

THE OXFORD HANDBOOK OF

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# EMPLOYMENT RELATIONS

COMPARATIVE EMPLOYMENT  
SYSTEMS

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## CHAPTER 1

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# COMPARATIVE EMPLOYMENT SYSTEMS

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ADRIAN WILKINSON, GEOFFREY WOOD,  
AND RICHARD DEEG

## INTRODUCTION

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CERTAIN events—most notably the 2008 financial crisis—have led to a reassessment in the study of employment relations. It is apparent that the worsening of the terms and conditions of employment in liberal market economies (LMEs) has led to a persistent crisis of demand, with the rupturing of the virtuous Kaldorian circle being only temporarily compensated through debt-fuelled demand. A sustainable recovery is at least in part contingent on a more durable basis for demand, which, in turn, involves a fundamental retrospection and rethinking of the dominant trends in employment relations since the early 1970s. With respect to the latter, much of the debate in contemporary human resource management (HRM) has focused on a false dichotomy between hard/instrumental and soft/cooperative HRM, when it is clear that many firms employ ‘mix and match’ policies that are best distinguished through a scrutiny of core terms and conditions of employment, rather than through an exploration of trends in people management.

There has been a proliferation of accounts exploring the relationship between institutions and firm practices. However, much of this literature tends to be located in distinct theoretical-traditional ‘silos’, such as national business systems, social systems of production, regulation theory, or varieties of capitalism, and with limited dialogue between different approaches to understanding institutional effects. Again, evaluations of the relationship between institutions and employment relations have tended to be of a broad-brushstroke nature, often founded on macro-data, and with only limited attention being accorded to internal diversity and details of actual practice. Our hope was to produce a definitive book and one relevant to the

present condition, but at the same time, bringing together an assembly of work that will be comprehensive and of sufficiently high quality so as to be of value to future scholars wishing to understand changes in employment relations since the early 1970s. At a theoretical level this book brings together accounts linking varieties of capitalism, business systems, and different modes of regulation to the specific practice of employment relations. This includes recent accounts on internal diversity and change within varieties of capitalism (cf. Lane and Wood 2009), and the role of social action and innovation in redefining paradigms (cf. Sorge 2005). We include attempts to explicitly link this literature to earlier industrial relations (IR) theoretical approaches and traditions (Ackers and Wilkinson 2003, 2008).

At both theoretical and applied levels, the collection is explicitly comparative, providing frameworks and empirical evidence for understanding trends in employment relations in different parts of the world; indeed one of the major shortfalls of the existing literature on comparative capitalism is its lack of attention to the developing world (cf. Wood and Frynas 2006), and this collection seeks, at least in part, to address this lacuna. In short, this collection has theoretical rigour, and an explicitly comparative focus, the two components being closely related. Most notably, we will seek to incorporate at a theoretical level regulationist accounts and recent work that links bounded internal systemic diversity with change, and, at an applied level, a greater emphasis on recent applied evidence, specifically dealing with the employment contract, its implementation and related questions of work organization. What is new about this book is that recent developments and extensions within these traditions have explored questions of diversity, continuity, and change, but often at the levels of sectoral or national governance and inter-firm relations; this collection seeks to bring these new insights to bear in exploring more closely the implications for understanding the employment relationship. In the remainder of this introduction we discuss first some of the broader societal factors shaping the evolution of employment relations. We then discuss how firms and firm-level institutions are evolving within this broader context. Finally, we summarize the key findings of each chapter in this volume.

## SOCIETAL LEVEL ISSUES AND INSTITUTIONS

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Across OECD economies there is a broad trend towards decommodification of labour, broadly construed. The political conditions—and Fordist production model—that made decommodification in the mid-twentieth century possible seem no longer present, or are greatly weakened (e.g. strong labour movements and labour-oriented political parties). This process feeds directly into the weakening of the Fordism-based Kaldorian circle and the protracted search for a new production model that could reproduce that virtuous circle. A feature recognized by much of the literature on contemporary political economy is that long periods of growth—such as the Fordist era—are interposed with

similar periods of downturns or recession, in line with economic long waves (Kelly 1998; Jessop 2001b). Given that the global economy has been characterized by recession interposed with volatile growth since the 1970s, the 2008 financial crisis may be seen as simply the latest episode in a longer period of economic disorder. This raises the question as to what will define the next period of growth. Much of the early regulationist literature concerned itself with the likely possible successors, with debates centring on whether Fordism would be succeeded by a more advanced and inherently superior post-Fordist growth regime (Jessop 2001b). From a rather different starting point, Piore and Sabel's (1984) work on the *Second Industrial Divide* also predicted that classic Fordism would be supplanted by a superior production paradigm but a highly decentred one.

On the one hand, we believe that such accounts were correct in their underlying proposition that the post-1970s crisis was of broad historical significance and the Fordist/welfare state paradigm that had propelled a virtuous circle of production and demand had broken down. On the other hand, it can be argued that, with the wisdom of hindsight, such accounts failed to take full account of the weight of historical evidence. The last long economic crisis—from roughly 1900 to 1945—was not characterized by one production paradigm supplanting another on an orderly basis, but rather a long, messy, and contested transition marked by fascism and war. In focusing on a key feature of the human condition—production and consumption—such accounts neglected another key feature: the centrality of disorder, bitter social conflict and divisions, and war during key periods of societal formation and institution building or reconstruction (see Gumprowicz 2013). It could be argued that, given the Iraq, Afghanistan, and Libya conflicts militarists within global elites have overplayed their hand (Priestland 2012), and that, in any event, distant military adventures have little relevance for understanding the relationship between societal features and workplace practice within the developed world. But long economic transitions are also characterized by societal dislocations, the national and transnational movement of peoples, and struggles over resource allocations. The tendency of elites to experiment with war as a means of mobilizing mass support behind them, and to resolve or at least diminish the importance of internal structural problems, is a feature of historical economic crises, even if such experiments can ultimately undermine or destroy them (Mann 1984). We are sceptical of the argument that present wars represent simply a mechanism for expropriating resources (see Harvey 2004). However, the present protracted wars have proved very lucrative for insider firms and have, up until recently, been effective in diverting mass attention away from structural economic difficulties closer to home.

A further issue is that in focusing on production and the decline of production regimes, it can be argued that consumption was somewhat neglected, with the assumption that a superior future production regime would result in better rewarded workers. More postmodernist accounts did accord due attention to consumption, but this was seen as part of a more fluid societal condition where material concerns became diluted as the edges of reality blurred (see Baudrillard 1999). A great irony here is that the present long crisis has been characterized by both the rise of mindless consumerism fuelled by dreams and aspirations rather than need—for once, the postmodernists

were proven correct—and, owing to rising wage inequality with stagnant or declining wages experienced by the bulk of society, a real crisis of consumption. Within liberal market economies, this problem was ‘solved’ through a combination of increasing consumer debt made possible through the over-inflation of property markets (Boyer 2012), increased working hours by households, primarily by women entering the labour force in greater numbers (Pontusson 2006), and—perversely—by capital flows from emerging to developed economies that financed both consumer and sovereign debt (Schwartz 2009). On the supply side, the resolution was again temporary and speculative, with the rise of large low-cost supermarkets (often reliant on Taylorist forms of work organization) being matched by more traditional specialized retail chains adopting a completely different business paradigm: as opportunities for leveraging property assets rather than selling goods to customers. Independent landlords took similar advantage of the property bubble to similarly over-acquire debt to be precariously paid off through unrealistic rents. Both the latter paradigms are increasingly proving unsustainable. As customers have diminishing means of spending, low-cost supermarkets have increasingly squeezed suppliers, leading to successive food quality scandals, reminiscent of the excesses outlined in Upton Sinclair’s *The Jungle*, an exposé of the Chicago meatyards during the last economic long crisis. In the UK, on the high street/main street, the debt leverage model has been subject to unwinding; the need to service excessive debt or pay excessive rents has rendered many shops/chains uncompetitive against both supermarkets and online retailers. As increasing numbers of traditional high street chains and independent retailers have been forced into bankruptcy, this has led to a proliferation of vacant properties, making a further debt crisis inevitable.

This raises the question as to why all this is happening. There are, of course, many explanations, ranging from technology advances to the emergence of new producer nations causing a crisis of over-production. A political lens sees the current crisis as resulting from an economically (and eventually politically) unsustainable shift in economic and political power from labour to capital, and along with that a shift in the accumulation and consumption of resources from those with less to those with more: excessive debt enabled an overcoming of the inherent contradictions within this trend by facilitating excess consumption, but this process was bound to reach its limits and most likely end up in crisis. One may also advance a structural view of the crisis focusing on a long energy transition which is relevant as the basis for future sustainable growth, a growth model that must also solve the fundamental social and economic challenge of balancing resources across social groups in a sustainable fashion. Structural changes in the availability and relative cost of energy resources are, of course, intimately bound up with technological advances, but, it can be argued that it is easier to make advances in the realm of ideas than in the material world. The increased scarcity and direct cost of hydrocarbons (any temporary ‘fracking’ revolution notwithstanding), and the indirect and delayed costs of their usage (in terms of run-away global warming) has created coterminous economic and environmental crises that will be difficult to solve through any technological fix. As argued by Wood and Lane (this volume) such transitions are particularly costly for those with physical or human capital tied up in

particular regions or processes, notably patient investors and workers. In contrast, speculative interests are relatively advantaged; however, an irony is that, as their power and influence increases, the crisis is likely to worsen. In other words, while the crisis may not have been caused by owners of highly fungible assets, they make it more difficult to solve.

Two further features of the present condition mitigate against major technological advances, either in terms of energy extraction and usage, or indeed, other areas of design and production, that might lead to a new sustainable growth model. First, as Jessop (2012) notes, under neo-liberalism, there has been an intensified enclosure of the intellectual commons. Patenting and the protection of intellectual property have been taken to absurd levels, even encompassing naturally occurring substances (including human genes). In turn, this makes it very different for innovators to build on and consolidate previous ideas from a range of sources (Boyle 2003); earlier advances that relied on this range from powered flight to the internal combustion engine. Second, an obsession with short-term shareholder returns discourages the type of investment that makes open-ended R&D tinkering possible, which often, again, led to major advances in the past. It is perhaps telling that technological advances in industries that have thrived in liberal market economies, such as pharmaceuticals, have diminished (Scannell et al. 2012; Drews and Ryser 1996); this has occurred at the same time as the intensification of both short-termism and the protection of intellectual property rights.

Returning to the theme of shifting political power, there are few or hard to discern sources for any Polanyian counter-movement to turn the tide against de-commodification, employment insecurity, and decline of collective rights of workers and unions, i.e. the erosion of labour standards (Gottfried this volume). Any such counter-movement would have to confront structural factors that favour capital over labour, financial capitalism over industrial capitalism, those with fungible assets over those with less fungible ones. Fundamental shifts in the costs of resources inputs, the proliferation of low-cost labour, and the erosion of meaningful politics mitigate against a dilution of the power of the former. Broad swaths of most OECD societies rely more than ever on financial markets to secure their own future and guard against life risks (which have been successfully re-individualized in many societies, especially LMEs but even in many social market economies, albeit to a lesser degree). Again, a problem with predictions of Polanyian double movements is that they are somewhat ahistorical; there is an assumption that a new period of greater and more effective state mediation will be on the lines of—or, at least, as beneficial as—the welfare state of the 1950s and 1960s. Of course, Polanyi himself cautioned that statism is not necessarily benign, as borne out by the rise of fascism in the 1920s and 1930s. As Wood and Wilkinson (this volume) suggest, we may already have entered a period of new statism, characterized not by social mediation and redistribution, but rather by the active reallocation of accumulated state resources to insider economic interests and repression. In the case of the USA and the UK, this has encompassed bloated military industrial and penal complexes, hi-tech and pharmaceutical industries heavily dependent on R&D by the state (university and regional development authority) and non-profit sectors, handouts for the financial services industry,

and an increased intolerance of domestic dissent. This process is not without contradiction: cutbacks in core state spending in areas such as education serve to undercut, for example, the reliance of key industries on taxpayer-funded university R&D.

If the state will not redistribute, then a counter-movement is likely to arise within society itself. And while there has been a steady growth of politically engaged societal organizations (non-governmental organizations—NGOs) since the 1970s, these organizations are different from the collective actors and social movements—now much weakened—that produced the mid-century economic models favourable to labour (Gall et al. 2011). The last three decades have witnessed the individualization of political behaviour and the decline of old collective actors and their replacement by more citizen-driven social movements (Dalton 2008). These groups are smaller and more fragmented; moreover they are driven by educationally privileged individuals who generally enjoy greater access to politics but also benefit from higher incomes and security. Such groups also tend to focus on specific issues framed around postmodernist conceptualizations like corporate social responsibility and sustainability. Thus it remains an open question as to whether the working and much of the middle class can be successfully organized in this new organizational environment into a broad socio-political coalition for change. In short, the political representation and capacity of the lower classes is probably weaker than at any other time since the early twentieth century. The emergence of such a political coalition is further obstructed by the structural power of business (Culpepper 2011) that has grown with globalization and the increased lobbying power of business in many polities (notably in the USA with the explosion of corporate campaign finance arising from the *Citizens United* decision, this decision ruled that governments could not restrict spending on political campaigns by corporations, holding that corporations represented associations of individuals).

If the domestic political conditions for reinvigorating the strength of labour are not favourable, can a regional organization, such as the European Union (EU), be a vehicle to ‘remedy’ the erosion of worker rights and political power? In some ways the EU has moved the UK towards coordinated market economy (CME)-like labour regulation (see Gottfried, this volume)—e.g. the Works Councils directive. But mostly what we see with the EU is middle-ground Directives that seek to accommodate the preferences of LMEs and CMEs by leaving room to adapt EU-mandated rules (institutions) to national preferences. Moreover, the EU does little to affect domestic wage-setting institutions or systems that are a big factor in the eurozone crisis and rising differences within Europe. The German response to the euro crisis also places greater pressure on southern European members to deregulate their labour markets, and there has been some movement in that direction. Given the lack of institutional requisites for coordinated wage bargaining in southern Europe, any labour market deregulation is likely to yield rising wage inequality and job insecurity (Hancke, this volume).

Three issues emerge here. The first is that the Europeanization process has greatly contributed not only to continental trade relations and historically unprecedented levels of peace which are commonly taken for granted, but also to democratization and social reforms in both southern and eastern Europe. Second, although it has become common



in the Anglophone popular media to blame economic difficulties in the continent on the euro and on broader economic integration, many of the problems experienced are less with institutions and institutional design, and more with weak institutional coupling both at the supra- and subnational levels. Third, and, related to this, is that there persist great imbalances in Europe that are characterized less by positive symbiosis and more by pathology: debtor nations and creditor nations, producer nations and consumer ones. Homogeneous policy reforms are likely to worsen the situation: ironically, a closer and more effective Europe is contingent on recognizing diversity. Many of these imbalances depend on rectifying, once more, a structural problem of consumption, in turn due to a lack of good jobs, especially on the European periphery.

There is also a question of what a new, sustainable growth model could be that is neither a Fordist production model nor a finance capitalism model. In the 10–15 years before the 2008–9 crisis (i.e. under a finance capitalism model) leverage was a key source of growth in many economies, notably the USA, UK, and other European countries; this bolstered aggregate demand in face of declining or stagnant real wages/household income. But what is the new growth model? Here, again—even if somewhat disturbing—it may be worth taking a historical long view. Prior to the birth of the modern, all preceding societies have ultimately run up against physical resource constraints, and, as noted above, it cannot be presumed that technological fixes will preclude this happening again. It is possible that there will be no new growth model to replace the finance capitalism model, and we will simply enter a period of long decline, as characterized by Europe during the periods of the dark and middle ages. However, on a more optimistic note, it is worth noting that a number of European societies, from Germany to Spain, have made great advances in moving beyond hydrocarbons. A feature of alternative energy sources is high initial investment but ultimately lower running costs; in turn, this may ultimately tilt the balance in favour of more patient investors, workers with skills tied in specific industries, and states that prioritize long-term growth and environmental concerns over the immediate wants of oligarchs.

The latter raises an important issue. If the origins of the crisis are economic, at least part of the solution is political. Again, from a broad historical perspective, it is worth noting that almost all societies were founded on labour coercion (including capitalism), and, in historical terms, the relative empowerment and prosperity of workers across the advanced societies—recent setbacks notwithstanding—is quite unusual. The rise of a global class of oligarchs—weakly rooted to any national locale, their deft usage of petty nationalism to bolster up their power notwithstanding—poses a challenge to this working- and middle-class prosperity. This would suggest that we need, as suggested by Wood and Wilkinson (this volume) to consider the role of elites more carefully. As is the case with any social formation, elites are composed of different segments, although speculative interests and militarists may have gained the upper hand over more altruistic elite components in recent years (Priestland 2012). On a different plane, the policy community has essentially become increasingly monochromatic, reflecting the ecological dominance of neo-liberalism (see Jessop 2012). Although it would be unfair to dismiss policy elites as uniformly corrupt, there is little doubt that, as is the case with war, the

ubiquity of corruption under any advanced economic order cannot be underestimated. As Engelen et al. (2011) note, in many national contexts, there has been a revolving door situation, with senior politicians, civil servants, and army officers moving on to lucrative sinecures in the financial services and security industries. Not only does this mean that decisions while in political office or public service may be partially moulded by future career concerns, but also that even honest and altruistic individuals may be infected by dominant viewpoints. In other words, even the uncorrupt may become drawn into espousing particular points of view, given the lack of interest in or support for alternatives. Again, the solution to this is political; while the immediate fix would be to impose on senior politicians and civil servants restraint of trade agreements on future high-level economic and security private sector roles (somewhat akin to that commonly agreed to by small business owners on selling their enterprise), such a solution would have to be imposed by pressures from below.

Höpner (2007) argues that, in Germany at least, macro-social organization has declined while sectoral coordination is maintained. But this coordination is based on almost purely voluntaristic and self-interested behaviour by firms—securing a core workforce with requisite skills (i.e. dualism is entrenched). This contributes to the much noted and cited dualization of labour markets. Given that nearly all advanced economies have increased non-standard and flexible employment, it would appear that this dualization is a functional necessity under current conditions of global competition. Yet, there are big differences across countries in the degree and conditions for non-standard employment—the level of insecurity associated with non-standard employment varies. This raises the question of whether more flexible, non-standard employment can be provided in ways more favourable to workers and with better macroeconomic effects. Can the security gap between standard and non-standard employment be narrowed? Although it has become fashionable to promote the Danish/Dutch style flexicurity model, it is worth highlighting the extent to which it depends on a well-developed welfare state with a high degree of social protection—mitigating weak job protection—and adherence by employers to informal norms restraining managerial power (Houwing et al. 2011). In short, flexicurity cannot be promoted hand-in-hand with broader liberalization; rather it must be part of a substitute for liberal market reforms. This may explain the limited impact of flexicurity measures in other European countries, where liberalization is more advanced.

This raises a much broader question. The present imbalances within and between nations point to a very real shift in the relative competitiveness of particular industrial players. The rise of China and Germany as mega-exporters has made it very difficult for manufacturers in other areas of the world to compete; even traditional exporting nations such as Japan now run a balance of trade deficit. Indeed, most developed societies now are characterized by balance of trade deficits, while, other than Germany and China and a few other notable exceptions, nations with great balance of trade surpluses are primary commodity exporters. In short, even if many nations retain competitive advantages in particular areas, their relative importance has diminished, with lower value-added areas of economic activity serving as a poor substitute. In other words, the

specific sets of complementarities which characterized many advanced societies have diminished in importance. Therefore, rather than focusing on the nature of complementarity (see Crouch 2005), perhaps a more salient concern is their relative decline. This, of course, is bound up with the present long economic crisis. Here it is worth noting that although there remain possibilities for both serendipitous discovery and active institutional rebuilding or reconstruction, a powerful segment of global policy elites has ruthlessly pursued a path of institutional breakage, precisely to preclude this happening. Although the most spectacular example would be the degeneration of Yeltsin's Russia into a dysfunctional kleptocracy, many other examples can be found both in liberal market economies and economies undertaking liberal market reforms. As Klein (2007) notes, the 'shock doctrine' of imposed confusion to enable elite expropriation has gained wide currency.

There are other trends at work as well. High primary commodity prices have allowed many nations—obvious examples being Australia and South Africa—to escape having to deal with the crises of diminishing competitiveness in many industrial sectors, at least in the short term. This has led to elites neglecting the re-examination of what is needed in institutional supports to underpin diverse economies, even if the latter are very necessary to offset external shocks in a volatile global environment.

A central debate in comparative institutional analysis has been the nature and extent of convergence and divergence (Barry and Wilkinson 2011). However, given that institutional arrangements in coordinated markets are inherently denser and more closely intermeshed than in liberal markets, a process of de-coordination will be longer and more uneven than further liberalization in settings where regulation is already weaker and institutional mediation more tenuous. Hence, as suggested by the literature on variegated capitalism, ecosystemically dominant ideologies (neo-liberalism) and trends (expropriation and enclosure of common resources) has gone hand-in-hand with persistent unevenness within and between countries (Jessop 2012). It has been argued that as coordinated markets liberalize, so do liberal market ones, so the gap between them remains the same (Streeck 2009). This is, perhaps, too orderly an assumption. The LME/CME distinction was largely conceived based on evidence compiled in the 1980s and 1990s, when, it can be argued, the differences were very much less pronounced in the 1950s. Although the USA never developed a proper welfare state, there were certainly strong checks and balances on the excessive power of short-termist financial interests up until the 1980s. What evidence we have from the 2000s is that change has been uneven and disorderly, and that as some economies have become more like CMEs (e.g. Slovenia and, to some extent, Slovakia), the CME model within the core of Europe has become frayed. In short, one is more likely to see greater—but bounded—diversity within categories previously deemed coherent units, and drifts to and from limited coordination. However, it is likely that the great experiments in market coordination of preceding decades will be repeated without a major political realignment not only nationally, but globally as well.

The return to growth in Africa, and the strong social outcomes associated with progressive governments in central and southern America suggest that these may be contexts where the relative position of workers—and their bargaining power—might

represent a powerful counter-tendency against a worldwide trend to union decline. However, right-wing coups in Paraguay and Honduras, and persistent destabilization by oligarchs in Venezuela and elsewhere highlight the tenacity of reactionary elites and the extent to which social gains in Latin America remain uneven and contested. In Africa, much of the growth has been on the back of resurgent prices for primary commodities, raising the spectre of the resource curse.

In a world of uneven institutional coverage and inequality, improvement in the relative position of women is again an ambivalent process. On the one hand, a growing emphasis on individual rights opens the possibility for fairer treatment under the law and in practice, and indeed, real gains have been made in many of the advanced societies. On the other hand, among the global precariat, the position of women is particularly vulnerable (Standing 2011).

## CHAPTER OVERVIEWS

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In this book, perspectives on comparative employment systems from leading scholars in the field, briefly summarized below, will be discussed. The book is organized into five parts and contains thirty-one chapters. In the first section we define the field. Geoffrey Wood and Adrian Wilkinson review key strands of comparative institutional analysis from the economic, socio-economic, and industrial relations traditions. More specifically, this chapter links recent controversies and advances in comparative institutional theory to the study of work and employment relations. It argues for real trends in firm-level work and employment relations to be placed more centrally in comparative institutional thinking. It further locates current trends in the relative position of workers in broader historical context.

Harry Katz and Nick Wailes review some common arguments for employment relations convergence, from the logic of industrialism, to globalization and varieties of capitalism. They find most explanations of convergence overly deterministic, and that empirical evidence tends to support a conclusion of increasing divergence. While they find some convergence across advanced capitalist economies on certain workplace practices (e.g. decentralization), the relative portion of these different workplace patterns (and the role of unions within them) varies considerably as a result of larger institutional differences. They believe that explaining convergent and divergent tendencies requires a less rigid conception of institutions—one that allows for greater degrees of change resulting from the changed preferences and power of key actors such as multinational corporations (MNCs). They conclude by noting that the recent financial crisis accelerated convergence in the erosion of labour standards, or the ‘low road’ to competitiveness.

Part II provides new theoretical insights in the area. In Chapter 4, Cathie Jo Martin explores the contributions and deficiencies of the varieties of capitalism (VOC) framework for understanding employment relations. Her analysis starts with the claim that

there are three basic systems of employer organization and associated patterns of coordination—macrocorporatist, sectoral, and segmentalist—associated with differences in skill formation regimes. When combined with greater attention to the role of labour and the state, these three systems can help explain divergent patterns of institutional change in capitalist systems: macrocorporatist regimes, for example, may be better able to resist neo-liberal policy changes and dualism, because the historical co-evolution of a multiparty political system and centralized associational structures facilitates collective problem solving that is more likely to bind all actors to a jointly determined solution.

In the next chapter, Matthew M. C. Allen discusses the contribution of the business systems framework to our understanding of employment relations across different countries. He draws out important distinctions between the business systems framework and the related VOC paradigm. Individual business systems, as well as the employment relations that are associated with them, are discussed in detail. He highlights the importance, within the business systems framework, of linking firms' strategic priorities, the organizational capabilities they (seek) to develop, the types of employment relations policies that they adopt, and their specific institutional context in analyses. Consequently, the ways in which the internationalization of product, capital, and some labour markets affect any particular firm's institutional setting are likely to become increasingly important within such analyses.

Robert Boyer develops and extends the regulationist project to more fully take account of the consequences of the interlinkage of work and employment relations on the one hand, and capitalist growth regimes on the other. He argues that spillover between the two is most likely to be the abiding source of economic crises. Boyer suggests that the heterogeneity of work regimes that is an abiding feature of the present condition not only makes it difficult for a new stable model to replace the post-Fordist one to emerge, but also reflects the ongoing search for a new viable growth regime. The complex variety of employment forms, in turn, mirrors the shifting of risk by many employers on to employees, changes in skills, and national institutional realities. With regard to the latter, national alternative employment models remain viable, even as the information and communications technology (ICT) revolution has contributed to greater individualization.

In looking at diversity and change within national capitalist archetypes, Geoffrey Wood and Christel Lane argue that national institutions are neither tightly coupled, nor do they make for coherent outcomes. There is much, albeit bounded, diversity in socio-economic relations within and between firms. This diversity may reflect specific sectoral or regional dynamics, the uneven consequences of social action, and governmental partiality to specific players. It also reflects broader changes in the global capitalist ecosystem—which, they believe, are the product of a long energy transition—and the uneven manner in which national institutions seek to accommodate themselves to this.

In the following chapter, Chris Brewster, Marc Goergen, and Geoffrey Wood argue that particularly influential in the economics, finance, and neo-liberal policy community have been approaches that link the law to firm-level work and employment relations, macroeconomic outcomes, and the consequences of particular traditions and

associated bodies of law: these approaches favour the stronger private property rights associated with the common-law tradition. However, the evidence marshalled to support the common-law superior macroeconomic outcomes thesis is highly selective. A further limitation is that the firm is primarily seen as a transmission belt: the effect of institutional environment is explored primarily in terms of possible macroeconomic outcomes. In other words, for a theory of, and debate around, corporate governance, there is remarkably little about the firm.

In Chapter 9, Glenn Morgan and Marco Hauptmeier explore four variants of institutionalism and what they can tell us about the nature and evolution of employment relations. Rational choice institutionalism's strength in explaining stable institutional equilibria helps us understand why employment relations systems evolve slowly in a path-dependent fashion. Historical institutionalism takes a more actor-centric approach that attributes greater latitude to actors in interpreting how institutions are to be applied and in reshaping those institutions along with their shifting preferences. Sociological institutionalism moves further away from rational choice conceptions by positing that actors are guided by a 'logic of appropriateness'. This approach seems particularly useful in understanding how certain practices diffuse from one setting to another. Constructivist institutionalism gives greater explanatory weight to the substantive content of ideas themselves in shaping actor behaviour and institutional change. In conclusion the authors suggest some ways that comparative employment research can profit from engaging with all four variants of institutionalism.

In Chapter 10, Niall Cullinane notes that institutions have remained central to industrial relations analysis in terms of understanding the behaviour of actors and the outcomes of processes. Within the IR tradition, the most influential accounts on institutional effects have dovetailed with a broadly functionalist sociology. The purpose of this chapter is to consider the functionalist legacy in institutional IR analysis with particular reference to Durkheim. In this regard, the classical work of the 'institutional pluralists' and the 'radical/sociological institutionalists' is considered alongside the contemporary formulation of neo-pluralism and the varieties of capitalism literatures.

In the following chapter, Franco Barchiesi shows how transformations in collective bargaining systems, the decline of trade unionism, and global economic instability have challenged theories of employment relations predicated upon institutionalized interactions involving states and representatives of employers and employees. This chapter provides first an overview of classical debates in industrial relations, emphasizing the early centrality of order and stability in competing pluralist paradigms. It then analyses the emergence of radical approaches explaining changes in employment relations as a result of social and labour conflicts and critical ruptures in Fordist production regimes. It finally discusses theories of change that, since the early 1980s, have emphasized, in opposition to epoch-defining categories like 'post-Fordism', recurring patterns or long waves within capitalism. Barchiesi questions the potentials and limitations of long-wave theories in light of recent sociological debates on precarious employment and shifting labour politics and identities.

In the next section we review the comparative evidence. Jackson and Kirsch review changes in employment relations in six countries broadly recognized as liberal market

economies. They compare these cases on numerous indicators, including wages and inequality, collective bargaining, unions and employers' associations, and employee voice institutions. While they find a common direction towards liberalization in all these cases, there remains substantial and often unrecognized diversity across these cases. Moreover, low levels of regulation in most of these domains translate into considerable internal diversity within these cases, since actors (corporations) have much greater latitude to choose employment relations strategies that suit their preferences.

Kristine Nergaard examines the Nordic systems of industrial relations distinguished by high rates of organization among workers and employers, centralized bargaining coordination, low wage dispersion, and a strong company tier of negotiations and participation. Universal, income-related, and relatively generous income protection schemes and state-funded educational systems are other characteristics of the Nordic labour market models. Over the last decades, Nordic labour and employment relations have adapted to internal and external challenges. More decentralized bargaining coordination at sector level and more stringent requirements for job-seeking activity have been introduced, partially followed by reduced compensation rates in labour market-related benefits. The countries with the strongest trade unions have seen declining union membership, and increased labour migration has put wage floors and collective agreements under pressure in some sectors.

In Chapter 14, Bob Hancké argues that Europe can be divided into two basic employment relations systems. Northern European coordinated market economies are characterized by strong labour unions and employer associations who link wages to productivity gains and propagate these wage rates to the rest of the economy. The mixed market economies (MMEs) of southern Europe are associationally weaker and the state compensates by intervening in wage determination and labour market protections. Within the same monetary regime, the employment systems of northern Europe were better at maintaining competitive unit labour costs. Hancké argues that these structural differences are the key contributing factor to growing current account imbalances within Europe and, directly and indirectly, to the sovereign debt crisis. Given the political resistance to radical labour market deregulation in MMEs, and the near impossibility of constructing centralized wage setting systems à la CMEs, the eurozone's long-term solutions lie not in fiscal austerity but in a macroeconomic policy that equalizes growth and inflation rates across the zone (e.g. through fiscal union).

In Chapter 15, Harald Conrad explores changes in institutional mediation and the practice of work and employment relations in the three most developed East Asian countries: Japan, South Korea, and Taiwan. In all three countries, long-term approaches to employment and seniority-based pay have eroded; these similar trends, however, do not entail convergence. There are growing in-country variations, and a greater diversity in approaches to people management within organizations. However, the overall nature of organized labour has not changed noticeably in the last two decades. Finally, reforms have sometimes gone hand-in-hand with the preservation of traditional welfare benefits. This means that innovations are combined with long-standing practices in a manner that is distinct from other capitalist archetypes.

In looking at the broader socio-economic and employment relations systems in the post-state socialist countries of central and eastern Europe, Martin Myant argues that previously very similar systems have in many respects diverged, and that raises questions as to whether they can still be lumped together into a single analytical category. Some common features include the wide role of informal practices, and specific legal traditions; key differences emerge in relative will and capabilities for law enforcement, and the role of actors in propping up the system. Although there is generally more respect for the law than in the immediate period following transitions, in many countries employers are now experimenting with legal mechanisms to promote individualization, including the conversion of employees to independent contractors. However, where collective bargaining is deeply entrenched, there has been a tendency towards the further institutionalization of collectivism. Finally, politics matters, and during periods of right-wing rule, even in countries such as Slovenia, greater liberalization has been promoted.

In looking at the relationship between context and employment relations across Africa, in Chapter 17, Johann Maree ties the relative fortunes of organized labour to the relative effectiveness of democratic institutions. While democracy does not necessarily make for effective unionism, trade unions are likely to be more effective when democratic institutions are effective. However, organized labour is also more vulnerable in less balanced economies, especially those heavily dependent on primary commodity exports. On the one hand, there has been a long process of democratization across Africa that is beneficial for the prospects of organized labour. On the other hand, many African countries have regressed to a greater dependence on primary exports, which has the potential to undermine any gains.

In Chapter 18, Jose Aleman investigates what effects progressive governments have had on employment relations in Latin America since 1999. The chapter shows that compared to their conservative counterparts, left governments have reduced precarious employment, while requiring firms to set aside more funds to cover social insurance charges and contributions. Differences between left and conservative governments are to be expected given the ideology of these governments and the perceived need to address some of the continent's long-standing problems, but they do not primarily emanate from diffusion of a model of employment relations unique to these governments. Progressive governments have instead maintained or expanded previous policies in some countries facilitated by a more accommodating international environment.

In Chapter 19, Michele Ford examines the factors influencing employment relations structures and practices in the export-oriented economies of developing Southeast Asia. She begins with a discussion of historical legacies affecting the employment relations systems of developing Asia as a whole before moving on to case studies of Indonesia, Vietnam, and Malaysia. The chapter then reflects on the negative complementarities that account for the ongoing weakness of trade unions in all three settings, despite Malaysia's emerging high road production strategy and Indonesia's recent democratization. The chapter concludes that—while not necessarily representing a discrete 'variety of capitalism'—colonial legacies, Western support for authoritarian regimes in capitalist



Southeast Asia during the Cold War, and the competitive imperatives of export-oriented production are responsible for similarities in these otherwise very different national contexts.

In the following chapter, Frank Horwitz compares and assesses employment relations in the BRICS countries, a growing global economic grouping which reflects a shift in economic power from mature economies to emerging markets. These countries are Brazil, Russia, India, China, and South Africa. The chapter focuses on employment relations institutions, regulations, labour markets, and workplace practices. The findings show the diversity and complexity of employment relations and labour markets in these emerging economies. The chapter discusses collective bargaining, trade unions, workplace flexibility, and the changing nature of work. The development of informal or casual work through outsourcing and subcontracting in these economies varies but is important.

The fourth section provides a new lens by looking at various substantive themes. In Chapter 21 Michel Goyer, Juliane Reinecke, and Jimmy Donaghy discuss globalization. They note that there is little doubt that globalization has had profound effects on the governance of employment relations with destabilization of national institutional frameworks taking place in the absence of coherent transnational systems. Nevertheless, these destabilized institutional configurations are shaping new emerging institutional arrangements. The authors explore this phenomenon in the context of the globalization of finance and the emergence of global labour standards and conclude by arguing that, despite globalization, actor strategies in the globalized context are shaped by pre-existing institutional experience.

Barbara Pocock explores gender and employment issues in Chapter 22. She points to long historical legacies and continuities in work and gender, despite the changes brought about by neo-liberal reforms and broader associated processes of globalization. First, women do more unpaid domestic or 'private work', while many perform more 'public' paid work. Second, even in workplaces where the overwhelming majority of workers are male or female, gender issues manifest themselves in sexualized practices or culture. Third, the nature of social reproduction affects labour market participation of both genders. Fourth, dense fabrics of gender relations within institutions construct and reconstruct hierarchies on gender lines. Finally, institutions make for persistently uneven outcomes in work and employment according to gender. The gendered fortunes of those in the north and south have become increasingly interlinked, however; inequality can only be dealt with through concerted global resolve and action.

In Chapter 23, Michael Barry, Adrian Wilkinson, Paul J. Gollan, and Senia Kalfa review the literature on employee voice. The authors examine various types of voice arrangements looking at the purpose of voice arrangements from both employee and management perspectives. It is suggested that employee-initiated voice is typically broader than the management schemes because the latter have as their core concern issues of efficiency and productivity, whereas employee-initiated voice sees employee interests as often compatible, but nevertheless separate from those of management. In

examining voice arrangements across the globe, special attention is focused on the regulatory context, and the chapter draws on the varieties of capitalism literature to show how and why voice arrangements vary in different national settings.

In Chapter 24, Heidi Gottfried explores the spread since the 1990s of insecure and non-standard employment that now comes close to one quarter of employment in nearly all OECD countries. Gottfried argues that conventional explanations such as globalization or risk society theory cannot explain the *uneven* growth and distribution of non-standard employment across OECD countries. Instead, Gottfried fuses the VOC and worlds of welfare capitalism institutional theories with an understanding of how each national welfare and production regime also embodies a distinct *reproductive bargain* determining the extent to which care work and social reproduction are carried out by private households or shifted to the market or state. The evolution of these distinct bargains, plus changes in gender relations, tell us much about the relative inclusion and exclusion of different groups in non-standard employment. These theoretical arguments are developed through a contextualized comparison of two coordinated market economies (Japan and Germany) with two liberal market economies (UK and USA).

In the subsequent chapter, Samantha J. Gunawardana and Lindah Mhando explore the interplay of the migration–development nexus, unskilled women’s migration patterns, and the transitions taking place in and around global and local labour markets and employment relations. Although states have sought to both facilitate migration into precarious employment positions and to step in to protect workers, migration has exposed the limitations of extant paradigms that take nation-states as a unit of analysis for development and employment relations. The state’s role is underscored by the existence of a complex and textured field of gendered and socially embedded institutions and governance mechanisms, which has made migrant workers particularly vulnerable to precarious conditions.

In Chapter 26, Colin Crouch examines changes in state policies impacting employment relations, including macroeconomic policy as it impacts the labour market; the state’s relation to employees’ individual rights; and the state’s policies on the role of collective actors in the labour market. The most consistent evidence of a turn to neo-liberalism across all the countries examined is found in the decline of employment protection laws. A second clear inference is that in countries where unions’ industrial strength is weak and there is a strong neo-liberal ideology, governments have made little effort to sustain social partnership institutions, though they have typically avoided complete liberalization of labour markets by imposing statutory minimum wages. Third, a clear turn towards neo-liberal policies only occurred in the mid-1990s. In sum, the turn towards neo-liberalism is substantiated in all of the countries, but the timing, extent, and dimensions of that turn vary quite substantially.

In our final section we examine actors in the field. Guglielmo G. Meardi looks at the relationship between the state and employment relations. In contrast to predictions of globalization theories, it is clear that the state remains central in moulding the nature of work and employment relations in particular national contexts. At the same time, the political nature of employment relations makes the latter an important source of transformation at state level. Hence, for example, trade union decline and shifts in the nature

of collective bargaining paved the way for governmental reforms towards further labour market deregulation.

In Chapter 28, Peter Fairbrother focuses on the challenges facing trade unionism, particularly over the last three decades. He begins the analysis with the observation that unions face challenges relating to organization, capacity, and purpose. In the context of change in capitalist economies, some unions are beginning to renew themselves. However, this process is uneven. Unions face difficulties when the class composition and the politics associated with it changes, often in dangerous and forbidding ways. The chapter discusses the prospects for a progressive and active form of unionism, characterized as social movement unionism. Nonetheless, the tensions between material concerns and alternative views about the ways in which society could be organized remain in the forefront of union concern and purpose.

In Chapter 29, Gilton Klerck evaluates dichotomous understandings of managerial practice, highlights the extent to which firms combine different forms of employee representation, control, and tenure, and explores the foundations of this 'hybridization'. Institutional approaches are a key component of recent theoretical developments dealing with the systemic diversity of managerial practices. Making sense of hybridization requires an explicit focus on the articulation of scales of governance, locating managerial practices in terms of wider patterns of uneven development and the forms of conflict and accommodation at various scales. The path-dependency of the processes of labour regulation—stemming from their rootedness in diverse contexts, their co-evolution with opposing modes of coordination, and their (partially) regularized forms of articulation and institutionalization—suggests that they are conjuncturally specific phenomena, which only coalesce under certain spatio-temporal conditions, and that a determinate variegation is one of their necessary and persistent features.

In Chapter 30, Fang Lee Cooke and Geoffrey Wood note that the growing inadequacy of the traditional institutional actors in defending workers' rights has created both the space and the need for 'new' actors (international coalitions, grassroots organizations, and activists, etc.). Some of the actors are not necessarily new but are playing a stronger or taking on new role in (re)shaping employment relations at the workplace level and beyond; in some contexts, these actors interact and permeate each other's sites and spatial boundaries in recognition of and to complement each other's resource/capacity constraints. Empirical evidence suggests there is indeed increasing scope for the emergence of new actors, whose presence is generally, though not always, beneficial to those whom they seek to organize and represent, against a universal trend of deteriorating employment security and workforce well-being.

In the final chapter, Sabina Avdagic and Lucio Baccaro review changes in employment relations institutions in 25 capitalist countries from the 1990s. They find there is a common and unmistakable decline in employment relations institutions in all countries. Yet, the pattern varies significantly, and there is no convergence on any single model of employment relations. The authors root the primary structural cause in the decline of Fordism and the employment relations systems that created the aggregate demand that undergirded that particular regime of accumulation. A reversal of this decline is

conceivable, but it would take considerable political will by the state and partisan actors to rebuild employment relations institutions which capture positive externalities. Given the declining organizational strength of the unions and ideological shifts among traditionally left-leaning parties, this too seems improbable. The ability of unions to organize more workers also seems in doubt, and building transnational capacities for collective action are even more doubtful.

## CONCLUSION

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A common theme running through the contributions in this volume is that ongoing developments and crises in the macroeconomy are closely bound up with changes in the workplace. While there has been a global trend towards more insecure and contingent employment, a decline of collectivist institutions, and stagnation of pay for the bulk of employees, these broad trends combine with persistent diversity. The latter encompasses variations in relative competitiveness, with liberal market economies being particularly associated with a hollowing-out of productive areas of economic activity in favour of low-end service sector work and speculative activity. While many other nations face their own crises, the global ecosystem is characterized not so much by homogeneity as by great imbalances and 'pathological complementarities': between mega importers and exporters, debtor and creditor nations, and between those that have become increasingly dependent on primary commodity exports and those that have not. This raises broader questions of economic long waves and epochalism. First, it remains unclear whether the virtuous circle of the 1950s and 1960s, characterized by wage and productivity rises, and the general bettering of material conditions for the bulk of the workforce represented a historical anomaly; almost all complex societies are characterized by great inequality and labour repression of some sort or another. Second, given increasing competition for, and scarcity of, primary commodities, and looming ecological catastrophe, it is unclear whether renewed growth on a sustainable basis is possible without a fundamental reordering of social life and the nature of production. This could suggest a long decline, on a scale unprecedented since the birth of the modern. Finally, this leads to the question of politics. While it could be argued that superior production paradigms, and broader types of economic regulation, will inevitably supplant inferior ones, this assumes perfect competition for ideas. As noted by Wilkinson and Wood (this volume), the dominance of a global elite with highly fungible assets whose light commitment to productive areas of national economies is matched with a durable one to ideologies that reaffirm the value of speculation and weak regulation, means that meaningful changes in regulation and practice will have to come through politics. A paradox here is that, again while the need for political solutions has become more pressing, within many national contexts politics has become rather enmeshed with oligarchic interests. We hesitate to end our introduction on such a pessimistic note: What also characterizes the contributions to this volume is a focus on the creativity and dynamic process of institution

building, and evidence that, in many national contexts, employees and more long-term orientated property owners have indeed forged mutually beneficial compromises, even if at times these are confined to specific enclaves of broader economies. Hence, while the solutions of the past cannot be transposed, there remains the possibility for creative new mechanisms for societal mediation and workplace regulation.

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