

**ERC Starting Grant  
Research proposal (Part B section 2 (B2))**

*NEW DEALS*

**New Deals in the New Economy:  
European Workplaces in an Era of Transformation**

**Introduction**

How are European workplaces being transformed? What kinds of new social bargains are emerging across the European Union? How are they being institutionalised? How are new workplace bargains shaped by the broader political and social capabilities of sectors, regions and national economies? These questions are crucial to the future of the European ‘social model’.

The objective of this research programme is to provide answers to these questions, drawing on cross-national survey research on workplace organisation from 1995 to 2010 and selected industrial case studies in the small open European economies of Denmark, Ireland and the Netherlands. In the process, the research develops a number of theoretical innovations – integrating studies of work and political economy, reformulating the dominant ‘Varieties of Capitalism’ framework in comparative political economy, and deepening our understanding of how economic action is structured by social, institutional and political contexts.

The current economic crisis poses serious questions to the viability of the European ‘social compact’ and the various forms it has taken across Europe. Moreover, these challenges have emerged not only through the crisis but over the past twenty five years as social, organisational, political and economic transformations have eroded the foundations of the post war social compacts. In particular, economic liberalisation has apparently ‘re-formed’ European capitalism (Streeck, 2009).

At the same time, crises provide opportunities for institutional transformation and the emergence of new modes of social organisations (Perez, 2002; Hay, 1999). In addition, the changes of the past quarter century have been much more complex than is conveyed by a primary focus on economic liberalisation. ‘Networked’ and ‘heterarchical’ organisational forms (Stark, 2009), global and regional networks of production and innovation (Saxenian, 2006) and new forms of public governance (Le Galès, 2002) have all created a landscape for social bargains in the workplace and the political economy that is multi-faceted and contested.

This research uses the European Union Survey of Working Conditions (1995, 2000, 2005, 2010) to analyse trends in the organisation of pay, the work process, careers and working time across EU countries over a crucial 15 year period. Sectoral, regional and national data is employed in a multi-level analysis of the factors shaping the prevalence of different working regimes across the EU, and their changing structure over time. Case studies of workplace bargains in two industries (advanced manufacturing and traded services) in three countries (Denmark, Ireland and the Netherlands) will be used to shed light on the processes through which distinctive workplace bargains have emerged and are institutionalised. In addition, the selection of the case study countries from across the ‘varieties of capitalism’ will enable a close comparative analysis of how these bargains and bargaining processes are shaped by the broader structures of the political economy.

In the process, the research also pushes forward the existing research frontiers of comparative political economy. While the ‘Varieties of Capitalism’ (VoC) perspective has dominated comparative political economy for a decade, it now faces severe challenges. However, it is not clear what perspectives might replace it as the dominant orienting framework in the field. This research is designed to address the major weaknesses of the Varieties of Capitalism paradigm and to reconstruct comparative political economy by understanding varieties of capitalism through a linking of comparative political economy and research that seeks to reveal the sociological foundations of economic organisation. It links studies of work and organisations firmly to studies of comparative political economy – a project undertaken but never fully realised within the VoC paradigm.

## a. State-of-the-art and objectives

### *'Varieties of Capitalism' and the Re-Orientation of Comparative Political Economy:*

In the 'Golden Age' of capitalism after World War Two, advanced capitalist countries reached historic accommodations between labour, capital and the state. A relatively stable institutional system was set in place, organized through the large oligopolistic firms and their core workforces and maintained through legal guarantees and grievance management procedures. For a variety of reasons, this system began to break down in the 1970s, posing the crucial question as to what forms of economic organisation would emerge and dominate in this 'new economy'.

This question is at the heart of comparative political economy, which has been dominated for a decade by the influential literature on the 'varieties of capitalism' (Hall and Soskice, 2001). At its core was a distinction between two main forms of organization of capitalist economies – coordinated market economies where government played a central guiding role and which had generated growth in Germany, Japan and other European and Asian economies, and liberal market economies where free market mechanisms played a more central role in organizing labour, the workplace, capital and university-industry relations.

The 'varieties of capitalism' literature has rightly been highly influential. Comparative political economy in the 1970s and 1980s had focused on distributive politics and coalitions around the welfare state (Esping-Andersen, 1990). VoC placed the organisation of production and the process of economic growth and capital accumulation at the centre of the field once more. Moreover, the temptation to pose a single logic of capitalist production and economic organisation was resisted and the central role of institutions and politics in shaping the organization of different economies was re-affirmed. The VoC theory offered a parsimonious distinction between market and coordinated economies that remains a central organizing principle of comparative studies today.

However, the VoC framework is now under pressure on a variety of fronts. As might be expected, a wide range of criticisms have been levelled at the framework (Hancké, Rhodes and Thatcher, 2007: 276-7). Even as a research agenda rather than a theoretical perspective, it now faces serious challenges as scholars contest the basic assumptions and research priorities that the framework maps out. Of these various challenges, I briefly review four main lines of argument that are particularly relevant to the understanding of transformation in European workplaces but that also have been central to recent debates in comparative political economy. The research questions and methodological strategy that underpin the research follow these four lines of debate, and are outlined later in the proposal.

### 1. Making Sense of Diversity: Institutional Variety and Multi-Dimensional Interests

VoC's core binary distinction between liberal and coordinated market economies came under attack almost immediately – not surprisingly, given that this itself represented a significant shift from Esping-Andersen's (1990) 'three worlds of welfare capitalism'. A series of other varieties of capitalist economy were proposed – including Mediterranean, Antipodean, and more. Amable's (2003) analysis of a wide variety of policy dimensions identified at least six clusters of capitalist economies, while adopting an approach broadly similar to that of Hall and Soskice's influential formulation.

More significant than the debate on 'how many varieties' of capitalism existed, was the challenge that greater diversity posed to the core logic of the VoC approach (Crouch, 2005). The distinction between coordinated and market capitalism was overdrawn, as the intertwining of market and socio-political coordination is intrinsic to all varieties of capitalism (Block, 2007). Even as markets became more powerful ideologically since the 1970s, the new economic sociology's research (primarily in the liberal US) revealed how market action and actors are embedded in social networks, institutions and structures. Much 'market coordination' is carried out by private actors who nonetheless coordinate economic activity through relationships that go well beyond simple exchange relationships – as Crouch (2005) notes, Silicon Valley's venture capitalists are heavily involved in building the organizational capacities of the firms in which they invest, with little sign of any 'arm's length' market relationships. My own research on 'liberal' Ireland revealed the public and social foundations of high tech growth in the 1990s (Ó Riain, 2004).

Furthermore, this core distinction in the analysis of economic coordination was mirrored in key distinctions applied to production and welfare regimes. In the realm of production, VoC made an influential distinction between workers who relied primarily on skills that were specific to particular firms or industries, versus

those workers with general skills that were more easily transferred across institutional contexts. The interests of workers were linked directly to their skill profiles - general skills workers were more likely to favour market organisation as it expanded opportunities for their skills, while specific skills workers had much greater interests in social protection offered by both firms and states (Iversen, 2005). However, this distinction is difficult to maintain in practice (O'Connell and Jungblut, 2008) and crucial groups of workers, e.g. professionals and craft workers, are often defined by both their general and specific skills.

In welfare regimes, the institutional contexts in which workers and firms found themselves were defined largely in terms of whether states provided social protection against the risks of the market (Iversen, 2005). This can be traced back to a conception of the welfare state as a structure of social insurance that provides a greater or lesser bulwark against the vagaries of the market. However, this neglects the crucial role of the welfare state as a structure of social reproduction that has become central to the education, health and social care of the middle classes – as much, if not more so, than the working classes who are seen primarily as its beneficiaries. In social democratic economies, for example, the reproduction of the highly skilled, autonomous labor force of the informational workplace is greatly enhanced by the level of funding of the welfare state but also by its orientation to services for all citizens, rather than targeted income replacement (Kristensen, 2009).

Once we start to break down these apparently straightforward distinctions between market/ coordinated economies, general/ specific skills and risk/protection, we see that the capitalist organisation of the knowledge economy is much more highly variable and contested than even the 'varieties of capitalism' literature suggests. Theoretically, this is important because much of this internal diversity, cross-national similarity and recombinant creativity is in contradiction to the existing pictures we have of coherent varieties of capitalism. Individual performance pay is prevalent in social democratic Sweden while there are high levels of labour market mobility and flexibility across the social democracies. Apparently decentralised liberal market economies like the UK and Ireland display higher levels of workplace hierarchy than social democratic and Christian democratic countries (Lorenz and Valeyre, 2006).

Ultimately, this discussion suggests that workers will have interests that cannot be explained by the calculus of risk and reward that is central to the notion of workers' interests in VoC. Workers have interests in both the 'work-effort' bargain in production and in systems of reproduction that connect their workplace bargains to the other realms of their life (eg family, leisure, civic life) and the other times in their lives (eg through life cycles, careers). Workplace bargains are likely to be multi-dimensional, as different groups of workers develop complex and often contradictory interests – even among the most privileged of professional workers (Ó Riain, 2000). Therefore, we cannot rely on the 'market-coordinated' distinction as a reliable guide to where the most significant comparative differences in the organisation of such workplace bargains can be found.

## 2. Levels of Capitalism: National, Regional and Global Capitalisms

The issue is compounded as these distinctions have been largely mapped on to national economies. In practice, while national differences are significant and politically important given the location of much decision-making at the national level, there is in fact significant internal diversity within national economies and significant overlap across national economies (e.g. Lorenz and Valeyre, 2006; Heidenreich, 200\*). This is not simply a matter of the fragmentation of national models but also of the emergence of new non-national structures that underpin economic organisation.

Regions are increasingly taking on the mantle worn in the Fordist era by the dominant firms that provided modes of 'organizational integration' (Lazonick, 1993) for the industrial system. Regions have long been recognized as centres for the reproduction of labour, hardly surprising given the immobility of labour relative to capital. More surprising for an era of capital mobility, regions prove important to the organisation of capital. Flows of investment capital to the most successful regions have been organized through the embeddedness of venture capitalists within the regions (Saxenian, 2006). Regional industrial systems are increasingly important to the institutional coordination of the wage relation and class relations, in an era when inter-firm careers are increasingly common (Ó Riain, 2000; Benner, 2002).

Furthermore, the global economy is increasingly organized through 'global regions', with an expanding number of concentrated specialized agglomerations of activity tied together through corporate networks of production and innovation, trade relations, flows of capital and labour mobility of various kinds. The advantage of particular regional clusters was often linked to their constitutive role in global production and

innovation networks – acting as centres of corporate control, as centres of innovation, as logistics and operations hubs for macro-regions, and so on. This opens up the possibility that these ‘global regions’ and the ways that sectors spread internationally through connections between these regions can become significant pathways along which new institutional innovations can travel, transforming - and being transformed - by the existing varieties of capitalism as they emerge in new places over time. Therefore, a key challenge remains for comparative political economy to make systematic sense of diversity across multiple levels and scales of social organisation.

### 3. Enacting Varieties of Capitalism

Beyond these debates regarding the diversity of capitalism, recent debates have further problematised foundational concepts in VoC. Two, often separate, strands have argued for, on the one hand, a more satisfactory treatment of institutional change and, on the other, of the central role of capitalism itself in structuring economic organisation. Each strand raises fundamental questions about the conceptualisation of both ‘variety’ and ‘capitalism’ within the VoC framework, and comparative political economy more generally. Together they pose the question of how the two concepts might be connected in comparative analysis.

The first of these questions has been largely raised through efforts to answer a persistent question in comparative political economy – the sources of institutional change. Early analyses in the various institutionalist traditions emphasised the coherence and stability of institutional systems and the importance of periodic crises in destabilising existing institutions and creating opportunities for change. However, more recent analyses have focused on the mechanisms that generate institutional change within apparent continuity in political economies (Streeck and Thelen, 2005; Hall and Thelen, 2009; Streeck, 2008; Mahoney and Thelen, 2010). Fascinated initially by the emergence of distinctive non-liberal institutions (eg Thelen, 2004), more recently the focus of such enquiries has been on the processes that lead to the spread of liberalisation across a variety of political economies (Streeck, 2008). A variety of mechanisms of gradual institutional change have been identified – layering new institutions on old, the conversion of old institutions to new purposes, and more (Streeck and Thelen, 2005; Mahoney and Thelen, 2010).

This has led to significant developments in the conceptualisation of institutions in comparative political economy. In particular, institutions are seen as inherently ambiguous. Their reproduction must be achieved on an ongoing basis through their everyday ‘enactment’. This means that any institution is in principle always open to change – and indeed that change through ‘imperfect reproduction’ is an inevitability, even as institutions may appear quite stable (Mahoney and Thelen, 2010). In many respects, this represents a dramatic break with the rooting of the initial VoC formulation in rational actor models – at a minimum implying an ‘expanded rationalist’ model of the economic actor (Hall, 2010).

This approach offers useful new directions for further research and conceptual development. However, while the focus on enactment of institutions and their imperfect reproduction is useful, such an approach may still be overly focused on conformity to existing institutions. Indeed, any kind of social action depends on an interpretation of future conditions – and the possibility of this interpretation depends upon the future being ‘solid enough’ to permit a degree of planning and rationalist deliberation and decision-making. For Stinchcombe, “the social structures and processes that make parts of the future solid enough to plan on are, ordinarily, what we usually call institutions, and the process of creating solidity to the future is what we usually call institutionalization” (1997: 391). Such an approach promises a useful synthesis between past-oriented institutionalist approaches and future-oriented rational action approaches – suggesting that we focus on the ‘enactment of solid enough futures’ as a central dynamic of social bargains.

It also potentially opens up a bewildering array of institutional possibilities and varieties, given this ongoing ambiguity and re-negotiation (see, for example, Herrigel, 2010). Can we retain a useful analysis of systematic variation, given this range of possibilities? To do so, we need an analysis of the capabilities that different varieties of capitalism offer to actors who are ‘enacting’ capitalist economies. Sen (2000) emphasizes not only how social relations and institutions shape and channel market action but how they create new capabilities for economic action – capabilities that can be individual but also collective and social (Evans, 2002). This includes not only capabilities of individuals that are constituted and supported by social institutions but also capabilities that are themselves intrinsically social, not simply in the sense of being ‘shared’ but in the sense of residing within the social relationships themselves. We include here the

capabilities that are dynamically produced in organizations, in social worlds of production and innovation, and in mechanisms of institutional and political coordination.

For example, rather than globalisation minimising the role of the state and public actors, such new organisational forms can open new strategic spaces for political and policy actors. Social and public institutions at regional and national levels are intertwined. Industry and professional associations often play a role within regional economies that were played by the major disciplines (such as production management, marketing, personnel, and so on) within large firms (Jacoby, 1988). New policy strategies have emerged that place the mobilization of regional ‘relational assets’ (Storper, 1997) at the heart of their efforts. ‘Developmental network states’ have played an important role in the growth of high tech regions in the US and its networks of global regions (Block, 2008; Ó Riain, 2004).

Such capabilities offer actors a set of ‘affordances’ or ‘action possibilities’ (Latour, 2005) for institution-building. Institutional coherence is produced out of actors’ abilities to create solid enough futures out of the sets of capabilities available to them within the society – with institution building in turn creating new capabilities. As we noted above, these affordances do not always fit our more static models of variation in capitalism. It may be the very universalism of social democratic welfare states that allows for their high levels of labour market mobility and temporary employment. Similarly, and perhaps paradoxically, liberal economies may ‘afford’ greater possibilities for hierarchical organisation. While accounts of the systemic logics of VoC (Amable, 2003; Ó Riain, 2011) are useful orienting devices, they can make it difficult to understand internal diversity within political economies and obscure the possibilities for institutional transformation in even apparently stable political economies.

#### 4. Making Sense of Commonality: Bringing Capitalism Back In

A second contemporary strand of debate focuses not on ‘variety’ but on bringing ‘capitalism’ back in to comparative political economy. The VoC perspective appeared to give a central place once more to capitalism through the focus on firms, the factors underpinning different models of growth, the fit between institutions and sectors, and the central role of production regimes in the theory. However, capitalism became a ‘container’ for the institutional differences which were the core of the action within the theory. The ‘commonality of capitalism’ across institutional differences (Streeck, 2008) and the power of capitalism as a social force (Bohle and Greskovits, 2009) were marginalised.

Furthermore, if Hall and Soskice recognized that there were more players on the capitalist stage than the liberal market economies, they gave all the good lines to Anglo-American capitalism (Crouch 2005). Firms that regularly seek to recombine skills and capital in new ways were seen to be more compatible with liberal market economies, drawing on ‘flexible’ capital and labor markets and close ties between industry and universities. In turn, these economies provided a context that was favorable for high tech firms that pursued production strategies based on innovation. By contrast, the greater social and employment protections in coordinated market economies such as Germany and Japan was seen to be more supportive of production strategies that generated incremental learning by stable and secure labor forces (Hall and Soskice, 2001). In an informational economy where innovation increasingly drove competitive advantage, the balance of power appeared to tip quite decisively towards the liberal economies.

In a recent critique, Streeck (2009) argues that comparative political economy needs to remedy these weaknesses through an understanding of capitalism as an historically specific instituted social order – a social formation that exerts an influence of its own beyond the institutions that regulate it. For Streeck the restlessness of entrepreneurs, the competitive impulses that drive capitalism, and the inherent tendencies towards dis-organisation (and therefore liberalisation) are all forces that constantly threaten the institutions that emerge periodically to contain them. Drawing on Karl Polanyi’s critique of market society, he argues that market-led capitalism threatens – and more often than not, undermines – the social contracts that emerge in societies like post-war Western Europe.

However, Streeck goes too far in stressing the autonomy of capitalism as an ‘institutionalised social order’. In practice there are very significant differences in how these elements are organised and these differences are themselves not simply *variations within* capitalism, but *constitutive of* capitalism. As we learn from economic sociology and institutional economics, capitalism and markets are themselves ‘enacted institutions’, that depend upon particular sets of social structures and capabilities. Capitalism, institutions and social capabilities are mutually constitutive. It was important that Polanyi recognised both that markets are embedded in societies and that markets can undermine those same social foundations. However, most

important in Polanyi is his concept of the ‘double movement’ which suggests that this tension between markets and the societies that sustain them can be a source of new forms of social organisation and political economy, driving institutional development forward along clear but historically open pathways (Ó Riain, 2006).

Capitalism then is built upon social capabilities – the same capabilities out of which other institutions are enacted, as noted in the previous section. Nor can capitalism be equated with markets – markets are only one of the institutionalised forms through which investment, labour supply, capital-labour relations, social reproduction, competition, and other crucial elements of capitalism are coordinated. A study of European workplaces offers the opportunity to examine these relations as they are constructed through a variety of social and institutional forms. Each dimension of capitalism requires significant collective mobilisation – institution building – and involves the constitution of a common element of the economy out of diverse capabilities.

This research will focus on three sets of capabilities and capability-creating institutions – focusing on those sets of institutions which are most closely implicated in the constitution of capital and labour as actors, and in the shaping of relations between them. For our purposes, this will be taken to be industrial policy (constituting capital), human capital formation regimes (Ó Riain, 2011, constituting labour), and industrial relations (shaping capital and labour’s relation to each other). If capitalism, and markets, are expanding as part of the institutional landscape, this is not a ‘natural’ phenomenon but one which is itself constructed and involves significant institution-building and mobilisation of capabilities. To understand the development of capitalism in Europe, we need to examine the institutional and organisational forms that construct it across a range of political economies, rather than assuming a process of capitalist development and then asking whether and how institutions can hold it back.

#### Varieties of Capitalism and Beyond:

The parsimony that was so appealing in the Varieties of Capitalism approach has increasingly undermined it. Can we develop a model that is richer but yet retains the usability and conceptual edge of the VoC framework? I have argued above that we can by studying capitalism as a variably enacted social order, by explaining how actors construct ‘solid enough futures’ out of the social and institutional capabilities available in different varieties of capitalism, and by analysing the systematic diversity of capitalist organisation across multiple dimensions (work process, pay, time and careers) and levels (national, but also local, regional and transnational). I drew on Polanyi to argue that institutional innovation and change comes not only from imperfect reproduction of institutions but from the deep tension – sometimes creative, sometime destructive – between markets and society.

In the process this approach extends the rational actor model even beyond Hall’s (2010) revised ‘expanded rationalist’ model. I have argued that actors have interests along multiple dimensions, which are often competing if not directly contradictory. These ‘rationalities’ are shaped by the contexts in which they emerge and are historically constituted and re-formed. They depend deeply upon collective rationalities and norms – in particular on the construction of particular possible futures which are ‘solid enough’ to be a basis for rational action, but are themselves intrinsically social and collectively constituted. Finally, the construction of these futures and shared notions of the future and of reasonable action depend on the constitution of capabilities at the individual, organisational and social levels – capabilities that vary systematically across different political economies. Through this model, individual rational action is seen to be deeply intertwined with the structure of different varieties of capitalism.

The research links work and political economy much more directly than in existing comparative political economy. This link is built into the central concerns of the research approach – the concern with the dimensions of capitalist organisation itself, the need to look closely at how capitalism is enacted and re-constructed in everyday ways, and the concern with the power of capitalism itself and how that power is constituted and contested. In all of these areas, sociological and other studies of work have shed light on the detailed processes and contexts through which capitalism is constructed. However, these concerns have been largely at one remove from those of comparative political economy, making this an important link to restore.

This concern is mirrored in other debates across political economy that seek to unify contingency at the micro level with macro accounts that make sense of the systematic patterning of capitalist organisation. These efforts extend into a number of areas – including efforts to integrate firm and project level studies of

heterarchies, networks and other forms of organisation with studies of systems of innovation (Stark, 2010); of economic sociology with political economy; and of behavioural with informational economics (Akerlof and Kranton, 2010). This research seeks to develop the conceptual tools outlined here to allow us to move beyond overly stylised models of political economy to analyses that can make sense of the recombination of institutional elements in systematically varying and yet creative ways and to analyse the patterns of organisation of different political economies and the ‘affordances’ offered by their social, economic and institutional structures.

### *Research Objectives*

Therefore, the central objective of the research is to analyse how capitalism is enacted and transformed in a variety of ways in European workplaces. The conceptual apparatus developed above allows us to specify four core research objectives as part of this broad project, with the theoretical and empirical research programmes summarised in Figure 1.

#### 1. How should we understand Varieties of Workplaces and Capitalisms?

If the dichotomy of ‘liberal market’ and ‘coordinated market’ economies is unsatisfactory, how can we understand variation in capitalist organisation? The research will begin by using survey data to examine the dominant workplace bargains that exist across Europe. Analysis of bargains around work and rewards within the production process will be combined with an analysis of ‘social reproduction bargains’ linked to working time and career structures. The research will identify the dominant bargains along these dimensions; how they combine together in various ways; their distribution across nations, regions, sectors and occupations; and their evolution over time. This allows us to begin to tackle the theoretical question of how we can best conceptualise and identify variation in capitalist organisation, moving beyond the binary approach of VoC without collapsing into an infinite variety of capitalisms, with each case its own type.

#### 2. How should we explain this Variation across Nations and Regions?

Drawing on a probabilistic rather than a deterministic conceptualisation of varieties of capitalism, the research then moves on to explain why certain workplace bargains emerge and become more prevalent in various regions and countries. We ask what characteristics of nations and regions affect the presence of particular bargains or workplace regimes. In addition, we examine how sectoral and occupational processes extend across regions and national boundaries to shape the spread and evolution of particular workplace practices and institutions. Furthermore, we can link the broad pattern of diffusion of workplace practices to existing analyses of inter-regional and inter-national connections within Europe. In short, we identify the factors affecting workplace regime development and the social and institutional ‘carriers’ of those regimes across time and space. Taken together, this research will provide a sound empirical foundation for an exploration of the questions posed above regarding how variation in capitalist organisation is embedded in institutions and organisations at varying spatial scales.

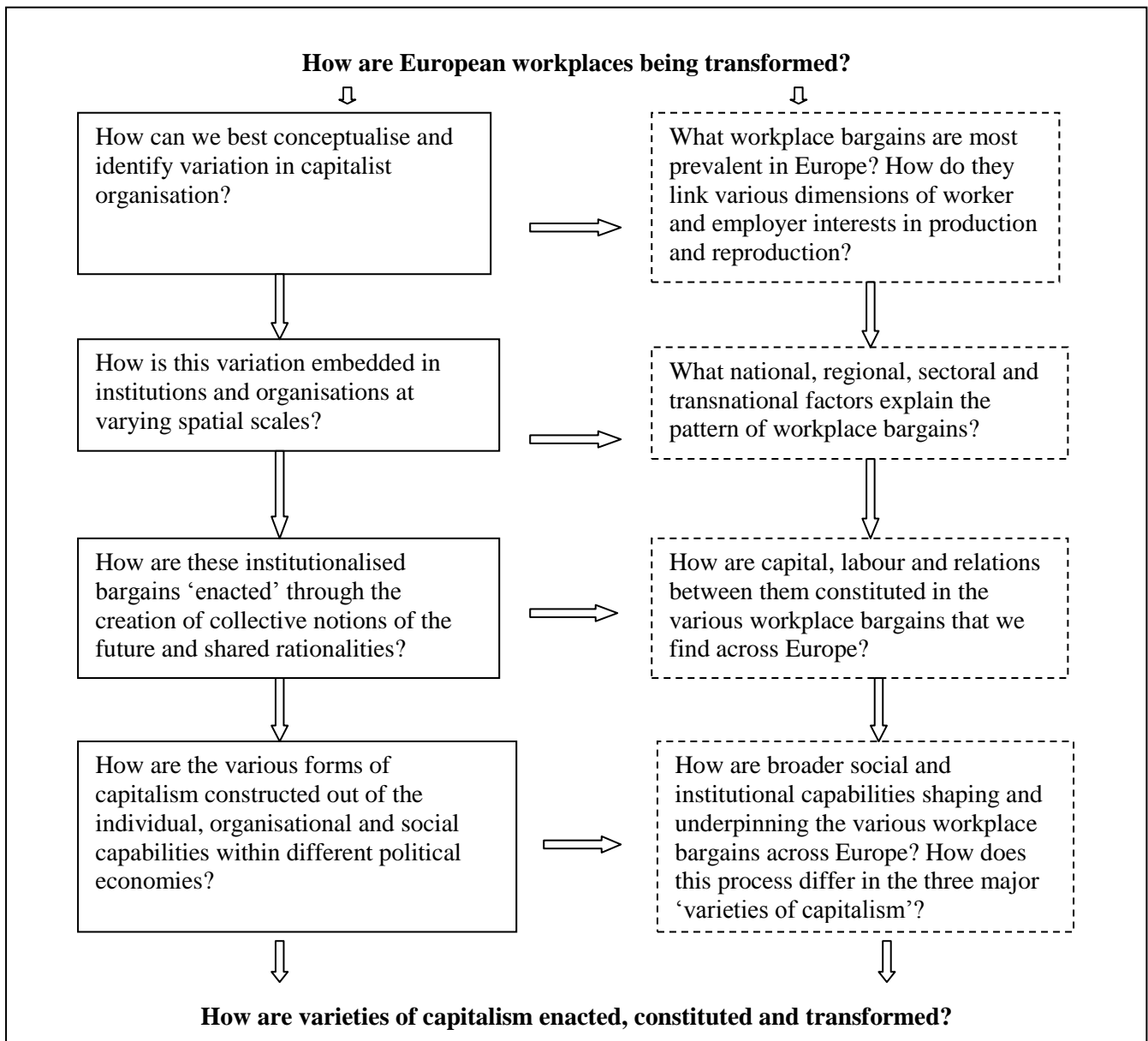
#### 3. How should we understand reproduction, emergence and change in capitalist workplaces and institutions?

The analysis of the covariates of particular workplace regimes will only tell us a certain amount about how such workplace regimes emerge. We also need to explore in more detail, through case studies of industrial politics, the processes and contexts through which these regimes emerge in different political economies. To uncover this we need to understand how actors and the relations between them are constituted – in particular, how capital, labour and relations between them are constituted in the various workplace bargains that we find across Europe. This allows us to tackle the theoretical question posed above of how institutionalised bargains are ‘enacted’ through the creation of collective notions of the future and shared rationalities.

#### 4. How are workplace bargains linked to the characteristics of particular Varieties of Capitalism?

The fourth strand of the research seeks to avoid posing a deterministic logic to the ‘varieties of capitalism’ while at the same time recognising that there are strong and characteristic differences between these varieties. It begins by seeking to link the capabilities of different political economies to the organisation of the workplace itself. How does the presence of certain social and institutional capabilities shape and underpin certain workplace bargains and make them more likely to become dominant? How does this process differ in the three major ‘varieties of capitalism’? Based on this empirical grounding, we can ask how the various forms of capitalism are constructed out of the individual, organisational and social capabilities within different political economies.

Figure 1: Theoretical and Empirical Questions



Taking its various elements together, the project will contribute to an over-arching theoretical project of understanding the variety of ways that capitalism is enacted. It will allow us to map out the pathways and possibilities within European capitalism while offering new understandings of capitalism, its power, its tensions and possible transformations.

### b. Methodology

The research methodology consists of four elements, each linked to the paired theoretical and empirical questions identified above.

1. Using EU-wide survey data, the research examines how elements of workplace organisation – in relation to the work process, working time, pay and careers - have changed over the period from 1995 to 2010.
2. Using the same data allied to existing regional and national datasets, I analyse how and why common elements of capitalist organisation are combined in differing ways in different sectoral, regional and national socio-political contexts.
3. Moving on to detailed industry case studies in three small open economies, the research explores the industrial politics of these different ‘recombinant’ forms of capitalism across Europe and how emerging social, economic and political workplace bargains are ‘enacted’.
4. Finally, through the same case studies, the research examines how the social and institutional capabilities in different ‘varieties of capitalism’ enable and constrain the kinds of bargains that can



be struck, make some patterns of work organisation more likely than others and structure the politics of workplace organisation in systematically differing ways.

The following sections describe each of these elements of the research programme, and their logic of inquiry, in detail.

### 1. The Dimensions of the Workplace Bargain

This phase of the research takes advantage of existing cross-national survey datasets within the European Union to explore the systematic variation in work organisation across the differing varieties of European capitalism. The core of the research is the analysis of the European Union Survey of Working Conditions (EUSWC). The EUSWC was run in pilot form in 1991 but consists of an extensive survey of employees and self-employed in EU, and selected EU-linked societies, in 1996, 2000/1, 2005 and 2010. The initial report on the 2010 data was released on 16<sup>th</sup> November and the data will be available to researchers well in advance of the start of this project. There is significant continuity across questions in the various years. Table 1 outlines the major elements of the data available through the EUSWC. By fortunate coincidence, the European Foundation for the Improvement of Living and Working Conditions is located nearby in Dublin and is the home of the EU Survey of Working Conditions.

Table 1: EU Survey of Working Conditions – Indicative Data

|                             |                      |   |
|-----------------------------|----------------------|---|
| Production Bargain          | Work Organisation    | <ul style="list-style-type: none"> <li>• Hierarchy, Control and Autonomy</li> <li>• Learning and Monotony of Tasks</li> <li>• Team Work</li> <li>• Work Intensity and Pressure</li> </ul>   |
|                             | Pay and Compensation | <ul style="list-style-type: none"> <li>• Income</li> <li>• Elements of Compensation</li> <li>• Performance Pay (Individual, Group, Company)</li> </ul>  |
| Social Reproduction Bargain | Time                 | <ul style="list-style-type: none"> <li>• Working Hours – number, control over, ‘non-standard’ hours</li> <li>• Hours, family and activities outside of work</li> <li>• Time-based control at work (deadlines, time pacing, etc)</li> </ul>  |
|                             | Career               | <ul style="list-style-type: none"> <li>• Tenure, contract, security</li> <li>• Education, training and over-qualification</li> <li>• Satisfaction, discrimination</li> <li>• Employee Representation, Union</li> <li>• Expectations (assessment of prospects, insecurity, still do the job at age 60, health risks, etc)</li> </ul> |

These data can be combined with data in the survey on individuals’ socio-demographic characteristics, their households and their employers. The analytical strategy envisaged at present is to carry out a latent class analysis in each of these four areas, with a view to identifying a restricted number of ‘workplace regimes’ in each of the four dimensions. This approach has the conceptual advantage of identifying ‘classes’ of workplace arrangements to which respondents can be allocated – mirroring the notion of workers being employed under distinct workplace regimes.

Identifying these classes or workplace regimes would provide a foundation for tracking the prevalence of regimes along each dimension and to track their distribution across countries, and across the larger regions (where sample sizes are large enough within the survey). It will be possible to assess to what extent regimes in different dimensions cluster together, or not. In addition, the spread and decline of various regimes can be tracked over time and the patterns of diffusion and contraction across regions, nations, sectors and occupations identified. Lorenz and Valeyre (2006) have used the data to document sectoral and national variation in the organisation of work in Europe in 2000. While this is very valuable work, this research significantly extends the range of dimensions of the workplace examined and the time span across which these are analysed.

### 2. Explaining Variations in Workplace Regimes

Identifying the major workplace regimes along these dimensions also allows us to examine how national, regional, sectoral and occupational factors affect which workers are associated with which regimes. Such an analysis will require a multi-level latent class analysis (Henry and Muthen, 2010). My previous experience at

the Economic and Social Research Institute, Ireland's premier quantitative social research centre, and close ties with former colleagues from that time provide a valuable intellectual community for such analyses. EU wide data will be used to construct national and regional variables, such as those indicative examples in Table 2. My affiliation with the National Institute for Regional and Spatial Analysis will provide valuable supports with European-wide regional data and relevant analytical tools.

Table 2: Indicative List of National and Regional Variables

| <i>National</i>  | <i>Regional</i>   |
|--|---|
| Growth - employment, GDP   | Growth - employment, GDP  |
| Industrial Policy – key investments, nature of government supports, policy orientations  | Capital - Investment rates, venture capital   |
| Human Capital Formation – education rates, skill structures, education and training system                                       | Labour Force - occupation, education and training, age, gender  |
| Industrial Relations – union density, wage bargaining, structure of workplace bargaining   | Industrial Relations - aggregate variables can be constructed for larger regions from EUSWC data  |
| Other policy and institutional dimensions of VoC – welfare regimes, macroeconomic conditions, party politics                     | Agglomerations - Sectoral and occupational concentrations, presence of core city, key characteristics of core city (eg civic involvement) |
| Public attitudes: ISSP data on attitudes to the 'Role of Government' (1996 and 2006) and 'Work Orientation' (1989,1997 and 2005) | International networks – trade, R&D networks through Framework Programmes, migration, transport (e.g. air passengers)                     |
|  | Public infrastructure – technology, transport, health, education  |

### 3. Negotiating Workplace Bargains

The second half of the project seeks to identify the processes and contexts through which capabilities are mobilised to form particular workplace bargains. A case study approach is particularly valuable in revealing such contextualised social processes (Ó Riain, 2010). This will be linked to the survey research as the research will particularly closely explore causal relations and empirical puzzles revealed in the analysis of the EUSWC. The research therefore turns to three comparative case studies – each a small open economy within the EU and each representing one of the major varieties of capitalism. The most likely choice of cases is Denmark, Ireland and the Netherlands although Finland and Belgium may also prove to be suitable cases. The final decision on the cases will not be made until initial analysis of the EUSWC is well underway and the cross-national patterns clearer.

Within each country a case study of the evolving industrial politics of two different sectors will be pursued. The first sector will be chosen, based on initial data collection, from within the 'medium-high tech manufacturing' sector while the other will be selected from within the 'knowledge intensive services' sector (with software a likely candidate industry). These sectors are suitable not because they are completely representative of national patterns of workplace relations but because they are sectors where growth has been rapid and where organisational innovations have emerged and are likely to be influential beyond the sector. In addition, the distinction between manufacturing and services has been important since the formulation of the VoC framework and is therefore built into the comparative case study design. Table 3 outlines some indicative statistics regarding the potential case study countries.

The table gives a broad picture of some of the puzzles that comparative analysis presents for a VoC analysis. The link between liberal economies and sectoral success is less than clear – in fact, Ireland does better in manufacturing while Christian Democratic Netherlands and Belgium are surprisingly much stronger in services. While the social democratic economies generally show the kinds of patterns we might expect with strong unions and limits on long working hours, there are significant differences between the two countries, particularly in their mix of manufacturing and services and their training effort at work. Also puzzling from a VoC perspective is that it is liberal Ireland that is slowest to adopt 'learning organisation' workplaces (even controlling for structural characteristics). The specific links between workplaces and institutional capabilities will require careful examination to explain such patterns and their evolution.

While the exact design of the case study will depend on early results and emerging questions in the research, it will involve the close study of particular workplaces. These studies will be organised not around firms as the unit of analysis but around projects in knowledge-intensive services and products in advanced

manufacturing. Using projects and products as units of analysis allows us to focus on the workplace, without building in a bias toward the firm. This is particularly important as one of the topics we are exploring is the possible decline of the firm as an organising institution and the rise of heterarchies, networks and other forms of organisation (Stark, 2010). In each case, we will work out from the project/ product to interview the network of organisations, workers and institutions that surrounds each work process (see Van Egeraat, Kerr, Ó Riain, 2009 for a smaller scale version of the strategy). The projects/ products will be selected on a ‘matched’ basis across the case countries, controlling for key techno-economic characteristics. I anticipate approximately 15 major interviews for each of the six country/industry case studies, supplemented by observational visits to workplaces, documents relating to project and product histories, and smaller interviews (for example, with workers, project managers, and others as part of the observational visits).

Table 3: Indicative Statistics on Potential Case Study Countries

|   | <i>Denmark</i>    | <i>Finland</i>    | <i>Ireland</i> | <i>Netherlands</i>   | <i>Belgium</i>       |
|---|-------------------|-------------------|----------------|----------------------|----------------------|
| ‘Variety of Capitalism’   | Social Democratic | Social Democratic | Liberal        | Christian Democratic | Christian Democratic |
| <i>% of EU-27 Employment:</i>   |                   |                   |                |                      |                      |
| Total   | 1.3%              | 1.1               | 1.0            | 3.8                  | 2.0                  |
| High Tech Manufacturing   | 1.2               | 2.2               | 2.2            | 2.1                  | 1.4                  |
| Knowledge Intensive Services  | 1.6               | 1.6               | 1.1            | 4.9                  | 2.4                  |
| <i>Work Organisation</i>  |                   |                   |                |                      |                      |
| Union Density, 2000   | 74%               | 76%               | 38%            | 23%                  | 56%                  |
| Adoption of ‘Learning Organisation’, 2000   | High              | Medium            | Low            | High                 | Medium               |
| % of private sector professionals working over 45 hours, 2000/5                         | 9%                | 7%                | 17%            | 18%                  | 17%                  |
| % of private sector professionals; employer paid for training in last two years, 2000/5 | 41%               | 61%               | 47%            | 39%                  | 51%                  |

Sources: Eurostat; Pontusson, 2005; Lorenz and Valeyre (2006: 150); Calculations from EUSWC.

#### 4. Constructing Capitalisms with Capabilities

These ‘workplace case studies’ will then be used as the basis for a set of companion studies of how social and institutional capabilities of the political economy at large are mobilised to create the distinctive workplace bargains in each variety of capitalism. As noted above, the focus will most likely be on those institutions closest to the capital-labour relation - human capital formation, industrial policy, and industrial relations. However, other institutional forces identified in the workplace studies may also warrant further study. The workplace case studies will identify points of connection between the workplace regimes and the broader political economy. Interviews with actors in the policy networks in these areas will then be conducted to track the history of these capabilities and their mobilisation. I anticipate that these studies may require some 20 interviews in each of the three case study countries, supplemented with documentary sources and secondary policy data. The institutional and capability focused studies will stay close to the materials uncovered in the project/product case studies so that the development of capabilities within workplaces can be clearly connected to the enabling and constraining capabilities beyond the workplace.

#### *Risks*

There are few, if any, serious risks associated with this research. The survey data is available (and much of it is already in my possession) and supported by extensive research communities. My connections to fellow sociologists in Ireland, Europe and the US; to the National Institute for Regional and Spatial Analysis, and to colleagues from the Economic and Social Research Institute provides me with a strong network of supports for data management and statistical analysis. While access is always a potential issue with qualitative research, I can mobilise Irish networks to organise access across Europe. I have worked closely with the Director of the National Economic and Social Council (Ireland’s ‘corporatist policy and analysis’ body within the state), one of the most senior trades union leaders is undertaking a Ph.D. under my supervision, and I have worked in the past with other current union and employer representatives. The research environment at NUI Maynooth is strong and all the appropriate supports for research activity and administration are available.

*Intellectual Community*

An important element of this project is the enhancement of the research environment in Ireland and in the European Research Area. One of the primary vehicles for this will be an annual workshop on topics central to the research. Each year, one or two leading scholars will come for the conference and stay for approximately a week to consult with the research team on the project. Professors Chris Benner, Fred Block, Peter Evans, Peer Hull Kristensen, Lars Mjoset, Andrew Schrank, and Anna Lee Saxenian have already committed to such visits. In addition I would expect to draw on existing networks to invite scholars such as Mark Blyth, Laszlo Bruzst, Michael Burawoy, Colin Crouch, Bela Greskovits, Colin Hay, Phil Taylor, Monica Prasad and Mike Savage. These discussions will inform the ongoing development of the project - including interpretation of results as they emerge and the methodological decisions to be made as the research progresses (as identified throughout this proposal). The workshop and visiting scholars would be combined with training courses and research mentoring to provide a vibrant learning community for the postdoctoral and postgraduate researchers and students. A graduate level seminar, including lectures and workshops by team members, will run during the project and will be made available for postgraduate credit. Each of these activities will aid the early dissemination of results. The overall structure of the project is summarised in Table 4 below.

**c. Resources (incl. project costs)**

The research project will be carried out by a team of researchers, including myself as the Principal Investigator, two postdoctoral researchers, and two research students. The comments below on the specific roles of each member of the research team should be interpreted in the context of a team working closely together on all aspects of the research.

Principal Investigator: I will work a minimum of 75% time on this project and have budgeted for a teaching buyout which will make this time available to me. I will not take on any major administrative responsibilities during the period of the grant. I will take lead responsibility for all aspects of the research process and be actively involved in data collection and analysis.

Postdoctoral Researchers (2): Two postdoctoral researchers and I will work closely together on developing the research design, on data collection and on the analysis of the data. The postdoctoral researchers will have primary responsibility for everyday oversight of the research design and conduct of the project and its various activities. The first postdoctoral researcher, with primary research responsibility for the survey research, will be on the team from months 3-50 while the second, with primary research responsibility for the case study research, will be on the team from months 13-60.

Research students (2): In order to further the project, but more importantly to develop a new generation of scholars working in this area, I will advertise two four year research PhD studentships, to be held at NUI Maynooth under my supervision. The first of these will be in the area of the comparative study of systems of work organisation and the student will work most closely with the team on the survey research. The second will be in the area of comparative political economy, and the student will work most closely with the team on the case study research. These students will provide valuable bibliographic and data analysis support as well as working on data retrieval, preparation and management. The research students will also provide bibliographic support and logistical support for the conduct of conferences and research travel.

Equipment: None.

Consumables: This includes 5 copies of MaxQDA, a qualitative data analysis software package oriented towards case and variable analyses, for each member of the team (costing more than €500 each). In addition, purchases of SPSS, MPlus, Stata and other essential software will be required. I expect to send all members of the team on training courses in the relevant areas of expertise – including workshops on specific datasets, the comparative historical summer school in Oslo, and the ECPR summer school in social science data analysis (e.g for courses in the analysis of panel data and/or cross-sectional data over time). Such courses typically cost €1,000 or more.

Travel and Subsistence: These costs will be substantial as the project will involve both bringing researchers to Maynooth to visit and consult with us and, more significantly, travel to the case study countries for research purposes. Specifically, I would expect to spend at least three months in each of the case study countries across the course of the grant, combined with a variety of shorter visits.

| <i>Research Project</i>  | <i>Core Research Questions</i>   | <i>Core Data and Methodologies</i>  | <i>Link to Previous Elements of Research</i>   | <i>Theoretical Question</i>   | <i>Project Months and Staffing</i>  |
|--|--|---|--|---|---|
| <i>Dimensions of Workplace Bargains</i>                          | What workplace bargains are most prevalent in Europe?<br>How do they link various dimensions of worker and employer interests in production and reproduction?                                      | EUSWC surveys from 1995, 2000, 2005, 2010;<br>Data on work process, time, pay arrangements, career;<br>Latent Class Analysis of 'Workplace Regimes'   | Existing research on EUSWC as starting point for analysis  | How can we best conceptualise and identify variation in capitalist organisation?  | 1-24<br><br>PI, 13 months<br>Postdoctoral Researcher I<br>Research Student I    |
| <i>Explaining Workplace Change</i>                               | What national, regional, sectoral and transnational factors explain the pattern of workplace bargains?   | EUSWC surveys;<br>Regional and national data;<br>Multi-Level Modelling of Variation in Workplace Regimes  | Uses Latent Classes derived in stage 1 to track historical trends;<br>Uses Latent Classes as dependent variables in multi-level modelling                        | How is this variation embedded in institutions and organisations at varying spatial scales?   | 25-50<br><br>PI, 9 months<br>Postdoctoral Researcher I<br>Research Student I    |
| <i>Negotiating Workplace Deals</i>                               | How are capital, labour and relations between them constituted in the various workplace bargains that we find across Europe?   | Comparative analysis of matched case studies ;<br>3 small open economies – probably Denmark, Ireland, Netherlands;<br>2 sectors – software and advanced manufacturing;<br>Networks of projects/ products as analytical unit | Investigations begin from causal relations and empirical puzzles identified in stage 2.  | How are these institutionalised bargains 'enacted' through the creation of collective notions of the future and shared rationalities?                   | 13-36<br><br>PI, 9 months<br>Postdoctoral Researcher II<br>Research Student II  |
| <i>Varieties of Capitalism, Capabilities and Workplace Deals</i> | How are broader social and institutional capabilities shaping and underpinning the various workplace bargains across Europe?<br>How does this differ in the three major 'varieties of capitalism'? | 3 countries, 2 sectors;<br>Linking social worlds of production and varieties of capitalism  | Start from institutional connections identified in stage 3 case studies ;<br>Broader institutional research based on the institutions and capabilities mobilised | How are the various forms of capitalism constructed out of the individual, organisational and social capabilities within different political economies? | 37-60<br><br>PI, 13 months<br>Postdoctoral Researcher II<br>Research Student II |

Publications: Funding for the preparation of publications will be of great assistance in disseminating the results of the research at an early date.

Annual Meeting/ Conference: While the team will also travel to certain essential conferences, this funding is primarily intended to support the running of an annual conference on the topics of the research. This will allow us to consult with leading international scholars while also placing Maynooth, Ireland and the European Research Area firmly in the vanguard of international research in these areas. The conference will be a vital mechanism for networking European and non-European scholars.

Subcontracting: These costs relate to transcription. Our experience on the Life Histories project in Ireland has taught us that external expert transcribing support is essential to timely and high quality processing of qualitative data. The average cost for high quality transcription is €450-500 per three hour interview and life calendar. I have identified and worked with external transcribers and plan to do so again on this project. There is also a smaller amount of funds included for translation. It is anticipated that interviews will be conducted in English, given the exceptionally high levels of English language competency in the Netherlands and Scandinavia. However, some translation support may be necessary for certain interviews and for the translation of policy documents.

*ENDS WITH COST TABLE*

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## d. Ethical issues

**ETHICS ISSUES TABLE****Areas Excluded From Funding Under FP7 (Art. 6)**

- (i) Research activity aiming at human cloning for reproductive purposes;
- (ii) Research activity intended to modify the genetic heritage of human beings which could make such changes heritable (Research relating to cancer treatment of the gonads can be financed);
- (iii) Research activities intended to create human embryos solely for the purpose of research or for the purpose of stem cell procurement, including by means of somatic cell nuclear transfer;

All FP7 funded research shall comply with the relevant national, EU and international ethics-related rules and professional codes of conduct. Where necessary, the beneficiary(ies) shall provide the responsible Commission services with a written confirmation that it has received (a) favourable opinion(s) of the relevant ethics committee(s) and, if applicable, the regulatory approval(s) of the competent national or local authority(ies) in the country in which the research is to be carried out, before beginning any Commission approved research requiring such opinions or approvals. The copy of the official approval from the relevant national or local ethics committees must also be provided to the responsible Commission services.

| <b>Research on Human Embryo/ Foetus</b> |  | <b>YES</b> | <b>Page</b> |
|---|--|------------|-------------|
|   | Does the proposed research involve human Embryos?  |            |             |
|   | Does the proposed research involve human Foetal Tissues/ Cells?  |            |             |
|   | Does the proposed research involve human Embryonic Stem Cells (hESCs)?                                 |            |             |
|   | Does the proposed research on human Embryonic Stem Cells involve cells in culture?                     |            |             |
|   | Does the proposed research on Human Embryonic Stem Cells involve the derivation of cells from Embryos? |            |             |
|   | I CONFIRM THAT NONE OF THE ABOVE ISSUES APPLY TO MY PROPOSAL   | X          |             |

| <b>Research on Humans</b> |  | <b>YES</b> | <b>Page</b> |
|---------------------------|--|------------|-------------|
|                           | Does the proposed research involve children?                         |            |             |
|                           | Does the proposed research involve patients?                         |            |             |
|                           | Does the proposed research involve persons not able to give consent? |            |             |
|                           | Does the proposed research involve adult healthy volunteers?         | X          |             |
|                           | Does the proposed research involve Human genetic material?           |            |             |
|                           | Does the proposed research involve Human biological samples?         |            |             |
|                           | Does the proposed research involve Human data collection?            | X          |             |
|                           | I CONFIRM THAT NONE OF THE ABOVE ISSUES APPLY TO MY PROPOSAL         |            |             |



| Privacy |   | YES | Page |
|---------|---|-----|------|
|         | Does the proposed research involve processing of genetic information or personal data (e.g. health, sexual lifestyle, ethnicity, political opinion, religious or philosophical conviction)? | X   |      |
|         | Does the proposed research involve tracking the location or observation of people?  | X   |      |
|         | I CONFIRM THAT NONE OF THE ABOVE ISSUES APPLY TO MY PROPOSAL  |     |      |

| Research on Animals <sup>1</sup> |  | YES | Page |
|----------------------------------|--|-----|------|
|                                  | Does the proposed research involve research on animals?      |     |      |
|                                  | Are those animals transgenic small laboratory animals?       |     |      |
|                                  | Are those animals transgenic farm animals?                   |     |      |
|                                  | Are those animals non-human primates?                        |     |      |
|                                  | Are those animals cloned farm animals?                       |     |      |
|                                  | I CONFIRM THAT NONE OF THE ABOVE ISSUES APPLY TO MY PROPOSAL | X   |      |

| Research Involving non-EU Countries (ICPC Countries <sup>2</sup> ) <sup>3</sup> |  | YES | Page |
|---|--|-----|------|
|   | Is the proposed research (or parts of it) going to take place in one or more of the ICPC Countries?                                  |     |      |
|   | Is any material used in the research (e.g. personal data, animal and/or human tissue samples, genetic material, live animals, etc) : |     |      |
|   | a) Collected in any of the ICPC countries?   |     |      |
|   | b) Exported to any other country (including ICPC and EU Member States)?  |     |      |
|   | I CONFIRM THAT NONE OF THE ABOVE ISSUES APPLY TO MY PROPOSAL   | X   |      |

| Dual Use |  | YES | Page |
|----------|--|-----|------|
|          | Research having direct military use                          |     |      |
|          | Research having the potential for terrorist abuse            |     |      |
|          | I CONFIRM THAT NONE OF THE ABOVE ISSUES APPLY TO MY PROPOSAL | X   |      |

**If you have answered "YES" to any of the above questions you are required to complete and upload the "B2\_Ethical Issues Annex" (template provided).**

**Without this Annex, your application cannot be properly evaluated and even if successful the granting process will not proceed.**

Please see the Guide for Applicants for the Starting Grant 2011 Call for further details and [CORDIS \[http://cordis.europa.eu/fp7/ethics\\\_en.html\]\(http://cordis.europa.eu/fp7/ethics\_en.html\)](http://cordis.europa.eu/fp7/ethics_en.html) for further information on how to deal with Ethical Issues in your proposal.

<sup>1</sup> The type of animals involved in the research that fall under the scope of the Commission's Ethical Scrutiny procedures are defined in the Council Directive 86/609/EEC of 24 November 1986 on the approximation of laws, regulations and administrative provisions of the Member States regarding the protection of animals used for experimental and other scientific purposes Official Journal L 358 , 18/12/1986 p. 0001 - 0028

<sup>2</sup> In accordance with Article 12(1) of the Rules for Participation in FP7, 'International Cooperation Partner Country (ICPC) means a third country which the Commission classifies as a low-income (L), lower-middle-income (LM) or upper-middle-income (UM) country. Countries associated to the Seventh EC Framework Programme do not qualify as ICP Countries and therefore do not appear in this list.

<sup>3</sup> A guidance note on how to deal with ethical issues arising out of the involvement of non-EU countries is available at: [ftp://ftp.cordis.europa.eu/pub/fp7/docs/developing-countries\\_en.pdf](ftp://ftp.cordis.europa.eu/pub/fp7/docs/developing-countries_en.pdf)