

H-Net Reviews

in the Humanities & Social Sciences



Paul Erker. *Wachsen im Wettbewerb: Eine Zeitgeschichte der Continental Aktiengesellschaft (1971-1996)*. Duesseldorf: ECON Verlag, 1996. 336 S. DM 58,00 (gebunden), ISBN 978-3-430-12548-2.

Reviewed by Mansel G. Blackford (Ohio State University)

Published on H-Business (April, 1998)

In this very densely packed volume, Paul Erker presents a history of Continental AG, one of the world's largest makers of tires and industrial rubber products. Erker gives short shrift to the company's earlier years, passing over developments—from the founding of the firm in 1871, through its recovery from the ravages of World War II by 1968—in just fifty pages of text. Instead, Erker focuses on the responses of Continental's managers to a series of crises their company faced from the late 1960s into the mid-1990s. Well over half of the text deals with events since 1979. Erker's history is primarily a study in the internal dynamics of Continental. Using corporate records to good account, Erker dissects the decisions and actions of its officers. As Erker states in his introduction, "the central focus" is on "the analysis of internal company processes—which can often be personalized whether they be R&D activities, marketing strategy, financial management or streamlining measures" (p. 10).

In his first three chapters, Erker sets the stage by looking at Continental's first one hundred years of development. Established in 1871 in Germany, the firm moved ahead through a combination of entrepreneurship, technological expertise in making rubber products (Erker's examination of the firm's early research efforts will be of special interest to historians of technology), and good marketing in and beyond its native land. Recovering fairly quickly from Germany's defeat in World War I, Continental took part in a rationalization movement that swept through parts of German industry during the 1920s and 1930s. Generally skeptical of the Nazi government—a topic about which I would like to have learned more in this volume—Continental's managers, nonetheless, led their firm into an intensified period of research, especially on synthetic rubber, lasting into 1944 and 1945. Erker concludes, however, that Continental's promising growth in the 1920s and early 1930s was cut short by the Nazi regime; he states that "As a result of the developments under National Socialism and in WW II, however, they were so lastingly weakened and retarded in their

development that even in the 1950s and 1960s it was no longer possible for them to regain lost momentum" (p. 44).

Next, Erker takes four chapters to examine how Continental's officers perceived and dealt with crises their firm encountered between 1968 and 1978. The challenges were many: technological ones (especially how to switch to the production of radial tires pioneered by Michelin), marketing ones (most notably how to counteract a tremendous increase in competition from American firms), and ones in labor relations. (Anyone believing that codetermination worked smoothly in Germany should read Chapter Seven of this study.) Often stumbling, Continental's managers led their firm into a bath of red ink (deepened by a failed merger attempt with Phoenix, another German rubber maker), but made some progress by the late 1970s, beginning a reorganization of Continental along divisional lines, a strategy that would continue with fits and starts into the 1990s. In another four chapters, Erker surveys Continental's development in the 1980s. The continuing challenge of competition—especially from Michelin, but also from Japanese firms as they entered the European market—led Continental's management to conclude that their company had to grow or die. They purchased Uniroyal's European operations in 1979 (see p. 192 for a fascinating look at how the acquisition was decided on with almost no consideration given to its financing) and General Tire in the United States a few years later. As part of this "internationalizing strategy," Continental also entered into various sorts of tie-ups with additional rubber- and tire-makers, such as Toyo in Japan. As they digested these additions, Continental's officers tried hard, but with only partial success, to develop new technologies and to put in place new, more flexible production methods. Erker's thorough discussion of the attempted shift to flexible manufacturing techniques and worker opposition to them shows well just how difficult it can be to alter established ways of running production lines.

Erker closes his account with an analysis of continuing challenges in the 1990s, placing his focus on how Continental fended off an unwanted takeover by Pirelli. Concluding that Continental had by the mid-1990s successfully weathered a series of potentially devastating challenges to its very existence, Erker paints a reasonably optimistic picture of the firm's future.

Competition and Growth will be of considerable interest to scholars dealing with the history of business, labor, and technology. Specialists interested in German business history or in the history of the rubber industry will find this study especially rewarding. The great strength of this volume is Erker's astute handling of inside cor-

porate sources to reveal a great deal about business development since 1970. He analyzes well the complexity of business decision making, though there were places where I felt almost overwhelmed by the detailed descriptions. Erker's focus is, however, also a weakness of this book. There simply is not enough information on the period before 1970 to allow readers to understand recent developments in any kind of full historical context. It is, thus, difficult to judge the significance of recent crises in shaping Continental's evolution. Only a limited number of copies of this book are available in English; anyone interested in purchasing one should contact the author directly at the Free University of Berlin.

If there is additional discussion of this review, you may access it through the list discussion logs at:
<http://h-net.msu.edu/cgi-bin/logbrowse.pl>.

Citation: Mansel G. Blackford. Review of Erker, Paul, *Wachsen im Wettbewerb: Eine Zeitgeschichte der Continental Aktiengesellschaft (1971-1996)*. H-Business, H-Net Reviews. April, 1998.

URL: <http://www.h-net.org/reviews/showrev.php?id=1934>

Copyright © 1998 by H-Net, all rights reserved. H-Net permits the redistribution and reprinting of this work for nonprofit, educational purposes, with full and accurate attribution to the author, web location, date of publication, originating list, and H-Net: Humanities & Social Sciences Online. For any other proposed use, contact the Reviews editorial staff at hbooks@mail.h-net.msu.edu.