

Alliance Capitalism and Corporate Management edited by John Dunning & Gavin Boyd
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This collection of management studies essays was planned as a tribute to the work of John Dunning and emerged from a political economy conference at St Mary's University in Halifax, Canada in 2001. The focal theme of the essays in the book is Dunning's career-long interest in inter-corporate cooperation, collaboration and knowledge in relation to competitiveness. In that sense, the central thrust is concerned with various analyses of how cooperative linkages - as opposed to 'hard competition' - between firms produce innovation, competitiveness and success in the global economy. This is in essence what 'alliance capitalism' is taken to be - the (increasingly) necessary development of alliances between corporations and between corporations and governments in the contemporary global knowledge economy (xii). The premise that lies beneath this approach is that 're-orientations of corporate strategies, based on understandings of cooperative as well as competitive advantages, can be seen to offer possibilities for higher, more even, and more stable growth' (xii). For the most part, this entails an analytical focus on multinational enterprises (MNEs) rather than smaller firms, and the way in which they interact in cooperative relationships with other firms as well as the policy implications for governments and other institutions of these alliances. Overall, as the subtitle 'entrepreneurial cooperation in knowledge economies' suggests, there is also a strong interest in how entrepreneurial activity emerges and the differences that can be seen to exist between different national and industry contexts. Various chapters within the book thus address different dimensions of the alliance capitalism debate.

The first chapter by John Dunning himself is concerned with providing an overview of how relational assets between firms can be theorised and measured. Dunning seeks to generate a classificatory framework for these 'R assets' which are defined as 'the stock of a firm's willingness and capability to access, shape and engage in economically beneficial relationships' (p3). R assets are thus conceived as 'facilitatory' and 'entirely human intensive' (p5). They are comprised of ingredients such as trust, loyalty, reciprocity etc. Dunning acknowledges that these attributes remain extremely hard to measure (p10) but argues nevertheless that they are becoming increasingly important in 'the portfolio of competitive enhancing assets of MNEs (p20). In particular they are key to identifying some of the most important aspects of 'the 21st century innovation-driven economy'. The chapter also outlines some of the ways in which business systems theories might need to be modified to better accommodate measurement of R assets.

In chapters two and three, Gavin Boyd turns to the question of how Dunning's R assets are acquired by firms in different forms of alliance capitalism which represent 'patterns of inter-corporate cooperation that have varying dimensions, intensities and durations' (p24). In chapter two, he analyses how alliances are significant for macroeconomic policy, generally contrasting the monetary, fiscal and competition policy dimension between major regions of the US, EU and Asia-Japan. His overall argument is that the

forms of alliance capitalism have ‘much significance’ and that policy has ‘the potential to guide and support the building of complementary production specializations’ in a context where globalization presents serious problems for economies without structural policy support. In chapter three (with Paul Brenton), this approach is developed in a more specific manner by considering how microeconomic policy differences between OECD countries ‘condition the responses of firms and governments to [these] increasing interdependencies’ (p45).

Chapter four takes the analysis of alliances to a more specific context in examining inter-firm R & D partnering in biotech industries. Nadine Roijakkers and John Hagedoorn provide a review of trends in this sector and argue that a number of factors have led to a greater degree of inter-firm collaboration in this sector. These including the ‘increasing cost of R & D partnerships, the need to search for alternatives to pharmaceutical innovation and the speed of scientific developments’ (p85). They suggest that partnering in the biotech industries studied demand considerable organizational flexibility and that firms have strived to increase flexibility ‘by engaging in numerous short-term R & D projects with multiple partners’ (p85). They also point to the dominance of the US in this industry and that this is in fact a consequence of small firm start-ups rather than large firm collaborations in this instance (p86).

Chapter five (Nigel Pain & Desiree van Welsum) adopts a different angle on the significance of alliances in considering how they have developed between financial firms and institutions in the context of financial liberalization. A review of the financial deregulation since the 1980s in the US and EU leads to an analysis of how this has produced changing corporate strategies amongst financial institutions in the context of deepening financial market integration. They argue that as deepening has progressed, ‘joint ventures and strategic alliances have become a more common form of cross-border consolidation than mergers and acquisitions’ (p124).

Gavin Boyd’s focus in Chapter six and seven (with Alan Rugman) is moves from industry analysis to wider policy question as attention turns to the impact and development of corporate alliances in the world trading system and their relationship to competition policies in different economies. In the case of the former, Boyd argues that given the way in which ‘the capacities of governments to influence, guide and regulate corporation activities’ (p129), the ability of governments to enhance national economic competitiveness through trade is increasingly dependent on intercorporate alliances. He goes on to examine in this context how ‘the structural dynamics of the world trading system are being transformed’ (p130) in relation to corporate competition, cooperation, entrepreneurship, trade policy and trade disputes. Chapter seven follows on with a more specific analysis of competition policy, contrasting developments in NAFTA, the EU and Atlantic regions. The key argument is that growing corporate interdependence only serves to exacerbate the need for better international competition policy as a public good (p168).

The next four chapters (eight to eleven) all focus on one state or region. Sandra Lundan examines the development of alliance capitalism in the EU, arguing that ‘the dynamics

relating to the need for firms to maintain consistently high levels of innovation is fuelling both cross-border acquisitions as well as cooperative activity' (p185). The subsequent chapter (Pierluigi Morelli *et al*) assesses EU growth in relation to the Lisbon strategy. Rather unsurprisingly, it finds that growth in productivity is variable between different member states and that for any kind of convergence to take place, states will have to act in both microeconomic and structural policy. It does rather less well at relating this to the issue of alliance capitalism than Claude Barfield and Cordula Thum's discussion of American alliances in the chapter 10 which, in essence, provides an overview of the nature of alliances that have developed in different US industries. Chapter 11 undertakes the same task for Japan, where the principle argument outlined by Terutomo Ozawa is that Japan has a distinctive form of 'network capitalism' bound into its unique historical trajectory as a state. Furthermore, the discussion successfully demonstrate how the pervasive concept of the *keiretsu* represents only one form of a more complex picture of collaboration networks between Japanese firms.

The final two chapters address the issue of alliance capitalism in developing countries and in relation to collective management. In chapter twelve, Stephen Young and Neil Hood consider strategies for developing alliances in LDCs and the implications of a post 9/11 world where MNEs need to negotiate more effectively with both governments and civil society agents. Gavin Boyd follows on with the concluding contribution to the book in considering how various actors need to be involved in the management of alliance capitalism if it is to be an effective process for achieving global economic growth. His main focus in the final chapter is on the need for more effective regional policy coordination on in the EU, US and the Pacific region, as well as developing enhanced capabilities for the IMF.

Overall, this book does represent an interesting collection of analyses and case studies of the alliance capitalism approach. It is perhaps most useful for the chapters that provide a base for national comparisons between the US, European countries or Japan and for specific case studies embedded in various contributions. However, it does not really ever succeed in presenting a coherent overview of the field (perhaps that was not the intention) and I remain unconvinced about the commonalities between the themes adopted for various chapters. Unfortunately, in reading the book from cover to cover there is sometimes little sense of how the arguments in different chapters relate to each other. None of the subsequent chapters adopt an approach grounded in Dunning's framework laid out in the second chapter, and as with many collections there is a fair degree of randomness with respect to the topics chosen. I certainly think the book would have benefited with a framing introduction and possibly also a conclusion to draw it together. As it is, those interested in a business systems approach to inter-firm relationality will find various chapters in this collection useful but many components of the collection sit in relative isolation from each other in the absence of much cross-referencing.

Finally, however, overall this book opened up the question for me as to what extent theory at this level can provide a useful guide to policy. Whilst many of the chapters present research that offers detailed research findings on business systems (usually based on quantitative survey or secondary data), I found a number of the explanatory

conclusions drawn rather thin and /or questionable. Some fairly broad arguments about the nature of inter-firm relationships are being made in this book without, at times, detailed close analysis or empirical support. Furthermore, much of what is argued in terms of general policy makes considerable sense but is hardly revelatory. In my view, where many chapters were thinnest was at the critical point of dealing with the specifics of how firms interact and how that affects business outcomes. This is the real question (for firms and governments) and one which this literature needs to tackle more directly.