Varieties of Capitalism Revisited: Current Debates and Possible Directions

Anthony Gould, Michael Barry and Adrian Wilkinson

In the post-2008 Global Financial Crisis (GFC) era, literature on comparative capitalism, particularly that focusing on delineating distinctive institutional structures of different versions of capitalism, seems well adapted to high-profile challenges confronting employment relations scholars. Whilst not perfect, the various frameworks from this *genre* offer promise in helping to understand what went wrong in the lead-up to the crisis and have proved useful for interpreting phenomena that are variously associated with globalization. The strands of such scholarship, despite existing largely in functional silos (e.g., Wilkinson *et al.*, 2014), commonly view firms as having agency in their dealings with external stakeholders and/or as influencing their institutional environment. Wood, Dibben and Ogden (2014) —as well as Wilkinson and Wood (2011)—, identify three sub-genres of literature within the domain of comparative capitalism: business systems theory, where the focus is on a firm's relationship with its internal stakeholders (employees) and external stakeholders (the state); regulation theory, which seeks to establish how nationally distinctive means of production necessitate appropriately adapted institutions, particularly regulatory institutions; and Varieties of Capitalism literature.

Varieties of Capitalism (VoC) literature is concerned with how competitiveness is influenced when a firm interacts with the institutional context in which it operates (Wood *et al.*, 2014). This emphasis raises the possibility that international economic and cultural diversity creates dissimilarity in employment relations patterns, a view that reflects a neo-institutionalist perspective on comparative employment relations (Kaufman, 2011). Varieties of Capitalism *à la* Hall and Soskice's (2001) conceptualization establishes individual firms as crucial objects of analysis. Their influential work posits that national distinctiveness emerges when commercial entities resolve circumscribed coordination-related problems. This process leads to host countries being designated as one of either two kinds: liberal

Anthony M. Gould, Professor, Industrial Relations Department, Laval University (anthony.gould@rlt.ulaval.ca).

Michael Barry, Professor, Department of Employment Relations and Human Resources, Griffith University (m.barry@griffith.edu.au).

Adrian Wilkinson, Professor, Department of Employment Relations and Human Resources, Griffith University (adrian.wilkinson@griffith.edu.au).

(LMEs) or coordinated market (CMEs) economies. According to this view, there are five dimensions of coordination which create an interface between a firm and its country of operation: vocational training and education; corporate governance; employer-employee relations; industrial relations and inter-firm relations.

Hall and Soskice's (2001) framework proposes that liberal market economies have well-developed capital markets, "outsider" forms of corporate governance and use the market solution and contractual arrangements to regulate relations within value-chains as well as across sectors and industries. Insofar as employment relations is concerned, they have high levels of labour flexibility concerning—in particular—hiring, firing and remuneration. This arrangement creates relatively ephemeral employer-employee associations. Examples of liberal market economies include, most notably, the United States, Australia, New Zealand, Canada, Ireland and the United Kingdom.

In contrast to liberal market economies (LMEs), coordinated market economies (CMEs) have relatively more "patient" forms of capital, "insider" approaches to corporate governance, non-market mechanisms for managing value chains (often industry-based regulatory associations), and horizontal connections within and across economic sectors. Employment relations in these countries typically entail relatively less labour flexibility, widespread use of collective bargaining, comparatively more uniformity of wage outcome and greater employment security. Germany, Japan and Northern European countries are often touted as quintessential coordinated market economies (Dore, 2000; Hall and Soskice, 2001).

Hall and Soskice (2001) refer to the mechanism through which firms in a market economy become aligned in the way they resolve coordination problems as "institutional complementarities." This phenomenon has two subcomponents (Crouch, 2005). First, institutions within a country are mutually reinforcing. In this sense they work synergistically to bolster each other's effectiveness and legitimacy. For example, there is evidence that the activity of cohesive industry associations is correlated with the presence of more ensconced sector-wide collective bargaining (Wood *et al.*, 2015). Second, for each of Hall and Soskice's (2001) two given types of capitalist market economy, there is institutional equilibrium or progressively greater alignment between institutions across time. For example, there is a predictable relationship between firm financing arrangements and labour management practices (Gospel and Pendleton, 2005).

There are salient historical influences on Hall and Soskice's (2001) conceptualization. Specifically, in the wake of some of the 19th and early 20th century's more caustic criticisms of capitalism, such as those offered by Marx and Weber, there were moves afoot to reconcile sanguine empirical evidence concerning the supposed perils of post-industrial revolution life. For instance, influenced by Durkheim's relatively optimistic counter-perspective which suggested that capitalist market economies are self-correcting and therefore improve through time, theorists such as Clark Kerr were motivated to consider how employment relations fit into the bigger picture. Kerr viewed jurisdictionally constrained features of labour management as providing a key set of variables for assessing a nation's level of economic development. More broadly, Kerr *et al.*'s (1960) industrialization thesis was that science and technology are the archetypal drivers of societal development and, as such, impose a homogenizing influence on global heterodoxy. This view proposes five industrializing elite groups which, one way or another, champion the role of technology. At some point, these elites amalgamate into two assemblages, the middle class and the revolutionary intellectuals. Ultimately, there is a further merging to create a new and enriched middle class; a middle class that will be largely the same for each country impacted by post-industrial revolution technology, no matter how dissimilar its national starting point.

The industrialization *genre* influenced the emergence of an enduring controversy about convergence. In recent times, one side of this debate has been colourfully expressed by authors such as Fukuyama (1992) in his "*End of History*" thesis and, at a more mundane level, appears to have provided much of the rationale for the doctrine of best practice (Wood *et al.*, 2014). Indeed, despite conjecture that convergence is at best partial (see, for example, Katz and Wailes, 2014; Wailes *et al.*, 2008; Djelic, 2010; and Katz and Darbishire's, 2000, influential book, *Converging Divergences*), the idea that economic development drives employment-relations similarity has been an animating theme of theory concerned with charting the trajectories of individual countries (Barry and Wilkinson, 2011; Wilkinson *et al.*, 2014). Various views have emerged about this issue. For example, globalizationists propose that societies inevitably become more similar in the way they pursue employment relations as they move inexorably towards increasing deregulation and marginalization of national systems of governance (Sewell, 2008; Barry and Wilkinson, 2011). They typically highlight as evidence for their position an international tendency to reduce labour costs, increase workforce flexibility and find alternatives to labour unions. By contrast, institutionalists—in particular in the contemporary world new institutionalists—such as Theda Scopcol, Kathleen Thelen and Richard Locke, have critiqued the convergence view by revealing that national systems can absorb, counter, or refract technological and globalization-related pressure to become similar. It is historically noteworthy that much of the impetus for an institutional focus came from Kerr himself who re-entered the convergence debate following criticism that his original work overestimated technology's unifying impact. In particular, in the wake of the charge of undue "technological determinism" (e.g., Doeringer, 1981; Piore, 1981), Kerr (1983) revised his industrialization thesis to account for the modulating role of institutional elements.

Aside from explanations which exclusively and overtly emphasize institutional robustness, there have been other attempts to explain why patterns of employment relations may remain different. One of these posits path dependency; the idea that the past constrains future choices and therefore nationally distinct trajectories are largely predetermined. This view suggests that employers typically "will seek to confront new market challenges by building on and deepening previous sources of comparative institutional advantage" (Thelen and Kume, 2006:, 12). This means that they (employers) will persist with existing institutions (e.g., lifetime employment in Japan or centralized wage bargaining in Europe) rather than challenge or abandon them. Such a form of argument defines institutions somewhat broadly as: "sets of regularised practices with a rule-like quality in the sense that the actors expect the practices to be observed, whether they are backed by sanctions or not" (Hall and Thelen, 2005:, 3).

Another strand of the debate about convergence has centred on which country will get converged upon. This sub-*genre* has a special historical connotation because it puts the spotlight on one of Kerr's (1960) key implicit original assumptions, apparently influenced by hegemonic cold war ideas about American exceptionalism and embodied in monographs such as Daniel Bell's (1962) *The End of Ideology* and W.W. Rostow's (1960) *The Stages of Economic Growth*. The theme of these works was that notions of an averaging effect and/or regression towards the mean disguise the fact that it is the political economy of the United States which will be imposed on the rest of the world (Goldthorpe, 1984). Theorists such as Dore (1973) challenged this view. His argument was that Japan, as a late bloomer industrialized nation and as one which instituted a distinctive manufacturing production paradigm at least 100 years after Great Britain, would be in a position to learn from the mistakes made by Western countries and therefore be the more likely template.

By virtue of its emphasis on typologies, Varieties of Capitalism theory can be viewed as a way of reconciling lack of, or mere partial, convergence. This idea of enduring dissimilarity draws attention to a larger point: different kinds of market economies appear to exist and can perhaps be classified. Indeed, alongside the debate about convergence and prior to Hall and Soskice's (2001) delineation of two kinds of capitalism and approach to employment relations, there were scholars concerned primarily with jurisdictional clustering without placing special emphasis on the labour issue. Such a modern history of economic classification was influenced by the contrasting policy proclivities of market-orientated countries in the period when post-war prosperity—the so-called long boom—seemed to be waning. For example, during the 1980s, the world saw the coming of age of neoliberalism when the governments of Thatcher in the United Kingdom and Reagan in the United States prosecuted the case that economic (and social) problems were mostly the result of undue regulatory interference in commercial life. At that time, it was perhaps possible to point to the fall of the Soviet Union as evidence that intrusion by the state exacerbates rather than alleviates malaise. However, also during the 1980s, countries such as Japan and Germany—each pursuing different but patently non-neoliberal policy prescriptions—were likewise experiencing unprecedented affluence. To add to the confusion, at about the same time, the Asia-Tiger economies of South Korea and Taiwan were becoming economic powerhouses aided by state-based intervention. It was in these perplexing circumstances that some form of defensible taxonomy seemed necessary. Various attempts were made to address the problem. For example, there was Albert's (1991) notion of the Rhineland approach which was contrasted with the Anglo-Saxon free market model or Crouch and Streeck's (1996) conception which distinguished between institutional and market-oriented capitalism. As the industrial age ended, a newly emerging globalization imperative made an emphasis on capitalism taxonomies seem even more important (Lincoln and Kalleberg, 1990). A key milestone came when the distinction arose between Liberal Market Economies such as the UK and the USA where the emphasis is on short-term stakeholder relationships; and, Coordinated Market Economies such as Japan and Germany where such affiliations are more enduring (Dore, 2000).

The Varieties of Capitalism framework as articulated by Hall and Soskice (2001) can be viewed as a coming together of ideas about national employment relations systems convergence and consideration of macro-economic taxonomy. This view has generally been met with approval by those seeking to make sense of the drivers and correlates of contemporary trends in labour policy and practice. Howell (2003: 103), for example, says that (it) "has achieved a level of theoretical sophistication and explanatory scope that makes it a leading theory." Similarly, Martin and Bamber (2004) note that it is appropriate for the task of contrasting employment relations patterns and use one of its derivative approaches to organize a chapter structure for a recent edited volume on comparative employment relations (Bamber *et al.*, 2011). These authors point to two advantages of the framework. First, several of its five coordination problems (industrial relations, skill development and relations with employees) interest employment relations scholars. Second, and in contrast to—say—an exclusively institutionalist approach, it serves as a reminder that employment relations issues cannot be decontextualized and/or dealt with in the absence of consideration of other subject matters.

Despite its influence, Varieties of Capitalism at least as originally articulated by Hall and Soskice (2001), has been subjected to five, somewhat overlapping, criticisms. First, some suggest that a binary classification scheme misrepresents what is in fact a continuum (Bosch *et al.*, 2009). Such detractors view individual nations as potentially able to transition incrementally from a coordinated (CME) to a liberal market economy (LME). Hence, to better reflect reality, a framework for reconciling phenomena should more resemble a multiple-point ordinal scale than either/or a categorization (Homes, 2005; Briggs, 2006). At a deeper level, some view Varieties of Capitalism as unduly functionalist because it suggests that certain modes work and will endure and that non-working modes can only be ephemeral (e.g., Hopner, 2005:, 340-341; Coates, 2005). However, it may be that a system is partially functionalist, meaning that it works for some—those with influence—but not for, say, the majority (e.g., Wood and Frynas, 2006). If this is so, a more dynamic framework is perhaps called for. Coming from a different angle, Streek (2009) proposes another idea about lack of dynamism in Hall and Soskice's (2001) framework; the possibility that, as coordinated market economies liberalize, so too do liberal market economies. This conception implies that the magnitude of the ideology gap remains approximately the same but its meaning changes as the spectrum shifts to the right. Wilkinson *et al.* (2014) interpret such a view as somewhat simplistic. They indicate, at least insofar as within category comparisons are concerned, that data obtained in the 1980s and 1990s paints a more divergent picture than that which existed in—say—the 1950s. The idea that Varieties of Capitalism theory is unduly static has been summed up by Crouch (2005: 1) who notes that:

> The main emphasis of the Varieties of Capitalism approach was there was no single from of capitalism. But I was increasingly struck by the paradoxical determinism behind this ostensibly liberating message: there were two but only two viable forms of capitalism. Nation states possessed one or the other of these two, the institutions appropriate to which extended in a coherent way across a wide range of economic, political and social areas, determining their economic capacities over most products and types of production. And once a country had a particular set of such institutions, there was very little it could do to change it.

The second criticism of Varieties of Capitalism concerns its units of analysis. Indeed, the charge of overly simplistic categories and lack of dynamism is not just about the continuum versus dichotomy debate. Rather, the objects of interest themselves—firms and countries—are problematic. For example, authors such as Howell (2003), Thelan (2004), Crouch (2005), Hay (2005), and Lock argue that the binary taxonomic scheme is incapable of reconciling sub-national and transnational diversity and therefore that there may be more industry-based diversity within a single country than between countries; even those drawn from different categories. Such scholarship suggests that the firm—as an elemental unit—represents an arbitrary, albeit convenient, locus of interest rather than one that has been established as deterministic. Indeed, the fact that jurisdictions have regional and sectorial differences in the way they approach labour relations seems to pose problems for the theory. For example, within different national industries, there may be dissimilar rates of union density and activity; and, employee turnover (Goerger *et al.*, 2009). Related to concerns about overly simplistic categories is a charge made by Wood *et al.* (2014) that Hall and Soskice's (2001) discussions of institutions is unduly vague and/or abstract. For example, despite some recent attempts to use data to better specify key tenets of the theory (e.g., Dore, 2008), the original conceptualization seemed beset by platitudes. Wood *et al.* (2014) give the following examples of this weakness (quoting from Hall and Soskice, 2001:. 24):"many firms in coordinated market economies employ production strategies that rely on a highly skilled labour force" and "employer associations and unions make deals."

Wood and Lane (2014) have argued that national institutions are neither tightly coupled nor do they always make for coherent outcomes. Rather, within and between firms, there is much bounded diversity in social and economic relations. Heyes *et al.* (2014) make a further criticism of Hall and Soskice's (2001) objects of interest and framework's apparent lack of dynamism. They argue that—despite its label—Varieties of Capitalism says nothing about capitalists or capital accumulation which, at least according to a Marxist view, goes through distinct phases (e.g., Marx and Engels, 1968: . 38). Unlike Marx, Hall and Soskice (2001) conceive of institutions as being facilitators of competitiveness rather than as obstacles which capitalist must conquer. Furthermore, consistent with a neoclassical perspective of economics and by virtue of its fixed view of relevant elements, Varieties of Capitalism theory interprets crisis-type events as typically being of exogenous origin. By contrast, a Marxist perspective conceives of them as largely endogenous developmental disruptions to the circulation of capital and process of accumulation (Marx, 1971). Heyes *et al.*'s (2014) interpretation has a well-documented association with the putative causes of the 2008 Global Financial Crisis and will be reconsidered under the rubric of the historical limitations of Varieties of Capitalism, the fifth criticism dealt with in this section.

The third kind of criticism of Varieties of Capitalism theory specifically concerns the role of labour market institutions. Such reflections predict that the underlying interests of participants in work and employment shape institutional structures and outcomes in a way not addressed by the five dimensions used for classification. For example, Hall and Soskice (2001) say nothing about the roles played by political coalitions, lobbyists, and parties or entities entering a capitalist system with discordant agendas from externally (e.g., Culpepper, 2011; Streeck, 2009; Mahoney and Thelan, 2005).

A fourth criticism of Varieties of Capitalism theory is explicitly about what it excludes from consideration. Most attempts to validate its categories examine only Western market economies (Walter and Zhang, 2012; Wood and Frynas, 2006). As the framework was originally conceived, Asian countries—with the exception of Japan—are not dealt with. Another region that has been largely overlooked is Latin and Central America. Schneider (2009), operating somewhat outside a comparative capitalism framework, has characterized these countries as having hierarchical market economies, high rates of labour segmentation, few large firms and, decentralized approaches to bargaining and employee relations. Wood *et al.* (2014) argue that this view glosses over relevant diversity. For example, they suggest that nations like Brazil have large and diversified industrial bases whereas post-coup Honduras relied almost exclusively on narcotics sales to provide its income. Adding to the challenge of creating appropriate nuance in a revised framework is the possibility—particularly applicable to post-colonial economies—of international dependency: the notion that poor economic performance of one country is associated with good outcomes in another (e.g., Kay, 2011). Sometimes the defense against a near exclusive focus on the West is that the Varieties of Capitalism typology is not designed for Asia (e.g., Witt and Redding, 2014). Such justification may exonerate the theory from conceptual inadequacy, but is also a tacit acknowledgement that, overall, it is not well adapted for an emerging world. A similar point has been made by Hay (2005) who portrays Hall and Soskice's (2001) characterization as pertaining to varieties of two regional capitalisms rather than of world capitalism.

A fifth criticism of Varieties of Capitalism literature concerns its place in history and, in particular, its inadequacy as a research paradigm for the context that has emerged in the 21st century. This criticism has two sub-components. The first concerns a changing socio-economic structure in Western countries and elsewhere in recent decades. The second addresses, more specifically, what went wrong in the lead-up to the 2008 Global Financial Crisis as well as analyzes remediation measures that have been instituted in its aftermath.

In relation to the first of the aforementioned issues concerning economic history—the long arc issue—Wilkinson *et al.* (2014) point out that within OECD countries there is a trend towards the de-commodification of labour and that the Fordist production model and Fordist-based Kaldorian circle are in decline as the West's dominant production paradigm. In contrast to the claims of new classical economists that their policy prescriptions had "tamed the beast" or delivered "a great moderation" (e.g., Stock and Watson, 2002), this reasoning does not attach special importance to the 2008 downturn as a historically aberrant or totally unforeseeable event. Rather, it depicts it as part and parcel of a boom-bust cycle which has seen growing amplitude since the early 1970s. However, consistent with authors such as Kelly (1998), and Jessop (2001), Wilkinson *et al.* (2014) do see the so-called crisis as the end-point of an economic long-wave and thus as heralding the emergence of an—as yet—ill-defined post-Fordist approach to production. Such a paradigm supplanting perspective of the relationship between labour and capital echoes the earlier sentiment of Piore and Sabel (1984) in their influential work *The Second Industrial Divide* and implies perhaps that Varieties of Capitalism *à la* Hall and Soskice (2001) is anachronistic.

Heyes, Lewis and Clark (2014) offer a second view on economic history, one which possibly has a more clear-cut proximal association with the 2008 Global Financial Crisis. These authors attach importance to the fact that, in the 21st century, there has been relatively high growth in the proportion of overall productive activity in Western economies devoted to the finance sector. Such growth could be interpreted to represent a genuinely new fraction of capitalism, finance capitalism. This phenomenon is indexed in three ways. First, there has been an increasing importance of financial institutions as measured by their size and profitability. Second, from an expanding base of traditional loan and credit products, more obscure (often institutional) investment-related offerings such as "credit default swaps" and "collateralized debt obligations" have arisen; or been derived, hence the term "derivative." Third, in the modern era, there is greater emphasis on control financialization; whereby maximization of shareholder value is the pre-eminent objective of all governance decisions of listed companies (Heyes *et al.*, 2014). The relatively rapid emergence of finance capitalism has been implicated as a cause of the 2008 Global Financial Crisis (Gould, 2014). It has also exposed a key weakness of the Varieties of Capitalism framework. In particular, Hall and Soskice (2001) pay scant attention to how capital is accumulated and the roles played by each of capitalism's fractions. Following the work of Coates (2005), Heyes *et al.* (2014) contend that the state is a key player in creating a nation's "character of accumulation." As such, the financial crisis may be interpreted as a consequence of certain institutions privileging a particular sub-section of the capitalist class—financial capitalists—and neglecting the interests of industrial capitalists.

Criticisms of Hall and Soskice's (2001) bifurcated conception of capitalist market economies have resulted in attempts at revision (Martin, 2014). Amended frameworks have mostly only focused on remedying the fourth identified criticism, the charge that the original view was unduly Euro-American.[1] For example, expanded taxonomies include Hancké *et al.*'s (2007) model which embraces Eastern European countries;[2] and Waile's (2007) conception of an Asian market economy which differentiates Japan in particular from countries such as China and South Korea. Amable (2003) sub-divided coordinated market economies into Continental Europe (e.g., Germany) and Social-Democratic countries (e.g., Denmark). He further proposed a distinction between Asiatic (e.g., Japan) and Mediterranean (e.g., Spain, Portugal, Greece and Italy) versions of coordinated market economies (CMEs). Schmidt (2002) presents another revision through category augmentation. His goal was not to increase geographical coverage but rather to make a more fine-grained analysis of the situation in Europe through establishing France's statist tradition as a third grouping. With the possible exception of this latter work, attempts at expanding Hall and Soskice's (2001) conception are typically more pragmatic than theoretical. In this regard, recent frameworks tend to assert rather than justify the presence of new superordinate categories. Such revisionism has sometimes come as a prelude to the making of between-category comparisons for purposes of structuring a book or lengthy article. A case in point would be Bamber *et al.*'s (2011) recent edited volume which establishes the following categories: Liberal Market Economies (United Kingdom, United States, Canada, Australia); Coordinated Market Economies (Germany, Denmark, Japan); European Developed Economies (United Kingdom, Italy, France, Germany, Denmark); Asian Developed Economies (Japan, South Korea); and, Asia Emerging Economies (China, India).[3]

Special Issue: Pushing Forward a Promising Agenda

This special issue presents work which re-examines Hall and Soskice's (2001) two-category conception of capitalism and/or its various derivatives. We have sought to engage in both framework augmentation revisions and critical reflections based on either theoretical preoccupations or pragmatic/empirical concerns.

Three phenomena lay much of the groundwork for this special issue. First, Hall and Soskice's (2001) blueprint has generally been well received and become something of a default starting point for structuring comparative employment relations analyses. Second, criticism levelled at Hall and Soskice (2001) has been only partially addressed. Indeed, the framework's key purported conceptual limitations have not been met with any form of rejoinder. For example, as discussed, while there have been attempts at category revision, this effort has focused mostly on increasing geographical coverage, and not necessarily done so in a way that has paid heed to theoretical justification and/or national/subnational nuance. Third, elements that were present when the original view was devised have altered. Certainly, debates that existed at the beginning of the millennium persist. At that time, these concerned the role and relevance of the Internet and electronic commerce, the formation of regional trading blocks, the marginalization of the nation-state, and the consequences of a freer international movement of capital. However, in 2015, employment relations scholars—whilst still wrestling with these somewhat generic post-industrial concerns—are also confronted with a new series of agendas courtesy, in particular, of the 2008 Global Financial Crisis; a calamity which, in many respects, is still playing out. One aspect of the crisis is specifically relevant to Varieties of Capitalism: the event and its aftermath appear to have had the same kinds of employment relations consequences in countries of dissimilar ideological and geographical origins. This raises the prospect that new global patterns are in play. For example, in the wake of the collapse of Lehman Brothers in the US, the UK's British Airways requested that its employees work for free for a month. Almost simultaneously, Detroit's General Motors filed for bankruptcy and announced plant closures and job losses in the United States. Also at approximately the same time, China's factory labour force was markedly reduced and the gains the nation had made in urbanization were partially reversed as retrenched workers returned to the countryside. Moreover, across OECD countries affected by the crisis, be they liberal or coordinated market economies, measures taken to resolve problems have followed a similar course: initially starting with something of a Keynesian emphasis on pump priming and fiscal stimulus and, in more recent times, being concerned mostly with austerity (Gould, 2014). Whilst on the theme of newly emerging patterns, it is noteworthy that Wood *et al.*, (2014: .29) suggest that national complementarities appear to be eroding or becoming less common than in preceding decades. They propose that this reflects the extent to which institutional arrangements are less closely coupled or even partially disarticulated—thus making for uneven systemic change; with transformations in one area not necessarily leading to an unwinding in others. They also argue that the nature and extent of institutional coupling reflects not only national, but supra-national connections.

In this special issue we believe that we, or rather our contributor colleagues, have made progress in advancing understanding of the Varieties of Capitalism blueprint, category coverage and incorporation of contemporary themes and trends. We have—more or less—arranged our four profiled articles in an order that sequentially addresses these concerns.

The first article, by Heike Doering, Claire Evans and Dean Stroud, puts the spotlight on the putative mechanism that drives countries to become either Liberal (LME) or Coordinated Market (CME) economies; institutional complementarities. Using a comparison of two steel industries operating in dissimilar jurisdictions, Brazil and Germany, these authors examine each sector's reactions to environmental legislation. They illustrate that, somewhat unlike the view espoused by Hall and Soskice (2001), institutional alignment has potential to operate across national borders.

The special issue's second article by Anthony McDonnell, Brendan Boyle, Tim Bartram, Pauline Stanton and John Burgess draws on survey data to examine various approaches towards employee representation and consultation by Multi-National Corporations (MNCs) of dissimilar national origins operating in Australia. These authors build the case that a firm's ultimate orientation *vis-à-*

vis key employment relations variables is impacted by two sources of variation: country of operation institutional similarity; and, country of origin institutional similarity (or difference). The latter of these influences is not noted in the Hall and Soskice framework. Hence, in building their case, the article's authors add a new dimension to the debate, namely that, at least within Liberal Market Economies (LMEs), assuming high degrees of firm homogeneity in resolving coordination problems may be something of an oversimplification.

The third article, by Bernard Gazier and Olivier Boylaud, breaks new ground through examining how attitudes and orientations towards social dialogue form part of an institutional context. The work examines 19 European countries. The authors conclude that over the period 1985 to 2011, there is a large degree of stability in approaches to worker voice, at least within Europe. Their analysis unearths a somewhat unexplored dimension of capitalist classification.

The fourth article, by Geoffrey Wood, Leslie T. Szamosi, Alexandros Psychogios, the late Sofoklis Sarvinidis and Dialechti Fotopoulou, is about employment relations in Greece. This work focuses specifically on trends in the post-crisis era. It examines how liberal market prescriptions from the IMF and EU have influenced the deregulation of labour. The authors conclude that—at least within the European context—the impacts of an external financial shock event and centrally-imposed measures for remedying it are not necessarily intuitive or predictable. They reflect on how Varieties of Capitalism theory may be modified in light of the recent Greek experience. Each of this special issue's profiled articles is insightful, developed using technically competent methodology, and says something interesting about Varieties of Capitalism. In the social sciences, it is not easy to take a respected analytic framework and respond to obscure criticisms that have been made of it. It is also difficult to increase the scope and coverage of a framework in a justifiable way and/or modify it in light of multi-faceted unfolding agendas such as the global financial crisis. These have been the tasks of our peers who have made contributions in the articles that follow. We believe their work will shape the debate; perhaps the greatest compliment that can be paid to a scholar.

Notes

1 Although Hancké *et al.* (2007) propose an amended view which is influenced by Marxist conceptions that the interests of parties within capitalist systems differ and are evolving. This work can be seen as a response to the first and second criticisms which address lack of dynamism and concerns about Hall and Soskice's (2001) object of analysis.

2 Although more detailed analysis has revealed that these economies are not clearly characterized as a monolithic bloc (Lane and Myart, 2007).

3 We are not sure why the United Kingdom and Denmark appear under two category headings in this conceptualization.

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