The rules of engagement in the global economy and the fragmentation of mass markets have led many manufacturing companies to close down operations in the U.S. Those that survive have done so by focusing on their core competencies in design, marketing, and assembly, subcontracting the manufacture of components to smaller contractors, many still in the U.S. The emerging production regime in these companies is often viewed as consisting of the diffusion of “high performance work organizations” within firms and of collaborative relationships across firms, especially between the major manufacturers—the original equipment manufacturers, or OEMs—and the multiple tiers of suppliers with whom they contract. Skeptics note that old-fashioned, often hostile, arm’s-length contracting between OEMs and suppliers continues to prevail.

In an important new book based on over 100 interviews at more than 50 metal manufacturing firms in the Upper Midwest and filled with interesting and original insights, Josh Whitford examines the nature of interfirm relationships. He finds a very substantial restructuring of American manufacturing and the transfer of production from once vertically integrated manufacturers to a tiered system of smaller suppliers. Most interfirm relationships, however, are neither cooperative and accommodating nor hostile and arm’s length. Instead, he finds a range of relationships, in which collaborators hedge against defection by pursuing their own selfish interests, and arm’s-length bargaining often yields to accommodation among firms that are forced to rely upon each other.

In part 2, the heart of the book, Whitford develops the metaphor of a “waltz” among the OEMs and the multiple firms that supply them as they explore changes in cost, quality, and technology to achieve incremental innovations and reduce production costs. Waltzing at its best creates collaborative relationships around integrated designs that allow reductions in costs without sacrificing suppliers’ margins. Even at their best, however, these relationships remain contingent—for example, on suppliers’ ability to keep up with technology—and firms in the network have an incentive to hedge against overreliance on each other. Indeed, Whitford observes that strategic hedging and limits on collaboration are typical of interfirm relationships in manufacturing networks. Most firms, he argues, can be characterized as combining collaboration and arm’s-length bargaining within relationships. Bad waltzing involves no-holds-barred bargaining and deceptive practices that undermine trust and restrict the open exchange of information. In its less extreme forms, it involves deviations from ostensibly collaborative strategies—what Whitford terms contradictory collaboration—that can threaten the relationship. Aply chosen quotes from respondents flesh out these ideas and add new insights. For example, the discussion of what has elsewhere been termed “boundary spanners”—individuals who manage the network
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relationships for the OEM, especially with second- and third-tier suppliers—makes clear the centrality of this role. The most successful appear to be employees of first-tier suppliers who formerly managed procurement for the OEM.

Whitford presents a fresh and original analysis of the nature of domestic supply-chain relationships in the context of the U.S. institutional framework. Unfortunately, the early chapters, which address sociological theory, institutions, and production regimes, are marred by bearing too close a resemblance to the doctoral dissertation from which they are drawn, making for tedious reading at times. Despite this, the book deserves to reach a wide readership, as it offers a richly detailed understanding of the realities of the new logic of organizing production.

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