

Organizations, Policy, and the Natural Environment: Institutional and Strategic Perspectives.

Andrew J. Hoffman and Marc J. Ventresca, eds. Stanford, CA: Stanford University Press, 2002. 489 pp. \$70.00, cloth; \$34.95, paper.

As institutional approaches have become established within organizational analysis, critics from within and without have consistently pointed to an area of weakness: the lack of attention to agency and conflict. With *Organizations, Policy, and the Natural Environment*, Hoffman and Ventresca have marshaled an effective response to this chronic complaint. Through a conference that was the basis for this important edited volume, these two organizers brought together institutional researchers with experts from the field of strategy. The encounter was disciplined by a clear empirical focus on a topic that would seem to be friendly terrain to institutional arguments: environmental policy. Evidence of imitation driven by uncertainty, conformity in response to regulation, and decoupling of policy from practice should all be expected here, given the combination of strong political and moral demands for environmental protection and a frequent lack of effective technologies and economic incentives. In a series of rich empirical papers, however, these expectations are both confirmed and confounded.

Challenged by the complexities of environmental policy, the contributors advance the agenda of institutional research in a number of fundamental directions. *Organizations, Policy, and the Natural Environment* is one of those too-rare conference volumes that effectively captures conversation at the leading edge of a debate, both raising important questions and providing initial templates for research. Moving beyond the central concerns with diffusion, adoption, and isomorphism, many of the contributions are particularly important in clarifying how institutional processes can generate heterogeneity as well as conformity to legitimate models, how processes of enforcement may fuel the transformation of organizational fields, and how we should collectively begin to think about problems of governance and strategy.

As W. Richard Scott notes in a concluding essay, an imagery of diffusion and decoupling was central to "early institutionalism." The standard expectation was that organizations would adopt policies or a façade of practices that conformed to the expectation of regulatory authorities while "backstage" activities continued as before. In many of the chapters, contributors look for evidence of this classic pattern in the form of "greenwashing" (e.g., Forbes and Jermier). Yet the central concerns of the volume are generated by different questions. As Hoffman and Ventresca explain, the chapters "move away from a focus on outcomes of stability, inertia, and convergence as central and defining of institutional analysis, to instead consider the linkages between field-level processes and heterogeneity of organizational structures, strategy and activity, and outcomes" (p. 4).

Whereas evidence of surface conformity might be taken as an obvious sign of policy failure, of defeat through purely ritual conformity, a number of authors argue that the combina-

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tion of adoption and initial decoupling from practice or consequences represents a kind of opportunity or first phase of change. In some cases, these changes may directly extend the content of the formal institutions. Frank, for example, argues that "on the heels of state laws and policies come changes in society itself, both in the form of social movements and in the form of individual beliefs and values" (p. 55). But for advancing our theoretical understanding of institutional change, some of the indirect and unanticipated effects of adoption are still more illuminating. In a study of the global adoption of policies requiring environmental impact statements, for example, Hironaka and Shofer contend that "policy adoption has powerful second-order consequences, even in the absence of implementation" (p. 216). Their argument rests on a seeming paradox: ineffective policies are more likely to be adopted and less likely to be enforced, particularly given the frequent lack of state resources and bureaucratic capacity. But once such policies are adopted, they provide openings, stimuli, or focal points for the mobilization of grievances and the emergence of new environmental politics.

In a concluding essay, Ehrenfeld reinforces this point in the context of intraorganizational politics. If resources for enforcement are appropriated in the absence of normative commitment to environmental policies, he argues, the result is likely to be the creation of an internal cadre of "green technocrats" cut off from the central politics of the organization; if, however, normative commitment is developed prior to the commitment of resources to enforcement, the prospects for a fuller engagement with environmental concerns are enhanced. Thus rather than assuming "adoption plus decoupling" as *the* outcome to be explained, these arguments advance a claim that decoupling can initiate distinctive processes or trajectories of change at both the institutional and organizational level.

Many of the chapters push beyond decoupling to explore the interpretive processes through which organizational actors develop their expectations for environmental practice. Such evaluations may be shaped by the national political context (as Levy and Rothenberg demonstrate with a comparison of the response of European and American automobile manufacturers to concerns over global climate change) as well as by existing organizational practices (evident in a study of newspapers and the use of recycled paper by Bansal and Penner). Morrill and Owen-Smith push this interpretive line of argument still further, arguing that distinctive narratives—or "subversive stories"—shaped the patterns of conflict and collaboration that emerged across a series of major environmental conflicts. For these arguments, the content or meaning of an institutionalized form or policy is not fixed. Given the diversity of interpretive schemas and mobilizing stories, an account of diffusion and adoption may simultaneously trace increases in heterogeneity.

The organizational response to regulatory enforcement may also generate important variations in strategy. "Coercion breeds variation" is the core claim of an important chapter by Milstein, Hart, and York. Through a comparison of the chemi-

cal and computer industries, they demonstrate that there is greater variation in the environmental strategies pursued by the first set of firms, even though the stakes are much higher in the chemical industry with respect to both the regulatory apparatus and the level of public concern. In this account, the surface isomorphism of "early institutionalism" may reflect the fact that the "stakes in getting it right" were simply not that high. When the stakes are high, "strategic choice may play a more important role than previously thought in such environments, particularly in terms of firm performance" (p. 165). Echoing the analyses of interpretive processes, the authors also contend that firm-specific characteristics will shape the response to pressures to adopt new policies: "we find that even within the same industry, firms will decide to exceed, meet, fight, or ignore coercive goals, depending on their relative capabilities and the differential cost of each option" (p. 167).

If the degree of coercion matters, then the consequences of institutional adoption will be strongly shaped by cultures of enforcement. In a study of a single region, Jennings, Zandbergen, and Martens demonstrate that variations in enforcement generate temporal and spatial differences in organizational strategy. They suggest that the effects of regulation will vary with distinctive cultures of enforcement: a preference for negotiation contrasted with aggressive rule-based supervision, for example. Delmas and Terlaak reinforce this point, exploring how voluntary agreements to limit pollution have tended to take different forms in the United States and the Netherlands, reflecting distinctive traditions of adversarial or consensual regulation. These regulatory or policy settlements in turn generate political constituencies that may obstruct shifts to new regulatory systems (as in Lounsbury et al.'s discussion of waste recycling or Troast et al.'s discussion of new conservation agreements) or hamper the dismantling of innovative structures (as in Levin and Espeland's study of the commodification of pollution credits). But, as Howard-Grenville elegantly demonstrates in her study of the adoption of voluntary goals in the semiconductor industry, when heterogeneity is combined with cross-industry linkages, diffusion may proceed by very different paths. A chemical company (operating in the rigorous enforcement climate described by Milstein et al.) became an "accidental entrepreneur" when it announced that it would only supply critical materials to firms that met specific environmental standards. Semiconductor firms, particularly those operating under strict regulatory regimes, then forced a global voluntary agreement in order to preclude being undercut by firms that retained less expensive but more polluting manufacturing procedures. Here, heterogeneity within an industry set the stage for a spillover process of voluntary agreements to limit chemical releases.

Whether at the level of organizational strategy or national polity, many of the contributors underscore how institutional adoption or regulatory enforcement may actually generate greater levels of heterogeneity. In striking contrast to the core formulations of "early institutionalism," the sustained engagement of research on institutions and strategy leads to greater appreciation of the generation and persistence of het-

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erogeneity in organizational fields. This conversation also redirects attention to questions of design that have been central to the development of institutional theory in political science but far less important in organizational analysis. If organizations respond strategically to institutions and regulatory enforcement, then careful attention to institutional design may generate more desirable outcomes with respect to environmental policy and practice. Chapters in the final section explore the diverse forms that regulation may take: Mylonadis offers "open-sourcing" as an appropriate design for public regulatory regimes when technologies are poorly understood; King, Lenox, and Barnett explore the possibilities of field-level sanctions among firms participating in the same "reputation commons" with shared dependence on public goodwill toward a particular industry; Mendel looks at more formal associational strategies, particularly the use of international standardization as a form of governance.

In their introduction to the volume, the editors pose the question of why you should read this book. For researchers interested in institutional processes and strategy, the response is positive and compelling: this volume captures important reflections on institutional transformation at a moment and in a policy setting in which regime change should not be ignored by either scholars or citizens. These debates are moving rapidly and, after having organized what was clearly an engaging conference, the editors have obligingly provided a means for those of us not in attendance to catch up with the conversation. It is a discussion well worth joining.

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Beyond the Market: The Social Foundations of Economic Efficiency.

Jens Beckert. Translated by Barbara Harshav. Princeton, NJ: Princeton University Press, 2002. 365 pp. \$39.95.

Beyond the Market presents an ambitious attempt to delineate the scope of economic sociology and to develop a unified theoretical foundation for it. This book offers an important contribution to this debate because Beckert does not simply ignore economics or present it as an easily dismissed straw man. Rather, arguing that sociologists must define their study of economic activity with full recognition of and as a complement to neoclassical economics, he refreshingly and importantly proceeds with a sophisticated understanding of modern economics. Hence, the book begins with a cogent review of the shortcomings of neoclassical economics and an excellent critique of the extensions that have been proposed to fill these gaps.

This starting point leads Beckert to focus on addressing two conundrums that elude easy explanation in neoclassical economics. First, how does cooperation emerge? Models based

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