Global trends and crises, comparative capitalism and HRM

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Abstract

This article reviews and consolidates the most recent literature on comparative institutional analysis, and links this to endemic crises, continuities, bounded diversity and change in HRM practice within and between nations. It is argued that national institutional arrangements both support and sustain particular sets of HR practice, but this is always contingent, and subject to the choices of actors: firms adopt practices both to take advantages of the unique advantages of a particular national system and to cope with the challenges it imposes. Even potentially sub-optimal sets of institutions may help sustain particular sectors and types of firms, even in the face of great external shocks. At the same time, the two most developed national institutional paradigms – Coordinated and Liberal Markets – have faced ongoing challenges and adjustments. Most notably, Coordinated Markets faced painful adjustments and challenges in the 1990s and early 2000s; more recently, this has been completely eclipsed by the unprecedented political crises that have enveloped the largest Liberal Markets, and which both reflect realities in work and employment relations, yet have potentially serious future implications for HRM.

Introduction

In comparing HR practices between countries, three issues become immediately clear. The first is that there are clear concentrations of particular types of HR at both regional and national lines. Secondly, there are large concentrations of poor quality work and employment relations in many emerging markets, and, increasingly within Liberal Markets. Thirdly, there are strong pressures worldwide on existing HR models; whilst the dominant pressures may be reducing work standards , there are signs of counter movements.

For employment relations to take place, one has to have a formal or informal employment contract, and some element of predictability. Whilst this is the norm for work and employment in the advanced societies, in many emerging markets, this is the exception, rather than the rule. And, even in a number of advanced societies, there are significant numbers of illegal immigrants, and other highly precarious workers, who work under conditions that would fall outside of what could be considered the modern employment relationship (Gottfried, 2014). Standing (2011) argues that there has been a growing global trend to ever more precarious employment and occupational security. And, even when formally constituted employment relations exist, it can be argued, that there have been strong external pressures towards greater insecurity and more hardline HR policies. Whilst the reason for the rise of the field of HRM in the 1980s and 1990s was in part due to the decline of traditional collective contracts, and a desire to more closely manage employees on individual lines (Wilkinson and Wood 2014 a) it also reflected efforts to promote the value of cooperative forms of HRM on business case, and, to some extent, ethical, lines (Johnstone and Wilkinson 2016, Collings and Wood 2009).

The literature on comparative capitalism was a valuable corrective to the globalisation thesis which suggested all countries would go down a neo liberal deregulated path in pursuit of flexibility with pressure on labour costs undermining the role of unions. (Barry and Wilkinson 2011.) The notion that all would follow a single route has been criticised for neglecting what some have identified as path dependency –simply put, the past constrains future choices and this suggests we will find nationally distinct pathways. In other words rather than rush down a single route to economic success it is more likely that employers "will seek to confront new market challenges by building on and deepening previous sources of comparative institutional advantage " (Thelen and Kume.2006 p12) .In short employers are likely to work with existing institutions, for example lifetime employment in Japan or centralised wage bargaining in Europe rather than abandon them.

Although there are many different strands to the literature on comparartive capitalism, the Varieties of Capitalism (VoC) literature (Hall and Soskice 2001) was particularly influential in driving a major theoretical rethinking through drawing our attention to how different national economies can be structured and regulated in different ways This has implications for the organisation of employment relations. Between the most developed economies, the VoC literature has drawn out a distinction between Liberal and Coordinated Market Economies (Hall and Soskice 2001). The former represented the developed Rhineland economies of continental north Western Europe, Scandinavia and Japan, and the latter the developed Anglo-Saxon ones; it was argued that in each, there were strong institutional pressures encouraging and reinforcing particular modes of HRM (Hall and Soskice 2001; Whitley 1999; Dore 2000). This works follows on from other work also seeking to distinguish between different types of capitalism, notably Albert's notion of the Rhineland approach to capitalism in contrast to the Anglo –Saxon free market model or Crouch and Streeck who contrasted institutional capitalism with market oriented capitalism. VOC takes a largely firm centred approach in explaining capitalist diversity but also attributes a strong influence to national systems of regulation in the areas of labour market regulation, corporate governance and education and training. A key issue is how employers co-ordinate themselves, and the quality of ties between them. Much of the work draws from the field of comparative political economy.(Gould et al 2015)

This literature represented the product of both concerns as to the relative viability of different models of national economic organization and associated firm level practices, and to promote at the very least, the equal worth of Coordinated Market Economies (CMEs) to Liberal Market ones (LMEs) (see Hall and Soskice 2001; Whitley 1999; Martin 2014, Morgan and Hauptmeier ,2014, Wood et al 2014). During the early 2000s, this seemed quite optimistic, given escalating neo-liberal reforms worldwide; more pessimistic strands of the comparative capitalism literature suggested that institutional arrangements in CMEs were progressively unravelling (see, for example, Streeck, 2009). However, since then, the German model has revived, the Japanese economy has continued to defy the doomsayers, whilst the two largest LMEs have been engulfed by populist extremism as a result of structural economic shortfalls, above all, a structural failure to secure decent work, secure retirement, and, indeed stable incomes for the bulk of the population.

Yet, whilst undeniably influential, the literature on comparative capitalism has been quite sketchy as to the precise nature of firm level practices nurtured by specific institutional configurations, preferring to focus on broad ideal types (Wood et al. 2014); only recently has the literature been extended through more detailed studies of firm level practice. It is the purpose of this special issue to explore the linkages between instutitons and practice, through bringing to bear new evidence from both mature and emerging institutional settings.

Comparative Capitalism and HRM: The First Wave of Literature

Although the 1980s were marked by drifts to more extensive neo-liberalism in the LMEs of the US and Britain, they were also marked by the rise of interest in the CMEs, and, especially Japan, given the latter's strong export performance, and, indeed, partial eclipse of competing industries in the former economies (Dore 2000). Integral to the latter's success was cooperative forms of HRM, enabling a degree of quality and flexibility that appeared elusive in LMEs. This also served as the basis for business case arguments that the driving out of traditional forms of employee representation in LMEs brought with it great risks unless alternative forms of genuine employee representation could be developed. Lincoln and Kalleberg (1990) provided a close exploration of the relationship between Japanese institutions and firm practices and compared it with that of the US. Whilst it was argued that Japanese forms of HRM incorporated some superior, cooperative features, the linkage with embedded institutional realities made it difficult to emulate. Parallel work by Ronald Dore (2000) reached similar conclusions; the emphasis on shareholder value in the US stood in sharp contrast to the emphasis on social compromise and stakeholder value in Japan and other coordinated forms of capitalism. In looking at intra-organizational practices, these approaches concentrated on work organization and very specific dimensions of HRM: the nature and extent to which employees had a say in the organization of work, and shared knowledge between themselves and managers, and how this translated into quality and flexibility. There was only limited concern with other dimensions of the HR function, such as pay and rewards, although it was recognized that greater mutual commitment within more coordinated economies translated into lower staff turnover rates and the nurturing of organization specific capabilities.

The Hall and Soskice (2001) collection imparted a broader sweep to such arguments, arguing that all societies would ultimately evolve into either LMEs or CMEs, as these were the only forms of capitalism associated with advanced complementarities (c.f. Crouch 2005). The latter may be defined as sets of rules of features that, in interacting, yield a greater sum of gains than individual interventions might yield (Hall and Soskice 2001; Lane and Wood 2009). In LMEs, a focus on flexible labour markets and generic tertiary skills is combined with mobile and active investors, adversarial competition and ‘thin’ relations both between firms, and between them and other societal actors (Hall and Soskice 2001; Deeg and Jackson 2007; Jackson 2010). Within the firm, this translates into ‘arms length’ contracting, wage flexibility, job insecurity, and weak collective employee voice, with skills and knowledge being secured via the external labour market (Hall and Soskice 2001; Whitley 1999). Although this may be seen purely in negative terms, this enables firms to optimise shareholder value release by rapidly adjusting to external circumstances; high job mobility alleviates some of the consequences of adversarial competition, by spreading firm specific knowledge within and between sectors (Thelen 2001). In CMEs, ‘thick’ or dense ties between firms in the same sector allows for the development of a broad industry wide knowledge and capability base (Deeg and Jackson 2007); this also may support a strong sector relevant vocational training system supplemented by the development of organization specific human capital encouraged by high levels of job security (Thelen 2001). Unions and other forms of representative voice are relatively strong in such contexts, facilitated by the higher degree of mutual commitment between firms and their workers; this both helps reinforce good terms and conditions of work and the effective harnessing of worker insider knowledge to improve both quality and production efficiencies (Hall and Soskice 2001; Jackson 2010; Whitley 1999; Brewster et al. 2007, Fairbrother 2014).

Quite simply, LMEs were characterised by more ‘calculative’ or ‘harder’ and CMEs with ‘softer’ HRM (Jackson and Kirsch 2014; Brewster et al. 2007). This does not mean that HRM in the former was necessarily less sophisticated. Rather, it was held that the type of share-based reward system aimed at senior managers incentivised them to maximise shareholder value (Boyer 2010); contingent rewards aimed at more junior employees similarly encouraged a focus on the bottom line. Highly developed tertiary educational systems in such contexts provided generic skills sets that facilitated mobility between industries, but at the same time, provided the advanced skills and knowledge that facilitated innovation in high-technology industries (Boyer 2014). However, in exploring what was complementary in LMEs, internal diversity and change in the latter was downplayed. As Wright and Dwyer (2006) note, a long term trend in LMEs has been towards a the destruction of ‘good’ middle jobs in traditional areas of economic activity such as manufacturing; for every new hi-tech job created in the ‘knowledge economy’, there have been many more created in low end service work. HR practices in the latter are certainly about contingency, but they make little usage of other features of the LME model such as a good generic knowledge base (see Wilkinson et al. 2014b). Not only is pay modest, but it is often simply fixed to the statutory minimum or as little as the external labour market will bear, rather than in any manner linked to performance. Again, high staff turnover means that firms have to devote a great deal of resources to basic induction training; high training spend denotes more systemically generated inefficiencies than any commitment to HRM (see Goergen et al. 2009). Meanwhile, intensified outsourcing and offshoring has reduced the basis of employment in core hi-tech firms; this has meant that an increasing proportion of value has been directed to those in the highest job grades and owners, at the cost of present and potential future employees.

Some of the contributions to the Hall and Soskice (2001) edited collection provided insights into the distinct features in other forms of capitalism, but this was prefaced with the assumption that they were still in a process of change, and this would lead them to one of the two mature models (albeit that it was acknowledged that pressures towards the LME model were particularly strong). An alternative account by Whitley (1999) mapped out a greater range of alternative archetypes, such as the northern Italian industrial districts model and the fragmented business system of economies such as Hong Kong. It also differentiated between European and Asian coordinated market (Whitley 1999). However, in common with the Hall and Soskice collection, an abiding concern was the relationship between institutional mediation, and the relative incidence of cooperative HR policies, combining a high degree of delegation with investment in people and relative job security (Whitley 1999, Allan 2014). A limitation of both accounts was an implicit assumption of path dependence; rules and features developed over many years in a path dependent and linear manner (Hollingsworth 2006). Whilst national systems do continuously evolve, established complementarities are not easily abandoned, and key players will naturally tend to shore up institutional features that work for them (Crouch 2005). Again, although making quite wide ranging assumptions as to the relationship between institutional setting and HRM, these assumptions were founded on broad macro-economic trends, supplemented by limited and at times anecdotal evidence (Wilkinson and Wood 2012 ,Wood et al. 2014).

Second Wave Accounts: Greater Diversity and Change

The latter set of assumptions was challenged from two distinct quarters. The first was from the camp of historical or 'old' institutionalists, who argued that such approaches neglected both the impact of formative historical events, and long run historical tensions between state and market mediation (Sorge 2005; Streeck 2010). If the process of institution building is relatively unusual and the product of very specific historical circumstances, then it makes it very difficult to emulate or substitute institutional arrangements (Sorge 2005; Streeck 2010). Actors do not necessarily like or support far reaching social compromises, and typically only do so when all other known alternatives have been exhausted (Sorge 2005). At the same time, they will naturally seek to erode any systemic constraints on what they wish to do, especially when emboldened by the course of time (Streeck 2010; Sorge 2005). This naturally drives quite strong pressures towards liberalization (Streeck 2009). Streeck (2005) recognizes there are, in line with Polanyian assumptions (1944), strong counter pressures towards statism, driven by the contradictions and crises of excess marketization (Streeck 2005). However, the path between state and market is a sidereal one, and at different times will assume different forms; this makes contemporary neo-liberalism quite different to past manifestations (Streeck 2010). From a broad Social Systems of Production (SSP) perspective, Hollingsworth (2006) suggests that, mirroring the evolutionary process encountered in the natural world, systems evolve in an episodic and uneven manner, characterised by periodic blind alleys and ruptures. What does this mean for HRM? For Streeck (2009), the overwhelming conclusion is a pessimistic one; any form of arrangement that supports relative workplace democracy, decent pay and job security will naturally be challenged by employer interests; in the contemporary age, there are strong pressures toward the unwinding of institutional mediation in CMEs. However, Thelen and Jackson are somewhat more optimistic and, in recent work, has pointed to the continuous importance and relevance and of the German vocational training system as an example of the durability of some of the defining features in CMEs (Thelen 2014). And, as we have seen, most recently, the two largest LMEs appear to have been much more successful in generating structural economic challenges and internal political crisis than ever attained by Germany during the costly and disruptive unification process, or Japan during the so-called 'lost decade'.

The second challenge to the dichotomous Variations of Capitalism approach was from work that suggest that there were not two but many potential forms of capitalism; complementarities were possible in other types of economy, and even if institutional mediation was less than perfect, there were strong continuities (Crouch 2005). Hence, for example, whilst there were strong pressures to liberalization in the emerging markets of Eastern Europe and the Mediterranean world, they retained enough benefits to insider interests and/or the challenges of institutional substitution were so daunting, as to make continuity quite likely (Hancke et al. 2007). In other words, rather than being on a path to something else, they represented quite mature, even if somewhat less successful, models in their own right. Different economies encompassed different combinations of key institutional features; the process of hybridization meant that no national economy represented a ‘pure’ form (Amable 2003). This led to attempts to identify further capitalist archetypes to encompass the developing world, including Segmented Business Systems (tropical Africa), Hierarchical Market Economies (Latin America), familial capitalism (Asia), and Petroleum Growth Regimes (Middle East petrostates). However, with the exception of the latter, all these economies had some common ground in a limited formal sector, supplemented by large – and largely unregulated – informal and small business sectors, characterised by insecurity and authoritarian paternalist management, rather than any recognizable form of HRM (Wood et al. 2010). Meanwhile, Petroleum Growth Regimes were characterized by modern oil and gas sectors – supported by the strong usage of both highly skilled and unskilled expatriate labour – and large public sectors and inefficient manufacturing, the latter two supported through oil and gas revenues in the interests of political security (Mellahi and Wood 2010). But the role of clientalism in supporting staffing in the latter, coupled with a lack of interest in enforcing workplace efficiency, should not be under-estimated, nor the corruption of political elites; together with currency over-valuation, these features mitigate against the emergence and persistence of modern commercial firms, and associated forms of contemporary HRM (as adverse to the specialised expatriate and elite centered model encountered in the oil and gas industry).

However, if all institutional arrangements are subject to change, and if there are many alternative forms of capitalism, this raises the question as to both commonalities in global trajectories, and why challenges to institutional orders or great systemic crises occur when they do. In more applied terms, the issue emerges that if national institutional orders remain persistently different, why there have been global trends towards the decline of unions, the relative strengthening of managerial power, and, indeed, strong pressures towards the reconfiguration of more cooperative forms of work organization to reflect the relative strengthening of the position of management. This lead to a third wave of literature that centres on the exploration of such issues.

Capitalist Diversity and Change

This third wave represents an undeniably diverse range of literature. Firstly, there is the Variegated Capitalism approach, which draws heavily on regulation theory (Jessop 2011). The latter initially focused on temporal changes in capitalism, and the challenges associated with finding a more durable basis of institutional mediation in the light of the crisis in the fordist paradigm (Jessop 2001; Boyer and Saillard 2005). Later regulationist writing had extended it to cover questions of scale (Jessop 2011), which ultimately led to the development of national taxonomies broadly compatible with those from other strands of comparative institutional analysis (Wood et al. 2014). Variegated capitalism reiterates the extent of common – and crisis ridden - trends in world capitalism, which national institutional regimes may mediate or amplify, but can never completely do away with (Jessop 2011). In practical terms, these would include great imbalances in the allocation of capital, in trade, and in the tensions between private property rights and the type of knowledge sharing necessary for sustained technological advance (Jessop 2011).

Secondly, there has been growing interest in emerging markets. The rise of the BRICS countries (see Horwitz 2014) (and, above all, China) would suggest that such economies are developing complementarities in their own right, and, indeed may develop novel forms of institutional mediation. More specifically, it has been argued that China has been able to develop quite sophisticated regional institutions, supporting some quite advanced industries in some areas, whilst retaining the advantages of an ultra-low wage economy in others; bank recycling of peasant savings for firm finance extended under highly favourable terms enables industries to withstand adverse competitive pressures, but at the cost of over-capacity (Dunn, 2007). The literature on Chinese HRM links this to the different models followed in particular industries, and, indeed, Chinese MNEs when they venture abroad (Cooke 2014).

Thirdly, there are theories of capitalist diversity and change that synthesise the different strands of the literature on comparative capitalism (Lane and Wood 2009). It is argued that the bounded and contingent nature of complementarity means that many firms will not reap the benefits the national system accords, and, hence, devise their own solutions (Crouch 2005); such firms may cluster together in industrial districts, with close inter firm ties allowing for the rapid dissemination of knowledge and much flexibility in production (Crouch et al. 2004; 2009). Still others may partially opt out of the more voluntary features of the national system; this allows for lower cost models to coexist without endangering the system itself (Lane and Wood 2009). Secondly, and related to this, most nations have strong regional differences (Lane and Wood 2009). This might include variations in corporate law, and indeed, legal origin, examples being the United Kingdom (Scotland has a hybrid legal system), and Canada (civil law Quebec) (Deakin and Sarkar 2008). Again, even ostensibly neo-liberal governments might be more interventionist in specific regions for political reasons and/or to offset the most visible costs of their policies (e.g. successive British governments in their policies towards Northern England) (Hudson 2006). Regions with high degrees of autonomy might seek to pursue more social democratic solutions, even if operating within a LME national framework (again, Quebec and Scotland would be obvious cases in point).

In HR terms, this would mean that whilst there will not be diffuse diversity in practice, there will be more than one national model coexisting, even if one is dominant, or contributes much to the overall viability of the system (Lane and Wood 2009; Wilkinson et al. 2014; Konzelman et al. 2012). For example, in Japan, jobs in areas of the service, food and agricultural sectors are much less desirable than those offered by the zaibatsu, with commensurately lower levels of voice and pay (Conrad 2010). pay (Conrad 2010). In Germany, the *Mittelstand* again tend to offer lower pay and less job security than the great industrial concerns (Martens and Bluhm 2007). There is also the abovementioned diversity in the LME model. This raises an important question for practice. Is it viable for firms to pursue higher value added HR approaches in more peripheral areas of the economy, even that institutions are never perfectly coupled and systemic support may be less? Or, would a more stable external environment enable their adoption; are peripheral firms too busy with simply coping to survive to devote adequate attention to HR

Related to this is the issue of historical change. If institution building is often a response to great systemic crisis, then it is likely that players will constantly test its limits, in order to maximise their own distributional benefits (Hall and Gingrich 2009; Streeck 2010). At the same time, institutions will adapt, with specific features being redeployed to suit new purposes (Boyer 2011, 2014). This means that even if there are trends to and back from the mediation of the operation of markets, the forms this assumes will vary according to both time and place (Streeck 2005). Hence, rather than a Polonyian pendulum between state and market, Streeck (2005) suggests a sidereal path. Such broad trends would be matched with the repurposing of key dimensions of HR practice. For example, it is widely noted that German works councils were originally a co-determinative mechanisms focused on the organization of work, allowing firms to gain insider knowledge from those closest to the process of production, whilst affording workers a greater say in what they do (Nienhueser 2014). In recent years, they have gradually assumed some bargaining functions, according a greater degree of flexibility and decentralization to industry wide bargaining. Again, in LMEs, whilst greater flexibility in working time may impart greater income insecurity, it may facilitate greater employment security (as redundancies are no the default option to secure numerical flexibility), with knock on benefits for both employees and organizations; even in contexts where employees are structurally weaker, the situation is not always uniformally bad (Wilkinson et al. 2014).

But, even if institutions matter, it is evident that in most national contexts, the relative power of employees has not increased since at least the 1970s, and in a large proportion, this has significantly diminished. This has facilitated a shift towards more hardline HRM models, above all, characterized by greater job insecurity and more contingent pay; increasingly careers are something to be secured by moves between organizations, rather than within a single one (Kalleberg 2009). To a large part, this reflects not just persistent world systemic crisis, placing many firms in a position of great uncertainty, but also the rise of the relative position of owners of highly fungible capital, that is investors who are uncommitted to any particular region, industry, or indeed, other grouping of stakeholders (Wood 2013). What sets this grouping apart from the rentiers of yore is that the current grouping includes Sovereign Wealth Funds (SWFs), the investment and intergenerational savings arms of many national governments with significant resource windfalls or other export surpluses

(Wood and Wright 2013). Whilst it might seem that these might take a more long-termist view, they also may serve diplomatic and strategic ends, and, in the case of those from non-authoritarian societies, are subject to public scrutiny on their performance. The long crisis of the first half of the twentieth century also coincided with a shift from coal to oil and gas, which both provided new cheap energy, but was highly disruptive, marginalizing established industries and processes and those with capital tied up in them (both patient investors and workers), whilst opening new opportunities for highly mobile investors (Wood and Lane 2012). Again, since the 1970s, there has been a proportional decline of oil and gas in the global energy mix, and historically high and volatile oil and gas prices; this has led to the oil and gas industry becoming highly financialized, with a business model increasingly characterized by excessive debt leverage . Interestingly, it is in LMEs that the adoption of alternative energy sources has been particularly poor. Whilst a long energy transition affects all nations, persistent capitalist diversity has meant that its effects are more pronounced in some than others. Again, in practical terms, this makes for increased global insecurity in both the employment relationship and income security. However, the pressures remain less pronounced in CMEs; this allows firms more room to forge or reenergise cooperative HR solutions (Wood 2016).

New Perspectives on Institutions and HR Practice

In this special issue, articles provide insights from around the world, but which share common ground in highlighting the durable, but evolutionary consequences of institutions, variations in relative institutional coupling, the uneven operation of complementarities, and the extent to which, at the local and national level they are malleable through the choices of actors.

Dibben, Brewster, Brookes, Cunha, Wood, and Webster, provide a study of institutional change and continuity, comparing the trajectories followed by Mozambique and its formal colonial power Portugal in HRM, based on surveys of firm level practices. Despite all the adjustments and shocks that have accompanied Mozambique's post-independence years, the country continues to retain institutional features from the past. This suggests that there is a post-colonial impact on human resource management. So features of less mature institutional frameworks may be sustained for protracted periods of time, even with considerable pressures to reform.

Ugarte explores the extent to which the interaction among payment systems and institutional arrangements together with internal and external labour market (ELM) dynamics influence gender pay processes and career progress for men and women graduates in the banking sectors of Argentina and Chile. The more inclusive Argentinian industrial relations system, reinforced by above-market collective pay agreements in banking and the economic instability of recent years, has restricted inter-firm mobility and generated a more gender-neutral distributional pay effect for graduates. By contrast, the more decentralised and individually-driven Chilean wage-setting system incentivises Chilean graduates to be more reactive to ELM opportunities to improve their wages. However, this greater mobility benefits more men than women graduates because women tend to be more attached to their organisations. He also finds that their wage bargaining position is weakened as a result of gender stereotyping, which reflects employer prejudices constructed in reaction to family support policies that are more generous than those in Argentina. Ugarte argues that the more inclusive Argentinian industrial relations system limits gender bias in pay by providing more formalisation, centralisation and transparency in pay decisions compared to the more discretionally-driven decisions of the Chilean HRM system.

Cooke Yao, Jiang, and Li, examines the relatively recent growth of the international labour market, particularly in the service industry, for temporary employment of university graduates from China. By examining the push and pull factors from the home and destination country, they treat the international labour market as a geographic and institutional space which is created by the institutional actors and in which these actors interact. They examines the actions and interactions of institutional actors at the local level to develop insights into how these actors shape the space of this segment of the labour market through, for example, the insertion into the global labour market chain, human resources sourcing, training and development. Cooke et al argue that the development of the international labour market for Chinese university graduates is contingent upon the agency role and attitude of key institutional actors and the current situation sees fragmented development with limited government support, institutional capacity and individual motivation.

Washika Haak-Saheem, Festing and Darwish explore the increasingly dominant role of International Human Resource Management (IHRM) policies and practices of Multinational Enterprises (MNEs) operating in the United Arab Emirates (UAE). The existing literature on institutions suggest that MNEs are under influence and pressure to adopt HR practices that are viewed as being appropriate for the context and situation. However, distinctive institutions in the UAE, and their impacts on MNEs' HRM have been largely overlooked in prior work. With a particular focus on institutional theory, they explore the effects of home-country institutional factors on IHRM in foreign subsidiaries They reveal that IHRM practices in this institutional setting are built upon fragile, dependent and uncertain conditions, and they are not grounded in the sort of deep and stable institutional foundations prevalent in most developed economies.

Singh, Darwish, Wood and Mohamed study the incidence and impact of specific sets of HR practices on organisational performance across different types of firm, within an emerging market setting that of Brunei where institutional arrangements are fluid and developing. The literature on comparative capitalism suggests that, within advanced societies, formal and informal regulations are mutually supportive, and will be sustained by associated HR systems. In contrast, in settings where institutional arrangements are weaker, there will not be the same incentives for disseminating mutually supportive HR bundles, and when these do exist, they are unlikely to yield any better outcomes. They found that this was indeed the case in the petrostate of Brunei as the usage of integrated HR models did not work better than individual interventions. Whilst it is often assumed that, in petrostates, the primary focus of institution-building is to service the needs of the oil-and-gas industry, they found no evidence to suggest that integrated HR systems were any more effective there; this may reflect the extent to which the industry's HR needs may be simply resolved through turning to overseas labour markets – both for skilled and unskilled labour. At the same time, they found that the efficacy of HR practices varied according to firm characteristics and that even in challenging contexts, firms may devise their own solutions according to their capabilities and endowments.

Allen , Liu and Syed comment on how comparative institutional analyses have added much to our understanding of HRM in different countries, providing strong arguments against the need for flexible labour markets to boost economic performance. However, existing research has tended to downplay the possibility that variation within countries may result in a well-protected core of workers that grows ever smaller alongside increasing numbers of precarious workers. They draw on data from the World Economic Forum and the European Company Survey to examine how institutions influence establishments' use of temporary workers in 29 European countries plus Turkey. They show that institutional characteristics shape the prevalence of temporary workers in the 28 European Union member states plus FYR Macedonia and Turkey; however, institutions are not deterministic and important variation in the use of temporary workers depends upon the interaction between establishment characteristics and the establishment's business system.

Conclusion

There has been a growing interest in deploying the constructs and frameworks of comparative capitalism to understand similarities and differences in the practice of HRM between countries, and, indeed, what defines HR practice within them. Indeed, a case can be made that this has increasingly supplanted the comparative framework of cross-cultural approaches, in that the former is better equipped to take account of rapid changes in the relative advantages of nations and consequent changes in HR policies and practices. The two largest LMEs face major and ongoing political crises, that reflect in part, the collapse of traditional employment paradigms, and the consequent alienation of core sectors of the electorate. At the same time, the traditional CME model appears to have revitalised. While the literature on comparative capitalism might have provided a theoretically more rigorous and empirically more robust mechanism for comparing the practice of HRM within and between contexts, it is generally recognized that the relative distinctiveness of national institutional frameworks is a great deal more fluid than previously believed. On the one hand, it is possible to reform institutional arrangements in one area without the system being undermined. On the other hand, a wide range of factors, from elite bungling and miscalculation through to climate change, may diminish the worth of previous systemic strengths. This raises the challenge of conceptualising parallel, but never perfectly aligned processes of reconfiguration in both regulation and practice. It is fitting that this journal, which has focused on the comparative and international analysis of HRM, has played such a central role in bringing to bear new applied comparative perspectives that make such a theoretical project feasible.

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