Mapping the Play of Organizational Identity in Foreign Market Adaptation

While organizational identity can be a powerful tool for mobilizing and directing organizational members, the authors’ findings demonstrate that it can also constrain the process of foreign market adaptation. Drawing from extensive ethnographic fieldwork in India, where they followed several multinational companies, they show how well-entrenched and enduring identities can obstruct the learning and strategic adjustments that are necessary to appeal to consumers in a new market environment. By explaining how organizational identity comes into play as a frame of reference and guiding principle, orienting managers in their efforts to preserve the character of their firm as it expands and globalizes, this research offers new insights into foreign market learning and adaptation. The authors extend this analysis to provide valuable recommendations to managers for making organizational identity a more explicit component of global marketing strategy.

Keywords: global marketing, organizational identity, ethnographic research, market learning, marketing strategy

A growing number of researchers have emphasized the importance of organizational identity in marketing (Balmer, Stuart, and Greyser 2009; Bhattacharya and Sen 2003). Balmer, Stuart, and Greyser (2009, p. 18) regard the concept of identity as essential to understanding key marketing issues and argue that “adopting an identity-based view of the corporation affords a powerful means through which we can comprehend key facets of contemporary organizations.” In this research, we extend this previous work on organizational identity in domestic contexts by describing the role of organizational identity in foreign market adaptation.

In their seminal work, Albert and Whetten (1985) define organizational identity as the shared understanding among organizational members of what they perceive to be central, distinctive, and enduring about their organization. This definition has been greatly influential, with most scholars operationalizing identity as the essential and differentiating character of an organization. Previous studies have also highlighted how the continuity of organizational identity fulfills the need for stability among internal stakeholders, such as managers and employees, as well as external consumers and suppliers (Tripsas 2009). These findings about the guiding and enduring nature of organizational identity raise important questions about how organizational identity comes into play in global marketing, especially as managers try to adapt to a diverse and rapidly evolving global marketplace.

Our research extends previous work by demonstrating the way organizational identity becomes cogent in practice, as a sense of what the organization is and how it should operate in foreign markets. Specifically, we describe how managers invoke organizational identity when learning about a foreign market and adapting their marketing strategies so as to preserve their firm’s unique character. These insights are consistent with previous work noting the important role organizational identity plays in the development of strategy. Indeed, Ashforth and Mael (1996, p. 32) describe organizational identity as a “beacon for strategy,” and Collins and Porras (1996, p. 66) argue that identity “holds an organization together as it grows, decentralizes, diversifies, expands globally.” The chief executive officer (CEO) of Bang and Olufsen even stated that “when the world becomes global, a very strong identity is the all-encompassing goal—what we call the company DNA” (Ravasi and Schultz 2007, p. 120).

While management scholars such as Hatch and Schultz (1997) differentiate organizational identity, as the internal stakeholders’ perceptions of the company, and organizational image, or reputation, which is how external stakeholders categorize consumers, the way we conceptualize organizational identity here acknowledges that various stakeholders, including not only organizational members but also consumers and financial analysts, all play a role in categorizing the company and forging its identity. We have thus chosen to avoid differentiating image and identity for the sake of simplicity and to reflect our operationalization of the concept.
However, while past research has emphasized the strategic benefits of organizational identity, evidence suggests that identity can also constrain an organization’s capacity to adapt to international markets. The challenges posed by a strong organizational identity are partly due to its outward-facing aspects, as managers must learn to understand and adapt to others’ sense of the company identity—in this case, foreign consumers. For example, Kellogg has faced difficult challenges in India, where cold meals and snacks are “generally considered unhealthy” (Bijapurkar 2007, p. 275). The time-saving aspects of Kellogg’s cereals, on which Kellogg has based its success in the West, have failed to generate interest in India, where large morning meals are cooked for the lunchboxes of office- and school-goers, thereby reducing the appeal of a convenient, time-saving breakfast. Bijapurkar (2007, p. 275) notes that it may have made more sense to position Kellogg’s cereals as an after-school snack for Indian children, adding, “if your business description is breakfast cereals, that would be a hard transition to make.”

Over time, organizations like Kellogg develop a heterogeneous assemblage (DeLanda 2006) of products and marketing practices, including product positioning and pricing strategies, intimately related to specific understandings of consumers and what they desire. Organizational identity facilitates the efforts and needs of diverse stakeholders to build the coherence of that assemblage around an understanding of the firm’s unique character. In our work, we examine how foreign market adaptation operates to destabilize organizational identity and how managers subsequently work with advertising executives to reestablish some consistency in the organizational assemblage such that strategic activities remain “in character” with the managers’ understandings of their firm.

The Indian market is particularly challenging for foreign entrants because it is profoundly different in terms of consumer behavior, income distribution, and retail infrastructure from the markets they are accustomed to in the West (Dawar and Chattopadhyay 2002). To succeed in India, scholars have advised multinational companies (MNCs) to adapt or even completely overhaul their business models (Mahajan and Banga 2005). And yet, as we demonstrate, altering a company’s business model can be particularly difficult because certain strategic elements (e.g., products, prices, even research practices) often form the very basis for managers’ understandings of their organization (Brunninge 2007). We explain that part of the difficulty of foreign adaptation is that novel information about consumers and potential market strategies can render the organizational assemblage inconsistent, thus undermining the intelligibility of the organization’s identity.

With the exception of anecdotal examples such as that of Kellogg in India, the role of organizational identity in global marketing has received little empirical attention. The substantial stream of research on foreign market adaptation has instead concentrated on such factors as mode of entry (Johnson and Tellis 2008), managers’ cognitive limitations and ethnocentrism (Dow 2006; Earley and Mosakowski 2004; Prahalad and Lieberthal 1998), and the onerous aspects of emerging markets (Dawar and Chattopadhyay 2002; Mahajan and Banga 2005). Our work adds to this literature by charting the role of organizational identity in orienting and constraining foreign market adaptation. Our research methods are informed by the emerging field of practice theory (Jarzabkowski 2005; Orlikowski 2002, 2007; Schau, Muñiz, and Arnould 2009). Using practice theory to study market adaptation means focusing on marketing practitioners and their interactions with strategic partners, such as ad executives. Practice theory recognizes that “strategy as a practice arises from the interactions between people, lots of people” (Jarzabkowski 2005, p. 8). While different agents such as senior executives, middle managers, consultants, ad executives, and consumers are not generally recognized as “strategists,” our research documents the ways brand managers and ad executives together craft strategies for MNCs in the Indian market.

Of particular importance are their disagreements. As we describe, brand managers working for MNCs often differ from the executives they work with on campaigns in determining what an ad for their company should look like. We detail how important it is to brand managers that their firm act “in character”—that is, in accord with their understandings of their organization’s identity—and how maintaining consistency in the organizational assemblage—that is, “matching” prices, positioning, and so on to organizational identity—shapes the way these managers adapt to a foreign market. Our explanation for the positions brand managers take in these disagreements emphasizes their socialization in training seminars, meetings, and other routine organizational activities as the means of gaining and reproducing specific understandings of what their firm is about. In contrast, ad executives work on the basis of their training and experience with a range of clients and across various Indian consumer groups. We use practice theory to detail the collaborative work of these global marketing strategists. In the context of our research, the use of this theory means paying special attention to the range of activities, discussions, and decisions carried out by brand managers and ad executives as they develop and implement marketing strategies regarding products, pricing, distribution, and communication to appeal to Indian consumers.

Our findings are the culmination of extensive ethnographic fieldwork documenting everyday practices of foreign market learning and adaptation. The research took place in an Indian advertising agency located in Mumbai, where the first author observed and worked on the creation of advertising strategies for a range of foreign MNCs. An ad agency is an appropriate setting to tease out the role of organizational identity in global marketing because this is where ad executives collaborate with brand managers to craft marketing strategies that will resonate with consumers, while seeking to maintain essential connections to the organization’s identity. Reflecting on their role in helping organizations negotiate their organizational identity in different markets, ad executives have even described themselves as “identity midwives” (Pray 2009). In meetings and

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2 In 1995, the political party ruling the state of Maharashatra (of which Mumbai is the capital) decided that Bombay’s name would be changed to its Marathi name, Mumbai.
discussions, ad agencies and clients go back and forth between how company executives perceive the distinctiveness of their firm (e.g., “This is who we are!”) and how ad agency executives strive to represent the firm as appropriate to outsiders (e.g., “This is how consumers see you!”), eventually coming to agreement on particular strategic courses of action.

We offer new insights in two critical areas of global market adaptation. First, in the area of market learning, our research extends to foreign markets Brown and Starkey’s (2000) suggestion that organizational members may ignore, discount, or even reject information that they perceive to be inconsistent with the organization’s identity. Specifically, our results show how brand managers working for MNCs resist valuable feedback about their company that ad executives relay to them (e.g. “This is how consumers see you”) and counterargue various representations of consumers because this information is incompatible with the way they understand their firm. We explain that organizational identity serves as a frame of reference for brand managers working for MNCs; they refer to it implicitly and explicitly as they make sense of and evaluate the novel consumer representations and adaptation strategies suggested by the advertisers.

Second, our work offers new insights in the area of marketing strategy. We extend previous work in domestic markets showing that identity can constrain an organization’s strategies (Balmer, Stuart, and Greyser 2009; Tripsas 2009). In unifying consumer representations, marketing strategies, and broader understandings of the firm, organizational identity provides managers with an important organizing heuristic that is useful in guiding foreign market adaptation, even as it poses several serious challenges. Our work provides insight into how brand managers object to and reformulate ad executives’ strategic suggestions, such as altering pricing or product positioning, to uphold consistency within the organizational assemblage.

We organize the remainder of the article as follows: We begin with Albert and Whetten’s (1985) definition of organizational identity as a point of departure for investigating its role in foreign market adaptation. We then describe our research methods, exploring how brand managers work with ad agency executives in learning about and adapting to a new foreign market. Our findings begin by describing the experiences of managers in India and explaining how they invoke their organization’s identity as they learn about consumers and evaluate potential adaptation strategies to be featured in the ads. Finally, we detail how managers invoke organizational identity as they adapt their strategies to foreign markets in ways that are “true enough” to the brand managers’ interpretations of the identity of their organization while still being “appealing enough” to Indian consumers as they are understood by ad executives.

Our theoretical contributions describe how we expand on Albert and Whetten’s (1985) classic definition of organizational identity to highlight its emergent, negotiated, and recursive nature. We then elaborate how our findings contribute new insights in the areas of foreign market learning and adaptation of marketing strategy. We conclude with recommendations for managers that help make organizational identity a more explicit consideration in global market learning and adaptation.

Organizational Identity in a Global Context

Our conceptualization of organizational identity in a global context builds on Albert and Whetten’s (1985) influential definition of the construct as those features of an organization that organizational members believe to be (1) central, (2) distinctive, and (3) enduring. First, some elements in the organization’s formative experiences, activities, and symbols are more central than others in helping define the organization’s identity (Brunninge 2007). For example, British Airways’ historical roots proved important when employees protested the removal of the flag painted on the planes as part of the firm’s new, global positioning (Balmer, Stuart, and Greyser 2009).

While researchers such as Bhattacharya and Sen (2003) focus on beliefs and cognitive understandings regarding the company’s most important attributes, other researchers emphasize how organizational identity is embodied in the socio-material fabric of the organization (Jarzabkowski 2005; Orlikowski 2002). We situate our work in this latter tradition. Disputes about whether the Union Jack should be removed from the tails of British Airways’ planes to conform to a more global identity remind us that organizational identity is usefully viewed as the culmination of a larger assemblage of symbols, practices, and artifacts—what Orlikowski (2007, p. 1433) describes as a “constitutive entanglement of the social and the material in everyday organizational life.” Our work explores how organizational identity, as a sense of “what the organization is,” is enacted and reinforced in discourse and practice in foreign markets.

Second, organizational identity is fundamentally what is distinctive about an organization. For example, Ryanair’s striking identity as a renegade low-cost airline has taken shape through practices that distinguish it from its competitors, such as aggressive price promotions and the attention-grabbing activities of the company’s CEO (Brown 2006). Cultural symbols such as brand mascots and logos, practices such as organizational dress codes (Rafaeli and Pratt 2006), product design and innovation (Brunninge 2007; Tripsas 2009), and the development of advertisements communicate and reproduce an organization’s distinctive identity.

However, foreign expansion can quickly neutralize a distinctive identity or even transform this asset into a liability when its symbols and practices are misunderstood or not valued. To continue with the case of Kellogg, after years of unsuccessfully trying to sell breakfast cereals in India, managers agreed to begin selling cookies, forgoing the company’s focus on breakfast (Bijapurkar 2007). Our work examines how managers in MNCs such as Kellogg adapt to consumers who are very different from the markets in which their firms developed the marketing strategies that are central to their identity. We examine the destabilizing nature of such encounters with the foreign market for brand managers, and we detail the processes through which they work with ad executives to develop strategies that reconstitute a sense of coherence across the organizational assemblage.
Third, organizational identity is enduring. Previous research indicates that stakeholders develop persistent notions of what their company is, which are difficult to change (Tripsas 2009). Internal stakeholders, such as managers and employees, can become strongly attached to activities that define the company because such activities are the basis for their expertise, and, thus, their jobs depend on them (Bouchikhi and Kimberly 2003), and because belonging to the organization has become an important nexus through which they articulate their personal identity (Dutton and Dukerich 1991). External stakeholders such as consumers, financial analysts, and suppliers can develop enduring notions of an organization as well (Bhattacharya and Sen 2003; Tripsas 2009).

These insights regarding the endurance of organizational identity raise important questions about previous work on foreign market adaptation. Much of this work seems to overestimate the capacity of firms to smoothly adapt their organization to foreign markets. Foreign market adaptation is described as a rational economic decision for managers, based on an appraisal of the financial trade-off between the economies of scale provided by global integration and the potential revenue increases associated with localization (Samiee and Roth 1992). Samiee and Roth (1992, p. 1) explain that the key managerial task in global marketing is to evaluate the level of adaptation that will deliver the maximum “long term economic payoff.”

But while economic calculations are an important part of global marketing work, they are but a part of a larger, organizational process that can at times include much resistance. For example, Jack and Lobiercki (2007) describe the intense reactions of British Aerospace employees when company leadership decided to downplay references to the company’s British roots and change its name to BAE to become more global. In our work, we are particularly interested in organizational-level explanations because we investigate how organizational identity comes into play for brand managers who resist novel information about consumers and potential marketing strategies suggested by advertisers. This is in contrast to previous work examining such adaptation in terms of individual-level factors such as cognitive limitations, status quo biases, and ethnocentrism (Dow 2006; Earley and Mosakowski 2004; Prahalad and Bettis 1986). Next, we explain the ethnographic research design and detail our practice-based approach to studying how organizational identity operates in foreign market adaptation.

Research Methods

Our ethnographic research design consisted primarily of participant observation and interviews. The first author carried out ethnographic fieldwork for nine months in an Indian ad agency that we call Lorton, participating in everyday work activities such as helping with small projects and tasks in the planning department. In exchange, he was allowed to follow the development of campaigns for a group of foreign clients, attend staff meetings within the agency, and accompany ad executives in their outside work with clients. This immersion facilitated in-depth contact with a range of foreign MNCs, which would have been much more difficult had the researcher sought out individual companies.

Our goals were twofold: to develop a thick account of MNCs’ adaptation work and to develop theoretical insights that could be empirically verified in subsequent research. Initially, we focused our analysis on the development of advertising campaigns for three companies in three different industries: (1) Arcetti, an Italian car company; (2) Grainberry, an American company selling packaged food and food ingredients such as cake mixes and flour; and (3) Hansel, an American company selling personal care and household products such as detergent and soap. We selected these companies because they were in the early stages of foreign market entry, which allowed us access to what is arguably the most dramatic and vivid phase of adaptation.

In addition, we interviewed executives in several other MNCs and ad agencies, gathering different perspectives and materials on advertising development to explore how they adapted to the Indian market. Overall, we interviewed 37 informants from ad agencies, MNCs, and market research firms and conducted follow-up interviews with 6 key informants (see Table 1). Most interviews were conducted in 2000 and 2001, with follow-ups in 2005 and 2006.

Our analytical approach combines organizational symbolism (Deshpande and Webster 1989) with practice theory (Jarzabkowski 2005). We sought to examine the symbolic forms through which brand managers make sense of the foreign market—including brand mascots, logos, celebrity endorsers, and advertisements—as they were represented in meetings, internal documents, informal conversations, and interviews. We also conducted interviews with the brand managers and ad executives working together on campaigns and sought to document their collaborative strategizing by examining additional data sources such as storyboards, creative and production briefs, market research reports, correspondence between agency and client, and minutes of meetings. We studied a wide range of practices, from market research exercises and client–agency meetings to activities less commonly associated with producing an ad, including discursive accounts of training sessions, seminars, and other types of integration programs as managers mentioned them in meetings and interviews. From this extensive inventory of what these executives said, did, and showed, we develop an account of their strategic work with ad executives in learning about and adapting to a foreign market.

Our unit of analysis in this study of foreign market adaptation is the ad campaign. For each focal company, we investigated the development of two to three ad campaigns and analyzed the discussions and activities surrounding the production of commercials. Attending to these interactions was especially fruitful in helping us understand the kind of identity brand managers wanted to project in India, as distinct from the ideas of the ad executives. Access to the agency’s archival records helped trace the evolution of clients’ strategies over time. In addition, creative briefs

3We have changed all company and informant names to pseudonyms to protect informant confidentiality.
were useful in making explicit how ad executives understood the market, in that such documents amplify the unique characteristics of the firm as “pitched” to the brand managers. We tracked the negotiations between client and agency surrounding these briefs, paying particular attention to MNC clients’ explanations for their evaluation of the strategic activities suggested by the ad executives and to the latter’s justifications for their ad copy.

Through analysis we began to recognize the ways brand managers invoked the organization’s identity in explaining their resistance to or support for the campaign. Achieving agreement often entailed revising the firms’ strategies as articulated in the ad campaigns to render them consistent with these executives’ disparate understandings of the firm and of consumers. We then compared this process of negotiation between agency and client across the different firms in our sample to derive a more general explanation of how organizational identity comes into play for managers in learning about and adapting to a new foreign market.

Applying the analytical logic of the extended case method (Burbur 1998), we identified the patterns and anomalies in our data that could not be explained by existing theories in marketing. For example, it was difficult to comprehend how some of the large MNCs in our sample were not able to succeed in India. They had extensive internationalization experience and had devoted an enormous amount of resources to understanding the Indian market. Nor could their lack of success be attributed to a lack of local knowledge because there were very few expatriates working on these campaigns. Indeed, most executives on

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**TABLE 1**

**List of Informants**

### A: Interviews in Advertising Agencies and Market Research Firms

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Agency [Main Accounts](^a)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pradnya</td>
<td>Account director</td>
<td>Lorton [Hansel]</td>
</tr>
<tr>
<td>Kaushik(^b)</td>
<td>Account director</td>
<td>Lorton [Arcetti]</td>
</tr>
<tr>
<td>Rakesh</td>
<td>Client service director</td>
<td>Lorton [Hansel]</td>
</tr>
<tr>
<td>Sandeep</td>
<td>Client service director</td>
<td>Lorton [Arcetti]</td>
</tr>
<tr>
<td>Sumanto(^b)</td>
<td>Managing director</td>
<td>Lorton [Hansel; Arcetti; Grainberry]</td>
</tr>
<tr>
<td>Alvin</td>
<td>Account supervisor</td>
<td>Agency 1 [Frenchpen]</td>
</tr>
<tr>
<td>Rajiv</td>
<td>Account director</td>
<td>Agency 2 [Empire Electronics]</td>
</tr>
<tr>
<td>Zarina</td>
<td>Director of market research</td>
<td>Market Research Company [Grainberry]</td>
</tr>
<tr>
<td>Rohit</td>
<td>Market research executive</td>
<td>Market Research Company [Grainberry]</td>
</tr>
<tr>
<td>Swapneel</td>
<td>Account supervisor</td>
<td>Agency 3 [British Bank]</td>
</tr>
<tr>
<td>Rajeev</td>
<td>Account supervisor</td>
<td>Lorton [Hansel]</td>
</tr>
<tr>
<td>Priyanka</td>
<td>Account supervisor</td>
<td>Lorton [Hansel]</td>
</tr>
<tr>
<td>Zakina(^b)</td>
<td>Account planning director</td>
<td>Lorton [Hansel; Grainberry]</td>
</tr>
<tr>
<td>Dhruti</td>
<td>Copygroup director</td>
<td>Lorton [Hansel]</td>
</tr>
<tr>
<td>Jagruti</td>
<td>Client service director</td>
<td>Lorton [Hansel; Grainberry]</td>
</tr>
<tr>
<td>Jaya</td>
<td>Senior copywriter</td>
<td>Lorton [Hansel; Grainberry]</td>
</tr>
<tr>
<td>Rajinder</td>
<td>Account planning executive</td>
<td>Lorton [Hansel]</td>
</tr>
<tr>
<td>Kiran</td>
<td>Account director</td>
<td>Agency 4 [Fried Burger]</td>
</tr>
<tr>
<td>Gopika</td>
<td>Creative director</td>
<td>Lorton [Grainberry; Hansel]</td>
</tr>
<tr>
<td>Tasneem</td>
<td>Associate account director</td>
<td>Lorton [Grainberry]</td>
</tr>
<tr>
<td>Priya</td>
<td>Account director</td>
<td>Lorton [Hansel]</td>
</tr>
<tr>
<td>Tarina</td>
<td>Media planner</td>
<td>Lorton [Arcetti; Hansel; Grainberry]</td>
</tr>
<tr>
<td>Meena</td>
<td>Account director</td>
<td>Agency 5 [British Chocolate]</td>
</tr>
<tr>
<td>Ani</td>
<td>Creative director</td>
<td>Agency 5 [Sunfresh]</td>
</tr>
</tbody>
</table>

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### B: Interviews with MNC Executives

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Company Name [Category]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vinod(^b)</td>
<td>Marketing director</td>
<td>Arcetti [automobile]</td>
</tr>
<tr>
<td>Vijay</td>
<td>Human resources director</td>
<td>Arcetti [automobile]</td>
</tr>
<tr>
<td>Kunal</td>
<td>Brand manager</td>
<td>Hansel [personal care]</td>
</tr>
<tr>
<td>Shilpa</td>
<td>Brand manager</td>
<td>Hansel [personal care]</td>
</tr>
<tr>
<td>Paul</td>
<td>Regional marketing director</td>
<td>Hansel [personal care]</td>
</tr>
<tr>
<td>Nathalie</td>
<td>Marketing manager</td>
<td>Frenchpen [stationery]</td>
</tr>
<tr>
<td>Mayali(^b)</td>
<td>Marketing director</td>
<td>Grainberry [packaged food]</td>
</tr>
<tr>
<td>Sanjay(^b)</td>
<td>Brand manager</td>
<td>Grainberry [packaged food]</td>
</tr>
<tr>
<td>Vijay</td>
<td>R&amp;D director</td>
<td>Grainberry [packaged food]</td>
</tr>
<tr>
<td>Prasad</td>
<td>Brand manager</td>
<td>Grainberry [packaged food]</td>
</tr>
<tr>
<td>Robinder</td>
<td>Marketing manager</td>
<td>British Bank [banking]</td>
</tr>
<tr>
<td>Raji</td>
<td>Brand manager</td>
<td>Virlag [packaged food]</td>
</tr>
<tr>
<td>Nikhil</td>
<td>Brand manager</td>
<td>Sunfresh Soap [personal care]</td>
</tr>
</tbody>
</table>

\(^a\)We have listed the main accounts each executive was responsible for in brackets.

\(^b\)Executives interviewed more than once.
both the client and agency sides were Indians from the English-speaking elite who had trained in the country’s best business schools. They shared many cultural references, and yet they consistently disagreed on their understanding of the Indian market and their interpretations of the same market research reports.

Our findings are organized as follows. We begin with an overview of the foreign market landscape and track the disagreements and debates between the brand managers and the ad executives that feature the national origin of the companies and the global reach of their brands. We then account for the way brand managers invoke organizational identity when confronted by advertisers with novel consumer representations and strategies inconsistent with these managers’ understandings of their organization. We explain how managers draw on identity-defining practices and symbols that stem from their organizational socialization and work experience, not only explicitly—such as when they exclaim, “But that is not who we are!”—but also implicitly in the logic that renders their resistance intelligible. This logic is evident when managers appraise various courses of action, such as the positioning of a car as a secure vehicle or status symbol, and when they negotiate how a brand mascot should act in an advertisement. Finally, our analysis elaborates how identity operates as a frame of reference for managers as they refer to it in learning about the foreign market and how it operates as an organizing principle as managers develop strategies that are appropriate or right for their organization.

Findings and Discussion

Organizational Identity in Question

A radically different market landscape. Foreign expansion places managers in environments that often are dramatically different from their home market. Consider the case of Hansel, a North American company selling a variety of household care products such as detergents and soaps. At the time of our fieldwork, Hansel managers were working hard to take Hansel brands to the Indian “heartland” of medium-sized cities and rural areas. Their main challenge was to convince Indian women to switch from traditional oil-based bars of soap to synthetic powder detergents (Rajagopal 1999). Convenience and technological superiority were key elements of differentiation for Hansel, and yet they had failed to generate much enthusiasm among Indian consumers. In the following quotation, Pradnya, an ad executive from Lorton, recounts a meeting during the early stages of advertising development for one of Hansel’s brands of detergent, in which she had explained how women wash clothes in India:

In the Indian context, washing laundry means you soak clothes, then scrub it with a detergent cake, then scrub it with a brush, rinse under water, check for stains and then do it all over again. Even people using washing machines would also scrub clothes…. More than anything, what’s important is the feeling of involvement, that what she is doing cannot be replaced by a machine…. Even though she was offered a convenient product she was very reluctant to accept that.

In the following quotation, Pradnya recalls her shock at the reaction of Hansel’s marketing director, an American, to her depiction of Indian consumers in that same meeting:

There was this guy, Steven, an American guy, director of marketing. We did our presentation on the Indian housewife. We explained all the different worries she has to deal with: the house to clean, the homework of the children to look after. We painted a dark but realistic picture of what the Indian woman goes through every day. And his reaction was: “Why doesn’t she commit suicide then?” We were all rather shocked. The world we were presenting was just too alien to him, he was used to American women, and he was just not able to understand the reality of Indian women.

The story of Hansel’s marketing director wondering why an Indian housewife does not “commit suicide” suggests the kind of cultural insensitivity that psychologists would depict as a lack of cultural intelligence (Earley and Mosakowski 2004). Yet cultural insensitivity only partly explains the discussions and disagreements between MNC executives such as Steven and ad agency executives from Lorton. Here, it is important to consider the organization as a heterogeneous yet coherent assemblage of symbols, practices, and market understandings. As we explain in more detail subsequently, the prevalent representation of consumers within Hansel was that of consumers always seeking to upgrade to better, more technologically advanced products and brands. This representation of the market cohered with Hansel’s identity as a global producer of premium brands and with the individual identities of managers like Steven, for whom Hansel had become an important source of self-definition. We use the verb “cohere” to describe the consistent and congruent relationship among strategic activity, consumer understandings, and organizational identity that we observed in the work of brand managers like Steven. The representation presented by advertisers of Indian housewives struggling to make ends meet destabilized the organizational identity as Steven and other Hansel managers understood it because it did not cohere with Hansel’s organizational assemblage, an intricate weaving together of premium pricing policies and consumer willingness to pay for its superior brands.

At Arcetti India, brand managers struggled with the lack of coherence between the market adaptations suggested by ad executives and the company’s identity as a manufacturer of good value sedans. In other markets, consistent with their identity, Arcetti had recently developed the Oggi, “a sturdy, rugged, reliable and reasonably-priced vehicle” as part of a project to produce “world cars” aimed at satisfying the basic motorization needs of middle-class consumers in emerging markets such as Brazil and India (Arcetti press release, March 1996). At the time of our fieldwork in 2000 and 2001, only India’s elite could afford cars, and the number of cars sold every year was only approximately 700,000 in a country of more than a billion people (The Economist 2002).

Therefore, advertisers proposed repositioning the car for status. In an interview, Kaushik, an account executive working for Lorton, described the meetings he had had discussing the theme of the advertisement for the Oggi with
Arcetti managers, a mix of Indian and Italian men. As the following quotation indicates, Arcetti executives found it difficult to imagine that the small, no-frills, safe Arcetti cars could index social status and individual achievement in India. Only their upscale models conveyed status for these managers:

They [Arcetti executives] did not think consumers could make the car a symbol of their status. They would not believe that an Arcetti could make a statement of status. (Kaushik, Account Director, Lorton)

Debates and discussions between managers and advertisers at these and other companies touched on various marketing-mix elements. As we mentioned previously, for Hansel, pricing was the main source of debate, with ad executives arguing that more Indian consumers were downgrading to detergents that were “good enough.” At Arcetti, positioning was a major concern, because market research suggested that advertisements emphasizing safety and sturdiness would not gain currency with Indian car buyers, who instead wanted to convey their success and achievement. As we show, these discussions implicate the firm’s organizational identity: What could Hansel be if not a manufacturer of superior, time-saving detergents? How could Arcetti, with its small sturdy sedans, become a producer of status symbols in India?

The contested value of national origin. A major challenge for these MNC managers in India was to confront a market context in which consumers did not value elements of the organizational assemblage that were central to the managers’ understandings of their organization’s identity. Some managers struggled with the perceived value of the national origin of their company among consumers. For example, the Italian expatriates working for Arcetti, as well as some of the Indian managers in the marketing team, had difficulty accepting the ad agency’s claim that the Italian roots of the company did not matter to consumers. In the following quotation, the ad executive handling the account at Lorton, Kaushik, recalls how Lorton’s executives had had similar types of arguments with managers since Arcetti’s arrival in India in 1997:

When they [Arcetti executives] came in, they said, “Let’s announce to the world that we have arrived and that we are Italian.” They came in thinking that the association that exists in the U.S., “Italian cars are sporty cars,” would work here. (Kaushik, Account Director, Lorton)

This attachment to the firm’s Italian identity (“Let’s announce to the world that we have arrived and that we are Italian”) emerged regularly in meetings. While Arcetti’s managers insisted that Arcetti stay true to its heritage and feature the company’s Italian roots in advertisements, Lorton executives stressed that to succeed in India, Arcetti had to abandon references to the company’s Italian heritage. Field notes relate some of these disagreements. The following exchange illustrates how organizational identity emerged in the strategic disagreements and negotiations between brand managers and ad executives. Here Flavio, Arcetti’s managing director, insists that his company be featured in the advertisements as Italian:

Kaushik and Sandeep [two ad executives from Lorton] are presenting the storyboards of the new campaign for the Arcetti Sport…. They are trying to decide on the look of the new ad and the clothes that the model should wear. Kaushik and Sandeep are trying to convince Arcetti’s Managing Director Flavio that they don’t need to mention the company’s Italian roots: “Is that something that we need here? I mean he is well-travelled yes, and he knows about Italy, but the ad is really about individual success.” (Kaushik, Account Director, Lorton)

Flavio insists: “Yes but I really think there should be something related to our heritage here. We are an Italian company, right?” (Flavio, Managing Director, Arcetti)

Our analysis of this discourse emphasizes the distinct posturing of both parties. Indeed, brand managers and ad executives differed on the strategic importance of Arcetti’s national identity, and their disagreements stemmed at least partly from their positions in the different organizations and their different work experiences. For Arcetti’s marketing team, it was important that Arcetti be positioned as an Italian car in India, a strategy that worked in other markets and featured prominently in their sense of their organization. In contrast, the ad executives advanced a view of what consumers would find appealing based on their experience with different clients. In these negotiations, we find a vibrant strategic dimension of organizational identity: Agents debate, discuss, and refashion key strategic elements such as product and service development, positioning, and pricing so that they are at once “true enough” to the brand managers’ interpretations of the identity of their organization while still being “appealing enough” to Indian consumers as they are understood by the ad executives.

Similarly, managers of the stationery company Frenchpen insisted on brandishing their company’s national identity. Frenchpen was a recent entrant in the Indian market and had dispatched a few French expatriates to set up operations in Mumbai. Alvin, the executive who handled the Frenchpen advertising account, recalls meetings with brand managers:

They [Frenchpen executives] wanted to base the entire advertising on the fact that Frenchpen is from France. But we dissuaded them against that. We told them: “It is very nice that you are a French company and yes, you will be well accepted.” But in 1998–2000, that was the time frame of my work with Frenchpen, there [were]… a lot of international products which already existed in the market. Even in the stationery products, you had Staedler, you had Papermate, and since they were already there in the market—they are foreign companies—you cannot say that your positioning is to be a French company. It’s not like saying that you are a Swiss company and you manufacture watches. That stands for something. But if I say I am a French company and manufacture stationery, so what?

In interviews, Nathalie, a French expatriate working for Frenchpen’s marketing department, described the pride she felt in working for a French company: “It may not be a luxury brand, but it is still very well known all over the world, and I think people respond well to the idea of French chic.” Her pride in her company’s heritage and the style of its products was especially strong because it converged with
her personal identity as a French citizen in ways somewhat similar to that in which Steven identified with Hansel.

The contested value of global brands. Another recurring topic of contention between brand managers and ad executives was how much Indian consumers valued their companies as producers of global brands. Prior research has shown that consumers appreciate globalness in brands because it evokes prestige and quality (Steenkamp, Batra, and Alden 2003), though subsequent work has noted that consumer preferences for global brands vary greatly across product category and context (Holt, Quelch, and Taylor 2004). The Indian brand managers appreciated global brands, beaming with pride when describing the global brands they managed and interjecting heroic stories of their company’s past successes.

Even so, brand managers working for MNCs had fervent debates with ad executives in meetings and discussions about how much Indian consumers actually valued this globalness. In their discussion with the brand managers working at Hansel, Lorton executives argued that, although Indian consumers in rural areas and medium-sized cities valued the prestige of the company’s global brands, it did not mean that Indian consumers would eventually upgrade and pay higher prices. Hansel’s strategy in most markets had been to offer superior global brands at a premium price, and managers continued to insist on this strategy. Meanwhile, on the other side of the table, ad executives explained a general trend in the detergent category, as with other consumer goods categories, that Indian consumers were “downgrading,” purchasing products and brands that were “good enough.” Sumanto, Lorton’s managing director, recalled some of these discussions and disagreements with Hansel:

We just had endless conversations with them about pricing. They [Hansel executives] just found it hard to accept that consumers could not really see the point of switching and upgrading. But the trend in the category is all about downgrading, consumers looking for cheaper alternatives.

Brand managers at Empire Electronics, a European electronic appliances company, had a similarly difficult time accepting that Indian consumers did not share their esteem for the brand and that the prestige of Empire Electronics as a global company was not enough to convince Indian consumers to upgrade their televisions. Rajiv, an ad executive who handled the Empire Electronics account, recalled the resistance of the brand managers to his attempts to convince them that global brands were no longer distinctive:

They [Empire Electronics executives] thought the Indian consumers would value Empire Electronics as a global brand, as a great innovating company making plasma TVs and so on. So you’d go into meetings with Empire Electronics and they would tell you about all these successes in other markets. It was really tough to have that discussion; that India was going to be a different challenge. The issue is that there are so many international brands here these days. So being global or foreign is not as big of a deal anymore.

These vignettes suggest a saturation point for global brands. Before India’s economic liberalization, upper-middle-class Indians who could afford international travel brought back global brands from abroad. In postliberalization India, as these brands have become widely available, they have lost some of their sheen (Mazzarella 2003). Still, a contested issue in meetings was whether to emphasize a brand’s global credentials. In the following quotation, Zarina, the owner of a market research company, poignantly expresses the erosion of the distinctiveness of global brands among Indian consumers:

A lot of multinationals have this attitude of saying, “Look we’re finally here,” basically you’re saved. I say fine, but look at what Indian consumers are saying. We have an expression in Hindi that says “ghar ki murgi dal barabar” [literally, “home-made chicken is no more exciting than lentils”]. The same is true with foreign brands. Once they are available here they lose some of their appeal.

In another case, Swapneel, an ad executive working on the British Bank account, even argued that the bank’s positioning as being global and foreign limited its appeal among middle-class Indian consumers:

To really become a retail bank, they have to shed this image of foreign and cold bank. Yes, they have been in India for a long time, but they are still seen as this elite bank. So we tried to help make them even more Indian, and we suggested, for example, to go into regional-language newspapers, like Gujarati newspapers, Marathi newspapers. But mostly, they were scared of becoming too vernacular, too “downmarket” by doing that. [Interview recorded in field notes, March 2001]

When this ad executive suggested creating ads in vernacular languages such as Gujarati and Marathi, British Bank brand managers expressed fears that such advertising would erode the value of their service. Dow (2006) suggests that such fears explain underadaptation in foreign markets. Our alternative explanation highlights managers’ organizational suggestions about maintaining some coherence between marketing practices (e.g., product positioning, media placement) and the firm’s identity so that the firm stays “in character” in the foreign market. Strategic changes, and even changes in consumer representations, can jeopardize that coherence. In the next section, we turn to the socialization of MNC employees in making sense of their strategic discussions and disagreements with ad executives.

The Reproduction of Organizational Identity in a Foreign Market

Previous research has demonstrated that cultural forms such as rituals, symbols, and ceremonies help sustain organizational identity through various processes of organizational socialization (Ravasi and Schultz 2006; Schein 1985). We extend this stream of research by explaining how employee socialization figures into managers’ ways of learning about, and adapting strategies to, a foreign market in their work with ad agencies. Specifically, we discuss the ways managers champion symbols and practices that inform their sense of their organization’s identity in their strategic discussions with ad executives.

Identity-defining practices. Learning new skills and practices central to the definition of the firm is very impor-
tant for employees to fit in at their new organization (Schein 1985). For example, Arcetti executives described the importance of learning Italian, which carried over into their work with ad executives. In interviews, Vinod, Arcetti’s marketing director in India, recalled an integration seminar organized at the company’s headquarters in Italy, where senior management briefed marketing managers about the history and core values of the company:

The marketing managers from all the different countries were there. And one of the first things they said was: “We are Italian; therefore you must all learn Italian.” I remember being there with my French counterpart, who was really not keen to learn Italian. We had our friends from Brazil; for them it was much easier. We had this guy from Poland who said, “Why don’t you all learn Polish?” You had to speak and write in Italian with the headquarters. All my communications with headquarters were in Italian, so I had to learn Italian. I used to speak it fluently. I can still read and write Italian quite well. (Vinod, Marketing Director, Arcetti)

The head of Arcetti’s human resources in India also mentioned having to learn Italian to be successful in his work at Arcetti:

I spent a year in Italy working at the headquarters, so now I speak it fluently. When I joined the company in 1998, you had to speak Italian to work with the headquarters and the management here in India. In 1998, 95% of the communications we had with headquarters or other divisions were in Italian. The company was trying to change that and become more global, employ people from other places than just Italy. When I left in 2005, communications were still 75% in Italian, though. (Vijay, Human Resources Director, Arcetti)

Everyday work in an MNC is full of scripted practices that executives must follow to do their jobs and fit in. In the following quotation, Kunal recalls how the company’s research orientation had come to be a way to define a Hansel manager and the Hansel organization as a whole for him.

If you were in a meeting and you talked about a new idea for a product, you’d always have people coming back and asking you: Have you done some research? Doing research was always expected. You were a good employee if you did research; it showed that you fit in, that you understood what Hansel was about. (Kunal, Brand Manager, Hansel)

Mundane, everyday organizational practices like research procedures are resources through which organizational members in Hansel subsidiaries developed an understanding of their firm’s distinctiveness. For example, Kunal talked about the way performing these tasks made him feel that Hansel was superior to other companies:

At that time, I had this perception that people who are Hansel, we are on one side, and the corporations in the rest of the market, they are just below us. There was a kind of consensus that we were better than the rest, more ethical, for example, even though now I look back and I realize that was not necessarily true. There was always this sense of being in a very special kind of company, above the rest.

In the following excerpt, Rakesh, a senior executive at Lorton, explains how he came to characterize Hansel as a “very professional” company obsessed with research:

Testing, testing, we were always testing. We tested one creative after the other. They had to be sure. They just wanted to be so sure. They wanted to have the numbers behind it. And that’s a very professional way of doing business. (Rakesh, Client Service Director, Lorton)

Organizational practices such as the writing of memos, the conduct of meetings, the required repetition of research procedures, and strategic routines in establishing prices and new brands have a comforting, ritualistic dimension especially useful in unfamiliar markets. These highly scripted activities are part of a larger assemblage of practices and symbols that helped constitute a sense of “we-ness” for Hansel brand managers (e.g., “We are on one side”) and a sense of difference from other people and other organizations (e.g., “The corporations in the rest of the market, they are just below us”). On Hansel’s intranet, accessible from any Hansel office in the world, Hansel’s executives were also able to read case studies describing Hansel’s past successes. Together, these various organizational practices contributed to the identity of Hansel as being, in the words of Kunal, “a very special kind of company, above the rest.”

Identity-defining symbols. Managers working in foreign markets geographically distant from their company’s headquarters use organizational symbols as orienting mechanisms in developing strategies to maintain a cohesive organizational assemblage. In our findings, organizational symbols such as brand mascots, logos, and product designs also helped managers work with advertisers in solidifying sources of meaning. Notably, these symbols operate internally, marrying the company’s strategy to the managers’ understanding of the organization. However, they also operate externally, as managers use them to convey the organization and its offerings to ad executives, consumers, and stakeholders who are not members of the company.

At Grainberry headquarters in Mumbai, the brand mascot Rudy was ubiquitous. Replica dolls graced the shelves and desks of marketing executives, and his representation appeared on posters on the walls. In practice, this quintessential symbol of the company was a tangible frame of reference for managers in reproducing Grainberry’s organizational identity for Indian consumers as a friendly and caring company. Grainberry’s marketing manager Mayali argued that Rudy should have a more childlike, less authoritarian voice in the advertisements:

He must behave more like the friend of the housewife. Because we really want to take a humble approach here. We should not tell her too much what to do, we want to show her that we understand her life, we help her please her family, we bring togetherness in the house. We are all about heart and soul, and Rudy is like that, too. (Mayali, Marketing Director, Grainberry) [field notes, February 2001]

Importantly, in these conversations, Rudy was the focus of much of the company’s work with the agency in positioning the Grainberry brand and products as caring, humble, and respecting of local customs. Brand managers’
repeated questions (e.g., “What should Rudy do in this new commercial?” “Can Rudy behave like this in India?”) were the starting points for valuable discussions articulating the organization’s identity and attempting to develop strategies that are coherent with this identity. We emphasize the emergent nature of organizational identity here, in the ways managers and ad executives work out “what Rudy should do” in India. Furthermore, in using Rudy to construct their ads and products to relate to these women in particular ways, these managers produce—in real time—knowledge of the Indian market. A caring company needs a certain kind of consumer to care for. Notably, in helping these managers evaluate and carry out their strategies, a symbol of identity like Rudy enables and structures their understandings of the market in ways that are intricately woven into their company’s identity.

In contrast to Grainberry’s focus on the Grainberry brand and Rudy, Hansel dealt with multiple brands across diverse categories such as shampoos, detergents, and soaps, using what Aaker (1996) refers to as a “house of brands” strategy. For Hansel, organizational artifacts, cell phones, laptops, business suits, and a product portfolio of technologically advanced, high-priced products support the company’s identity as “very special” and “above the rest” (i.e., superior to local Indian companies and other MNCs). More important for our purposes, these items serve as the means of reproducing this identity for managers.

In the following quotation, what is important is not just the cell phone and laptop that Kunal received but the way these items made him feel special and admired. As we explain subsequently, he strives to convey a similar sense of superiority, one ascribed to the company, in its advertisements. Thus, organizational identity is more than beliefs and declarations; as this quotation suggests, managers experience and reproduce Hansel’s identity as a “very special company” materially through their use of organizational artifacts.

They [Hansel’s senior managers] constantly tell you that you are very special, that you have all the power, that you are working for a very special company…. They make you feel special by giving you a cell phone, a laptop. It is also the way other people start looking at you. Some of the people on campus, they were kind of unknown and once they joined Hansel, they were kind of stars. (Kunal, Brand Manager, Hansel)

We emphasize that managers’ use of artifacts and symbols not only communicates identity but also informs and reproduces these managers’ sense of their organization’s identity in collaboration with different internal and external stakeholders. When Grainberry executives discuss with ad executives “what Rudy should do” in a new ad, they are not merely tailoring an organizational symbol to consumers; they are working out a consistency and coherence between various aspects of the organizational assemblage—marketing strategies, consumer representations, and the distinct identity of Grainberry as a “friendly, caring company.”

Organizational Identity in Foreign Market Adaptation

In this section, we elaborate the ways organizational identity comes into play for managers as a frame of reference and organizing principle as they learn about and adapt their strategies in foreign markets. Continuing from the previous section, we emphasize the ways these managers negotiate their understandings of their organization’s identity in their work with ad executives.

Identity in market learning. At Arcetti, marketing executives received market research reports that Indian consumers (1) did not associate Italy with quality cars and (2) wanted cars that could communicate their individual success rather than sturdy cars to transport their families. This information was difficult for Arcetti executives to absorb and act on because it was contrary to central elements of the organization assemblage—its Italian roots and reputation for quality and durability—that are intricately woven into their understandings of their organization. In the first quotation that follows, Vinod, Arcetti’s marketing director, summarizes research showing consumers’ understandings of what “Italian” meant. In the second quotation, Kaushik, account director, asserts that Indian consumers did not associate Italy with quality car manufacturing:

The company did some research about what Italianness means to Indian men, and it was things like romance, loverboys, pizza, wines. Then you realize, given what Italianness represents, no Indian man is going to buy an Italian car for his sons, given the type of customs; if you’re portraying things that ordinarily are taboos, you are creating a disconnect with customers. A loverboy image might be good in Italy, but it is not necessarily a good image in India. (Vinod, Marketing Director, Arcetti)

In this country, there is no real Italian heritage. If there are countries that mean something in terms of cars, it’s Germany and Japan, period. In luxury hotels in this country, the cars you hire have usually been Toyota and Mercedes, so yes, Japan and Germany mean something. But Italian? (Kaushik, Account Director, Lorton)

Because “Italian” conjured associations with romantic “loverboys” and not quality cars, ad executives suggested that the car instead be positioned as a sign of individual achievement to better fit with consumer values. Even so, the managing director of Arcetti India, an Italian expatriate, resisted letting go of Arcetti’s Italian identity in the ads, as Vinod explains:

At the end of the day, if the boss, who is Italian, really wants to make the ads about Italy, then you let him do that. You put up a small fight, but eventually he decides. (Vinod, Marketing Director, Arcetti)

The negotiated aspect of organizational identity is visible when the managing director of Arcetti decides to change the layout of the ad to make it more Italian, and in response, the ad executive politely disagrees, acknowledging that, while important to the manager, the company’s Italian heritage simply is not important to consumers. Furthermore, these negotiations illustrate how organizational identity can limit market learning by operating as a frame of reference with which new information must be consistent or at least reconcilable. Indeed, Arcetti’s managers, such as the managing director cited here, refused market research showing that consumers in India did not value their company for being Italian because this representation of Indian con-
consumers was irreconcilable with their valuation of the company as being Italian, supported and strengthened by various symbols (e.g., the Italian language) and practices (e.g., seminars).

As previously mentioned, Arcetti’s identity was intricately linked to the positioning of its cars as safe and practical. In more precise terms, the very intelligibility of its identity was partly based on this positioning, developed early on, in selling cars to European middle-class buyers in search of a good deal, and more recently in other foreign markets such as Brazil and Mexico. Ad executives reported the importance of this positioning in their disagreements with brand managers, especially in the way Arcetti’s managers wanted to emphasize safety, as Kaushik recalls in the following quotation:

They [Arcetti executives] really wanted to stress safety in the advertising campaign…. Before launching here, Arcetti had launched their car in Latin America. There, they had sold the car as a value-for-money, sturdy car for the family. (Kaushik, Account Director, Lorton)

Our analysis explains how organizational identity comes into play in market learning, as managers’ implicit and explicit commitment to formative elements of the organizational assemblage limits their ability to seriously consider alternative, contradictory elements. Consistent with the vision of the company’s identity as a manufacturer of sensible practical cars, the first ad campaign to launch the Arcetti Oggi in 2000 emphasized the safety of the car with the tagline “There is life. And then there is life in the Oggi. Secure in the Oggi.” As account executives noted repeatedly in meetings, this positioning was not appealing in India. Instead, the ad executives from Lorton argued that most Indian car buyers saw buying a car—even a small, practical car—as an achievement and a means of social distinction. Kaushik relates his interactions with Arcetti’s executives:

We had a tough time with the client because the client was very, very sure that he was doing the right thing, so the relationship suffered. We had media research and qualitative research. We had media research showing, for example, 60 or 70 percent of the cars in India sell in six cities. If you take that research seriously, you understand that you are talking to a city-savvy guy who is, maybe not today but at least tomorrow, exposed to what is the best around the world. (Kaushik, Account Director, Lorton)

The fact that Arcetti executives, a mix of Indian and Italian managers, were “very, very sure” of what they were doing in emphasizing the safety of their car appears consistent with what Gupta and Wang (2009) call a “legacy mindset.” Our research builds on this work in explaining why elements of the organization’s strategy become difficult to let go of in a new context, especially those that have been successful in the past. Managers cement strategies, such as the positioning of the cars as secure, in their understanding of their organization’s identity. This bonded association of organizational identity and strategy is what brand managers working for MNCs in India use, both implicitly and explicitly, as an interpretive frame of reference for analyzing the market.

To illustrate, we return to the Arcetti vignette in which the agency presented research and case studies from other companies and other sectors that suggested another more appropriate positioning strategy, which emphasized achievement for the successful, cosmopolitan Indian male. Ad executives showed the example of Hyundai, a Korean car company successfully selling small sedans that were similar to Arcetti’s but were positioned as trophies of individual success. Agency executives argued that this positioning worked because the new generation of Indian car buyers consisted of ambitious young men who have “arrived in life,” as Kaushik details:

You show them that, in what he is wearing, the Indian man is becoming very international. He was buying the Arrows and the Van Heusens. These brands are projecting the Indian male as a guy who has arrived in life not just in India, but as a global manager…. The Indian male is no more a “family guy”—he is a guy with his own ambitions. Of course he cares about his family. Don’t try to make him a fun-loving guy who does not care about his family. But he is very open to people talking to him as a man himself. (Kaushik, Account Director, Lorton)

Arcetti brand managers met with agency executives in several meetings like this in which they debated the representation of their consumers, Indian men. For Arcetti executives, Indian men were “family men,” collectivist individuals who wanted to ensure the safety of their families. Our analytical point is that this understanding of consumers had become intricately intertwined with these brand managers’ understanding of their company as a manufacturer of cars for the middle class. In contrast, for Lorton ad executives, Indian car buyers were “cosmopolitan Indians” rising up the corporate ladder and seeking new products marking their individual success and social distinction. Ad executives had developed their understanding of the Indian market from their work with banks and clothing brands, with which they had begun to construct a new kind of Indian consumer: men who articulated their masculinity through achievement and distinction.

We note that both agency and client shared the same market research, even the same cultural backgrounds, yet still disagreed. After numerous meetings and conversations with the ad agency, and despite market research reports showing that Italy did not mean much in terms of cars to Indian consumers, the company’s managing director forged ahead with Italian symbols in the advertisements. The 2001 print campaign for Arcetti’s Oggi featured a famous sportsman stylishly clad in what the ad copy describes as “elegant Italian linen.”

After much effort, Lorton executives worked with Arcetti executives to change the positioning of the car to individual style and success. The following print campaign for the Oggi read, “Get noticed,” and stressed individualism and the ability to take control. A line from the advertisement runs, “In my new [Oggi] Sport, you make your own rules; in my new Sport, you’re the only team member; in my new Sport, you choose the playground.”

These adaptations met with some success; the Oggi became the most successful car launch for Arcetti in India. Even so, brand managers continued to debate this position-
ing. For Arcetti managers, forays into the Indian market were destabilizing in the sense that the positioning strategies undermined a foundational element of the company’s identity, and therefore the managers struggled with the resulting incoherence in the organizational assemblage.

At Hansel, executives did not reject market information outright; rather, they systematically used organizational identity to reframe it. In 2000, after five years in the Indian market, Hansel’s share had stagnated at approximately 3%. As we noted previously, the high price of Hansel products was a long-standing point of contention in advertising discussions. Hansel’s leading brand of detergent was priced at 70 rupees for a pack of 500 grams, and consumers could buy twice as much detergent for almost one-third the price by buying the Indian brand Nirma for 25 rupees. Even in small sachets, Hansel prices retained a 30% premium compared with Nirma.

In preparing the new campaign, brand managers and ad executives reviewed focus group data from rural areas that showed that, while Indian housewives aspired to buy Hansel brands, for categories such as detergents, they valued basic, more affordable brands such as Nirma. Rajinder, an ad agency executive, insightfully attributed difficulties in learning to Hansel managers’ pride in their organization’s identity, as a company that built “the best brands in the world”:

They [Hansel executives] are so proud of building the best brands in the world; they just could not understand that consumers could not really see the point of switching. (Rajinder, Account Planning Executive, Lorton)

For Hansel brand managers, the feedback coming from the rural market was difficult to reconcile with the way they saw their own products as material manifestations of their “very special” company. Our point is that the idea of Indians downgrading to lower-priced products threatened the coherence of Hansel’s organizational identity, as supported by an organizational assemblage consisting of higher priced products and consumers who preferred them.

Despite much market research highlighting a downgrading trend, Hansel brand managers insisted that consumers would eventually upgrade to more efficient—and more expensive—products when they recognized the value of superior performance. The following excerpt illustrates the persistent representation of Indian consumers in an ad campaign that emphasized the necessity of really clean clothes for a job interview or for formal social interactions:

We believe that there is a distinct psychographic group of consumers whom we can target. These are upwardly mobile women who aspire for a better life for their children and husband and want to be recognized as belonging to a more progressive social class…. Currently, she has consciously chosen Nirma/Wheel over other expensive detergents (which she is aware provide better performance) because she feels that money is best spent in buying these. She is, however, willing to try detergents that give a better clean than Nirma/Wheel as long as it fits the limited pool of money at her command. (Creative brief, Lorton internal archives)

Note that the creative brief begins with “we believe,” despite the relatively detached and objective description that follows. Indeed, Hansel executives did believe that they eventually would find more consumers who appreciated the quality of their products. Viewing consumers in other ways simply was not tenable in reference to Hansel’s identity as a company that produced technologically superior products. By limiting learning to the consumers that Hansel managers were hoping to attract, organizational identity reinforced ways of viewing and understanding markets. The persistence of representing consumers as progressive Indian housewives seeking to upgrade, and the set of marketing practices so intimately linked to it (touting global brands, positioning through emphasizing social status, refusing to lower prices), stemmed from the vital role of organizational identity in structuring global market learning.

Identity in marketing strategy. We have suggested that Arcetti’s managers struggled with advertising proposals that were inconsistent with their understanding of their organization. Critically important for managers in adapting strategies is maintaining the coherence of the organizational assemblage, for which organizational identity is an orienting principle. As organizational members, these managers develop an understanding of their firm’s identity as a function of their socialization and work experience, and in the foreign market they seek to reproduce formative features of the company’s identity.

Beyond the managing director, we note that senior Indian executives working for Arcetti also used the company’s Italian identity as an organizing principle to manage and guide their strategic adaptation in India. For example, the communications director for Arcetti, an Indian well socialized in the firm’s identity over several years of experience with the Italian manufacturer, sponsored several events in partnership with the Italian Chamber of Commerce. The events included a fashion show featuring leading Italian designers, a photo exhibition on Italian landscapes, and a food festival with Italian chefs and delicacies. So while Italy had special resonance with expatriate Italian managers, it was also an organizing principle for Indian managers in developing strategies in India coherent with their understanding of their organization.

Ultimately, the relationship between organizational identity and strategy is recursive, in that managers implicate their understandings of the organization’s identity while developing marketing strategies that come to define and support that identity. Using this past-dependent identity frame to evaluate the propriety of the potential strategic courses of action suggested by ad executives, Arcetti executives working in India, both Indian and Italian, strove to maintain coherence in the organizational assemblage.

In serving as an organizing principle, organizational identity constrained the range of strategic options at Hansel somewhat differently. Until 2003, Hansel’s strategy in India focused on cultivating existing brands and their premium positioning, a strategy that was consistent with the organization’s identity as “building the best brands in the world” (interview, Rajinder). This focus precluded the possibility of lowering prices and developing products specifically for the Indian market. Similar to Arcetti, there were many disagreements between Hansel and Lorton executives in meet-
ings about the company’s strategies. In the following quotation, Priyanka, a Lorton executive working on the Hansel account, describes disagreements about pricing:

We often show them qualitative data to demonstrate that their products are way too expensive, regardless of how strong they are. During the holidays, I went back to Chennai, and I took a recorder and just interviewed people about this to show the client. There is a natural barrier: the price barrier. So we do talk to Hansel about pricing because eventually, if the product is not doing well, we don’t want to be blamed for it. So we do discuss other matters than just communication because it is all linked.

(Priyanka, Account Supervisor, Lorton)

These discussions were still ongoing at the end of our fieldwork. However, in 2003, after several years of disappointing market share results, Hansel slashed prices by 50% across all its categories in India, a move that enabled the company to quickly double its market share. The new CEO at Hansel’s headquarters in the United States paved the way for such changes. Recognizing the importance of emerging markets, he rearticulated Hansel’s identity as “a very special company” to mean being competitive, establishing the conditions for carrying out strategies that included lowering prices and developing new products in India. In a follow-up interview, Shilpa, one of the brand managers, expressed what had earlier been unthinkable:

We never thought we would put emphasis on lowering prices for our products. Or we never really thought we would think about developing products for the Indian market. But now we are thinking about it. (Shilpa, Brand Manager, Hansel)

As in the case of Arcetti, this change in strategy for Hansel managers took much time and involved many debates and discussions. Returning to our initial question, we can now unravel the paradox that organizational identity endures even as its manifestations—in the form of marketing strategies—change. It is important for firms to reconcile strategic adaptation with their identity, just as Hansel’s CEO reinterpreted the company’s identity so as not to preclude competitive pricing and new product development strategies.

Finally, in contrast to Hansel and Arcetti, for which identity destabilization led to a prolonged period of struggle and strategy continuation followed by a strategic shift, at Grainberry India, executives altered the positioning of their products for convenience after six months of research and discussion. Market research in the early stages of Grainberry’s expansion had indicated that most Indian women perceived processed foods to be too foreign, expensive, and unhealthy and characterized the company as “someone who lives abroad, an NRI [nonresident Indian]” (Grainberry Research 1998). Yet, as stipulated in the company’s global brand manual, convenience was a core element of Grainberry’s identity in the rest of the world. Grainberry defined its products as “eliminating dirty work,” “making cooking faster,” and being “modern and more efficient” (Grainberry Brand Manual 1997).

In a variation of the identity reinterpretation at Hansel, Grainberry managers produced documents and new products expressing the company’s identity as providing delight and family togetherness. In the following quotation, Mayali, the company’s marketing manager, recounts this appropriation of brand meaning in response to advertisers’ concerns that the company “become more Indian” and credits the organization’s identity with reorienting their strategic possibilities:

We realized that we had to really become much more Indian. So we came up with Indian symbols, names, and products. We tried to go back to the essence of the company, which is to make food products that delight consumers and bring some sort of togetherness in the home. So we thought about the kinds of products that would bring that togetherness. (Mayali, Marketing Director, Grainberry)

The company’s strategic adaptation also involved developing new products. For example, because Indians do not use ovens for food preparation, Grainberry developed a cake mix that could be prepared in a pressure cooker, an appliance most urban Indians possess. Grainberry’s advertising featured various Indian symbols, as Zakina notes:

It’s amazing that a foreign player like this could come in and be associated in such a short period with very Indian things, patriotic songs like “mere desh ki dhari” [“The Land of My Country”]. (Zakina, Account Planning Director, Lorton)

Even so, some Grainberry managers continued to pursue strategies and consumer representations coherent with the organization’s identity as a producer of convenient products. In a meeting proposing a campaign for a new cake mix, ad executives echoed the long-standing view that Grainberry could target working Indian women with a Westernized mind-set, women who would value the time-saving aspect of Grainberry products. This time, Mayali was adamant that positioning for convenience would not work in India and spoke instead of family:

Once you talk about convenience, once you talk about less effort, you are finished, because then the Indian woman turns back and says “What am I good for?” You need to empower her into her role as provider for the family rather than taking something away from her role. (Mayali, Marketing Director, Grainberry)

The examples of Grainberry and Hansel provide an important contrast with Arcetti because they highlight the ways managers can reinterpret their company’s identity to enable strategic adaptation in a new market context. The new campaign for Grainberry India refashioned the company’s positioning in tandem with its identity as a “caring” company that “provides modern means to delight consumers” by emphasizing the pleasure of eating its products and family togetherness rather than women’s convenience. Notably, abandoning the positioning of Grainberry as providing convenience was never really problematic, in part because this strategy was not central to the way Mayali and Grainberry’s brand managers construed the identity of their company. Much more relevant was the identity of Grainberry as a caring company, and this identity cohered with new product adaptation strategies and with representations of Indian women consumers intent on delighting their fami-
lies. In addition, this senior manager was not as personally invested in convenience as were Arcetti’s managers in the Italianness of their firm, or Hansel managers in the idea of Hansel as a global, superior company. This made it easier for Grainberry’s managers to reconstitute an organizational identity around the “company that delights” and adapt marketing strategies for the Indian market consistent with this identity.

**Theoretical Contributions**

We now turn to the contributions of this research. Extending from our findings, we redefine “organizational identity” as a collective, discursive construction that unites and represents an assemblage of understandings of the organization, its symbols and practices, and consumer representations. Our analysis explains how organizational identity is enacted collectively by members of the organization and how it is negotiated in relation to key organizational nonmembers in ways that generate purpose and direction, facilitating vital strategic adaptation over time and in different markets. Together, these considerations of organizational identity provide a comprehensive account of its complex role in foreign market learning and adaptation practices that stem from, and constitute, that very identity.

**Organizational Identity in Foreign Market Learning**

Our first contribution is to show how organizational identity comes into play in ways that limit foreign market learning. Hansel’s identity as a “very special company” likely helped the organization recruit great talent but paradoxically made it more difficult for managers to integrate and act on feedback inconsistent with that identity and the strategies and consumer representations supporting it. Members appeared especially prone to counterargue, discredit, ignore, and outright reject information inconsistent with elements contributing to their understanding of their firm.

Second, our work highlights the importance of organizational nonmembers in foreign market learning. Integral to the learning that did occur were the insights of ad executives who went against managers of the MNCs to “teach” them about Indian consumers. While we do not want to overstate the ability of ad agencies to act as cultural teachers and translators, our account suggests that disagreements and discussions with organizational nonmembers are vital for managers in learning to bridge the cultural incommensurability between the markets in which many of the products and services of MNCs are steeped and the Indian market they seek to engage. The contrasts were striking between Arcetti’s world of low-frills sedans for the European middle class and the Indian market, where even the cheapest car could convey achievement and status, and between Hansel’s world of convenience and consumers wanting to upgrade and the Indian market, in which many consumers seemed content with “good-enough” products, like in other emerging markets (Gadiesh, Leung, and Vestring 2007).

Finally, our research qualifies what local personnel can offer MNCs as solutions for foreign market learning. Prahalad and Lieberthal (2003, p. 115) urge MNCs to hire more local personnel because “they [Indian managers] have a much better appreciation of local nuances and a deeper commitment to the Indian market than any expatriate manager could have.” Yet, as our work demonstrates, the socialization of new employees may compromise their role as cultural teachers and translators for MNCs.

**Organizational Identity in the Adaptation of Marketing Strategy**

Our first theoretical contribution is to demonstrate how organizational identity operates as a double-edged sword in global markets, providing a useful foundation that can also constrain an organization’s ability to adapt strategies. Returning to Ashforth and Mael’s (1996) work, we acknowledge the importance of organizational identity as a beacon giving direction to organizational members. Yet our findings also illustrate the strategic constraints of organizational identity: Managers revert to it both implicitly and explicitly in counterarguing and resisting strategies that undermine their sense of their organization.

Second, our work develops an organizational-level explanation for why companies reproduce patterns of thinking and ways of doing things in foreign markets. Bartlett and Ghoshal (1989, p. 195) argue that companies are “captive of their past,” and Gupta and Wang (2009) describe the “legacy mind-set” that prevails in MNCs. Our work emphasizes the subtle yet powerful influence of socialization into organizational symbols and practices that support a coherent organizational assemblage. Our analysis of the way managers work to maintain this coherence in global market adaptation supplements previous psychologically oriented research emphasizing managers’ “status quo bias” (Dow 2006) and other cognitive limitations (Roth 1992).

Importantly, our work reconceptualizes managers’ resistance to foreign adaptation as an organization-wide problem that requires organizational-level interventions. Following from our findings and analysis, interventions focusing on individual cognition, such as changing managers’ “mental models” (Senge 2006), would not suffice for organizations whose goal is to improve their ability to adapt in a new foreign market. In the MNCs we studied, managers’ ways of thinking were fashioned in the very organizational discourses, symbols, products, and strategic practices that support and reproduce their sense of the organization.

Third, our research helps explain why the radical transformations Mahajan and Banga (2005) and Prahalad (2006) advocate for firms entering emerging markets are so difficult. In serving as the basis for internal commitment, organizational identity may increase employee loyalty and retention (Hardy, Lawrence, and Grant 2005), but as Kogut and Zander (1996, p. 515) note, this commitment “imposes the weighty costs of ruling out alternative ways to organize and to exploit new avenues of development.” Organizational identity can have less desirable consequences when the very direction, coordination, and cooperation it makes possible limit managers’ abilities to learn about radically different markets and adapt strategies appropriately.

Our findings show that in working with market development partners to adapt strategies with an eye toward
coherence in the organizational assemblage (of which organizational identity is a part), managers can clarify their understanding of their organizational identity and rejuvenate their strategies. Yet we also show how this process at times yields a steadfast determination to maintain previous ways of thinking and acting, thus jeopardizing coordination efforts within the firm as well as market development opportunities. Overall, our findings raise serious questions about the malleability of MNCs and their ability to successfully overhaul their strategies for emerging markets, highlighting a need for more explicit attention to the intricate relationships between organizational identity and strategy.

Managerial Recommendations

For companies whose goal is to succeed in foreign markets, we recommend a series of activities to make organizational identity more explicit, facilitate learning, and help reestablish coherence between identity and strategic activities. First, our research demonstrates the importance for managers to recognize the ways they invoke organizational identity in adapting to foreign markets. Organizational identity often operated tacitly in our data. Indeed, most of the discussions we observed did not explicitly mention it. Yet, as the current study shows, managers invoked organizational identity consistently in symbols and practices in ways that at times hindered the kinds of learning and strategic adaptation necessary to succeed in a foreign market.

Furthermore, following the approach we took, we encourage managers to make their understandings of their organization’s identity more explicit. Because this is an organization-level phenomenon, we suggest a workshop in which managers work with other relevant members and nonmembers to make explicit and tangible their understandings of the identity of the organization. Materials worth considering include press releases, mission statements, and other organizational materials, in addition to day-to-day strategic interests in the foreign market, including products, services, pricing, advertisements, and store layouts.

Second, we recommend that managers map potential areas of incompatibility between the organization’s identity and potential market adaptation strategies. Upon recognizing incompatibilities, managers should reassess and seek to reestablish the coherence of their identity with their activities in the new market. This work may involve revisiting and reinterpreting the organization’s identity in a way that helps the firm expand its range of available strategic options and more effectively meet its business objectives. Hansel’s is a case in point here, in the way the firm’s leadership reinterpreted the identity of the company to mean that Hansel had to be competitive in every market segment in India. This revised organizational identity enabled new market adaptations, such as price reductions, which resonated with consumers while maintaining some continuity with the firm’s identity and history as a “very special” company.

When trying to find new interpretations of the organization’s identity, managers should view existing cultural forms and historical manifestations of the organization’s identity as potential sources of inspiration. In this research, Grainberry executives tapped into the company’s preexist-

ing values to reinterpret central identity referents (e.g., convenience) and redefined their business as bringing delight and promoting family togetherness in India through tasty food. This revision of the firm’s identity, which is an attempt to maintain some continuity while achieving market resonance, extends to foreign markets Ravasi and Schultz’s (2007) recommendation that firms tap into existing cultural forms to facilitate difficult identity transitions.

We reiterate the importance of working with organizational nonmembers in our recommendations to managers. Although our focus has been on ad agencies, they are only one of many possible identity- and strategy-building partners. We encourage managers to work with a variety of strategic partners, including market researchers, distributors, suppliers, and financial firms. It is important to involve a variety of organizational nonmembers because, as we note in our analysis, they are not socialized into the same understanding of the firm and are thus uniquely positioned to help the firm reevaluate expressions of its identity that potentially constrain strategic efforts.

Finally, previous work has noted the importance of incorporating consumer input when developing marketing strategies (Gebhardt, Carpenter, and Sherry 2006; Schau, Muñiz, and Arnould 2009). Our research highlights the difficulties managers face in doing so. We describe heated exchanges and arguments between brand managers and ad executives as the latter brought forward challenging consumer testimonies. Brand managers invoked the organization’s identity as part of the organizational assemblage situated in other markets. Ad executives, in contrast, operated from a wealth of experience with various clients. This process of negotiation and strategic co-creation is somewhat similar to the process Jaworski and Kohli (2006) detail and, despite being difficult, is essential to overcoming the learning limitations noted in this research.

Limitations and Further Research

This work is not without limitations. We carried out this research over a period of several months and labored to gain access and build rapport with brand managers working across a range of MNCs and with executives working in different ad agencies in India. However, our in-depth, ethnographic account offers but a glimpse into a complex phenomenon that involves multiple organizational members and nonmembers. This work is also limited by its focus on ad agencies. Ad executives served as valuable cultural teachers in this study, and yet their interests in garnering clients and catering to them could compromise the quality of their cultural teaching and strategic suggestions. Finally, the analysis of this work is conscribed to India particularly. Some consideration of the differences between this emerging market and other markets may reveal that market learning and adaptation are less threatening to the stability of the organizational assemblage in markets that are more culturally aligned with those in which an MNC has formed its identity.

There are many promising extensions to this work. We note that the growth potential of emerging markets in offering greater revenues for organizations raises the stakes and the challenges for MNCs globally. As organizations extend
and adapt their strategies to target consumers who are different from those with whom they have built their business success, further work must be done to investigate how such strategies potentially challenge the identity of organizations as understood by managers working abroad and at home.

Our work emphasizes the facilitative role of advertising and of ad agencies in foreign market adaptation. Further research might explore the roles of other internal stakeholders, such as product designers, research-and-development personnel, salespersons, and public relations staff. In addition, further research could document the activities of other external stakeholders, such as market researchers, logistics and trade partners, and distributors and retailers in enabling market learning and in negotiating successful foreign adaptation strategies in ways that extend these findings.

Finally, researchers should examine the challenge for firms of integrating strategic adaptations into their organizational identity and explore how the adaptive strategies of managers in foreign nations and those in the home office might be negotiated and revised in global initiatives. Such work could help shed light on how distance from the home office, both geographically and culturally, affects the reproduction of organizational identity in market learning and strategic adaptation and how organizations are able to develop dynamic, resonant strategies that cohere with the organization’s identity in a global marketplace.

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