

Capitalist Diversity and Diversity within Capitalism

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Published 12th September 2011 by Routledge – 248 pages

Series: Routledge Frontiers of Political Economy

Description

The economic crisis that began in 2008 has underscored the impact not only of embedded and assumed ways of managing the economy, but also that present circumstances are the product of a long period of experimentation and bounded diversity; it is understanding the nature of both that forms a central concern of this collection. This book redefines, develops and extends the emerging literature on internal diversity within varieties of capitalism, and the extent to which such internal systemic diversity goes beyond mere diffuseness to represent the coexistence of different logics of action within both liberal market and more cooperative varieties of capitalism.

The collection is based on new, fresh material, from leading scholars in the field. The contributors come from a variety of perspectives within the broad socio-economic literature on institutions, and yet they all focus on the limitations of current institutional fixes, and the protracted and durable nature of the current crisis, which, the editors suggest, reflect profound changes in input costs and the utilization of technology. What characterizes this common ground is an inherent pragmatism, combined with an increasing sophistication in the usage of analytical concepts; illustrating the progression since the early work on comparative capitalism in the late 1990s and early 2000s.

This book should be an invaluable resource for students and researchers of economic theory and philosophy as well as political economics and socio-economics.

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Michael Faust

From the preface of the editors:

“Michael Faust’s study, in Chapter 6, of the interaction between form of corporate governance and co-determination at board level manages to throw new light on this contested relationship and also offers a subtle interpretation of the outcomes of recent changes. The empirical data utilized came from qualitative interviews with human resources managers and investor relations specialists in eight listed companies with an avowed capital market orientation, as well as with a number of external finance specialists, such as financial analysts of banks and fund managers. The research team ascertained evaluations, expectations and experiences as to the compatibility or lack of it between the adoption of the shareholder value concept and co-determination and uncovered a very complex and variable picture.

The inclusion in the study of external financial actors is particularly helpful in its focus on mutual gaps in understanding and varying interpretations of both shareholder value and co-determination between these external actors and relevant management insiders.

The theoretical framework adopted to understand how much and what kind of institutional change has occurred emphasizes the gradual but yet transformative nature of change and highlights the various forms it has taken and the complexity of resulting relationships. Rather than identifying irreconcilable contradictions between the two institutional spheres, Faust argues that mutual adjustment has occurred and that, by and large, a *modus vivendi* has been established.

Although external actors, particularly from liberal market economies, still raise questions about whether co-determination interferes with management agency, in Germany co-determination is no longer under political scrutiny. Moreover, recent regulatory changes even have enhanced the importance of the co-determination system and in some ways have strengthened the voice of employee representatives. Faust additionally makes clear that, due to pre-existing divergences in the degree of firms’ ownership concentration, on the one side, and type of relationship between employer and employee representatives at board level (co-determination), on the other, the impact of the shareholder value concept also has been very diverse. Moreover, the influence has not been uni-directional but the kind of co-determination practised also has shaped managers’ interpretation of the concept of shareholder value.

Faust suggests that, to understand recent changes in this relationship, the concept of institutional re-configuration is helpful. He additionally refers to institutional conversion and processes of translation by both internal and external actors. He stresses that the diversity in management interpretation of the shareholder value concept depends on local circumstances regarding both ownership structure and actual degree and kind of co-determination practised“.