

Financialization and the Workplace: Extending and Applying the Disconnected Capitalism Thesis

Paul Thompson, University of Strathclyde

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Abstract

The global financial crisis has brought discussion of financialization to the fore. Yet, what is notable is the extent to which the dysfunctional micro-economic consequences of financialization at firm level have gone on largely unremarked and unchanged. By revisiting and renewing the disconnected capitalism thesis (Thompson 2003), this article seeks to rectify the omission of a focus on financialization and the workplace and develops a complex and nuanced bigger picture that explores in some detail changes in accumulation, corporate, work and employment domains. The dual objective is thus to understand the dynamics and drivers of such changes and to identify the extent to which financialization has shaped them. In identifying patterns of connection and disconnection across and within domains, a recurrent theme is about financialization interacting with accelerating and exacerbating longer term trends such as labour market insecurity, externalization and internationalisation.

Introduction

This article revisits and extends the thesis expounded in *Disconnected Capitalism: Why Employers Can't Deliver Their Side of the Bargain* (Thompson 2003), referred to from now on as the disconnected capitalism thesis (DCT). Whilst the original was not the first to discuss financialization, its impact may, in part, be attributed to linking such emergent trends to the workplace. Though the subsequent global financial crisis (GFC) has brought considerably greater attention to financialization, including in this journal, the judgement of Martin, Rafferty and Bryan (2008: 120) that 'the links to labour...remain tenuously explained and in need of further consideration' is still pertinent. Such a reconsideration, also enables a number of the objectives of this Special Issue to be met: to reflect on the direction of travel of the sociology of work and employment, to engage with key debates and to reflect on and advance theoretical understandings.

The article begins by briefly summarising the original argument and outlining ways in which it has been picked up and developed by others. It then goes on to distinguish the approach and goals from other 'big picture' perspectives, leading to an expanded version of the multi-domain, multi-level framework originally advocated. This is then used to explore in some detail changes in relevant domains: accumulation, corporate, work and employment. The dual objective of the article is thus to understand the dynamics and drivers of such changes and to identify the extent to which financialization has shaped them.

The DCT thesis

The central argument was that there was a growing divergence and dysfunctionality between employer objectives in the work and employment spheres. Labour is asked to

invest more of themselves (effort, commitment, new aspects of labour power such as emotions) at work, yet employers are retreating from investment in human capital; manifested in declining security, career ladders, pensions and the like. This divergence is primarily driven by the pursuit of shareholder value (SV) within an increasingly financialized capitalism. Growth strategies for firms are directed to a simultaneous squeezing of labour and more active management of corporate assets, manifested in delayering, disaggregation, downsizing and divestment. Local, unit and functional managers are tasked with responsibility for pursuing high performance from labour, but they ultimately lack the capacity to sustain the enabling conditions.

As a result, the DCT was pessimistic about the sustainability of high performance work system strategies as the foundation for either firm competitiveness or business models. A number of conceptual consequences flow from this. Emphasis should be placed as much on the dynamics of capital markets as the traditional focus on product and labour markets. Attention should be also paid as much to the cohesiveness of regimes as to their continuity. Such disconnections and their largely negative consequences for innovation and stability at firm level, and for opportunity and security for labour belie the optimistic promises of a new stable and progressive settlement associated with post-Fordist and related perspectives such as the knowledge economy or informational capitalism .

It is important to note what the article didn't do or do sufficiently well. First, it didn't adequately identify the mechanisms through which SV pressures are 'translated' into workplace outcomes and to a lesser extent which new (or old) economic actors facilitated or mediated such processes. Second, it did not trace the impacts and causal mechanisms in detail in any particular context. Third, it only hinted at responses from labour. Fortunately such issues have been picked up by other researchers who have applied and extended the DCT.

In this journal, Clark (2009) has identified the private equity business model as a significant mechanism of financialization, further outlining the negative impacts from the short-term focus and requirement to service debt of such firms on stable employment relations. Cushen focuses on the financialization of organisational structures, identifying a transfer of powers from professional, managers to boards of directors and corporate-level structures more directly accountable to shareholders (Cushen and Thompson 2012). The latter also demonstrates the impact on the conditions of employees and their growing anger and insecurity. This theme is also prominent in McCann's (2010) account of disconnections leading to a growing 'crisis of attachment' amongst IT workers affected by outsourcing (see also Jenkins and Delbridge 2007). Even when not applying the thesis, a range of studies have referenced it in broad support of the argument that financialization in the economy has led to divergent work and employment demands and weakened capacity to sustain collaborative, progressive practices (e.g. Reed 2005; Ellis and Taylor 2006; Cullinane and Dundon 2006; Delbridge 2007; Jenkins 2007; Carroll 2008). Recent work by Appelbaum, Batt and Clerk (forthcoming) is notable for expanding the emphasis on broken bargains or 'implicit contracts' to consider a wider range of stakeholders.

Paradigms, projections and domains

This section moves on to broader considerations of what kind of argument the thesis is and the extent to which it can be built on and generalised. The DCT puts forward a partial rather than paradigm break argument, identifying elements of continuity and discontinuity from Fordism or managerial capitalism. Ultimately post-Fordism faded as a source of explanation of change because its core claims about markets, skills and employment relations turned out to be deeply flawed. Whilst all model building tends to overstate system cohesiveness, Fordism and post-Fordism tended to inherit the over-determined conceptual architecture from regulation theory. Such attempts (see Jessop 1992) have the merit of seeking to connect institutional domains. However in creating a 'unified account' of capitalist development, over-ambitious goals of linking phenomena from macro-economic structures, state formations, labour markets and processes within the same explanatory framework, inevitably break down or collapse in a welter of exceptions and variations (Thompson and Vincent 2010, 57-8). Though there are exceptions (for illustrations, see Vidal 2012) the framework is largely functionalist. Regimes of accumulation constituted primarily by particular patterns of production, consumption, circulation and distribution, are 'guided' by modes of regulation, encompassing institutional structures and norms at various 'extra-economic' levels. Regulation is assigned an a-priori purpose of securing the expanded reproduction of capitalism and 'a strategy is sought which could be adequate to reproducing it' (Jessop 1990: 195). The issues of agency and connectedness are, therefore, obscured or obviated.

An attempt at developing a more credible, yet still circumspect big(ger) picture heuristic was begun in the 2003 article, but left unfinished. There, it was argued that we should treat political economy, firm governance, employment relations and the labour process as 'distinctive spheres' and seek out patterns of connection and disconnection within their different trajectories. Building on the initial observations, the intention here is to argue that we should explicitly consider the dynamics of and inter-relations between four institutional domains, including the extent of influence from financialization.

Accumulation: there is no single logic of capital that drives accumulation, the domain refers to the interconnections and pattern of dominance in the (industrial, financial and commercial) circuits of capital. This frames and shapes the structure of competition between capitals, models of growth, and forms of coordination of global economic governance, sources of power for elites and fractions of capital.

Corporate: refers primarily to the modes of coordination and power relations between firms and to an extent the complex relations between sites within them, with reference to general mechanisms (market, hierarchy, network) and particular forms (e.g. global value chains or production networks, supply chains); but can also refer to corporate governance and other structures that articulate relations between the firm and various circuits of capital.

Work: refers to the technical and social divisions of labour, hierarchies of skill and expertise, relations of control and coordination within the labour process. This gives rise to focus on issues such as socio-technical systems, new production concepts and lean production.

Employment: refers to employment and industrial relations policies that characterise national institutional structures. But the term can also refer to any distinctive arrangement of internal and external labour markets, skill formation and wage-setting structures and institutions, industrial relations and employee representation/voice systems,

This kind of contingent, multi-levelled analysis seeking to re-connect spheres and literatures, begun but not fully elaborated in the original DCT, has received considerable support from other researchers (e.g. Edwards 2005; Gleadle and Cornelius 2008; Ramirez and Rainbird 2010). These categories are not exhaustive and are contributions to a bigger picture. In particular, they only indirectly deal with the state and related political projects. However, the purpose of this article is to outline some basic trends, connections and disconnections across these four territories of analysis.

Domain changes: some trends

Financialized capitalism as new accumulation regime

It was widely asserted in social theory and public policy that the knowledge-based economy or if preferred informational capitalism was hegemonic (Castells 1996). Such trends were and are, however, confined to relatively marginal supply-side domains or particular knowledge-intensive sectors (Thompson, 2012). Instead, shifts in the dynamic of accumulation have produced a new regime that can be designated as financialized capitalism. The term 'regime' is associated with the previously-discussed regulation theory and has connotations with its totalising characteristics. However, this article uses it in a more restricted sense to refer to a growth or macro-economic regime whose source of profits is increasingly through financial channels and financial engineering rather than production and product markets. Financial developments drive the pattern and pace of accumulation, and the drivers even of non-financial firms are increasingly focused more on enhanced returns in capital markets. Though the emphasis may differ in some respects across the authors, this is consistent with arguments and evidence from most post-Keynesian, regulation and Marxist commentators on financialization or finance-dominated capitalism (Stockhammer 2008; Williams 2000; Froud *et al* 2002; Lapavitsas 2011; Appelbaum *et al*, forthcoming; Hein and Truger 2010; Bellamy Foster and Magdoff 2009; Krippner 2011). All focus to some extent on the primacy of finance over production, consistent with the emphasis in the 2003 article on the concept of shifts in the circuits of capital developed within labour process theory.

There is some additional commonality around other characteristics and mechanisms of financialization. These include the distributional dynamics of a declining wage share, falling real investment, shifts in the composition of aggregate demand and wider means of extracting value. The latter is particularly important for labour. A number of commentators emphasise the emergence of households and workers' revenue – in some countries at least – as a focal point for accumulation (Lapavitsas 2011; Bryan and Rafferty 2009). A consistent theme examines new focal agents and intermediaries, including investment banks, private equity firms and global consultancies.

It is true that some regulationist writers continue to make attempts to link the above trends to a correspondence with a neo-liberal mode of regulation (Stockhammer 2008). However, whilst it is the case that capital market liberalization and de-regulation has facilitated the spread of financialized practices and the subordination of institutions of global economic governance to financial logics, the link between financialization and neo-liberalism is more complex and contingent. The former has increasingly spread across varieties of capitalism (Appelbaum *et al*, forthcoming) and the trend towards a 'competition state' whereby in a world system of interlocking manufacture, trade and finance, nation states are under enhanced pressure to frame growth strategies in the light of new global market disciplines is a longer term one (Elger and Burnham, 2001). Financialization has given an added twist to that process, the global financial crisis revealing the degree of inter-connectedness of banking systems and the vulnerability of state and supra-state agencies to new market powers and pressures. Individual states and their institutional architectures, will, of course, still be characterised by differential exposure to capital market pressures. In other words, there are still 'different paths or trajectories of financialization', in part contingent on political struggles and degrees of economic pressure. (Engelen and Konings 2010: 617)

The DCT was and is not a comprehensive theorisation and mapping of financialization as a whole. It focuses on particular institutional inter-relations, the dynamics and negative consequences of shifts in circuits of capital for labour and sustainability of workplace-based productivity bargains with employers. The emergence of new markets for corporate control (Lazonick and O'Sullivan 2000) and the active management of corporate assets through downsizing and divestment (Blackburn 2006) have not only created greater instability at firm level, but have weakened coherent institutional complementarities in national economies and the links between them and firm strategies. Such arguments have been strengthened and widened by more recent research from a similar perspective (see in particular Appelbaum *et al* forthcoming).

Corporate structures and governance

Most work and employment scholars have traditionally shown little interest in or understanding of this sphere. Early post-Fordist arguments tended to echo popular management and organisation theory on trends towards development of loose, dispersed and decentralized network forms, following the so-called collapse of the vertically integrated firm (Mulgan 1989). The important point to note is some of the supposed consequences for work and employment relations – the growth of collaboration through teamworking, project groups and communities of practice (Adler 2001). Whilst it is accepted that such developments are more likely amongst professionals and in knowledge-intensive firms, it is seen as part of a shift from market and hierarchy to trust as means of coordination (G. Thompson 2005). When it is not trust or culture, new forms of ICT are presented as facilitating the articulation of complex networks of parent–subsidiary relations and dispersed units across national boundaries. (Castells 1996)

In contrast, a review of the literature and evidence (Alvesson and Thompson 2005: 495) reported that "With respect to interorganizational relations, neither surveys nor case studies give any significant support to the idea that pyramidal hierarchies are replaced by looser networks'. A key insight of critical research is to distinguish between the dispersal of

units and delegated operational autonomy on the one hand, and strengthened financial and other controls by the central structures on the other. As Ackroyd (2002) and Harrison (1994) show in their work on British and US firms, though structures are becoming more decentred, 'directed' networks retain significant power and strategic capacity at the centre or 'hub'. This is confirmed in Appay's (1998) French studies of 'constrained autonomy' in inter-firm relations.

Other contrasts and correctives to the post-bureaucratic line on corporate structures can be derived from the increased number of critical researchers with an interest in capitalist political economy (CPE) who are utilising global value chain (Flecker and Meil 2010; Taylor 2010) or global production network (Coe, Dicken and Hess 2008) frameworks. The former focus largely on the governance patterns and power dynamics between lead and supplier firms at sector level; whilst the latter are interested in a broader set of relations of power, positionality and value capture between all relevant firm and extra-firm actors within a network. Also notable is the growing power of buyer-driven supply chains, such as those dominated by large supermarkets (Gereffi 1994); that can dictate price, performance and even patterns of labour organisation and usage (Newsome, Thompson and Commander, 2008). Such developments can also be linked to trends towards systemic rationalization whereby firms increasingly seek profitability across the whole value chain (Altmann and Deiß, 1998). Logistics and other functions in the supply chain and global production networks play a greater role and can lead to a squeeze on labour either directly or indirectly.

Financialization connects to such processes in a number of important ways. The strengthening of a market for corporate control accelerates the trend towards structural disaggregation or what Martin *et al* (2008, 126) call the decomposition (and therefore revaluing) of capital assets. Blackburn (2006) refers to the 'disposable corporation', but this can be extended to the increased trade of particular corporate assets as activist investors such as private equity firms seek to realize additional SV. Again, this is likely to undermine stability of employment (Clark 2009). This perspective allows us to think about the role of ICT in a different and more sceptical way: focusing on its capacity in a disaggregated and directed to enhance surveillance and performance management, and strengthen financial control systems. The resultant resource allocation models frequently lead to a cascading down of monitoring, target setting for cost savings and performance measures that tighten controls and reduces security for large sections of the workforce.

A second key connection is the financialization of organizational structures, strengthening of corporate powers and weakening of other stakeholder claims. The realignment of owner-management relations and securing the loyalty of and support for speculative, short-term behaviours of corporate agents at senior executive level is increasingly secured through practices such as stock options (Henwood 2003). The negative consequences for labour of this 'convergence of the new top managers and shareholders' interests' is outlined in Widmar (2011, 672) study of the transformation in the orientation of previously stakeholder-oriented Swiss firms. In turn, this is linked to the previously-referred to transfer of powers from local, unit-level managers to corporate-executives more directly accountable to shareholders (Dore 2010). Targets set from above can constrain the capacity of the former to provide appropriate rewards and opportunities to employees, even when

they have delivered high performance (Cushen and Thompson 2012). This is confirmed in the research of Howcroft and Richardson (2012) on the growth of shared service centres in the context of global outsourcing of back office functions. Managers complained that they had limited influence over budgeting and were under continual pressure to cut labour costs and restructure operations to meet capital market requirements. In the case of private equity financing and takeovers, new, outside owners can undermine local decision-making and systems of company-level bargaining (Appelbaum *et al*, forthcoming).

Work

The work sphere is central to the disconnection argument in that the thesis recognises a partial break from Fordism and Taylorism in which capital is seeking a qualitative intensification of labour power. In this sense the DCT accepts there is some truth to claims concerning goals of high performance work systems and discretionary effort, but challenges whether these are deliverable or sustainable given trends in CPE. To that extent, key trends in the work domain predate financialization.

What has been happening? The basic trends with respect to manufacturing are well known and reported: functional flexibility, multitasking, teamworking, continuous improvement, information sharing and problem-solving (White *et al*, 2004). Whilst the collective labour of the group involves expanded cognitive abilities and extra-functional skills, this has been accompanied by greater standardization rather than increased autonomy or generalized upskilling. The pattern of neo-Taylorist standardisation and measurement, with post-Taylorist accessing tacit skills and knowledge is particularly characteristic of lean production. (Vidal 2011)

Mass service work shows some similar trends, with front-line workers being required to contribute to low-level operational decisions and enhanced customer interactions, but at the same time the deepening of standardised, scripted tasks, subject to high degrees of surveillance and technical controls. The spread of low-wage, low skill service work has been characteristic of post-industrial societies (Frenkel 2005). The increased reliance of interactive service work on the 'soft skills' of employees, ranging from simple behavioural scripting to more complex emotional and aesthetic labour, has been particularly notable. Call centres have become emblematic of the new trends in mass service work, combining intensive surveillance and technical controls, with heavy reliance on the mobilisation of emotions and other soft competencies rather than technical skills and knowledge (Taylor and Bain 1999). Call centres are thus good exemplars of the growth of hybridised control systems that combine technical, bureaucratic and normative dimensions.

Trends in work regimes represent neither upskilling or deskilling, but a broader and shallower palette of skills, with intensive utilisation by capital of a greater variety of sources of labour power. One outcome is rising intensity and work pressures. In various studies from professionals to customer service representatives, employees report reduced staffing levels in response to heightened market pressures, ratcheting up of management of performance, stress and emotional exhaustion as they try to balance the twin pressures of demands for quality and quantity in high surveillance environments (e.g. Burchell *et al* 2002). Such trends are present in most European countries (Green 2006). A related trend is

the phenomenon of the growing elasticity of work, in which enhanced work demands and responsibilities stretch into home and private life, resulting in further time squeeze and families absorbing the burden of changes. A major study of the UK Department of Education and Employment (Hogarth *et al* 2000) reported a long hours culture, with staff (often in professional and managerial roles) in most workplaces working significantly in excess of standard hours. Other UK surveys demonstrate extensive 'negative job-to-home spillover' (White *et al*, 2004).

What is reasonable to infer is that financialization has exacerbated many of these trends. As a number of commentators have noted, taking labour out and squeezing extra performance from those who remain is a central mechanism for achieving SV goals in the process of asset management. We can see a similar pattern in parts of the public sector. There is evidence of the penetration of lean working methods, even as far as clerical labour in the UK civil service (Carter *et al.*, 2011). But the importing of private sector 'best practices' and politically generated performance targets are medium-term trends (Hood 2006). The consequences of post-GFC debt reduction programmes have, however, fallen primarily on public sector workers, not just in terms of job losses, but work intensification.

Taking both long term and financialization trends into account 'high performance' work is largely an outcome of performance management and market discipline rather than internalized normative controls, discretionary effort and self-policing (McGovern *et al* 2007). Normative interventions promoting commitment and focusing on cultural change are becoming less relevant or marginalised and simply not enough evidence of employee self-government to make the latter scenarios credible (Thompson, 2011). In work environments saturated with sophisticated monitoring of performance, workers are largely unable to exercise significant voice. This is confirmed in the UK Skills Survey (Felstead *et al*, 2004) and in Green's (2006) review of European trends, with six countries registered declining discretion, two rising and seven relatively stable in the 1990s.

As ever, it is important to recognise the diversity of work contexts. Professional and expert labour is much more likely to be undertaking project work in, for example, ICT sectors, creative industries and new media. Higher skill and knowledge utilisation, greater autonomy and opportunities for learning are more likely in such circumstance. However, studies of software developers and a variety of other professions have shown increases in both the quality and intensity of work, driven by enhanced client demands, globalised competition, technological change (Konzelmann *et al* 2007). Intense time pressures can be characteristic of project work. Knowledge management systems are also responsible for increased regulation of expert labour as firms in sectors such as pharmaceuticals and biotech seek to speed-up the 'molecule to market' time (McKinlay 2005). It is also widely acknowledged that the work of public sector professionals and semi-professionals in many countries has become subject to greater regulation, audit and targets.

Employment

It was a central claim of the original DCT that insecure employment was driven primarily by the pursuit of SV and undermined work-based bargains. Increased flexibility and risk have been long-term themes of research on employment regimes. In her survey of changes following the decay of the Fordist model of male workers employed under standard

employment contracts within a single organization, Rubery (2005) notes the decline of internal labour markets and the 'seemingly relentless' trend towards diverse, contingent, non-standard and numerically flexible labour contracts, though mediated by the form and strength of the regulatory system. Irrespective of the numbers involved, there is widespread acceptance that a key driver of change is externalization of labour markets, requiring that firms internal and external boundaries be redrawn, bringing into question employment contracts and the location of work.

At the optimistic end, some commentators have spoken of new kinds of flexible employees who 'own' their own knowledge and skills, dubbed free or portfolio workers and 'entreploees' (Hamel and Prahalad 1996). This can be linked to a related assertion that the decline in the traditional 'psychological contract' focusing on employment security and corporate career ladders is being replaced by firms providing opportunities and transferable skills to help people become more *employable*, thus furthering a career across organisations and within occupational communities. It is important to acknowledge that non-standard does not necessarily mean casual or low-skill. Some independent contractors have relatively beneficial employment conditions and scientists, engineers, teachers, ICT specialists nurses are amongst the ranks of temporary employees (White *et al* 2004; Barley and Kunda 2004). Yet this perspective of positive externalization has large holes. The labour market is not being flooded by armies of mobile, high powered knowledge workers whose ownership of their own assets has companies at their mercy. In fact optimistic predictions of predominance of growth in high quality, knowledge work jobs have proven inaccurate. Polarisation and a hollowing out of the middle is the main trend where expansion takes place at either end, but is weighted towards the bottom (Goos and Manning 2007; Vidal 2012). Nor is there any reliable evidence that large firms have invested in new systems to support employability (Hallier 2009).

At the other end of the spectrum we have had pessimistic claims of emerging 'Brazilianization' of the labour market – 'The spread of temporary and insecure employment, discontinuity and informality into Western societies... attractive, highly skilled and well paid employment is on its way out' (Beck 2000: 1-2). Without the geographic marker, such themes have re-emerged in Standing's (2011) claims concerning the rise of a 'precariat' who subsist on a stream of insecure 'bits and pieces', short term jobs. Again, there are some trends that support such arguments, notably multiple job holding of insecure low-paid work in the lower reaches of the service sector, often amongst female workers. In the UK, estimates put the figure at 5% of UK employees (Nolan and Wood, 2003). Indeed, this figure may be an underestimate given the likelihood of employers and employees disguising off-the-books and other forms of work in the margins of the economy (McDowell and Christopherson 2009: 337). Though the robustness of the precariat as a class or even a labour market category is doubtful (Kalleberg, Conley and Spencer 2012), it does seem to connect to the experiences of marginalized young people in post-crash Southern Europe (O'Reilly *et al* 2011: 587). Vidal (2012) is correct to point to the structural expansion of labour market insecurity linked to externalization and the growth of low-waged work, but designating a new regime as 'Waltonist' (after Wal-Mart) risks underplaying sectoral specificities. In the UK and many other European countries at least, there is little evidence of systemic casualization and as internal comparisons across the OECD show,

there is no consistent, long-term pattern of increases in job insecurity or categories such as temporary work. (Fevre 2007)

There is no single trend because the state and national labour market institutions are still mediators of change, much more so than in the sphere of work relations. As the most extensive study of low-waged work in Europe and the USA shows, there is no consistent relationship between that work and labour market insecurity (Bosch and Gaudié 2011). States still have some capacity to give employers differential incentives to employ and reward labour in particular contractual categories (O'Reilly *et al* 2011), resulting in spectrum of 'after' Fordist employment regimes. So, is the outcome just continued diversity across a medium-term trend towards increased externalization? In part yes, but not 'just'. There are underlying trends at the interface of employment and work regimes that indicate a different version of the 'age of insecurity' thesis and one that gives much more weight to financialization alongside long-term secular trends on flexibility.

One of the most significant is fragmented employment systems (Marchington *et al.*, 2005). This term denotes the shift from the dominance of a single employer model to complex inter-organizational arrangements including a variety of contracting out arrangements, use of temporary and agency workers in both the private and public sectors. Similar trends can be seen at a global level in service level agreements between parties in the financial services value chain (Taylor 2010). As Bosch (2010) notes, fragmentation is seldom a reflection of actual changes in the labour process, but derives from strategic choices about who and how to employ by firms seeking cost savings. The consequent blurring of boundaries, combined with previously noted trends towards systemic rationalization and perpetual restructuring, tends to tighten cost pressures, undermine job security and introduce different pay structures and rates.

Though 'inclusive' employment regimes (such as flexicurity in Denmark) use collective bargaining, non-wage benefits and other measures to cushion the negative effects of competitive and corporate pressures and reduce the share of low waged work, the protective capacity of labour market institutions (as well as trade unions) is diminishing. As a result employer strategies increasingly take advantage of 'holes' in the fabric of employment regimes to shift more of the burden of risk from capital to labour. Heyes (2011) notes that within the EU, measures operating under the banner of flexicurity have tended to be geared towards eroding employment protection, resulting in the dominance of flexibility over security. Such trends require us to broaden the notion of insecurity from narrow concerns with issues such as rates of job tenure. Restructuring, transfers of risk inside and outside work, plus weakened protection help to account for multi-dimensional and rising subjective fears of insecurity (Heery and Salmon 2000; Burchell *et al* 2002). Though there are some inevitable tensions between 'insiders' and 'outsiders', it is important not to repeat unhelpful distinctions such as core and periphery from previous flexibility debates. Job and work insecurity increasingly affects skilled, professional and managerial workers who are no longer shielded from downsizing, delayering, intensification of work and performance management.

Discussion and Conclusions

The contribution of this article is twofold. It has demonstrated the value of extended and applied versions of the DCT, identifying further how mechanisms of financialization shape work and workplace outcomes. In addition, the article has sought to map key and core trends across four inter-related regimes, locating patterns of connection and disconnection.

To the extent that there is a unifying theme across these wide-ranging trends, it is about financialization interacting with accelerating and exacerbating longer term trends such as labour market insecurity, externalization and internationalisation (Vidal 2012: 10). Take for example the globalization of back office work identified by Howcroft and Richardson (2012). SV logic drives or intensifies continual restructuring and outsourcing that leads to spatial dispersal of production in search for the optimal combination of skills and costs. Such restructuring creates complex governance structures that are held together by ICT systems and service level agreements that allow for systematic performance comparison and capacity to shift and reduce resources. Centralized reporting and corporate control over-sub units operates effectively with standardization of processes and labour, leading to fragmentation, interchangeability and insecurity for labour.

The concept of disconnection is useful in two senses. First it highlights particular outcomes such as contradictory employer objectives in work and employment domains. The high performance from labour has been extracted, but in most circumstances, the supporting employment *system* from capital has not been provided. The double disconnection between more demanding work and the failure of employment and corporate governance support structures help to situate what Green (2006) and describes as a paradox concerning job quality. Most jobs, though in different ways, have become more demanding and whilst that means that for some, they are more interesting and challenging, the jobs are less secure, harder and subject to greater surveillance and performance targets. It is hardly surprising, therefore, that we observe a downward spiral of falling commitment and trust (e.g. CIPD 2007). Employees have not 'bought into' corporate or managerial norms, but 'after' Fordist insecurity has not yet proven to be a potent source of labour mobilization.

Second, it directs our attention to the absence of 'structural coherence' (Jessop, 1999) and capacity to generate mutual gains amongst economic actors that any stable after-Fordist regime would require. Financialized capitalism as a growth regime is inherently unstable at macro and micro level, in part because, 'corporate governance, finance, financial markets and the higher reaches of management has been increasingly disconnected from the internal value-generating side of an enterprise' (Sorge, 2011: 185). This has become a public policy issue with the emphasis on re-balancing the economy following the GFC. But what is remarkable about the GFC and its aftermath is the extent to which the dysfunctional micro-economic consequences of financialization at firm level have gone on largely unremarked and unchanged as activist investors and SV metrics continue to inflict damage on a variety of stakeholders (Appelbaum *et al* 2013). This damage is obscured both by the origins of the crisis in securitization, banking debt and the bursting of an asset price bubble, and the misleading talk of the gap between finance and the 'real' economy (Thompson, 2012). As has been indicated, firms have become both players and playthings in the financialization

game (Montgomerie and Williams 2009; Lapavitsas 2011). The GFC has not significantly altered those trends, though it has again exacerbated its consequences through recession and restructuring in the private sector and displacement of labour as the burden of debt reduction is placed upon the public sector.

How generalisable trends concerning financialization, its connections and consequences are, is of course open to question. For example, some sectors are clearly more globalized than others, which mean that convergent tendencies do not equally apply across all economies, introducing variety of (national) capitalism arguments back into the picture. This article draws primarily, though not exclusively on UK and North American evidence and as discussed earlier, wage setting and welfare institutions at national level provide for some protection and variation (Bosch and Gautié, 2011). However, whilst it is true that *after* Fordism, there are still a series of disconnected capitalisms, institutionalist perspectives remain underpowered in addressing issues associated with CPE in general and the penetration of capital markets across different economies in particular (Engelen and Konings 2010; Appelbaum *et al* forthcoming).

The latter authors also argue that new loci for value creation and decision-making offers a challenge to approaches such as labour process theory and other perspectives that focus primarily on the employment relationship. However, the case has already made that the labour process remains a focal point of productivity gains, restructuring and value capture as part of the delivery of targets to shareholders. Indeed the emphasis on headcount reduction and performance management in some of their own cases illustrates this point. Whilst changes in the circuits of capital require new ways of thinking about workplace change and greater analytic connections between regime changes, the DCT was already nudging labour process research away from workplace-centric ways of seeing (Thompson and Vincent 2010; Rafferty and Wright 2012). A revised and updated DCT accepts the continued need for a variety of concepts and methodologies to grasp the new dynamics of CPE. As a distinctive approach to understanding systemic dysfunctions in the shifting circuits of capital, it offers not a 'unified theory', but a contribution towards a complex and uneven larger picture.

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