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Embedded Flexibility Strategies and Diversity within National Institutional Frameworks: How many Flexibility Profiles are in the German Model?*

The varieties of capitalism approach (VoC) and the related research assume that German firms adopt an internal flexibility profile that corresponds with the national institutional framework. Recent empirical studies, however, have found substantial diversity in realized firm-level strategies. This article investigates the actual distribution of flexibility practices in German establishments. Latent class analysis revealed four flexibility profiles, including a dual profile that combines internal and external flexibility as well as a low flexibility profile that is characterized by an overall low importance of flexibility practices. The distribution points to significant diversity of flexibility profiles within the German economy and emphasizes the role of industry and firm size as crucial factors for the externalization of flexibility and a growing dualism within the German economy.

Key words: German model, internal and external flexibility, temporary agency work, outsourcing; latent class analysis (JEL: C38 L60 L86 O15 P10)

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