

# Corporatism literature review sample

[Business](#), [Marketing](#)



## **Corporatism Literature Review**

### Introduction

The idea of corporatism has contributed to the formation of political or social groups based on activities and ideas such as business, labor, and science, military and ethnic (Ammous 2011). Most of these groups are usually industrial and professional, which have a control over the members in the group within its jurisdiction. The history of corporatism has been defined by political ideas that are backed by social and economic forces. This study reviews the literature on corporatism and whether the strategies it uses creates a framework that brings success to the economy. It also gives an outlook on the involvement of the industry and politics in planning success strategies. Another approach is whether corporatism is relevant for development in this century.

### **Literature Review Analysis**

The term corporatism was first used in the 1930's in relation with the fascist governments. Unger and Chan (2004) compare corporatism with multiple forces of democratic and free market. His research shows that the use of corporatism was done in communist and non-communist states such as Japan, Australia, Britain, Soviet Union, Poland, and Latin America. Ideally, corporatism does not describe a political system (Unger & Chan 2004). Unger and Chan analyze corporatism from two dimensions with members being liberal or societal or state oriented. In their description, the leaders of the corporate are responsible to their members and not the state. There is also state corporatism, where the members of the corporate are entirely

answerable to the state.

Corporatism is an organizational framework that governs a group of people. Research findings illustrate the organizational structure of a corporate is what makes it functional and be able to be a good strategy for success. It recalls for all members to be in harmony with the corporate goal whether willingly or out of obligation (Unger & Chan 2004). Baccaro (2003) integrates socialism with corporatism and compares the structures and their end-results. According to his research, countries such as South Africa, Korea, Italy and Ireland, have experienced a different outcome from the use of social pacts or socialism strategies. This did not concur with Ammous' (2011) research on Tunisia and Egypt, which experienced total economic failure because of the socialism approach in strategy formulation. Reasons leading to failure of the socialism approach are the banning of accumulating profits and lack of incentives for people to be engaged in productive activities, which service each other. Corporatism, on the other hand, allows a free market and provides a chance for fair competition with the companies servicing each other in the market. The success of the Tunisia and Egypt within their boundaries was allied to the introduction of corporatism policies that pushed for the organization in the government. Corporatism set them free from the authoritarian rule that limited the free market and limited the influence of the citizens to their nation's development (Baccaro 2003). They are now economically stable, and they need to keep advancing to sustain their market influence.

Capitalism speeds up the economic growth and development by supporting capitalism according to Ammous (2011). The state is given the absolute

control over the private and public industries in the market, and it has to ensure the set structures are followed to achieve the results. In most cases, the private sector is sidelined since it services the members more than the government, but its structures can be defined by the state for fair competition. According to Ammous, the goal of any corporate organization is to protect its members from the fluctuating market forces, to elevate the society or community to the western ideas, and to diversify into the market system since it is diversified. Corporatism is dynamic and allows the use of advanced technologies, which is why it serves as an efficient market system. However, in a corporate market, the state can exercise its control by establishing a monopoly, in that it is protecting the rights of a certain group. Other systems have advantages over capitalism due to the freedom of bargaining and of association.

Baccaro (2003) studies the influence of corporatism to the safety of the members' interest representation. European corporatist groups used the strategy to protect their own interests. It developed in an era, 1930s where the society's interest would not be freely discussed. Trade unions were required to form group horizontally and vertically. This formation reduced the freedom of association and expression for the workers. The employees were required to let go of some of their current benefits for future benefits, which was the decision made by the management, but the members had to concede to it. Corporatism is not entirely a decision-making strategy where there is implementation of the non-democratic policies. A careful analysis of Italy and Ireland, which were non-corporate states, their policies, were not favoring corporatism, they were implementing concerted policies (Schmitter

& Grote 2005). The corporate structure is present, but dead in operation in many countries; thus losing as a challenge to the study of its effectiveness. Study on the East Asian countries, Japan, Korea, and Taiwan, were able to develop and become economically strong due to the implementation of the corporatist. Their success was attributed to the well-organized structures and bureaucracy to govern their activities. The state was able to attain their power by not allowing the pressures of interest groups to alter their structures (Unger& Chan 2004). Corporatism approaches the situation on decision-making and association. Therefore, countries choosing to follow their structure and remain to their decision remained strong in the market. The influence of association is limited in corporatism, and it allows the structure to be firm regardless of the forces driving the market and politics (Schmitter& Grote 2005).

The death of corporatism was experienced in the 1980's mainly due to the will and freedom of the people to participate in their choices of government, business, and control. However, in the 1990s it resurfaced due to the political influence of some leaders who wanted to be associated to the state. According to Schmitter and Grote (2005), the state in the eighties viewed corporatism as an organization that carries out the same functions in the same level for it to be in existence. This approach did not analyze the fact that the same organization could carry out different functions at the same level. The revolution of the corporatism rule in the nineties allowed chances for an organization to carry out different functions. A study on Finland shows that it was one of the corporate states, which learnt from the failure of the Soviet Union policies and opted to introduce a macro approach to its

functions in the institutions. This saved them from suffering an economic crisis and they had to re-evaluate their decisions and association policies (Baccaro 2003).

Ireland was transformed into corporatism, and they created a centralized wage negotiation from 1987-1993 (Schmitter & Grote 2005). They created a three year ' Program for National Recovery' that was able to restore the country's economic conditions to a stable one. Portugal is another state that settled into corporatism for the cusses of its policies. It created a council that was able to oversee the formation of bureaucratic policies that will work towards stabilizing the country's economic systems. They; however, suffered the mistake mentioned above, where they had no different functions provisions. In 1996, they were able to correct their mistake and strategies and they began gaining economically. China was also able to emerge as one of the powerful nations in East Asia and the world after assimilating the policy of corporatism. It has opened up the channel for societal corporatism, where associations among groups of people have been able to provide success despite its communist beliefs. China is one of the nations that are undergoing political transformation through the adoption of corporatism (Unger & Chan 2004).

## **Conclusion**

In conclusion, corporatism exhibits dynamism in the implementation by each state and facilitates development. A successful strategy is one that can handle the changes in time and ensure the stability of the economic success is maintained. Development is a process that takes place gradually, and changes in the strategy facilitate development. The review shows that

corporatism is not a failure, but rather a success in comparison to socialism and capitalism. The nations that made mistakes due lack of future assessment was able to recognize the mistake and corrected, thus maintaining success. The various sectors of corporatism have shown success, and thus it is an idea that favors political, social, and economic influence. However, from the review, there is a challenge that introduces the effects of corporatism in the international market.

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