



<http://researchspace.auckland.ac.nz>

ResearchSpace@Auckland

Copyright Statement

The digital copy of this thesis is protected by the Copyright Act 1994 (New Zealand).

This thesis may be consulted by you, provided you comply with the provisions of the Act and the following conditions of use:

- Any use you make of these documents or images must be for research or private study purposes only, and you may not make them available to any other person.
- Authors control the copyright of their thesis. You will recognise the author's right to be identified as the author of this thesis, and due acknowledgement will be made to the author where appropriate.
- You will obtain the author's permission before publishing any material from their thesis.

To request permissions please use the Feedback form on our webpage.

<http://researchspace.auckland.ac.nz/feedback>

General copyright and disclaimer

In addition to the above conditions, authors give their consent for the digital copy of their work to be used subject to the conditions specified on the [Library Thesis Consent Form](#) and [Deposit Licence](#).

Note : Masters Theses

The digital copy of a masters thesis is as submitted for examination and contains no corrections. The print copy, usually available in the University Library, may contain corrections made by hand, which have been requested by the supervisor.

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

Antje Fiedler

**A thesis submitted in partial fulfilment of the requirements for the degree of Doctor of
Philosophy, The University of Auckland, 2011**

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

Acknowledgements

I would like to acknowledge The University of Auckland for accepting me as a student and for granting me a scholarship. I would also like to acknowledge The Business School of Auckland for providing financial support during my studies, enabling me to conduct my field research in Germany and to present my ideas at conferences and Ph.D. workshops. Finally, I would like to acknowledge ITEC, Doshisha University for providing me with the opportunity to present ideas at the 6th International Ph.D Workshop at Beijing, and the PGSA for providing funding support to attend the DIME Conference in Maastricht to present my ideas.

I would like to thank my supervisors, Dr Ljiljana Eraković and Professor Catherine Casey. Your thoughtful supervision enabled me to complete this research project. Thank you to Ljiljana, as main supervisor, for your support and constructive feedback throughout the process! Thank you to Catherine, as co-supervisor, for always encouraging and empowering me during my journey (which reached me most of the time from the other end of the world)!

There are many people who supported me at different stages of my journey. I would have not started this Ph.D without the encouragement from Claire Speedy and Associate Professor Felicity Lamm. I am thankful for the constant encouragement of my friends and colleagues from the Ph.D Club and across the Business School (past and present), and in particular the Department of Management and International Business and the New Zealand Asia Institute. My special thanks go to Glenn, Giannoula, Kevin, Rob and Winnie for their support. I would like to acknowledge Heather Moodie for thoroughly proofreading this thesis and Joanna Grabowski for providing a second translation of quotes used in this thesis.

My heartfelt thanks go to my family and friends in Germany, who always unconditionally supported me, especially Mama, Papa and Frank.

Ben, thank you for your love and support throughout this journey!

Finally, my thanks go to the participants of this study (who remain anonymous) for sharing their time and stories. Your insights make this research meaningful.

Table of Contents

Abstract.....	I
Acknowledgements.....	III
Figures.....	VII
Tables.....	VIII
CHAPTER 1: INTRODUCTION.....	1
1.1 Research Aim.....	1
1.2 Background of the research.....	2
1.3 Research design.....	5
1.4 Thesis structure.....	9
CHAPTER 2: INSTITUTIONS, MARKET ENVIRONMENT AND INNOVATION OF FIRMS.....	12
2.1 Introduction.....	12
2.2 Theoretical Foundations of Institutions.....	14
2.2.1 Definition and forms of institutionalism.....	14
2.2.2 Institutional forces and organisational responses.....	19
2.2.3 Establishment of institutions and institutional change.....	24
2.3 Institutions on the level of society and innovation.....	29
2.3.1 The Rise of Neo-liberalism and its core elements.....	29
2.3.2 National corporate governance systems.....	39
2.4 Market environment and innovation.....	59
2.4.1 Market competition and innovation.....	59
2.4.2 Firm's competitiveness and innovation.....	63
2.5 Chapter summary and research question.....	70
CHAPTER 3: RESEARCH CONTEXT: THE GERMAN MODEL AND INNOVATION ..	73
3.1 Introduction.....	73
3.2 Dimensions of the German model and their impact on firm-level innovation.....	73
3.2.1 Institutions of the labour market.....	73
3.2.2 Institutions of the market for managers.....	81
3.2.3 Institutions of the capital market.....	87
3.3 Deregulation and liberalisation in the German airport industry.....	100
3.4 Chapter summary and conclusion.....	103

CHAPTER 4: METHODOLOGY AND RESEARCH DESIGN	104
4.1 Introduction	104
4.2 Philosophical stance	104
4.3 Research strategy.....	107
4.4 Research design and data collection.....	110
4.4.1 Data sources.....	110
4.4.2 The interview process	114
4.5 Data analysis	115
4.6 Quality of the research and limitations	118
4.7 Chapter summary and conclusion	120
CHAPTER 5: EMPIRICAL FINDINGS	121
5.1 Introduction	121
5.2 Results for Airport 1.....	121
5.2.1 Brief history of Airport.....	121
5.2.2 Triggers of the restructuring	122
5.2.3 Organisational objectives and culture before and after the restructuring.....	126
5.2.4 Innovation at Airport 1	131
5.2.5 Differences in the working environment between the parent and subsidiaries	134
5.2.6 The importance of training	144
5.3 Results for Airport 2.....	149
5.3.1 Brief history of Airport 2.....	149
5.3.2 The trigger for restructuring	150
5.3.3 Organisational objectives and culture before and after the restructuring.....	154
5.3.4 Innovation at Airport 2	161
5.3.5 Differences in the working environment between operational and innovative activities.....	167
5.3.6 The importance of training	174
5.4 Chapter summary and comparison between Airports 1 and 2	178
CHAPTER 6: INTERPRETIVE ANALYSIS	190
6.1 Introduction	190
6.2 New management practices and shareholder value strategy	190
6.3 Organisational change and competitive advantages.....	200
6.4 Institutional change, market competition and legitimacy	206
6.5 The German model and employment practices.....	211

6.6 Concluding remarks	218
CHAPTER 7: CONCLUSION	220
7.1 Introduction	220
7.2 Summary of the research findings.....	220
7.3 Theoretical contribution	223
7.3.1 Making a case for discursive institutionalism	223
7.3.2 Co-existence of divergence and convergence on the firm level	225
7.4 Implications for policy makers and managers.....	230
7.5 Future research	232
7.6 Final thoughts.....	233
APPENDIX I – THE INTERVIEW GUIDE	236
APPENDIX II – PARTICIPANT INFORMATION SHEET (Organisation)	238
APPENDIX III – PARTICIPANT INFORMATION SHEET (Individual)	240
APPENDIX IV – CONSENT FORM (Participant).....	242
REFERENCES	243

Figures

Figure 1.1: Research context and the conceptual framework	6
Figure 2.1: Conceptual framework and core literature	13
Figure 4.1: Three domains of reality and the retroduction logic	105
Figure 5.1: Development of employment within the group.....	155
Figure 5.2: Holding structure in 1999 of Airport 2.....	156
Figure 6.1: Workers' AOM to innovate and the institutional environment.....	217
Figure 7.1: Processes of divergence and convergence triggered by institutional change.....	228

Tables

Table 2.1: Main characteristics of the corporate governance system in LME and CME	47
Table 3.1: Differences between the IFRS and the German accounting regime.....	94
Table 4.1: Overview of conducted interviews	113
Table 4.2: Strategies to increase the validity of the research.....	119
Table 5.1: RoAirport, Airport 1	123
Table 5.2: Restructuring at Airports 1 and 2.....	185
Table 5.3: Similarities between the restructuring of Airports 1 and 2.....	186
Table 6.1: Shareholder value principles and their implementation at Airport 1.....	191
Table 6.2: Core Elements of NPM and its implementation at Airport 2	195