Book Review


This book tries to make sense of an astonishing amount of empirical findings around the notion of national business systems. Because it is not confined to a single discipline, narrow research question or tightly zoned model, nor does it follow a stringent textbook or journal article style, it seems to be a somewhat risky endeavour to read this book. This is especially the case for those scholars who expect straight and easy citable answers to questions that they had already in mind or came across by skipping through the growing literature on national business systems, varieties of capitalism and societal effects, just to name the three most influential streams of institutionalism. However, those that can sustain ambiguity, appreciate originality, enjoy colourful illustrative anecdotes and feel comfortable with building bridges between different theoretical approaches will get their money’s worth. Moreover, the book is very thought-provoking and has the potential to bring an end to the overly positivistic stance that the vast majority of institutionalist approaches have so far taken.

The book makes several interesting arguments that are worth being discussed in more detail. Its most basic argument is that internationalization, whether in the form of migration, foreign incursions or cross border economic, political and social activity, feeds the building up of societal specificity by confronting “the global and the local” (what the book is all about). What happens according to Sorge is most likely not a convergence or a clear cut hybridisation but a reaction of the different influences, which can lead to rather diverse results, including what Sorge calls the “Kamchatka effect” (p. 38), i.e. the fact that contrasting institutional elements are sometimes found in a close proximity and that in historical evolution the pendulum can swing back and forth giving preference to one or the other element.

This book systematically introduces diversity and societal change to institutionalist approaches, which, with a few exceptions (e.g. Djelic and Quack, 2003; Streeck and Thelen, 2005), are still by and large concerned with a rather static reasoning about internal coherence and external distinctiveness of national business systems or varieties of capitalism. Sorge’s argument here basically centres on the existence of the so-called “metatraditions”. In his words “…a metatradition embodies the dialectical continuity inherent to a heritage and posits that this continuity consist of typical, altering and recombined opposites”. Thus even radical changes, e.g. between liberal and corporatist phases in the economic history of a country, can be seen as examples of continuity, given the co-existence of these opposite institutional elements in the metatradition.

Using a wealth of historical material, the book’s empirical chapters comprehensively discuss the origins and current implications of the “South Germanic bedrock”, the metatradition that according to Sorge governs and shapes the development of the German Business System. (Other countries are discussed more en passant). However, to fully capture the argument that the South Germanic bedrock consists of “…an intertwining of hierarchical governance and lateral peer-group coordination” (p. 139), a sound knowledge of European history is more than helpful (Chapters 3

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and 4). Easier to read and understand are Sorge’s careful explanations of how this metatradition roughed up by foreign incursions was formative for the evolution of current German business systems. Discussing the specifics of German work systems, enterprise management and corporate governance and comparing these with the systems of other countries, Sorge clearly illustrates the dialectics of the German Business System: a system that during its evolution has “... brought about a coalescence of hierarchy, professional authority, and lateral professional coordination, combined within a stakeholder approach and more communitarian business traditions that culminated in co-determination and collective regulation” (p. 239).

From an International Business and Management perspective, this book makes some important contributions. For one, with an impressive breadth and depth of information, the book makes clear that the ‘hyperglobalist’ view as for instance put forward by Barkema et al. (2002) is missing ground. As Sorge’s book clearly demonstrates, the strong and pervasive impact of internationalization is neither a recent phenomenon (due to the post World War II blurring of political and economic borders and new digital technologies), nor something that is irreversible, nor something that exerts a uniform impact on different nations and their enterprises. However, Sorge’s initial description of the current internationalization patterns in relation to, e.g., communication is limited to the impact of entertainment (p. 6) and does not incorporate the impact of the internet or the utilization of for example e-commerce. Furthermore, Sorge only refers to Bartlett and Ghoshals’ (1989) seminal contribution of the transnational firm as an example of the global/local dilemma, even though later contributions have questioned its relevance (Westney, 2003). However, Sorge’s book still provides a substantial insight into how and why ‘Semiglobalization’—defined by Ghemawat (2003) as inconsistencies and different levels reached in the process of international entanglement—emerges. Finally, by theorising about the close proximity of opposites within national business systems, Sorge’s book is a serious warning against overly simplistic conceptualizations of how national business systems and related country-of-origin effects shape the internationalization of firms. A sound integration of the dialectics of national business systems would definitely help this emergent theory to become more widely accepted than it is currently.

References


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