The TNC as a Transnational Political Complex
Research Questions stemming from the DaimlerChrysler and BMW-Rover Deals

Holm-Detlev Köhler

For many years in Gerpisa, we are discussing different focus on automobile research, particularly two critics towards a «physical production» approach: one from Karel Williams and his friends, emphasising the importance of financial market questions, another from Paul Steward and several Latin-American friends on the only marginal role of labour relations in many of our research projects and discussions. Stemming from my research experiences, I want to propose an integrative research focus that is particularly sensitive to changes in power relations between the different areas and players of a firm complex. This approach allows and even requires the integration of financial agencies into the analysis avoiding simple dichotomies between "financialised" and "productionist" firms and models (Williams 2001). Even the stock market is a political terrain.

A firm complex may be defined as a historically formed and consolidated, i. e. trajectory bounded, set of relations between internal and external interests/interest groups. By their activities, ownership structure, management practices, conflict regulation forms and political relations to the stakeholders a firm develops a specific field of action, a corridor of not only possible but likely strategies in certain contexts. These strategies are not individual forms of interest persecution but temporary outcomes of interest and power relations, i. e. politics.

In the present paper we defend that this approach, looking at a firm as a political complex, offers the opportunity to analyse the changes in actor constellations and power relations that lead to certain political strategies. In current era of internationalisation and concentration, e. g., the shareholder power is increasing, but even more important is the structural change in shareholder interests and its relation to management, which is also changing in interest and structure. Mergers and acquisition (M&A), in this approach, have to be analysed as specific forms of re-politicisation of firms.

A SHORT SUMMARY OF THE BMW-ROVER AND THE DAIMLERCHRYSLER DEALS[1]

All the companies in question (BMW, Rover, Mercedes-Benz, Chrysler) started into the nineties as very nationally, or even regionally bounded producers specialised in specific premium segments (upper-class cars or Minivans). All of them felt to small for the internationalisation race and started a mixture of internationalisation and segment enlargement strategies, which led to the two mergers. The situation of the companies at the merger moment can be summarised as follows:

[1] A more detailed analysis of the two mergers you find in Eckardt/Klemm 2003 and Köhler 2003.

BMW:

Departing from an existential crisis at the end of the 1950s BMW passed through a long and steady success story establishing itself as a high quality premium car producer.

- ✓ Nearly all the production facilities were located in the federal state of Bavaria in southern Germany (Rosslyn/South-Africa is a marginal exception). Even the new plants opened in the early 1990s are at the Bavarian border in Eisenach, in the former East German state of Thuringia, and Steyr/Austria.
- ✓ The labour relations were stable and trustful, dominated by strong leaders in the works council (Golda), the management (von Kuehnheim) and the shareholders (Quandt family). The current management and works council keep to this tradition.
- ✓ The relationship shareholder-management was also stable because the Quandt family who had taken the major stake (48%) in the early 1960s backed the long-term growth and consolidation strategy.
- ✓ In contrast to the other German car producers BMW could avoid the post-unification crisis because it had started several modernisation strategies in production process (the flexible production network of the three Bavarian plants), design and development (in 1987 the R&D centre FIZ was opened in Munich) and supplier relations (international purchasing office network) already in the 1980s. So it could follow a gradual modernisation strategy in the 1990s without severe cost and job-cutting plans typical for VW and Daimler-Benz.

Rover:

The Rover story is all the opposite to BMW, a continuous disaster and a symbol for British industrial decline. Rover had been part of the British Leyland Motor Corporation (a 1968 forged conglomerate of the brands Morris, Austin, MG, Jaguar, Rover, Triumph), object of several state led attempts to find a survival strategy. In the 1980s Rover survived assembling Honda-models for the European market but had lost its own entrepreneurial capacity after the failure of the Austin model line. In 1988 the Thatcher government stopped purchasing negotiations with GM (Land Rover, trucks) and Ford (Austin-Rover) in order to preserve the 'Britishness' of the firm and organised the takeover by British Aerospace, keeping a Honda minority stake.

- ✓ The Rover group in his distinct versions (BLMC, BL, Austin-Rover) never became a coherent and profit-making company, always embarrassing several incompatible production models (craft model, mass production, Sloanism). All state-led recovery strategies in the 1960s and 1970s failed and production went down from 916,218 (1972) to 395,820 units in 1980 remaining around the 400,000 figure, but with declining market shares, till the BMW takeover. Whereas the 400,000 cars in 1980 were produced by 160,000 workers in a huge number of uncoordinated plants, the same amount was assembled in 1993 by 33,000 in the four remained West-Midland plants. Anyway, the company never reached acceptable productivity and profit margins.
- ✓ Labour relations – even in the «New Deal» era of the early 1990s – were low trust relations at Rover in a context of continuous decline and job cutting (Whittall/Tuckman 2000). Frequent local strikes, multi-unionism[1] and high absenteeism were additional factors to management incompetence in suffocating any modernisation attempts. The different union and shop steward traditions between German co-determinists and British traditionalists still marked the short European Works Council period after the takeover.
- ✓ In the late 1980s the downsized company adopted the name "Rover Group", new owners (British Aerospace and Honda), a new management team (CEO Graham Day) and a new product strategy towards superior quality and design in upper niche markets (a 'British BMW'). "Neither the re-privatisation nor the support of Honda and a series of management attempts to introduce new flexible working practices had been able to stop its sliding market share" (Whittall/Tuckman 2000). After the Jaguar sale, the only successful group brand was Land Rover. Rover was neither a mass producer nor an upper niche brand and Honda knew well why opting out and leaving it to BMW.

[1] Before the 'New Deal' contract in 1992 rationalisation of industrial relation was impossible and more than 200 separate bargaining units were continually renegotiating their agreements (Mair 1998).

The BMW-Rover deal

BMW had already started an internationalisation offensive for the 1990s with the Spartanburg plant in South Carolina/USA (1994), the upgrading of Rosslyn/South-Africa and the ckd-joint ventures in Egypt, Indonesia, Malaysia, Philippines, Thailand, Vietnam and recently in Russia and China, a joint venture engine plant in Brazil with Chrysler, when the Rover takeover was published. Suddenly the German premium car producer had become a European generalist company covering nearly all product segments. In 2003 BMW will also get the Rolls Royce brand from VW.

For four years the two companies remained widely autonomous and, what is more striking, completely unbalanced. The BMW division continued its success story while Rover couldn't overcome its structural deficits and kept on losing market shares and cumulating losses. The BMW hope to compete through the Rover brand with mass-produced cars in the lower midrange segment turned out completely inappropriate. When the BMW headquarter became aware of the extreme difficulties of the partner, it was too late and the British monetary policy with the high valued £[1] finished the project off. The philosophy of two companies, a German and a British one, under one roof turned out a failure.

The end of the story was the resign of Rover head Walter Hasselkuss (Dec. 1998), of BMW CEO Bernd Pischetsrieder (Feb. 1999) and the sale of Rover for a symbolic price (10 £) including a financial support package of 500 mills. £ to the industry consortium Phoenix (May 2000). About 7 billion € is the estimated total loss of the Rover experiment for BMW (FAZ, 13.3.2000). The Land Rover brand (Range Rover, Discovery, Freelander, Defender) with the Solihull plant was sold to Ford.

Currently post-Rover BMW is a small (1,090.258 vehicles in 2002) but strong, growing and highly profitable company with three brands (BMW, Mini, Rolls Royce + the motorcycle division), an enlarged self-developed model range (roadster, the sport-activity vehicle X5, the Sport coupe 6-series, the New Mini assembled in the British Oxford plant, the Rolls Royce and the new small car 1-series, planned for 2004)[2] and a growing presence in all international markets. BMW cars and bikes are assembled in 14 countries among which are the USA, China, Egypt, South Africa, Thailand, Brazil and Mexico. BMW also keeps technological leadership in areas like fuel economic engines (valvetronic engines for the New Mini), sequential gear-drives (SMG), drive-by-wire steering or armoured vehicles (a growing niche market in Latin America and Eastern Europe). The high investment rate (6-7% of sales, 2,138 mill € in 2000) is financed completely from cash flow. It is outperforming all the bigger competitors and the open question is less: how to compete as a small company in the global market?; but much more: how to head off a possible hostile takeover?[3] Currently, BMW is seriously challenging the level of sales and economies of scale ideology in the world car business.

The rest-Rover, now renamed MG Rover and managed by the former Rover executive John Tower, at least and against a lot of pessimistic forecasts is still afloat producing about 200.000 R 200/25, 400/45 and 75 a year. The search for a new partner/buyer, however, is urgent and new models to replace the 25 and 45 ranges have to be developed.

Mercedes-Benz:

The situation of Mercedes-Benz, the automotive division of the Daimler-Benz group, at the beginning 1990s can be summarized as follows:

- ✓ The bulk of the production sites are located in the South-West of Germany forming a regional production complex with strong institutional links to the German federal state Baden-Wuerttemberg. Mercedes was also a trendsetter in German industrial relations, a central bargaining and

[1] The sterling appreciation versus the € caused only in 1999 additional costs of 700 mill. DM for the BMW group (FAZ, 18.3.2000)

[2] Analysts doubt on the viability of the downmarket strategy (1-series, Mini), particularly the premium-price strategy in the lower class segments. The BMW board member Burkhard Goeschel responds: "This (the "1" series) is not a (VW) Golf. It's a BMW. We always have a premium price to protect our margins. We won't become a mass producer. Volumes will be somewhat restricted." (Reuters, 12.9.2000) CEO Joachim Milberg adds: "Last year we consistently initiated the reorientation of the BMW Group. The core factor in this process is of course our uncompromising premium brand strategy. It makes us the only multi-brand car manufacturer in the world not operating in the mass market." (just-auto.com, 27.3.2001)

[3] Currently, these questions depend on the disposition of the Quandt familiy, main stockholder of BMW for more than 40 years, to keep their stake and follow the long-term strategy of cooperation between the mayor stakeholder, the management and the works council against the shareholder value tentations.

battleground for the employers association and the German metalworker union.

- ✓ The failure of the diversification strategy: The project of transforming the car producer in an «Integrated Technology Corporation» had failed and the none-automotive divisions like consumer electronics (AEG), aerospace and armaments (Dornier, Fokker, MBB) had to be closed or sold.
- ✓ Economic difficulties: At the end of the artificial post-unification boom in Germany the productivity gap to the main competitors and the stagnation in the traditional markets moved the company into the deepest crisis in history.
- ✓ Poor international presence: Mercedes passenger cars (in contrast to the commercial vehicle division) had followed the typical German export model of producing high quality at home exporting to the rest of the world. The intensified competition particularly from the Japanese, changing markets and protectionist policies in emerging markets set this model under pressure.

The Chrysler merger in 1998 was only the most radical element of the strategic turnaround the company made in the 1990s by developing new models (A-class, M-class, Smart, Maybach, SLK roadster), opening new plants abroad (Juiz de Fora/Brasil, Tuscaloosa/USA, Hambach/France), starting strategic alliances, joint ventures and participations (Steyr-Puch/Austria; Egyptian German Automotive Company; Yaxing-Benz Ltd./China; Covisint e-business; California Fuel Cell Partnership to develop fuel cell technology...) and implementing lean elements into the management (flat hierarchies, cost centers, teamwork). Mercedes had recovered sales and benefits since 1994 and seemed to be prepared for the great leap towards a world company.

Chrysler:

The smallest and less internationalised of the 'Big Three' was always centred in North America, had its main production sites in the Detroit region and the attempts to follow the internationalisation paths of GM and Ford in the late 1960s failed (engagements in French Simca, British Rootes and Spanish truckmaker Barreiros). Another failed follow-the-leader strategy was the small car business where it depended on a single Mitsubishi cooperation model, the Dodge Colt.

There are some striking similarities and differences with the Daimler-Benz trajectory: Chrysler shared some structural deficits with Mercedes, particularly the poor presence in overseas markets and the failed diversification experience (Gulfstream Aerospace, Electrospace Systems). On the other hand the Chrysler story is much more turbulent with several existential crisis (end of the 1970s and beginning 1990s) and some spectacular «company reinventions» (Belzowski 1998). The turnaround after the last deep crisis 1992 converted Chrysler for several years into a model firm, "the world's hottest car company" (Lutz 1998). The innovative designs, the successful niche models, the leading position in the growing light truck and minivan segments and the Chrysler Operating System («toyotism á la Chrysler») made the company a demonstration object for the international business community.

The merger 1998

The merger conditions, therefore, seemed to be nearly ideal: two strong companies with complementary model ranges and competencies, sharing similar deficits and challenges. Why did the «marriage made in heaven» (CEO Jürgen Schrempp) not make happy, creating more problems than solutions?

The economic start was good with the strong Mercedes brand, the upward of all former Daimler businesses, good selling of the none-automotive businesses Adtranz (railsystem transports), Debis (telecommunications), DASA (aeronautics) and TEMIC (automotive electronics) and Chrysler continuing with extraordinary profits. The Hyundai (June 1999) and Mitsubishi (March 1999, including the Dutch Nedcar) engagement, which recently even includes the Mitsubishi commercial vehicles controlled by Volvo so long, offer good long-term perspectives for the global commercial vehicle market and the entrance in the Asian passenger car markets. DC is strategically well posted in long-term perspectives but with serious profit problems in short-term. There is a striking analogy with BMW: the strong pillar of the group is a small upper-class brand without economies of scale and lean assembly nor platform and 'commonization' strategies. DC is the only big car producer lacking a million-unit platform.

- ✓ The main problem does not come from economic or strategic weakness, but from the stock markets where the new company is now at a lower rate than the two separate companies before the merger. The share price fell from 108 US $ (January 1999) to less than 40 US $ since the merger, remaining at a lower level than each of the merged companies before the merger (table 1).

- ✓ A second problem is the need for a new «reinvention» of Chrysler. The Minivan era with its huge profit margins is running out and Chrysler failed again to enter the European mass markets with the Neon model. This new turnaround has to be managed for the first time by a German team and financed by a German dominated company which won't get the generous US state subsidies of former reinventions. The hostile market conditions in the US with discount battles and shrinking market shares for the 'Big Three' add more difficulties and leaves Chrysler in a loss-making position for several years already. All the Chrysler top managers resigned being well aware of the rising problems before the merger worrying about the lack of liquidity for investment in a new model generation due to the short-term shareholder interests (Kädtler/Sperling 2001; table 5)[1]. If Chrysler had remained independent, it would be in a horrid position today, so Robert Eaton and his crew made an extraordinary deal taking the special merger bonifications for American managers and shareholders and leaving the structural problems to future managements.
- ✓ Chrysler is not the only troublemaker in the group as the US commercial brand Freightliner and the Asian partners Mitsubishi and Hyundai are passing through severe crisis, job-cutting and plant closures. Like Chrysler, Mitsubishi is loosing market share in its domestic market and faces the contradiction between the need of long-term investment in new models and the short-term pressure to reduce losses and reach benefits. Again it was up to German top managers to jump in and design the turnaround plans including a closer cooperation between Mitsubishi and Hyundai.
- ✓ This indicates the forth problem, the bleeding out of experienced managers and the need to send the best Germans to USA, Japan and Korea. They have to manage very hard recovery programmes (26.000 job cuts and six plant closures in Chrysler, 9.500 job cuts and one plant closure in Mitsubishi) in a hostile market situation and an unknown cultural context. The management power centre of the group, the Executive Automotive Committee (EAC) is now made up by six Germans: Schrempp (CEO), Hubbert (passenger cars), Zetsche (Chrysler), Cordes (commercial vehicles), Bischoff (Mitsubishi) and Grube (corporate development). Meanwhile the struggles between middle managers in the integrated group organs at multiple levels are going on forming a hidden but difficult intra-company context.

These three problems are only the most striking ones in a long list. For instance, the company is suffering shareholder group lawsuits against board members in the USA (Kerkorian group), in Germany (some smaller shareholders) and Japan (a group of Japanese shareholders after the defects cover-up scandal in 2000). The true test for the merger will be the next three years. In this period DC has to consolidate Mitsubishi, reinvent Chrysler, renew the model range, reorganise the world-wide dealer network, integrate the four companies –an upmarket German luxury carmaker with commercial vehicle appendix, an American producer of light truck in turbulence and two struggling Japanese and Korean car companies— into a coherent global corporation and, last not least, recover shareholder confidence, an open end story.

RESEARCH LESSONS FROM THE TWO STORIES

The lessons I want to draw from these case studies I will put in form of nine hypotheses, which could inform future research projects as well as conceptual theoretical work.

Transnational Firm Complex has multiple conflict lines, which have to be identified in order to analyse a firm trajectory and strategy.

- ✓ Shareholder – management
- ✓ Different management groups and cultures

[1] An interesting merger story in this respect is the attitude of the former Chrysler managers who criticised the low-performance Daimler colleagues proudly demonstrating their business press ratings, high productivity figures and high dividends per share. In 1999 Chrysler was still (since 1994) the most profitable U.S. automaker generating half of DCs revenues. When the structural Chrysler problems became evident at the end of 2000, they all resigned and went to competitors like Ford and GM

- ✓ Shareholder/management-employees/works councils
- ✓ Plants, profit centers, subcontractors
- ✓ Producer – suppliers[1]
- ✓ Producer – dealers[2]
- ✓ Producer – Governments
- ✓ Alliance and joint venture partners

All decisions and policies are the outcome of continuous struggles along these conflict lines and there is little, maybe less than ever, room for abstract economic rationality. The problem of success is a problem of mobilising power and resources for a specific strategy, not a problem of the «best way of doing things».

The control of shareholder interests and dynamics has moved to a prominent range of firm problems for all players. The stability of BMW and VW, for instance, depends, above all, on their main shareholders, the Quandt family and the Lower Saxony Government resp. As long as they keep loyal, the other firm players can develop long-term strategies and compromises and lower dividends (VW) or company size (BMW) don't worry. DC may soon get under pressure if the Deutsche Bank[3] loosen its control and the firm loses its loyal shareholder group. "Other figures or other heads" expressed the head of the shareholder association Klaus Kessler the mood at the DC shareholder assembly in April 2001. It's not by accident that one of the most important negotiations in order to manage the Chrysler crisis and shield the company from hostile takeovers was held in February 2001 between chief executive Juergen Schrempp and Kuwait's Emir Sheikh Jaber al-Ahmad al-Sabah, whose oil-rich state is the second biggest shareholder (after Deutsche Bank with 12% stake) in the auto giant, Kuwait's Finance Minister Sheikh Ahmad al-Abdullah al-Sabah and the head of the state's Kuwait Investment Authority (KIA) Saleh Mubarak al-Falah.

Changes in management cultures and intermanagerial conflicts are main indicators for the transformation of transnational firm complexes. The problems or failures of mergers and joint ventures have their most frequent reasons in management conflicts. Chrysler and Mitsubishi are now, after their crisis, governed by German Daimler-Benz managers, the BMW Spartanburg plant was reorganised by Germans after the failure of the American transplant team, the Rover and BMW managers never found a common ground, etc.[4] I don't know if these cultural clashes are more corporate or more national grounded (probably both), if there are Mercedes management styles as a result of a company management trajectory or if there are strongly rooted national management cultures.[5] Anyway, the DaimlerChrysler deal tells us that the Daimler-Benz managers didn't want to become americanised by Chrysler managers nor remain German managers, but americanise themselves.

But there is a second management culture point I want to make. The top managers of Chrysler and BMW are now top managers of the main competitors: Pischetsrieder is VWs CEO, BMWs Reitzle, Chryslers Rushwin and Theodore went to Ford, Chryslers Steven J. Harris and Bryan Nesbitt (the young famous PT Cruiser designer) to GM… on the other hand, one of the first turnaround means of Dieter Zetsche in his new job as Chrysler head was to hire Fords global marketing boss Jim Schroer and two other Ford and GM top managers. Even the big merger hero Jürgen Schrempp offered to resign in November 2000 and probably in the USA he had realised it, but the head of the Deutsche Bank Hilmar Kopper insisted in his personal responsibility to drive the company out of the crisis (AP-DPA, 3.2.2001). The linkage between management and company is getting looser, the company commitment flawed and the

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[1] 70% of the largest 100 suppliers, among them very important ones like Dana and Bosch, rejected in January 2001 the DC demand for a 5 percent price cut (Reuters, 22.2.2001; Handelsblatt, 15.1.2001)

[2] see the lawsuits for damages of the Rover dealers against BMW after the sell and of the British Mercedes-Benz dealers against the termination of their franchises in April 2001

[3] The president of the Deutsche Bank continually announces the end of the "Deutschland AG", i. e. the end of the industrial role of his and the other German banks in industrial participation, networking and strategic control and their transformation in global financial investment institutes. The only reason for still keeping the DC stake is the low share prize in case of selling.

[4] Ferner/Varul (2000, 135) quote an UK subsidiary representative of a German company: "The culture barrier was so great that decisions were made that we didn't influence a little bit, and we could have done if we'd understood the European way of doing things. When the crunch came, and the company rationalized its network of plants in Europe, it was the UK plant that lost out, despite its superior performance and profitability."

[5] The replaced Opel head Robert Hendry commented his culture problems: “Ich bin der Meinung, daß Opel wieder von einem Europäer geführt werden muß. Die emotianale Bindung der Mitarbeiter ist maßgeblich für den Erfolg einer Firma, und diese läßt sich besser entwickeln, wenn man aus der gleichen Kultur stammt... und ich spreche kein Deutsch” (Frankfurter Allgemeine Zeitung, 18.1.2001). (I am of the opinion that Opel should be run again by an European. The emotional ties of the employees is decisive for the success of a firm and easier to develop if you belong to the same culture... and I don't speak German.)

international pool of top managers reminds more and more at some professional sports management cultures where the team managers change every year and are fired after three games lost, hired some weeks later by another team. The impact of this volatility of top managers on the firm complexes is another important research agenda.

This point leads to a third intra-management conflict line with increasing relevance, the interest contradictions between the strategic (more financialised) and the operative (more productionist) managements (Kädtler/Sperling 2001). The latter is in a situation of continuous pressure from the stock market as a power resource mobilised by strategic top-management and has to look for new own strategies and resources to counteract.

Governments are main investment players, but often with contradictory strategies like the British Government who undermines the terms of trade base for the British industry[1] and on the other hand tries to attract investments by subsidies and pressuring against plant closures. The recent BMW engagement in Russia where it assembles (skd) the premium models 523, 528 and 735 is a result of close relationships to the Russian government who secures part of the demand (e. g. orders by the high command of Russia's army) (just-auto.com, 25.1.2001). The survival of Rover depends also strongly on government politics like subsidies for future investments in case of a partnership/takeover and public contracts like the April 2001 one to supply the British government with Rover 75s for cabinet ministers' official use. The same happened with the Chrysler Ohio plant in Toledo and the Australian Mitsubishi plant in Adelaide, threatened to close in the Mitsubishi turnaround plan.

In contrast to the MIT publications and the bulk of the global business press productivity is a very secondary variable in firm performance. The high-productivity Chrysler plants are the losers against the low productivity Mercedes plants and the problems of the top-productivity plant of Europe Nissan Sunderland tell a similar story. Womack and Jones shared with the international business press that Chrysler was an example of successful lean change management in the nineties and now they have to cut 26.000 jobs while bad and unproductive Mercedes is saving with high profits the loss making high performance partner. Productivity is an efficient control instrument in the hands of headquarters to discipline plant managers, work force and business unit leaders but it is of rather low importance for the firm complex.

Labour relations have to be focussed in a different way as in the past. They are no longer a simple bargaining arena between works councils/trade unions and management. At least three points should be made:

- ✓ The dispersion of the decision-making: With the center principle, outsourcing, international production networks etc., the labour relevant decisions are made in very different areas far from works council control. For labour interest representation this means the need for reorganisation in international flexible value-chain networks.
- ✓ The importance of the stock market control: If the present tendency of the dominance of the stock markets continues labour has lost a decisive battle, and labour not just means the employees but the local communities and the social interests around the firms. To give an example: In a situation like the present Chrysler crisis, a traditional German company would have established a turnaround plan with investments in new models and plant modernisation and some job cuts negotiated with the works council (voluntary leavers, early retirements) in a quite normal atmosphere after nearly a decade of extraordinary profits. But now the stock market doesn't allow this quite rational and normal behaviour. Today several top-managers have to be ousted and a new «strong man» has to announce in public that he will adopt immediate and drastic means, firing thousands of workers, strangle the suppliers, closing several plants etc. in order to keep the share price and calm the stock market. So one of the main points in the union agendas should be to shield the independence of short-term firm politics from stock market pressure and possibly the question of public and social funds participations in strategic firms has to be re-discussed against the neoliberal privatisation discourse.
- ✓ Finally the institutional setting has to be put forward. European Works Councils and German co-determination with union representatives in the supervisory boards of the firm are convincing even the sceptical

[1] Toyota, therefore, preferred to invest in France and Nissan is continually threatening to reduce production in Sunderland, considered the most productive plant in Europe, if the UK doesn't enter the €-zone.

Anglo-Saxon unionists from Rover and Chrysler, but they are underdeveloped and, above all, not underpinned by day to day cooperation at the inter-plant level.

Public control y social movements (consumer boycotts, ecological and human labour rights) may become an interesting player in the firm complex of the future. I give three examples in different areas (nationalism, social justice, ecology):

- ✓ Probably the position of the former BMW board member Reitzle, who did not want to buy Rover but only the two brands Mini and Land Rover, would have won against the Pischetsrieder position, supported by the unions, to buy and restore the whole decayed company. Who finally impeded the Reitzle coup, which would have been perfect from the BMW point of view, were the British public opinion campaigns against the bad Germans who wanted to kill the last British carmaker.
- ✓ Another example is the compensation fund for the Jewish forced workers under the Nazi-regime. VW and Daimler-Benz are leading promoters of this fund in German industry not because they had bad conscience about their responsibility during the Third Reich or social attitude towards the victims of the Nazis but because they are afraid of losing market shares in the USA, where the Jewish community is a strong public opinion force.
- ✓ After the merger DaimlerChrysler left the anti-Kyoto lobby «Global Climate Coalition» (a lobby of mainly North-American companies against the reduction of CO^2 emissions) in order to protect its environmental friendly image, a step more oriented to European than American customers. Ford, BP, Shell and others had done this earlier and it's on the ecological movement and customer consciousness turn to move the last big carmaker GM into the same direction.

The general structure of the firm complexes is changing due to the changing profit margins along the value added chain. The big automotive producers remain in the power centre of the complex but moving downward the value added chain, outsourcing and subcontracting the main part of the production process and putting more emphasis on the financial services, after sale, car-renting, used cars[1], auto-recycling (a big future business) etc. establishing own banks and security agencies in order to keep the high-profit parts of the automotive business, to pick out the high-margin jewels out of the whole life-cycle of the vehicle --from assembly to scrapping--. Main conflicts will result from this strategic change, for instance, between producers and dealers and franchise garages.

My final research agenda issue is a more general, macro-sociological one turning the globalisation debate on its feet. British researchers on comparative internationalisation strategies like Anthony Ferner and Christel Lane (cfr. Ferner 1997, Ferner/Hyman 1998, Ferner/Quintanilla 1998, Ferner/Varul 2000, Lane 1998, 2000) work with the concept of the hybridisation of national business systems and country of origin effects or «nationality effects» (Edwards 1999) in internationalisation trajectories. The German carmakers are illustrative examples for strong country of origin effects, the erosion of the national institutional setting of the business system and of the consolidation of new hybrid internationalisation trajectories, combining home cultures with different foreign host cultures. The foreign subsidies come under German management control but are neither mere 'adapters' nor mere 'innovators', they are players in a cross-border forward-reverse diffusion process of new business practices (Ferner/Varul 2000).[2]

Currently we are likely to live a process of Germanisation of European centred multinational companies (Skoda, SEAT, Chrysler, Mitsubishi, Rover was stopped, but even Opel or Ford Europe) governed by German management teams and on the other side an «anglo-saxonisation» (Ferner/Quintanilla 1998, Ferner/Varul 2000) of the German business system («from stakeholder to shareholder capitalism») eroding the long-termism of the ownership relations with industrial banks and cross-holdings, the high-skill commitment of the labour force (Schumann 1997)[3], the centralised co-ordinated bargaining and co-determination system and the public-private research networks

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[1] Mercedes runs in the USA a special brand for its used cars 'Starmark'.

[2] Forward diffusion means diffusion of hegemonic business systems by MNCs towards the host country subsidiaries; backward or reverse diffusion gives the subsidiary a 'vanguard' function in innovating new practices within the MNCs.

[3] Ferner/Varul (2000, 129) quote an automotive supplier: " The Japanese taught us that for direct operations skills, you de-skill them, you don't need all those skills, that the Germans deploy, you're paying for something you don't really need."

(Verbundforschung) (Lane 2000). For others it may seem more desirable the other way around, a lot of Anglo-Saxon managers governing German co-determinated firms in long-term industrial perspective, but... all this is a question of politics.

CONCLUSIONS

In the fordist era the firm complex was embedded in a sort of «national business system», an institutional set of nationally specific rules, which shaped the firm behaviour even in international areas. The internationalisation leads to the formation of more complex transnational firm complexes, i. e. a process of disembedding from national business systems and hybridisation of firms internationalisation trajectories. The two cases, taken as an empirical starting point in this paper, indicate several hypotheses for a future research agenda on the reshaping of these transnational firm complexes.

One general trend is a growing discrepancy between the relations and strength of ties of the different players of the firm complex towards the firm. There are main players and power groups (mainly shareholders and managers) which develop their trajectories increasingly along firm independent paths having only short-term and superficial relations to a specific firm whereas others (employees, local communities, smaller suppliers and dealers) remain in a firm-dependent position. A second trend are movements of the power centre of a firm complex downward the value added chain towards after sale and service businesses leaving the bulk of the production process (except R&D and design) to the low-power players. A third trend is the intensifying of power struggles in a firm complex along several overlapping conflict lines which press the different players to rethink their political strategies. All these trends are not only firm- but also socially relevant in order to understand a process labelled «globalization».

Holm-Detlev Köhler,
Área de Sociología, Oviedo
España

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ANNEXES

Table 1. - ***Share Prices of The German Car Producers In €***

	febr. 1999	dec. 2000	jan. 2004
BMW	25,48	34,31	36,29
DaimlerChrysler	87,80	47,05	36,98
VW	67,00	52,13	42,45

Table 2. - ***BMW-Rover in figures***

Operating Profit (in mill. €)

	1996	1997	1998	1999	2000
Operating profit	849	1,293	1,061	1,111	1,663
Net profit	420	638	462	663	1,026
Turnover	26,723	30,748	32,280	34,402	35,356
Earnings per share				1,01	1,63
Dividend per ord. Share (pref.share)	0,30 (0,32)	0,40 (0,42)	0,40 (0,42)	0,40 (0,42)	0,46 (0,48)
Profits by segments					
Bmw automobiles			2,003	2,106	2,380
Rover automobiles			-- 957	-- 1,207	-- 762
Bmw motorcycles			16	18	27
Aero engine			-- 234	-- 146	(1)
Financial services			298	316	345
Employees (germany)	116.112	117.624	118.489	114.952	93.624 (68.900)

(1) Integrated in Rolls Royce Deutschland GmbH

Table 3. - ***BMW in figures (mill. €)***

	2001	2002
Revenues	38,463	42,282
Net profit	1,866	2,020
Production (units)		
Automobiles	946,730	1,090,258
Motorcycles	100,213	97,553
Employees	97,275	101,395

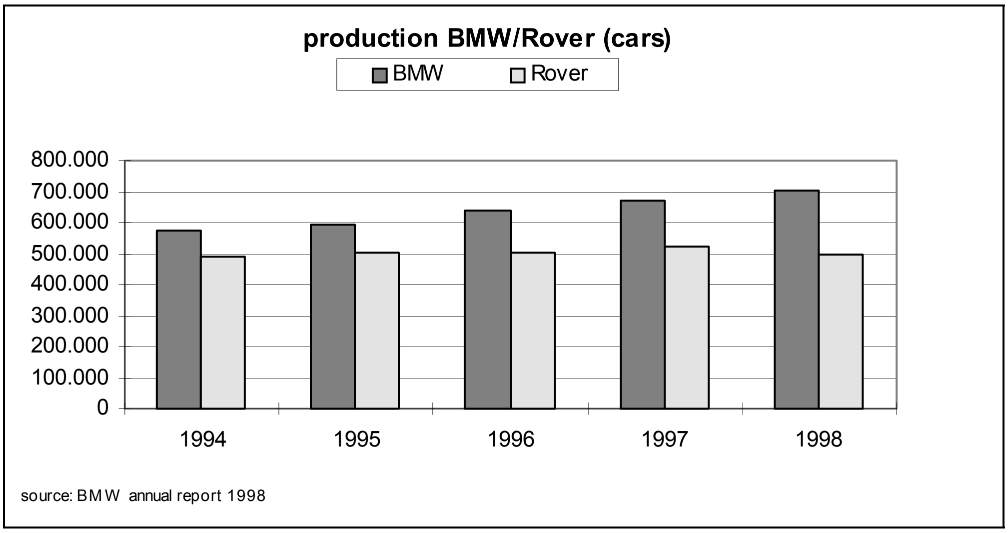

Figure 1. - ***Car production BMW/Rover***

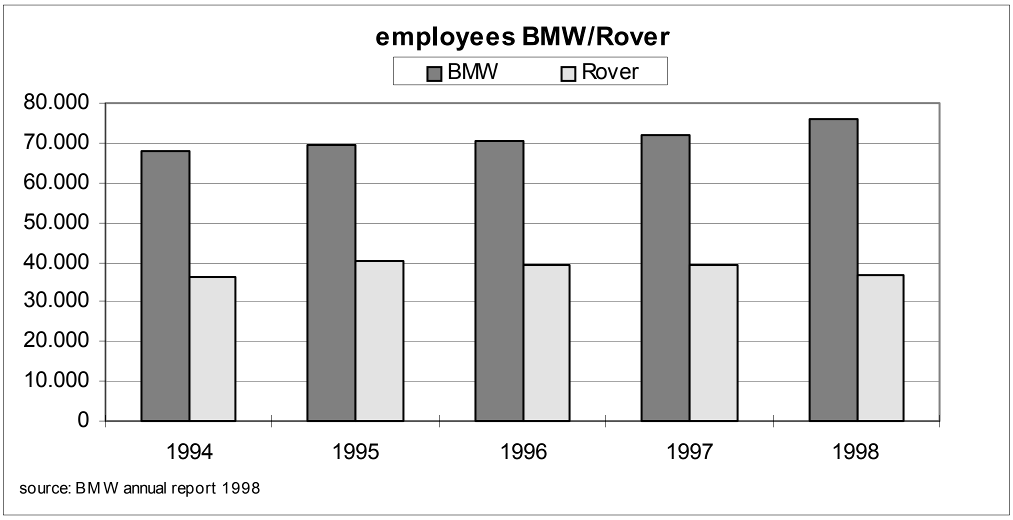

Figure 2. - ***BMW/Rover employees***

Table 4. - *BMW/Rover plants*

Plant/Location	Country	Production range	Workforce
BMW Munich	Germany	3-Series saloon, compact version	24,699 (1)
BMW Dingolfing	Germany	3-Series saloon, 5-Series saloon, 5-Series touring, 7-Series saloon, 8-Series coupé	19,522
BMW Regensburg	Germany	3-Series saloon and coupé, touring version and convertible	8,740 (2)
BMW Berlin	Germany	BMW Motorcycles	498 (3)
BMW Spartanburg	USA	Z3 roadster, Z3 coupé, X5	2,217
BMW Rosslyn	South-Africa	3-Series saloon, Land Rover Def.	3,201
ROVER Longbridge	UK	Rover 200, 400, MGF, Mini (from 2001: R 75)	12,017 (4)
ROVER Solihull	UK	Land Rover Defender, Discovery II, Range Rover, Freelander	12,414 (5)
ROVER Oxford	UK	Rover 75 (from 2001: New Mini)	3,620
Rolls Royce Goodwood	UK	Rolls-Royce cars from 2003	

(+ some further component and engine plants in Austria, Germany, UK and Brazil)
(1) incl. Head Office, BMW Research and Engineering Centre (FIZ)
(2) incl. Wackersdorf plant
(3) excl. motorcycles
(4) 2000: MG Rover (Phoenix consortium)
(5) sold to Ford in 2000

Source: *BMW www.bmw.com*

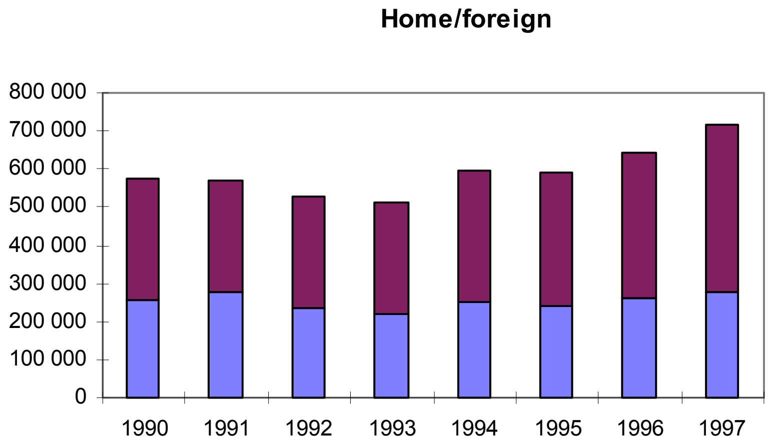

Figure 3. - *Sales of passenger cars Mercedes-Benz*

Source: *Annual reports*

Table 5. - *The DaimlerChrysler Management Board*

1998	2001	2004
Chairmen: Jürgen E. Schrempp Robert Eaton	Chairman: Jürgen E. Schrempp	Chairman: Jürgen E. Schrempp
Prof. Jürgen Hubbert Mercedes-Benz Passenger Cars & smart	Prof. Jürgen Hubbert Mercedes-Benz Passenger Cars & smart	Dr. Wolfgang Bernhard Chief Operating Officer Chrysler Group
Thomas Stallkamp Chrysler Group	Dr. Dieter Zetsche Chrysler Group	Dr. Dieter Zetsche Chrysler Group
Kurt Lauck Commercial Vehicles	Dr. Eckhard Cordes Commercial Vehicles	Dr. Eckhard Cordes Commercial Vehicles
Dr. Manfred Gentz Finance & Controlling	Dr. Manfred Gentz Finance & Controlling	Dr. Manfred Gentz Finance & Controlling
Dr. Manfred Bischoff Aerospace & Industrial Businesses (DASA)	Dr. Manfred Bischoff Aerospace & Industrial Businesses (DASA), board member Mitsubishi	Prof. Jürgen Hubbert Mercedes Car Group
Gary C. Valade Global Procurement & Supply	Gary C. Valade Global Procurement & Supply	Dr. Rüdiger Grube Corporate Development
Thomas W. Sidlik Procurement & Supply Chrysler Group & Jeep® Operations	Thomas W. Sidlik Procurement & Supply Chrysler, Group & Jeep Operations, board member Hyundai	Thomas W. Sidlik Global Procurement & Supply
Prof. Klaus-Dieter Vöhringer Research & Technology	Prof. Klaus-Dieter Vöhringer Research & Technology	Bodo Uebber Deputy Member of the Board of Management-Services
Heiner Tropitzsch Human Resources & Labor Relations Director	Günther Fleig Human Resources & Labor Relations Director	Günther Fleig Human Resources & Labor Relations Director
Dr. Klaus Mangold Services (Debis)	Dr. Klaus Mangold Services	Dr. Thomas Weber Deputy Member of the Board of Management – Research & Technology
Thomas C. Gale Product Development, Design Chrysler Group & Passenger Car Operations		
Eckhard Cordes Group strategy	Deputy Member of the Board of Management: Dr. Wolfgang Bernhard Chief Operating Officer (COO) Chrysler Group	
James P. Holden Chrysler dealer relations		
Dr. Dieter Zetsche Mercedes-Benz dealer relations		
Theodor Cunningham Latinamerica		

Figure 4. - ***Productivity development of Daimler-Benz and Chrysler (vehicles/employees)***

Table 6. - ***DC Employees***

	1998	2000	2002
Total	441,502	416,501	365,571
Germany	228,000	196,861	
USA	137,000	123,633	
Rest of the world	66,000	96,007	
By Segments			
Mercedes-Benz P.C.&smart	95,158	100,893	101,778
Chrysler Group	126,816	121,027	95,835
MB commercial vehicles	89.711	94,999	94,111
MB Sales&Marketing	31.280	36,857	
Services	20.211	9,589	10,521
Aerospace	45.858	7,162	
Headquarters/Others	32.581	45,974	21,184

Table 7. - *DC Sales (in 000 units)*

	1998	1999	2000	2002
Total vehicles	4500	4860	4750	4540
Mercedes-Benz P.C.&smart	922,8	1080	1155	1232
Chrysler Group	3093,7	3229	3045	2823
Commercial vehicles	489,7	555	549	485

Table 8. - *DC Operating Profit (in mill. €)*

	1998	1999	2000	2002
Operating Profit (€)	8,593	11,012	9,752	6,854
Operating Profit Adjusted(1)	8,583	10,316	5,213	5,829
NET PROFIT(1)	5,350	6,226	3,481	3,329
EARNINGS PER SHARE (€)	5,58	6,21	3,47	3,30
DIVIDEND PER SHARE (€)	2,35	2,35	2,35	1,50
Net Operating Profits and Revenues by Segments				
Mercedes-Benz P.C.&smart	1,99	2,703	2,874	3,020
Revenues	32,587	38,100	43,700	50,170
Chrysler Group	4,25	5,190	0,531	1,317
Revenues	56,412	64,085	68,372	60,181
Commercial Vehicles	0,95	1,067	1,151	176
Revenues	23,162	26,695	28,818	28,401
Services	0,39	1,026	0,641	964
Revenues	11,410	12,932	17,526	15,699
Aerospace	0,62	0,730	0,451	
Revenues	8,770	9,191	5,387	
Others	--0,15	--0,221	--0,282	747
Revenues		5,852	6,262	2,723

(1) Excl. one-time effects

Table 9.- *DC Revenues by regions (in mill. €)*

	1998	1999	2000	2002
Total Revenues	131,782	149,985	162,384	149,384
BY REGIONS				
Germany	24,918	28,393	25,988	23,121
EU excl. Germany	20,072	21,567	24,360	23,425
USA	65,300	78,104	84,503	77,686

Source*: http://www.daimlerchrysler.de*