

Interview with Mauro Guillén by András Tilcsik, Ph.D. Candidate, Organizational Behavior, Harvard University

Global economic changes and the role of multinational firms have been of central interest to economic sociologists. Mauro Guillén—who holds appointments at the Wharton School and the Department of Sociology at the University of Pennsylvania—has made important contributions to our understanding of these issues through several books. *Models of Management* (The University of Chicago Press, 1994) compares different patterns in the adoption of major managerial paradigms in four countries during the twentieth century and highlights how institutional—rather than purely economic or technological—factors underlie those patterns. *The Limits of Convergence* (Princeton University Press, 2001) challenges the conventional “flat-earth” view of globalization as a homogenizing force and suggests that, in fact, global competition leads countries to exploit their unique strengths, resulting in distinctive developmental trajectories. More recently, *Building a Global Bank: The Transformation of Banco Santander* (with Adrian Tschoegl; Princeton University Press, 2008) and *The Rise of Spanish Multinationals* (Cambridge University Press, 2005) examine how numerous Spanish firms have emerged as prominent global players in the past few decades. In the following interview, I asked Professor Guillén about ongoing changes in the character of the global economy and its prominent players, about his current research, and—more broadly—about the future of economic sociology.

Accounts:

One of your current research projects focuses on the rise of multinational firms that originate in emerging and developing economies. Could you talk a bit about this phenomenon and why it might be of interest to economic sociologists?

MG:

Since World War II, much of the global economic landscape has been dominated by multinational firms originating in North America, Europe, and—since the 1970s—Japan. In the last two decades, however, numerous new multinationals from emerging and developing economies—as well as oil-rich and upper-middle-income countries—have also found ways to compete internationally, not only in traditional industries but also in high-tech industries. This is an important change to the global economic landscape, and it promises to be an enduring one.

These new multinationals are here to stay, and their emergence is a relevant topic for several subfields of sociology, including organizational, political, and comparative sociology. There are also some clear linkages to economic sociology. First, there is an institutional question. It's intriguing that the new multinationals that emerge from the same country tend to be concentrated in a certain set of industries. Chinese multinationals are concentrated in one set of industries; Indian firms compete in another set; and Brazilian firms in yet another set. What are the institutional characteristics of the home countries that explain these patterns? Second, there are interesting questions about the templates for organizing and managing multinational firms that have emerged in the United States, Europe, and Japan in the past five decades. Are new multinationals adopting these templates, or are they creating their own models? It seems that both processes are going on at the same time. To some degree, the new firms from emerging economies do imitate established multinationals, but there is also a lot of innovation in response to the institutional environments from which these new firms emerged. Experiences in their home country shape how new multinationals compete globally.

Accounts:

As these new multinationals grow and mature, do we see more convergence to the established models?

MG:

There is some convergence to existing models over time. For example, as new multinationals grow, they tend to invest more in technology and brands. In that sense, they are converging. But, at the same time, they continue to make decisions in a very different way than established multinationals. For example, many of them enter a large number of markets very quickly, rather than following the gradual, country-by-country approach typical of the American model. In some cases, they seem to have a preference for expanding into risky political environments, and of course, that is where they have an advantage. In their home countries, they have learned to deal with unstable and discretionary governments, weak property rights regimes, and other institutional conditions typical of less developed countries. These experiences will continue to shape the strategies of new multinationals. In short, while we see some convergence, it is not complete convergence because the origins of these new firms have an enduring influence.

Accounts:

What does the rise of new multinationals mean for the economies of wealthier countries?

MG:

For more than three decades now, the rise of emerging economies meant the geographical reconfiguration of production around the world. This resulted in the loss of jobs in developed

countries—a complex economic, social, and political problem. Will the rise of new multinational firms change this overall trend? I don't think so. But many new multinationals are now investing in wealthy countries, so they are creating jobs, rather just exporting goods from their home countries. Of course, the rise of these new firms may pose a competitive threat to established companies. On the whole, however, while some people see new multinationals as a threat, I don't necessarily. Indeed, I tend to focus on the important benefits of this phenomenon—in both developed and emerging economies.

Accounts

What other projects are you working on now?

MG

I have three other ongoing projects that fall naturally within the domain of economic sociology. The first project focuses on the fiscal breakdown of states. With a sociology graduate student at the University of Pennsylvania, I am compiling a database of sovereign debt defaults around the world. We are trying to understand defaults from a network perspective. To what extent do defaults occur in tandem, and what kinds of contagion and diffusion processes might be at play?

The second project is in collaboration with a colleague from Spain. Our question is: who plays the lottery, and—in particular—who plays the lottery in groups? This is an interesting sociological problem because rational-choice models do not readily explain this phenomenon. Naturally, there is the question of why people take a gamble with a negative expected value. But an even more interesting question is: why do people play the lottery *in groups*, sharing tickets with co-workers, friends, or family members? When you share a lottery ticket with someone, there is—in addition to the negative expected value—a possibility of deception, an additional risk. Typically, one person in the group holds onto the ticket, and if it is a winning ticket, there is a risk that this person will flee with the ticket. Indeed, there is evidence that this happens, even in cases where a married couple plays together. We use survey data from the US, UK, and Spain to understand the social drivers of playing the lottery as a group despite the added risk. We see this behavior as embedded in friendship, work, and family ties. We are at an early stage of this research, but it seems that the variables that explain this behavior are similar across the three countries.

The third project is about globalization and is the most ambitious one. In a sense, I am trying to calculate the size of the world. Conventional wisdom holds that globalization makes the world “smaller” by erasing differences between countries. To test this assumption, I am building a database on dyadic differences between countries since 1960. For example, how different was Germany from France in 1960? What about in 1961? I make this comparison for all country dyads, up to the present, using several dozen economic, political, social, and cultural variables. Given these data, I am using some arcane techniques borrowed from physics and meteorology

to examine whether differences are really disappearing—whether the world is really shrinking. I am still at an early stage, but my analysis thus far indicates that the world did become smaller between 1960 and the late 1980s, although not by much. However, since then, the world has been “expanding”—countries have become *less* similar to one another since the late 1980s. In part, this is probably due to the unequal distribution of economic growth around the world. For example, while China and India have grown significantly, most of Africa and some of Central America have been left behind.

Accounts:

In 2002, you co-edited a book entitled *New Economic Sociology: Developments in an Emerging Field*. Nearly a decade later, what do you consider to be some of the most important tasks for future work in economic sociology?

MG:

I think there is even some tension in how we define economic sociology because the field has amorphous boundaries. In any case, one important task for the future will be to find some common ground on the main theoretical perspective that matters—a meta-perspective at a relatively high level of abstraction. Another task will be to become more involved in policy debates about important topics, like the current economic crisis, the underdevelopment of Africa, or the situation of emerging economies.

Accounts:

How can economic sociologists make a more significant contribution to such debates?

MG:

There are several possible strategies. At the individual level, one strategy is to present research findings not only in journals and books, but also in formats that are more accessible to policymakers and the public, such as newspaper op-eds or blogs. Another strategy is to participate not only in academic conferences but also in more policy-oriented meetings. Most importantly, some other fields—even within sociology—provide successful models for influencing policy debates, and we could adopt bits and pieces of those models. For example, consider two fields within sociology: demography and medical sociology. These two fields managed to remain quite close to the policy world. Many PhDs from these fields—for example, those who specialize in global health, social medicine, population studies, or migration—end up working for governments and international organizations, like the UN and the World Bank. Surely, we want to produce first-rate scholars in our PhD programs, but I think we also want to educate people with an interest in policy making and policy advising, and we haven’t done that.

Accounts:

An important takeaway from your work is that there is no single path to economic development. Yet, many mainstream economists and policymakers still seem to believe in the superiority of a single set of institutional arrangements. Do you think the current economic crisis or perhaps the success of emerging economies that followed divergent paths will change this view?

MG:

The rise of emerging economies will have less impact in this regard than the economic crisis because their rise is a very gradual process—it does not come in a sudden burst. By contrast, the crisis was like an abrupt wake-up call and forced many people to reconsider their positions. Within economics, there will be more attention paid to the behavioral aspects of decisions, as well as to the interaction of economic, political, and social forces. In economic sociology, I think the most likely impact of the crisis will be to push us to reconsider what we are doing: why are we focusing solely on publishing academic papers, and why are we paying so little attention to public debates? Building on the notion that economic behaviors are embedded in institutional environments, economic sociology has a lot to contribute to policy debates. For example, by examining both failed and successful institutional arrangements elsewhere, we could perhaps contribute to designing better financial institutions in the United States.

Accounts:

Let's now turn from policy debates to cross-disciplinary debates. How important is it for you to establish a dialogue with scholars from other disciplinary backgrounds? And what are some strategies for starting such a dialogue?

MG:

It is very important to have cross-disciplinary dialogue, but the question is: with whom? Clearly, we don't have much of a dialogue with economists, although I don't think we need to restrict our attention to economics. For example, I think we have much to learn from anthropologists, many of whom study economic phenomena. And, obviously, given the importance of institutions in economic sociology, we have opportunities for dialogue with political scientists, who study institutions. This is, of course, not to say that we should not be engaged with economists, but we should think of a dialogue as an embedded, local process, and not as a major field-level shift. We can build local relationships at our own institutions and explore opportunities for collaboration there, starting with the people we might already know in some way. Some schools already have joint seminars between economics and sociology, and that is a great first step.