 Erschienen in: Socio-Economic Review. Oxford University Press (OUP). 2023, 21(3), pp. 1842-1844
https://doi.org/10.1093/ser/mwad015

Skills, institutions and economic development: some reflections

Marius R. Busemeyer*

University of Konstanz, Konstanz, Germany

**Correspondence: Marius.Busemeyer@uni-konstanz.de*

Merve Sancak's book 'Global production, national institutions, and skill formation' is a masterful account of how national institutions of skill formation are linked to firm-level practices and how both of these are embedded in globalized production contexts. The ambitious theoretical contribution of the book, which it convincingly achieves, is to bring together three different and distinct perspectives in scholarship on these issues, which had been largely unconnected. Empirically, the book's contribution is to shed light on two cases—Mexico and Turkey—that have so far been severely understudied in the literature on the comparative political economy of skill formation. The great strength of the book is that it manages to achieve both goals—theoretical as well as empirical innovation—convincingly. Furthermore, by developing new theoretical perspectives, it invites other scholars in to continue exploring further topics and ideas, which I plan to do in this short commentary, focusing on three issues.

The first issue is about the comparative research design. The selection of Mexico and Turkey follows the strategy of selecting 'most similar cases' (Seawright and Gerring, 2008), that is two (or more) cases that are similar in many respects, but different in one crucial (independent) variable, which is hypothesized to explain observed differences in the outcome (the dependent variable). The outcome in question is that—according to Sancak—Turkey has at least partly managed to escape the low-skills trap that many transition economies find themselves in, whereas Mexico remains stuck in place. The crucial difference that might explain this variation is the notion of 'state involvement' in matters of skill formation, which is found to be higher in Turkey compared to Mexico.

However, the definitional boundaries of this notion remain somewhat blurry as the introductory chapter mentions a range of policies and issues from minimum wage regulation via public spending on VET and social policies to the structure and organization of business associations that can plausibly be linked to state involvement. But are some of these more important than others? And how exactly do they interact with each other? Are there, for instance, institutional complementarities between a generous welfare state and significant levels of public spending on VET as the VoC literature has argued for a long time (Hall and Soskice, 2001; Iversen, 2005)? Can these different aspects be somehow reduced to one master variable dubbed 'state involvement' and if yes, how exactly would this need to be defined?

Furthermore, if state involvement is such a critical issue, the ensuing question is where the observed differences in state involvement between Mexico and Turkey actually come from. Sancak deliberately refrains from delving more into the historical origins of differences in state involvement for good reasons—there is only so much one can do in one book. But the question of differences in state involvement does not need to be addressed only from a historical perspective. What is equally important is to take into account how differences in the form and extent of state involvement are embedded in particular political contexts of the present. The book hints at the fact that party politics might matter here, but this aspect can (and should be) developed further as it has been identified as a crucial driving force behind skill formation regimes in Western Europe as well (Busemeyer, 2014). In related work, for instance, Sancak provides this extended perspective for the case of Turkey, showing the intricate connections between the country's skill policy and the AKP's attempts to shore up its electoral base among owners and managers of small- and medium-sized firms (Sancak, 2020). This argument can be taken further, also taking into account potential spillover effects from the political and cultural contexts which the two countries are exposed to. For instance, the proximity of Mexico to the USA might be related to the predominance of liberal orientations in its economic policy, whereas the closeness of Turkey to Europe could be related to the broader acceptance of corporatist practices and institutions in this country.

The second issue I want to take up is the topic of certification and standardization of skills. As Sancak rightly points out, the importance of this topic is often underestimated in the literature, in particular in the earlier discussions of VoC, which had been very much influenced by the Beckerian distinction between general and specific skills. As Sancak and others (Busemeyer, 2009; Streeck, 2012) have rightly pointed out, this distinction is partly misleading, because the comparative advantage of coordinated market economies is not necessarily that they excel in the production of very (firm-)specific skills but rather in creating an abundance of occupation-specific skills. And the transferability of this type of skills requires some degree of certification and standardization.

In this regard, Sancak's book could go further in theorizing the political economy of certification and standardization. Her rich data on firms' skill preferences allow for a much better and more differentiated analysis of skill demands of firms compared to previous work. To what extent do firms demand particular mixes of general, occupational and firm-specific skills and how are these demands shaped by the institutional context? From a VoC perspective, it could be expected that Mexican firms might prefer the liberal approach to certification by delegating this responsibility to employers themselves, which, however, has been shown to lead to overspecialization of occupational profiles as in the UK. Turkey seems to do better in pursuing a more collectivist approach, even though this is still embedded in a statist skill regime and the workers' side is weakly represented.

This leads to my third point, namely the question of regime typologies. I would agree with Sancak in classifying Mexico as '*de jure* statist and segmentalist, *de facto* liberal' skill regime (p. 117) and Turkey as a 'statist system with collectivist elements' (p. 104). Regarding the latter case, it, however, remains somewhat unclear whether its generally superior performance results from it being a 'statist' system or rather its 'collectivist elements'. Sancak puts more weight on the aspect of state involvement as mentioned above, while in fact the collectivist elements could be decisive.

Or, put differently, Sancak emphasizes the positive consequences of state involvement for economic development, but avoids discussing its potential downsides, some of which are

mitigated in collective skill formation regimes. For example, a strong (and potentially dominating) role of the state in the financing and provision of VET can contribute to a mismatch between employers' skill needs and outdated training curricula and equipment as statist institutions are usually slower to adopt to changing socioeconomic circumstances compared to training firms. A strong role of the state in training policy can also be associated with clientelism and politization—a challenge which seems to be present in the case of Turkey as Sancak has also started to explore in related work (Sancak, 2020). In any case, it would be interesting to discuss whether a transformation of the current skill regime in Turkey towards a fully fledged collective skill formation regime would be desirable and/or politically feasible. An expansion of the collectivist elements in the Turkish case certainly seems more feasible than in the Mexican case, even though even in the latter, some institutional remnants of collectivism still exist such as the Joint Training Commissions and the Labor Law itself.

In closing, I want to re-emphasize the contribution of Sancak's important book. The three critical issues I chose to discuss where primarily meant as interesting points to pursue further in future work rather than points of fundamental criticism. I am confident the readers will agree.

References

Busemeyer, M. R. (2009) 'Asset Specificity, Institutional Complementarities and the Variety of Skill Regimes in Coordinated Market Economies', *Socio-Economic Review*, **7**, 375–406.

Busemeyer, M. R. (2014) *Skills and Inequality: The Political Economy of Education and Training Reforms in Western Welfare States*, Cambridge, New York, Cambridge University Press.

Hall, P. A. and Soskice, D. (2001) *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*, Oxford, New York, Oxford University Press.

Iversen, T. (2005) *Capitalism, Democracy, and Welfare*, Cambridge, Cambridge University Press.

Sancak, M. (2020) 'Partisan Politics of Skills in Middle-Income Countries: Insiders, Outsiders and the Vocational Education System of Turkey', *Competition & Change*, **24**, 291–314.

Seawright, J. and Gerring, J. (2008) 'Case Selection Techniques in Case Study Research: A Menu of Qualitative and Quantitative Options', *Political Research Quarterly*, **61**, 294–308.

Streeck, W. (2012) 'Skills and Politics: General and Specific'. In Busemeyer, M. R. and Trampusch, C. (eds) *The Political Economy of Collective Skill Formation*, Oxford, New York, Oxford University Press, pp. 317–352.