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The Oxford Handbook *of* COMPARATIVE INSTITUTIONAL ANALYSIS

THE OXFORD HANDBOOK OF

COMPARATIVE INSTITUTIONAL ANALYSIS

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GM, JC, CC, OKP, and RW

Abbreviations

ACVT	Advisory Committee on Vocational Training
AEA	American Economic Association
AIAS	Amsterdam Institute for Advanced Labour Studies
APSA	American Political Science Association
ASCON	*Associazione Conciatori*
CEO	Chief Executive Officer
CME	coordinated market economy
CSR	Corporate Social Responsibility
DQP	diversified quality production
ECJ	European Court of Justice
EES	European Employment Strategy
EMCO	European Employment Committee
ESOP	employee share ownership plans
FARC	Revolutionary Armed Forces of Colombia
FCC	Federal Communications Commission
IALS	International Adult Literacy Survey
IFSL	International Financial Services, London
IMD	Institute for Management Development
IMF	International Monetary Fund
IOSCO	International Organization of Security Commissions
ISDA	International Swaps and Derivatives Association
MNC	Multinational Corporation
MIC	Ministry of Information Communications
MITI	Japanese Ministry of Trade and Industry
NAFTA	North American Free Trade Agreement
NASDAQ	The National Association of Securities Dealers Automated Quotations
NBER	National Bureau of Economic Research
OECD	Organization for Economic Coordination and Development
OMC	Open Method of Coordination

PISA	Programme for International Student Assessment
PIU	Performance and Innovation Unit
QCA	qualitative comparative analysis
SPACs	Special Purpose Acquisition Companies
SPC	European Social Protection Committee
TAN	transnational advocacy network

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Contents

PART II: INSTITUTIONS, STATES, AND MARKETS

PART III: THE ORGANIZATION OF ECONOMIC ACTORS

PART IV: CHALLENGES FOR COMPARATIVE INSTITUTIONAL ANALYSIS

EPILOGUE

List of Figures

List of Tables

INTRODUCTION

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PRODUCING a handbook is in some ways an act of faith. It presumes that there exists a range of debates, concepts, and arguments that are sufficiently similar to each other (and different from other concerns) as to constitute a shared field of interest. It is therefore inevitably a boundary-drawing exercise no matter how fuzzy those boundaries may sometimes appear. A handbook also presumes that there is an audience that will recognize this as a shared field and will use the resources which it contains in order to develop their own thinking and research. Given that the construction of a handbook is, however, ultimately the responsibility of the editors, it is important that the assumptions underpinning this project are laid out in more detail. This is the purpose of our introduction. We therefore focus on three key issues. What do we understand by the term 'comparative institutional analysis'? Why did we think it was important to produce a handbook on this topic at this particular time? How did we decide on the structure of the Handbook and the nature of the contributions?

Comparative Institutional Analysis

It is increasingly accepted that 'institutions matter' for economic organization and outcomes, but such a phrase conceals a multitude of issues and perspectives. In the chapters that follow many of these complexities are revealed and discussed; we do not attempt to repeat them here but to provide an initial account of the approach to institutions taken in this Handbook.

The field in which we are interested can be defined in terms of how the forms, outcomes, and dynamics of economic organization (firms, networks, markets) are influenced and shaped by other social institutions (e.g. training systems, legal systems, political systems, educational systems, etc.) and with what consequences for economic growth, innovation, employment, and inequality. Institutions are usually defined by our contributors as being formal and informal rules, regulations, norms, and understandings that constrain and enable behaviour (e.g. Scott 2008; Campbell 2004).

The approach taken to these questions here is comparative and the central comparisons made are those between different societies. The reason for this level of comparison (as opposed to comparisons across regions or cities, or between sectors or firms, useful and essential as these are) is theoretically driven in that the sort of institutions in focus have been fundamentally shaped by and through processes at the level of the nation-state. Nation-states vary in their degree of centralization and in the strength of regional or other local ties. Nevertheless, since at least the time of Weber's definition of the state as the collectivity monopolizing the legitimate use of physical force within specific territorial boundaries, social scientists have been interested in nation-states as being the most significant containers and producers of populations, economic organizations, and institutions (Hall, 1986, 1994; Mann, 1986, 1993). It is therefore not surprising that it is through national comparisons that much of this field has been defined (see, for example, classic contributions such as Bendix, 1956; Berger and Dore, 1996; Boyer and Drache, 1996; Boyer and Durand, 1997; Crouch, 1993; Crouch and Streeck, 1997; Hall and Soskice, 2001; Hamilton, 2006; Hollingsworth and Boyer, 1997; Hollingsworth, Schmitter, and Streeck, 1994; Lane, 1989, 1995; Maurice, Sellier, and Silvestre, 1986; Orrú, Biggart, and Hamilton, 1996; Shonfield, 1965; Sorge and Maurice, 2000; Streeck, 1992; Whitley, 1992*a*, *b*, 1999, 2007; Whitley and Kristensen, 1996, 1997).

These comparisons serve at least two purposes. The first is that through comparisons we are able to understand more clearly any particular society and its economic performance by distinguishing its particular institutional structures, how these link together, and the impact that they have on firms and their competitive abilities in local and global markets. The second is that through comparisons, our understanding of processes of diffusion, learning, and emulation between societies become more sophisticated and complex. This is not to underestimate the methodological problems associated with comparative studies and drawing conclusions about which

institutions are most significant, and for what aspects of firm behaviour, and with what impact on performance outcomes. What is a simple idea can rapidly become swamped by methodological problems associated with small number samples, with contamination effects (since societies are not self-contained but intricately connected), with historically complex inter-relationships, and with a morass of specific detail that makes broader conclusions extremely difficult to draw (see Kogut in this volume).

Nevertheless, the aspiration remains to produce an academically rigorous set of comparative studies revealing how social institutions affect economic organization and performance. Indeed, the aspiration is inevitable because the public policy arena is full of comparisons between countries. There are multiple systems of ranking the competitiveness of countries against each other (see Pedersen in this volume) in which institutional features are scored and compared. Country rankings can also be performed through international private institutions such as credit rating agencies (evaluating the security of sovereign debt), through international public institutions (World Bank and IMF evaluations of economic policy and growth prospects), and through international non-governmental organizations (such as the World Economic Forum annual competitiveness reports). Such evaluations affect flows of investment, taxation levels, and employment levels inside countries. The globalization of the economy has made comparisons increasingly transparent and increasingly visible. In a world where much finance can flow across national boundaries with relative ease, governments feel that they are competing against each other in order to attract funds and in that way increase levels of employment, wages, conditions of work, and the standard of living. Increasingly governments recognize that reshaping their institutions is crucial to competing in this context. The sort of benchmarking and comparisons that occur at this level are, however, inevitably one-dimensional. They are often highly misleading, because they are based on data that are easily available rather than on full research, and on over-simplifications (e.g. the tendency of the OECD to see things in terms of states and markets only, and to be unable to deal with other institutions). They are also often based on the perspectives of dominant countries (e.g. the tendency to measure national innovation capacity by the number of patents registered in the USA). And, as the recent role of the ratings agencies in the financial crisis has shown, they are not always carefully conducted. How these institutions emerged, how they link together, and why they have particular sorts of impact are deeper questions, as is the question of how to reform institutions to improve performance (in reality and in benchmarking comparisons). We therefore live in a world of comparisons and it makes sense for academics to develop the theoretical frameworks, conceptual tools, and methodological techniques in order to conduct comparisons that go beyond static benchmarking and seek to penetrate to the heart of the relationship between institutions and economic organization.

However, as the previous discussion suggests, we also live in a world that is interconnected in multiple ways. Comparative institutional analysis has increasingly sought ways of conceptualizing that interconnectedness that does justice to the idea