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Organisational responses to institutional change- evidence from the liberalised German airport industry

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Abstract

Since the 1970s, advanced capitalist economies increasingly adopted elements of neo-liberal policies, such as market deregulation and privatisation. For a long time, Germany was considered to be an outlier, resisting the pressure to converge towards the neo-liberal Anglo-Saxon model. Until the late 1980s, the German model was considered competitive due to high productivity, strong exports and R&D investments. However, in the 1990s, the German model came under pressure from rising international competition, high unemployment and a lack of innovation in high-tech industries. At the same time, pressure to converge towards a single model of corporate governance was exerted on member states of the EU by supranational policies. There is recent evidence that the traditional German model underwent significant changes towards a more liberal model.

The objective of this thesis is to investigate how two German airports responded to liberalisation and privatisation activities and, in particular, how organisational restructuring and competitive strategies were influenced by the national corporate governance system. The findings are based on qualitative empirical research conducted in 2008-2010, including thirty-two in-depth interviews with different stakeholders of the airports, such as managers, government and employee representatives and board members. Also, annual reports and publicly available documents including companies’ websites and newspaper articles were studied.

The empirical results show that both airports adopted certain neo-liberal practices and norms. Corporate restructuring was driven mainly by the adoption of the IFRS accounting and a stronger shareholder value orientation at Airport 1, and by the adoption of New Public Management practices at Airport 2. Due to the restructuring, working conditions for the majority of workers deteriorated while interests of owners became the major priority. However, differences remain between the two airports in terms of worker participation. While Airport 1 still maintains classical features of the German model for some areas of the organisation, including worker participation and an emphasis on a highly skilled workforce, managers at Airport 2 departed from these features. Overall, the empirical results indicate that both airports undermined the classical German model by introducing managerial concepts from the Anglo-Saxon model.
This thesis is dedicated to the memory of my beloved grandmothers,

Oma Else Fiedler

and

Oma Minna Löber
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