

Turning one's dissertation into a significant and highly readable book is no easy endeavour and in this the author is completely successful. But as time takes its toll on both history and ideas, theoretical frameworks often get frozen, and it thus becomes difficult if not hazardous to contextualize them in a rapidly changing present. The fact is that a lot has happened to the economy and class structure in India after the late 1970s, as the author surely knows. Both domestic and international markets have considerably 'disciplined' capital as it has labour, governments and institutions. Optimistically, economic reform in the present context could come to mean less yet better (rather than just more) state intervention. This reviewer awaits the author's next book on state–capital–class dynamics in post-reform India and the narrative of how the state eventually finds the key to unlock itself.

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*The New Old Economy: Networks, Institutions and the Organizational Transformation of American Manufacturing* by Josh Whitford. Oxford, Oxford University Press, 2005, vii + 220 pp., ISBN 0 19 928601 9, £30.00

This book evaluates the shifting nature of value chain relationships in mature industrial sectors and draws on the 'varieties of capital' framework to argue for US economic policy that develops co-ordinating institutions in order to support emergent collaboration between firms. These arguments are developed and substantiated through a well-grounded theoretical discussion and detailed empirical evidence.

The implications and emergent outcomes of outsourcing are explored through over 100 interviews at more than 50 metal manufacturing firms in the American Upper Midwest. Many of the findings resonate with research that has evaluated changes elsewhere, particularly in the automotive supply chain in the UK and more widely throughout Western Europe. Increased global competition and the fragmentation of mass markets led those manufacturers that survived to retrench to their core capabilities, creating a 'post-outsourcing manufacturing economy' which is more global, less urban and less unionized. This is, argues Whitford, qualitatively distinctive as a 'new old economy' in which most of what is important to manufacturers no longer takes place within the firm or under their control. Thus, the quality of relations between firms is both much more important and more complex. It is these relationships that are the focus of Whitford's research. He shows that the results of these transformational structural forces are mediated through firms' actions and thus lie somewhere between the collaborative reciprocity of network advocates and the arm's length atomism of neoclassical economists. The central concern in the book is to identify policy implications that may be developed from the recognition of this more complex and less bifurcated reality. At the heart of this is an attempt to show how existing American economic policy might be modified to support manufacturers' attempts at collaboration in ways that eschew the dominant liberal market assumptions of the USA.

The empirical part of the book shows, through the reporting of interview data, the complex interactions that constitute the 'network' relations between firms. The data demonstrate how original equipment manufacturers (OEMs) and suppliers simultaneously define (and then continue to redefine) both the product and their relationship in what Whitford terms variously a 'dialogic back-and-forth' and a 'structured-yet-creative waltz' that intermingles competition, conflict and co-operation. He shows

how the decentralization of production has created space for innovation and gains for small and medium-sized component suppliers but that in turn they have had to forego certain exit options. Equally the parties routinely hedge their relationships at multiple levels and occasionally engage in ‘no-holds-barred tactics’ that create uncertainty and undermine efforts on the part of both sides to construct collaborative relationships. It is particularly interesting to note the negative impact of conflictual and centralized *intrafirm* relationships within and between departments within the OEM on supplier relationships. These conflicts over the emphasis different departments will place on, say, price versus delivery reliability versus quality of components, show the challenge of aligning incentives that help cement long-term collaboration even within an individual organization.

The analysis and exposition is based around a blending of three related literatures that address aspects of collaborative networks — social networks and embeddedness, varieties of capitalism, and a ‘learning by monitoring’ approach. These are seen as sharing three fundamental points of agreement: the emergence of a new network-based production paradigm; that there are mechanisms (variously, social ties, formal and informal institutions or learning routines) that firms can use to achieve successful collaboration; and, that as original equipment manufacturers decentralize production, this will result in a dichotomy of, on the one hand, arm’s length contracting and on the other deep collaboration between partner firms. For Whitford, this third expectation is problematic in both conceptual and empirical terms because it fails to leave space for the emergence of a ‘stable middle ground’. He argues from the empirical findings that ‘the modal case of the OEM-supplier relationship is both contradictory and systematically intermediate between the arm’s-length and collaborative poles’ (p. 31).

This should not be dismissed as ‘noise’ for from these findings a better recognition of the challenges in building new institutions in support of the network production paradigm can be established. The challenge of organizational change is, in part, one of institutional change. The relative ability of individual firms to sustain collaborative relationships is influenced by the historical and institutional context of their operation. This puts the issues of institutional lock-in and path dependency at the centre of any initiatives seeking to promote or support collaborative developments. Whitford follows Granovetter and adopts an ‘embedded actors’ perspective that sees economic institutions as constructed by individuals whose action is both facilitated and constrained by the structure and resources of their context rather than as emerging automatically in response to economic needs. Thus, it is possible to escape path dependency, and the challenge for policy in support of economic development is to find ways in which collaborative efforts that have emerged despite the prevailing institutional conditions of the USA can be further supported.

Whitford sees opportunities on the basis of the existing — if limited and often latent — relational structures that have emerged in the Upper Midwest metal manufacturing sector. He identifies that there are ‘important collaborationist factions that could be mobilized to ensure the effective functioning of “coordination-oriented” policies that would require the building of new institutions’ (p. 126). He also recognizes the fragmentation of US federal economic development policy as creating opportunities for local and regional experimentation. State-level institutions are those most likely to offer the best chance for change that promotes the ‘collaborationist’ agenda. The final section of the book provides a specific example of how a consortium of OEM manufacturers in Wisconsin, working alongside the state’s manufacturing modernization service, provided training for suppliers and encouraged greater collaboration in a way

that may provide an example of public–private institution building. He draws some parallels with the emergent workforce intermediaries in the USA that are helping to forge local solutions to labour market problems. In a somewhat similar fashion, the Wisconsin Manufacturers' Development Consortium has been working towards building capacity for the non-market co-ordination of strategic interactions and improved collaboration between OEMs and their suppliers.

This is a thoughtful and thought-provoking book that draws together theory and data to make a clearly argued case for the construction of institutions that can support and promote local and emergent collaboration among mature industry actors operating in a liberal market economy. Readers involved in similar discussions with policy makers will welcome this book. As Whitford argues, the core limitations on co-ordination-oriented policy making are far more *political* than they are historical or institutional. His work provides a valuable resource for those engaged in these very debates. Let us hope some government economists read it.

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*Working in the Service Sector — A Tale from Different Worlds* edited by Gerhard Bosch and Steffen Lehndorff. Routledge, Abingdon, 2005, xviii + 357 pp., ISBN 0 415 28322 1, £85.00

This book stems from a European Community-funded project on new forms of work in the service economy. Opening with a critique of deterministic convergence theories, the book sets out to provide answers to three questions concerning service work in Europe: (i) Must we accept greater social inequality in order to extend the service sector or is the so-called high road development path a real option? (ii) Does an increase in service activities necessarily go hand-in-hand with the destandardization or even polarization of working conditions? (iii) Are service societies and service work converging towards a single, uniform model? (p. 3). The book comprises 14 chapters from contributors across Europe and is organized into three parts. The first part draws on macro-level data to explore differences in levels of tertiarization and variation in the relationship between service sector work, non-standard employment and female labour-market participation between different European countries. The second part presents comparative case studies on five different sectors: homecare, nursing, software engineering, retail and banking. The third part draws together material presented earlier in the book to present some common integrating themes, particularly with regard to the importance of institutional context in determining the way in which service work is performed.

One measure on which this book could well be judged is whether it successfully addresses the three research questions outlined above. In the event, it becomes clear that, as a result of the heterogeneity that exists within the European context, answers to these questions are far from straightforward or uniform, there being no automatic association between service sector work and outcomes such as non-standard employment and income inequality. Indeed, what the book does very successfully is highlight the huge differences in labour-market institutions, welfare systems, product market regulation, family policy and so on, which influence the nature and extent of service sector employment in different European countries. This is a welcome addition to a