

# Book Review

*The Oxford Handbook of Comparative Institutional Analysis*  
Edited by Glenn Morgan, John Campbell, Colin Crouch,  
Ove Kai Petersen and Richard Whitley  
Oxford: Oxford University Press, 2010



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This addition to the burgeoning stable of recent work on institutional effects focuses primarily on national comparisons of institutional features within contexts. In practice, this volume concentrates on a specific strand of this work: the socio-economic approaches most associated with the Society for the Advancement of Socio-Economics (SASE), its journal, the *Socio-Economic Review*, and, indeed, earlier works published within the Oxford University Press stable. Indeed, some of the papers were presented at an earlier SASE conference. This means that highly influential alternative strands of thinking, for example the private property rights centred or rational hierarchical approaches that are dominant in the economics and finance literature, and the more cognitive and legitimacy orientated approaches of writers such as DiMaggio and Powell, are, a few chapters excepted, largely dealt with through omission. This book is divided into four components. The first looks at types of institutional analysis, social action and complementarity, albeit within this somewhat selective framework. The second focuses on specific social institutions and their relationship with economic organisation and performance. The third looks at the interrelationship between institutions, and firm structures and competencies. The final section looks at new directions in comparative institutional analysis, including to relatively neglected geographical areas. It is difficult in the space of a limited review to do full justice to such a rich collection, and the reviewer has chosen to concentrate on the particular chapters that are of particular interest and contemporary relevance, whilst recognising the value of many of the other chapters.

The opening chapter, by Marie-Laure Djelic, compares and contrasts, and seeks to unpick, the theoretical origins of a number of influential strands of institutional thinking. Interestingly, the varieties of capitalism approach of authors such as Hall and Soskice is relatively neglected, perhaps on account of its theoretically lightweight nature. Somewhat

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stranger is the relative neglect of regulationist thinking, especially as the author stresses the need to move beyond a simplistic understanding of continuity and rupture. Gregory Jackson explores the relationship between actors and institutions. He argues that there has been a convergence in thinking towards the view that actors and institutions are co-generative. Actors' interests and identities reflect institutional settings, but, by the same manner, the institutional framework is remoulded through the role of actors and their constellations. Recent work has emphasised the diversity of organisational forms in specific national settings, and the nature of institutional change. In exploring complementarity, Colin Crouch draws a distinction between features that are functionally necessary and the use of specific systemic features by actors to gain additional benefits or advantages. Again, complementarities may become contradictions, driving change.

A most interesting chapter by Linda Weiss highlights the differences between market rhetoric and market practice. Most notably, in many areas, the US state is highly interventionist. More specifically, the techno industry relies heavily on state protection and support. For example, a wide range of areas ranging from micro-electronics to aerospace are heavily subsidised through favourable defence contracts. There is also a heavy dependence on research at least in part underwritten by not-for-profit research institutions and universities. Weiss argues that the US state is hence both liberal and statist. It combines features of laissez-faire in terms of the regulation of both financial and labour markets, with state-directed networks in line with national security and associated agendas. Even the United States' apparently good job creation record in the 1990s was buoyed by the penalisation of over two million of the poor (and, hence, their removal from the job market), the military and a bloated military-industrial complex. This highlights the limitations of a crude deployment of a liberal market archetype and the nature of variety within state systems.

Glenn Morgan explores the nature of markets in comparative terms. He argues that the deregulation of markets often requires considerable state intervention to force shifts in behaviour. This has gone hand-in-hand with massive corporate lobbying (e.g. in the US) and/or the traditional 'clubbish' self-regulation, with insiders deciding the roles for specific markets in a highly opaque manner (e.g. in the United Kingdom). Whilst aspects of the latter may have been challenged under Thatcher, it proved highly durable, and was able to alter its focus towards an ever more blatant protection of such interests. In short, reforms were combined with path dependence. More broadly speaking, globalisation means that systemic rules are open to new forms of scrutiny (for example, in terms of their protectionist features, or in terms of a stated commitment to open markets). Finally, there are growing interdependencies across markets, sectors, geographies and time periods: conflicts and crises in one market flow through to others.

A very welcome contribution by Leonard Seabrooke calls for a greater analytical pragmatism in understanding international institutional environments and frameworks. More specifically, he highlights the role of language and ideology, through which attempts to impose international order (e.g. in the reining in of tax havens) may be inverted. Hypocrisy within international financial institutions may create distortions, but also 'keeps the

operation running' (p. 265), in balancing political expediencies, ideologies and relative power imbalances. Richard Deeg looks at institutional change in financial systems. He argues a key feature of financialisation was diversity between national settings. Within coordinated markets, financialisation has been a particularly uneven process, with some of the changes being difficult to interpret, but pointing more to hybridisation than liberalisation.

Michel Goyer looks at the relationship between institutions and corporate governance outcomes. This chapter does provide a useful critique of rational-hierarchical orientated approaches. He notes that there have been fundamental changes in ownership, even if legal traditions remain the same. The view that some institutions can solve agency issues can be construed as narrowly functionalist. Countries are cast in terms of the relative extent to which they deviate from common law/liberal market best practice: this ignores the relatively strong performance of some civil law countries, the role of politics and the extent to which laws are embedded and contingent on wider institutional frameworks. Sociological approaches have a more sophisticated understanding of specific institutional features and the nature of compromises between actors, but have tended to neglect the role and impact of networks. Politics-centred approaches vary from political-ideology-centred approaches (e.g. Mark Roe's work) to the more nuanced Goervich-Shinn approaches, which draw attention to the importance of power and conflict, and the differences between formal posturing and actual beliefs.

Richard Whitley explores the specific effects of institutional features on firm practices. What is particularly interesting is his discussion of home and host country effects on multinationals from a business systems perspective. He argues that within more collaborative economies, firms are bound in long-term obligations with other firms, associations and employees. However, institutional arrangements governing these rarely go beyond national boundaries, allowing for room for divergence abroad. Again, multinational corporations (MNCs) from liberal markets will be bound by loyalty to the parent company and investors, and greater host country systemically obliged commitments to employees and other partners in more coordinated contexts are unlikely to be diffused beyond that and across the organisation. In short, national institutions are likely to make for diversity within the MNC, although, given a stronger emphasis in their country of origin on owner rights, liberal-market-origin MNCs may be under greater pressure to homogenise practices. A potentially interesting chapter by Hall on state failure is marred by a lack of attention to much of the existing literature in this area, making for a crucial lack of nuance and depth. The closing chapter by Wolfgang Streeck highlights both the dynamic nature of institutions and the constitutive role of time. Markets will inevitably undermine social structures, and in doing so will self-destructively introduce dangerously high levels of volatility and unpredictability. Markets both need some solidarity and 'consume' them (p. 680), driving cycles between obligatory order and social order. Where Streeck differs from Polanyi is in his introduction of time: every 'double movement' is different to the one before it, and it is never possible to recapture past compromises.

There is no doubt that this is a very important book, and essential reading for all with an interest in comparative institutional analysis. Whilst its focus is at best partial, this is, in large part, a reflection of the diversity and vitality of the field. Again, although new directions, specifically those focusing on internal diversity and change, are only partially acknowledged, this reflects the rapid evolution of debates.

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