

Book Reviews

Digital Divide Civic Engagement, Information Poverty, and the Internet Worldwide

Pippa Norris

Cambridge, UK, Cambridge University Press, 2001, xv + 303 pp., US\$21.00 pbk, ISBN 0 521 80751 4 hbk, ISBN 0 521 00223 0 pbk

In the course of the Information Revolution, the Internet is changing the way the world is doing things efficiently. However, like previous historical transitions, it brings problems as well as benefits. The explosive growth of the Internet is spreading unevenly, as a multidimensional phenomenon, and is itself in a process of transition. For this unevenness, the term 'Digital Divide' has been coined.

Norris views the present stage of Internet development as a transition process of restructuring and adaptation as the world learns what does and does not work in using information technologies. Thus, to clearly understand the phenomenon, Norris attempts to draw lessons from existing evidence and to clarify the current cross-national status of Internet development. She describes the origin of her book:

Now the Internet streams through ever lighter digital devices. We live in a world of *All Internet, All the Time*. This book is about this transformation. Elsewhere there were many speculative theories about the democratic potential of new info-tech, and scattered case studies about its role in particular countries, but there was little systematic empirical work that compared the political impact of the Internet in a wide range of societies (p. xiv).

In order to show the various states of the Divide, Norris distinguished three aspects of global, social and democratic divides. Each has been examined considering views from cyber-pessimists, cyber-optimists and sceptics in an attempt to balance these alternative visions and determine the most likely future scenarios. Norris seeks to understand the fundamental causes and the major consequences of inequalities evident during the first decade of the Internet age.

Norris challenges the reader to go beyond speculative theorising toward more systematic analysis on these issues. Chapter 2 sets out a conceptual framework where the national context influences the development of the virtual (electronic) political system, which, in turn, determines the context where individual citizens

have opportunities to participate online. This framework is consistently applied throughout this book. In identifying the different Internet diffusion patterns in and between nations in Chapter 3, Norris suggests that the basic cause of unequal global diffusion of information technologies is lack of economic development. The explosive growth in Internet access has reinforced existing economic inequalities, rather than overcoming or transforming them.

Chapter 4 investigates the unequal spread of the Internet between different socioeconomic groups within nations. Norris takes the realistic approach and compares relative inequalities in Internet use with unequal distribution of other forms of information technologies. The pattern of inequalities is similar across all types of communication and information technologies, which suggests broad explanations of this phenomenon relating to deep-rooted patterns of social stratification endemic in modern societies. This suggests that the problem goes beyond the importance of training in computer skills and affordable online connection to a more fundamental social stratification problem. Accordingly, Norris contends that 'the heart of the digital divide lies in broader patterns of social stratification that shape not just access to the electronic world, but also full participation in other common forms of information and communication technologies' (p. 91).

In Part II, Norris explores the institutional context, examining and comparing the virtual (electronic) political systems that are emerging in line with the information society and the Internet, e.g. investigating how government and civic societies are adapting to information technologies at the world level and how this is creating new political opportunities for active citizenship and civic engagement. In this way, Chapter 5 introduces various theories of cyber-democracy to examine the relationship between the Internet and civic society and its institutions. Here, Norris criticises previous studies limited to narrow perspectives based on the assumption that the Internet should function to maximise individual opportunities for participation, with the implication that if it fails to do so the Internet will affect the level of democracy. Instead, Norris offers a wide Schumpeterian perspective that defines representative or liberal democracy in terms of its structural or institutional characteristics. She states that public participation represents one important element, but not the only one in conceptualising democracy, and concludes that digital technologies have the capacity to strengthen the institutions of civic society by mediating between citizens and the state. The point is that the Internet does not drive these movements but it facilitates their organisation and mobilisation.

To assess how much development of digital political systems will influence the democratic process, Part III moves on to determine how ordinary citizens have responded to the new opportunities for civic engagement in the virtual world. Norris examines the individual context of how cyber-culture and digital politics influence civic engagement. In Chapter 10, Norris examines the cultural hypothesis assuming that the rise of the Internet will influence the predominant values and attitudes within the society. The core argument developed is that it is not the Internet itself that changes the values and preferences of the citizens, but the original social and political values that were rooted in each individual's social and cultural background that inspire the change. Finally, in the last chapter, the question of whether the Internet will help citizens engage with the democratic process is addressed. It is argued that reduced costs of information and communications through digital politics will only lower some of the barriers to civic

engagement. Individual motivation and resources will play a crucial role in determining Internet access and use related to democratic participation and engagement. Here, a crucial uncertainty of the impact of the Internet remains whether such benefits will apply to all the individuals equally. That is, will the Internet increase the power of government organisations and more capable individuals at the expense of individuals of less capabilities?

Norris's worldwide comparison of 179 countries' national and political context of Internet access and use is a valuable contribution to our understanding of the problem of the Digital Divide because it blends together the economic aspect with socioeconomic and democratic development within a systematic framework. The whole has been conceived as a history of transition rather than as just a technology breakthrough.

However, the comparisons are limited to examining the micro-level environment in the majority of those countries, with generalisation based on the data obtained from the online communities in the United States and Europe. Another limitation of the study is that Norris fails in analysing the micro-level impact of the Digital Divide on the civic society and civic engagement in a consistent manner using the systematic framework. Norris has neglected the fact that the digital technology does not exist as an external variable to be injected from outside the social system to create certain results and organisation and bring about mobilisation. Rather, the new technology must be understood to be woven in a complex manner into social systems and processes.

Nonetheless, Norris has made a great contribution to the literature of the Digital Divide by stating that 'The digital divide is striking but far from new' (p. 89). Her perspective throws light on its meaning as a significant historical transition which positions the unequal distribution of access and the use of the new technology in a long-established pattern of social stratification.

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The Internet in Everyday Life

Barry Wellman and Caroline Haythornthwaite

Malden, MA, Blackwell Publishing, 2002, xxxi + 588 pp., ISBN 0-631-23508-6 pbk

Work in the New Economy: Flexible Labor Markets in Silicon Valley

Chris Benner

Malden, MA, Blackwell Publishing, 2002, xvii + 293 pp., ISBN 0-631-23250-8 pbk

These two books provide a commendable launch to the Information Age Series, edited by Manuel Castells. Publishing books dealing with new technologies and the Information Age always runs the risk of accelerated obsolescence; however, both these books, particularly Benner's, will withstand this risk for some time.

The Internet in Everyday Life considers the social consequences of increased access to the Internet and the widening community of users—the networked society. In the six years to 2001, the editors point out, Internet usage rose 34-fold

to 513 million. In particular, the book sets out to ask if the Internet 'is drawing away from everyday life or adding layers of connectivity and opportunity' (p. 8). The context in which this question is posed is increased access and commitment, longer working hours, and more domestic use. Some 19 papers deal with these issues.

The book provides updated comprehensive information about the proliferation of the Internet and the narrowing digital divide in advanced countries. Chen, Boase and Wellman's National Geographic survey results confirm unexceptional assumptions: that the lower the proportion of users in a region, the more elite the user group will be, and that newcomers to the net are less and less likely to be elite. In brief, the digital divide is shrinking in advanced countries, but in less advanced countries the digital divide phenomenon is replicating previous use patterns of advanced countries. It is found also, by Howard, Rainie and Jones, that usage is predominantly email and information searches according to a number of the contributors, with inconclusive data about preferred uses by different social groups.

Their claim that frequent email users have a greater sense of online community rings a little hollow to this sceptic who believes that face-to-face communication is, where possible, superior to mail, whether delivered electronically or by steam boat. To my mind, Rheingold and Haase *et al.* miss the point when they claim that 'most relationships formed in cyberspace continue in physical space' (p. 294); new technologies simply create new fora that alter old fora. When the forum is cyberspace, the corporeal absence from the corner store, the local hall, the brass band has, as yet, undetermined (and, I fear, often deleterious) effects on social life.

Concerns about the amount of time spent on the Internet and the likely social effects are also addressed. Wagner *et al.*'s paper tracking usage in German homes shows that Internet time does not reduce teenagers' reading or sporting time. Furthermore, Robinson *et al.* claim to find that the Internet causes little change in interpersonal or mass communication activity, attributing its difference from the impact of television to differing modalities. Its users, however, sleep less and spend less time in personal and family caring. Nie, Hillygus and Erbring disagree with the claim that the Internet does not displace social life. Their data supports their 'hydraulic' hypothesis, concluding that 'the more time spent on the Internet, the less time spent with friends, family, and colleagues'.

The solitary nature of Internet activity is not considered to be a diminution of social capital by Haase *et al.*, whose evidence indicates that online involvement supplements participation in voluntary organisations and politics. However, one may ask whether existing social and political participants simply modify their mode of operation to include the Internet. Kavanaugh and Patterson's report on their significant social experiment, the Blacksburg Electronic Village, as well as Hampton and Wellman's Netville are significant contributions to the book. Motivated by similar concerns with social capital, these surveys considered the impact of Internet usage in towns. Kavanaugh's findings tend to confirm Norris's¹ virtuous-circle hypothesis that the Internet simply ratchets up and reinforces the participation of interested individuals. Although there was an 'encouraging finding' that people will use the Internet for social capital building, its transfer to offline is uncertain. Essentially, the findings of both projects indicate that the Internet will simply be incorporated into everyday life as have television, phones, and mobile phones. Participants in middle-class Netville, 'a leading edge "wired suburb"' in Toronto, were provided with high-speed Internet access, videophone,

online health services and discussion forums. The research concludes that computer-mediated communication 'reinforces existing communities, establishing contact and encouraging support where they may have existed before'.

While the synergy between work, home, and school increases with online usage, new patterns of social behaviour are emerging, some of which are concerning, as Salaff shows in her paper 'Where Home is the Office'. Perhaps more such research speculating about ontological categories such as work/home, and changing subjectivities would have enhanced the value of this book.

Although the impact of the book is to assuage concerns about the naturalisation of the Internet in everyday life, there needed to be a more critical edge to this book. This is not to say that it adopts a utopian approach—the research is much too thorough and robust. Perhaps it needed some countervailing voices to set up more internal tension. While the standard of data gathering was very high, differences in the quality and sophistication of data gathering did appear, with some appearing to be immature. A final concern is the preponderance of American contributors with 33 of the 43 contributors coming from the United States, five from Europe (including the UK), and only 1.5 from Asia. With issues such as globalisation and the global village as well-established tropes of the Information Society, one would have thought that greater efforts would have been made to internationalise the contributors. Nonetheless, this book provides significant data about Internet usage, and contributes well to our understanding of its contemporary usage and its social effects.

In *Work in the New Economy: Flexible Labor Markets in Silicon Valley*, Chris Benner develops an empirical study of the effects of New Economy in an extremely thorough and valuable contribution. Basing his research on the Silicon Valley economy, he draws an important distinction between flexible work and flexible employment. His analysis works within three assertions: that economic spatial boundaries are shifting; that complex network production characterises the emerging form of economic organisation; and that innovation is increasingly determining long-term success. Each of these is deeply transforming economy and society. Benner considers work to be at the core of human security—accordingly, the book looks at how the new economic and technological imperatives impact on us as humans.

The distinction that Benner makes between 'work flexibility' and 'employment flexibility', in Chapter 1, is important: it avoids an ideological sleight-of-hand that often disadvantages workers. Work flexibility refers to the activities that workers perform; the skills, information, and knowledge that they require to perform those activities; and the workplace social interaction. Employment flexibility is the contractual relationship between employer and 'employee', although even this term is being re-coded as outsourced entrepreneur. The Australian experience when the economy was rapidly 'reformed' in the 1980s and 1990s was that most employers used the notion of flexibility to lay off and reduce working conditions, not to implement sophisticated internal or functional flexibility. What is undoubted, from Benner's analysis, is that workers are absorbing most of the risks of increased uncertainty, although he rejects 'doomsayer' predictions by Rifkin and Aronowitz that new technologies cause massive un(der)employment.

The research is thorough, drawing on vast stores of existing information, supplemented by his own qualitative and quantitative studies. A useful task he performs is to separate the 'industry' into industry subcomponents to examine the differences in drivers, employment patterns, product life, and the like. So, for

example, software has some of the greatest churning whereas the semiconductor sector is (relatively) stable. As a result of this enormous instability and unpredictability, new intermediaries with the capacity to 'go beyond the traditional narrow function of job brokering' develop to facilitate the new labour market conditions. Four chapters are devoted to the issues of intermediation and the three types: public, private, and membership-based (Section 2).

The significant finding from a social and political viewpoint is that the information economy as it developed in Silicon Valley produces inequality, notwithstanding that the wages are higher than the national average. In particular, over 10 years wage inequality rose; the benefits of productivity improvements went disproportionately to the corporation not to the employee by a factor of 6:1; corporate executive incomes skyrocketed; sacking replaced retraining; and occupational health and safety concerns declined. Interestingly, the most advantaged ethnic groups, with strong networking relations, are the Indians and Chinese. He concludes that the outcomes in the labour market are primarily related to flexible employment, not flexible work.

Benner's analysis is significant; however, one might ask whether the Silicon Valley experience is relevant to all 'new economy' situations to the extent that the Valley may well be a hypertrophy rather than an archetype where activities are more intense and outcomes much greater than the norm. The other concern I have is whether Benner reads the wider political economy as well as he might. For example, in Chapter Two, he provides an excellent summary of the variation in the top 100 Valley firms between 1985 and 2000, yet does not raise the question of the oligopolisation that effected many of the changes. Despite these very slight reservations, Benner's book provides a significant empirical contribution to the debate on the impact of the new information economy on not just employment as an economic factor, but work as a social practice.

Notes and References

1. P. Norris, *A Virtuous Circle: Political Communications in Post-industrial Democracies*, Harvard University Press, Cambridge, MA, 2000.

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Theory and Method in Organization Studies

Antonio Strati

London and Thousand Oaks, CA, Sage Publications, 2000, xiv + 223 pp., ISBN 0-7619 6402 9 pbk

Organizational theorists constitute a small community which self-reproduces in the belief that organizations exist in a relatively tangible ontological sense, theorizing themes and problems of little significance to anyone who does not belong to their community.

The temptation to reproduce this bullet (p. 61) from amongst so many embedded in many pages of this book was irresistible. It highlights the significant question of

the degree to which much academic enquiry and theorising is relevant to the real world and assists understanding of the real world. Reality is of course in some senses not an absolute since much is in the eye of the beholder who is a captive of history, culture, family, organisations of which a member and other influences on interpretation and definition. Reality is a social construction. As Strati notes, 'what is real to a Tibetan monk may not be real to an American businessman' (p. 66). Reality can therefore be messy. Organisational behaviour has an outcome. Something happens. It is a clearly defined event. The factors which led to it are interspersed and overlaid with all kinds of other factors so that how and why something happened is fuzzy. We, the practitioners or actors, would like to understand why some economically or socially beneficial event occurred so that we might achieve a similar result. On the other hand, the various causal, relational and influential factors are researched, filtered, interpreted and re-presented by academics for purposes which are unconnected with the world in which we, the practitioners and actors, live. They seek, in the autonomous world of academia, the gaining of peer approval, academic standing, appointment, and of course funds to pursue further research.

Strati's work is not for practitioners but for academic researchers. It is a guide to the many theories which have been propounded as a guide to researchers on what has been elaborated and what might be the topic for their own research. It reminds me of my surprise in the early days of on-line bibliographic databases at finding that a major academic use of these was to ensure that no-one else had published on some particular topic. Strati has worked his way through virtually innumerable theories, he enumerates 11 schools of organisational sociology, sets out metaphors and paradigms and lists many aspects of organisational structure, behaviour and psychology. It is a detailed and very well structured review. Of course, each school, theory, metaphor or paradigm has its creators and main protagonists and references are given to their work, but in addition each chapter has a further reading list. Clearly this work is a major tool for academic researchers, especially since the second part is devoted to a review of the methods employed in study of organisations 'as social contexts'.

As a review, it is also of interest to others, who want some guidance as to what is what in organisational study and who are trying to interpret events and organisational structures and qualities; and of course when hearing of some theory want to understand the theory. It is a quick reference and guide to original or more detailed sources. Organisational sociology is a minefield of theories. Strati explains this in his first words:

The study of organizations as social contexts concerns itself with fragments of organizational life, not with its totality or essential reality, nor with a representative sample of it. These fragments change in the course of the knowledge gathering process. Organizational phenomena are in constant flux: just like Heraclitus' river, which cannot be stepped in twice because the water constantly flows and is never the same, so the same organization cannot be 'known' twice (p xii).

The potential for new theories or variants thereof is therefore virtually without limit and herein lies the temptation to academics. To create a new theory is to demonstrate how scientific one is and to find a place in a book such as this is accreditation by one's peers. It has been for long a feature of social sciences that

what are in reality arts aiming at a feel for understanding of phenomena have attempted to be considered as sciences, trying to emulate the achievements of the exact sciences and presumably to gain the status which the exact sciences are perceived to have achieved. Strati understands this curious behaviour. He avers that his principle concern is to stimulate the reader to look at organisational studies afresh and to seek understanding of organisations bearing in mind that an essential fraction of human talent is non-transferrable, it cannot be put down on paper or be inputted into a computer. It is tacit know how and 'the texture of organizing also has its tacit dimension with the consequence that, when we explore organizational life, we are aware that we know more than is possible to say or to illustrate' (p. 78). It would seem that given the fluidity of organisations, theory can only be a temporary assessment, specific to the present.

Theorising leads to abstraction and the theoretical learning, a distancing from the real world and the distance is increased by the language of the particular discipline of sociology. Thus the phenomena of innovation, whether the many little improvements in the performance in use of a product or the big step of a radically new product creating a consumer demand which had not previously existed, has been researched and assessed by many academics and indeed others. Innovation and its diffusion, which once was commonly termed technical progress, is the factor, the residual factor after finance and labour, responsible for the major proportion of economic and social development. Technical progress consists not only of change in products and processes of producing products brought about by technological change but also of changes in design, organisation and techniques of distribution. One wants to know how organisational shape and practice can stimulate innovation and also why organisational change is a necessary accompaniment of major technical change. In other words, how does organisational change contribute to technical progress?

It is not easy to find the answer. Part of the problem is the temptation of academics to put an order on the messiness of reality, to create a theoretical diagram, neat in its two-dimensional lines and arrows. The route to an innovative product is messily fuzzy, exchanging news and views with friends and colleagues, doing one thing and unearthing another, talking in the technical market and/or social argot of the district, and it is district because by and large innovation is a local phenomenon: it happens in some places and not in others. Yet, innovation has been reduced to being an output of science, that is to being a product of academic organisations, and the theory has the advantage of increasing funding and other resources for academia.

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Digital Academe: The New Media and Institution of Higher Education and Learning

William H. Dutton and Brian D. Loader (Eds)

London and New York, Routledge, 2002, 400 pp., UK£18.99, ISBN 0-415-262259 pbk

In many ways, this collected edition is an excellent exemplar of its type. It clearly indicates its origins in an International Conference in 1999, though inevitably it

has taken a while to hit the shelves. The book offers one proper index and a jargon-busting abbreviations listing for the less initiated, both of which cover all of the book's 22 separately authored chapters. Each of the contributors is clearly introduced. It is carefully divided into four main themes directed at audiences for new media, reconfiguring institutions, utilising ICTs and management and policy. Each chapter has an executive summary at the beginning. I'm not sure who has written these. Some smack a little of self-congratulation so I suspect that it was not the editors. However, the introductions are good to help find your way around.

I'm writing this review in a new building at the Open University (OU) in Milton Keynes named after Michael Young, inspirer of the OU, so I was pleased to see the collection is dedicated to him; and that the Foreword is by Asa Briggs, previously a Chancellor of the OU. From the excellent index, I can tell that the OU is mentioned at least 15 times in the pages. In view of these explicit links, you'll understand why I looked first for the contributions from my OU colleagues. To my surprise I found none. I guess that they just didn't go to the conference in 1999? There is a sensitively written chapter by an ex-OU member of staff, Professor Oliver Boyd-Barrett, now in the US (Chapter 13, 'Distance Education Provision by Universities, How Institutional Contexts Affect Choices', pp. 185–214). You can tell he's an 'ex' as he suggests that the OU often produces courses based on daring new conceptualisations of academic disciplines. I regret to let him know that there is less evidence of this happening in the more-for-less pressures of the twenty-first century. Other pioneers step into the limelight . . .

More highlights for me include Chapter 11 by Philip E. Agre called 'Infrastructure and Institutional Change in the Networked University' (pp. 152–66). He starts, 'The twentieth century taught us to be skeptical of revolutions. Proposals for . . . social change have invariably rested on superficial ideas about the world, . . . they have changed both too much and too little, with tragic results' (p. 152). This theme is taken up in some form or other in many chapters. The book is a great way of exploring this idea when applied to institutionalised e-learning and knowledge sharing. Agre explores the drives to standardisation that almost intuitively disturb academics to their cores, the reduction in being able to physically point to 'places of education' and (grist to my mill) the implications for university teaching itself.

Continental Western Europe gets a little bit of space with Emma Kiselyova's 'The Open University of Catalonia' (Chapter 8, pp. 120–7). Her chapter offers a readable exploration of organisational and pedagogical models for scaling up with quality—the ultimate challenge for many. I also appreciated the EU and US perspectives offered by Alain Dumort in Chapter 19 (pp. 290–300), a rare and brave attempt at compare and contrast across the Atlantic divide.

Digital Academe is one of the best collections I've seen on the topic of the implications of learning technologies for universities. Wisdom in your hand rather than on your screen for a change! It will appeal to managers and directors rather more than techies but also provides a great resource for academics trying to regain a foothold on the slippery slopes of institutional change processes. Read it with your highlighter to hand.

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From the Eye of the Storm: Higher Education's Changing Institution

Ben Jongbloed, Peter Maassen and Guy Neave (Eds)

Dordrecht, Boston and London, Kluwer Academic Publishers, 1999, xiii + 316 pp., £85.00, ISBN 0792360658

In much of the world, higher education is responding to the demands of the market. This imperative for change is brought about by the need to act in a more business-like manner by concentrating upon efficiency in the delivery of quality programmes to an ever-increasing student body; and one that is also becoming more discerning. Increasingly, higher education institutions are operating in a competitive market: they compete for students and for funding. In a globalised environment, there are new pressures to demonstrate relevance and an ability to meet new challenges. Consequently, any book that investigates how universities are responding to these pressures is of potential interest to academics and higher education managers throughout the world. This is particularly so when the book is based upon the work of researchers in this field, which is the case here: the contributors are primarily researchers from the Centre for Higher Education Policy Studies at the University of Twente in The Netherlands, although there are a number of other contributions, mainly (but not exclusively) from other parts of Europe.

This book was developed to celebrate the fifteenth anniversary of the Centre, which has an established track record of research in the area of education policy. The book is well presented and each of its papers is comprehensively referenced, although the lack of an index militates against accessibility. It would have been helpful also for the editors to provide a more detailed overview of the contents of the book and to highlight some of the themes arising from the various contributions. This would enhance the appeal and usability of the book. Many of its gems are hard to find.

The various contributions address how universities are adapting to the pressures from the external environment and there are contributions from a variety of different theoretical perspectives. This, combined with views from different parts of the world, gives a richer picture of adaptation and increases the relevance of the book, enabling a wider readership to find something of value in its contents. The editors group the contributions into a number of themes concerning the sources of change and the objectives of change. One such theme considers the relationship between national and/or supranational policy and institutional management structures. Westerheijen and Sorensen discuss changes in central European countries, with an emphasis on Poland's democratic and market-oriented reforms, to contextualise changes that are taking place in both management structures and curricula. Van der Wende, Beerkens and Teichler consider change in the context of the increased internationalisation of universities participating in the EU Socrates Programme. They argue that innovation theory provides a framework for understanding policies and programmes developed and sponsored by the EU, prompting them to comment on the rise of the entrepreneurial university.

De Weert and van Vucht Tijssen concentrate upon effects in the employment structure of universities, looking at human resource management and the question of tenure in an environment of decentralisation. They highlight the increasing prevalence of temporary appointments as one of the results of decentralisation and highlight a number of problems surrounding this aspect of university life but argue

that the changing employment relationship actually creates new opportunities for those working in higher education. Speaking as a university employee, however, I remain unconvinced by their arguments, which detail advantages that appear to be heavily weighted towards the benefits of employers.

Van Heffen, Verhoeven and De Wit consider education policy in Flanders and the way in which institutions have responded to changes. They use cultural theory and instrumental analysis to evaluate this and suggest that the policies of the Flemish government have had little impact upon course supply and the development of new educational methods. This highlights the existing culture of universities as one factor slowing the changes expected from government policy development and provides a number of theoretical insights into the conflict between change and the status quo.

Another theme of the book is concerned with the relationship between national policy and institutional governance structure. Dutch higher education governance systems are assessed by de Boer and Denters, who identify democracy and guardianship as particular features of university governance and show that change has brought about radical impacts, but benefits in terms of increasing efficiency and effectiveness remain unproven. A different angle is explored by Bartelse and Goedegebuure who reflect upon the rise in importance of graduate school in European higher education and conceptualise this in terms of compatibility and profitability to develop a theory of institutionalisation but recognise that power struggles within institutions as well as self-interest and collective interests are an integral part of developments in this area.

Turning to the relationship between national policy and funding, the book addresses institutional management structures in the context of resource allocation and the need to market partners. Here Jongbloed and van der Knoop consider the changes taking place in institutional budgeting to consider issues of decentralisation and control and the development of responsibility centre budgeting. They argue that central administrations are increasingly regarding themselves as purchasers of services from parts of the university and thereby constituting universities as a quasi-market organisation—with consequent advantages and problems—but correctly argue that the correct incentives in the budgeting process are necessary for optimal allocations but that universities are not as experienced as private sector organisations in achieving this. Koelman and de Vries describe universities as hybrid organisations—partly not for profit and partly for profit—and consider the problems of such an organisation, as a feature of increasing marketisation. They consider this in the context of accountability and identify a number of problems. Vossensteyn and Dobson turn their attention to students and the way in which institutions have sought to respond to student needs and expectations in an environment in which students are increasingly being required to contribute towards the cost of their education. Through a consideration of the situation in both Australia and The Netherlands they argue that the introduction of market mechanisms has led to the strengthening of the supplier-customer relationship between institutions and their students, particularly in the area of quality improvements.

Other chapters are concerned with the development of academic programmes. Jenniskens and Morphew investigate the motivations surrounding new degree programmes to show the problems which arise as policy affects universities at an institutional level but programmes are developed at a faculty level, and they use neo-institutional theory to explain the problems. Huisman and Meek also use neo-

institutional theory to investigate and explain this aspect of university life in the context of strategic resistance to developments. Neo-institutional theory also features in the final chapter of the book, along with resource dependency as Maassen and Gornitzka theorise organisational adaptation in the context of national policy as a way of bringing all the research contained in this book together into a coherent whole.

This book describes and catalogues changes which have taken place, rather than critiquing them. It aims at an impartial stance, which is in contrast with many books in this area. It makes a valuable contribution to the discourse of change in higher education and gives food for thought to the many who are interested in such change. It is a worthwhile venture, but unfortunately the price might discourage the wider readership that it deserves.

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Creating Shareholder Value

David Crowther

London, Spiro Press, 2002, xvi + 218 pp., ISBN 1 904298 59 1 pbk

David Crowther argues that there is a need for companies to focus on the creation of shareholder value, as this is the most appropriate way for companies to benefit other stakeholders and society more generally. The purpose of this book is to provide managers with an introduction to the specific shareholder value, or value-based management (VBM), approaches that have become more popular over the last decade. Crowther's discussion of these techniques, however, is framed within a wider discussion of performance measurement systems. Therefore it is not only VBM techniques that are considered, but also aspects of traditional accounting, financial budgeting, and multi-dimensional performance measurement systems (such as the balanced scorecard).

The book is part of the 'Spiro Business Guides' series and is specifically aimed at providing managers with 'practical, down-to-earth information'. It is particularly of interest to those managers who require an introduction to financial, and more specifically VBM, techniques and how these can be considered to be part of a broader performance measurement system. Discussion is divided into eight chapters.

As a first step, Crowther explores the shareholder versus stakeholder debate and argues that there are specific benefits to be obtained by adopting a shareholder value approach. Given the target audience and practical nature of this text this debate is understandably introductory in nature and does not really engage with much of the relevant Business Ethics literature. Rather, the debate is explored primarily through the claimed benefits of adopting VBM techniques, which 'maximises the value of that firm to society at large' (pp. 7–8). In addition, the adoption of a VBM technique is claimed to simplify management by providing a single clear objective and hence a single way of evaluating performance. Therefore a VBM approach requires the 'alignment of objectives, measures and rewards intended to promote shareholder value creation at all levels of the business' (p. 9). This need for an aligned approach to management is reflected in the discussion

presented in Chapters 2–6. As a corollary of the benefits of VBM, Chapter 1 also provides a critique of traditional accounting techniques and stakeholder management, which are the two most obvious competitors to VBM.

Chapter 2 considers the specific calculations of both traditional financial ratios and the VBM performance metrics. The traditional financial ratios considered primarily focus on the return on capital employed measures, but also include earnings per share, the P/E ratio, dividend yield and the market-to-book ratio. Each of the traditional financial ratios are defined and briefly explained, although no specific examples are provided. The chapter then reiterates that such traditional measures can be argued to be flawed and continues to consider the most well-known VBM metrics presently on offer. Most specifically the chapter concentrates upon Economic Value Added (EVA™) and Market Value Added (MVA), as advocated by Stern Stewart. Even for these techniques, however, there is a limited amount of detail. For example, the author notes that there are ‘as many as 164 adjustments which may need to be made to reported accounting numbers’ (p. 41) to obtain an accurate measure of EVA™, but these adjustments are not considered in any detail. Once again there is an absence of worked examples for these techniques and the consideration of other VBM techniques is brief. Fundamental to all of the VBM techniques is the concept of present value and the related discounted cash flow techniques. Chapter 2, therefore, concludes with a consideration of the specific technique of discounting cash flows and how an appropriate discount rate can be calculated using the Weighted Average Cost of Capital (WACC). In this case, worked examples are provided, which is a welcome aid to clarity.

The third chapter is concerned with the objectives of organisations and how these are essential to strategic planning. Within this chapter the shareholder versus stakeholder debate is revisited and compared to other competing objectives, such as the environment, citizenship and ‘being a leading company’. Whilst recognising the practical importance of these other factors the author maintains that ‘shareholders are probably the most important group for businesses in general’ (p. 69) without really addressing how these other important factors are served by adopting a shareholder approach. Next the chapter considers strategy development and how this can be defined through objectives and measurable targets. The potential measures suggested include traditional accounting measures, shareholder measures and those concerned with market share and growth. Notable for their absence are any stakeholder measures and the author suggests that ‘no company tends to consider that other stakeholder objectives are as important as their financial objectives’ (p. 80). This chapter discusses evidence from companies, but it is not made clear what companies these are and I believe that this would have been beneficial to the reader.

Chapters 4 and 5 are primarily concerned with financial techniques that are adopted by both VBM and non-VBM companies alike. Chapter 4 considers traditional financial budgeting, which appears to sit rather uncomfortably with the VBM nature of this text. It is only as this chapter nears its conclusion that the VBM environment is considered and it is argued that the traditional budgeting process is still important in such organisations. In Chapter 5 standard ‘Investment appraisal’ techniques are considered. Therefore Accounting Rate of Return (ARR), Payback, Net Present Value (NPV) and the Internal Rate of Return (IRR) are introduced and defined. In addition the Residual Income approach is also considered, as this is more specifically aligned with a number of the VBM

approaches. It is also made clear that the NPV approach to investment appraisal is consistent with the underlying ethos of VBM.

The sixth chapter is concerned with rewarding performance, which is recognised as an important aspect of the performance measurement system. This is explained in terms of the needs of individuals, motivation and agency theory. Therefore the author argues that an appropriate reward system is crucial to ensuring that managers are aligned to the organisational objective of maximising shareholder wealth. This chapter emphasises the importance of consistency throughout a performance measurement system, which is undoubtedly an important message from VBM that is clearly made throughout this book.

Despite the clear shareholder focus of the majority of this text, Chapter 7 considers the needs of other stakeholders. Here Crowther recognises that organisations impact upon the external environment in many ways and further that accounting traditionally ignores such effects. The potential importance of these externalities, in that they would have a significant impact on organisational performance, is noted, but the implications of this are not taken any further. The chapter notes that there is less externally reported information of relevance to stakeholders, but goes on to suggest that the Balanced Scorecard as developed by Kaplan and Norton can be used to 'balance the competing needs of an organisation' (p. 186). Whilst not a stakeholder model, the balanced scorecard does adopt a broader approach to performance measurement. As with the detail given on VBM techniques, the information regarding the Balanced Scorecard is introductory in nature. The chapter concludes that other stakeholders are important, most notably in the instance of the customer and the employee, and therefore stakeholder performance requires management even in a shareholder-focused organisation.

The final chapter reflects on the very different approaches to performance measurement considered in the book. It re-emphasises the need for alignment throughout the performance measurement system, but also concludes that there is no one single best way to manage performance. In fact the author goes so far as to suggest that the most appropriate system for a given organisation will be evolving through time, as it attempts to meet the needs of the organisation.

In summary, this book has highlighted a recent financial innovation, which is being used more and more in the largest businesses in both the UK and the US. For this reason alone, the book is both timely and relevant. Indeed, it goes beyond considering only specific VBM techniques, but puts these in the broader context of strategy and performance measurement and for this it is also to be commended. The book is clearly introductory in nature and therefore provides very much an overview of the arguments and techniques discussed. In some instances, most clearly in the case of the discussion of VBM techniques and the Balance Scorecard, I believe greater detail could have been given, but the readers are directed to other relevant literature. Managers from a non-financial background should find this a useful resource and, taken as a whole, the book is a useful contribution.

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