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**With 'Old' Competencies to new Business Models?**

**Corporate Adaptation Strategies in the Transformation Process of the East German Industry**

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**Abstract:**

This study focusses on successful corporate adaptation strategies in the transformation process of the East German industry. Despite the broad research on the East German transformation this phenomenon is quite unexplored. While transformation research is mainly expecting an assimilation of East German with West German structures, adaptation processes in the transformation of East German industries are following a logic, which is mainly moulded by the specific East German set of problems. On the micro-level this is reflected in specific structural characteristics of East German companies and their business models. On the macro-level companies are facing institutions, which were transferred from West Germany, but which are weaker and don't show a comparable functionality. This is especially true with regard to the industrial relations system and the apprenticeship system which are usually regarded as core institutions of the (West) German model of capitalism.

This study examines the development and the characteristics of successful corporate adaptation strategies as well as the institutional embeddedness of these business models in twelve case studies. The research is focussed on the East German actors and their strategic actions. The study argues that the specific socio-economic conditions in East Germany influence the actors far more, than the transformation research is recognizing from its assimilation perspective. At the micro-level companies have to develop own strategies to compete especially against West German competitors. Their competitive strength depends particularly on capabilities and competencies, which originate from the former state-directed GDR industry and which transformation researchers often do not recognize as usable resources. At the macro-level the companies have to deal with institutions that are reproducing the West German institutional setting without developing the same functionality. Nevertheless this institutional setting supports the different business models and strategies. In the conclusion the study discusses whether the complementarities of ordinary business models and specific forms of institutionalization constitute a specific path dependency of East German socio-economic development.