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Edited by Chris Smith, Brendan McSweeney and Robert Fitzgerald
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1 Remaking management: neither global nor national

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Introduction

The chapters in this volume were written as a collective contribution to the current debate in management and sociology on the forces shaping work practices at the local level. In contrast to the fashionable predilection for single determinant explanations, the empirical case studies in the book reveal a mix of international, national and company-level influences on action in organisations. These influences are complex and not always coherent. Furthermore, actors at the case study sites of action are shown not to be mere passive relays and responders to these influences but formative exercisers of agency. As a result, although there is change, it is not always uniform or predictable.

During the past decade or so two frameworks have dominated the debate on change within countries: globalisation and comparative (or varieties of) capitalism. In one there is a persistence of differences through the local embedding of each 'capitalist' experience, while in the other there is a tendency for that experience to become a common one. This book recognises variation, rivalry and conflict, both beyond and within national territories. At the same time, it judges capitalism as never quite settling into any one national costume, but as possessing 'natural' or systemic features that constantly undermine such territorial constraints, while nevertheless not operating completely outside such constraints. In other words, there is fluidity and contradiction within a political economy that has inherent global reach, but in the practical experience of actors is always located or uneasily resident within a particular set of local rules and practices.

Accounts founded on the perspectives either of globalisation or of comparative capitalism each possess some explanatory power, but too often one or the other is treated as a sufficient explanation. Furthermore, the processes through which each is perceived to preserve or change work practices is underspecified. Pressure for change frequently comes from outside. Unless change is coercively imposed, however, what happens inevitably involves endogenous influences, and an extensive literature points to distinct and long-standing differences (institutional and other) *within* regional, national and local territories. In this volume we envisage a more complex world for management and workers (especially within the internationalising firm) than that suggested by the discourses of convergence or divergence. In this world, national and local routines, international competition and universal 'best practice' concepts elide and interact, and outcomes never favour one force over another straightforwardly. The variety and unpredictability of developments in actual workplaces are, in key respects, at odds with that predicted by either of the two established models.

If globalisation were a sufficient explanation, the case studies in this volume would observe clone-like transformations of different host-country organisations. Local values, desires and institutions, and everything else running counter to the externally sought changes, would have been ineffectual in resisting globalising standards (however problematic to define). On the other hand, if a national variety of capitalism were an adequate constraint, the case studies would record the rejection or neutralisation of externally derived changes. Neither unequivocal convergence-colonisation nor divergence-indigenicity is identified, however. Both the exogenous and the endogenous are influential. Furthermore, neither set of factors is always internally coherent. Because of the dynamics between the exogenous and the endogenous, what occurred at the sites of action was much more complex than the effect of a singularity (global *or* national) or a conflict between singularities (global *and* national).

We chart, as it were, a third way between, on the one hand, convergence through unstoppable globalisation and, on the other, enduring national divergence. Against the absoluteness of two irreconcilable frameworks we seek, in this volume, to move towards a framework that better fits the empirics of actual change rather than conforming to ideal or normative types. We do so largely through in-depth empirical case studies of sites of change and through discussion of the methodological problems of the dominant explanation types. Moreover, the various chapters in the book stress the significance of 'actors' shaped by past action that influences but does not determine their actions. Actors are makers and remakers of their social world, not passive victims of its incontrovertible effects.

The book is more unified, however, than a simple set of case study chapters that ground management practice in local contexts; it offers theoretical

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coherence (without obscuring complexities). The empirical chapters are related to a comparative framework that seeks to move beyond the convergence–divergence discourse discussed so far, and to different degrees individual contributions use this framework to anchor arguments against determinant globalising or diversifying forces. The 'system, society and dominance' (SSD) framework (see chapter 2 for a full account) suggests that a 'natural' or systemic political economy exists as both a heuristic and realistic force – a way of thinking about capitalism as not quite a 'variety', since there are by definition common characteristics, such as the market mechanism or waged employment relationships, evident wherever capitalism is present. In this sense, uncovering these underlying structural forces provides a guide to action choices. The societal element within the analysis, however, says that such action choices have local colour and difference of a non-trivial character. The third part of the triplet implies that the localisation of capitalist relations is inherently conflictual and unsettled, because systemic competition creates uncertainty. Moreover, capitalist societies do not face each other as equals, and thus there is an observed tendency for one strong player to evolve patterns of management or work organisation deemed 'modern' or 'dominant', whether this is 'scientific management' from the United States or 'lean production' from Japan. Fads and fashions for managing the workplace flow from cyclical patterns of dominance. In practice, the triple determination of action implied by the SSD framework gives a more nuanced account of life in the internationalised workplace for managers and workers, because structural forces impacting on workplaces are not simply local norms or rules or global standards but a contradictory mixture of elements from the local, the common and the temporarily dominant. Managers and workers within actual work sites have to work with and through these different tendencies.

Globalisation

Globalisation is a periodisation theory: an older epoch or age is said to have been, or to be in the process of being, inevitably superseded by a new one. Broadly, the term is used in two related senses. First, it is the contemporary causal force. The motor of this dynamic is usually seen as economic but there are also benign or predatory political hegemony or 'society in dominance' versions (usually identified as the United States). Secondly, it refers to the supposed uniform consequences of globalisation.

Almost everywhere we see a lowering of barriers to the international transfer of capital, goods, services, culture and information. The prevailing trend in advanced economies at least is towards 'liberalisation'. The Cold War had abated by the 1970s, and its end in the 1980s marked the closure of a distinct era in geopolitics and international relations. The ideal – or fear – of an alternative to capitalism has gone. Arguably, capitalism has begun to reshape the institutions and organisations that had been built to 'civilise' it (Kristensen, 2005). Increasingly we see changes in the structure of income distribution and the comparative rights of capital and labour (Traxler, Blaschke and Kittel, 2001). Does that actually and necessarily mean an increasing homogenization of work practices, however? This remains a contested question.

By the late 1980s most commentators preferred the term 'globalisation', albeit often in a compressed and underspecified manner, to the more restricted sense of 'internationalisation'. The term 'globalisation' highlights how the re-internationalisation of the world economy after the hiatus during and between World Wars I and II is not just about trade and capital flows between nations but is characterised by much wider and deeper economic and other transnational engagements (Drucker, 1989). Whilst there are still deviations from these developments (North Korea, for instance), economies that previously were largely isolated – such as the People's Republic of China – or highly protected – such as India – are now energetically engaged.

Employment of the expression 'globalisation' also indicates the growing scale and greater geographical dispersion of transnational corporations (TNCs) – also known as multinational corporations (MNCs) – than heretofore and the organisational integration of their supply, production and demand chains. The linkings of national economic development and foreign direct investment (FDI) and the economic and social policy changes made to attract and retain TNCs are significant. There is also considerable evidence of the growing transnationalisation of capital flows and equity ownership. Large pension funds and other institutional investors such as private equity funds, most obviously in the United States and United Kingdom, own substantial stakes in 'overseas' corporations. The California Public Retirement System (CalPERS), as the largest US public retirement fund holds nearly $20 billion in foreign equities, representing almost 20 per cent of its total equity investment. On average, 35 per cent of the shares in the forty largest companies in the Paris Stock Exchange and more than 40 per cent of equivalent Dutch companies are held by American and British institutional investors and pension funds

(Gilson, 2001). There have also been flows in the opposite direction. By the end of 2004 non-US investors held about one-quarter of all bonds of US corporations. Significant as these developments are, they do not constitute either a single unidirectional force, nor are their consequences always inevitable or predictable (Hirst and Thompson, 1999).

'Globalisation' implies that the world is shrinking, and – more controversially – converging, as opposed to remaining different or becoming increasingly divergent, at the levels of technology, production, consumption and political economy (Wolf, 2005; Friedman, 2005). New international norms, institutions and regimes operating in the areas of human rights and the environment, among others, have curtailed the formerly prevailing notion of non-interference in the 'internal' affairs of nation states. Capitalism – seen as a singularity – has triumphed on the world stage; consumption habits and leisure pursuits are being homogenised through the standardisation of retailing and instant communication systems. Within this shrinking world framework, economic actors, such as companies, are transforming themselves into international or transnational institutions, establishing extensive production chains, marketing to the globe and searching out labour, technology and other resources from everywhere. At the same time, manufactured goods, such as electronic products, are designed as mass or global artefacts, sometimes modified only superficially for national markets. Further, it is arguable that radical developments in and reduced usage costs of information and communication technologies, including the internet, and mass air travel have removed or diminished many barriers to knowledge transfers. Insofar as companies face globally similar problems they will apply similar solutions to issues of standardisation in production and markets. Work practices are thus seen as becoming inevitably uniform. This is seen functionally as the spread of 'best standard' practice, rationally welcomed or coercively imposed.

Until the early 1980s the setting of formal standards was seen primarily as a national matter. There were exceptions, of course, including agreement to drive on the right in most countries; QWERTY keypads; the dimensions of freight carriers; the thread thickness of screws; the thickness of credit cards (0.76 mm); or the number of survival suits held on ships sailing in cold waters. Overwhelmingly, however, national processes and decisions dominated. In contrast, over the past twenty years or so there has been a remarkable growth in the number of international and regional standards, and the production of national standards has dramatically declined. The International Organization for Standardization (ISO) and its sister organisation the International Electrotechnical Commission (IEC) once stood in the shadow of powerful national organizations, such as DIN (the German Institute for Standardisation) or BSI (the British Standards Institution). Today, however, they jointly account for approximately 85 per cent of known international technical standards, and their annual output of agreed standards has doubled since the early 1980s (Mattli and Büthe, 2003). Other international organisations, such as the World Trade Organization (WTO) and the European Commission, clearly have transnational influence (Chorev, 2005).

Nonetheless, the vision of an inevitably homogenising world is contestable. It supposes that barriers (institutional, cultural or otherwise) are absent or ineffective, and, relatedly, that the prior sources of diversity have been vanquished or will readily be vanquished. It assumes that globalisation is itself a homogeneous force with uniform outcomes.

Far from originating from a single 'global' source, the diverse forces and processes collectively labelled as 'globalisation' emanate from and are historically embedded within particular sociocultural conditions. Even the most ardent supporter of the notion of globalisation as a deterministic force would acknowledge that international diversity continues to exist – although it is assumed that differences will ultimately disappear. Work practices brought to a host country will not therefore be globally universal ones but will be those preferred by, and that characterise, each investing company. Even if the notion of common national practices is supposed (something that is questioned below and elsewhere in this volume) and if global forces are seen as wishing to and being capable of replacing the local, those local practices would be replaced in diverse ways and not by uniform global practices (Doremus *et al.*, 1998). Transnational corporations do not all seek to impose common operational practices: some try to do so with varying degrees of success; others seek to fit or modify them more to circumstances such as local labour and product markets.

Not all goods can be consumed globally. Not all services have international reach, and they can be tied to territory. Live performances, real estate, holiday destinations, or even attendance at Harvard Business School, have capacity restraints. The perceived authenticity of the good or service is often linked to location, and, as such, global access is not possible without the transformation of a particular good's or service's unique character. Companies, as human organisations, have exclusive narratives, not just universal ones.

Convergence (either as domination or fusion) is incomplete. Empirical descriptions of convergence are sustainable only at very high levels of aggregation. To the extent that its advocates provide illustrative examples, they usually do so by selecting cases of convergence but ignore, pass over lightly or

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deem to be temporary instances of continuing difference or divergent trends (Ruigrok and van Tulder, 1995; Hirst and Thompson, 1999). Examples of recent differences include: the US/EU trade disputes over Airbus–Boeing, bananas, beef, cement, genetically modified foods and steel; anti-'dumping' measures against China by both the United States and the European Union in relation to shoes, textiles and automobile parts; severe criticisms from many countries, including Japan, regarding China's lax record on the protection of intellectual property rights (IPR); Chinese, Indian, Russian and US doubts about the necessity and effectiveness of the Kyoto protocol; and even the refusal of the US government to participate in the International Criminal Court.

The research presented in this book indicates that the scale and implications of the globalisation of work practices have been exaggerated. As a result, the diversity of management and the complexity of work organisation and company change have been underestimated. On the other hand, though, the conservative bias in the varieties of capitalism and similar literature is unwarranted.

Varieties of capitalism

Notwithstanding the volumes published on globalisation, for more than two decades or so the dominant trend in social science analysis has been towards privileging the particular. An approach to understanding the organisation of economic relations that emphasises national patterns emerged within organisational sociology during the 1970s, and produced ideas spreading across industrial sociology, international relations, industrial relations, labour process analysis and accounting. National 'systems' (institutional, cultural or other), it is argued, are characterised by persistence or path dependency. The initial conditions may be determined by an accident of history or the design of politics, or some determining embedded values can set a 'country' (or, rather, features of it) down a particular 'path'. The approach emphasises the persistence of uniformity within and between the institutions and/or cultures of countries or regions. Counter to generalisations about globalisation, such writers insist on the power of the past to continue to deliver significant, non-trivial nationally or regionally distinct uniformities. As we shall see elsewhere in this volume, there are other interpretations of history – that do not depend on overgeneralised, uniform and linear pathways; do not have a preoccupation with the nation or culture as the singular motor of internal conformity and external difference; and do not suffer from a lack of evidence at the sites of action at workplaces.

Theories of this type are territorial: distinct ideas, institutions and/or cultures are said to characterise particular territories. In the main, these spaces specified in these geo-institutional or geo-cultural theories are said to be countries or nations. Early contributions include Andrew Shonfield's 1965 *Modern Capitalism*; Jacques Horovitz's 1980 *Top Management Control in Europe*; Geert Hofstede's 1980 *Culture's Consequences*; and Michael Porter's 1990 *The Competitive Advantage of Nations*. There is also a considerable body of work focusing on clusters of countries that are contrasted with each other. A major influence on that approach is Michel Albert's 1993 *Capitalism vs. Capitalism*, which distinguishes between two broad types of capitalism, namely one 'Rhineland' and another 'Anglo-Saxon' type (see also Whitley, 1992; Nelson, 1993). The currently popular 'varieties of capitalism' model (Hall and Soskice, 2001) has drawn on Albert's work (Crouch, 2005).

The notion of a country, state or nation as a perfectly woven and all-enmeshing 'fabric' echoes down the centuries: German Romanticism; Ruth Benedict's 'cultural patterns'; Mary Douglas's notion of 'one single, symbolically consistent universe'; Pitirim Sorokin's insistence on the internal logic of culture; and Talcott Parsons' 'central-value system'. Anthony Giddens's account of 'de-routinization' sidesteps the possibility of variations within national configurations as the genesis of change, supposes institutional/cultural coherence and relies on exogenous events to explain change. Even today, there remains a stubborn resistance to acknowledging cultural and institutional diversity within the same society and the openness of societies to ideas and influences from outside the national territory (McSweeney, 2002).

Whether conceived as differences between individual countries or between families of countries, the identified characteristics are seen as significant, enduring and uniform (or coherent) across the specified territory. The literature adopting a varieties of capitalism or similar approach (such as national business systems) provides a valuable service in pointing to the importance of diversity, but two methodological aspects lead to an over-emphasis on the homogeneity of institutions or culture. As a result, heterogeneity within and across nations is largely unrecognised – indeed, it is unrecognisable. The first methodological approach is that comparisons at the level of the chosen territory (country or cluster of countries) emphasise, or even predetermine, the 'discovery' of national unity and cross-national differences. The second is that there is a disregard of deviant data not fitting the overall characterisations of a given national or 'super-national' system or an inclination to treat dissonant traits as untheorised, empirical 'noise' to be ignored 'in the interests of an elegant and sharply profiled account' (Crouch and Farrell, 2004: 33).

Comparative analysis undertaken between what is already supposed to be nationally representative inevitably relies on the supposition of national uniformities, because, without that supposition, international comparisons cannot be undertaken. Uniformity is constructed either through comparisons of averages or by unwarrantedly taking a single or a few examples as nationally typical. The problem with the former is the requirement for smoothing out internal differences in order to arrive at the idea of the national average essential for comparative or clustering purposes. For the latter, the invalid assumption that the singular or few examples are nationally typical has to be made. As Peer Hull Kristensen (2005: 387) observes, '[D]istinct modelling of particular national systems circumscribes both their internal complexity, their complementarity and coherence, and also their internal incoherence and conflicts.' Even with the recent attempts to recognise 'diversity within' and 'diversity between' nation states (Jacoby, 2005) there is still a requirement for constructing what is nationally typical and atypical, and many of the procedural difficulties in framing comparative differences, as criticised above, remain. Harry Katz and Owen Darbishire's (2000) concept of 'converging divergences', greater industry- or sector-level commonalities *across* countries producing more variation *within* countries, has the advantage of specifying structures of global standardisation (sectors), but overcomes neither the puzzle of describing the national nor the need to account for firm-level differences.

The practices *in* a company in a country are not necessarily the practices *of* that country. 'Societal effects' (Maurice, Sellier and Silvestre, 1982, quoted in Sorge, 1991) include, but are not reducible to, national effects. As Chris Smith (2005: 605–6) observes, '[C]omposite, large-scale societies contain variety, not uniform societal effects and sectors are diverse within national territories, responding to global or international pressures in different ways, depending upon their exposure to world markets, global competition, and international technological forces' (see also Hollingsworth, Schmitter and Streeck, 1994; Dörrenbächer, 2002). National organisations, the production or other activities of which are exclusively or primarily located in just one territory, and their employees are not isolated from ideas, values, pressures, examples, images and norms, from multiple and even non-national sources. A physical limit is not an ideational boundary; and those that originate from within a national territory can be diverse as well as plural.

Recently, the notion that national institutions and values are always harmonious, coherent and enduring has been challenged from within the neo-institutionalist camp. There is a growing acknowledgement that there is within nations 'a higher level of diversity than has previously been supposed' (Morgan, 2005: 3). Wolfgang Streeck and Kathleen Thelen's (2005) volume of case studies, for instance, is a very valuable addition to the study of institutional continuity *and* change. As the primary object of their analysis is national institutions, however, those case studies are undertaken at the level of the nation state. The object of our analysis is work practices, and so the case studies in this volume are not examinations at country level but primarily of *organisation within nations*. We do not presuppose that what is examined is typical of the country in which the case is located. Generalising nationally or regionally from single or a few cases is unwarranted – and therefore we do not do so. The varieties of capitalism literature rarely engages with local sites of action – organisations – but these are, for our purposes, where analysis can be fruitfully focused. Where seen to be significant, the national is acknowledged but it is not supposed that *all* relevant influences on work practices come from and can be understood at the level of the nation state. Even if it is supposed that there is continuity in a national institution or values, one cannot validly conclude that this will lead to uniformity of practice at a site of action: institutions or value sets may have no influence because they are unrelated to the action; formal continuity may mask internal change and/or diversity; and, particularly pertinent for the purposes of this volume, at the organisational level the institution (or set of institutions) can be used or filtered in different ways even by the same actors (Jackson and Deeg, 2006). The conclusion is that the deterministic notion of coherent, and continuous, national institutions or values should not be a research presupposition.

We do not have a preformed ideal model into which data fit, or are forced to fit, or as a result of which data are discarded. In their discussion of innovation Peter Hall and David Soskice (2001) unambiguously describe the US system as 'liberal market'; and yet an account of significant aspects of innovation within the United States, including that 'by' private corporations, would need to factor in the considerable financial and others roles of government defence spending (O'Sullivan, 2000). The performance of some industries in both the United Kingdom and United States are not explicable solely in terms of a singular system. For example, the aeronautical industry in the United States and the pharmaceutical industry in the United Kingdom have clearly been dependent on public expenditures and specifications. The rise of Silicon Valley – and its specific location – is not explicable without