

# The spatial organisation of German transnational companies

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## I. Introduction

The unprecedented fast technological development has founded the age of the world-economical globalisation. Its essence is that worldwide economical processes gain ground. In that, transnational corporations and the flow of fast expanding cross border elements, in particular capital, play a key role. Transnational corporations (TNCs) and their business politics become the principal of the international specialization. Corporations, which are running business in many countries or even worldwide, expand though their investments the radius of the home economies. To judge the achievement, the world-economical role of a certain country, one needs to consider the foreign direct investments, i.e. the broadening foreign activities of the corporations of a country.

In my research I investigated a traditional geographical matter, in particular the world-economical role of Germany. The approach however, represents a new direction with the focus being on the above described processes. My researches seek the answer to what the transformation of the world economy means for the largest economy of the European Union. I analysed the regional characteristics and the motives of the expansions of German companies. An interesting question of the research is how these geographical (“outer space”) processes affect the transformation of German companies: the number and functions of the subsidiaries, the company governance, and in a wider sense the whole German management-modell (“inner space”)

The weight of the foreign direct investment (FDI) within the foreign relationships of Germany has undoubtedly increased since the 1980s. The ratio of FDI to the GDP did not reach 5% in 1980, while in 2007 already exceeded 37%. In the last three decades, except for a few years, the expansion of the FDI volume exceeded that of the exports, especially from the second half of the 90’s. These values refer to that *due to the globalisation, the export orientation of the German companies transforms, giving an increasing importance to the new forms and higher levels of internationalisation.* At the mid-90’s, statements of company

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leaders suggest similar processes: invoking the words of Bernd Pischet, board leader of BMW: „the time of exclusive export activities are over<sup>2</sup>”.

The research of this topic can be explained by numerous factors. The slow expansion of the German economy as well as the high level of unemployment explains the investigation of the corporate expansion from Germany's perspective. As Margit Rácz, the research director of the Institute for World Economics of the Hungarian Academy of Sciences said: “In Germany, the deficit is too high because the growth of the GDP has been for a long time too small, and that is why the incomes from the taxes are not enough to cover the expenditures. This is mainly in connection with the fact that Germany invests year-by-year more money abroad than what inflows to the country.”<sup>3</sup> From the strong reaction of the German politics is enough just to mention the statement of Gerhard Schröder, the ex-chancellor of Germany, who accused of being unpatriotic German companies investing abroad. “It's time to finish discussing about the relocation of production to foreign countries and German companies should decide to invest in Germany.”<sup>4</sup>

In our region, just like in Hungary, where Germany is the leading foreign direct investor, the knowledge of the geographical organisation of the companies, as well as its transformation and in close relationship with that, the knowledge of the investment motives, may be well determinant in keeping investments and attract further ones.

## **II. Research objectives, methodology**

The basis of my research were those results (primarily Henzler 1992, Hinterhuber 1993, and Nunnenkamp 1998), which suggested that compared to their U.S. competitors, the organisation of German companies in the early 90's was less international, mainly concentrated only on Europe. At that time, chemical corporations played a leading role in the internationalisation. On the contrary, especially in the automotive industry, the domestic markets dominated, while, except for some cases, foreign premises were only part of the sales channel.

My aim is to present the industrial and geographical consequences of the German corporate expansion. My investigations basically cover four aspects:

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<sup>2</sup> Der Spiegel 1996/39, pp.99

<sup>3</sup> *Szükséges, de fájdalmas reformok*. In: *Élet és Irodalom*, 2006.03.03.

<sup>4</sup> [www.origo.hu/uzletinegyved/hirek/vilaggzdasag/20050328otthon.html](http://www.origo.hu/uzletinegyved/hirek/vilaggzdasag/20050328otthon.html) and *Investitionen deutscher Unternehmen im Ausland: Mangelnder Patriotismus?*, Wochenbericht des DIW Berlin 42/04

- A.) How do the focus areas of the German corporate expansion change geographically and over time?
- B.) What motives stand behind the corporate expansion?
- C.) Which industries lead this process?
- D.) How the German corporate structure and governance is changed due to the internalisation?

The expansion of German corporations was analyzed based on the data (FDI, sales, number of employees and subsidiaries) from 1979 and 2007<sup>5</sup>, published by the Deutsche Bundesbank. The statistics expound the foreign activities of the German companies in a regional, country-wide and industry split. In the course of the analysis various statistical methods have been used (e.g. Hoover-index, Gini-Hirschmann's concentration index, , gravity centre analysis, etc.), while the investigation of the level of the expansion (in this case the primary source of data were the FDI statistics published by the UNCTAD) is based on comparison. The exploration of the factors impacting the investments were based on the findings of the relevant literature (Dicken 2003; Dunning 2002, 2000, 1996; Jost and Nunnenkamp 2003, 2002; Krugman 2003; Markausen and Venables 1995; Nunnenkamp 2002; Wezel 2003; Wortmann 2002) as well as –on the questionnaire survey of the German Industry Chamber among the German companies (DIHK 2004 and 2009). These are combined with own calculations (Pearson's correlation), that seek a relationship between the German capital volume and the factors impacting it.

### **III. Research results**

The answers to each of the questions mentioned above about the spatial organisation of German companies can be summarized as follows:

#### A.) The geographical characteristics of the German corporate expansion

The statistical data shows a continuous German expansion: Worldwide, between 1979 and 2007 the number of German subsidiaries and employees grew 3 times, while their sales grew 13 times. However, the largest growth rate is represented by the FDI outward stock volume: during the investigated period it grew 24 times, approaching 880 billion Euros by 2007. The most dynamic increase can be seen from the second half of the 1990s.

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<sup>5</sup> The first and the last year of detailed statistics from Deutsche Bundesbank .

*During this period, two factors had the most impact on the expansion of the German corporations. On one hand the horizontal expansion and the vertical intensification of the European integration, while on the other hand, especially from the 1990s, the economical processes on worldwide level, i.e. the globalisation. The several periods of the German corporate expansion can be split alongside the coactions of these two factors with different strengths over time.*

On the score of the change of the above mentioned 4 indicators, I've calculated a complex index to identify the change of the importance of host countries and regions over time. (Countries with ranking in the first quarter are *Primary host countries*, ranking in the second quarter are *Secondary host countries*, and so on.)

1: 1980-1985: At the beginning of the capital and technology intensive phase of the world-economy, the goal of the German companies was to ***secure the markets of the developed countries***. In line with that, the U.S., Japan, Australia and the European (not only those in the Union) countries were the major focus areas.

2. In the period between 1985 and 1990 integration processes got unequivocally into the foreground. This period was primarily dedicated to the expansion in the large European countries (GB, France, Spain and Italy).

3.) 1990–2000 (***first phase of the Eastern expansion***): The decade brought a turn in the dynamics as well as the geographical characteristics of the corporate expansion. A conspicuous sign of this is that the earlier European orientation of the German corporate network decreased while parallel to that, the increase of the global processes lead to a revaluation of new areas. The fast expansion of the presence of German companies in some ex-socialist countries is significant (mainly in the Visegrád-countries and in Russia) As a result of all these, Germany is among the top investors in Central and Eastern Europe.

4.) 2000-2005: The first post millennium years are inevitably dominated by further Eastern expansion (***second phase of the Eastern expansion***). Within Europe, Eastern European and Baltic states become more and more important, while the same development in Asia resulted in a fast expansion in the first and second group of the newly industrialised countries.

5.) 2005-2007: ***Expansion in CEE and in the “BRIC-countries”***: In the last years the most important host countries of German companies expansion are besides some Central-Eastern-European countries such as Czech Republic (rank 1), Romania (rank 3) Hungary (rank 7), Poland (rank 8), and the fast growing emerging markets: Brazil (rank 4!), India (rank 6), China (rank 12) and Russia (rank 14). An interesting change of the geographical expansion is

the loss of their position as leading attractors of German companies of the former most important host countries, USA and Japan.

All in all, the vertical intensification of the European integration had smaller impact in the phases of the German corporate expansion. The geographical expansion of the European Union played a more important role in the changing of the corporate networks. It is represented initially by the growing European (EU14) dominance and later in the revaluation of the joining and pre-joining countries in the 90's. At the same time, global economic processes become dominant, resulting in a dynamic expansion of German capacities on more and more markets. The outcome of these trends is that the German corporate network (measured by sales, number of employees or number of companies, all data on country-level) shows a smaller concentration. On the result of the concentration- indexes (calculated with the USA and without the USA) can be followed also the changing role of the U.S. expansion: up to 2002 German companies expanded fast in the USA, which lead to a growth of the concentration of the German corporate networks, mainly measured by FDI (on 2002, more than 40% of German FDI outward stock was concentrated in the U.S. market.) In the last years, when the expansion has different host-countries, the share of the U.S. market and parallel to these also the concentration-indexes began to fall (on 2007, only 22% of German FDI outward stock was concentrated in the U.S. market.) Less concentrated is the number of the companies and employees worldwide, which could be due to the fact that on the "new revaluated" countries the labor-force is an important investment-attracting factor. (Figure .1)

**Figure 1.: The concentration of German corporate activity  
(Gini-Hirschmann index)**

<b>With USA</b>	<b>1980</b>	<b>1990</b>	<b>1995</b>	<b>2000</b>	<b>2002</b>	<b>2007</b>
<b>FDI</b>	28,4	30,7	29,2	39,8	40,1	29,2
<b>Employes</b>	30,7	28,4	25,3	24,1	23,9	22,0
<b>Sales</b>	33,4	31,3	30,1	30,7	35,3	26,1
<b>Number of companies</b>	23,3	21,3	23,4	25,6	23,3	21,9

<b>Without USA</b>	<b>1980</b>	<b>1990</b>	<b>1995</b>	<b>2000</b>	<b>2002</b>	<b>2007</b>
<b>FDI</b>	23,4	25,6	25,0	24,6	25,0	24,5
<b>Employes</b>	27,8	25,2	21,4	20,2	20,0	19,7
<b>Sales</b>	28,0	28,2	26,9	21,3	26,5	22,2
<b>Number of companies</b>	25,8	25,3	22,9	20,2	21,0	19,4

Source: Own calculations, based on date from Deutsche Bundesbank

The above described tendencies seems to be similar to the international characteristics of the investments: The highest share of the direct investments is concentrated in the developed countries, while in the developing regions the emerging markets are the most important host countries. But the degree of these processes can be quite different. This leads us to the question: In which countries is/was the German expansion stronger than the expansion of other nations? It means how did change over time the relative position of German companies? To answer this question I've used the following ratio:

The share of „a” country in the German investment / the share of „a” country in the worldwide investments.

Making the calculations for 1980 and for 2007 4 groups of countries can be composed:

- 1.) „Traditional host countries”
- 2.) „Newly revalued host countries”
- 3.) „Host countries with decreasing importance”
- 4.) „Peripheral countries”

*The relative position of Germany as an investor more or less complies with the traditional picture of the economical fields of forces: from the emerging regions, Central and Eastern Europe unequivocally represents a revalued focus area, despite of Latin America, the importance of which – as a region belonging to fields of the U.S. – decreases from Germany's perspective (see Figure 2). However, the German corporate expansion on the Asian markets (NIC countries and China) rather represents the impact of the global processes.*

**Figure 2.: The change of the relative position of German investments**

		Starting share	
		High	Low
Share in 2007	High	<p><b>„Traditional host countries“</b></p> <p>Austria, Finland, The Netherlands, Ireland, Italy, Switzerland, Japan, USA Cayman-Islands, India</p>	<p><b>„Newly revalued host countries“</b></p> <p>Czech Republic, Hungary, Lithuania, Poland, Romania, Slovakia, Slovenia, Ukrain, Cyprus, Malta, United Kingdom, South Korea,</p>
	Low	<p><b>„Host countries with decreasing importance“</b></p> <p>Algeria, Ivory Coast, Kenya, Nigeria, Morocco, Madagascar, Tunesia, Tanzania</p> <p>Argentina, Brasil, The Bahamas, El Salvador, Mexico, Nicaragua, Panama, Venezuela</p> <p>Dania, France, Spain, Sweden,</p> <p>Turkey, Iran, Libanon</p>	<p><b>„Peripheral countries“</b></p> <p>Australia, Canada, New-Zeeland, Greece, Portugal,</p> <p>Bolivia, Chile, Colombia, Costa Ricta, Ecuador, Guatemala, Honduras, Peru, Uruguay</p> <p>Camerun, Congo, Egypt, Gabon, Ghana, Israel, Liberia, South Africa,</p> <p>China, Hong Kong, United Arab Em., Pakistan, Philippines, Singapore, Thailand</p> <p>Bosnia and Herzegovina, Bulgaria, Croatia, Macedonia, Estonia, Latvia, Kazahstan</p> <p><i>Indonesia*, Malaysia*, Norway*, Russia*, Taiwan*</i></p>

*\*Fast growing share*

Source: Based on Deutsche Bundesbank and UNCTAD Statistics

### B.) Key factors impacting the German investments

Investment motives change over time and vary geographically: different investment types dominate according to the competitive advantages of the different regions, with the importance of the different types changing over time as well. Among these factors, the market as an investment factor has a significant importance. The characteristics of the above can be summarised as follows.

It is not easy to find a connection between the direct investments and its determinants on country-level-data. Among the determinants of the German FDI outward stock most of the researchers underline the role of the market (size, perspective of the growth), of the trade

(tariffs and the bilateral trade-relations), of the low costs and of the low political and economical risk (Buch, Kleinert and Toubal 2003, Jungennickel and Keller 2003, Wezel 2003, Jost and Nunnenkamp 2002 and 2003, DIHK 2007)

To find the determinants of German investments and its change over time and regions I've used the Pearson's correlation. Most of the indexes (in bold at the table) used in the calculations were the components of the UNCTAD FDI Potential Index (UNCTAD 2002), which covers economical, political and social dimensions of the investments determinants. To measure the effect of the agglomeration and of the bilateral trade-relationship between Germany and the foreign country, I've complemented these indexes with the FDI inward stock of the country and the value of the German export. The correlation analysis was complemented with the analysis of the FDI components (the share of the equity capital, reinvested profit and intercompany loans in the investments) what alludes to the type of investment. The results of the calculations (Figure 3) can be summarised in the following:

- Due to the traditional export orientation, German companies invests in countries where the export relationship is also significant: the export of Germany as determinant stays important in all regions.
- *In line with the extensive corporate presence, the investment motives of the German corporations are the most complex in the EU14<sup>6</sup> countries.* The size of the market is still the most decisive factor, but its ability to attract capital decreases parallel to intensification of the integration. As a response to the emergence of competitors and of the "follower-investments" however, the agglomeration impact is gaining more ground. In addition, efficiency and resource seeking investment types show up, which is more and more motivated by the need for R&D. Due to the higher degree of the integration, the role of the population as determinants is decreasing.
- *In developed countries (including the U.S.), both the correlation results and the researches by component, underline the presence of the efficiency seeking and the strategic investments.* Among the traditional factors, market size still plays a leading role.
- *In Latin-America* the motivation of investments didn't change much in the last two decades: *the market-orientation of German investments is unbroken.* In the region, nowadays as well as earlier, the horizontal investments are dominant.

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<sup>6</sup> EU 15 countries without Germany

- In Asia, up to 1990, the developed and open countries (NIC I) attracted the most German capital. With the emergence of China as host country also changed the determinants of FDI: gaining access to the market becomes primary.
- *Investment motives of German companies in Africa practically remain the same:* Along with the international capital investment tendencies (excluding the primary sector), subsidiaries are primarily founded in the industrialised countries with a more developed economy and infrastructure.
- *Central and Eastern Europe* joined the process of international capital flows after the transition. In the first years, *countries with a sound, open, relatively developed economy and infrastructure, as well as skilled workforce* were the primary goals of the investors. As the political situation stabilized in most of the countries in the region, the *economic growth* became the most important FDI-attracting factor, replacing the earlier “leading” risk factor (in 2000). In the last years two types of investments are getting more and more important: on the one hand, parallel to the rising investments in the bigger countries like Russia, Ukraine and Romania, the *market-orientation*; on the other hand the presence of the *efficiency seeking investments*.
- It can be applied to the developing countries in general, that their role in the employment is greater than it would be resulted from other corporate indicators. The most eye-catching samples for that are the Central and Eastern European countries and points out that the investments primarily aim to acquire local resources, mainly the inexpensive workforce. The gravity centre analysis brought a similar result: the Eastern expansion mostly manifested in a west-to-east movement in the gravity centre of employment, which also backs up the capital attractiveness of the workforce (see Figure 4). The other main factor in our region determining the investments is still the market acquisition. Through their investments in Central and Eastern Europe, German companies primarily acquired market, with the single entities not only serving the host country, but an entire region (or the entire continent) as well. Besides all, due to the EU expansion the share of investment of small and medium enterprises (SMEs) will probably grow. These investments are mainly motivated by cost-cuts and market orientation.
- *Besides the economic stability, German investments in Hungary were driven by the ability of skilled workforce and the opportunity of discovering new (Eastern and Southern European) markets.* Although the capital attractiveness of personal costs remains important, it decreases gradually, and the ability of skilled workforce is gaining importance.

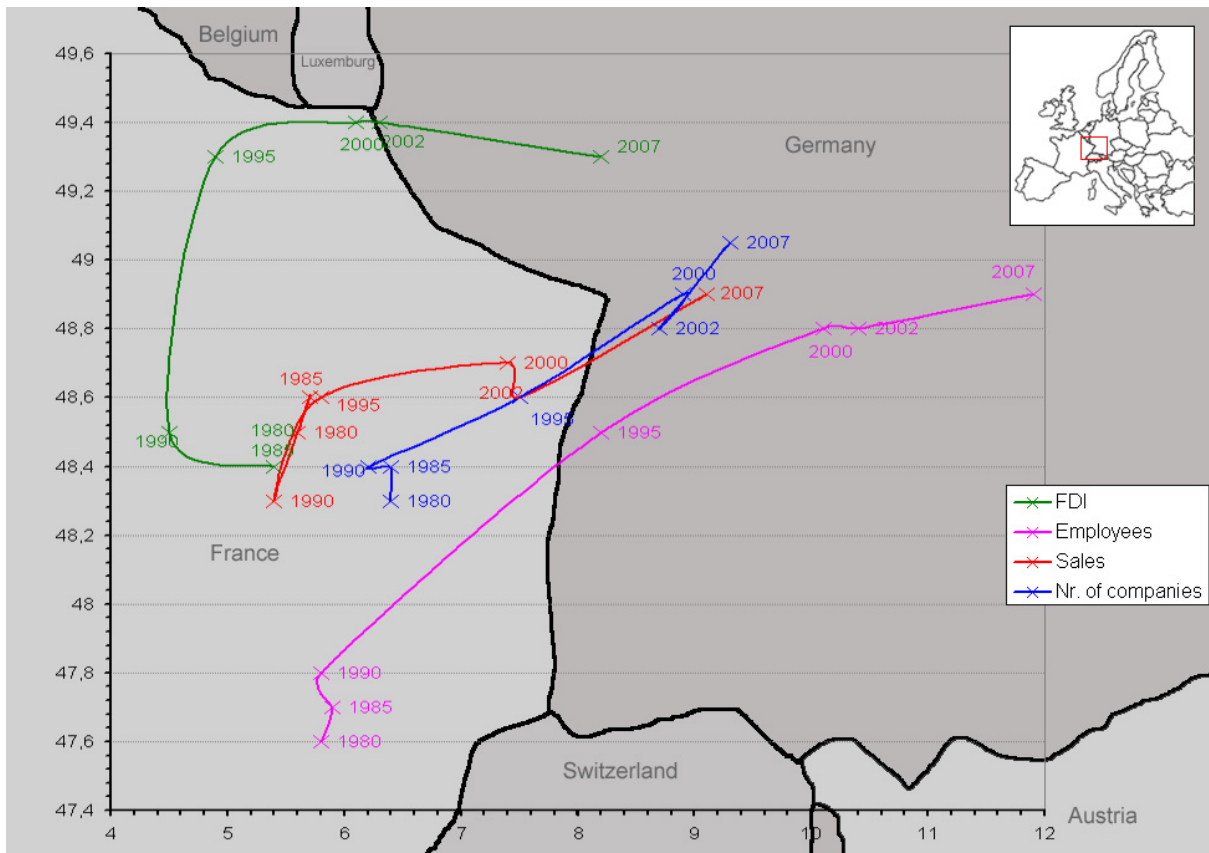
**Figure 3.: Determinants of German investments. Pearson correlation index.**

	Export of Germany	FDI stock	Population	Growth of GDP	GDP/capita	Export/GDP	Telephon-subscribers	Energy use	R&D/ GNI	School enrollment tertiary	Country risk
<b>EU 14</b>											
1990	<b>0,85</b>	<b>0,70</b>	<b>0,61</b>	-0,15	0,02	0,31	-0,10	0,27	0,30	0,15	0,36
2000	<b>0,79</b>	<b>0,90</b>	<b>0,56</b>	-0,19	0,23	0,17	0,20	0,27	0,21	-0,32	0,06
2007	<b>0,61</b>	<b>0,83</b>	<b>0,58</b>	-0,12	0,16	0,03	0,20	0,05	-0,06	-0,39	-0,09
<b>Developed countries</b>											
1990	<b>0,82</b>	<b>0,96</b>	<b>0,86</b>	0,02	0,26	-0,41	0,36	0,58	0,56	0,44	0,22
2000	<b>0,94</b>	<b>0,99</b>	<b>0,90</b>	0,07	0,32	-0,37	0,36	0,29	0,38	0,32	0,10
2007	<b>0,92</b>	<b>0,96</b>	<b>0,88</b>	-0,20	-0,07	-0,27	0,09	0,44	0,30	0,36	-0,13
<b>Africa</b>											
1990	<b>0,64</b>	<b>0,89</b>	0,04	-0,47	<b>0,73</b>	0,37	<b>0,79</b>	<b>0,82</b>	x	<b>0,81</b>	0,22
2000	<b>0,93</b>	<b>0,91</b>	0,16	-0,24	0,39	-0,14	<b>0,64</b>	<b>0,77</b>	x	<b>0,53</b>	0,24
2007	<b>0,96</b>	<b>0,74</b>	0,08	0,08	0,31	-0,23	0,39	<b>0,69</b>	x	<b>0,63</b>	0,22
<b>Latin-America</b>											
1990	<b>0,88</b>	<b>0,97</b>	<b>0,97</b>	0,17	0,07	-0,39	-0,02	0,24	x	-0,21	0,09
2000	<b>0,98</b>	<b>0,98</b>	<b>0,97</b>	-0,08	0,16	-0,35	0,07	0,35	x	-0,03	-0,02
2007	<b>0,70</b>	<b>0,80</b>	<b>0,71</b>	-0,20	0,03	-0,40	-0,11	-0,08	x	-0,14	0,11
<b>Asia</b>											
1990	0,33	<b>0,72</b>	-0,09	0,19	<b>0,53</b>	<b>0,86</b>	<b>0,53</b>	0,28	0,06	0,16	0,42
2000	<b>0,85</b>	<b>0,76</b>	<b>0,49</b>	<b>0,61</b>	0,30	<b>0,47</b>	0,29	0,02	0,05	0,20	<b>0,44</b>
2007	<b>0,92</b>	0,37	<b>0,71</b>	<b>0,68</b>	0,05	0,26	0,04	-0,07	0,18	0,07	0,35
<b>Countries in transition</b>											
1990	-0,29	<b>0,99</b>	-0,41	-0,22	0,43	<b>0,99</b>	0,74	0,48	0,51	-0,35	0,83
2000	<b>0,97</b>	<b>0,90</b>	0,08	<b>0,52</b>	0,37	-0,05	0,32	0,25	0,17	-0,44	0,39
2007	<b>0,95</b>	<b>0,76</b>	<b>0,50</b>	-0,35	0,32	0,19	0,24	0,41	0,43	0,24	<b>0,56</b>

x: No data  
On bold where significance is higher than 95%

Source: Own calculation, based on statistics of UNCTAD, Worldbank and Deutsche Bundesbank.

**Figure 4.: The gravity centre of German corporate activity in Europe**



Source: Own calculation, based on statistics from Deutsche Bundesbank

### C.) Industrial characteristics of the expansion

The statistics of Deutsche Bundesbank give detailed sectorial information not only about the investments but also about the investors, which can be useful to be able to capture the importance of the cross-industrial investments. (For example a company from the vehicle production invests capital in the trade or in the finances, in order to be able to increase sales.)

1980 the investors of the processing industry accounted more than 2/3 of all German FDI outward stock. Until 1990, the traditional German industry, the chemistry, was the bigger investor and this sector was the most internationalised (its investment accounted ca. 20% of German FDI outward stock). In 1990, the financial sector became the biggest investor, and is still keeping its first position. Due to the strong expansion of the automotive companies in the second part of the 90s, since 1998 chemistry has been losing also his leading position in the processing industry. Another radical shift is that investments of holdings gained an increasing share among the German investors; their investments in 2007 provided more than 48% of the overall German FDI stock, which makes the detailed sectorial analysis of the investors impossible.

Also, the growing share of the intra-industry investments is noticeable. (Figure 5.) Above the line are the „winner sectors”, where also other sectors invest. Under the line are the „loser sectors”, which invest apart of their own sectors too. These last are companies of the processing industry: electronics, automotive industry, chemicals. The reason for that is, on the one hand to be able to rise the sales (for example automotive companies invest to finances to be able to give credits to the clients), and on the other hand the higher profitability of finances. For that reason also companies of the production invest in the finances to be able to pay a higher dividend. (See below)

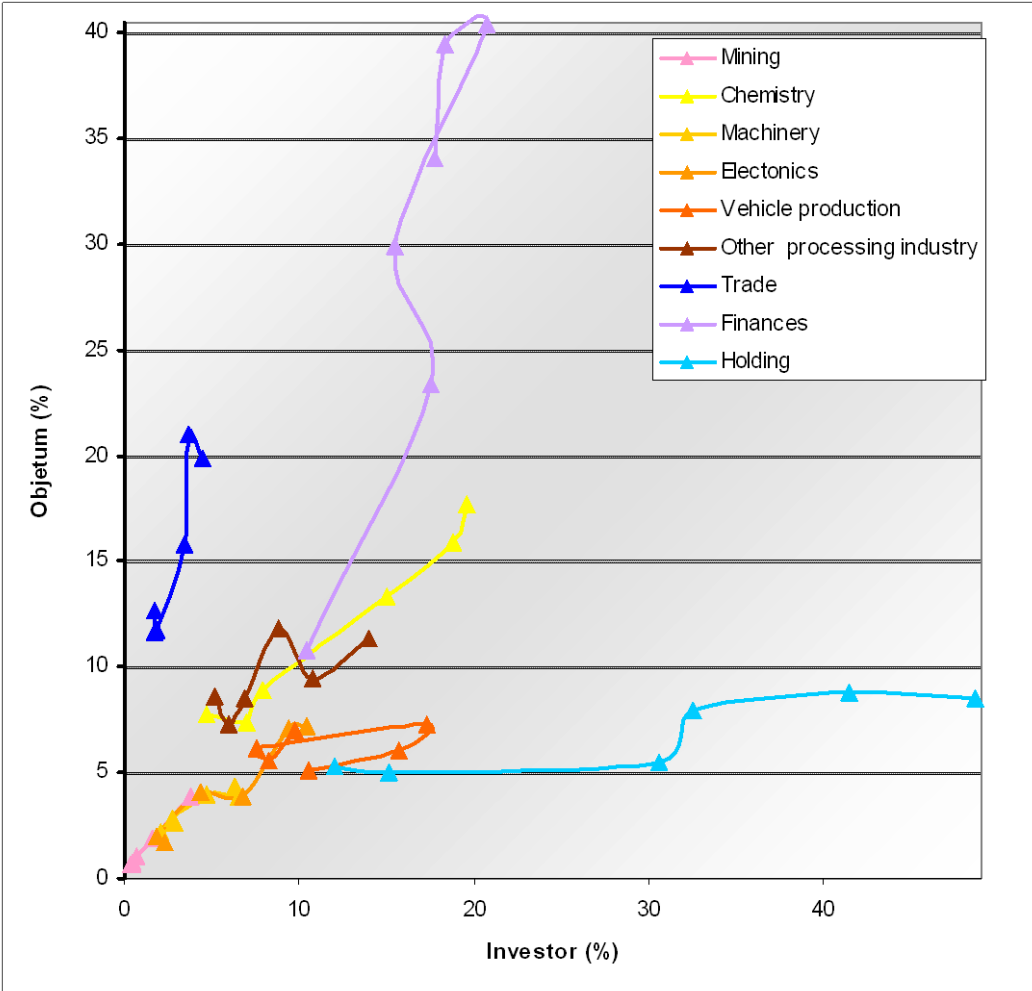
However, the international capital-investment trend of the increasing role of service sector, especially the financial investments (banking, insurance) is clearly provable. The increase of such investments is expectable in our region as well. The sharp drop of commercial investments from the midst of the 90's denotes the changed way of German companies expansion, which indicates the decline of the export-oriented strategy.

*All in all, “traditional” German industries are still dominant in the international expansion.* The industrial distribution of the investors and investments till the mid-90's represented the leading role of chemical companies in the internationalisation. This has become questionable nowadays. After 1995, companies in the automotive industry started a robust expansion and due to that, the extent of their international activities now exceeds that of the chemicals in terms of multiple indicators (number of employees, volume). The

international activities of further branches of the processing industry, agriculture and mining are far less extensive.

The leading sector varies also geographically. In general, investments in trade are important in all countries. In the developed countries the investments dominate the services (For example in the USA more than 40%), while in developing countries, the labour-intensive automotive industry. For example, the percentage of the German investments concentrated in the automotive industry is 48% in South Africa, 32% in Mexico, 25% in Brazil, 28% in Hungary and Slovakia and 20% in China. Investments of chemistry reach a high level in some developed countries (like Switzerland), in NIC-countries (like South-Korea and Malaysia) and in the big markets of Latin-America (Mexico, Argentina, Brazil).

**Figure 5: The change of sectoral distribution of German FDI outward stock, worldwide, 1980-2007**



Sorce: Based on data from Deutsche Bunadesbank

#### D.) Vertical characteristics of the corporate expansion

*The most important German companies organise their activities more internationally, with more and more companies joining the internationalisation trend.* With the gradual development of the corporate globalisation, subsidiaries perform a higher level of activity, in addition to the production, R&D at foreign locations is gaining more and more ground lately. In this internationalisation in a real-economic sense, chemical companies play a leading role, followed by larger companies of other branches of the processing industry. A special attention is to be paid to the increasing foreign expansion of the automotive industry. At the same time, the internationalisation index of the chemical companies earlier playing a leading role has been dropped lately. In my judgement, the explanation of this surprising trend may be that these large corporations started their expansion some decades ago and thus, the base of their international corporate network has been built up by the 1990s. At these companies supposedly a more recent capital-market dimension of the internationalisation appears.

This process has an impact on the change of the German corporate governance as well. The point of that is the interest of the shareholders and investors got the most important thing. The main priority is to provide the highest possible dividend. This requires an increased transparency. The share of cross-holdings drops, the role of banks decreases, companies tend to focus on their core competencies while additional ones get downgraded gradually. All in all, the German corporate structure that evolved more than a century ago underwent such a deep change due to the globalisation, which national characteristics seem to fade out and corporate management starts to favour the Anglo-Saxon model.

#### **IV. Conclusions and further research directions**

The consequences drawn from the investigations raise however further questions. To answer these, further research is to be carried out:

- 1) How the financial and economical crisis has changed the strategy and, in connection with it, the spatial organisation of German companies? Which are the “winner” strategies: the higher degree of the internationalisation or just the opposite? Which are the “winner” regions: the emerging BRIC countries, or the CEE-countries as in the last years? According to the latest 2009 survey from the German Chamber of Commerce and Industry, the German companies continue with the foreign business also during the economical crisis. In the next five years most of them hope having better business results in both the BRIC countries, the ASEAN region, the arabic countries, as well as in Mexico and in USA (DIHK 2009). Does it mean that during the following years those regions will also attract

the investments? What will happen with investments in the new EU-countries, where corporate leaders are afraid of a long-term crisis?

- 2) Investigation of the motives of German investments backs up that the role of traditional factors of the localisation of investments is being revalued nowadays. The complexity of the capital attracting factors becomes determinant, two of which, namely R&D and agglomeration becomes key. This increases the value of the local capabilities, and thus justifies that globalisation does not mean homogenisation and local levels gain an increasing role. Therefore, the local investment environment and capabilities in the corporate localisation needs further research. In relation with that, the role of market as a capital attracting factor should be revised as well. The question is how can the 'market' be interpreted in the ages of regional integrations.
- 3) Analysis of the German companies proved the statement of the literature, which said that parallel to the geographic expansion, the ways and forms of internationalisation changes as well. The role of M&A gains higher importance within expansion. Partly in relation with that, new non-real-economical dimensions of the internationalisation get in the foreground. To be able to measure and track these processes of the corporate internationalisation, new methods are to be developed.
- 4) Linked to that, I consider the change of the German corporate governance as a key question for the future researches. The moderated role of the cross-holdings and the banks may be very significant in that. For these, two factors are determinant at the Japanese "keiretsu"-s, which have a completely different corporate structure from the Anglo-Saxon model. Globalisation requires large corporations to be present worldwide. This gives as a results that corporations of the different economies become very likely to each-other in the "outer space". The question is if it will result in a similar structure in the "inner space" as well. In other words, does globalisation necessarily mean homogenisation, the adapting of the Anglo-Saxon model, or do national characteristics remain determinant in the organisation of transnational corporations? Can a company set up in a "non-American" way be successful in the age of globalisation? The answering of these questions requires the deep investigations of the corporate structures of different economies, what triggers further investigations.

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