Financialization in a complicated world

Kleinjan, Hugo

Leiden University

Public Administration

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Author: Hugo Pieter Kleinjan

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Abstract

Financialization is a multifaceted social phenomenon with a notable degree of transnational heterogeneity. This thesis seeks to approach existing literature gaps that may account for such transnational heterogeneity. The first literature gap is the under-exploration of possible connections of democracy to financialization. The second is the lack of a multidimensional analysis exploring the possible relationship between financialization and institutional characteristics. These institutional characteristics are centred around the type of democracy and capitalism regimes which is based on a majoritarian versus consensus-based democracy whereas the economic side is approached through varieties of capitalism and demand regime theory that are respectively dichotomized into liberal market economy versus coordinated market economy and export-led versus debt-led regimes. Financialization is based on three different approaches: the emergence of a new regime of accumulation, the ascendency of shareholder orientation, and the financialization of everyday life. The thesis is hypothesis generating, based on a possible relationship between democracy and capitalism with financialization. The research design employs a crisp-set qualitative comparative analysis based on 23 countries. The findings of this thesis are largely inconclusive, requiring further research through different or more refined approaches. In the emergence of a new regime of accumulation and the financialization of everyday life, a general pattern divided the financialization and no-financialization outcomes on a largely geographic basis with a East-West Europe divide. The ascendency of shareholder orientation, meanwhile, saw a large number of necessary or quasi-necessary conditions that may help account for the financialization outcome and only occurred in cases where the emergence of a new regime of accumulation and financialization of everyday life also occurs indicating a possibility that those are necessary conditions.

Table of contents

1. Introduction

Financialization is a multifaceted social phenomena that is changing society (van der Zwan, 2014; Mader, Mertens and van der Zwan, 2020). This societal change is brought about by the expansion of finance which increasingly impacts the manner in which wealth is generated and distributed, the manner in which firms and ordinary citizens behave. This typology of the existing literature respectively matches the description of van der Zwan (2014) of financialization as the emergence of a new regime of accumulation, ascendency of shareholder orientation, and financialization of everyday life. Research into this trend is important as the consequences of financialization are far reaching. To name a handful of examples, financialization has been attributed to being an underlying cause of the Great Recession and the Eurozone Crisis, the increase of income and wealth inequality, and the weakening of labour (Mader, Mertens and van der Zwan, 2020). As such, financialization is a noteworthy trend with widespread social implications.

Research into financialization has sought to better understand the causes of financialization with attributing factors ranging from technology to financial liberalization (Martin, 2002; Abdulkarim, Mirakhor and Hamid, 2019, p. 6). Simultaneously, the existing literature has highlighted the transnational heterogeneity of financialization with some countries being scarcely impacted and others heavily with some researchers underlining connections between financialization and democracy (Abdulkarim, Mirakhor and Hamid, 2019), financialization and varieties of capitalism theory (henceforth VoC) (Davis and Kim, 2015, Fernandez and Aalbers, 2016; Stockhammer and Kohler, 2020), and financialization and demand regime theory (henceforth DR) (Stockhammer and Kohler, 2020). Abdulkarim, Mirakhor, and Hamid (2019, p. 71) made important insights into the role that democracy has a positive and significant effect on financialization. Beyond that, the literature relating democracy to financialization is very limited. The literature connecting VoC and DR to financialization, however, is well-vested. A connection between VoC and financialization may be seen as financialization results in the worsening of income inequality and labour power which is considered as a defining characteristic of liberal market economy according to the Hall and Soskice conceptualization of VoC (2001). VoC and DR representing capitalism should be considered as one side of the coin with democracy being the other. Consequently, two literature gaps become apparent. Firstly, the connection of democracy to financialization is underexplored. With the exception of Abdulkarim, Mirakhor, and Hamid (2019), existing research investigating financialization and democracy investigates the implications of the former on the latter. Secondly, there has not yet been research employing a multi-dimensional institutional analysis linking democracy and capitalism to financialization. This is seen by the fact that the existing research employing institutional analyses investigates either capitalism or democracy, or something else entirely. This thesis seeks to approach these two research gaps. Thereby, this thesis will serve as a further contribution to financialization literature and to contribute to policymakers' understanding of financialization.

Throughout this literature, financialization is transnationally heterogeneous as seen with Stockhammer and Kolher (2020) who argue that countries like Austria, Germany and the Netherlands have experienced moderate degrees of financialization whereas many other countries have experienced notable property price or stock market bubbles which they operationalizationed as financialization. Their approach only narrowly defines financialization and tackles it with the demand regime theory. Their definition of financialization falls mostly under two of the three approaches of the existing financialization literature according to van der Zwan's (2014) conceptualization, specifically financialization of everyday life and, more loosely, the emergence of a new regime of accumulation, but excludes the ascendency of shareholder orientation. As such, it may be the case that institutional characteristics may account for the transnational heterogeneity of financialization whereby this thesis, alongside filling two literature gaps, will also be hypothesis generating in an attempt to test whether a relationship exists between democracy and capitalism with financialization. This raises the following research question:

Research question: what institutional characteristics best explain the form and extent of financialization?

In order to approach this research question, the thesis draws on democracy, VoC, and DR theory to seek to account for the transnational heterogeneity of financialization. Regarding democracy, this thesis employs Arend Lijphart's *Patterns of Democracies* (2012) conceptualization of democracy which he dichotomizes into majoritarian democracy and consensus-based democracy; this will be henceforth referred to as varieties of democracy, abbreviated as VoD. The first, capitalism related, conceptualization is based on Peter A. Hall and David Soskice's *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage* (2001) which dichotomizes VoC into liberal market economy and coordinated market economy. The second, capitalism related, conceptualization is based on DR theory which is a post-keynesian institutional approach on growth regimes that may be dichotomized into 'export-led' and 'debt-led' regimes. These three theories will help constitute the conceptual framework of the research design.

The research design is based on a crisp-set qualitative comparative analysis (henceforth QCA) which is suited for the research question as it allows for quantitative and qualitative approaches. This crisp-set analysis is used as the three theories, VoD, VoC, and DR may readily be dichotomized into two distinct groupings (Lijphart, 2012; Hall and Soskice, 2001; Stockhammer and Kohler, 2020). The QCA research design proves invaluable as it permits the usage of both quantitative and qualitative data which proves necessary as certain determinants are not readily quantified or, if they are, then it would omit an undesirable amount of data. This approach, moreover, is very suited for analyzing the institutional characteristics as set out by the conceptual framework because it allows for a clear analysis of necessary and sufficient conditions, which should exist if there is a relationship. It is also well suited for the number of countries being analysed of which there are 23. As the European Union (henceforth EU) is the main cluster of matured democracies and developed economies, the thesis focuses on it. As a large amount of data is derived from OECD Data (2021), Bulgaria, Croatia, Cyprus, and Malta are excluded from the analysis as they are not members of the Organization for Economic Cooperation and Development (OECD).

After concluding the introduction section, the thesis is divided into the literature review, methodology, analysis, limitations, and discussion chapters. The literature review will seek to set-up the conceptual framework. This includes highlighting the current state of VoD, VoC, DR, and financialization literature and making clear theoretical connections between these concepts.

The methodology section will further expand upon the QCA approach, its usefulness in the current research design, and operationalize the conceptual framework. The analysis section will test for a possible relationship derived from the conceptual framework. Thereafter, the limitations chapter will examine any possible shortcomings of the conceptual framework, its operationalization, the analysis, and more. Lastly, the discussion chapter will examine and discuss the findings, its possible implications for policymakers, possible areas of future research, and provide some concluding remarks.

2. Literature review

The current state of financialization literature employing institutional analyses whilst well-rounded remains fairly limited. This provides for several different theoretical approaches to better approach transnational heterogeneity of financialization. This may be seen with Stockhammer and Kohler (2020) who engaged in DR theory-based analysis on financialization and who also, limitedly, discussed VoC as an alternative theory. This may, also, be seen with Davis and Kim highlighting that particular combinations of institutions enable particular types of firms and industries to thrive, including the financial-sector, which is fundamental to VoC theory (2015, p. 217). Abdulkarim, Mirakhor, and Hamid (2019) analyzed the relationship of financialization and income inequality under a number conditions including bureaucracy, corruption, democracy, rule of law and government stability to help account for the transnational heterogeneity. It is, however, notable that the existing research has solely sought to employ institutional analyses through either a political approach (see Abdulkarim, Mirakhor and Hamid, 2019) or economic approach that showed that their respective institutions impact financialization (see, for example, Stockhammer and Kohler, 2020). As such, the research on financialization has clearly vested its impact on political and economic systems of governance but, largely, fails to investigate this from the other direction. Are certain political or economic systems more inclined to experience financialization? If so, what approach of financialization best matches which system? As aforementioned, Stockhammer and Kohler (2020) have begun such research linking financialization to different demand regimes. Their research, interestingly, finds that export-led regime regimes are dependent on debt-led regimes becoming financialized such that export-led regimes may export more. In order to do so, export-led regimes must lend to debt-led regimes. Consequently, export-led regimes are expected to have negligible financialization whilst debt-led regimes are clearly undergoing financialization. The political and economic approaches should be described as two sides of the same coin whereby an analysis of either, whilst useful, provides for an incomplete assessment of the institutional arrangement of a country and its particular relationship to financialization.

Alongside VoD, VoC, and DR, there are a number of other theoretical approaches one can make to better understand financialization. Witt (et al., 2017), for example, examine the many different manners in which such a conceptualization may take place ranging from the role of the state to ownership and corporate governance of a firm. Undoubtedly, a good case may be made for further research through the scope of those concepts each of which have their own varying degree of a literature gap. Otherwise, the individual approaches of financialization may be approached by, for example, tackling financial democratization in regards to the financialization of everyday life seen with financial liberalization or financial development (Abdulkarim, Mirakhor and Hamid, 2019).

The three theories may prove useful due to the conceptual differences. VoD looks, mostly, at the institutional structure of government (Lijphart, 2012). VoC, contrastingly, places firms and labour as the key actors (Hall and Soskice, 2001). DR, moreover, looks at the macroeconomic growth regimes as based in post-keynesian theory (Stockhammer and Kohler, 2020). Thereby, academic research VoD and DR typically investigates countries on a macro-level whilst VoC looks more at the meso and micro-level. Some connections between them may be seen such as the connection made by Hall and Soskice (2001) that corporatist regimes in liberal market economy are tied to those in majoritarian democracy as both are centred around a ‘winner-takes-all’ mentality with institutions built in a manner that reinforces this theme; consequently, coordinated market economy are tied to consensus-based democracy as these compose institutions that seek to support cooperation. As such, connections may be seen linking VoD, VoC, and DR to financialization.

This chapter will seek to respectively conceptualize financialization, VoD, VoC, and DR throughout which connections will be made between the concepts and with financialization. To do so, the current state of literature surrounding a concept will first be analyzed then connections between the concept will be made. The chapter concludes with the conceptual framework which would later be operationalized in the methodology chapter.

2.1. Financialization

Academic literature on financialization covers a wide, wide range of issues ranging from financialization of agricultural and housing markets (Mader, Mertens and van der Zwan, 2020, p. 7; Fields, 2017; Aalbers, v. Loon and Fernandez, 2017) to the easy, online accessibility of finance for the masses (Martin, 2002) and financialization of commodities (Basak and Pavlova, 2016). The existing financialization research, thereby, may be broken down into three general groupings with each tackling a distinct aspect of financialization: the emergence of a new regime of accumulation, ascendency of shareholder orientation, and financialization of everyday life. These groupings are referred to as approaches or forms throughout the thesis. This typology is seen throughout the literature articulated in slightly different manners (van der Zwan, 2014; Davis and Kim, 2015; Mader, Mertens and van der Zwan, 2020, p. 7). A notable issue within the existing financialization literature, according to van der Zwan (2014), is that most research takes in place one, maybe two, of the three approaches on financialization. Defining financialization, moreover, proves extremely challenging as the concept itself is malleable to the given circumstances (Mader, Mertens and van der Zwan, 2020; Davis and Kim, 2016, p. 216). Therefore, the thesis seeks to define financialization in the three approaches seen in the financialization literature.

Generally speaking, the regime of accumulation set out by capitalism is one where private individuals, firms, and entities invest into the factors of production to garner profit which is reinvested to produce and, thereby, profit more. This approach of financialization seeks to approach a noted trend that income of private individuals, entities, and firms is moving towards finance rather than the hitherto regime based on production (van der Zwan, 2014, p. 103-107). A major focus within this approach is set on non-financial firms, meaning firms whose primary produce is non-financial, is experiencing a dual movement with the financial sector with (1) non-financial sector profits from interests, dividends, and capital gains outpaces those from productive investment and (2) non-financial firms increasing payments to the financial sector (van der Zwan, 2014, p. 103-104). Another tendency herein is seen as individuals are increasingly dependent upon the financial sector for basic goods and services like housing, pensions, and education (Lapavitsas, 2013, p. 794). Lapavitsas further argues that “[an] asymmetry has emerged between the sphere of production and the ballooning sphere of circulation” (2013, p. 793) reinforcing the notion of ‘profiting without producing’.

The ascendency of a new shareholder orientation approach focuses on the stakeholders of the firm with shareholders and senior management dominating over other constituents like employees. Quintessentially, the performance of a firm focused on maximizing dividends and keeping stock prices high as the end-goal for shareholders (van der Zwan, 2014, p. 107-108). The shift towards this ascendency, according to Dobbin and Jung (2010), began through the agency theories in the 1970's who argued that the conglomerates were behemoths, shielding managers from oversight as a downturn in any industry would hardly impact overall performance (*ceteris paribus*), and the remedy essentially would seek to empower shareholders. In order to pursue these reforms, senior managers and shareholders were empowered at the expense of employees as shareholders were interested in maximizing returns and managers went unpunished for losses and were rewarded for share price gains (Dobbin and Jung, 2010, p. 30-32). CEOs' benefitted the most from this as seen by the explosion in their earnings over their average employees (Epstein, 2020; Davis and Kim, 2015, p. 209).

'Financialization of everyday life' focuses on the individual. Firstly, this relates to the individual as an investor, as a consequence of the democratization of finance, who can readily access financial goods and services (van der Zwan, 2014, p. 111). Secondly, this relates to the encroachment of finance in the lives of individuals (Lapavitsas, 2013, p. 794). This, too, is a dual stream of financialization where one determines the relation of the individual to finance and the other determines the relation of finance to the individual. The democratization of financialization enables individuals to access finance but, crucially, that is their choice. The other direction, however, highlights that financialization may be imposed upon 'unwilling subjects' (Fields, 2017). Fields (2017) aptly indicates the reluctance and struggle of individuals to have private equity firms invest in their housing and, consequently, extract value from it. This is the result of the twofold process where financialization has expanded into new areas such as the welfare state which has been retreating (van der Zwan, 2014, p. 113-114). "Workers have become increasingly submerged in financial markets for the provisioning of their everyday needs" (McCarthy, 2020, p. 340). This has exposed an ever greater extent of the population to the pressures from the booms and busts of the financial sector and imposes ever greater debt upon households (McCarthy, 2020, p. 341). Financialization of everyday life should be understood as individuals gaining easier and greater access to finance but, simultaneously, possible substitutions are pushing more people towards finance.

2.2. Democracy

The definition of democracy remains elusive due to the transformative characteristic of democracy itself as seen by the many forms in which it could be found. In fact, most countries nowadays claim in one shape or form to be a democracy when they are actually not according to the likes of Freedom House (Tilly, 2012). Charles Tilly (2012, p. 7) highlights four ways in which academics generally define democracy by: constitutional, procedural, substantive, and process-orientated approaches. The constitutional approach investigates legal (or *de jure*) conditions whilst the procedural approach investigates how democracy plays out in practice but this is generally taken to mean a peaceful transfer of power (Tilly, 2012, p. 7-8). The substantive approach investigates the consequences of democracy such as the quality of life and freedom of expression (Tilly, 2012, p. 7-8). Lastly, the process orientated approach investigates "some minimum set of processes that must be continuously in motion for a situation to qualify as democratic" (Tilly, 2012, p. 9). This thesis applies all of these definitions loosely to the selected countries and opts, also, to draw attention to the fact that they are all EU member states requiring them to meet the Copenhagen Criteria which includes democratic governance. The UK used to be a member and, as such, is considered to meet the criteria. These definitions and the Copenhagen Criteria, nevertheless, all face their issues. Firstly, countries like Poland and Hungary are seen to be experiencing democratic backsliding and are, therefore, falling foul of the EU treaties (Soffer, 2021). Secondly, each of the definitions provided by Tilly may consider a handful of EU member states not to be democracies as, for example, seen when Lijphart highlighted the fact that Luxembourg and the Netherlands failed the one-turnover test whilst Belgium, Finland, and Germany failed the two-turnover test (2012, p. 7). The turnover test refers to the party (or parties) in government handing over power to another party (or parties). It is, therefore, necessary for this thesis to employ a loose definition of democracy *ad hoc*.

2.2.1. Varieties of democracy

The issue with defining democracy comes, in part, due to the variety and they come in and the individual idiosyncrasies of each democracy. This is aptly highlighted by Lijphart's approach to democracy as majoritarian or consensus-based. Now, interestingly, the aforementioned turnover test is employed on the basis of a very narrow definition of democracy *a la* majoritarian democracy (Lijphart, 2012, p. 7). Lijphart's conceptualization of democracy, under the majoritarian view, bases governance in the hands of the (bare) majority whilst democracy, under the consensus-based view, bases governance in the largest possible plurality (Lijphart, 2012, p. 2). Consequently, a closely related characteristic difference between majoritarian democracy and consensus-based democracy is that the former is intrinsically 'exclusive and competitive' whilst the latter is 'inclusive and cooperative' (Lijphart, 2012, p. 2; Coppedge et al., 2020, p. 34-37). Majoritarian democracy is competitive as, typically, it is a two party system where the parties oppose one another and vie for votes to enter government, entering government is considered the end-goal as it is the one that holds the power (Lijphart, 2012, p. 9-29). Consensus-based democracy is the opposite of this where parties seek to work together, with a diffuse system of power-sharing, and many veto points or points of input (Coppedge et al., 2020, p. 36-37; Lijphart, 2012, p. 30-45). Lijphart's conceptualization is based on ten different determinants along two general conditions: executive-legislative relationship and distribution of power (2012). That being said, the conceptualization of the determinants employed in this thesis excludes three of his determinants, specifically the corporatism, judicial oversight, and central bank independence determinants. The corporatism determinant is excluded as it does not clearly relate to the executive-legislative condition. Central bank independence is excluded as it has become common practice since the 1990's for countries to provide their central banks with a large degree of independence. The exclusion of judicial oversight and central bank independence will be expanded upon in the methodology section. Furthermore, the turnover test determinant is used instead of the corporatism determinant in line with Lijphart's arguments in *Patterns of Democracy* which highlights that the intrinsic tendency of consensus-based democracy is cross-party cooperation that is seen through the continuation of one or more parties in the cabinet (2012). In other words, the turnover test fails in democracies with consensus based tendencies whereas democracies with majoritarian tendencies succeed. Thus, table 1 is an author adapted version of Lijphart's operationalization of VoD highlighting the eight determinants, their two conditions, and where they fall in the VoD dichotomy.

Table 1: Conditions of majoritarian democracy and consensus-based democracy

Condition		Determinant	Majoritarian democracy	Consensus-based democracy
Executive-Legislative Condition	1	Cabinet formation	Concentration of executive in single-party majority cabinets	Executive power-sharing in broad multi party coalitions
	2	Balance of power	Executive-legislative relationships in which the executive is dominant	Executive-legislative balance of power
	3	Party system	Two-party system	Multiparty system
	4	Electoral system	Majoritarian and disproportional electoral system	Proportional representation
	5	Turnover test	Complete change in party or parties in the cabinet	At least one party remains in a newly formed cabinet
Firms	6	Government centralization	Unitary and centralized government	Federal and decentralized government
	7	Legislative power	Concentration of legislative power in a unicameral legislative	Division of legislative power between two equally strong but differently constituted houses
	8	Constitution	Flexible constitutions that can be amended by simple majorities	Rigid constitutions that can be changed only by extraordinary majorities

It should further be highlighted that the two conditions derived from Lijphart's work (2012) are based on the similarities that he thoroughly examines of their respective determinants. For example, the executive-legislative relationship condition closely looks at the manner in which executive and legislative arrangements are made with clear characteristics grouping majoritarian democracy together through the dominance of one party in the executive that is backed by the electoral and party systems and seen with the formations of the cabinets, including the turnover test, and the executives dominance other the legislative branch. Therefore, the conceptualization of democracy can be considered largely in line with Tilly's constitutional, procedural and process-orientated definitions.

2.2.2. Connecting democracy

The literature connecting financialization and democracy together is clearly underdeveloped. If a connection is made linking the two concepts together, it typically occurs in the direction that financialization adversely impacts democracy. Nölke highlights that "Given the increased importance and instability of financial markets, democratic decision-making is regularly subjected to considerable pressure due to short-term decision-making, for example, with regard to rescue packages for banks" (2020, p. 425). This poses a clear threat to democratic legitimacy as citizens may feel that the government has forsaken their interests for those of a select few; this mainly pertains to the financial sector and its major larger beneficiaries. Moreover, this proves a painful pill to swallow as, for example, the Great Recession and Eurozone Crisis pushed countries to pursue austerity which, according to broad academic consensus, hurt lower and middle classes whilst the financial sector was seen to have benefitted (Reich, 2017; Stiglitz, 2016). This area of research reflects a causality where financialization affects democracy. Simultaneously, a case can be made that there is reverse causality which can be seen by the Abdulkarim, Mirakhor, and Hamid (2019) paper. Their paper, however, focuses on the degree to which a country is democratic rather than the form in which democracy takes place, i.e. whether they are majoritarian or consensus-based. They did find that the countries with a greater degree of democratization are better safeguarded against financialization and income inequality; their paper focused on two phenomena but also captured that financialization leads to a worsening in income inequality. The underdevelopment of literature linking democracy to financialization may indicate that there is an assumed belief that democracy may not significantly impact financialization. This, however, ignores the fact that democracy is the political governance of a country that can influence financialization and, if this assumption is incorrect, the lack of research still fails to prove it wrong. Furthermore, it may be argued that consensus-based democracies are more resistant to financialization as lobbying by finance needs to target diffused actors. In other words, it may be that a majoritarian democracy is more inclined to experience financialization as there are fewer veto points available against policies that may stimulate financialization.

2.3. Capitalism

According to Mueller, “[the] defining feature of capitalism is that the means of production—capitalistic production—are in the hands of private individuals and firms” (2012, p. 2). This entails that the ‘free market’ is at the very heart of capitalism as, otherwise, the means of production would be vested in the hands of the government (known as a ‘command economy’). Moreover, capitalism is centred on ‘market forces’ that help determine supply and demand (Mueller, 2012). It must, however, be highlighted that the ‘free-market’ does not exist without state intervention as, according to Reich (2015, p. 5), government is required to resolve five general ‘building blocks of capitalism’ namely:

- “PROPERTY: What can be owned
- MONOPOLY: what degree of market power is permissible
- CONTRACT: what can be bought and sold, and on what terms
- BANKRUPTCY: what happens when purchasers can’t pay up
- ENFORCEMENT: how to make sure no one cheats on any of these rules”

As such, capitalism should be understood as a system of economic governance, on the supply side, where the government determines the rules of the system but vests the means of production into the hands of private individuals, entities, and firms.

2.3.1. Varieties of Capitalism

Hall and Soskice's (2001) VoC theory approaches a divergence that they noticed in 'free-market' economies as embodied by liberal market economy and coordinated market economy. At the nexus of their conceptualization, the liberal market economy places the market as the driving force in the economy whilst a coordinated market economy entails non-market relations where various stakeholders work strategically together to support the economy. Their conceptualization of VoC is premised on fourteen determinants that can be broken down into three broad conditions: labour, firms, and institutional framework. This thesis, however, limits this down to eight determinants where seven of the determinants from Soskice and Hall (2001) are excluded and one determinant from Keat (2008) included. The majority of excluded determinants relate to the institutional framework which is a clear movement away from the centre-focus on firms and this condition is, therefore, excluded. Taking a closer look at, for example, the labour condition it can be seen that a coordinated market economy sees strategic interactions, beyond solely market forces, between actors seen with the high unionization rate, low inequality, and industry level bargaining which is well-matched to their conceptualization of VoC. Thus, an adapted version of the conditions through which Hall and Soskice (2001) differentiate liberal market economy from coordinated market economy is seen in table 2.

Table 2: Conditions of liberal market economies and coordinated market economies

Condition		Determinant	Liberal market economy	Coordinated market economy
Labour	1	Wage bargain	Firm level (when hiring)	Industry level (industrial action)
	2	Training and education	Formal education from high schools and colleges	Apprenticeship imparting industry-specific skills
	3	Unionization rate	Low	High
	4	Income distribution	Unequal (high Gini)	Equal (low Gini)
	5	Employment conditions	Full-time, general skill Short-term, fluid	Shorter hours, specific skill Long-term, immobile
Firms	6	Inter-firm relations	Competitive	Collaborative
	7	Comparative advantages	High-tech and service	Manufacturing
	8	Shareholder composition	Pension funds, etc. (interested in short term profit)	Companies and banks (concerns are strategic and financial)

Again, from the table above, clear similarities may be drawn from the determinants within the conditions. This, consequently, is the reasoning for the division of VoC into two distinct conditions. This adaptation is further backed by Witt (et al., 2017) who provide an excellent overview of the state of VoC literature and the determinants previously employed in VoC research.

VoC theory may also be linked to financialization as liberal market economies are inclined to have a comparative advantage in services which includes the financial sector (Hall and Soskice, 2001, p. 36-44). Finance may also be used for intertemporal consumption smoothing that occurs in the absence of a strong welfare safety net that is widely seen in liberal market economies (Hall and Soskice, 2001, p. 50-51). Furthermore, the shareholder composition of liberal market economies are centred around shareholders interested in profits, instead of also strategic interests, which may reinforce financialization.

2.3.2. Demand Regimes

The other condition for capitalism is DR theory where academic research on it largely began with profit-led and wage-led regimes which has now morphed into export-led and debt-led regimes. This approach is centred on a post-keynesian perspective which is well vested in financialization research (Dow, 2020; Stockhammer & Kohler, 2020). Crucially, export-led regimes are centred on increasing economic growth through maximizing international competitiveness which is typically done through stagnating wages. Debt-led regimes, on the other hand, sees economic growth through domestic demand (consumption, investment, and government spending) which typically means the country has a substantive trade deficit requiring it to borrow, *ceteris paribus*; thereby being a debt-led regime. Stockhammer and Kohler's (2020) conceptualization and, consequently, operationalization of DR theory is solely premised on a country's current account balance and real account economic growth. Whilst the current account balance is useful in understanding DR characteristics, the use of real economic growth is not. On the most simple premise, DR theory seeks to explain the main driving forces of economic growth where real economic growth fails to clearly outline whether growth is created by an export-led regime or debt-led regime. Instead, net exports (i.e. exports minus imports), which also partially constitutes the current account balance, may be more insightful as it is reflective of whether value is added or lost to an economy. On the other hand, the defining feature of debt-led regimes is debt which is seemingly overlooked by Stockhammer and Kohler (2020).

Table 3: Conditions of demand regimes

Condition		Determinant	Export-led regime	Debt-led regime
Demand Regimes	1	Current account balance	Positive	Negative
	2	Net export	Positive	Negative
	3	Debt levels	Low	High

The debt levels, moreover, may be considered in different manners: household debt, firm debt, or government debt. This condition, thereby, provides a more macro-level overview of the economic characteristics of a country with a large amount of literature having already focused on the EU as a consequence of the Great Recession and the Eurozone Crisis.

2.3.3. Connecting capitalism

Relative to democracy, the literature connecting financialization to capitalism is well-vested with a range of existing approaches. This can be seen with the many different theoretical concepts that have been to financialization including VoC and DR. To be clear, these two theories are employed as complementary conceptualizations of capitalism. The connection may be logically made as financialization, per definition, is largely an economic phenomena in terms of it relating to the financial sector, financial institutions, and financial motives that interacts with and has repercussions to wider society (Davis and Kim, 2015). VoC provides a close analysis of the institutional framework that helps determine firm behaviour whereas DR theory analyses the consequences of the institutional behaviour; consider the determinants used to prescribe each of these concepts. VoC literature highlights that local circumstances help determine in which financialization (and other trends) is shaped and the form that it takes (Davis and Kim, 2015, p. 216). In other words, the argument set out in accordance with VoC literature is based on the premise that the institutional framework surrounding firms helps determine the shape and form that financialization takes place in, if it takes place at all. Crucially, financialization is a trend that reflects the changing behaviour of firms, shareholders, and the general population with clear changes in the economy and, by extension, capitalism. This is reflected within each of the three forms in which research on financialization takes place. In the case of financialization as the emergence of a new regime of accumulation, it is a shift away from the 'capitalistic production' highlighted by Mueller (2012) towards the notion of 'profiting without producing' as highlighted by Lapavitsas (2013). The ascendency of shareholder orientation reflects a movement away from the profit maximization assumption underlying most firms' behaviours towards shareholder value maximization. Financialization of everyday life looks into the increased accessibility and reliance by the general populace on finance. Stockhammer and Kohler's (2020) research linking financialization and DR theory together highlights that debt-led regimes are typically underpinned by financialization in order to finance the negative trade balance. If the Stockhammer and Kohler (2020) research proves accurate, it should be expected that debt-led regimes undergo financialization. Capitalism and financialization are closely linked and the use of two separate theories, one of which focuses on the institutional framework and the other on the macro-level regime in relation to other countries, allows for an in-depth analysis as to what may explain financialization.

2.4. Conceptual framework

According to Davis and Kim (2015), local circumstances may impact the shape and form in which financialization occurs. They said so in relation to VoC theory but it may equally extend to VoD and DR. Causality between democracy and capitalism with financialization has been vested in the literature working in both directions; that is to say that financialization impacts and is impacted by democracy and capitalism. As this thesis is investigating how democracy and capitalism, through their institutional characteristics, may impact financialization, the conceptual framework provides a clear and simple overview in which this works. At its simplest, the conceptual framework is investigating whether given combinations of democracy and capitalism may result in financialization as seen below:

$$Democracy + capitalism = financialization$$

More specifically, it is looking at the combination of conditions from both democracy and capitalism to help account for the transnational heterogeneity of financialization.

$$Executive - legislative\ condition + distribution\ of\ power\ condition + labour\ condition + firm\ condition + demand\ regime\ condition = financialization$$

Each of these conditions is dichotomized meaning that each condition may represent two values: majoritarian democracy or consensus based democracy, liberal market economy or coordinated market economy, or export-led regime or debt-led regime. This is further complicated by the fact that financialization is a multifaceted phenomenon with its three approaches and, as such, the equation becomes:

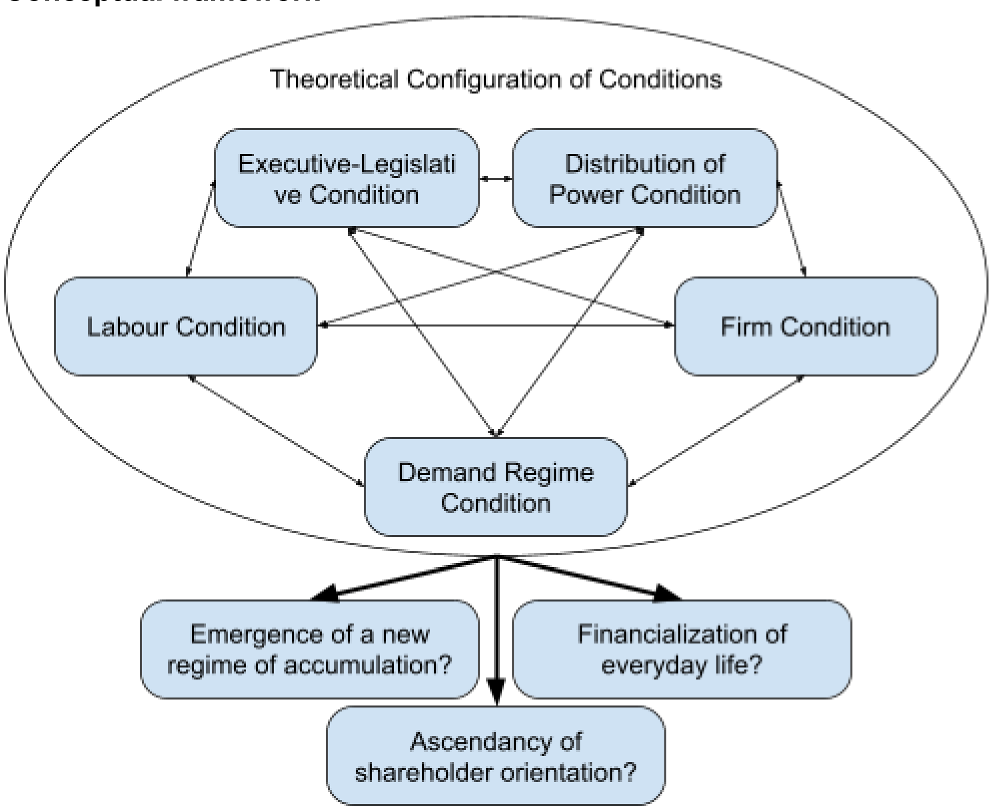
$$Executive - legislative\ condition + distribution\ of\ power\ condition + labour\ condition + firm\ condition + demand\ regime\ condition = emergence\ of\ a\ new\ regime\ of\ accumulation$$

$$Executive - legislative\ condition + distribution\ of\ power\ condition + labour\ condition + firm\ condition + demand\ regime\ condition = ascendancy\ of\ shareholder\ orientation$$

$$Executive - legislative\ condition + distribution\ of\ power\ condition + labour\ condition + firm\ condition + demand\ regime\ condition = financialization\ of\ everyday\ life$$

Finally, financialization, under any of the approaches, may or not occur. The model is, therefore, also premised on investigating the interactions between each of the conditions and the outcome through which the conceptual framework as represented by Figure 1.

Figure 1: Conceptual framework



The specific determinants of the conditions, and their respective concepts, may be seen in Table 4. The determinants for financialization will be discussed in the methodology chapter.

Table 4: Overview of concepts, conditions, outcomes, and determinants

Concept	Condition		Determinant
VoD	Executive-legislative relationship	1	Cabinet formation
		2	Balance of power
		3	Party system
		4	Electoral system
		5	Turnover test
	Distribution of power	6	Government centralization
		7	Legislative power
		8	Constitution
VoC	Labour	9	Wage bargain
		10	Training and education
		11	Unionization rate
		12	Income distribution
		13	Employment conditions
	Firms	14	Inter-firm relations
		15	Comparative advantages
		16	Shareholder composition
DR	Demand regimes	17	Current account balance
		18	Net exports
		19	Debt levels
Concept		Outcome	
Financialization		Emergence of a new regime of accumulation	
		Ascendency of shareholder orientation	
		Financialization of everyday life	

3. Methodology

QCA is considered an effective tool to approach complex situations such as the different forms of financialization in different democratic and capitalistic systems because it helps analyze the causal complexity of these case studies and allows for fairly in depth analysis of many cases (although this equally causes weaknesses within the method). The programme used for the analysis is Tosmana version 1.6. There are a large range of factors to be considered in helping to determine the relationship of financialization to different institutional characteristics of politics and economics. To take these factors into account, five conditions are employed: the executive-legislative relationship condition, the distribution of power condition, the labour condition, the firm condition, and the demand regimes condition. Having five different conditions results in there being 32 possible configurations in which these conditions can be found. A notable strength in this case of the crisp-set QCA methodology is that it is thoroughly backed by existing theoretical and empirical literature through the existing dichotomization of VoD, VoC, and DR. The assumption of equifinality underpins this research method, which means that different configurations may lead to the same outcome; a configuration being a specific combination of conditions (Rihoux and Ragin, 2009). For example, a configuration exhibiting a majoritarian democracy and liberal market economy may cause the same extent of financialization in a given approach as a consensus-based democracy and liberal market economy. Opposite to equifinality is multifinality wherein the same configuration may lead to configurational contradictions which are logical contradictions that must be resolved. Logical contradictions occur when the outcome occurs and does not occur at the same time. These have to be resolved. QCA is a reiterative method which is to say that the analysis may be repeated, changed, or corrected given the circumstances of the research given that the researcher doesn't engage in manipulative behaviour (Rihoux and Ragin, 2009). As such, Appendix 3 provides the data sources and a general overview of the collection and use of data.

Another reason to employ QCA is due to its adeptness in highlighting the sufficiency and necessity of conditions (Rihoux and Ragin, 2009). This entails that conditions that are necessary or quasi-necessary for the outcome, financialization, are readily picked out because of the consistency of their involvement in the outcome. Similarly, conditions may be readily seen as sufficient for the outcome meaning that they may help determine the outcome but other conditions may explain it as well. Necessary conditions for the outcome are picked out for their high consistency whilst medium consistency entails sufficient conditions. This is found in the truth table during the analysis. After the examination of the truth table, any apparent patterns will be examined and discussed to see whether hypotheses can be created about the VoD and/or VoC relationship to financialization on which future research may take place.

3.1. Case selection

The cases in the analysis are 23 EU member states. Five EU member states are excluded specifically Bulgaria, Croatia, Cyprus, Malta, and Romania. They are excluded because they are not member states of the OECD from which a large extent of the data is found (OECD Data, 2021). The UK is included as they had not fully withdrawn from the EU in 2019. On a theoretical premise, the UK's inclusion is due to it being considered the archetype of majoritarian democracy in VoD theory (Lijphart, 2012) and liberal market economy in VoC theory (Hall and Soskice, 2001) and as financialization research is heavily centred on the anglo-saxon world (van der Zwan, 2014, p. 114; Mader, Mertens and van der Zwan, 2020). The basis to use the EU, furthermore, is a reaffirmation that the countries employed are considered as mature democracies and free-market economies *ad hoc*.

3.2. Conditions and outcomes

The conceptual framework, as set out in the literature review, is the conceptualization of the conditions and outcomes employed in this research design. This section will seek to operationalize the conceptual framework into something that can later be analyzed. In order to do so, this paper will discuss each condition and outcome respectively highlighting the determinants, their data range, thresholds and anything else necessary to note. Appendix 3 is a further expansion of this, highlighting the data sources on a condition by condition basis with the exception of determinants with multiple data sources which is looked at on a country by country basis.

Unless stated otherwise, the determinants are based on a time-range between 1995 and 2019 in order to be as representative of the determinants as possible. The date range ends in 2019 as to prevent any adverse implications of the Covid-19 pandemic which may, for example, cause a ‘rally-around-the-flag’ phenomena (The Economist, 2020). The start date in 1995 is used to be as representative as possible without biasing against recently independent countries in Central and East Europe and providing as accurate a representation of the determinants as possible. Noting, however, that some of the determinants may be somewhat incomplete resulting in smaller time-periods for certain countries in certain determinants. This, too, is elaborated upon in Appendix 3.

3.2.1. Executive-legislative relationship condition

The executive-legislative relationship condition is based on five determinants: cabinet formation, balance of power between the executive and legislative, party system, electoral system, and the turnover test. It should be noted that the turnover test replaced the corportist determinant originally employed by Lijphart as measuring corporatism is highly challenging and problematic and fails to clearly relate to the overarching executive-legislative relationship condition which, on the other hand, the turnover test does not (Lijphart, 2012).

The cabinet formation determinant investigates whether cabinets concentrate or share power (Lijphart, 2012, p. 79). In other words, this determinant seeks to investigate if cabinets in a country are typically formed with multiple parties (called coalitions) or by a single party. The average number of parties is taken with a threshold of less than 2 to be considered a majoritarian democracy. This excludes care-taker cabinets as they may be unrepresentative of the typical cabinets that are formed through the democratic process; the same applies to the turnover test determinant. The threshold, crucially, reflects whether cabinets are formed by single parties or coalitions on average.

The balance of power determinant investigates the power dynamics between the executive and legislature. The measurement is a *de jure* qualitative analysis on the existence and manner to which the legislature may remove cabinet members or the cabinet from office. In cases where more than a simple majority are needed to remove the cabinet or cabinet members from office then it is considered as a majoritarian democracy. This is because it is relatively harder to form a qualified majority where the balance of power favours the executive. The qualitative analysis is based, when possible, on the constitutional rules set out on the matter. It should be noted that other analyses are also possible such as a *de facto* qualitative analysis into the commonality of the removal of cabinets or cabinet members from office. The issue, however, with such an approach is that it may also reflect a period of political instability whereby it is not reflective of consensus-based democracy or majoritarian democracy. This analysis, therefore, is based on the most recent version of the constitution in effect in the respective country.

The party system determinant investigates the effective number of parliamentary parties based on work from Laakso and Taagepera (1979 in Lijphart, 2012, p. 66). It is a quantitative analysis looking into the number and relative sizes of parties in parliament from the electoral results. The threshold to be considered a majoritarian democracy is an effective number of parliamentary parties of three or less. It should be noted that this measurement faces two notable issues: the question of highly factionalized parties and the question of very closely allied parties. There is no satisfactory solution to these two issues as closely allied parties essentially act as one party whereas highly factionalized parties may act as more. This thesis considers highly factionalized parties as one and closely allied parties also as one. The reasoning therefore is threefold. Firstly, the extent of factionalization is highly difficult to measure, requiring an in-depth analysis of the voting parties of all parties in the 23 countries investigated over the 1995-2019 period. Secondly, a well known example of two closely allied parties is the CDU-CSU alliance in Germany which is considered a single 'parliamentary group' (German Bundestag, n.d.). The third reason is convenience as the data-source used for this determinant considers, for example, the CDU-CSU as one party. It should be noted that the valuation of highly factionalized and closely allied parties as one biases this determinant against consensus-based democracy as both these elements are reflective of consensus-based-tendencies like cooperation.

The electoral system determinant investigates the degree of disproportionality between the vote shares received and the seats gained. Technically speaking, disproportionality need not result in majoritarian tendencies as, for example, disproportionality may also bias in favour of smaller parties given certain mechanisms. That being said, empirical research has shown that there is a strong correlation between disproportionality and majoritarian tendencies of an electoral system which is, therefore, assumed as a given (Lijphart, 2012). The threshold to be considered as a majoritarian democracy is six or more. This is due to the fact that Lijphart's research has shown that there is a clear division between proportional representation systems and others with a breakoff point at 8. However, the countries with proportional representative systems that have a disproportionality measure of 6 or more have distinct majoritarian tendencies built into their electoral system as is best highlighted with Greece where the largest party gains an additional 50 seats to cement its position. Again, the measurement takes the average disproportionality for elections between 1995-2019.

The turnover test investigates complete changes in the party or parties in a cabinet. Again, it looks at the 1995-2019 time period meaning that the cabinet must have been formed within that time period - not the election from which the cabinet stems. If one or more parties remain in successive cabinets for all elections then that country fails the turnover test and is considered as consensus-based democracy. If there is a complete change of parties in the cabinet then it succeeds the turnover test and is considered as a majoritarian democracy.

3.2.2. Distribution of power condition

The distribution of power condition is based on three determinants: government centralization, legislative power, and constitutional rigidity. Lijphart's original conceptualization included two other determinants: judicial oversight and central bank independence. Their omission is due to the fact that they would bias this condition in favour of consensus-based democracy. Take central bank independence, for instance, all but three of the countries analyzed had central bank independence of 0.80 or higher (very high degree of independence) (Garriga, 2016). Judicial oversight, on the other hand, proves challenging as its measurement would be based on a very technical and in depth understanding of the judicial system of all 23 countries. In the case of the Netherlands, judicial oversight according to article 120 of its constitution is banned but article 98 allows for judges to rule on the practical uses of such legislation which essentially allows for judicial oversight (Constitute Project, 2021). Similarly, the membership of the EU also reflects a tendency for a diffusion of power towards the judicial system as the determinant seeks to reflect. Consequently, this condition consists of three determinants, having removed central independence and judicial oversight.

The government centralization looks at the degree of centralization, or decentralization, in a country. It uses the 'Regional Authority Index', developed by Hooghe (et al., 2016), that measures policy scope, financial independence, institutional depth, amongst other indicators. This provides for a more accurate representation of decentralization rather than the *de jure* analysis used by Lijphart (2012, p. 174-186). The measure ends in 2010 but has different start years (Hooghe et al., 2016). The threshold employed is 15 or higher which is based on a bar graph analysis of the given data where two fairly distinct clusters can be found.

The legislative power determinant investigates the bicameral or unicameral system of parliament. It is a qualitative analysis on the number of chambers in parliament and, given two chambers, the veto power of the upper chamber in the ordinary legislative process. The threshold to be considered as a majoritarian democracy is to either be unicameral or bicameral with a dominating lower chamber. The relative power of the upper chamber is measured by its veto power in the ordinary legislative process. Upper chambers that have no veto power, have a suspension power, or can easily be overruled are considered as dominated by the lower chamber. This is in line with Lijphart's analysis of legislative power but it should be noted that it is *de jure* analysis and it may be that lower chambers still seek to reach a consensus with the upper chamber in cases where the latter is dominated (2012, p. 187-203).

The constitutional rigidity determinant looks at the relative ease of changing the constitution (Lijphart, 2012, p. 204). It is a qualitative analysis on the route or routes in which the constitution may be amended. The threshold to be considered a majoritarian democracy in this case is when there is a single majority or two routes in which the constitution may be amended.

3.2.3. Labour condition

The labour condition consists of five determinants: wage bargaining, training and education, unionization rate, income distribution, and employment conditions.

The wage bargaining determinant investigates the percentage of the working force that is covered by some wage-related agreement (OECD Data, 2021). Having such agreements in a coordinated market economy helps prevent poaching of workers by different firms as the wages are at the same level. When falling below 50%, this determinant is considered as an liberal market economy with a majority of employees not being covered by such an agreement. Again, the average is taken from 1995 to 2019.

The training and education determinant investigates the skills bestowed on future workers. A liberal market economy is centred around a fluid market where the skills bestowed on (future) workers are general allowing them to easily move between firms and industries (Hall and Soskice, 2001, p. 30). This further reflects the tendency in liberal market economies of poaching workers from other companies (Hall and Soskice, 2001, p. 30). The analysis is qualitative and quantitative. The first step analyses the apprenticeship system used in a country based on a cross-national overview by the European Centre for the Development of Vocational Training (Cedefop, 2018). When countries fall under group B, C, or none then they are considered an liberal market economy. The second step, however, moves any country considered as an liberal market economy to a coordinated market economy when the percentage of students in upper secondary education are undergoing vocational training and education is above 50%. Again, the average is taken from 1995-2019 for the quantitative aspect of this determinant. The qualitative aspect of this is based on data from 2017 (Cedefop, 2018, p. 4).

The unionization rate determinant investigates the size of trade unions as a percentage of members from the total workforce. A lack of trade unions weakens the labour power meaning workers are increasingly likely to move around the economy. A notable issue in this area is that trade unions have been in long-term decline. As such, the threshold for liberal market economy is 25% or below of workers in trade unions.

The income distribution determinant, which will also be seen with the emergence of a new regime of accumulation and the financialization of everyday life, investigates the degree of income inequality. It is a quantitative analysis employing the gini-coefficient taking, again, the average from 1995 to 2019. The threshold of this determinant is the mean of all countries which is 31.15 with anything higher being an liberal market economy. This technical solution is due to a lack of any sound theoretical reasonings to set the threshold elsewhere.

The employment conditions determinant analyzes the manner in which employees work looking at the duration of tenure at a particular job (level), the needed skills for such work, and job mobility. It is a quantitative measure based on the percentage of workers at their current job for a given duration of time, specifically more than 10 years. The threshold to be considered a liberal market economy is less than 40% of workers having been at their current job for more than 10 years. This measure is taken in 2019 as it is insightful into also the response of economies during the Great Recession that took place a decade beforehand through which it may clearly be seen if workers are mobile.

3.2.4. Firm condition

The firm condition consists of three determinants: interfirm relations, comparative advantage, and shareholder composition. This condition should include the rate of innovation, mode of production, equilibrium, and mechanisms from Hall and Soskice (2001). These are, however, extremely challenging to measure especially with 23 countries. Consider, for example, the mechanism determinant which seeks to explain the manner to which firms behave with one another. A coordinated market economy is dependent on “dense networks linking … personnel inside a company to their counterparts” (Hall and Soskice, 2001, p. 23).

The interfirm relations determinant analyzes the relations between firms. The analysis takes place qualitatively and quantitatively. The qualitative analysis is based on the commonality of hostile takeovers grouped into: common, uncommon, and rare. When hostile takeovers are common then it is considered as an liberal market economy whereas when hostile takeover bids are rare then they are considered an coordinated market economy. The issue, however, is when they are uncommon. To overcome this, the quantitative measure looks into the average shareholder composition in publicly listed companies. In the cases where the for-profit shareholders are, at least, 50% then they are considered as liberal market economy because they are more inclined for hostile takeovers. This is further expanded upon in the shareholder composition determinant.

The comparative advantage determinant analyzes where the comparative advantage lies. This is because Hall and Soskice (2001) make a compelling case that liberal market economies are likely to have a comparative advantage in services and high-technology goods whereas coordinated market economy have a comparative advantage in manufactured goods (see Hall and Soskice, 2001, p. 36-44). It is, therefore, a quantitative analysis seeing whether services and high-technology or manufactured goods are exported more. When services and high technology exports are greater than manufactured exports then it is considered an liberal market economy.

The shareholder composition determinant investigates the composition of shareholders in publicly listed firms. Shareholders, according to De La Cruz (et al., 2019), are broken down into: private corporations (and holding companies), public sector, strategic individuals (and family members), institutional investors, and other free floating (including retail investors) (De La Cruz et al., 2019, p. 35). The latter two are considered as ‘for-profit’ shareholders whereas the private corporations, public sector, and strategic individuals also have strategic interests in the firms (De La Cruz et al., 2019). As such, the institutional investors and other free floating shareholders are grouped together with a threshold to be considered a liberal market economy when they constitute more than 50% of the weighted average share ownership. This analysis is based on data from the end of 2017 (De La Cruz et al., 2019, p. 37).

3.2.5. Demand regime condition

The demand regime condition consists of three determinants: net exports, current account balance, and household debt.

The net exports determinant investigates the total amount of exports minus imports. It is a quantitative analysis looking at the annual average net exports between 1995 and 2019 weighed as a percentage of GDP. It is weighed as a percentage of GDP in order to provide a more accurate and representative value for net exports. This is because the alternative, a measurement in million US dollars, would significantly bias the indicator in favour of countries with larger economies. The threshold to be considered an export-led regime is to have positive net exports whereby the annual average of exports is greater than that of imports. This reflects that the country is consistently exporting more than it is importing.

The current account balance determinant focuses on the international transactions with the rest of the world of economic value, excluding financial transactions, occurring between residential and non-residential entities (OECD Data, 2021). It is a quantitative analysis looking at the annual average current account balance between 1995 and 2019 weighed as a percentage of GDP. Here, too, the determinant is considered as a percentage of GDP. The threshold to be considered an export-led regime is to have an annual average current account surplus whereby the annual average of transactions out of a country is greater than those into a country. This reflects that the transactions out of a country are consistently greater than those coming in.

The household debt determinant looks into the total liabilities of households that require payments in interest or principal as a percentage of net disposable household income. It, again, takes the average between 1995 and 2019. The threshold to be considered as a debt-led regime is to have an average of more than 80%. This threshold was set on the fact that all households have some amount of debt, the mean is roughly 99% and the median 89%, but both of these values separate fairly similar cases as seen through the iterative process of the analysis. Upon closer examination, it became clear that the 80% value did not break apart similar cases.

3.2.6. Emergence of a new regime of accumulation outcome

The emergence of a new regime of accumulation outcome is composed of three determinants: total household financial assets, stocks traded, and value added by finance.

The total household financial assets determinant is a quantitative analysis looking at the average annual change of total household financial assets between 1995 and 2019 expressed in US dollar per capita. The threshold for the outcome of financialization to occur, in this case, is an average annual growth of at least 2,000 US dollars per capita. Household financial assets are bound to grow akin to the economy. However, the threshold of at least 2,000 reflects a significant and consistent growth in household financial assets which may be used as an indicator for the emergence of a new regime of accumulation. In other words, the threshold is set at a level where economic growth alone cannot explain the growth in household financial assets. Furthermore, the 2,000 US dollars per capita threshold is set at a level where it does not break apart similar cases. This indicates that finance is a significant area of gaining profit, working on the assumption of Lapavitsas (2013) of ‘profiting without producing’.

The stocks traded determinant is a quantitative analysis looking at the average annual change in stocks that are traded as a percentage of GDP. The threshold for the outcome of financialization to occur is set at 0.5% which highlights a consistent and significant average increase in the amount of stocks traded as a percentage of GDP. This determinant, however, probed somewhat problematic due to the scarcity of data for a number of countries. Consequently, there is no time period limit to the determinant seeking to use as much data as possible. Lithuania particularly proved problematic as it only had data in two years and, as such, was considered to have not met the threshold for financialization. On the other end, Germany and Austria both had a total of 45 years with the data.

The value added by finance determinant is a quantitative analysis looking into the average annual value generated by the financial sector (includes insurance) between 1995 and 2019. The threshold is set at 5% whereby the financial sector proves to be a significant contributor to the economy. This measure, moreover, accounts for the annual growth rate of the economy. This, too, would show that finance is a significant area of gaining profit, working on the assumption of Lapavitsas (2013) of ‘profiting without producing’.

3.2.7. Ascendency of shareholder orientation outcome

The ascendency of shareholder orientation outcome is composed by three determinants: income inequality, unionization rate, and interfirm relations. Interfirm relations determinant is set in the same manner as is discussed in section 3.2.4.

The income inequality determinant is a quantitative analysis looking into the annual average change of income inequality, expressed as the gini coefficient, between 1995 and 2019. The threshold is set at 2 reflecting a significant worsening of income inequality. This determinant is based on the fact that the ascendency of shareholder orientation went hand in hand with an explosion in the wage gap between CEOs and board members (see section 2.1.).

The unionization rate determinant is a quantitative analysis looking at the annual average change in trade unions between 1995 and 2019. The threshold is set at -20% reflecting a significant worsening in the size of trade unions. This determinant is employed as it further reflects a weakening of labour in favour of the firm, shareholders, and, possibly, other stakeholders.

The interfirm relations determinant is employed in this approach of financialization as highlights firm behaviour that may be driven by shareholders.

3.2.8. Financialization of everyday life outcome

The financialization of everyday life outcome is composed of three determinants: total household financial assets, financial assets in pension funds, and household debt. The total household financial assets determinant is set in the same manner as is discussed in section 3.2.6.

The financial assets in pension funds is a quantitative analysis looking at the share of financial assets in pension funds and the growth of household financial assets between 1995 and 2019. The threshold for financial assets in pension funds is set at an average of 15% in the time period considered whereby it constitutes a significant share of total household financial assets. The second measure is the growth of household financial assets as seen in section 3.2.6. which is used as the first measure fails to account for the growth of financial assets including pension funds although there must actually be an annual average increase in total household financial assets. It is used as it highlights that citizens are increasingly reliant on the financial sector to meet everyday needs.

The household debt determinant is a quantitative analysis looking into the average annual change in household debt levels as a percentage of disposable income between 1995 and 2019. The threshold is set at 1% whereby there is a significant increase in household debt levels in the time period considered. Here, too, the determinant is used as it highlights the increased reliance of citizens to meet their everyday needs.

The total household financial assets can highlight that wealth is increasingly stored in financial assets.

3.3. Overview of operationalization

These conditions, outcomes, and determinants are the operationalizations of the conceptual framework as set out in section 2.4. The quantitative determinants for conditions are largely based on averages of the 1995-2019 time range whereas the quantitative determinants for outcomes typically look at the average annual change. More importantly, the determinants each have their respective thresholds. These thresholds help determine whether a country is considered as a majoritarian democracy or consensus-based democracy in VoD, liberal market economy or coordinated market economy in VoC, and export-led regime or debt-led regime in DR. In order to do so, values are given to represent majoritarian democracy, consensus-based democracy, liberal market economy, coordinated market economy, export-led regime, and debt-led regime as seen in table 5. This, furthermore, includes the values to represent financialization with zero highlighting that financialization in the respective typology does not occur and one reflecting that it does occur. The values employed are simply to represent either set in the dichotomy of the conceptual framework, having no meaning beyond that.

Table 5: Classification of 0 and 1

Value	VoD	VoC	DR	Financialization
0	Consensus-based democracy	Coordinated market economy	Debt-led regime	No
1	Majoritarian democracy	Liberal market economy	Export-led regime	Yes

Each condition and outcome is composed of either three or five determinants which are aggregated in order to find what set the case falls under in each condition or outcome. Table 6 shows how the aggregation of each of the results of the conditions or outcomes places the cases into either set of the conceptual framework.It must be clearly noted that each of the determinants are considered to be equally weighted. That means, for example, that the party system and the electoral system in the executive-legislative condition are considered as important as one another. Obviously, an argument may be held arguing that one determinant may be more important than another determinant, or a combination of determinants may better account for the condition or outcome, but that would constitute a research project of its own. The literature, moreover, limitedly explores this drawing connections between certain determinants yet not weighing any as relatively more or less important than others.

Table 6: Determining sets

Condition/Outcome	0	1	2	3	4	5
Executive-legislative condition	CD	CD	CD	MD	MD	MD
Distribution of power Condition	CD	CD	MD	MD		
Labour condition	CME	CME	CME	LME	LME	LME
Firm condition	CME	CME	LME	LME		
Demand regime condition	DL	DL	EL	EL		
Emergence of a new regime of accumulation	No	No	Yes	Yes		
Ascendency of shareholder orientation	No	No	Yes	Yes		
Financialization of everyday life	No	No	Yes	Yes		
This table uses the following abbreviations of MD and CD for majoritarian democracy and consensus-based democracy, LME and CME for liberal market economy and coordinated market economy, and EL and DL for export-led regime and debt-led regime						

Table 7 shows the results of the operationalizations seen in the executive-legislative condition section (see section 3.2.1) and the distribution of power condition section (see section 3.2.2.) highlighting the conditions and determinants representing VoD, their respective method and unit of analysis, and the thresholds for when a case is considered as a majoritarian democracy.

Table 7: Operationalization of VoD

Condition	Determinant	Method of Analysis	Unit of analysis	Majoritarian democracy when
Executive-Legislative relationship	Cabinet Formation	Quantitative	Average number of parties in the cabinet	<2
	Balance of Power	Qualitative	Vote of confidence in the cabinet mechanism	Simple majority
	Party System	Quantitative	Effective number of parties	≤3
	Electoral System	Quantitative	Disproportionality of electoral system	>6
	Turnover Test	Qualitative	Complete change of parties in cabinet	Succeeds turnover test
Distribution of Power	Government Centralization	Quantitative	Regional authority index	<15
	Legislative Power	Qualitative	Number of parliamentary chambers and relative strength	Unicameral or dominance of lower chamber
	Constitutional Rigidity	Qualitative	Ease of constitutional amendments	Simple majority or two different procedures

Table 8 shows the results of the operationalizations seen in section 3.2.3. and 3.2.4. highlighting the conditions and determinants representing VoC, their respective method and unit of analysis, and the thresholds for when a case is considered as liberal market economy.

Table 8: Operationalization of VoC

Condition	Determinant	Method of Analysis	Unit of analysis	Liberal market economy when
Labour	Wage Bargaining	Quantitative	Collective (wage) bargaining coverage	<50% coverage
	Training and Education	Qualitative	European Centre for the Development of Vocational Training analysis of apprenticeships & percentage of secondary schooling in vocational education/training	<50% students in secondary schooling VET unless in grouping A
	Unionization Rates	Quantitative	Unionization rates	<40% coverage
	Income Distribution	Quantitative	Gini coefficient for household income inequality post transfers and taxes	>0.3
	Employment Conditions	Quantitative	% time worked at current job (0-1 year and 10+ years)	>15% 0-1 year or <40% 10+ years
Firms	Inter-firm Relations	Qualitative	Hostile mergers and acquisitions	Common or uncommon but with >50% average shareholders being 'for-profit'
	Comparative Advantage	Quantitative	Dominance of services or high-technology exports over manufactured exports	services + high technology > manufactured exports
	Shareholder Composition	Quantitative	Average ownership of shares	>50% shares owned by institutional and free floating shareholders

Table 9 shows the results of the operationalizations seen in section 3.2.5. highlighting the conditions and determinants representing DR, their respective method and unit of analysis, and the thresholds for when a case is considered as an export-led regime.

Table 9: Operationalization of DR

Condition	Determinant	Method of Analysis	Unit of analysis	Export-led regime when
Demand Regime	Net Exports	Quantitative	Net exports relative to GDP	0
	Current Account Balance	Quantitative	Total transnational transaction balance as % of GDP	0
	Household Debt Level	Quantitative	Total household debt as % of GDP	>80%

On the following page, table 10 shows the results of the operationalizations seen in section 3.2.6., 3.2.7., and 3.2.8. highlighting the outcomes and determinants representing financialization, their respective method and unit of analysis, and the thresholds for the respective typology of financialization is considered to occur.

Table 10: Operationalization of financialization

Outcome	Determinant	Method of Analysis	Unit of analysis	Financialization when
Emergence of a new regime of accumulation	Total Household Financial Assets	Quantitative	Total household financial assets in USD per capita	Annual average increase over 2,000 USD per capita
	Stocks Traded	Quantitative	Stocks as percentage of GDP	Annual average increase of 1%
	Value added by finance	Quantitative	Percentage of value added by the finance and insurance industry	>5%
Ascendency of shareholder orientation	Income Inequality	Quantitative	Gini Coefficient (expressed in 0-100)	Increase >2
	Unionization Rates	Quantitative	Percentage of workers in trade unions	Decrease of >20%
	Mergers & acquisitions	Qualitative	Hostile mergers and acquisitions	Common or uncommon but with >50% average shareholders being 'for-profit'
Financialization of everyday life	Total Household Financial Assets	Quantitative	Total household debt in USD per capita	Annual average increase over 2,000 USD per capita
	Financial assets in pension funds	Quantitative	Percentage of household financial assets in pension funds	See total household financial asset or growth in pension fund relatively outpacing high growth (average annual increase of 2,000) in total financial assets
	Household debt	Quantitative	Total household debt as percentage of GDP	Average annual increase in household debt of >1%

4. Analysis

Based on the operationalization of the conceptual framework, Table 11 shows the interpreted data of the conditions and outcome for each of the 23 cases *a la* their thresholds. It should be noted that the tables are colour-coded with the value of 1 being green for conditions and red for outcomes and orange for configurational contradictions. Appendix 6 provides the tables for the interpreted data of all the determinants.

Table 11: Configurations of cases

	Condition					Outcomes		
Cases	Executive-Legislative	Distribution of Power	Labour	Firm	Demand Regime	Emergence of a new regime of accumulation	Ascendency of shareholder orientation	Financialization of everyday life
AUT	0	1	0	1	1	0	0	1
BEL	0	0	0	1	1	1	0	1
CZE	1	0	0	0	1	0	0	0
DNK	0	1	0	1	1	1	1	1
EST	0	1	1	0	1	0	0	0
FIN	0	1	0	1	1	1	1	1
FRA	1	0	1	1	0	1	0	1
GER	0	0	0	1	1	1	1	1
GRC	1	1	1	1	0	0	0	0
HUN	1	1	1	1	1	0	0	0
IRL	0	1	1	1	0	1	1	1
ITA	0	0	0	1	1	1	0	1
LVA	0	1	1	0	0	0	0	0
LTU	0	1	1	0	0	0	0	0
LUX	0	1	1	0	1	1	0	1
NLD	0	0	0	1	1	1	0	1
POL	1	0	1	1	1	0	0	0
PRT	1	1	1	0	0	1	0	1
SVK	1	1	0	0	0	0	0	0
SVN	0	1	0	0	1	0	0	0
ESP	1	0	1	1	0	1	0	1
SWE	0	1	0	1	1	1	1	1
UK	1	1	1	1	0	1	0	1
See Appendix 1 for the abbreviations for all of the countries								

Taking the Austrian case, it should be understood that the executive-legislative condition with the value of zero represents consensus-based democracy with the following conditions and outcomes respectively being majoritarian democracy, coordinated market economy, liberal market economy, DR, no outcome occurs with the emergence of a new regime of accumulation and with the ascendency of shareholder orientation, and financialization of everyday life. The order for the conditions, moreover, is a configuration that is shared with Denmark, Finland, and Sweden. Thereby, the truth table below shows the existing configurations.

Table 12: Truth table

	Condition					Outcome		
Configurations	Executive-Legislative	Distribution of Power	Labour	Firms	Demand Regimes	Emergence of a new regime of accumulation	Ascendency of shareholder orientation	Financialization of everyday life
BEL, GER, ITA, NLD	0	0	0	1	1	1	BEL(0), GER(1), ITA(0), NLD(0)	1
SVN	0	1	0	0	1	0	0	0
AUT, DNK, FIN, SWE	0	1	0	1	1	AUT(0), DNK(1), FIN(1), SWE(1)	AUT(0), DNK(1), FIN(1), SWE(1)	1
LVA, LTU	0	1	1	0	0	0	0	0
EST, LUX	0	1	1	0	1	EST(0), LUX(1)	0	EST(0), LUX(1)
IRL	0	1	1	1	0	1	1	1
CZE	1	0	0	0	1	0	0	0
FRA, ESP	1	0	1	1	0	1	0	1
POL	1	0	1	1	1	0	0	0
SVK	1	1	0	0	0	0	0	0
PRT	1	1	1	0	0	1	0	1
GRC, UK	1	1	1	1	0	GRC(0), UK(1)	0	GRC(0), UK(1)
HUN	1	1	1	1	1	0	0	0

From the 23 cases, there are configurations with six of them being shared configurations.

Before continuing, it is crucial to discuss the configurational contradictions that are seen in the truth table. These configurational contradictions have two configurations consisting of four countries (Belgium-Germany-Italy-the Netherlands and Austria-Denmark-Finland-Sweden) and two configurations consisting of two countries (Estonia-Luxembourg and Greece-UK). These shared configurations, moreover, allow for configurational contradictions which are problematic. Configurational contradictions are logical contradictions of a configuration that leads to two opposing outcomes breaking the assumption of equifinality which underpins the research design and methodology of crisp-set QCA. The following paragraphs seeks to examine eight possible strategies to resolve contradictory configurations (Rihoux and Ragin, 2009). However, no clear 'culprit' in the conditions or outcomes are found; these contradictions fail to become resolved. As such, the configurational contradictions are further examined in the discussion chapter as to also draw in theoretical explanations.

The first option to resolve configurational contradictions is to add another condition to make the configurations more complicated which was noted as a possibility in the literature review but this would result in some 64 possible configurations causing at least 41 logical remainders with the 23 countries analysed. Aside from this, other conditions like the economy, recency of EU membership, Eurozone membership, and the 'Human Development Index' all fail to resolve most of the remaining contradictory configurations which can be seen in Appendix 5 and includes the respective thresholds examined and source.

The second option is to replace conditions in order to overcome the contradictions but this would prove contrary to the research topic of this paper.

The third option is a reexamination of the operationalization of conditions which proves interesting as it highlights a number of possible flaws in the research design yet, ultimately, the remaining existing operationalizations prove fitting for the analysis. This option caused the removal of the judicial oversight and central bank independence determinants for the distribution of power condition as the operationalization of both judicial oversight and central bank independence biased the condition in favour of consensus-based democracy as all but five countries have judicial oversight guaranteed by their constitution (the employed unit of analysis) and only three countries have relatively 'low' central bank independence as discussed in the literature review (see 2.2.). This same option allows for changes in the threshold yet the given thresholds are largely selected through their respective best practices. Additionally, a closer look at the determinants employed highlights the close degree of similarity between several of the contradictory configurations making a threshold selected to prevent these contradictions simply manipulations of data which is to be avoided.

The fourth option raises a data quality question on the operationalizations which is later discussed. The data generally fits the research design with few options for making changes. Comparative advantage may be replaced by the revealed comparative advantage indicator and total household financial assets may be replaced by household net worth instead of the implemented determinants. Other operationalizations of the conceptual framework are possible.

Time was spent on the fifth option which is to reconsider the outcome determinants. This required much time due to the fact that there are three different approaches, financialization as the emergence of a new regime of accumulation, financialization as the ascendency of shareholder orientation, and financialization of everyday life, where the selection of the determinants for such outcomes should be concretely backed by evidence as has been done.

This option proved useful as it led to a reexamination of the literature which led to substantial changes to financialization as the ascendency of shareholder orientation because in the original design it only had one determinant to represent it - income inequality. This may be accounted for by the fact that a typical analysis of this outcome is at the meso-level looking at the changing behaviours of stakeholders of a firm. That being said, the literature concretely backs that the ascendancy of shareholder orientation goes hand-in-hand with growing inequality as board members have benefited the most from this approach. Nevertheless, the unionization rates determinant was also added as the ascendency of shareholders led to a weakening of labour whereby it is a logical argument to make that unionization rates would also weaken. Mergers and acquisitions were also added as this approach largely argues that shareholders and board members are solely interested in increasing their stock values and as such are likely to engage in hostile merger and acquisition takeovers. The other two outcomes, however, only saw minor revisions such as slight adjustments to their thresholds.

The sixth option is a reconsideration of case selection. This, however, proves unhelpful. Consider, for instance, the Austria-Denmark-Finland-Sweden configurations which groups together very similar countries in accordance to the employed determinants and the existing literature as, for example, seen by the existence of a sub-genre of VoC literature arguing in favour of a Nordic form of capitalism. This proves as problematic as the seventh option which is to attempt to analyse the countries in a more qualitative manner but, again, what sets these countries apart? Existing literature has also faced this issue with Italy as Stockhammer and Kohler (2020, p. 152) consider it to be a borderline case.

The eighth option is to change the outcomes of contradictory configurations to zero treating these configurations as unclear in order to better see the sought for relationship. Consider, however, doing so in the Greece-UK contradiction. The literature is very clear in having established that the UK is experiencing financialization and changing its outcome to zero would effectively contradict something near fundamental in financialization literature. Thus, the remaining course of action would be either to expunge or keep the contradictory configurations. Keeping them is the better course of action as the contradictory configurations simply require a more fine-grained analysis to which QCA is suited. To this end, the analysis will continue the crisp-set QCA approach by ignoring contradictory configurations which will be analyzed more closely near the end of this chapter.

At this stage, it is useful to measure the necessity and sufficiency of conditions to the respective outcomes (Rihoux and Ragin, 2009). The necessity of a condition may be found by computing the number of cases of the conditions with a value of X and an outcome value of Y divided by the number of cases with the outcome value of Z. The findings thereof are shown in table 13. The table, moreover, highlights the set of each condition based on the dichotomy provided by the conceptual framework.

Table 13: Measuring condition necessity

Condition	Set	Emergence of a new regime of accumulation		Ascendency of shareholder orientation		Financialization of everyday life	
		Occurs	Does not occur	Occurs	Does not occur	Occurs	Does not occur
Executive-legislative	When MD	0.31	0.50	0.00	0.50	0.29	0.56
	When CD	0.69	0.50	1.00	0.50	0.71	0.44
Distribution of power	When MD	0.54	0.80	0.80	0.61	0.57	0.89
	When CD	0.46	0.20	0.20	0.39	0.43	0.11
Labour	When LME	0.46	0.60	0.20	0.61	0.43	0.67
	When CME	0.54	0.40	0.80	0.39	0.57	0.33
Firm	When LME	0.85	0.40	1.00	0.56	0.86	0.11
	When CME	0.15	0.60	0.00	0.44	0.14	0.89
Demand Regime	When EL	0.62	0.60	0.80	0.56	0.64	0.56
	When DL	0.38	0.40	0.20	0.44	0.36	0.44

This table uses the following abbreviations of MD and CD for majoritarian democracy and consensus-based democracy, LME and CME for liberal market economy and coordinated market economy, and EL and DL for export-led regime and debt-led regime

Table 13 shows the consistency of coverage for the necessity of conditions regarding the occurrence of the outcome of financialization under the three typologies, or a lack thereof. Conditional necessity may be considered in two manners: necessary and quasi-necessary. A condition is considered necessary when it is found in all cases for the outcome to occur, this may be seen with the ascendency of shareholder orientation when the executive-legislative condition is a consensus-based democracy and in the firm condition when it is a liberal market economy. A condition is considered quasi-necessary when the set of the condition is seen in most cases of the outcome, this may be seen in the occurrence of the emergence of a new regime of accumulation with the firm condition as a liberal market economy or no emergence of a new regime of accumulation occurring when a majoritarian democracy in the distribution of power condition. Quasi-necessary cases are seen in the occurrence of the ascendency of shareholder orientation with the distribution of power condition as a majoritarian democracy, labour condition as coordinated market economy, and demand regime condition as export-led regime. In the occurrence of financialization of everyday life, liberal market economy in the firm condition is quasi necessary. When financialization of everyday life does not occur, majoritarian democracy in the distribution of power and coordinated market economy in the firm conditions are quasi-necessary.

Within each of these crisp-set QCA, boolean minimization processes will take place looking at financialization and no-financialization outcomes in order to simplify the expressions and take place with and without logical remainders. Minimizations without logical remainders are simply descriptive as it shows only the realized cases. The minimizations, which excludes configurational contradictions, helps to highlight the coverage of necessity and sufficiency of conditions by simplifying the terms explaining the outcome be it either 1 or 0. This is a further expansion of the necessity analysis just undergone, the minimizations occur respectively for each typology in the following sections: the emergence of a new regime of accumulation (see section 4.1.), the ascendency of shareholder orientation (see section 4.2.), and the financialization of everyday life (see section 4.3.). These approaches, moreover, are combined into a singular financialization analysis seeking to analyse the cases where financialization occurred across all three approaches (see section 4.4.).

4.1. Emergence of a new regime of accumulation

Figure 2: Visualization of the emergence of a new regime of accumulation

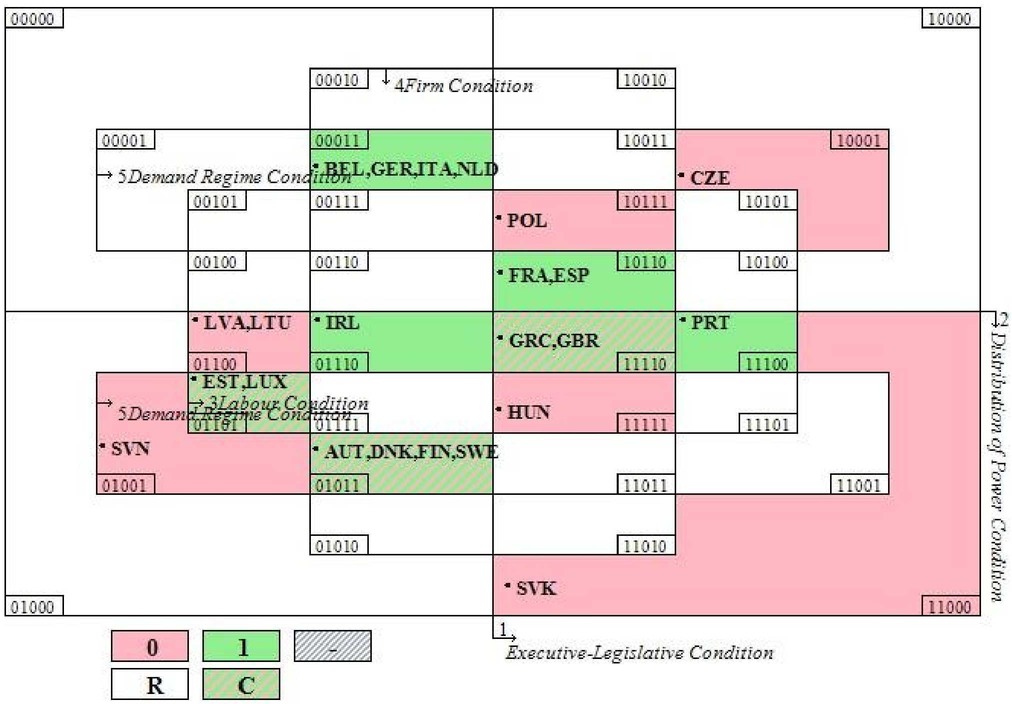


Figure 2, as seen above, is a visualization of the configurations and their outcomes including configurational contradictions. It can, again, be seen that the firm condition as a liberal market economy is a quasi-necessary condition as seen by its consistency of coverage with the exceptions being Luxembourg and Portugal. Interestingly a general pattern can be seen in regards to the geographical spacing of countries and the emergence of a new regime of accumulation wherein North and West European countries experience this outcome whereas Central and East European countries do not see this outcome. This general pattern also translates into the recency of membership in the EU. Austria, however, diverges from the geographic pattern and Greece from the recency of EU membership.

Table 16 in Appendix 2 includes all of the boolean minimizations of the emergence of a new regime of accumulation analysis. The following equations seek to highlight the necessity and sufficiency of configurations of conditions. The conditions being written in uppercase represents value 1 referring to majoritarian democracy, liberal market economy, or export-led regime and conditions in lowercase represent value 0 referring to consensus-based democracy, coordinated market economy, or debt-led regime.

Figure 2 and table 13 are helpful insofar as providing a clear overview of all the configurations and their consequent outcomes. The financialization outcome in Portugal is explained by the necessary and sufficient combination of conditions as

$$EXECUTIVE\ LEGISLATIVE\ CONDITION\ *\ LABOUR\ CONDITION\ *\ firm\ condition$$

For the sake of clarity, the dash from the executive-legislative condition is removed from these equations. The equation means to say that the combination of majoritarian democracy in the executive-legislative condition, liberal market economy in the labour condition, and coordinated market economy in the firm condition are the sufficient and necessary conditions for the outcome of financialization to occur. This, moreover, is based on the usage of logical remainders that helps to simplify the equation. Unless stated otherwise, the necessary and sufficient combination of conditions are based on the usage of logical remainders. Financialization in Belgium, Germany, Italy, and the Netherlands is explained by the following necessary and sufficient combination of conditions as

$$executive\ legislative\ condition\ *\ distribution\ of\ power\ condition$$

OR

$$distribution\ of\ power\ condition\ *\ labour\ condition\ *\ FIRM\ CONDITION$$

In cases where the sufficient and necessary combination of conditions may be attributed differently are shown in different manners. Thereby, financialization in Belgium, Germany, Italy, and the Netherlands is explained by consensus-based democracy in the executive-legislative condition and in the distribution of power condition but may equally be accounted for by consensus-based democracy in the distribution of power condition, coordinated market economy in the labour condition, and liberal market economy in the firm condition. Ireland's financialization outcome may be explained by the necessary and sufficient combination of conditions as

$$executive\ legislative\ condition\ *\ LABOUR\ CONDITION\ *\ FIRM\ CONDITION$$

OR

$$executive\ legislative\ condition\ *\ FIRM\ CONDITION\ *\ demand\ regime\ condition$$

Whereas France and Spain's financialization outcome can be explained by

$$distribution\ of\ power\ condition\ *\ demand\ regime\ condition$$

In the case where there is no emergence of a new regime of accumulation, the necessary and sufficient combination of conditions work in the same manner as seen with the Czech Republic, Hungary, and Poland are

$$EXECUTIVE\ LEGISLATIVE\ CONDITION\ *\ DEMAND\ REGIME\ CONDITION$$

In Hungary and Poland, it may be accounted for by

$$LABOUR\ CONDITION \ * \ FIRM\ CONDITION \ * \ DEMAND\ REGIME\ CONDITION$$

In the Czech Republic, Slovakia, and Slovenia, it may be explained by

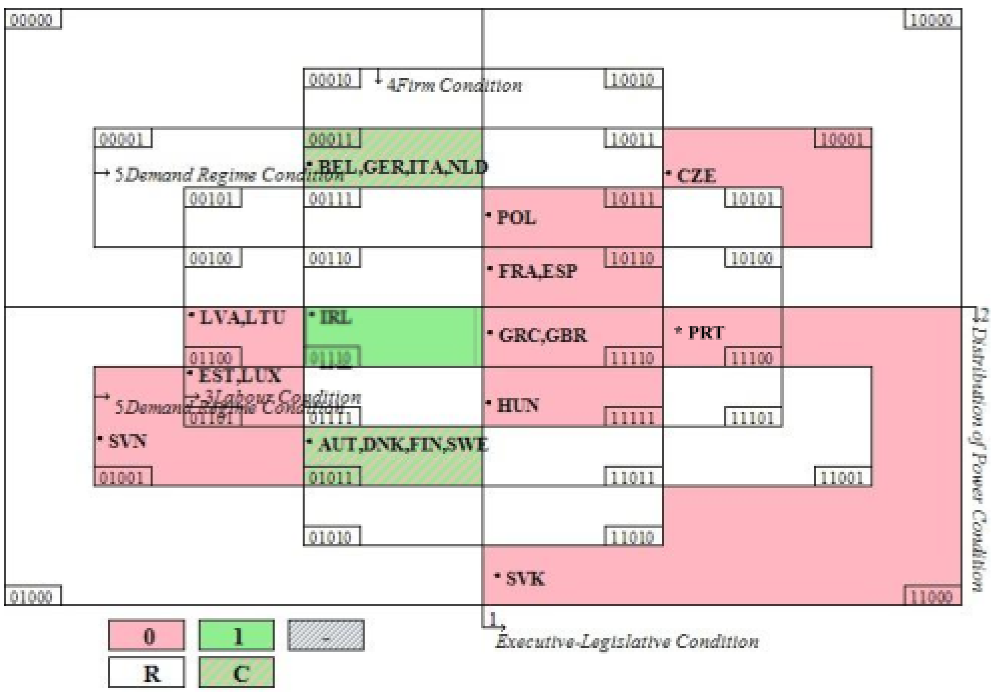
$$labour\ condition \ * \ firm\ condition$$

Lastly, the no-financialization outcome in Latvia and Lithuania may be explained by the necessary and sufficient combination of conditions as

$$executive\ legislative\ condition \ * \ firm\ condition \ * \ demand\ regime\ condition$$

4.2. Ascendency of shareholder orientation

Figure 3: Visualization of the ascendency of shareholder orientation



In this outcome, only one configuration, without contradictions, is employed, Ireland, that experienced the ascendency of shareholder orientation. Figure 3 reinforces the earlier finding that the executive-legislative condition as consensus-based democracy and the firm condition as liberal market economy are necessary conditions for the ascendency of shareholder orientation.

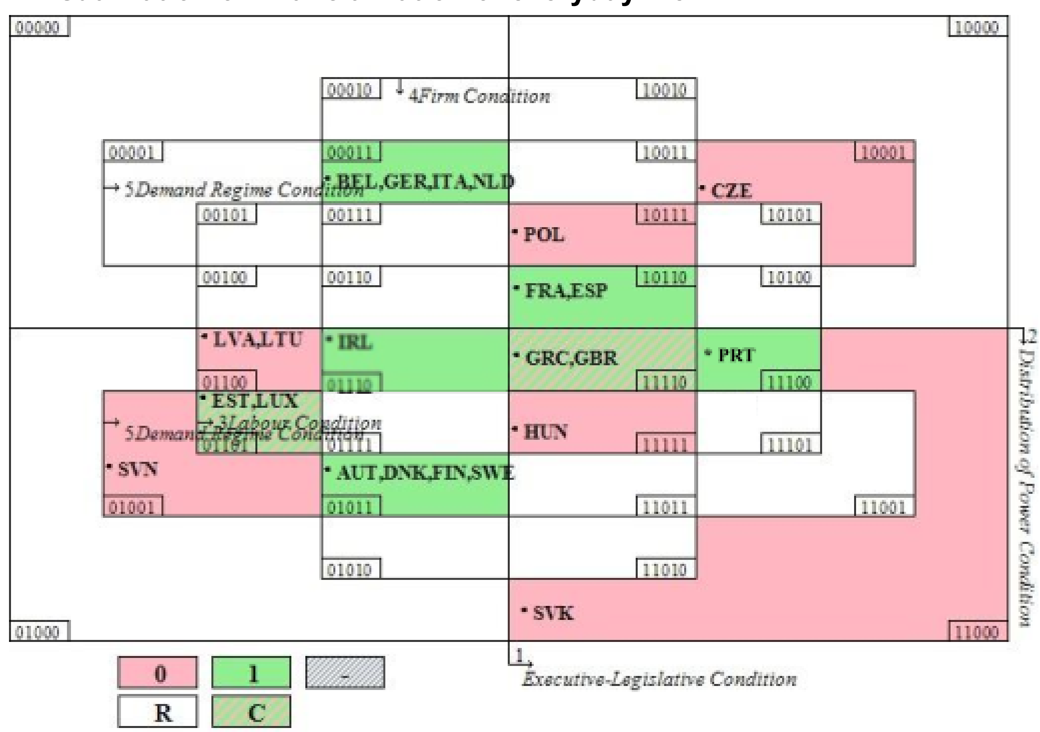
Table 17 in Appendix 2 includes all of the boolean minimizations of the emergence of a new regime of accumulation analysis.

Due to the exclusion of contradictory configurations, four of the five cases with financialization as an outcome are excluded from this minimization. Having already fixed consensus-based democracy in the executive-legislative condition and liberal market economy in the firm condition as necessary conditions for the ascendency of shareholder orientation, the combination of these with either the labour condition as liberal market economy or the demand regime condition as debt-led regime are the necessary and sufficient combination of conditions for the ascendency of shareholder orientation.

As a result of having only one case wherein the ascendency of shareholder orientation occurs, the outcome of no ascendency of shareholder orientation may be accounted for majoritarian democracy in the executive-legislative condition for the Czech Republic, France, Spain, Greece, the UK, Hungary, Poland, Portugal, and Slovakia, and the firm condition as coordinated market economy in the Czech Republic, Estonia, Luxembourg, Latvia, Lithuania, Portugal, Slovakia, and Slovenia. Contrastingly, the firm condition coordinated market economy (the opposite of the necessary condition for the ascendency of shareholders) shows not to be a necessary condition for no-financialization to take place. Consequently, there is no value of a condition that proves singlehandedly necessary for the no-financialization outcome. Combinations of conditions, thereby, are considered sufficient or quasi-sufficient and necessary or quasi-necessary for no-financialization outcome. Noting that the no-financialization outcome using logical remainders shows majoritarian democracy in the executive-legislative condition and coordinated market economy in the firm condition are found with high consistency likely highlighting their relatively greater necessity and sufficiency in explaining there being no ascendency of shareholder orientation.

4.3. Financialization of everyday life

Figure 4: Visualization of financialization of everyday life



The pattern described in the analysis of the emergence of a new regime of accumulation is seen again with the financialization of everyday life whereby similar countries have the same outcomes; the difference being that Austria, too, is experiencing the financialization of everyday life. The use of one of the same determinants may help account for the similarity in the results from the emergence of a new regime of accumulation and the financialization of everyday life.

The financialization outcome in Austria, Belgium, Denmark, Finland, Germany, Ireland, Italy, and Sweden is explained by the necessary and sufficient combination of conditions as

$$executive\ legislative\ condition \ * \ FIRM\ CONDITION$$

Financialization in Portugal is explained by the necessary and sufficient combination of conditions of

$$EXECUTIVE\ LEGISLATIVE\ CONDITION \ * \ LABOUR\ CONDITION \ * \ firm\ condition$$

The financialization outcome in France and Spain may be explained by

$$distribution\ of\ power\ condition \ * \ demand\ regime\ condition$$

In the case of the no-financialization outcome, the necessary and sufficient combination of conditions for the Czech Republic, Hungary, and Poland are

$$EXECUTIVE\ LEGISLATIVE\ CONDITION \ * \ DEMAND\ REGIME\ CONDITION$$

Otherwise, the necessary and sufficient combination of conditions for the no-financialization outcome to occur in Hungary and Poland may be accounted as

$$LABOUR\ CONDITION \ * \ FIRM\ CONDITION \ * \ DEMAND\ REGIME\ CONDITION$$

The no-financialization outcome in the Czech Republic, Slovakia, and Slovenia may be explained by the necessary and sufficient combination of conditions as

$$labour\ condition \ * \ firm\ condition$$

Lastly, the no-financialization outcome in Latvia and Lithuania may be explained by the necessary and sufficient combination of conditions as

$$executive\ legislative\ condition \ * \ firm\ condition \ * \ demand\ regime\ condition$$

The necessary and sufficient combination of conditions seen with Latvia and Lithuania are the same in the no-financialization of everyday life and the emergence of a new regime of accumulation. Further similarities with the necessary and sufficient combination of conditions between the emergence of a new regime of accumulation and financialization of everyday life may be seen with: France and Spain, and Portugal. Regarding the no-financialization outcomes, similarities in the necessary and sufficient combination of conditions may be seen with the Czech Republic, Hungary, and Poland, the Czech Republic, Slovakia, and Slovenia, and Latvia and Lithuania.

4.4. Financialization

Lastly, this section looks into the cases where the most financialization occurs as measured by a combination of all the determinants used to measure the three approaches of financialization independently. It should be noted that total household financial assets is seen twice as a determinant in the emergence of a new regime of accumulation and the financialization of everyday life, one of the total household financial assets in this overview of financialization is removed. Consequently, this leads to an even number of determinants which means that there is no clear middle point to dichotomize into the financialization and no-financialization sets. As such, the threshold for financialization to occur is set at six. That means to say that at least six of the outcomes from the determinants need to be considered as financialization in order to be put into the financialization set. The threshold is set at this level in order to analyze the most significantly financialized cases and due to the number of configurational contradictions that occur at this threshold and lower.

Table 14: Financialization truth table

	Condition					Outcome
	Executive-Legislative	Distribution of Power	Labour	Firms	Demand Regimes	Financialization
BEL, GER, ITA, NLD	0	0	0	1	1	BEL(0), GER(0), ITA(1), NLD(0)
SVN	0	1	0	0	1	0
AUT, DNK, FIN, SWE	0	1	0	1	1	AUT(0), DNK(1), FIN(1), SWE(1)
LVA, LTU	0	1	1	0	0	0
EST, LUX	0	1	1	0	1	0
IRL	0	1	1	1	0	0
CZE	1	0	0	0	1	0
FRA, ESP	1	0	1	1	0	0
POL	1	0	1	1	1	0
SVK	1	1	0	0	0	0
PRT	1	1	1	0	0	0
GRC, UK	1	1	1	1	0	GRC(0), UK(1)
HUN	1	1	1	1	1	0

Clearly, configurational contradictions continue to occur even when considering the three typologies of financialization as one. Interestingly, table 15 highlights that the occurrence of financialization may be attributed to necessary and quasi-necessary conditions in respect to all conditions. The necessary condition being liberal market economy in the firm condition. The quasi-necessary conditions are consensus-based democracy in the executive-legislative condition, majoritarian democracy in the distribution of power, coordinated market economy in the labour condition, and export-led regime in the demand regime condition. There are, however, no necessary conditions for financialization not to occur.

Table 15: Measuring conditional necessity of financialization

Condition	Set	Financialization	
		Occurs	Does not occur
Executive-legislative	When MD	0.20	0.44
	When CD	0.80	0.56
Distribution of power	When MD	0.80	0.61
	When CD	0.20	0.39
Labour	When LME	0.20	0.61
	When CME	0.80	0.39
Firm	When LME	1.00	0.56
	When CME	0.00	0.44
Demand Regime	When EL	0.80	0.56
	When DL	0.20	0.44

This table uses the following abbreviations of MD and CD for majoritarian democracy and consensus-based democracy, LME and CME for liberal market economy and coordinated market economy, and EL and DL for export-led regime and debt-led regime

It is, however, not possible to further analyze the necessity and sufficiency of the combination of conditions as all cases in which financialization occurs are also configurational contradictions.

5. Limitations

As seen throughout this paper, financialization is an extremely complicated and multifaceted phenomenon that academics have conceptualized and operationalized in a wide number of ways which includes analysing financialization at the meso and micro levels. Whilst such approaches are useful in researching financialization, it does not aptly suit the research design of this thesis due to it being a transnational comparison whereby it looks at the macro-level of phenomena throughout the determinants of democracy, capitalism and financialization. Consider momentarily the ascendency of stakeholder orientation which is typically approached on the meso-level, what firm/s should be selected to represent financialization in a country? Would those firms be representative of financialization throughout said country? Where would the data be drawn from? Would there be accurate data for all 23 countries? Consequently, the macro-level approach limits the analysis in scope which, in turn, may limit the internal validity of the analysis as possibly highlighted by the many cases of configural contradictions seen in the analysis of ascendency of shareholder orientation. Another limitation to the internal validity of the analysis are the interrelated determinants, such as total financial household assets is seen in both the emergence of a new regime of accumulation and the financialization of everyday life whilst household financial debt is seen in financialization of everyday life and the DR condition. As previously noted, however, the application of the same determinants to different conditions and outcomes is based on logical and theoretical propositions whilst differing on underlying assumptions. The internal validity of this thesis may also be impacted by several other limitations like the decision to analyze determinants between 1995 and 2019, in favour of standardization, rather than using as much data as possible or the investigation of three different forms in which financialization takes place. The exception to this is the stocks traded determinant due to the notable limitations in its data, this is discussed in Appendix 3. Furthermore, the external validity of the research is limited by the country selections as there is little reason to expect its findings to be extrapolated with a degree of confidence to all but a handful of countries of matured democracies and market-economies. This limitation to external validity is seen throughout financialization research considering it scarcely focuses on less-developed economies. That being said, the number of countries used to research financialization is much greater than is seen in the majority of financialization literature which reflects that this external validity is limited to a lesser degree.

Dichotomizing democracy, capitalism, and financialization into two sets is a limitation because more realistically countries exist in a spectrum between two extremes. In essence, countries with a tendency in one direction fall under that respective set. This, however, is not necessarily representative as can be seen with table 23 in Appendix 6 where Hungary fully ranks under the five determinants as a majoritarian democracy whilst the Czech Republic only ranks as an majoritarian democracy through three of the five determinants of the executive-legislative condition. (Appendix 6 provides the interpreted data for all of the determinants.) Even if the dichotomization is correct, the question arises whether or not the thresholds employed are accurate yet this is mostly thoroughly backed by technical, theoretical, or logical propositions. Fuzzy-set may have been a better suited research design because it better reflects the varying degrees to which a country may be, for example, considered to be a majoritarian democracy, liberal market economy, or export-led regime. By the same logic, financialization may occur to different degrees which the research design fails to acknowledge. Further research through a fuzzy-set QCA seems justified.

The QCA methodology allows for qualitative analyses which some of the determinants employ. Qualitative analyses are dependent on the researchers interpretation of data which undoubtedly results in a degree of subjectivity. Take, for example, the interfirm relations determinant that focuses on the commonality of hostile mergers and acquisitions. This determinant is dependent on the interpretation of documents where, for example, mergers and acquisitions in Spain were considered as very uncommon which was taken to mean as rare (Miguel, Vidal-Pardo and Uría Menéndez, 2020). That being said, the qualitative analyses are necessary for the conditions as certain determinants are not readily quantified or, if they are, then it would omit an undesirable amount of data. To overcome the issues surrounding the qualitative (and quantitative) analyses, the measures seek to be as transparent as possible in order to allow for replicability and other critical examinations of the research.

Another limitation arising from the methodology lies in the static nature of the determinants. Democracy and capitalism are taken as static concepts having typically been based on an average from 1995 to 2019. This average may not necessarily be representative of the current state of democracy or capitalism as there may have been significant change during the period of analysis. Spain, again, proves insightful in the limitations of the static nature of the analysis. Spain had a stable two-party system up until 2015 when the party-system fragmented into a multi-party system (Orriols and Cordero, 2016). The change to a multi-party system may indicate a wider movement within Spain towards consensus-based democracy. On the other hand, it may be argued that Spain is temporarily flirting with consensus-based democracy and may move back into majoritarian democracy. Clearly, democracy and capitalism are not static phenomena which they are treated as in the research but this allows for more accurate representations of the state of democracy and capitalism and considering them as dynamic would likely make researching financialization more challenging. That being said, the literature review (chapter 2) highlighted that causality between democracy and capitalism with financialization may work both ways. Whilst the focus on causality of financialization lies in democracy and capitalism, reverse causality is also likely. This likeness is also seen in the determinants employed for the analysis as, for example, the labour condition distinguishes the income distribution between countries whilst financialization results in a worsening of income inequality whereby financialization biases countries towards becoming a liberal market economy.

5.1. Contradictory configurations

As discussed, contradictory configurations are logical errors where the same configuration may lead to varying outcomes which breaks the assumption of equifinality underpinning this research design which raises several interesting points. Firstly, the number of contradictory configurations seen in the ascendency of shareholder orientation shows light to the questionable usage of macro-level indicators for analyses that are typically done on the meso-level. Whilst questionable, the meso-level is also not a good option for a transnational study of 23 countries where each country would require representative firms and ample data for better findings. Secondly, the Greece-UK shared configuration proves interesting as the UK is seen to be experiencing a shift towards consensus-based democracy which was clear in the distribution of power condition as, for example, it now has a supreme court for judicial oversight, devolution to the three smaller members of the union, and a significant degree of central bank independence albeit judicial oversight and central bank independence were excluded from the analysis. Lastly, the failure to resolve the configurational contradictions, nevertheless, proves insightful as it may highlight that the heterogeneity of financialization may falsify the QCA assumption of it being equifinal which may indicate that national characteristics are possibly multifinal in explaining financialization. Otherwise, it may be that other national characteristics better relate to and explain the heterogeneity of financialization or that the dichotomization may lose too much information. Another consideration, therefore, may be that multivariate or fuzzy-set QCA would better suit this analysis, fuzzy-set QCA seems particularly suited for this research design as most of the conditions are simply relative with most countries falling within a spectrum of the respective theory. The removal of the contradictory configurations, moreover, increases the number of logical remainders in each of the three outcomes which is particularly acute for the ascendency of shareholder orientation. The following sections will take a closer look at the configurational contradictions that were found and excluded from the necessity and sufficiency aspect of the analysis.

5.1.1. Austria-Denmark-Finland-Sweden

This configuration is interesting as it may highlight that the VoC of the Nordic countries is unique as seen from Mjoset (2011). That Denmark, Finland, and Sweden experienced the emergence of a new regime of accumulation and ascendency of shareholder orientation may support this literature; Austria contradicts their outcomes as it did not experience either approaches of financialization. That being said, Austria is fairly close in annual average value added by finance and insurance, falling short of the threshold by 0.22%, for the emergence of a new regime of accumulation and it is also close in the fall of unionization rates with a significant drop of 14.8% starting from 41.1% in 1995. Similarly, Austria scarcely experiences financialization as seen in the analysis in section 4.4. On the other hand, the three Nordic countries significantly pass the thresholds for the determinants in which they are considered to be financialized. Therefore, the contradictions are not readily solved through the eight strategies highlighted in the analysis.

5.1.2. Greece-UK

Financialization literature has seen to focus mostly on the Anglo-Saxon world, including the UK, where its outcomes of financialization in the emergence of a new regime of accumulation and the financialization of everyday life is hardly surprising. However, Greece, being part of the same configuration, does not experience financialization in either of those cases. A number of different external matters may account for this divergence. In the emergence of a new regime of accumulation, it is highly likely the fault of the Great Recession and the Eurozone Crisis which hit Greece particularly hard and explains why it is not experiencing financialization according to the determinants and their thresholds. That being said, Greece is fairly close to the thresholds in values added by finance having surpassed the 5% threshold in recent years and the annual increase in household financial assets is also seen to be rising; the household financial assets relating to the emergence of a new regime of accumulation and the financialization of everyday life. Therefore, the configurational contradiction seen with Greece and the UK is largely to blame on the economic turbulence seen in Greece over the past decade. Again, the eight strategies fail to solve this contradiction. The difference in outcomes, however, can be largely explained by factors external to the analysis. The fact that the UK, moreover, is considered as one of the countries undergoing financialization in most respects also supports the external validity of the analysis as it matches the existing literature.

5.1.3. Estonia-Luxembourg

The Estonia-Luxembourg contradictions may also contribute to the Greece-UK analysis as another likely reasoning that can explain the divergence is that Luxembourg and the UK are two major financial centres; Luxembourg sees an average of around 26% value added by finance and insurance. In the emergence of a new regime of accumulation, Estonia falls just short of the threshold which is largely to blame from the infancy of its financial sector as its USD per capita was only at roughly 3,600 in 1995 whereas Luxembourg was at roughly 50,000. Limitations in the availability of data may also be skewing the findings as, for example, there were only eight years in which stocks traded was measured for Estonia whilst Luxembourg had 38 (the average was circa 29 years). In the financialization of everyday life, Estonia also barely misses the threshold of having 15% of more financial assets in pension funds whereas Luxembourg is included here due to its significant growth in household financial assets. This configurational contradiction is largely to blame on a number of biases in the data against Estonia and in favour of Luxembourg.

5.1.4. Belgium-Germany-Italy-the Netherlands

Germany is the only case, in a configuration of four, said to experience the ascendency of shareholder orientation. This contradiction, however, is not readily explained by the determinants used for ascendency of shareholder orientation nor its thresholds. There is a large degree of heterogeneity in their respective values for each of the determinants with Germany being the only one to surpass the thresholds. These four countries are fairly similar to one another in one manner or another as, for example, Belgium ranks nearly as high as Germany in the Regional Authority Index; all of them pass this threshold. They are also fairly consistent in their DR with Italy nearing the threshold in regards to trade related determinants (net exports and current account) and the Netherlands regarding its high household debt levels. Consequently, a qualitative assessment of this configuration fails to account for the contradiction whereby it may be argued that financialization as the ascendency of shareholder orientation breaks the equifinality assumption underpinning the QCA approach. In other words, it may be that the outcome of financialization for the ascendency of shareholder orientation is explained by multifinality, meaning to say that the same configuration of cases may see contradictory outcomes. This finding, however, requires further research and, if true, would make further transnational institutional analyzes complicated.

5.1.5. Implications from contradictions

One of the eight strategies to overcome the contradictory configurations is to include another condition. However, the close examination of the existing configurations shows that there are a number of different reasons explaining the contradictions beyond the conditions. Moreover, other possible conditions would still fail to resolve the contradictions as, for example, the condition may investigate wealth, population size, length of EU membership, or Eurozone membership. It may be that condition is overlooked that may resolve the contradictions but the considered and employed optional conditions fail to do so. Failing to resolve these configurational contradictions may be considered as a shortcoming, however, the persistent inability to resolve the contradictions may also reflect that the hypothesis generating failed or the research design is not the best suited to explore the sought after relationship.

Whilst the configurational contradictions may be largely accounted for, the configurational contradiction of Belgium-Germany-Italy-the Netherlands alongside the possibility that the explanations for the other contradictions are incorrect shows the hypothesis generation to be inconclusive. Additionally, configurational contradictions exist in all three forms of financialization analyzed reflecting that financialization, as a whole, may have a degree of multifinality. This is also seen when considering financialization as a whole. In order to better approach this, further research is necessary with multivariate and fuzzy-set QCA being recommended as they permit differing models and are much less inclined to share configurations. These approaches are much less likely to have configurational contradictions but may better account for transnational differences beyond the simple dichotomy of crisp-set QCA.

6. Discussion

Financialization is a complex social phenomena. This can be captured in two regards: causal symmetry and equifinality. In regards to the emergence of a new regime of accumulation and financialization of everyday life, the firm condition as a liberal market economy is seen as a quasi-necessary condition for these outcomes to take place but coordinated market economy is not quasi-necessary for there to be no-financialization outcome. The same may be seen with a number of different necessary conditions and a combination of necessary and sufficient conditions. These differences in the outcomes from the necessity and sufficiency of conditions reflects the underlying assumption that there is no perfect causal symmetry. In other words, being a liberal market economy in the firm condition which is a quasi-necessary condition for the emergence of a new regime of accumulation and financialization of everyday life need not mean that being a coordinated market economy in the same condition is quasi-necessary for the no-financialization outcome. This is aptly captured with the ascendency of shareholder orientation as being a liberal market economy in the firm condition is necessary for the ascendency of shareholder orientation whereas being a coordinated market economy does not even cover half of the cases in which there is a no-financialization outcome. Clearly, there is no perfect causal symmetry. The question now is whether there is imperfect causal symmetry or causal asymmetry. The necessary or quasi-necessary conditions seen in the firm condition highlights a high degree of imperfect causal symmetry considering that there is no clear relationship between the consistency of necessity for an outcome to occur and for the outcome not to occur. There is an element of asymmetry as seen with the variation in the ascendency of shareholder orientation and an element of symmetry seen with similarity in the emergency of a new regime of accumulation and the financialization of everyday life. As discussed in the contradictory configuration of Belgium-Germany-Italy-the Netherlands, there is no clear explanation for the ascendency of shareholder orientation in Germany which is not seen in the other three countries. The analysis concludes that multifinality is a possible explanation for the contradiction. Noting that multifinality means the same configurations may experience different and, thus, contradictory outcomes which is an assumption underpinning QCA. The other contradictions are largely accounted for yet it may still reflect a notable degree of multifinality regarding financialization. As such, it is a likely consideration that financialization experiences a limited degree of multifinality. It is limited insofar as a majority of cases are not contradictions but the issue here is that not a large number of shared configurations exist. It can, thus, be seen that financialization is a complex phenomena considering the elements of imperfect causal symmetry, causal asymmetry, and multifinality seen throughout the analysis. These findings are essential as they help explain the transnational heterogeneity beyond the simplifications provided by the model.

Taking a closer look at the necessary conditions, some interesting findings can be discussed. The outcome of the ascendency of shareholder orientation may have provided for interesting yet, possibly, conflicting hypotheses as, for example, the firm condition as a liberal market economy is a necessary condition highlighting that the ascendency of shareholder orientation may occur in institutional arrangement that provides firms more inclination to maximize the returns to their shareholders. Contrastingly, the labour condition saw coordinated market economy as the necessary condition for the ascendency of shareholder orientation which may be seen as a manner in which to protect labour during the ascendency of shareholder orientation. This may equally be considered as a manner in which to prevent the ascendency of shareholder orientation but the necessity calculation for the no-financialization outcome is fairly low at 0.39. The emergence of a new regime of accumulation and the financialization of everyday life, on the other hand, each have two quasi-necessary conditions in the distribution of power and firm conditions. Interestingly, the firm conditions considers being a liberal market economy as a quasi-necessary condition for those two approaches of financialization to occur whereby it is likely that a liberal market economy in the firm condition is an important precursor for any approach of financialization to become realized.

The patterns seen for the emergence of a new regime of accumulation and the financialization of everyday life further highlights that the simple dichotomy of VoD, VoC, and DR may fail to completely account for the transnational heterogeneity. Generally speaking, the Central and East European countries are considered dependent market economies based on the large amount of foreign direct investment and support from the EU whereby further analysis may better explain the transnational heterogeneity. Interestingly, there is no pattern of periphery-core or North-South that explains the heterogeneity of financialization. This reinforces the finding that the demand regime condition scarcely explains, by its lack of individual necessity, the outcome of financialization or lack thereof. Again, further research employing multivariate and fuzzy-set QCA is necessary to better account for the transnational heterogeneity of financialization.

For now, a clear relationship between transnational heterogeneity of financialization and national characteristics has not been found. In other words, the findings of this thesis are inconclusive and, consequently, it is not possible to derive sound hypotheses from the findings. The necessity of particular conditions, like consensus-based democracy in the executive-legislative condition and liberal market economy in the firm condition, does indicate that both democracy and capitalism may be closely linked to financialization. The combination of the two does indicate that both democracy and capitalism hold merit to explaining the occurrence of financialization. When analyzing either capitalism or democracy, it allows for a much more fine grained, closer analysis of all cases, for instance, the relationships between one condition and another are much more finely realized.

The analysis of financialization as a whole also approaches something overlooked by the conceptual framework and most of the analysis which is the possibility of interdependence between the outcomes of financialization. This is implicitly seen with the use of shared determinants between, for example, the emergence of a new regime of accumulation and the financialization of everyday life. From a theoretical perspective, this would also be possible as the three approaches are each tackling financialization and are likely to impact one another. The truth table (table 12) shows fairly distinct connections between the different approaches of financialization as countries that are considered to experience the emergence of a new regime of accumulation, with the exception of Austria, also experience the financialization of everyday life. Similarly, cases that experience the ascendency of shareholder orientation also experience the emergence of a new regime of accumulation and the financialization of everyday life. As such, the conceptual framework with financialization in three different approaches reflects that narrow definitions of financialization, as discussed in the literature review chapter, overlook important and interrelated aspects of financialization. Furthermore, it would be interesting to see whether the emergence of a new regime of accumulation and the financialization of everyday life are necessary conditions for the ascendency of shareholder orientation considering that the ascendency of shareholder orientation only occurs when the emergence of a new regime of accumulation and the financialization of everyday life occurred, but this, too, requires more research.

The research design may still help examining the heterogeneity of financialization transnationally by pulling in elements of democracy and capitalism. In that case, however, it would likely have to draw on more institutional characteristics to help account for the heterogeneity of financialization. To this end, it is possible to narrow down the conceptual framework employed in this paper. Take VoD, for example, where the executive-legislative condition and distribution of power conditions may be merged into one which would allow for other theoretical conceptualizations of democracy to be employed like those highlighted by the varieties of democracy project (Coppedge et al., 2020, p. 29). The same may be said about VoC as seen by Witt (et al., 2017). Some of these conceptualizations may relate to the welfare state, the state, rule of law, demographics, financial democratization, or a number of other theoretical approaches. Another recommendation for future research would be to tackle one of the three forms in which financialization is seen to take place as the research design may be better suited for a particular approach. As an example, financial democratization is clearly linked to the financialization of everyday life. Crucially, the research design focused on narrow conceptualizations of democracy and capitalism with a wide range of alternative ways to analyze the transnational heterogeneity of financialization including financial liberalization and development of the welfare state or demographics.

6.1. Policy-making in a complicated world

This all poses the question, why does it matter? There is almost uniform academic consensus that financialization is normatively net bad (Mader, Mertens and van der Zwan, 2020, p. 5). This may be seen with the ascendency of shareholder orientation where the ascendency of shareholders comes at the cost of most workers seeing stagnating wages (Deutschmann, 2020), worsening employment prospects (Deutschmann, 2020), and a crisis in democracy more indirectly (Nölke, 2020). Some obviously benefit like board members or shareholders but the majority of stakeholders are adversely and disproportionately impacted (Epstein, 2020).

In turn, this raises the question of what can be done about it? The findings of this paper are very limited with any policy advice needing to be carefully considered. The findings do indicate that the firm condition as liberal market economy is likely an important precursor for financialization to occur. This is seen, more limitedly, with other conditions. This would provide policymakers a route to prevent financialization by making sure that those necessary conditions are not realized. That, however, would be a massive leap for countries as such transformations are unlikely to occur through evolution or revolution for the fear of, for instance, the ascendency of shareholder orientation. Furthermore, the ascendency of shareholder orientation has the main concentration of single conditions that are necessary or quasi-necessary for the outcome to occur with much easier policies to prevent this form of financialization. These policies range from placing limits on board member remunerations relative to their average employee to strengthening trade unions and increasing collective bargaining coverage, and giving firms greater ability to frustrate hostile takeovers. Noting that these changes would also impact the determinants used to measure VoC whereby measures may, again, be transformations of countries away from the necessary conditions. Moreover, the East-West Europe pattern may also indicate, given certain assumptions, that East Europe will also experience financialization which gives it time to examine financialization in West Europe to a greater extent and prepare for its adverse effects.

6.2. Concluding remarks

Financialization occurs throughout Europe with notable transnational heterogeneity in its extent and form. This thesis sought to uncover whether particular institutional characteristics may account for the transnational heterogeneity of financialization. The conceptualization of democracy, as derived from Lijphart (2012) examines the executive-legislative relationship and the distribution of power. The conceptualization of capitalism examines VoC theory, considered as a labour and firm condition and excludes several other determinants from Hall and Soskice (2001), and DR theory. Financialization was broken down according to the typology of van der Zwan (2014) that is prevalent within financialization literature into the emergence of a new regime of accumulation, the ascendency of shareholder orientation, and the financialization of everyday life. The conceptual framework allowed for the use of crisp-set QCA as all of the conditions were able to be dichotomized on a sound theoretical basis. The research method had a number of beneficial attributes such as the ability to quantitatively and qualitatively examine the determinants. Another beneficial aspect was the iterative nature of QCA where conditions, outcomes, and determinants may be reexamined and changed given sound justification. This, for example, led to the exclusion of some of the determinants from Soskice and Hall (2001), and Lijphart (2012). Ultimately the findings of the paper are inconclusive. This is partly due to the stubbornness of the existing contradictory configurations that were not resolved even after the use of eight different iterative strategies. The inconclusiveness may also be attributed to the lack of particular conditions that could be considered as ‘culprits’ in a particular financialization outcome. The paper experiences a range of limitations that limit the internal and external validity. These range from the contradictory configurations to the static operationalization of capitalism and democracy.

This paper sought to generate hypotheses but the inconclusiveness of the paper requires further research into the transnational heterogeneity of financialization. This is supported by the fact that both the literature and analyses highlighted a number of important conditions that may help account for the transnational heterogeneity. There are a wide range of possible and recommended alternatives to approach this possible relationship between financialization and institutional characteristics. These range from including different theoretical conceptualizations of democracy and capitalism to more narrowly conceptualizing democracy and capitalism (less conditions) and including other theories or concepts like the welfare state. Otherwise, it may include significant changes to the research design such as employing a multivariate or fuzzy-set QCA.

Appendices

Appendix 1 - Abbreviations

Country	Abbreviations
Austria	AUT
Belgium	BEL
Czech Republic	CZE
Denmark	DNK
Estonia	EST
Finland	FIN
France	FRA
Germany	GER
Greece	GRC
Hungary	HUN
Ireland	IRL
Italy	ITA
Latvia	LVA
Lithuania	LTU
Luxembourg	LUX
the Netherlands	NLD
Poland	POL
Portugal	PRT
Slovakia	SVK
Slovenia	SVN
Spain	ESP
Sweden	SWE
United Kingdom	UK

Full	Abbreviations
Demand Regime (theory)	DR
European Union	EU
Organization for Economic Cooperation and Development	OECD
Qualitative Comparative Analysis	QCA
Varieties of Capitalism	VoC
Varieties of Democracy	VoD

Appendix 2 - Boolean minimizations

Two things should be noted about the tables below. Firstly, the tables are used to provide an easier overview of all of the combinations of conditions that are necessary and sufficient for the sought for outcome (financialization or no-financialization). The tables should, therefore, be read as one equation under the necessary and sufficient conditions column from the row set out in the first column. For example, the financialization with logical remainder 1 should be read as

$$\begin{gathered} \mathit{executive - legislative\ condition} \ * \ \mathit{distribution\ of\ power\ condition} \ + \\ \mathit{distribution\ of\ power\ condition} \ * \ \mathit{demand\ regime\ condition} \ + \\ \mathit{executive - legislative\ condition} \ * \ \mathit{LABOUR\ CONDITION} \ * \ \mathit{FIRM\ CONDITION} \ + \\ \mathit{EXECUTIVE - LEGISLATIVE\ CONDITION} \ * \ \mathit{LABOUR\ CONDITION} \ * \ \mathit{firm\ condition} \end{gathered}$$

Secondly, Tosmana sometimes provides different possible combinations of conditions which are numbered. Consequently, there is financialization with logical remainder one through four in the boolean minimizations of the emergence of a new regime of accumulation.

Table 16: Boolean minimizations of the emergence of a new regime of accumulation

	Configurations	Necessary and sufficient conditions
Financialization with logical remainder 1	(BEL,GER,ITA, NLD)	executive-legislative condition * distribution of power condition +
	(FRA,ESP)	distribution of power condition * demand regime condition +
	(IRL)	executive-legislative condition * LABOUR CONDITION * FIRM CONDITION +
	(PRT)	EXECUTIVE-LEGISLATIVE CONDITION * LABOUR CONDITION * firm condition
Financialization with logical remainder 2	(BEL,GER,ITA, NLD)	executive-legislative condition * distribution of power condition +
	(FRA,ESP)	distribution of power condition * demand regime condition +
	(IRL)	executive-legislative condition * FIRM CONDITION * demand regime condition +
	(PRT)	EXECUTIVE-LEGISLATIVE CONDITION * LABOUR CONDITION * firm condition
Financialization with logical remainder 3	(FRA,ESP)	distribution of power condition * demand regime condition +
	(IRL)	executive-legislative condition * LABOUR CONDITION * FIRM CONDITION +
	(PRT)	EXECUTIVE-LEGISLATIVE CONDITION * LABOUR CONDITION * firm condition +
	(BEL,GER,ITA, NLD)	distribution of power condition * labour condition * FIRM CONDITION
Financialization	(FRA,ESP)	distribution of power condition * demand regime condition +

with logical remainder 4	(IRL)	executive-legislative condition * FIRM CONDITION * demand regime condition +
	(PRT)	EXECUTIVE-LEGISLATIVE CONDITION * LABOUR CONDITION * firm condition +
	(BEL,GER,ITA, NLD)	distribution of power condition * labour condition * FIRM CONDITION
Financialization without logical remainder	(BEL,GER,ITA, NLD)	executive-legislative condition * distribution of power condition * labour condition * FIRM CONDITION * DEMAND REGIME CONDITION +
	(FRA,ESP)	EXECUTIVE-LEGISLATIVE CONDITION * distribution of power condition * LABOUR CONDITION * FIRM CONDITION * demand regime condition +
	(IRL)	executive-legislative condition * DISTRIBUTION OF POWER CONDITION * LABOUR CONDITION * FIRM CONDITION * demand regime condition +
	(PRT)	EXECUTIVE-LEGISLATIVE CONDITION * DISTRIBUTION OF POWER CONDITION * LABOUR CONDITION * firm condition * demand regime condition
No financialization with logical remainder	(CZE+HUN+PO L)	EXECUTIVE-LEGISLATIVE CONDITION * DEMAND REGIME CONDITION +
	(CZE+SVK+SV N)	labour condition * firm condition +
	(LVA,LTU)	executive-legislative condition * firm condition * demand regime condition
No financialization with logical remainder	(CZE+SVK+SV N)	labour condition * firm condition +
	(LVA,LTU)	executive-legislative condition * firm condition * demand regime condition +
	(HUN+POL)	LABOUR CONDITION * FIRM CONDITION * DEMAND REGIME CONDITION
No financialization without logical remainder	(HUN+POL)	EXECUTIVE-LEGISLATIVE CONDITION * LABOUR CONDITION * FIRM CONDITION * DEMAND REGIME CONDITION +
	(CZE)	EXECUTIVE-LEGISLATIVE CONDITION * distribution of power condition * labour condition * firm condition * DEMAND REGIME CONDITION +
	(LVA,LTU)	executive-legislative condition * DISTRIBUTION OF POWER CONDITION * LABOUR CONDITION * firm condition * demand regime condition +
	(SVK)	EXECUTIVE-LEGISLATIVE CONDITION * DISTRIBUTION OF POWER CONDITION * labour condition * firm condition * demand regime condition +
	(SVN)	executive-legislative condition * DISTRIBUTION OF POWER

		CONDITION * labour condition * firm condition * DEMAND REGIME CONDITION

Table 17: Boolean minimizations of the ascendency of shareholder orientation

	Configurations	Necessary and Sufficient conditions
Financialization with logical remainder 1	(IRL)	executive-legislative condition * LABOUR CONDITION * FIRM CONDITION
Financialization with logical remainder 2	(IRL)	executive-legislative condition * FIRM CONDITION * demand regime condition
Financialization without logical remainder	(IRL)	executive-legislative condition * DISTRIBUTION OF POWER CONDITION * LABOUR CONDITION * FIRM CONDITION * demand regime condition
No financialization with logical remainder	(CZE+FRA,ESP+GRC,UK+HUN+POL+PRT+SVK)	EXECUTIVE-LEGISLATIVE CONDITION +
	(CZE+EST,LUX+LVA,LTU+PRT+SVK+SVN)	firm condition
No financialization without logical remainder 1	(FRA,ESP+GRC,UK+HUN+POL)	EXECUTIVE-LEGISLATIVE CONDITION * LABOUR CONDITION * FIRM CONDITION +
	(EST,LUX+LVA,LTU)	executive-legislative condition * DISTRIBUTION OF POWER CONDITION * LABOUR CONDITION * firm condition +
	(EST,LUX+SVN)	executive-legislative condition * DISTRIBUTION OF POWER CONDITION * firm condition * DEMAND REGIME CONDITION +
	(PRT+SVK)	EXECUTIVE-LEGISLATIVE CONDITION * DISTRIBUTION OF POWER CONDITION * firm condition * demand regime condition +
	(CZE)	EXECUTIVE-LEGISLATIVE CONDITION * distribution of power condition * labour condition * firm condition * DEMAND REGIME CONDITION
No financialization without logical remainder 2	(FRA,ESP+GRC,UK+HUN+POL)	EXECUTIVE-LEGISLATIVE CONDITION * LABOUR CONDITION * FIRM CONDITION +
	(EST,LUX+SVN)	executive-legislative condition * DISTRIBUTION OF POWER CONDITION * firm condition * DEMAND REGIME CONDITION +
	(LVA,LTU+PRT)	DISTRIBUTION OF POWER CONDITION * LABOUR CONDITION * firm condition * demand regime condition +
	(PRT+SVK)	EXECUTIVE-LEGISLATIVE CONDITION * DISTRIBUTION OF POWER CONDITION * firm condition * demand regime condition +

	(CZE)	EXECUTIVE-LEGISLATIVE CONDITION * distribution of power condition * labour condition * firm condition * DEMAND REGIME CONDITION

Table 18: Boolean minimization of the financialization of everyday life

	Configurations	Necessary and Sufficient conditions
Financialization with logical remainders	(AUT,DNK,FIN,SWE+BEL,GER,ITA,NLD+IRL)	executive-legislative condition * FIRM CONDITION +
	(FRA,ESP)	distribution of power condition * demand regime condition +
	(PRT)	EXECUTIVE-LEGISLATIVE CONDITION * LABOUR CONDITION * firm condition
Financialization without logical remainders	(AUT,DNK,FIN,SWE+BEL,GER,ITA,NLD)	executive-legislative condition * labour condition * FIRM CONDITION * DEMAND REGIME CONDITION +
	(FRA,ESP)	EXECUTIVE-LEGISLATIVE CONDITION * distribution of power condition * LABOUR CONDITION * FIRM CONDITION * demand regime condition +
	(IRL)	executive-legislative condition * DISTRIBUTION OF POWER CONDITION * LABOUR CONDITION * FIRM CONDITION * demand regime condition +
	(PRT)	EXECUTIVE-LEGISLATIVE CONDITION * DISTRIBUTION OF POWER CONDITION * LABOUR CONDITION * firm condition * demand regime condition
No financialization with logical remainders 1	(CZE+HUN+POL)	EXECUTIVE-LEGISLATIVE CONDITION * DEMAND REGIME CONDITION +
	(CZE+SVK+SVN)	labour condition * firm condition +
	(LVA,LTU)	executive-legislative condition * firm condition * demand regime condition
No financialization with logical remainders 2	(CZE+SVK+SVN)	labour condition * firm condition +
	(LVA,LTU)	executive-legislative condition * firm condition * demand regime condition +
	(HUN+POL)	LABOUR CONDITION * FIRM CONDITION * DEMAND REGIME CONDITION
No financialization without logical remainders	(HUN+POL)	EXECUTIVE-LEGISLATIVE CONDITION * LABOUR CONDITION * FIRM CONDITION * DEMAND REGIME CONDITION +
	(CZE)	EXECUTIVE-LEGISLATIVE CONDITION * distribution of power condition * labour condition * firm condition * DEMAND REGIME CONDITION +

	(LVA,LTU)	executive-legislative condition * DISTRIBUTION OF POWER CONDITION * LABOUR CONDITION * firm condition * demand regime condition +
	(SVK)	EXECUTIVE-LEGISLATIVE CONDITION * DISTRIBUTION OF POWER CONDITION * labour condition * firm condition * demand regime condition +
	(SVN)	executive-legislative condition * DISTRIBUTION OF POWER CONDITION * labour condition * firm condition * DEMAND REGIME CONDITION

Appendix 3 - Data sources

This appendix seeks to provide a closer view of all of the data sources used for the analysis in order to guarantee replicability. This includes any settings employed from databases, etc. It will, firstly, approach this by examining data sources for determinants that are all the same. Thereafter, it will examine the determinants in a country by country for data sources that are not the same for all cases. Determinants that fail to share all the same sources are not mentioned at all in the shared determinant section.

Shared determinants

In the Executive-Legislative Condition, the cabinet formation and the turnover test is from Döring and Manow (2021) with both analyses excluding caretaker cabinets. The raw data provided from them requires some editing with the removal of countries not included in the analysis, caretaker cabinets, and non-cabinet parties. The party and electoral system determinants are from Casal Bértoa (2021) measuring the effective number of parliamentary parties, a measure derived from Laakso and Taagepera (1979, as cited in Bértoa, 2021), and electoral disproportionality measuring the share of seats gained and votes received. In the case of all four of these determinants, the employed time range is 1995-2019.

In the distribution of power condition, the government centralization determinant is from Hooghe (et al., 2016) providing for a clear and thorough analysis, known as the 'Regional Authority Index', but has somewhat different time-spans. All of them, however, end in 2010. The legislative power determinant is based on the respective country articles by the Encyclopædia Britannica (2021). This will be further examined in the following section as some of the articles lack information about the powers of the upper chamber, given there is one. The constitutional rigidity determinant is based on the analysis of each country's constitution provided by the Constitute Project (2021) which provides fairly up-to-date and translated versions of the constitutions.

In the labour condition, all data is from OECD Data (2021) with all data being collected from here as recently as possible. This is done, for example, due to the wide degree of volatility seen in the coverage which is readily highlighted by Greece who had 100% coverage until 2012 when it since dropped to 14.2% in 2017. The recency of the wage-bargaining coverage spans between 2016 and 2019. The training and education determinant is also based on a cross-national overview by the European Centre for the Development of Vocational Training (2018). It is based on the state of vocational training systems in 2017. The unionization rate from OECD Data (2021) typically shows the union density in 2018 although some countries' most recent data is from 2017 or 2016. It is based on the results from administrative data, not survey data. Similarly, the income inequality from OECD Data (2021) shows the gini coefficient of disposable income post taxes and transfers in 2018 although some countries' most recent data is from 2017 or 2016. It is based on the results of the methodology employed by the OECD since 2012 (OECD Data, 2021). The employment condition determinant looks at the job tenure interval of 10+ years based on average tenures from OECD Data (2021). It is completely based on data from 2019.

In the firm condition, two determinants shared the OECD report by De La Cruz (2019) to measure the composition of shareholders. The interfirm relations determinant is based on the commonality of hostile takeovers of public firms which is based on a number of different sources. The shareholder composition determinant, which is also used in the interfirm relations determinant to resolve uncommon hostile takeovers, is from De La Cruz (2019). The comparative advantage determinant is from World Bank Data (2021) looking at the high technology exports, trade in services, and manufactured exports in 2019.

In the demand regime condition, all of the data sources are from OECD Data (2021). The household debt level takes the annual average household debt as a total percentage of net disposable income between 1995 and 2019. The current account balance determinant takes the average annual current account balance as a percentage of GDP between 1995 and 2019. The net export determinant takes the average net exports as a percentage of GDP (which has to be calculated) between 1995 and 2019.

Regarding the emergence of a new regime of accumulation, the total household financial assets looks at the average annual change in household financial assets from OECD Data (2021) between 1995 and 2019. The stocks traded determinant looks at the average annual change in the total percentage of stocks traded as a percentage of GDP from World Bank Data (2021). Again, this determinant is somewhat problematic as Lithuania only had two years worth of data. The determinant, moreover, employs an unlimited timespan as the most recent data for Denmark, Estonia, Finland, Latvia, Lithuania, and Sweden is from 2004. Consequently, the results from such countries are assumed to apply nowadays although this, too, is somewhat problematic. The value added determinant looks at the average annual change in the value added by finance and insurance between 1995 and 2019 from OECD Data (2021).

Regarding the ascendency of shareholder orientation, the income inequality determinant looks at the average annual change of inequality between 1995 and 2019 from the World Bank Data (2021). The source is from World Bank Data (2021) which is used because the OECD Data (2021) changed the definition of income inequality in 2012. The data from the World Bank, however, is limited in a number of cases with the least amount of data being 14 and the most 25. The unionization rate looks at the change in union rates between 1995 and 2018 with some cases ending in 2017 and 2016 from OECD Data (2021). The interfirm relations determinant will be examined later as the data sources differ.

Regarding the financialization of everyday life, total household financial assets have already been examined. The financial assets in pension funds looks at the average percentage of household financial assets in pension funds between 1995 and 2019 from OECD Data (2021). Household debt level looks at the average annual change in household debt levels between 1995 and 2019 from OECD Data (2021).

Country by country

In the case of Austria, the balance of power analysis is based on an academic analysis by Lento and Hazan (2021) which is used frequently for this analysis whereby the Austrian parliamentary website confirmed the findings (www.parlament.gv.at, 2019b). The legislative power of the upper chamber is confirmed by the Austrian parliamentary website (www.parlament.gv.at, 2019a). For the interfirm relations determinant seen in the firm condition and ascendency of shareholder orientation, the data is from the Thomson Reuters website providing a practical guide on public mergers and acquisitions (Herbst, 2020).

In the case of Belgium, the balance of power analysis is based on Lento and Hazan (2021). The legislative power of the upper chamber is confirmed by www.senat.fr (n.d.). For the interfirm relations determinant seen in the firm condition and ascendency of shareholder orientation, the data is from the Thomson Reuters website providing a practical guide on public mergers and acquisitions (Matthys, Bonne and Van Bael & Bellis, 2020).

In the case of the Czech Republic, the balance of power analysis is based on the translated constitution from the Constitute Project (2021). The legislative power is confirmed by the Parliament of the Czech Republic (2006). For the interfirm relations determinant seen in the firm condition and ascendency of shareholder orientation, the data is from the Thomson Reuters website providing a practical guide on public mergers and acquisitions (Rentsch and Rentsch Legal, 2016).

In the case of Denmark, the balance of power analysis is based on Lento and Hazan (2021). For the interfirm relations determinant seen in the firm condition and ascendency of shareholder orientation, the data is from the Thomson Reuters website providing a practical guide on public mergers and acquisitions (Nyholm et al., 2014).

In the case of Estonia, the balance of power analysis is based on the constitution of Estonia from the Constitute Project (2021). For the interfirm relations determinant seen in the firm condition and ascendency of shareholder orientation, the data is from the Thomson Reuters website providing a practical guide on public mergers and acquisitions (Prangli, Hammerberg and SORAINEN, 2012).

In the case of Finland, the balance of power analysis is based on the Finnish constitution from the Constitute Project (2021) that shows that there is a vote of confidence mechanism and a Finnish news article about a recent vote of confidence (Yle, 2020). For the interfirm relations determinant seen in the firm condition and ascendency of shareholder orientation, the data is from the Thomson Reuters website providing a practical guide on public mergers and acquisitions (Ollila, Eklund and Dittmar & Indrenius, 2020).

In the case of France, the balance of power analysis is based on the French Government examining how its governance works (Gouvernement, n.d.). The legislative power of the French upper chamber is confirmed by Nicolas Boring (2016). For the interfirm relations determinant seen in the firm condition and ascendency of shareholder orientation, the data is from the Thomson Reuters website providing a practical guide on public mergers and acquisitions (Grumberg et al., 2020).

In the case of Germany, the balance of power analysis is based on Lento and Hazan (2021). The legislative power of the German parliament is confirmed by the website of the German parliament (German Bundestag, n.d.). For the interfirm relations determinant seen in the firm condition and ascendency of shareholder orientation, the data is from the Thomson Reuters website providing a practical guide on public mergers and acquisitions (Kossmann, Löhdefink and Shearman & Sterling LLP, 2016).

In the case of Greece, the balance of power analysis is based on Lento and Hazan (2021). For the interfirm relations determinant seen in the firm condition and the ascendency of shareholder orientation, the data is provided by Kyriakopoulos (n.d.).

In the case of Hungary, the balance of power analysis is based on Lento and Hazan (2021). For the interfirm relations determinant seen in the firm condition and the ascendency of shareholder orientation, the data is provided by Cook (2019).

In the case of Ireland, the balance of power analysis is based on the Irish constitution (Constitute Project, 2021). The legislative power of the Irish upper chamber is based on an academic study by Maccarthaigh and Martin (2019). For the interfirm relations determinant seen in the firm condition and ascendency of shareholder orientation, the data is from the Thomson Reuters website providing a practical guide on public mergers and acquisitions (Casey and A&L Goodbody, 2013).

In the case of Italy, the balance of power analysis is based on Lento and Hazan (2021). Due to its challenging nature, the legislative power analysis is based on research by Michelangelo Vercesi (2017). For the interfirm relations determinant seen in the firm condition and ascendency of shareholder orientation, the data is from the Thomson Reuters website providing a practical guide on public mergers and acquisitions (Asti, Verga and Freshfields Bruckhaus Deringer, 2020).

In the case of Latvia, the balance of power analysis is based on the Latvian constitution highlighting that there is a vote of confidence mechanism (Constitute Project, 2021) and a Latvian news article on a recent vote of confidence (The Baltic Times, 2019). For the interfirm relations determinant seen in the firm condition and the ascendency of shareholder orientation, the data is provided by Zile and Aljens (n.d.).

In the case of Lithuania, the balance of power analysis is based on Lithuanian constitution (Constitute Project, 2021). For the interfirm relations determinant seen in the firm condition and the ascendency of shareholder orientation, the data is provided by Žukauskas and Grimaila (2021).

In the case of Luxembourg, the balance of power analysis is based on the Luxembourgian constitution (Constitute Project, 2021). For the interfirm relations determinant seen in the firm condition and ascendency of shareholder orientation, the data is from the Thomson Reuters website providing a practical guide on public mergers and acquisitions (Scharfe et al., 2020).

In the case of the Netherlands, the balance of power analysis is based on a description by the Netherlands Institute for Multiparty Democracy (2008) on the Dutch political system. The legislative power of the upper chamber is based on a website of the lower chamber (Tweede Kamer, 2011). For the interfirm relations determinant seen in the firm condition and ascendency of shareholder orientation, the data is from the Thomson Reuters website providing a practical guide on public mergers and acquisitions (van der Klip, Habermehl and Stibbe, 2020).

In the case of Poland, the balance of power analysis is based on Lento and Hazan (2021). The legislative power of the upper chamber comes from a Polish government website (Sejm, n.d.). For the interfirm relations determinant seen in the firm condition and the ascendency of shareholder orientation, the data is provided by Bobeł and WBW Weremczuk Bobel & Partners (2021).

In the case of Portugal, the balance of power analysis is based on Lento and Hazan (2021). For the interfirm relations determinant seen in the firm condition and the ascendency of shareholder orientation, the data is provided by Bleck, Freire de Andrade, and Vieira De Almeida (2021).

In the case of Slovakia, the balance of power analysis is based on the Slovakian constitution (Constitute Project, 2021). For the interfirm relations determinant seen in the firm condition and the ascendency of shareholder orientation, the data is provided by Bošanský and Steinecker (2021).

In the case of Slovenia, the balance of power analysis is based on Lento and Hazan (2021). The legislative power of the Slovenian upper chamber is from the upper chamber website (National Council, 2013). For the interfirm relations determinant seen in the firm condition and the ascendency of shareholder orientation, the data is provided by Kobe, Brežan and Schoenherr (2021).

In the case of Spain, the balance of power analysis is based on Lento and Hazan (2021). The legislative power of the Spain upper chamber is from the upper chamber website (Senate of Spain, 2021). For the interfirm relations determinant seen in the firm condition and ascendency of shareholder orientation, the data is from the Thomson Reuters website providing a practical guide on public mergers and acquisitions (Miguel, Vidal-Pardo and Uría Menéndez, 2020).

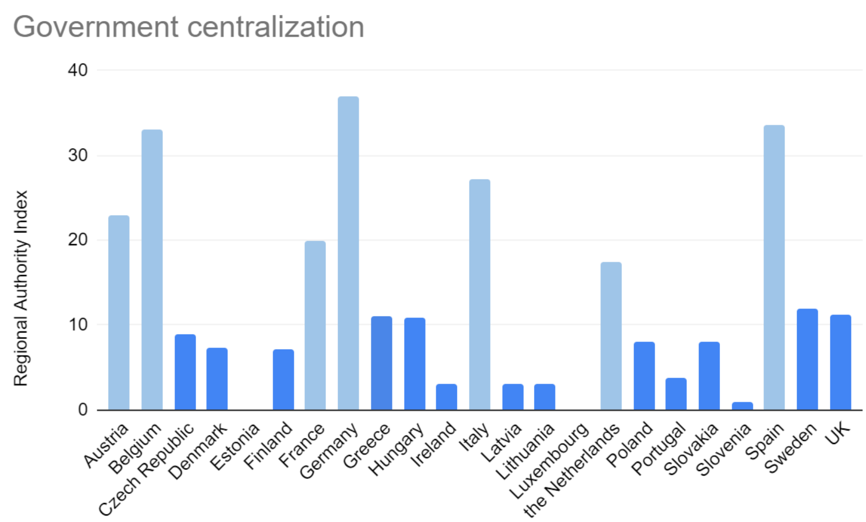
In the case of Sweden, the balance of power analysis is based on Lento and Hazan (2021). For the interfirm relations determinant seen in the firm condition and ascendency of shareholder orientation, the data is from the Thomson Reuters website providing a practical guide on public mergers and acquisitions (Sjöman and Vinge, 2020).

In the case of the UK, the balance of power analysis is based on Lento and Hazan (2021). The legislative power of the British upper chamber is from the UK parliamentary website (UK Parliament, n.d.). For constitutional rigidity, the British constitution is uncodified (The Constitution Unit, 2019). For the interfirm relations determinant seen in the firm condition and ascendency of shareholder orientation, the data is from the Thomson Reuters website providing a practical guide on public mergers and acquisitions (Mercer, Thimont and Ashurst, 2020).

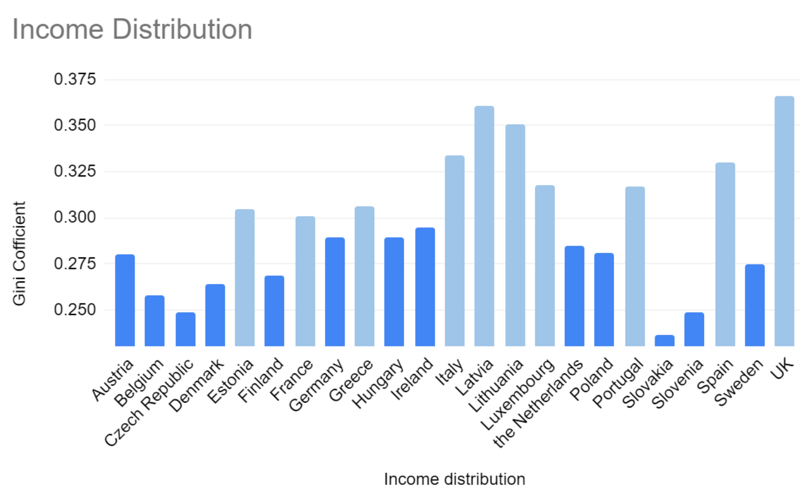
Appendix 4 - Thresholds

The quantitative conditions have been graphed to examine whether “natural gaps” can be found in the conditions to use as further justification for determining the thresholds in the conditions that separate the Boolean True or False claims for the conditions. The data for all of the graphs are found in Appendix 3.

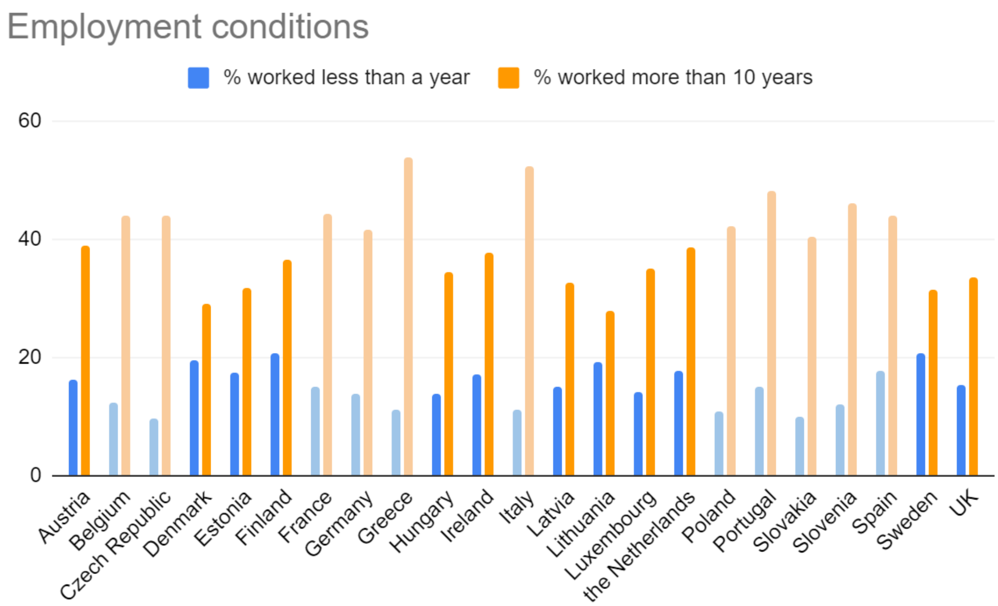
Graph 1
Distribution of power condition
Government Centralisation
Threshold = 15 on the regional authority index



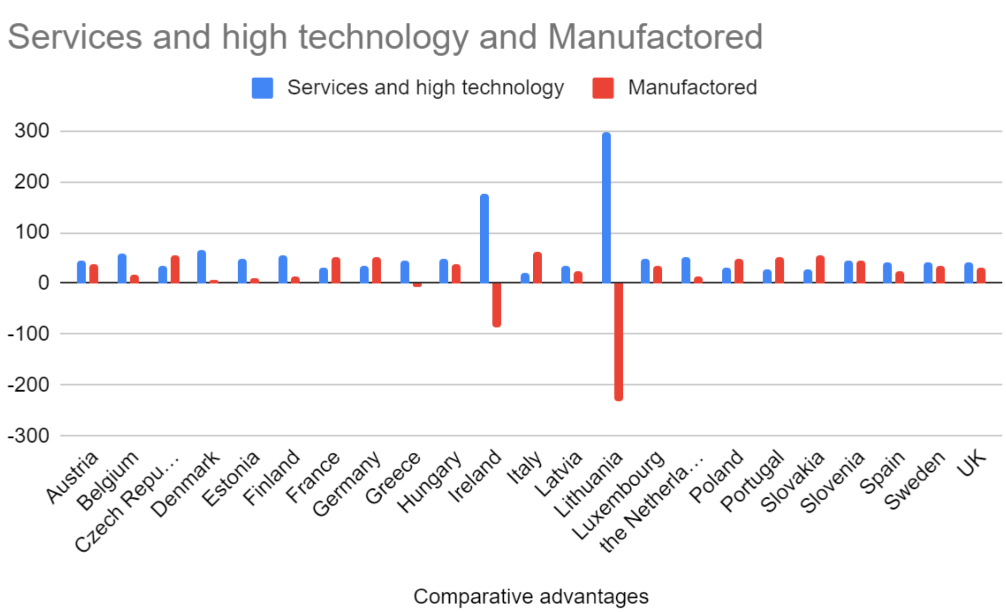
Graph 2
Labour condition
Income Distribution
Threshold = 0.3



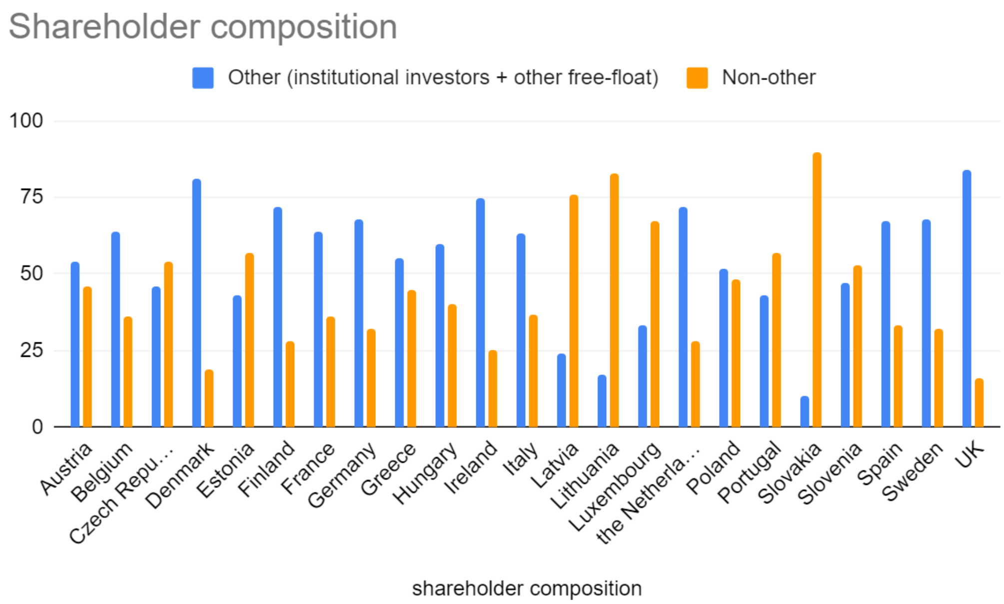
Graph 3
Labour condition
Employment conditions
Threshold = Worked more than 10 years for the same firm > 50%



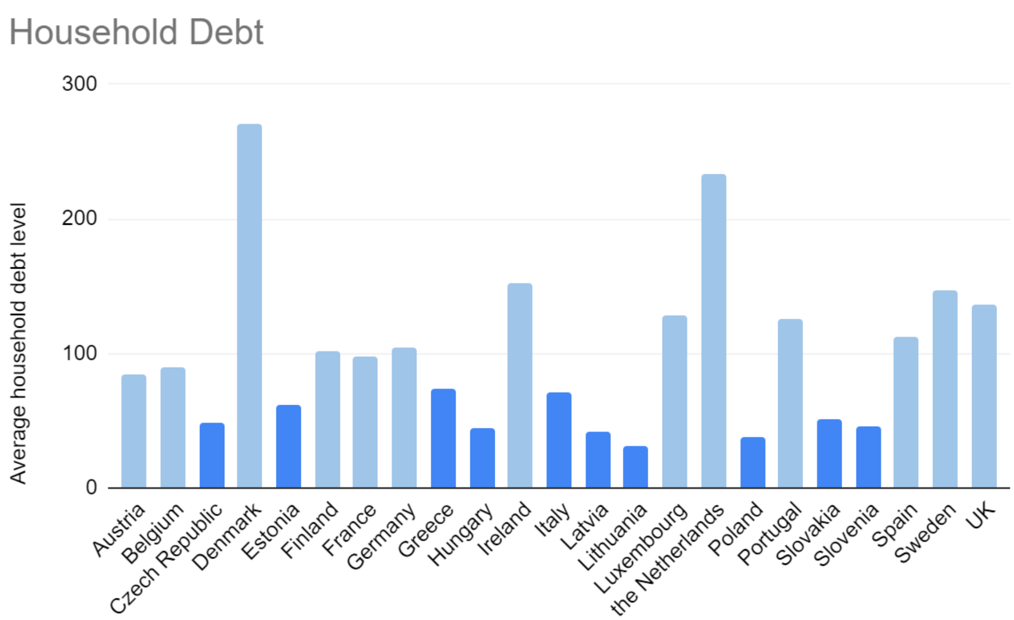
Graph 4
Firm condition
Comparative advantage
Threshold = services + high technology > manufactured



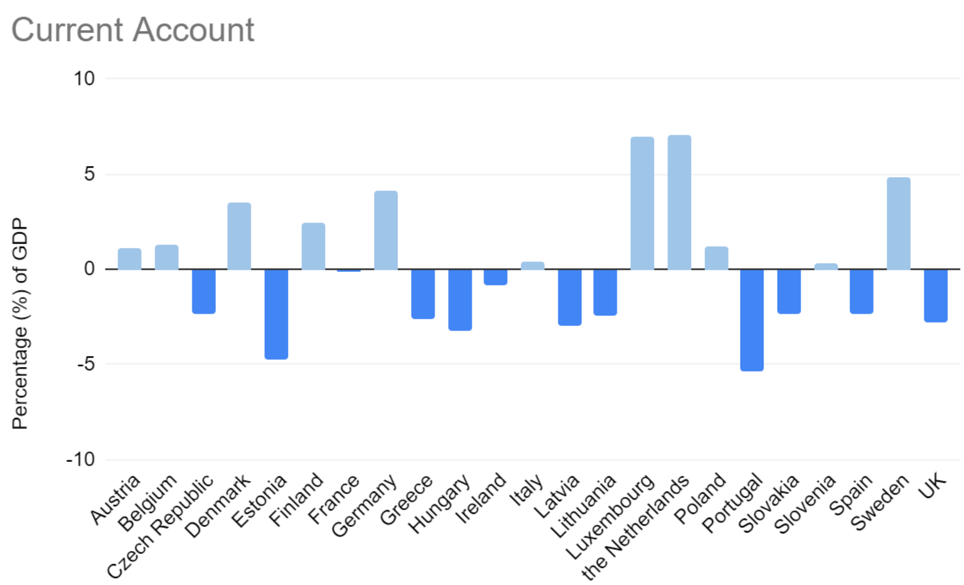
Graph 5
Firm condition
Shareholder Composition
Threshold = 50 % for-profit shareholders



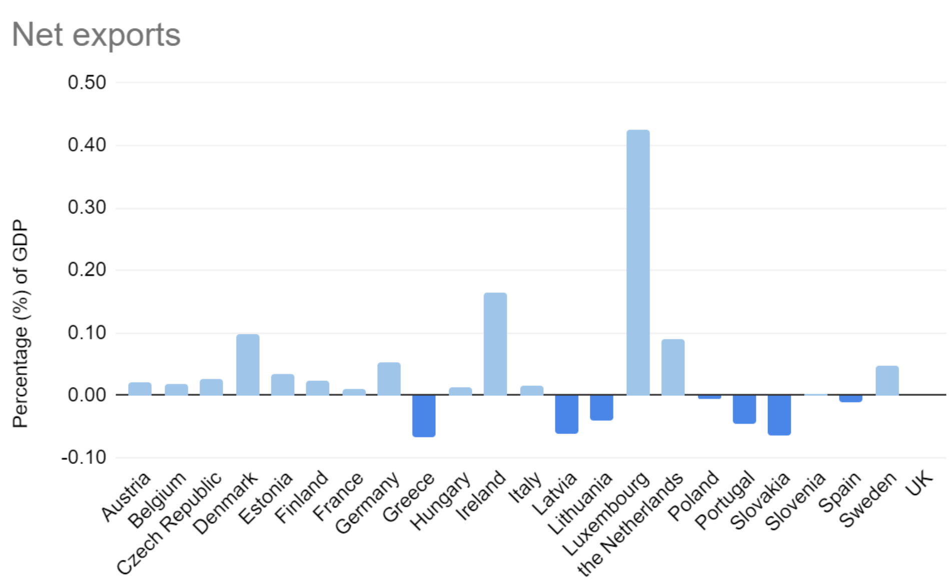
Graph 6
Demand regime condition
Average household debt level as a percentage of disposable income
Threshold = 80%



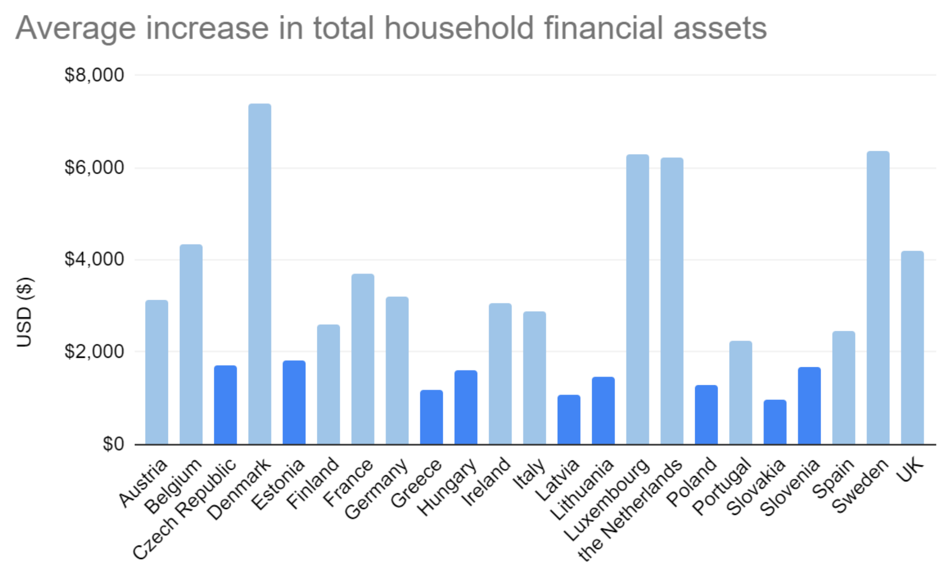
Graph 7
Demand regime condition
Average current current account balance
Threshold = 0



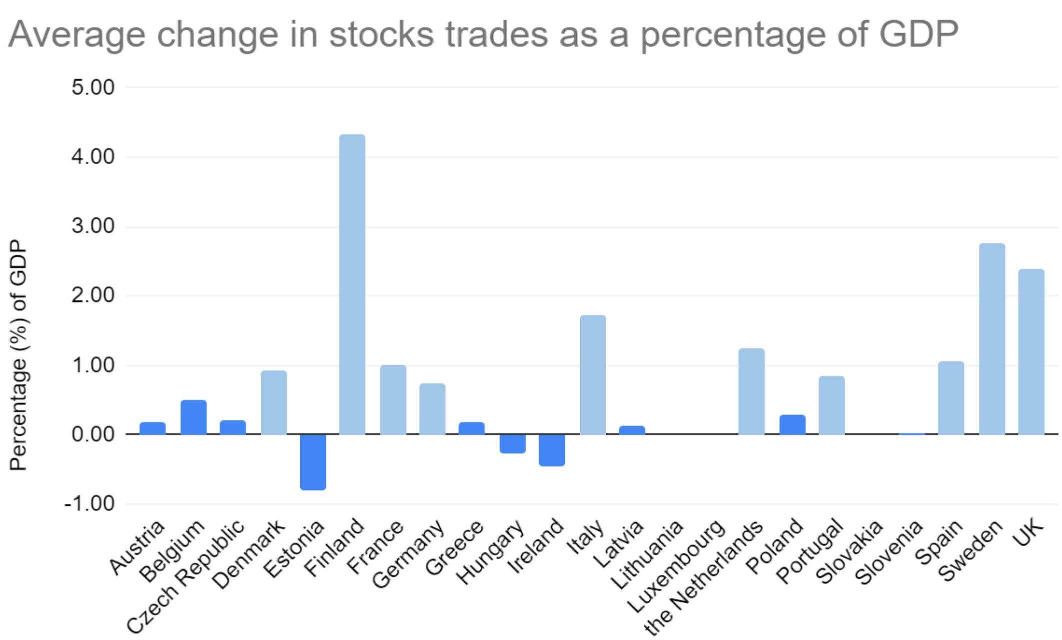
Graph 8
Demand regime condition
Average annual net exports
Threshold = 0



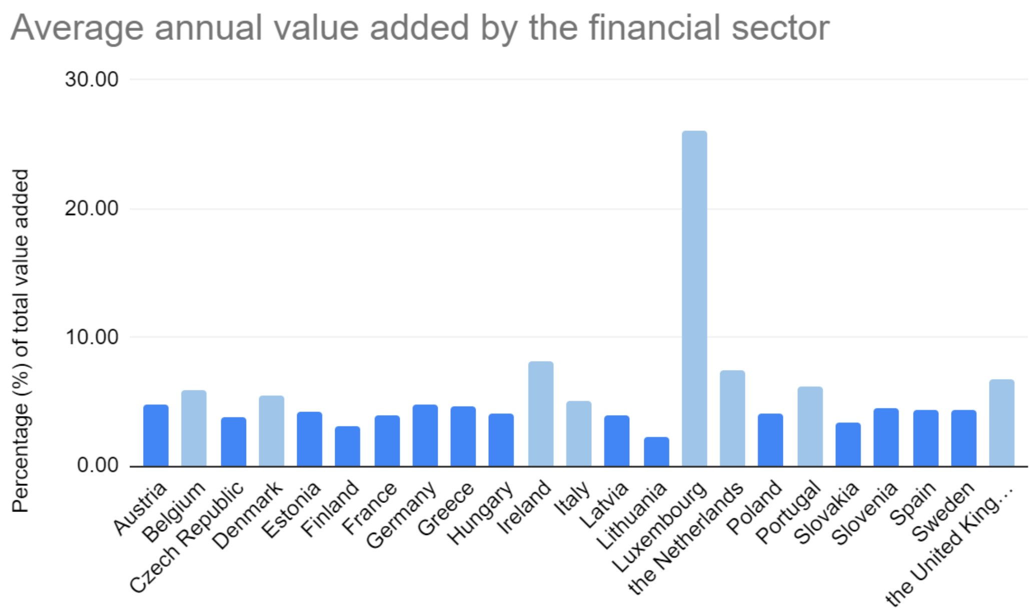
Graph 9
Emergence of a new regime of accumulation
Average annual change in total household financial assets
Threshold = 2000$



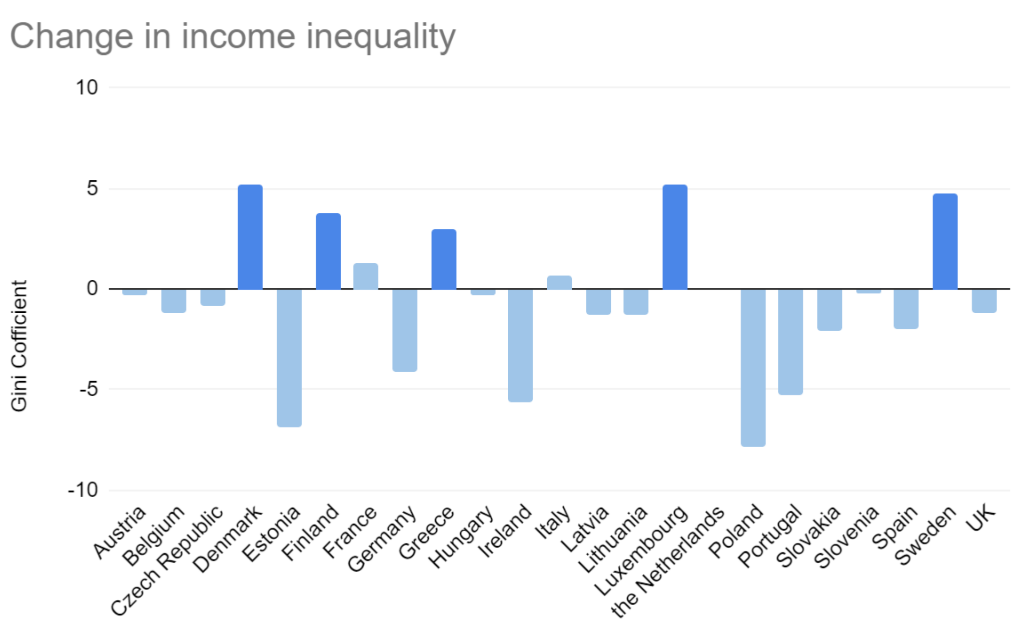
Graph 10
Emergence of a new regime of accumulation
Average change in stocks traded as a percentage of GDP
Threshold = 0.4



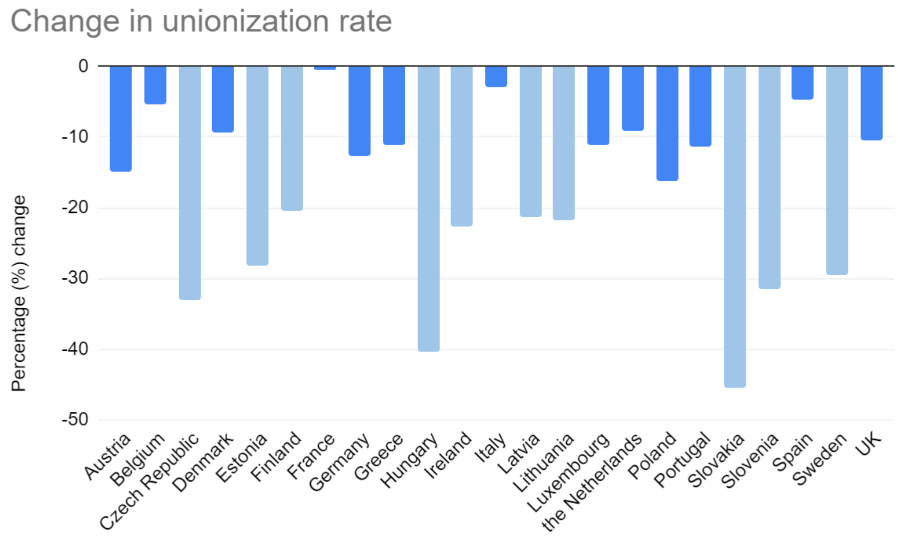
Graph 11
Emergence of a new regime of accumulation
Average annual value added by the financial sector
Threshold = 5%



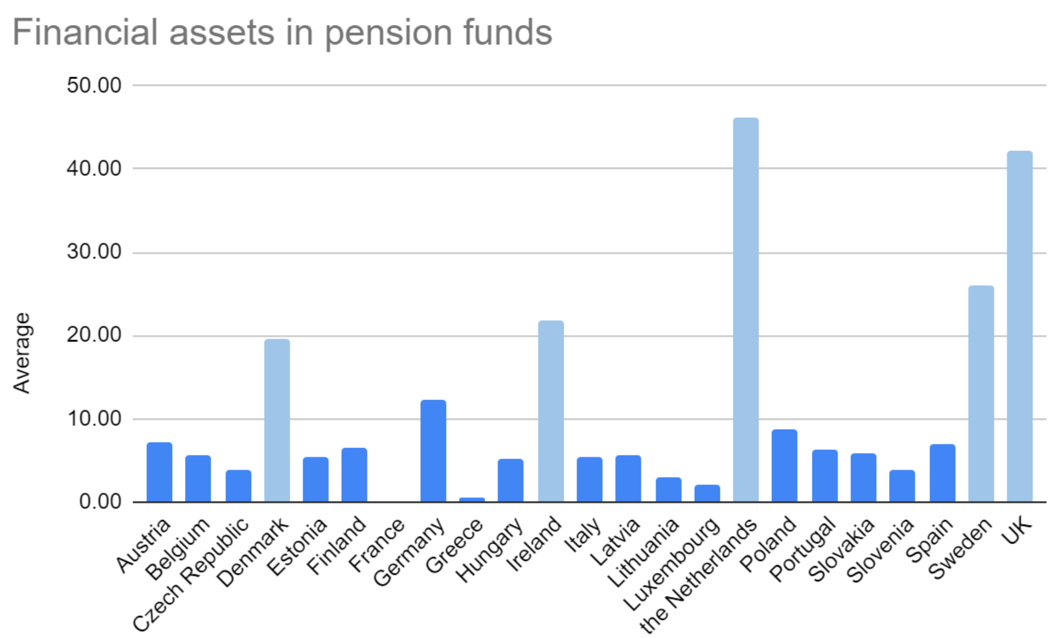
Graph 12
Ascendency of shareholder orientation
Change in income inequality
Threshold = 2



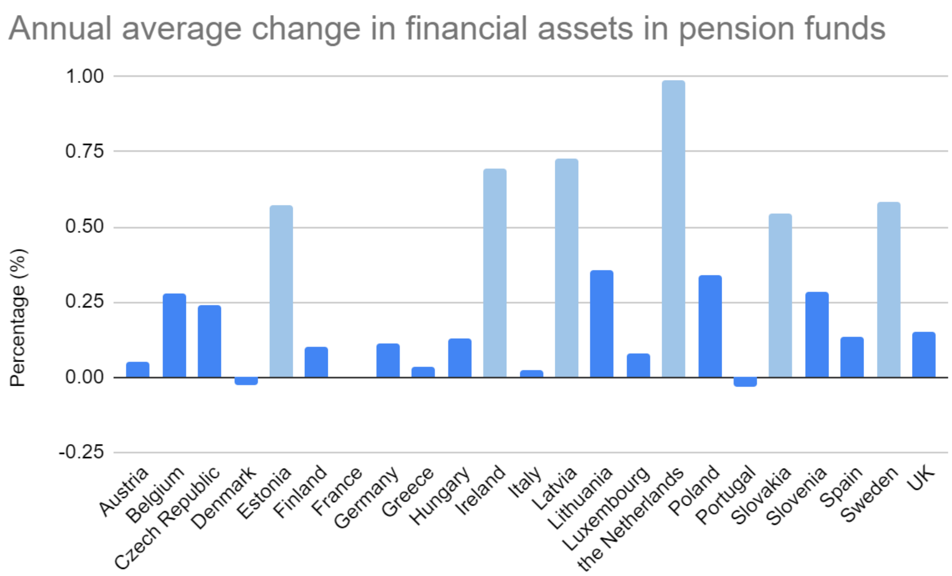
Graph 13
Ascendency of shareholder orientation
Change in unionization rate
Threshold = -20



Graph 14
Financialization of everyday life
Average total financial assets in pension funds
Threshold = 15



Graph 15
Financialization of everyday life
Average annual change in financial assets in pension funds
Threshold = 0.5



Appendix 5 - Additional conditions

This appendix highlights some of the considered and analyzed extra conditions that may have been used to solve the configurational contradictions. They, however, did not become employed into the thesis as there are no clear theoretically or practically sound alternatives that resolve all of the contradictions. This can be seen in table 19 (economy size), table 20 (human development index), table 21 (Eurozone membership), and table 22 (recency of EU membership. The thresholds of each are provided at the bottom of the table alongside the data source. Noting that the threshold for human development is based on the 1995-2019 average for the ‘Very high human development’. The data for the economy size, as measured by GDP in million USD, is also taken as the average between 1995 and 2019. Furthermore, the other, pre-existing, conditions are assumed as a given and may be seen in table 12 (the truth table). Finally, there is no colour coding.

Table 19: Additional tested conditions - economy size

Configuration	Condition	Outcome		
	Economy	Emergence of a new regime of accumulation	Ascendency of shareholder orientation	Financialization of everyday life
BEL	0	1	0	1
GER, ITA, NLD	1	1	GER(1), ITA(0), NLD(0)	1
SVN	0	0	0	0
AUT, DNK, FIN, SWE	0	AUT(0), DNK(1), FIN(1), SWE(1)	AUT(0), DNK(1), FIN(1), SWE(1)	1
LVA, LTU	0	0	0	0
EST, LUX	0	EST(0), LUX(1)	0	EST(0), LUX(1)
IRL	0	1	1	1
CZE	0	0	0	0
FRA, ESP	1	1	0	1
POL	1	0	0	0
SVK	0	0	0	0
PRT	0	1	0	1
GRC	0	0	0	0
GBR	1	1	0	1
HUN	0	0	0	0
Threshold to be considered as wealthy when average GDP in million USD between 1995-2019 is < 0.5 million=1 Source: OECD Data (2021)				

Table 20: Additional tested conditions - human development index

Configuration	Condition	Outcomes		
	Human Development Index	Emergence of a new regime of accumulation	Ascendency of shareholder orientation	Financialization of everyday life
BEL, GER, ITA, NLD	1	1	BEL(0), GER(1), ITA(0), NLD(0)	1
SVN	1	0	0	0
AUT, DNK, FIN, SWE	1	AUT(0), DNK(1), FIN(1), SWE(1)	AUT(0), DNK(1), FIN(1), SWE(1)	1
LVA, LTU	0	0	0	0
EST	0	0	0	0
LUX	1	1	0	1
IRL	1	1	1	1
CZE	0	0	0	0
FRA, ESP	1	1	0	1
POL	0	0	0	0
SVK	0	0	0	0
PRT	0	1	0	1
GRC	0	0	0	0
GBR	1	1	0	1
HUN	0	0	0	0
Threshold to be considered having high human development <0.85184 =1 Source: United Nations Development Programme (2020)				

Table 21: Additional tested conditions - Eurozone membership

Configuration	Condition	Outcomes		
	Eurozone membership	Emergence of a new regime of accumulation	Ascendency of shareholder orientation	Financialization of everyday life
BEL, GER, ITA, NLD	1	1	BEL(0), GER(1), ITA(0), NLD(0)	1
SVN	0	0	0	0
DNK, SWE	0	1	1	1
AUT, FIN	1	AUT(0), FIN(1)	AUT(0), FIN(1)	1
LVA, LTU	1	0	0	0
EST, LUX	1	EST(0), LUX(1)	0	EST(0), LUX(1)
IRL	1	1	1	1

CZE	0	0	0	0
FRA, ESP	1	1	0	1
POL	0	0	0	0
SVK	1	0	0	0
PRT	1	1	0	1
GBR	0	1	0	1
GRC	1	0	0	0
HUN	0	0	0	0
Eurozone membership is = 1, own currency = 0 Source: European Union (2019)				

Table 22: Additional tested conditions - recency of EU membership

Configuration	Condition	Outcomes		
	Recency of membership	Emergence of a new regime of accumulation	Ascendency of shareholder orientation	Financialization of everyday life
BEL, GER, ITA, NLD	1	1	BEL(0), GER(1), ITA(0), NLD(0)	1
SVN	0	0	0	0
AUT, FIN, SWE	0	AUT(0), FIN(1), SWE(1)	AUT(0), FIN(1), SWE(1)	1
DNK	1	1	1	1
LVA, LTU	0	0	0	0
EST	0	0	0	0
LUX	1	1	0	1
IRL	1	1	1	1
CZE	0	0	0	0
FRA, ESP	1	1	0	1
POL	0	0	0	0
SVK	0	0	0	0
PRT	1	1	0	1
GRC, GBR	1	GRC(0), GBR(1)	0	GRC(0), GBR(1)
HUN	0	0	0	0
Pre-1990=1, Post-1990=0 Source: European Union (2018)				

Crucially, these tables reflect that the addition of another condition, whilst carefully considered, fails to resolve the contradictory configurations.

Appendix 6 - Data

This appendix provides the interpreted data of all determinants, their sum, and their consequent placement into particular sets. The thresholds for the placements may be seen in table 5. The financialization analysis table is not provided as it does not fit and the information is found in tables 23 - 30.

Table 23: Executive-legislative data

	Cabinet Formation	Balance of power	Party system	Electoral System	Turnover test	Sum	Executive-legislative condition
AUT	0	0	0	0	0	0	0
BEL	0	1	0	0	0	1	0
CZE	0	1	0	1	1	3	1
DNK	0	0	0	0	1	1	0
EST	0	0	0	0	1	1	0
FIN	0	0	0	0	0	0	0
FRA	0	1	1	1	1	4	1
DEU	0	1	0	0	0	1	0
GRC	1	1	1	1	1	5	1
HUN	1	1	1	1	1	5	1
IRL	0	0	0	1	1	2	0
ITA	0	0	0	1	1	2	0
LVA	0	0	0	0	0	0	0
LTU	0	0	0	1	1	2	0
LUX	0	0	0	0	0	0	0
NLD	0	0	0	0	0	0	0
POL	0	1	0	1	1	3	1
PRT	1	1	1	0	1	4	1
SVK	0	1	0	1	1	3	1
SVN	0	1	0	0	1	2	0
ESP	1	1	0	0	1	3	1
SWE	0	1	0	0	1	2	0
GBR	1	0	1	1	1	4	1

Table 24: Distribution of power data

	Government Centralization	Legislative power	Constitution	Sum	Distribution of power condition
AUT	0	1	1	0	1
BEL	0	0	0		0
CZE	1	0	0	1	0
DNK	1	1	0	2	1
EST	1	1	1	3	1
FIN	1	1	0	2	1
FRA	0	0	1	1	0
DEU	0	0	0	0	0
GRC	1	1	0	2	1
HUN	1	1	1	3	1
IRL	1	1	0	2	1
ITA	0	0	1	1	0
LVA	1	1	1	3	1
LTU	1	1	0	2	1
LUX	1	1	1	3	1
NLD	0	0	0	0	0
POL	1	0	0	1	0
PRT	1	1	1	3	1
SVK	1	1	1	3	1
SVN	1	1	1	3	1
ESP	0	0	0	0	0
SWE	1	1	0	2	1
GBR	1	1	1	3	1

Table 25: Labour data

	Wage bargaining	Education and training	Unionization rate	Income inequality	Employment conditions	Sum	Labour Condition
AUT	0	0	1	0	1	2	0
BEL	0	0	0	0	0	0	0
CZE	1	0	1	0	0	2	0
DNK	0	0	0	0	1	1	0
EST	1	1	1	1	1	5	1
FIN	0	0	0	0	1	1	0

FRA	0	1	1	1	0	3	1
DEU	0	0	1	0	0	1	0
GRC	1	1	1	1	0	4	1
HUN	1	0	1	0	1	3	1
IRL	1	0	1	1	1	4	1
ITA	0	0	1	1	0	2	0
LVA	1	1	1	1	1	5	1
LTU	1	1	1	1	1	5	1
LUX	0	0	1	1	1	3	1
NLD	0	0	1	0	1	2	0
POL	1	0	1	1	0	3	1
PRT	0	1	1	1	0	3	1
SVK	1	0	1	0	0	2	0
SVN	0	0	1	0	0	1	0
ESP	0	1	1	1	0	3	1
SWE	0	1	0	0	1	2	0
GBR	1	1	1	1	1	5	1

Table 26: Firm data

	Inter-firm relations	Comparative advantage	Shareholder composition	Sum	Firm condition
AUT	1	1	1	3	1
BEL	1	1	1	3	1
CZE	0	0	0	0	0
DNK	1	1	1	3	1
EST	0	1	0	1	0
FIN	0	1	1	2	1
FRA	1	0	1	2	1
DEU	1	0	1	2	1
GRC	1	1	1	3	1
HUN	0	1	1	2	1
IRL	1	1	1	3	1
ITA	1	0	1	2	1
LVA	0	1	0	1	0
LTU	0	1	0	1	0
LUX	0	1	0	1	0

NLD	0	1	1	2	1
POL	1	0	1	2	1
PRT	1	0	0	1	0
SVK	0	0	0	0	0
SVN	0	0	0	0	0
ESP	0	1	1	2	1
SWE	1	1	1	3	1
GBR	1	1	1	3	1

Table 27: Demand regime data

	Net exports	Current account	Household debt level	Sum	Demand regime condition
AUT	1	1	0	2	1
BEL	1	1	0	2	1
CZE	1	0	1	2	1
DNK	1	1	0	2	1
EST	1	0	1	2	1
FIN	1	1	0	2	1
FRA	1	0	0	1	0
DEU	1	1	0	2	1
GRC	0	0	1	1	0
HUN	1	0	1	2	1
IRL	1	0	0	1	0
ITA	1	1	1	3	1
LVA	0	0	1	1	0
LTU	0	0	1	1	0
LUX	1	1	0	2	1
NLD	1	1	0	2	1
POL	0	1	1	2	1
PRT	0	0	0	0	0
SVK	0	0	1	1	0
SVN	1	1	1	3	1
ESP	0	0	0	0	0
SWE	1	1	0	2	1
GBR	1	0	0	1	0

Table 28: Emergence of a new regime of accumulation data

	Total household financial assets	Stocks traded	Value added by finance	Sum	Emergence of a new regime of accumulation
AUT	1	0	0	1	0
BEL	1	0	1	2	1
CZE	0	0	0	0	0
DNK	1	1	1	3	1
EST	0	0	0	0	0
FIN	1	1	0	2	1
FRA	1	1	0	2	1
DEU	1	1	0	2	1
GRC	0	0	0	0	0
HUN	0	0	0	0	0
IRL	1	0	1	2	1
ITA	1	1	1	3	1
LVA	0	0	0	0	0
LTU	0	0	0	0	0
LUX	1	0	1	2	1
NLD	1	1	1	3	1
POL	0	0	0	0	0
PRT	1	1	1	3	1
SVK	0	0	0	0	0
SVN	0	0	0	0	0
ESP	1	1	0	2	1
SWE	1	1	0	2	1
GBR	1	1	1	3	1

Table 29: Ascendency of shareholder orientation data

	Income inequality	Unionization rate	Inter-firm relations	Sum	Ascendency of shareholder orientation
AUT	0	0	1	1	0
BEL	0	0	1	1	0
CZE	0	1	0	1	0
DNK	1	0	1	2	1
EST	0	1	0	1	0

FIN	1	1	0	2	1
FRA	0	0	1	1	0
DEU	1	0	1	2	1
GRC	0	0	1	1	0
HUN	0	1	0	1	0
IRL	0	1	1	2	1
ITA	0	0	1	1	0
LVA	0	1	0	1	0
LTU	0	1	0	1	0
LUX	1	0	0	1	0
NLD	0	0	0	0	0
POL	0	0	1	1	0
PRT	0	0	1	1	0
SVK	0	1	0	1	0
SVN	0	1	0	1	0
ESP	0	0	0	0	0
SWE	1	1	1	3	1
GBR	0	0	1	1	0

Table 30: Financialization of everyday life data

	Total household financial assets	Financial assets in pension assets	Household debt	Sum	Financialization of everyday life
AUT	1	1	0	2	1
BEL	1	1	1	3	1
CZE	0	0	1	1	0
DNK	1	1	1	3	1
EST	0	0	1	1	0
FIN	1	1	1	3	1
FRA	1	1	1	3	1
DEU	1	1	0	2	1
GRC	0	0	1	1	0
HUN	0	0	0	0	0
IRL	1	1	0	2	1
ITA	1	1	1	3	1
LVA	0	0	1	1	0

LTU	0	0	1	1	0
LUX	1	1	1	3	1
NLD	1	1	1	3	1
POL	0	0	1	1	0
PRT	1	0	1	2	1
SVK	0	0	0	0	0
SVN	0	0	1	1	0
ESP	1	1	1	3	1
SWE	1	1	1	3	1
GBR	1	1	1	3	1

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