

# *Industrial & Labor Relations Review*

---

*Volume 62, Issue 2*

2009

*Article 7*

---

## The Firm as a Collaborative Community: Reconstructing Trust in the Knowledge Economy.

Charles Heckscher\*

Paul S. Adler†

\*,  
†,

their family and work life. These issues are largely unmentioned in this book.

Freeman is particularly interested in changing incentives in the labor market. Only the highest-earning and most-skilled workers gained from the productivity growth of the past decade. Freeman argues that this is not an optimal incentive system and that greater productivity gains would accrue if more workers thought that hard work would bring them greater rewards. This is an interesting argument and suggests that greater productivity is possible in the U.S. labor market. I would have liked to hear more about how the private sector or public policy might go about implementing wage or tax schemes that shift incentives in this way. Freeman persuades me such changes would be good, but is less helpful in suggesting exactly what this might mean on the ground for compensation schemes.

But these are the complaints of someone who liked the book and wanted even more. Economists who know this literature will not find much that is new in *America Works*, but may find it interesting to see how Freeman fits together an explanation that encompasses labor market trends, private sector behavior, and international comparisons. For teachers, this is an excellent book to give to an undergraduate or a non-labor economist who wants to understand some of the major labor market trends and issues of the past 30 years.

Rebecca M. Blank

Robert S. Kerr Senior Fellow  
Brookings Institution

*The Firm as a Collaborative Community: Reconstructing Trust in the Knowledge Economy.* Edited by Charles Heckscher and Paul S. Adler. Oxford: Oxford University Press, 2006. x, 592 pp. ISBN 978-0-19-9286035, \$125.00 (cloth); 978-0-19-9286043, \$55.00 (paper).

This is a heroic work by contemporary standards. Not only does it mount a wide-ranging argument connecting many contemporary changes, but, despite its great length—500+ pages (600 counting the index), with a modal chapter length of 50 pages—it is exceptionally well-integrated, in stark contrast with many edited collections these days. The approaches adopted by the different contributors fit together extremely well. This is owing in good part to the fact that the book's editors—either together, separately, or with other authors—were directly involved in the production of nearly 40% of the text. The contributors

clearly had the opportunity for extended consultation with the editors, making for just the kind of collaborative community the book sets out to describe. The result is a highly integrated volume that ties together a wide range of subjects in way that would be well beyond the means of any single scholar. The analysis is sustained and penetrating. Whether or not its theoretical contribution turns out to be accepted as of enduring value, this is a significant contribution to contemporary scholarship and a model for good practice.

The book is organized into four sections. The first, comprising three chapters, is mainly conceptual. The tone of the entire book is set by the first, nearly 100-page essay. In it, Adler and Heckscher argue that there is a long-term tendency toward the emergence of what they call the “collaborative community,” which is a distinct departure both from the “traditional community” (described by Marx as “rural idiocy”) and from what these authors call “community in the shadow of the market,” which has been viewed for well over a century—at least since the time of Ferdinand Tönnies, the late-nineteenth-century political scientist—as the antithesis of community properly so called. Adler and Heckscher's searching analysis highlights the considerable shortcomings of these two earlier types of community, shortcomings that (they argue) are largely resolved by the emergent collaborative community. That form, they further maintain, will eventually supersede both of the others.

If the new form of community is so important, why has it not been recognized before? One reason implied by Adler and Heckscher is that the course of its development has not been direct. Not only has the main site of community moved from civil society to the economy, its development has not been linear. They argue that there is a “zig-zag path” toward higher levels of community because the process of socio-economic change is periodically ruptured by “laissez-faire transitions” in which capitalist priorities inconveniently reassert themselves. Although the emergence of the collaborative community thus sometimes drops out of sight, over the medium term it is discernible, and over the long term it will become clearly manifest. So it is (the authors argue) that we stand on the threshold of a new era of collaborative community. If that is the case, and the already well-canvassed models of other social theorists suggesting an increasing movement away from an economy based principally either on hierarchy or on the market as the organizing principle, toward the realization of a new economy based on trust, are also accepted, then there is the basis of a case for significant change. Inchoate forms of that new

model in fact already exist in limited enclaves, as discussed in the book's second section.

The two middle sections of the book serve two purposes: to report relevant research, much of which is original and insightful; and, more important, to illustrate the book's main argument. As might be expected, between the outline of the general thesis in Section 1 and the illustrations of the argument in the chapters of Section 2, there is a considerable narrowing of focus. The main illustrative chapters in Section 2 examine research in the software design industry (Chap. 5, by Adler) and healthcare (Chap. 6, by Michael Maccoby). Also included in this section are a general discussion of networks by Jay Galbraith (Chap. 4), which arguably belongs in the first section; consideration of a high tech firm by Anabel Quan-Haase and Barry Wellman (Chap. 7); and an examination by Saul Rubenstein of labor's interest in relation to the collaborative community (Chap. 8).

Rubenstein's contribution, which reports research based on 50 examples of collaborative partnership in major companies that have been studied over a 20-year period, is unusual and interesting. The author admits that across the relatively rare examples of firms in which both management and labor have been willing to experiment with collaboration, success has been patchy and weak. Today, only a tiny percentage of workers in the large U.S. firms that are unionized have even an elementary level of collaboration. In general, the evidence the editors and contributors are able to marshal in support of the book's main argument is less impressive than one would have expected and hoped. The indications of ongoing change in the predicted direction, while not completely lacking, are far from conclusive. In particular, the favorable examples are apparently found mainly in a couple of industrial sectors and in conjunction with highly developed information technology, advanced software, and cadres of highly skilled knowledge workers.

Section 3 extends the argument to a consideration of inter-organizational relations. In a way, it is a surprise to find this section in a book whose title suggests it is primarily focused on the firm. It can of course be argued that emergent properties of the inter-firm networks are a powerful constraint on the internal organization of firms; but this is not the primary emphasis in Section 3. In both of the chapters of this section, but especially the 60-page discussion by Lynda Applegate (Chap. 9), the emphasis is on establishing the co-operative properties of inter-firm networks (which are supposedly built on trust) as the creations of the participating actors and their activities. The heart of Applegate's chapter is a report of a study of the

NASDAQ companies; not surprisingly projecting less conviction that trust is invariably a property of inter-firm relations is John Paul MacDuffie and Susan Helper's chapter on the auto industry (Chap. 10).

The three concluding chapters in the final section return to general arguments, elaborating on the book's main thesis, which are now assumed to be largely proven. These chapters suggest, among other things, that the emergence of collaborative community depends on key problems and difficulties being overcome. Weakening the persuasiveness of this last section, however, is what strikes me as an excess of confidence—Maccoby and Heckscher, for example, in their very short chapter on leadership styles required by the new community, sound too sure of their prescriptions—and a tendency to over-generalize and speculate too freely. Overall, I found the final section less compelling than the main substantive part of the book (Section 2).

Arguably, the book overestimates both the extent and the significance of the new community. Especially with regard to *extent*, however, any critic must tread carefully. This book's editors and contributors are extremely good scholars and are usually careful about what they claim. Several chapters—especially those by Rubenstein and by MacDuffie and Helper—candidly acknowledge that the collaborative community has not, as yet, gained much ground. Even the more optimistic statements in the book are usually hedged with the recognition, explicit or implicit, that the new kinds of relationships are by no means fully realized. For example, in the penultimate chapter, Heckscher and Foote observe that "efforts to build participation and involvement in corporations have often, perhaps usually, ended in failure." Thus the argument is often essentially that the new community is liminal rather than actual.

As for those statements in the text that do seem to treat the eventual arrival of the new community as inevitable, I cannot yet share in such confidence. Just how the collaborative community will emerge from one of the small enclaves in which it currently is gestating, then spread, is not made clear; but this is what has to happen if the new community is to make headway. This is important because, in the end, as in all social science, the validity of the argument is more a conceptual than an empirical matter. The extent of the actual emergence of the new community, and its putative significance for social well-being, are both secondary to the theoretical ideas that indicate why such relationships may or will emerge.

This is not the place to embark on a sustained analysis and criticism of the theoretical ideas that

underpin this work. However, it seems clear that there are two or three identifiable contributory currents. First, there is an evolutionary, neo-Hegelian thesis with functionalist overtones, according to which the general trend of history is toward the realization of greater cooperation in society and economy. The influence of evolutionism or functionalism is more clearly evident in some chapters than in others. The concept of requisite variety, for example, which had currency in the heyday of systems theory, is prominently featured in Galbraith's chapter, as indicated by its title, "Mastering the Law of Requisite Variety with Differentiated Networks"; this chapter also entertains notions derived from the contingency theory of organizational forms. However, perhaps the most interesting current running through this book is Adlerian "paleo-Marxism," which can be found not only here but also in other recent work by Adler. The essence of this argument is that there is in Marx a neglected dialectic between the valorization process (in which surplus value is extracted from work) and tendencies toward the socialization of economic relations. While I believe this claim has some validity, assigning a recessive strand of Marx's theory like this greater importance than the basic tension his mature work envisages between the labor process (in which surplus value is created) and the valorization processes (by which it is extracted) seems questionable at best. I would like to have seen a fuller, more direct consideration of this unresolved theoretical issue and others.

Nevertheless, *The Firm as a Collaborative Community* is a wide-ranging and highly stimulating work in the best traditions of American scholarship. It is likely to be read and quoted for some time to come. If the book places serious theoretical reflection back on the agenda in the debate it invites the scholarly community to join, so much the better.

Stephen Ackroyd

Professor of Organisational  
Analysis  
Lancaster University Management School

### Labor-Management Relations

*The University against Itself: The NYU Strike and the Future of the Academic Workplace.* Edited by Monika Krause, Mary Nolan, Michael Palm, and Andrew Ross. Philadelphia: Temple University Press, 2008. 280 pp. ISBN 1-59-

213-7407, \$74.50 (cloth); 1-59-213-7415, \$25.95 (paper).

The authors of this collection all supported the seven-month graduate assistant recognition strike at New York University (NYU) conducted by the Graduate Student Organizing Committee/United Auto Workers (GSOC/UAW) Local 2210 during the 2005–2006 academic year. The editors seek "to draw useful lessons" from the strike, but also correctly add that although "many of the contributors focus on local detail from NYU and New York City, ... most analyze the national significance of economic forces and patterns of academic life that were highlighted by this local dispute" (pp. 8–9). Given the broad focus, as well as the partisanship and marginal participation of labor relations professionals among the contributors, readers would do well to approach the book as a set of thoughtful reflections by strike proponents about the corporate university, rather than as a comprehensive case-study in labor relations.

The book's lengthiest section, "Corporate University?," describes the setting, not the strike. Concern that the business community wields undue influence over American universities is at least 100 years old. AAUP's founding 1915 "Declaration of Principles on Academic Freedom and Academic Tenure" observed that the "governing body of a university is naturally made up of men who through their standing and ability are personally interested in great private enterprises." At NYU, as Christopher Newfield and Greg Grandin document, business men (they are overwhelmingly men) do dominate the board, and most are leaders of New York's FIRE (Finance, Insurance, and Real Estate)-based economy. NYU and other "corporate universities," as the contributors further show, are distinguished from earlier business-influenced universities not merely by the extent of corporate domination of their boards but also by their extensive adoption of corporate structures and policies.

Corporatization develops as universities become diversified enterprises with revenues derived not only from on-campus tuition but also from extension, on-line and overseas programs, campus services, investments, real estate holdings, research, patents, industrial parks and partnerships, sports and entertainment, and medical and other professional services. University presidents and senior administrators thus become managers, fund-raisers, and competitive entrepreneurs. As Stephen Duncombe and Sarah Nash note, NYU president John Sexton and the president of the Commission on Independent Colleges and Universities make their claim to compete for public