

# Contents

|  |           |
|--|-----------|
| <i>List of Figures, Tables and Maps</i>  | x         |
| <i>Preface</i>   | xiii      |
| <i>Acknowledgements</i>  | xv        |
| <i>List of Abbreviations</i>   | xvi       |
| <b>1 Putting Business Restructuring in Context: Globalization, the Crisis of the German Model and Rhineland Capitalism</b> | <b>1</b>  |
| 1.1 Business restructuring, globalization and the German Model   | 1         |
| 1.2 Regional variation and Rhineland capitalism  | 5         |
| 1.3 A map of the book  | 13        |
| <b>2 Situating Business Strategies: Institutions and Regulation</b>  | <b>15</b> |
| 2.1 Introduction   | 15        |
| 2.2 Regulation theory and institutionalism   | 16        |
| 2.3 The coordination of recurring relations  | 27        |
| 2.4 Conclusion: a contextual framework for empirical enquiry   | 39        |
| <b>3 Scaling Business Strategies: Globalization, Place Dependence and Institutional Distance</b>                           | <b>43</b> |
| 3.1 Introduction   | 43        |
| 3.2 The region in a globalized world: discourses of distance and proximity   | 45        |
| 3.3 Spatial rescaling, institutional distance and place dependence: a power and scale framework for business strategies    | 52        |
| 3.4 Conclusions  | 59        |

|          |   |            |
|----------|---|------------|
| <b>4</b> | <b>Globalization, 'Americanization' and the Changing Corporate Power Geometry</b>   | <b>61</b>  |
| 4.1      | Introduction  | 61         |
| 4.2      | Detraditionalization, selective internationalization and uncertainty  | 62         |
| 4.3      | Putting Anglo–American business culture to work: shareholder value, return on capital and corporate organization          | 78         |
| 4.4      | The changing corporate power geometry: shareholder value, labour, and the 'ratchet effect'                                | 82         |
| 4.5      | Concluding remarks: upscaling, institutional distance and power asymmetries   | 85         |
| <b>5</b> | <b>The Territorialization of Ruhr Conglomerates: Regional Engagement and Place Dependence</b>                             | <b>91</b>  |
| 5.1      | Introduction  | 91         |
| 5.2      | Dimensions of regional interdependence  | 91         |
| 5.3      | Spaces of protective engagement: inter-firm relations and the state–capital nexus   | 99         |
| 5.4      | Spaces of assertive engagement: regional ties and upscaling   | 106        |
| 5.5      | What is there for the Ruhr Area? The thin line between the enabling and constraining effects of regional place dependence | 110        |
| 5.6      | Conclusions   | 119        |
| <b>6</b> | <b>The Ruhr Mittelstand: The Institutional Limits to Restructuring in Space</b>   | <b>121</b> |
| 6.1      | Introduction: different pathways to adjustment and profitability  | 121        |
| 6.2      | Political economic turbulence: Mittelstand firms between internationalization and state 'overregulation'                  | 124        |
| 6.3      | Organizational space: upscaling and institutional distance  | 129        |
| 6.4      | Conclusions   | 149        |

|          |  |            |
|----------|--|------------|
| <b>7</b> | <b>The Regional Responses by Mittelstand Firms: Falling Back on 'Tested and Tried Relations', Transmission of Pressure and Systemic Change</b> | <b>151</b> |
| 7.1      | Introduction   | 151        |
| 7.2      | The regional production system: traditional interaction structures, successful learning and the new quality of inter-firm relations            | 151        |
| 7.3      | The fragmented firm: segmentation and coercion into cooperation  | 165        |
| 7.4      | The geography of labour re-regulation: redrawing of boundaries, downscaling and exclusive cooperation  | 173        |
| 7.5      | Conclusions  | 188        |
| <b>8</b> | <b>Making the (Re)connections: Governance Dilemmas, Discursive Regulation and the Scaling of Organizational Space</b>                          | <b>190</b> |
| 8.1      | Connecting the economic and the non-economic: the negotiation of governance dilemmas   | 190        |
| 8.2      | Scaling the social: spatial abstractions, organizational space and place dependence  | 199        |
|          | <i>Appendixes</i>  | 206        |
|          | <i>Glossary</i>  | 226        |
|          | <i>Notes</i>   | 229        |
|          | <i>Bibliography</i>  | 237        |
|          | <i>Index</i>   | 251        |

# Lists of Figures, Tables and Maps

## Figures

|     |  |     |
|-----|--|-----|
| 1.1 | People in employment, Ruhr Area, Nordrhein-Westfalen and Germany, 1980–98            | 10  |
| 2.1 | A 'hierarchy' of interdependent contextual settings                                  | 40  |
| 4.1 | Domestic and international employment, 1990–9  | 66  |
| 4.2 | The ratchet effect, Veba and RWE, 1981–98  | 84  |
| 4.3 | Cash-flow/capital-expenditure ratios, 1985–97  | 87  |
| 4.4 | Stock prices and employment 1985–97  | 89  |
| 5.1 | Interlocking supervisory boards and capital linkages                                 | 93  |
| 6.1 | Classification of Mittelstand firms  | 127 |
| 7.1 | Temporary labour, Germany and Nordrhein-Westfalen, 1976–96                           | 174 |
| 7.2 | Temporary labour, total and unskilled, West Germany and Nordrhein-Westfalen, 1976–96 | 182 |
| 7.3 | The re-regulation of capital–labour relations in Germany                             | 187 |

## Maps

|     |  |     |
|-----|--|-----|
| 1.1 | Ruhr Area and Nordrhein-Westfalen in Germany | 7   |
| A.1 | The Ruhr Area, counties and cities           | 207 |

## Tables

|     |  |     |
|-----|--|-----|
| 1.1 | Ruhr Area and Nordrhein-Westfalen, structure of unemployment, 1992–9             | 12  |
| 2.1 | Institutional forms and recurring relations                                      | 18  |
| 2.2 | The different faces and dimensions of power                                      | 25  |
| 2.3 | Ideal-type modes of coordination   | 28  |
| 4.1 | Turnover share according to divisions, 1980–99                                   | 63  |
| 4.2 | Internationalization, 1990–9   | 64  |
| 4.3 | Financial capital involvement in supervisory boards                              | 72  |
| 4.4 | Shareholder structure of major German companies, 1996                            | 74  |
| 4.5 | Veba AG, breakdown of shareholders, 1986–97                                      | 74  |
| 4.6 | RWE AG, breakdown of shareholders, 1993–8  | 75  |
| 4.7 | Thyssen AG, breakdown of shareholders, 1988–96                                   | 76  |
| 6.1 | Ideal-type adjustment strategies, production policy and capital–labour relations | 123 |
| 6.2 | Employment changes, 1990–5   | 128 |

|     |  |     |
|-----|--|-----|
| 6.3 | Mittelstand firms, upscaling trends and definition of 'in-situ' spatial scale                            | 130 |
| 6.4 | The international expansion of organizational space: crucial contacts for innovation and diversification | 142 |
| 7.1 | Career background of young firm-founders   | 156 |
| 7.2 | General contracting systems and 'piggy-back' rides   | 158 |
| 7.3 | The labour strategies of the 28 sample firms, 1990-5   | 165 |
| 7.4 | Relocation of production to East Germany and Eastern Europe  | 178 |
| 7.5 | Organization rates within the metal and electronics industry, West Germany, 1980-97                      | 180 |
| 7.6 | Structure of temporary labour in West Germany, 1976-95   | 183 |
| 7.7 | Temporary workers, share of average monthly income, Germany, 1980-95                                     | 183 |
| 8.1 | Organizational interaction, dynamic change and structural persistence                                    | 192 |
| A.1 | Regional and local employment distribution according to main industries, 1994                            | 208 |
| A.2 | Mittelstand contacts to regional conglomerates, 1995-6   | 210 |