is designed around the most critically important resources and capabilities where they possess a clear competitive advantage. Identifying resource and capability gaps and improving them is the last step of this approach. This step is important because the approach to strategy not only is concerned with the deployment of existing resources and comptences but also with the development of new ones. All phases of this framework; VRIO resources, core competences and dynamic capabilities, competitive advantage, strategy formulation, and resource and capability gaps will be further extended and explained in the following sub-sections.

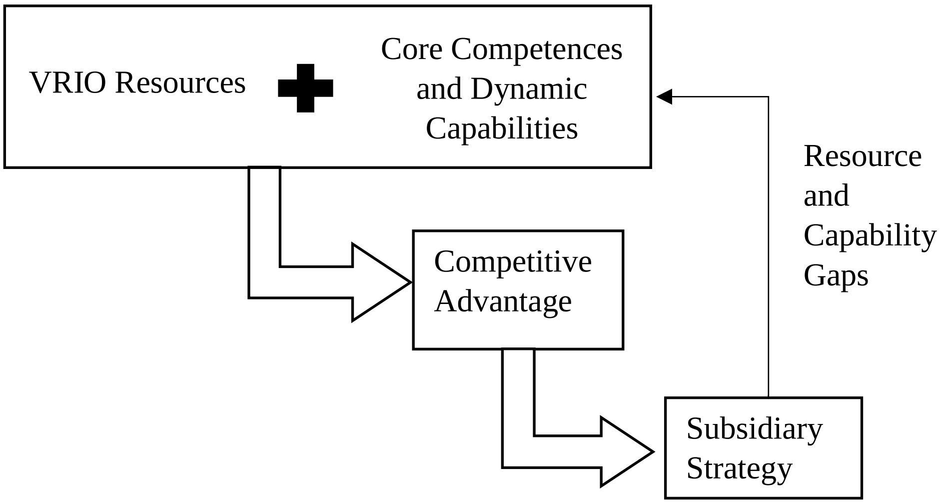

Figure 2: A resource and competence-based approach toward strategy analysis.

Resources

By definition, a resource is an economic or productive factor required to accomplish an activity, or as means to undertake an enterprise and achieve the desired outcome (Business Dictionary, 2019). Resources can be sub-categorized into tangible and intangible resources, which are both important for the proper functioning of the organization (Wu, 2010). These resources have to be diverse and only are immobile resources, thus organization specific. Although having heterogeneous and immobile resources is critical in achieving a competitive advantage, it is not enough alone if the firm wants to sustain it according to research in the years after. Therefore, Barney identified the VRIO framework that examines if resources are valuable, rare, costly to imitate and non-substitutable (See Figure 3).

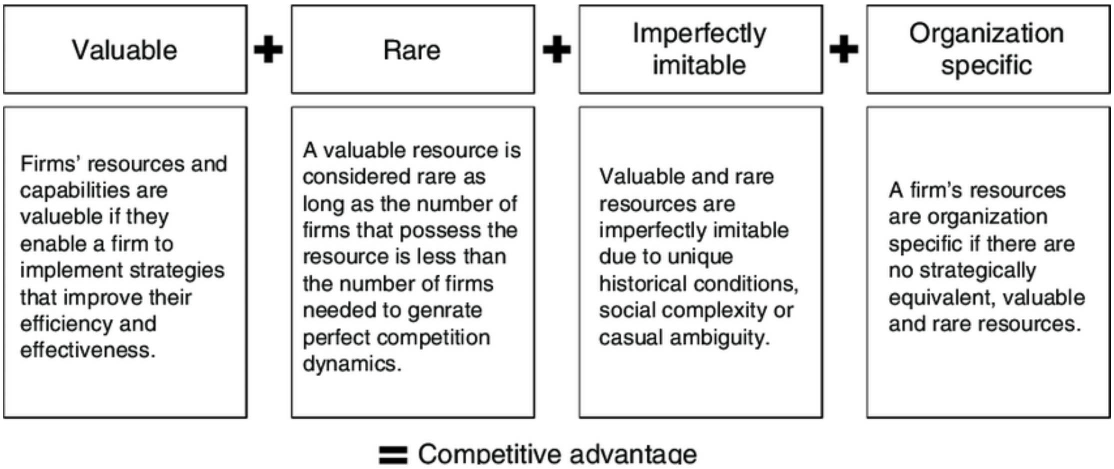

Figure 3: Competitive advantage through VRIO (Brem et al., 2016)

The valuable attribute is when a company's resource and capabilities enable a firm to improve its efficiency and effectiveness. Rare is when the amount of firms possessing the resource is less than the number of competitors. Inimitable is due to the unique historical conditions, social complexity or casual ambiguity. Organization specific is if there are no strategically equivalent, valuable, and rare attributes. The resources that answer yes to all four VRIO attributes are considered to be sustained competitive advantages. Wernerfelt (1995) even stated that resources that are non-substitutable in nature can provide more benefit to the firm as the competitors won't be able to match the same expectation that the firm adopts in the market. Most successful strategies or business models can eventually be imitated to some extent by other companies, however, VRIO resources can at least provide some protection against inroads by competitors. Barney expanded Wernerfelt's work and formulated the blueprint and accordingly the utilization of the resources for every capability of the firm (See Figure 4).

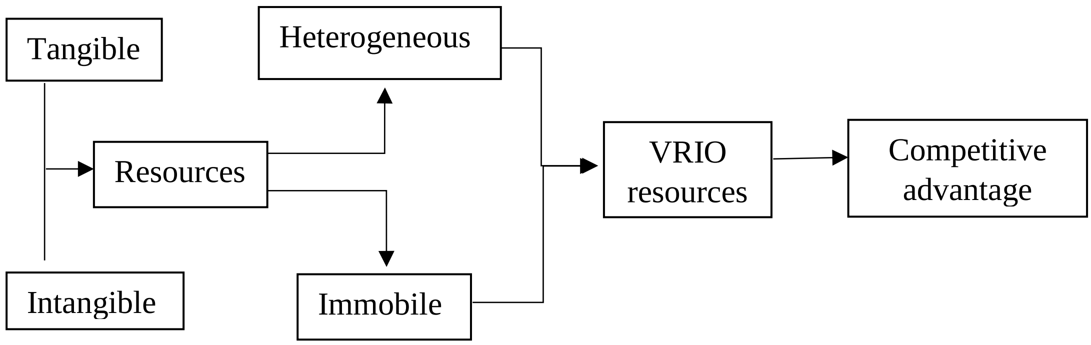

Figure 4: Blueprint from Barney's expansion (Barney, 2001)

Capabilities, Core Competences and Dynamic Capabilities

Capabilities are another key concept within resource-based theory. The best way to understand the difference between capabilities and resources is that resources refer to what an organization *owns*, capabilities refer to what the organization can *do* (Barney, 1991; Wernerfelt, 1981). Capabilities tend to arise over time as a firm takes actions that build on its strategic resources and are important themselves because they are how organizations capture the potential value that resources offer. Capabilities are needed to gather, to manage, and otherwise to exploit resources in a manner that provides value added to customers and creates advantages over competitors.

Teece and Pisano(1994) argued the essence of capabilities is embedded in organizational processes. However, the content of these processes and the opportunities they afford for developing competitive advantage at any point in time are shaped significantly by the assets the firm possesses and by the evolutionary path it has adopted. Because these processes are shaped by the resources in the firm and follow a path in the firm they are valuable for the company, rare, inimitable, and organizational specific. Thus, VRIO processes explain the essence of the firm's core competences and its competitive advantage (Teece and Pisano, 1994).

Winter's paper on organizational routines expands the work of Teece in competence-based theory. In which he argued that while resources are no doubt important to a firm's competitive advantage, they are by themselves insufficient (Winter, 1995). Here Winter (1995) suggested that firms needed to also possess and be able to replicate routines or processes by which resources can be coordinated and/or deployed.

Later, Teece, Pisano, and Shuen proposed the dynamic capabilities framework to explain how combinations of capabilities and resources can be developed, deployed, and protected (Teece, Pisano, and Shuen, 1997). According to them, the dynamic capability is defined as 'the firm's ability to integrate, build and reconfigure internal and external competencies to address rapidly changing environments' (Teece et al. 1997).

Building on the work of both authors, Eisenhardt and Martin (2000) later averred that dynamic capabilities are the organizational and strategic routines by which firms achieve new resource configurations as markets emerge, collide, split, evolve, and die. In summary, these authors contended that resources alone do not add real value to the firm. Thus, competence-based theory complements the resource-based theory.

Competitive Advantage

Both the VRIO resources and core competences are distinctive attributes that provide competitive advantage (See Figure 5). A business is profitable if the value it creates exceeds the cost of performing the value activities by using the distinctive attributes. To gain a competitive advantage over its rivals, a company must either perform these activities at a lower cost or perform them in a way that leads to differentiation and a premium price (Porter, 1980).

A company's cost position reflects the collective cost of performing all its value activities. Each value activity has cost drivers that determine the potential sources of a cost advantage. Contrary, Porter suggests that a differentiation strategy aims to create a product that customers see as unique. Among many sources of differentiation, quality is the approach that most often characterizes a differentiation strategy. This is because quality creates a competitive advantage through customer loyalty as well as minimizing customer sensitivity to price. Also higher quality usually requires the use of more expensive components, and other manufacturing and management techniques incompatible with achieving low costs.

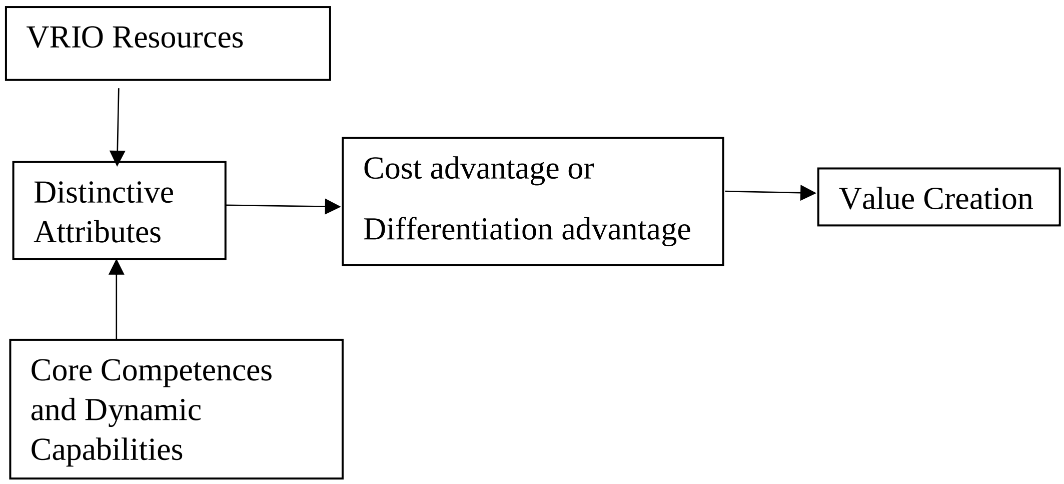

Figure 5: Model of the competitive advantage

Strategy Formulation

As discussed before, resources and capabilities which are durable, difficult to identity and understand, imperfectly transferable, not easily replicable, and is organizational specific are the ones that help achieve competitive advantage. The essence of strategy formulation is to design a strategy that makes the most effective use of these core attributes. This strategy formulation around the core resources and competences imply that the company limits its strategic scope to those activities where it possesses a clear competitive advantage. On the contrary, according to Grant (1991), a failure to recognize and exploit this VRIO resources and core competences in the strategy leads to dire consequences.

Furthermore, subsidiaries build their strategy by balancing their own initiatives against resources and capabilities from headquarters while coordinating efforts across the MNC (Birkinshaw, 1996). Besides having their own competitive advantage, it is necessary to embed their strategy with the parent strategy to create one subsidiary strategy (Adamides, n.d; Bowman & Ambrosini, 2003).

Resource and Capability Gaps

For the development of new resources and capabilities to fill the gaps, Bowman & Ambrosini (2003) suggests that resource and capability should be created not only by recognizing where the congruencies and complementarities exist in the subsidiaries. However, "across the corporation and across the corporation and its clients, by encouraging to pool their skills and resources with those of other subsidiary teams, or by encouraging cross-divisional linkages, and by enhancing innovation throughout the corporation" (Bowman & Ambrosini, 2003).

Furthermore, Taggart (1998) suggested that evolving a practical strategy using some form of incrementalism together with a rational analysis that identifies major sources of risk gives the best chance of growth. In 1994, Hamel and Prahalad proposed focusing on industry foresight and competence leveraging. Because, according to them, a strategy is not about only by finding a good fit between existing resources, capabilities, and opportunities, it is a focus on industry foresight and competence leveraging. Foresight is the capability of anticipating the future by determining what new types of benefits a company should offer their customers in the next years and what new competences should be acquired or built to offer such benefits. For resource-leveraging, the focus is on resource effectiveness in productivity success. Researchers argue that more attention has been given to analyses of firm productivity on resource efficiency than on resource effectiveness. For them, competitive advantage can be achieved by resource leveraging that results from ''more effectively concentrating resources on key strategic goals, more efficiently accumulating resources, complementing resources of one type with those of another to create higher-order value, conserving resources wherever possible, and rapidly recovering resources by minimizing the time between expenditure and return'' (Hamel and Prahalad, 1994).

Methodology

For this research, the first step was to do a literature review of the state of the art knowledge of RBV. Furthermore, through this review, a framework, the dimensions, and variables of the framework are discussed. In order to expand the theoretical RBV framework with more relevant literature, literature on RBV and recent findings were derived from the university library, Google Scholar and Scopus. Afterward, to implement an approach to formulate a strategy from the RBV perspective in practice and to successfully formulate a strategy for Company X, the case study design method was chosen. Whereas all four steps of the RBV framework; analysis of resources and capabilities, competitive advantage, strategy selection, and identification of resource gaps, will be explored and applied for Company X.

Next, complete data collection and analysis is described and explained to maintain future reliability. This is important so that the study could be reproduced by other researchers to improve its reliability.

Qualitative Method

A case study method is amongst the most flexible of qualitative research designs and is particularly useful in researching issues related to management studies (Harrison, 2017). A case study is an empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident (Yin, 2009).
For this case study, the data was being collected through documentation, interviews, and observations. First of all, documentation (e.g. annual reports and presentations) and interviews with the technology manager and the plant manager were used to find out more about the current situation of the subsidiary firm, which contributed into setting the scope of the research. Second, further open-ended interviews with other departmental managers resulted in relevant data for the analyzing part of this research. Lastly, any observations during 3 months at the company will help in other insights that were not stated in the interviews for also the analyzing part. These different data sources will strengthen the research in its validity as it collects the information from different sides. In addition, the data sources will be checked on their reliability, although it can be assumed that close stakeholders, thus, the management team can provide a reliable opinion. Contradictions in the data are removed or not taken into account.

In total 5 respondents were interviewed, from 5 different departments in the company. The departments include plant, technology, R&D, site, and sales. These respondents were selected based on their position in the company and their willingness to join the research. To ensure the privacy of the respondents, the case study company and themselves have been renamed.

Due to the nature of this research, the best way to obtain the most valuable, reliable and valid data was through interviews. In-depth, open-ended interviews will realize the best results since this method can reveal unexpected discoveries (Babbie, 2010). The interview questions were set up with the help of literature and the RBV framework mentioned previously (See Appendix 1).

All respondents are interviewed in their own work environment in order to make the respondents feel relaxed and comfortable. By request, the respondents received the interviews beforehand to prepare their answers by cause of privacy. Due to availability, the open interviews were held face-to-face and or by email. Furthermore, for three months the researchers visited the office and joined in tours of the plant to observe the company and their employees. To ensure everything was documented during the interviews, all interviews were recorded. Furthermore, the researcher made notes during all interviews in case of malfunctioning recorder, statements that needed to be clarified or noting ‘off-the-record’-quotes which were not suitable for recording but could still contribute to the research.

For the data analysis, the process was split into three stages. The first stage is called describing the experience. In this stage, the data collected from multiple sources were mapped; then categorized using color codes, taxonomies, and the resources and capabilities were chronologically ordered. The second stage was to describe meaning. In this stage, the literature was consulted and the data was linked to the phases derived from the extended strategy formulation framework. By following the framework, first, the mapped resources and capabilities were described, then the competitive advantage of Company X was selected through the analysis of the VRIO resources and capabilities. Then a suitable strategy was formulated, with some focus on foresight and resource-leveraging for the company. In the last stage, the focus was on the analysis and generalization of the overall case study findings. From this stage, the resource gaps for Company X, discussion of this study, and the conclusion were presented. The case was limited to itself, but attention to selected details enhances the analysis and increases the clarity of reasoning.

Company X

For this research, Company X was selected to study. Company X has been founded in the late 1920s and is a medium-size specialty chemicals company of around 200 employees. The plant offers solutions to both the specialty products and surfactants businesses. These solutions that Company X produces are called surfactants which are ingredients that are used to make laundry detergents and shampoos but can also be found in a piece of paper or medicines. Besides personal care and paper, their products markets also include coatings, base surfactants, textile and leather, oil field chemicals.

Fifty years after they were founded they became an acquired subsidiary company. And almost 100 years later up till now, Company X has been acquired five times. The last one was done just last year. The reason why Company X was acquired by large MNC’s is due to many factors. One of the factors is Company X plant. It has a site size of about 40 acres, a capacity of 80,000 to 100,000MT, and is surrounded by a forest. The nearest town is one kilometer away and it has a highway and railway connections.

In the last venture, the company went from not knowing what their strategy is to a new company subsidiary role. Therefore, Company X is in search of some strategic orientation. For the parent company, their goal of the latest acquisition was to further their specialties and expand its existing business portfolio in terms of product range and market coverage. Furthermore, to use Company X’s site as another hub for its market penetration strategy. Which will further accelerate growth in the group's downstream chemical specialties business in Europe. Company X themselves want to also take advantage of the situation and achieve competitive advantage by formulation an effective strategy.

Results

In the following section, the results of the case study will be presented. Where every step of the extended framework is thoroughly analyzed and the results from Company X is presented. Therefore, first all resources obtained from the data collection (See Appendix 2) is presented, followed by the capabilities, then the analysis of the competitive advantage is explained. Lastly, the suitable strategy is formulated and resource and capabilities gaps are identified. To reiterate, these results are based on interviews and observations done during the data collection phase and documentation collected at the company and on the company's website.

Case Resources

Based on the data collected, several resources were deducted. To structure the collected resources, they were divided into tangible and intangible resources. In total there are five tangible resources; equipment, quality ingredients, the technology used to make their products, their plant location, and specialized employees. Besides the tangible resources, there are intangible resources that could be derived from the data collection. Those include technical knowledge, reputation, and intellectual property. All resources are explained in short in this subsection.

Equipment

One resource mentioned in all interviews is the reactors of Company X. These chemical reactors are the equipment used to produce the end products offered to the customers by Company X. Technically, they are enclosed containers were the chemical reaction takes place. For Company X, they are viewed as their most valuable resource where they focus on it to keep it at a high level and to keep it competitive.

In total there are four reactors in the house. Although these reactors can be bought at a high price in the market, Company X tweak them to their needs and requirements. One interviewee stated that three reactors have been completely renewed in the last three years. Which make them efficient and for a great number of money competitors have to invest to reach Company X's competitive size. Because the competitors have smaller reactors which are quite old.

Quality Ingredients

To make these end products that Company X offer, they need chemical ingredients from the highest quality. One reason given is that the main raw material, the heart of their product, where a lot of end products are produced by that is a very dangerous “toxic and explosive” raw material. Thus, these ingredients have higher standards according to law due to its dangerousness. Therefore, having quality ingredients is important, which help produce quality products that their customers value.

Technology

Under the category technology, a broad range of chemical technology is included. For example, the software used to calculate a certain chemical in a product or a technology used to test if a product is safe. These technologies jointly aid in making the subsidiary a multistep facility.

> “A broad range of chemical technologies that we can handle here, we have more flexibility and do multiple steps (…) is in my view one of our strengths.”, as stated by one interviewee.

Although these technologies are not only used by Company X, they constantly work on “introducing new products, installations, and businesses and also work on lean and six sigma projects” for improvements of this resource. One of the improvements presented was in implementing smart technologies in the old processing sites.

Plant location

According to the data collected, the location of the plant is another resource of the company. The plant is located in a secluded area, where they have little to no neighbors. They are surrounded by green land, which offers safety for civilization, so when any disastrous accident potentially occurs they are protected. Also, having the forest surrounding the company gives them the ability to expand into that territory, which compared to others is not always the case. As their mother company’s plant is in the living area, close to the station and with no extra land left for expansion. Furthermore, another advantage to include is that its located at a land border with their own train rails which make the import and export of products easier to them and their clients.

Specialized Employees and Technical Knowledge

"We are not specialists in certain areas."

Here the interviewee was talking about the company in general. However, through observing individuals, every employee is specialized in what they work in. According to HR, the staff has to obtain a diploma in their specialty to be hired, to "focus on keeping them at a high level and to keep it (the company) competitive". Another example, from observations, the five managers interviewed comprehend extensively what they were talking about and have the skills to do their work. Thus, proves they are specialized employees. Furthermore, the higher ranked employees have been at the company for more than 20 years individually, where they attain their specific knowledge through theory and practice. In Company X, specialized employees and technical knowledge come hand in hand due to the years of experience by the employees.

Reputation

Reputation refers to the observer's collective judgment of a corporation based on assessments of financial, social and environmental impacts attributed to the company over time (Barnett et al., 2006). According to one interviewee

"Reputation in certain areas (is) that we are supplying a good quality compared to some other competitors".

Having this quality reputation in their market creates value for Company X. However, in local media, there has not been a good reputation in the last years for Company X due to a misfortune that happened. Nowadays, according to associates, this has not affected their sales directly, but their production. Deadlines could not be met in time which led to a decrease in sales.

Intellectual property

Creations of the mind: inventions; literary and artistic works; and symbols, names, and images used in commerce are all considered to be intellectual property. In theory, intellectual property is divided into two categories: industrial property and copyright. Industrial Property includes patents for inventions, trademarks, industrial designs, and geographical indications. On the contrary, copyright covers written documents, films, music, and other artistic works. For Company X, industrial property is most suitable to investigate. Yet, this resource is the least invested in according to the interviews. An interviewee even stated that;

“ We have a patent but have not done anything on it.”

This interviewee argued that all the technologies and products Company X have can be developed or bought by multiple parties and this subsidiary do not see the value in this resource.

Case Core Competences and Dynamic Capabilities

The next step in the framework is to identify the firm's core competences and dynamic capabilities. All capabilities of Company X includes supplier and distributor contracts, licensed agreements, partnerships, reinvestments, the speed of service, process standardization, supplier relationships, customer service, Dutch culture, health programs, employee education, and sustainability programs delivered by the firm.

Contracts, Licensed agreements, and Partnerships

Capabilities which was created over the years is contracts. Contracts with the suppliers and their buyers. The buyers for Company X are distributors, so they buy a large amount of the product and sell them to companies who will use the product as an ingredient for their own product. Due to years of contracts between the supplier, a trust has been built between them. Trust also leads to partnerships with sister companies and the relationship built with other companies. A partnership is when two or more individuals offer money, skills, and other resources, and share profit and loss in accordance with terms in an agreement. In the absence of such a contract, a partnership is assumed to exit where the participants in an enterprise agree to share the associated risks and rewards proportionately (Business Dictionary, n.d.).

For Company X, having sister companies offers the ability to buy now from sister companies, that will help them both. Furthermore, their sister companies can produce ten times more of a product, which gives them the opportunity to buy together in much bigger quantities. As concluded by an interviewee:

"They now combine and buy that raw material for the whole company (makes) us are more competitive and we can still buy it at the same company."

Besides partnerships and contracts, Company X has licensed agreements as well. One example is with their previous parent company. Their previous parent company gives Company X the opportunity to produce a product with their patented technology. This product is produced for their previous parent company exclusively, in return for using their technology.

Reinvestment

As stated before, Company X reinvest in their company. They reinvest in their technologies, equipment, plant and even their employees. For employees, education and programs are offered for them to grow. This is a valuable capability because Company X knows that reinvesting in their resources and capabilities keeps them competitive and at a high level.

Speed of Production

Flexibility is one of the most common words in the interviews. Company X values it because it offers other values such as quality product and speed of production. “product quality and delivery on time in full, that is the most important for us at the moment”. Since Company X has a very small sales team, the R&D managers and the sales team go to some of the major customers to talk personally with them about their requirements. Then together they work with their clients every step of the way to ensure continued success and satisfaction. This limits the communication error and removes non-value added layers in the development process which offers flexibility and speed in productions due to the clear understanding between them.

Process Standardization

Based on observations by the researchers, this capability of process standardization was included. Everywhere at the plant, employees use documentation and instructions to proceed with their tasks. This standardization is applied due to safety reasons in chemistry and promotes speed in production.

Employee Education

Company X offers employees besides their monthly wages education to further their knowledge and maintain their expertise. Also for employees, they stated that they gives frequent training, for example plans to improve yourself so the employees have the opportunity to focus on themselves. These they do by investing in training and external consultants. Consultants are invited to give training and workshop to the employees for both the subsidiary and employee’s benefits.

There are multiple benefits in offering employee education. According to research, it increases productivity, reduces faults, positively affect staff morale and motivation, reduces staff turnover and absenteeism (Clayton & Radcliffe, 2018). Also, it helps your business adapt to change and prepare for growth, help you attract top talent if your business is seen as one that values and invests in their workers, and gives Company X a competitive advantage.

Culture

> "Culture (..) is west European Dutch. Managers know the business from a technical point of view and for them, it is easy to communicate in Dutch" was stated in the interview."

This is clear for every employee. Since the primary language at Company X is Dutch. Having the same language and culture it is straightforward that this leads to better communication. Even though it can always be improved and Company X does quite some work in improving the culture. Workshops are given on the use of the culture ladder, in order to have a more proactive culture. Since their internal goal is to be proactive on safety, productivity, and quality. Thus, to have here a "proactive culture" is why the subsidiary have invested a lot of time and money.

Health programs

Besides education, health programs are also provided to employees. Company X provides a well-known vitality program. As it won two years ago awards and prices for the vitality program, such as the most vital company. This is offered to keep the employees healthy for longer working years. In this vitality program workshops, for example, mountain biking and running are included.

Sustainability programs

For the chemical sector is quite a challenge to have sustainability and environmental programs, according to the employees. However, Company X does care about their neighborhood. Thus, they developed a neighborhood application to keep in touch with the city near their location. Besides the application, both Company X and the city have meetings with each other from time to time to keep them informed about what they do. Company X does know it is important to work on environmental programs because this sector causes some harm to the environment. Topics such as emissions to air and water are important for them to investigate, according to one interviewee. However, this is not their priority in the near future.

Competitive Advantage

By analyzing the resources and capabilities, four resources are valuable, rare, inimitable, and organizational specific according to the different data collected (See **Table 1**). Three of the capabilities listed are core competences. The seven distinctive attributes are: Equipment, Plant location, Technical expertise, Intellectual property, Licensed agreements, Speed of Production, and Partnerships. All together guides Company X to competitive advantage by creating value.

Resource and Capability			**Valuable**	**Rare**	**Inimitable**	**Organizational Specific**	**Competitive advantage**
Tangible Resources	Equipment/reactors		Yes	Yes	Yes	Yes	Fully
	Quality Ingredients		Yes	No	No	No	No
	Technology		Yes	No	No	No	No
	Plant location		Yes	Yes	Yes	Yes	Fully
	Specialized Employees		Yes	No	No	No	No
Intangible Resources	Technical Expertise		Yes	Yes	Yes	Yes	Fully
	Reputation		Yes	Yes	No	Yes	Partially
	Intellectual property		Yes	Yes	Yes	Yes	Fully
Capabilities	Supplier Contracts		Yes	No	No	Yes	Partially
	Licensed agreements		Yes	Yes	Yes	Yes	Fully
	Partnerships		Yes	Yes	Yes	Yes	Fully
	Reinvestment		Yes	No	No	No	No
	Speed of Production		Yes	Yes	Yes	Yes	Fully
	Process Standardization		Yes	No	No	No	No
	Employee Education		Yes	No	No	No	No
	Dutch Culture		Yes	No	No	No	No
	Health programs		Yes	Yes	No	No	Partially
	Sustainability programs	Neighborhood application	Yes	Yes	No	Yes	Partially
		Environmental programs	Yes	Yes	No	No	No

Table 1: VRIO Resources and Core Competences

Strategy Formulation

Having these seven distinctive attributes allows Company X to offer a diverse portfolio of products and flexibility in the development process which leads distributors and clients to efficiently leverage their expertise at any stage of development. Whether it be for already developed products or a completely customized product, Company X offers to develop the product in large quantities with high quality. In addition, all of their owned equipment and technology are maintained to meet the highest standards of production. Where their staff tests all of their products using their own in-house testing lab which has been certified by REACH.

Over 90+ years of experience in manufacturing and bought over five times is another argument towards the commitment of quality. From beginning to end, they control all production processes. Their in-house R&D team works in cooperation with each client to understand their specific requirements and specifications. From there, they develop products that fit the client's unique needs and distinguishes itself from its competition. These unique end products and production processes should then be patented for future production to provide a unique advantage to Company X.

For Company X, having a relationship between R&D and the clients reduces the misunderstandings and gives the company the flexibility to produce the product with the speed that the client wants. Their multiple sister companies enable a streamlined production process. Additionally, Company X’s plant also serves to provide inventory back-up and additional filling capacities. Which maximize their sales requirements to get the quality product to the right place at the right time.

The flexibility in development, control quality over the production process, and working hand in hand with each customer lead to unique specialty products, where quality is more important than cost. Thus, between cost advantage or differentiation advantage, the most suitable advantage of Company X is to achieve differentiation.

Having the competitive advantage of Company X based on their distinctive attributes, we have to look at the resources and capabilities from the parent company offered to Company X in order to specify an adequate strategy for Company X. The main resources and capabilities discovered in the data collection provided to Company X is financial capital, quality ingredients, intellectual property, knowledge, and partnerships. Being a large MNE, they have these resources and capabilities in abundance.

Besides the resources and capabilities that the parent company offers to Company X, the parent company has its own strategy which has to be embedded with their subsidiary company in order to achieve its equivalent goal. On their website, it clearly states: “We seek better ways of doing things and embrace change to adapt our business to the market and environment. By cooperating with our colleagues across geographical, divisional and functional boundaries to achieve company goals. These colleagues are respected as partners and regarded as valuable contributors to the company's success and care for them as family. We uphold the company's interest through thick and thin. These all for a result- oriented performance.” From this strategy, it is clear that cooperation and company culture is important to achieve high results. This is similar to subsidiary strategy of Company X, where cooperation within and with clients is one core competence of them. As stated before, Company X offers continuous and multi-purpose batch reactors and are specialized in multi-step reactions on-site. By-product development, often in close cooperation with customers, their R&D center contribute to successfully serving a wide variety of markets and maintaining them. Lastly, company culture is not a core competence of the subsidiary, however, it is a capability that Company X has and is investing in. Together with the parent company who provides training to their subsidiary to make culture a core competence.

Resource and Capabilities Gaps

Finally, the last step of the framework is to identify the resource and capability gaps to be filled and invested in by Company X for resource and competence leveraging. Firstly, the number of staff is limited. Due to the search for specialized employees, the staff has been quite understaffed. The sales team has to increase the size in order to achieve more sales because more staff equals more opportunities. Secondly, the subsidiary capital has to grow to achieve more. Even though the capital is a resource of the parent company, the subsidiary company has to have its own capital to invest in its plant, equipment, technology, and staff. Without capital, they cannot fill the resource gaps. With capital Company X can invest also in foresight experts and tools. As stated before, industry foresight is a capability that offers future knowledge based on past data. So a Company X can anticipate and offer end products to customers before they ask for them. Thirdly, the knowledge has to become transmittable. Knowledge is now attached to expert employees and not to an online knowledge base. So, if an employee decides to leave the knowledge goes with them. For the knowledge to do not disappear, this knowledge should be transmitted through training and online or offline documentation. Lastly, reputation can be an asset to the company. The company that has a good reputation enjoys multiple benefits and one of them is having an advantage in the market as the customers mostly believe in and go for the brands that have a positive standing in the market and are well-known amongst their community (Bhasin, 2018).

Discussion

After applying the framework in this case study at Company X and determining the strategy of the subsidiary, the discussion of the application of the framework are presented in this section.

In this research, a framework from subsidiary strategy formulation is extended with relevant literature from the inside-out approach. Therefore, the RBV framework from Grant (2001) is extended with the competence-based theory. In this new framework, capabilities, more exactly core competences, provide further competitive advantage simultaneously with their resources. As Winter (1995) argues while resources are no doubt important to a firm's competitive advantage, they are by themselves insufficient without capabilities. Thus, this framework offers an approach for subsidiaries to formulate a strategy which complements existing literature that identifies that subsidiary performance is primarily determined by parent and subsidiary resources and capabilities.

The results of this investigation show this too, where not only analyzing the subsidiary resources and capabilities are important to formulate a strategy, however, the resources and capabilities of the parent company are also important. Because usually the parent company aid subsidiaries with resources and capabilities where the subsidiary is lacking. To extend the distinctive attributes of the subsidiary to achieve an overall goal, competitive advantage for both parent and subsidiary (Birkinshaw, 1996). Therefore, analyzing the resources and capabilities across the subsidiary and parent company, by recognizing where the congruencies and complementarities should be done. This will encourage the subsidiary to gather their resources and capabilities with those of other subsidiary teams, encourage cross-divisional linkages, and enhance innovation throughout the corporation (Bowman & Ambrosini, 2003). As consequence, the subsidiary fills the resource and capability gaps and provide positive results for the whole corporation.

Furthermore, according to literature and this research, both resource and capabilities have to be valuable, rare, inimitable, and organizational specific to add value for the company. These VRIO resources can provide more benefit to the firm as the competitors won't be able to match the same expectation that the firm adopts in the market (Wernerfelt, 1995). Together with the core competences, they provide access to a wide variety of markets, make a significant contribution to customers' perceptions of benefits, and are difficult for rivals to imitate (Prahalad and Hamel, 1990). By both analyzing the VRIO resources and core competences leads to a competitive strategy, that strengthens the subsidiary strategic orientation.

All these findings make several contributions to the current literature. As stated before, little attention has been given to the RBV in the subsidiary literature. According to Birkinshaw (2001), part of the reason for this limited research is that RBV implicitly assumes that the resources and capabilities are developed and held in one place. Whereas in the reality, the resources and capabilities are held at subsidiary level and at firm level (Bowman & Ambrosini, 2003). Thus, for the presented subsidiary strategy formulation framework, parent company resources and capabilities should be taken into account in order to determine and formulate the subsidiary strategy.

For subsidiaries in similar sector and scope, these findings assist in determination of their strategic orientation, thus help in achieving a capability that further also leads to competitive advantage. Also, firms in other sectors may adapt this framework to find their own VRIO resources, core competences, and even dynamic capabilities if their business environment acquires that. Taggart (1998) suggested that for a subsidiary strategy formulation, a dynamic process should be involved that gravitates towards the evolutionary rather than the incremental. In particularly important when a firm moves from one strategy to another, whether to move away from poor positioning or by future acquisitions (Taggart, 1998). The presented extended RBV framework recommends this evolutionary process, where a subsidiary should constantly close the resource and capability gaps and use foresight to anticipate future resources and capabilities to offer new benefits to clients of the firm itself. This to ensure that the same situation, where due to the change of subsidiary role and the company could deprive of strategic orientation, does not reoccur and have an evolving strategy for themselves.

Conclusion

In literature, an important antecedent of a firm's competitiveness is its current resources because resources constrain what is possible (Wernerfert, 1984). Not only resources, capabilities that employ and mobilize firm resources are also a direct determinant of performance (Teece, Pisano, and Shuen, 1997; Winter, 1995). Resources and capabilities are both dimensions of the inside-out theory for strategy analysis.

The RBV strategy formulation focuses on the methods through which the firm collects resources and capabilities. Most research on RBV theory is mainly for MNE. Thus, limited literature of RBV research can be found regarding the subsidiary and less regarding subsidiary strategy formulation. Therefore, the main goal of the current study was to determine how can a subsidiary successfully formulate its strategy based on an RBV perspective to strengthen its strategic orientation.

In order to investigate this, the RBV framework from Grant (1991) was expanded with relevant and complementary literature, in this case the Competence-Based Theory, to implement the strategy formulation for a subsidiary. The competence-based theory extends the RBV towards a more holistic view of the company strategy. To implement this extended framework in this research, a case study was chosen at a chemical subsidiary company, which was newly acquired by an MNE. Due to this acquisition, its strategic orientation was unknown and was searching for a fitting strategy. With this framework, the case study Company X could strengthen their strategic orientation and new insights for practitioners came to light.

Limitations & Future research

Since the study was limited to Company X, it is not possible to generalize the findings to all subsidiaries due to the relatively limited sample. This work offers valuable insights into the strategy formulation framework based on RBV and expanded with the literature of subsidiary strategic formulation so it can be implemented in subsidiaries. Another limitation is the chemical sector is a relatively outdated sector, where innovative organizational business activities are not common. In other words, a chemical company cannot be compared to other sectors, e.g. technology company.

Furthermore, the research was done in a time period in which many alterations, shortly before the research was conducted within the firm, occurred. Limited time and associates were available for interview. In addition, only managerial positioned employees were interviewed. Low-level employees were not available, this would help to investigate the in-depth working capabilities and resources. Also, the managers interviewed had meetings with each other, where they talked about the interview questions and thus influence each other to their answer.

For future research, another study should be undertaken to explore what the results were from the implementation of this strategy formulation at Company X from their competitive advantage viewpoint and compare the before and after implementation. Since this study only focuses on the strategy formulation of Company X, in future studies it may be good to analyze the consequence of implementing this framework. Also, further research in other subsidiaries is an essential step in confirming the rightfully strategic formulation. Lastly, an investigation of an outside-in approach in strategy formulation can be compared, to examine if a similar or alternative subsidiary strategy is derived.

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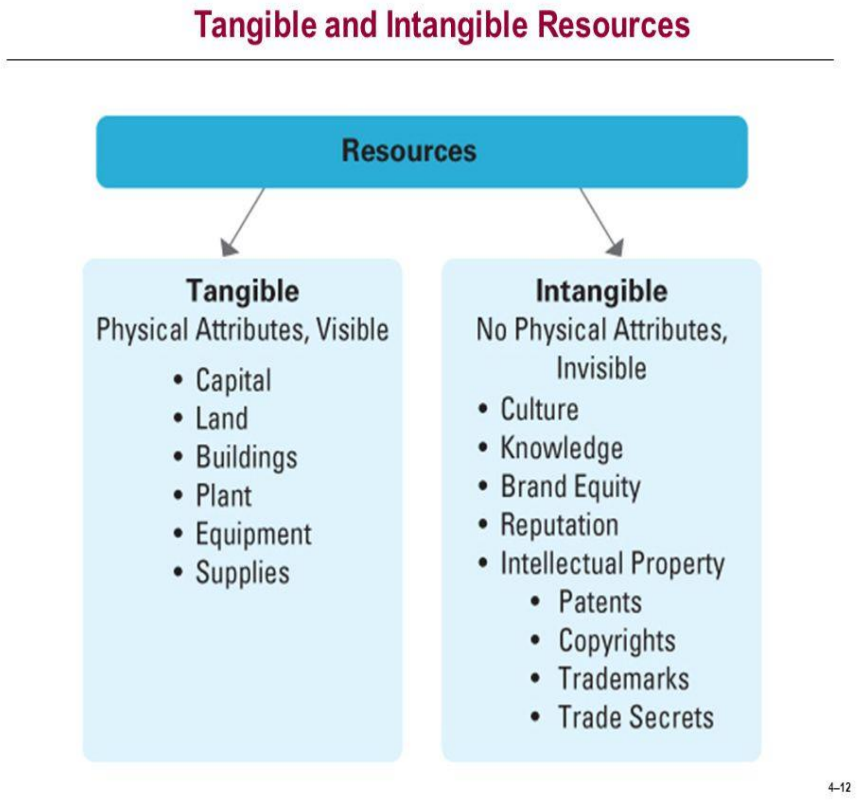
Appendices

Appendix 1: Open-ended interview questions

1. How long have you worked here? Can you tell us about your role in and out the company?
2. Would you describe to us in short from your perspective Company X.
3. As now the company is in transformation phase, what do you think would be the most important step that Company X takes that would please the Parent company?
4. Accordingly, Can you think of Goals that MNC has related to Company X.
5. Are these Goals and Values in accordance with those of Company X?
6. On the other hand would you describe shortly what are the Goals and values of Company X
7. What is the real problem Company X is solving for its customers?
8. What differentiate Company X from its competitors? And what is its biggest differentiation?
9. On the contrary, what are the vulnerable parts of Company X?
10. Could you think of resources that Company X has, which are simultaneously valuable, rare, inimitable, and non-substitutable.



11. In order of their exploitation, in your opinion, is the necessary attention given to those resources?
12. What are the future opportunities to better utilize the resources?
13. If there's one thing you could improve, change, or add to the resources, what would it be?
14. Do you think reputation of Company X is important factor for customers and suppliers? Currently is it a profitable asset that Company X has?

The industry

1. How would you describe Company X' role in the market?
2. How many influencing customers do you have? Could you consider the customers of Company X concentrated?
3. How is a target customer chosen in Company X? is there a segmentation approach?
4. Who are the competitors?
5. What barriers have you put in place to stave off the competition?
6. What are the industries barriers to entry?
7. Is there any other substitutes to Company X products? If yes are these substitutes cheaper?
8. How would you describe the relationship with the suppliers of Company X. Most of the time who has the bargaining power, Company X or the suppliers?
9. Is there any complementary products to those of Company X that you can think off?
10. Are there any specific legal, environmental or social issues that promote or obstruct specific productions?
11. What is the geographic scope of Company X for long and short terms?
12. As suggestions are there any products that should be excluded and/or included from the assortments?
13. Is the industry where Company X operates media sensitive? Or in contrary things that happen in the industry are not much illustrated by media
14. What are the top 3 risks Company X face right now?
15. What are the most important issues you think Company X or the industry in general will face in the future?
16. Does Company X engage in social responsibility programs?

Appendix 2: Case Study Resources and Capabilities

Resources and Capabilities	Interview 1	Interview 2	Interview 3	Interview 4	Interview 5
Equipment/reactors	X	X	X	X	X
Quality Ingredients	X	X	X		
Technology	X	X		X	
Plant location	X		X	X	
Specialized Employees	X		X		
Technical Expertise/knowledge	X	X	X	X	X
Reputation	X	X		X	
Intellectual property	X				X
Supplier Contracts	X	X			
Licensed agreements	X				
Partnerships	X	X			X
Reinvestment		X			
Speed of Production	X		X	X	
Process Standardization					
Employee Education		X			
Dutch Culture					X
Health programs		X	X		
Sustainability programs	X	X			