

## Core Objectives

### Development of an analytical framework for agile firm organisation

- To introduce an institutional economic perspective on the informal dynamics of firm organisation.
- To extend traditional approaches to firm strategies for competitiveness by the agility concept as an organisational innovation of both low-cost and high-tech companies.

### Analysis of agility patterns in relationships with suppliers and customers

- To explain how formal and informal modes applied in supplier and customer relations contribute to firm's agility.
- To investigate how firms in GPRD are integrated in the global economy and how the regional division of economic activities and the governance structure between the Hong Kong and the mainland municipalities is organised.

### Clarification of how agility is integrated within business strategies – cost reduction versus upgrading/innovation strategies

- To explore whether companies consider informal factors while deciding on locations for innovation and cooperation partners for both strategies.
- To investigate how agility is reflected in different innovation activities, e.g. technology transfer.

### Explanation of the social dynamics of agile firm organisation

- To explain how job search and recruitment strategies of blue collar workers are influenced by agility.
- To model the flows of information about employment opportunities and job profiles facilitated by social networks.
- To clarify how flexible and informal firm behaviour influences the consumption and life styles of employees.

## Contact

### Leibniz University of Hannover

#### Institute of Economic and Cultural Geography

Prof. Dr. Javier Revilla Diez  
diez@wigeo.uni-hannover.de



Dr. Daniel Schiller  
schiller@wigeo.uni-hannover.de

Dipl.-Geogr. Susanne Meyer  
meyer@wigeo.uni-hannover.de

### Institute for the World Economy, Kiel

Prof. Dr. Rüdiger Soltwedel  
ruediger.soltwedel@ifw-kiel.de



Dr. Dean Spinanger  
dean.spinanger@ifw-kiel.de

Dipl.-Volksw. Wan-Hsin Liu  
wan-hsin.liu@ifw-kiel.de

### University of Cologne, Department of Geography

Prof. Dr. Frauke Kraas  
f.kraas@uni-koeln.de



Dipl.-Geogr. Sabine Beißwenger  
sabine.beisswenger@uni-koeln.de

Dipl.-Geogr. Pamela Kilian  
pamela.kilian@uni-koeln.de

### University of Giessen, Department of Geography

Prof. Dr. Ingo Liefner  
ingo.liefner@geogr.uni-giessen.de



### Sun Yat-sen University Guangzhou

#### School of Geography and Planning

Prof. Dr. XUE Desheng  
eesxds@mail.sysu.edu.cn



中山大学

Prof. Dr. LI Xun  
lixun23@126.com



## Informal Dynamics of Agile Firm Organisation in the Greater Pearl River Delta, China



Project within the  
Priority Programme 1233 of  
German Research Foundation (DFG)

Megacities – Megachallenge  
Informal Dynamics of Global Change

[www.megacities-megachallenge.org](http://www.megacities-megachallenge.org)  
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## The Priority Programme 1233

*Informal Dynamics of Agile Firm Organisation* (PRD 6) is one of nine projects funded by the German Research Foundation (DFG) under the roof of the Priority Programme (SPP) *Megacities – Megachallenge: Informal Dynamics of Global Change*. The SPP conducts research in the two megaurban areas of Greater Pearl River Delta (GPRD), China and Dhaka, Bangladesh aiming at a systematic investigation of forms and functions of informality and informal modes of interaction before the background of Global Change.

The project has two major research topics. One is informal dynamics of agile firm organisation with respect to sustaining and improving firm competitiveness. The other one is targeted at the question which role informality plays in job search and consumption strategies of employees and which influence agility exerts on them.

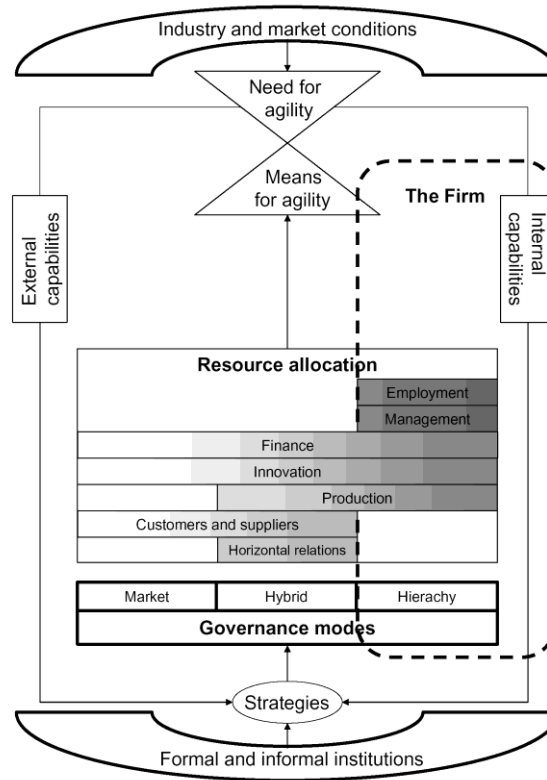
## Region & Sector

The GPRD in the province of Guangdong is one of China's most dynamic regions since the late 1970s. Due to strong prevalence and its span from low-cost to high-tech manufacturing focus of the project's research is the electronic industry. Its output in Guangdong accounted for 38 % of the national production in 2002 (Leong and Pandita 2006). Elements of the production process are regionally fragmented within the GPRD as indicated by photos 1 and 2.



Photos 1 + 2: Companies' headquarters in Hong Kong and workers' dormitory in Dongguan  
Source: Pamela Kilian and Sabine Beißwenger

Map 1 (cover): Guangdong Province and Greater Pearl River Delta Economic Zone, China  
Draft and Copyright:: Frauke Kraas  
Cartography: Regine Spohner



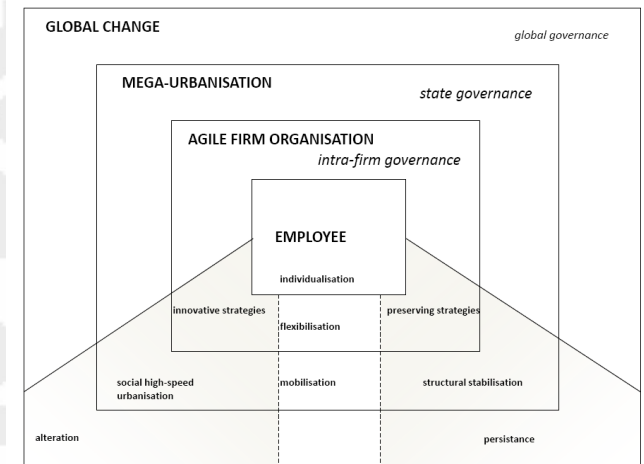
Graph 1: Agility Framework  
Source: Own draft by Daniel Schiller and Susanne Meyer

## Agility = Informality + Flexibility

- A strategy to perform successfully in a highly competitive environment
- Informality increases companies' flexibility
- Informality and formality in business activities where
  - Informality refers to social ties and
  - Formality is characterised by devised rules (North 1990, Li 2007)
- Flexibility is defined as qualitative flexibility (more options) and quantitative flexibility (quick response)

## Informal-formal dimensions are

- oral vs. written arrangements
- open-ended vs. precise agreements
- loose vs. tight enforcement of contracts
- social vs. legal power and
- personal vs. impersonal processes



Graph 2: Employment Focus  
Source: Own draft by Pamela Kilian and Sabine Beißwenger

## Methodology and Status Quo of Research



Graph 3: Progress of Research  
Source: Own draft by Pamela Kilian and Sabine Beißwenger