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Institutional Context and Human Resource Management in Nigeria

Abstract

Purpose – The purpose of this study is to explore how the institutional context influences HRM practices in the public and private sector in Nigeria.

Design/methodology/approach – The convergent parallel mixed methods approach was adopted for this study. Survey data was collected from 122 HR managers across public and private sector organizations in Nigeria as well as 13 qualitative interviews. ANCOVA was used to analyse quantitative data whilst thematic analysis was used to analyse qualitative data in order to understand the influence of institutions on HRM practices in the public and private sector in Nigeria.

Findings – Findings indicate that formal and informal institutional factors as well as the socio-economic condition of the country have an effect on HRM practices such as staffing, training, rewards and employee participation. However, the influence of formal institutions on HRM practices may be attenuated by the type of organization and the contextual challenges of HRM.

Originality/value– The study provides an understanding of the institutional context of HRM in Nigeria by highlighting how varying degrees of pressure from the environment create internal diversity in HRM practices in the public and private sector.

Introduction

Practitioners and academics alike have come to realize that human resource management (HRM) is context-dependent (Brewster and Mayrhofer, 2012). Differences in socio-cultural and institutional environments among countries present organizations with different approaches to work organization and HRM (Jackson and Schuler, 1995; Wood *et al.*, 2012). This implies that HRM practices differ from context to context and the success of HRM practices in a particular country does not guarantee success in other countries (Budhwar and Debrah, 2001). Thus, the need for researchers to understand the factors that shape HRM in different contexts, especially in emerging countries is crucial. This is because whilst globalization has facilitated the transfer of HRM practices from Anglo-Saxon developed countries to emerging countries (Anakwe, 2002), there are complexities and challenges associated with HRM in different contexts (Horwitz and Budhwar, 2015). Consequently, there is renewed interest in the understanding of HRM in emerging economies (Horwitz and Budhwar, 2015). This interest is spurred by the fact that many emerging countries have liberalised their economies and opened their markets to foreign investors. Adding to this is the increased internationalization of business and increased national and international competition among firms, as well as the growth of emerging markets themselves (Debrah and Budhwar and Debrah, 2001; Okpara and Wynn, 2008; Horwitz and Budhwar, 2015). Thus, understanding the nature of HRM in emerging markets will aid the development of approaches for effective management of human resources in such contexts and also contribute towards the development of HRM theories (Horwitz and Budhwar, 2015).

Authors have observed that most writings on HRM in Africa adopt cultural frameworks that seek to highlight differences in cultural values between Africa and developed countries (Kamoche *et al.*, 2011; Cooke *et al.*, 2015). Whilst these writings provide insights on HRM in Africa generally, the preeminent role of institutions in shaping HRM (Vaiman and Brewster, 2015), coupled with the cultural diversity between and within African countries (Jackson, 2004; Bischoff and Wood, 2012), have necessitated calls for researchers to adopt institutional frameworks to provide a better understanding of HRM in Africa (Cooke *et al.*, 2015; Wood *et al.*, 2011). The present research seeks to bridge this gap by exploring the role of institutions in shaping HRM practices in Nigeria. Indeed, an examination of HRM in Nigeria from an institutional perspective is very important given the generally weak nature of institutions in Nigeria and Africa at large. Thus, it is expected that the recommendations emanating from the findings of the current study will be useful in engineering positive institutional change for optimal performance of organizations, thereby enhancing national prosperity (Bischoff and Wood, 2012).

Moreover, despite the World Bank and IMF-influenced economic policies that have resulted in structural adjustments and privatization of previous state owned enterprises in many African countries (Dibben and Wood, 2013), the public sector remains the largest formal employer of labour in most African countries (Ellis *et al.*, 2015). Unfortunately, most writings on HRM in Africa emphasize commercial firms to the neglect of public sector organizations. Additionally, the differences between public and private organizations in terms of ownership, sources of funding, and mode of social

control (Rainey, 2014) indicate that public and private organizations operate under different contexts. These differences provide a fertile ground for within-country comparison of the forces that shape HRM practices in both sectors. It is based on the forgoing that this study seeks to explore the influence of institutions on HRM practices within the context of the public and private sector in Nigeria. Our research is however focused on four HRM practices - staffing, training, rewards, and employee participation - which represent the key practices that are present in many organizations.

Institutions and HRM

There are different institutional approaches to understanding HRM (see Wood *et al.*, 2012). Whilst each institutional framework has shortcomings, it is advisable for researchers to combine different institutional frameworks in order to understand the nature of institutions from multiple lenses (Burbach and Royle, 2014). For instance, property rights theorists are concerned with the economic efficiency of nations by strengthening the rights of owners and weakening employees' rights (North, 1990; Botero *et al.*, 2004). Moreover, the sociological new institutionalism emphasizes how organizations conform to their institutional environments in order to gain legitimacy (DiMaggio and Powell, 1983). New institutionalism suggests that the behaviour of organizations is influenced by coercive, mimetic and normative institutional mechanisms (DiMaggio and Powell, 1983; Paauwe and Boselie, 2007). In HRM terms, coercive mechanisms may emanate from regulatory pressures, influence of social pressures such as trade unions, works councils, and government regulation whilst mimetic mechanisms result from imitation of HRM practices from competitors when faced with risk and uncertainty. On the other hand, normative mechanisms stem from employees' professional groups in the organization (cf. Paauwe and Boselie, 2007).

Whilst property rights theory and new institutionalism are broadly classified as rational hierarchical models of institutions in that they view institutions as providers of incentives to firms, namely the protection of private property and the achievement of legitimacy respectively (Wood *et al.*, 2012), comparative institutional theories are concerned with how certain institutional features of countries influence the nature of the relationship between organizations and various stakeholders. Among the theories in this category are the varieties of capitalism approach (Hall and Soskice, 2001) and business system theory (Whitley, 1999). Whilst the former divides advanced countries into liberal and coordinated markets and seeks to understand how the features of these economies influence people management practice, the latter compares countries based on the means of ownership, the extent of competition among firms and the nature of the relationship between managers and employees (cf. Wood *et al.*, 2011).

Extending the literature on business system theory to understand the institutional contexts of emerging countries of Africa, Wood and Frynas (2006) described the African institutional landscape as a segmented business system. According to Wood and Horwitz (2015, p.23), the segmented business system theory "highlights uneven nature of institutional coverage and great internal variations according to firm type or sector". This underscores the weak nature of institutional arrangements in African contexts thereby resulting in unequal influence of institutions on organizational practices across

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3 organizations. As noted by Wood and Frynas (2011), although labour legislation would
4 exist in a segmented business system, the poor enforcement of such legislation may
5 result in the adoption of low-value added HRM practices particularly in small
6 organizations. At the same time, the desire to reduce labour cost may discourage the
7 provision of formal training opportunities to employees whilst paternalistic authority
8 relations between management and workers may inhibit the scope of employee
9 participation. Indeed, whilst trade unions may exist in large private organizations as
10 well as in the public sector, they are generally weak (Wood & Frynas, 2006). Thus, in the
11 absence of formalised HRM practices due to poor enforcement mechanisms,
12 organizations may turn to informal HRM practices such as recruitment based on social
13 networks, informal training, and informal staff meetings, among others (Wood et al.,
14 2011). Empirically, Wood et al. (2011) found support for the segmented business theory
15 whilst examining the nature of HRM in Mozambique. Although the segmented business
16 system theory was developed with particular reference to the Eastern African context,
17 as we shall show in the subsequent section, the literature on HRM in Nigeria as indeed
18 Africa generally bears a semblance with the literature on segmented business system.
19 Thus, the segmented business theory provides a framework for understanding the
20 influence of institutions on HRM practices in African contexts.
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26 **HRM in Nigeria**

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28 The extant literature on HRM in Nigeria points to the interplay between formal and
29 informal institutions on one hand, and the effects of context-specific challenges on the
30 other, in shaping HRM practices across organizations (Ovadge and Ankomah, 2001;
31 Anakwe, 2002; Okpara and Wynn, 2008; Azolukwam and Perkins, 2009). This literature
32 suggests that HRM practices such as staffing, training, rewards, and employee
33 participation among others present in Nigerian organizations may bear a semblance
34 with HRM activities in the developed world such as the UK and USA (Okpara and Wynn,
35 2008). Nevertheless, the practice of HRM in Nigeria is affected by unique contextual
36 challenges such as corruption, tribalism, ethnicity, favouritism, nepotism, government
37 regulation, political instability, skill shortages, HIV/AIDS, among others (Anakwe, 2002;
38 Okpara and Wynn, 2008). This suggests that the difference between HRM in Nigeria and
39 other contexts is as a result of the unique institutional environment in which HRM is
40 practised in Nigeria. Nevertheless, the degree of institutional variation and how this
41 affects HRM in Nigeria has not been addressed in previous research. This study
42 therefore seeks to fill this gap in the literature by drawing from the segmented business
43 system theory.
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48 The Labour Act and the Nigerian Constitution as well as other sundry labour legislation
49 provide the regulatory framework for HRM in Nigeria (Ovadge and Ankomah, 2001).
50 Although these labour laws are aimed at enhancing healthy employment relations, with
51 the constitution particularly safeguarding the basic human rights of all citizens, the
52 problem with Nigeria is not in enacting laws but the enforcement of such laws
53 (Adegbite, 2012). A system of endemic corruption, combined with weak institutional
54 capacity, results in poor enforcement of labour legislation (Fajana, 2008) whilst massive
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3 unemployment and the flagrant abuse of labour legislation inhibit workers from
4 demanding for their basic rights (Fajana, 2008; Adewumi, 2012). This results in poor
5 conditions of employment in many Nigerian organizations, particularly in the area of
6 rewards. Although workers are by law allowed membership of trade unions which are
7 organised along industry lines, the strength of trade unions as well as union density
8 may vary from one industry to another (Adewumi, 2012). Moreover, the bargaining
9 power of trade unions may be weakened as a result of the high level of unemployment
10 in the country (Fajana, 2008). This weak position of trade unions may be responsible for
11 the low level of employee participation in many Nigerian organizations (Anakwe, 2002).
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14 Indeed, government policies such as privatization, deregulation, trade liberalization and
15 similar neo-liberal policies have resulted in massive job losses in both the public and
16 private sector in Nigeria (Okpara and Wynn, 2008). Due to the competition posed by
17 foreign multinationals – particularly in high-tech industries such as banking and
18 telecommunications- as a result of these neo-liberal reforms, indigenous private
19 organizations are under pressure to imitate the ‘best practices’ introduced by these
20 companies in order to survive (Ovadjie and Ankomah, 2001). Driven by the need to
21 maximise owners’ wealth, private organizations in Nigeria are more likely to adopt HRM
22 practices of the neo-liberal variety that are characterised by labour cost cutting, low
23 employee voice and an emphasis on employee productivity (Okpara and Wynn, 2008).
24 In the public sector, government reforms have been targeted at improving the efficient
25 delivery of public services with implications on the management of human resources in
26 the sector. Nevertheless, some HRM practices in the public sector such as the quota
27 system of employment in the public sector are aimed at promoting national unity and
28 cohesion (Mustapha, 2009). The latter reflects a classic example of complementarities
29 that are aimed at compensating for systemic failures (cf. Lane and Wood, 2009).
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34 However, the spread of neo-liberal agenda through the World Bank and IMF has placed
35 public organizations in Nigeria under immense pressure to jettison some of these long
36 cherished practices in order to be ‘efficient’ (Adewumi, 2012). At the same time, the
37 adoption of neo-liberal policies has resulted in a reduction in government spending in
38 critical areas of the economy such as education and health which are incidental to the
39 development of a vibrant human resource base for the country. Thus, whilst Nigeria
40 boasts of abundant human resources, the availability of skilled manpower is rather low,
41 which constitutes a major challenge for organizations. This further places a burden on
42 organizations in Nigeria as they have to invest huge resources in training workers for
43 effective productivity.
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46 Perhaps due to the exposure of local firms to foreign competition, organizations in
47 Nigeria are increasingly aware of the strategic role of HRM (Ovadjie and Ankomah,
48 2001). As a result, many organizations – particularly large organizations – have
49 continuously engaged the services of HRM professionals to oversee the management of
50 people in their organizations (Ovadjie and Ankomah, 2001; Okpara and Wynn, 2008). As
51 professionals perform the role of HRM in organizations, their professional training as
52 well as professional norms are bound to rub off on the way HRM practised in their
53 organizations. Indeed, professional bodies provide a channel for the dissemination of
54 best practices across organizations (cf. Paauwe and Boselie, 2007). Moreover, Nigeria is
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3 signatory to statutes of international organizations such as the International Labour
4 Organization (ILO) whose statutes prescribe best practice HRM for organizations.
5 However, Ovadje and Ankomah (2001) note that such **statutes** are rarely adhered to
6 across organizations in Nigeria. This may reflect the weak institutional context of
7 Nigeria that is characterised by poor enforcement mechanisms.
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10 An equally important institutional feature that influences HRM practices in Nigeria is
11 the role of informal institutions. Indeed, the role of informal institutions on HRM is
12 profound, given the weak nature of formal institutions in Nigeria (Ovadje and Ankomah,
13 2001; Anakwe, 2002). These informal institutional features are reflective of the cultural
14 norms and values of kinship, deference to authority, communitarianism among others
15 which are not only embedded in the Nigerian society but are also reminiscent of the
16 informal institutional features that influence HRM practices in other African contexts
17 (Ellis et al., 2015). It has been argued that the passive nature of informal institutional
18 structures may potentially restrain the adoption of new management approaches
19 (Huang and Gamble, 2011). For instance, whilst an informal institution such as kinship
20 and social networks may influence the staffing activity in organizations, particularly due
21 to the high level of unemployment in Nigeria, deference to authority may diminish the
22 level of direct employee participation in organizations. Hence, despite the pervasiveness
23 of Western HRM models of the Anglo-Saxon variety, HRM practices in Nigeria as indeed
24 many African contexts connote a hybrid between Western practices that seek to drive
25 efficiency and productivity on one hand and local practices that are rooted in cultural
26 norms and values on the other (Azolukwam and Perkins, 2009).
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30 **Conceptual Framework**

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32 Based on the literature on HRM in Nigeria presented above, and taking cognisance of
33 the segmented business system theory which highlights internal diversity in the
34 influence of institutions on organizational practices on the basis of sector, industry and
35 size of the organization, we present our conceptual framework in figure 1 below. The
36 conceptual framework indicates that both formal and informal institutions have an
37 impact on HRM practices such as staffing, training, rewards and employee participation.
38 However, as the framework suggests, the link between institutions and HRM practices
39 may be attenuated by the type of organization as well as the contextual challenges of
40 HRM. Indeed, our conceptual framework is dynamic in the sense that it can be adapted
41 to accommodate other HRM practices.
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50 **Methodology**

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52 The convergent parallel mixed methods approach (Creswell, 2014) was adopted for this
53 study wherein quantitative and qualitative data were collected from the respondents at
54 the same time. The participants of the study comprised of HR managers drawn across
55 public and private sector organizations in Nigeria. A stratified sampling technique based
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3 on the size of the organization, location, industry and sector was adopted in order to
4 collect data from the participants. The study was limited to organizations employing at
5 least 50 employees since such organizations were more likely to have formal HRM
6 practices (Ovadge and Ankomah, 2001). In terms of location, the research focused on
7 organizations located in 11 major cities in Nigeria namely, Abeokuta, Abuja, Asaba,
8 Enugu, Gusau, Jos, Kano, Lagos, Makurdi, Owerri and Port Harcourt. These cities are
9 linked with transportation network which helped in reducing the logistical problems
10 associated with conducting research in Nigeria (Okpara and Wynn, 2008). Moreover,
11 the cities are spread across the geo-political zones in Nigeria except for the North-East
12 zone that is largely unstable due to terrorist attacks. Due to the geographical spread of
13 the organizations, the expectation is that the findings of the study will better reflect the
14 Nigerian context (Okpara and Wynn, 2008).
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19 The next stage in the sampling process was to identify the industries that would
20 participate in the research. Thus, key industries in Nigeria which include,
21 banking/financial services, education, health, manufacturing, ICT/media, hotels,
22 transport, as well as government ministries, departments and agencies (MDAs) were
23 the focus of the research whilst in terms of sector, the focus was on indigenous private
24 organizations and federal government owned public sector organizations. Indeed,
25 subsidiaries of multinational companies were excluded from the research since HRM in
26 subsidiaries of MNCs may be influenced by the institutional context of the parent-
27 company (Kostova and Roth, 2002). After the sampling criteria were determined, a
28 national telephone directory of organizations containing telephone numbers of public
29 and private sector organizations in Nigeria was used to obtain contact details of
30 organizations that met the criteria for inclusion with a view to inviting them to
31 participate in the research. Out of 344 organizations invited to participate in the
32 research, 228 accepted to participate in the study, representing an acceptance rate of
33 66.3%.
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38 *Data Collection*

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40 **Questionnaire** and interview methods were used to collect data from HR managers who
41 provided responses on behalf of their organizations. Using the drop-off and pick-up
42 method of questionnaire administration (Steele, 2001), a self-completion questionnaire
43 was administered to HR managers in each organization participating in the research.
44 These questionnaires were administered through experienced and well trained
45 research assistants (RAs) that were recruited to assist in data collection for the research
46 project. The questionnaires were administered to the respondents at their respective
47 workplaces. One of the authors was in Nigeria to monitor the data collection process
48 and was on hand to coordinate the activities of the RAs. The first part of the
49 questionnaire sought information on the industry, sector and size of the organization
50 whilst the second part required respondents to indicate the extent to which
51 institutional factors such as 'national labour laws', 'trade unions', 'educational system'
52 'professional bodies', 'international institutions' and 'government policy' influenced a
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3 bundle of HRM practices – staffing, training, rewards and employee participation – in
4 their organizations. These institutional factors were drawn from the literature on
5 institutional influence on HRM in developing countries generally (Budhwar and Debrah,
6 2001) and Nigeria in particular (Ovadge and Ankomah, 2001). The responses to these
7 questions were measured on a 5-point Likert scale ranging from 1 – not at all to 5 –
8 extremely influential.
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11 The questionnaire however focused on the formal institutional factors because we
12 envisaged that informal institutional factors which are subject to cultural
13 interpretations can be better understood through qualitative approaches. Thus, in order
14 to have deeper insights on the influence of institutions on HRM practices in the public
15 and private sector in Nigeria, interviews were also conducted with some HR managers
16 that responded to the questionnaires. This approach enabled us to understand how
17 formal and informal institutional factors influence HRM practices. The scope of
18 participation in the qualitative interviews was however limited to some HR managers in
19 public and private sector banks and hospitals that responded to the questionnaire.
20 These industries are considered important to the economic development of Nigeria by
21 mobilising funds for industrial development and catering for the health needs of the
22 teeming population of Nigeria respectively. Theoretically, banks and hospitals operate
23 in industries that are considered highly institutionalised (Scott, 2008) therefore, it was
24 expected that any differences in the influence of institutions on HRM among them
25 should be largely as a result of their public or private sector status rather than the
26 industry in which they operate. Therefore, studying banks and hospitals presented an
27 opportunity to focus on like-for-like public and private sector organizations in Nigeria.
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33 Three banks were selected each in the public and private sector with each of the
34 selected banks providing both retail and investment banking services that served both
35 private and institutional customers. In order to be comparable with their public sector
36 counterparts, the selection of the private sector banks was based on stability and
37 longevity. In terms of hospitals, it was ensured that the participating hospitals in both
38 the public and private sector were comparable in terms of structure. Thus, federal
39 medical centres constituted the public sector hospitals selected for the study. These
40 type of public hospitals provide services in all areas of healthcare and can be better
41 comparable to the private sector hospitals (Polsa *et al.*, 2011). Therefore, 3 federal
42 medical centres that served the healthcare needs of different states in Nigeria were
43 selected for the interviews. Meanwhile, 4 private hospitals that operated a decentralized
44 structure as is the case of the public sector hospitals and whose staff strength was up to
45 200 employees were selected to participate in the interviews. Altogether, the number of
46 participating organizations for the interviews were 13 with the senior HR manager in
47 each organization responding to interview questions on behalf of their organization.
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53 The qualitative interviews which were semi-structured revolved around formal and
54 informal institutional factors and their influence on the four HRM practices that were of
55 interest to this study. Example of interview questions include: 'how do labour laws
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3 affect HRM practices such as staffing, training, rewards and employee participation in
4 your organization?'; 'do trade unions have an influence on the nature of HRM practices
5 implemented in your organization?'; 'how does the educational system in Nigeria affect
6 HRM practices in your organization?'; and 'do you think informal institutions such as
7 kinship have an effect on HRM practices in your organization?'. These interviews, which
8 lasted for an average duration of one hour, were tape-recorded and later transcribed.
9 The analysis of both quantitative and qualitative data will be the focus of the next
10 section.
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13 **Data Analysis**

14
15 Out of a total of 228 questionnaires administered to HR managers across public and
16 private sector organizations in Nigeria, 126 questionnaires were completed and
17 returned, representing a 55.3% response rate. However, in the course of collating the
18 responses, it was discovered that 4 respondents failed to state their sector, which is the
19 main variable in the analysis. Hence, these 4 responses without sector were excluded
20 from the analysis, which means that the analysis was based on 122 valid responses. A
21 breakdown of these valid responses shows that 58.2% were from the private sector
22 whilst 41.8% were from the public sector. Government MDAs (20.5%) and
23 manufacturing (18.9%) had the highest response rate whilst only 9.0% were from the
24 hotel industry. In a reflection of the dominance of small and medium organizations in
25 Nigeria, majority of the organizations had 100-249 employees (35.2%) whilst only
26 15.6% of the participating organizations had above 500 employees.
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31 Analysis of covariance (ANCOVA) was used to examine the influence of institutions on
32 HRM, based on industry, sector and size of the organization, with results presented in
33 table 1.
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36 **Insert Table 1 here.**

37
38 The analysis of qualitative data followed the thematic analysis procedure suggested by
39 Braun and Clarke (2006) with the Nvivo 11 software used for data reduction. Through
40 open coding (Corbin and Strauss, 2008), concepts reflecting institutional factors such as
41 'influence of trade unions', compliance with minimum wage law', 'maintaining
42 professional norms' 'requirements of regulatory bodies' 'standard of education' among
43 others were searched and coded, whilst axial codes enabled us to establish some
44 linkages among the initial codes by relating the concepts of institutional factors and
45 HRM practices (staffing, training, rewards and employee participation) to each other.
46 The main advantage of using qualitative interviews in this study is that unlike the
47 quantitative part of the study, we were able to link these institutional factors to specific
48 HRM practices through the analysis of qualitative data. Indeed, our knowledge of a
49 priori theory provided us directions in which to look (Johnson and Duberley, 2015).
50 Thus, the codes were sorted whilst latent themes were created that reflected both
51 existing and emerging themes.
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Findings and Discussion

Findings from the survey data presented in table 1 indicate that all the institutional variables (national labour laws, trade unions, professional bodies, educational system, international institutions, and government policy) were likely to influence HRM decisions in organizations in Nigeria based on the views of HR managers. However, findings suggest that the extent of the influence of these institutional variables on HRM practices varies according to the industry, sector and size of the organization. For instance, managers indicated that trade unions ($\beta=4.601$) had the highest influence on HRM in their organizations whilst international institutions ($\beta = 2.165$) had the lowest influence. Nevertheless, the influence of trade unions was more likely to be encountered in government MDAs than in the manufacturing industry whilst in terms of sector, the influence of trade unions was more likely to be encountered in the public sector than in the private sector. This indicates the anti-union stance of private sector organizations based on the dictates of neo-liberalism (Adewumi, 2012).

In terms of the size of the organization, large organizations were more likely to indicate that HRM decisions in their organizations were influenced by institutions than small organizations. On the other hand, and expectedly, industries with professionalized employee groups like the health industry were more likely to indicate the influence of professional bodies on HRM practices. Meanwhile, government policy had a higher influence in banks than in manufacturing industry, but the influence was higher in manufacturing industry than in hotel industry. This diversity in the influence of institutions on HRM based on size, industry and sector resonates with the literature on segmented business system theory (Wood and Frynas, 2006). The findings from the survey data were corroborated by findings from the qualitative interviews, although the latter provided deeper insights on how institutions influenced HRM practices in both sectors. The presentation and discussion of these findings is the focus of subsequent sections.

Formal Institutions

This finding relates to the way formal institutional factors such as national labour laws, trade unions, educational system, government policy, and consultants influence HRM practices in the public and private sector in Nigeria. The discussion of each of these sub-themes shall form the basis of the subsequent sections.

National Labour Laws

Generally, all interviewees indicated that their organizations abide by labour laws when considering HRM practices. However, when asked particularly about the minimum wage law, we found that not all organizations abided by the provisions of the minimum wage law. In the public sector, all the interviewees indicated that the minimum wage law significantly influenced the decision of compensation of workers whilst this was not the case in some private hospitals as could be seen from the quote below:

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3 I think the minimum wage is purely the business of government. If we say we must pay all our staff up to
4 the minimum wage, we might fold up because we cannot afford it. We try to review their (workers) pay
5 when the government increases the pay of its workers but that does not mean it has to be up to what the
6 government stipulates as minimum wage [Private Hospital 2].
7

8
9 The lack of compliance with some aspects of labour legislation in some private
10 organizations is reflective of the uneven coverage of institutions highlighted by
11 segmented business system theorists and is typical of many African contexts (Wood and
12 Frynas, 2006; Bischoff and Wood, 2012). Indeed, where labour enforcement agencies
13 are weak and competition is fierce, employers who are not responsible are bound to
14 take advantage of workers (Webster and Wood, 2005). What is more, the high level of
15 unemployment in many African contexts confers undue advantage to employers when
16 dealing with employees (Wood et al., 2011). In such contexts, workers are compelled to
17 put up with poor conditions of employment due to the shortage or lack of alternative
18 jobs (Wood et al., 2011). In the particular case of Nigeria, the presence of corruption
19 may hamper the strict enforcement of labour laws (Okpara and Wynn, 2008).
20 Notwithstanding, the evidence suggests that HRM in the public sector is more likely to
21 be influenced by labour laws than HRM in the private sector. This may suggest, as
22 others have pointed out (Dibben and Wood, 2013), that the public sector plays an
23 exemplary role in providing better conditions of employment.
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30 *Trade Unions*

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32 Trade unions play an important role in influencing HRM practices in Nigerian
33 organizations particularly in the areas of employee participation and rewards. Thus, it
34 has been argued that decent work and pay as well as national development could be
35 achieved in developing countries through trade unionism (Fajana, 2008). However, in
36 contrast to the public sector where trade unions have a relatively strong influence on
37 HRM practices such as employee participation and rewards', trade unionism in the
38 private sector in Nigeria is weak across many industries. The informants in the public
39 sector allude to the importance of trade unions and the need to consult unions in
40 workplace decisions in order to maintain industry harmony. Some of their responses
41 are shown below:
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44 Unions are always consulted on major issues affecting workers. It is also their right to engage in collective
45 bargaining so the bank provides them the platform to exercise this right. Because of this, there is harmony
46 between management and unions [Public Bank 2].
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48 We do not undermine staff unions at all. We know what they can do when they feel aggrieved so we try as
49 much as possible to have peace with them [Public Hospital 2].
50

51 Surprisingly, all the private sector organizations that participated in the qualitative
52 interviews were not unionised. Moreover, findings from the interview data demonstrate
53 the anti-union stance of HR managers in these private sector organizations.
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3 I completely disagree that workers have to join trade unions before their needs can be met. I can
4 guarantee you that employees of this bank are treated far better than those in companies where
5 employees have strong unions [Private Bank 3].

6 Trade unions can create problems and we cannot afford that here. We want workers who can provide the
7 best service to our clients not those who would antagonise the hospital management [Private Hospital 4].
8
9

10 Despite the claims of freedom of association as a fundamental human right in modern
11 democracies, such rights are not respected in many private organizations when it comes
12 to workers' rights to belong to trade unions (Adewumi, 2012). Even where there is
13 union presence, the high level of unemployment may weaken the capacity of trade
14 unions to demand for improved conditions of work (Fajana, 2008; Adewumi, 2012).
15
16

17 *Educational System*

18
19 The poor standard of education in Nigeria affects not only the staffing needs of
20 organizations but also their investment in training as organizations invest substantially
21 in updating the skills of employees who are a product of a weak educational system
22 (Ovadge and Ankomah, 2001). The effect of the educational system has an impact on
23 staffing and training practices as could be seen in the responses below:
24
25

26 So for instance, the graduate trainee programme of the bank has been overhauled such that our trainees
27 now spend up to 3 months or in training before the actual posting is done. We also insist on candidates
28 with at least a second class upper in their first degrees.... But let me tell you, even at this, some of them
29 are still laid off after the one year probation period because they simply can't cope! [Private Bank 3].

30 I think the key is to constantly train the workers as we do here... If you fail to do so, where will you get the
31 quality? So one way is to make quality out of what you have [Private Hospital 2].
32

33 *Government Policy*

34
35 The policies of government also determine how organizations tailor their human
36 resources practices. Since organizations do not operate in a vacuum, government
37 policies may set the tone for the way both public and private institutions operate,
38 particularly if such policies directly or indirectly affect the management of human
39 resources. In Nigeria, government policies such as privatization, liberalization,
40 monetization among others have an impact on HRM practices (Okpara and Wynn,
41 2008). Below are the responses indicating how HR managers perceive the influence of
42 government policies on HRM practices in their organizations:
43
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45 It is not easy to compete with these well-established banks... You see, one bank in South Africa is bigger
46 than perhaps five or more banks in Nigeria... so how do you compete with them? I think if we got some
47 kind of incentives from the government, we can invest more in the welfare of our employees and this will
48 benefit the economy as a whole [Private Bank 2].

49 Whenever there is any policy of government that affects us, whether it is an issue of HR or any other
50 issue, we receive communication via circulars and the policy is implemented forthwith [Public Hospital
51 3].
52

53 The above responses indicate that the policies of government can directly or indirectly
54 impact on HRM practices in both the public and private sector in Nigeria.
55

56 *Consultants*

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3 Organizations often make use of consultants to provide expert advice on different
4 aspects of HRM. As the responses below indicate, the use of consultants may have an
5 impact on the nature of HRM practices such as staffing and training:
6

7 Consultants are involved in the recruitment and selection process of the bank. This is done in order to
8 avoid bias in the process and to get the most talented employees [Public Bank 1].
9

10 The hospital often gets them (consultants) to provide the best training to staff on the latest issues in the
11 health sector [Public Hospital 1].
12

13 It is also common for organizations to hire management consultants when faced with
14 uncertainty (Paauwe and Boselie, 2007). For instance, most banks in Nigeria have
15 embarked on massive downsizing in recent times in a bid to reduce cost. In such times
16 of uncertainty, organizations rely on the 'expert' advice of consultants. Making reference
17 to why the bank downsized, the HRM manger in private bank 1 had this to say:
18

19 I think the bank has regretted losing some of its best staff through downsizing. In hindsight, maybe we
20 should have handled the issue differently but that seemed to be the best advice we got from consultants
21 at that time. Considering that other banks also took that route, we couldn't do otherwise [Private Bank 1].
22

23 Indeed, whilst consultants can recommend HRM solutions to organizations, Sturdy
24 (2011) emphasized the need for organizations to be cautious when seeking managerial
25 solutions from consultants since most of the recommendations from consultants are
26 aimed at instigating neo-liberal reforms in organizations. Thus, in some cases,
27 management consultants may act as agents for promoting neo-liberal ideologies across
28 different contexts (Sturdy, 2011; Dardot and Laval, 2013).
29

30 *Informal Institutions* 31

32 This results from informal influence on HRM practices from members of the host
33 community in which the organization operates. Due to the shortage of employment
34 opportunities in many African contexts, it is common for individuals to secure
35 employment through informal networks (Mellahi and Wood, 2003; Webster and Wood,
36 2005). Thus, the host community may prevail on the organization to consider the
37 interests of members of the community when filling job vacancies. This could be seen
38 from the responses below:
39
40

41 We have a deliberate policy of employing members of the community to certain positions so that we can
42 maintain a healthy relationship with our hosts [Private Hospital 3].
43

44 They [host community] often have complaints but as soon as the hospital employs one of their own, those
45 complaints suddenly disappear [Private Hospital 4].
46
47

48 *Socio-economic Pressures* 49

50 Findings from the qualitative interviews also suggest that *economic pressures* influence
51 the nature of HRM across organizations in Nigeria since organizations are not insulated
52 from the economic environment in which they operate. As the literature on comparative
53 HRM suggests, the economic conditions of countries will influence the way
54 organizations relate with employees (Brewster and Mayrhofer, 2012). In the case of
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3 Nigeria, employees are often faced with poor economic conditions for which they rely
4 on employers to develop policies that will enable them cope with economic challenges
5 (Ovadje and Ankomah, 2001).
6

7 As a result of the high cost of rent in major cities in the country, we have housing estates where
8 accommodation is provided to staff at a subsidized rate [Public Bank 3].
9

10 The hospital goes the extra mile to give support to workers during hard times. Like during the fuel crisis,
11 the hospital took it upon itself to make available buses to transport our staff [Private Hospital 1].
12

13 Due to the poor state of infrastructure in Nigeria, responsible employers may provide
14 transport or housing facilities to employees to enable them cope better with work.
15 Although not supported by the data presented above, we assert that private sector
16 organizations may provide relatively less of such employee benefits due to their
17 emphasis on labour cost-reduction. Thus, such economic pressures may influence HRM
18 in both the public and private sector, particularly when it comes to providing employee
19 benefits.
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23 *HRM Challenges*

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25 The literature on HRM in Nigeria indicates that HR managers in Nigeria face challenges
26 in the performance of their duties which include ethnicity, changes in technology,
27 corruption, changes in government policy, HIV/AIDS, shortage of skilled manpower,
28 poverty, brain drain among others (Ovadje and Ankomah, 2001; Anakwe, 2002; Okpara
29 and Wynn, 2008; Azolukwam and Perkins, 2009). However, when asked to identify one
30 main challenge they faced, HR managers in the public sector were more likely to identify
31 changes in government policy as the major challenge of HRM as could be seen from the
32 responses below:
33
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35 I think it (the major challenge of HRM) should be the sudden change in government policy... Every
36 government institution is under obligation to implement the policies of government but in a situation
37 whereby these policies keep changing and sometimes even conflicting is very frustrating [Public Bank 2].
38

39 Sometimes you may not even have the luck to implement one policy before another circular comes in. To
40 some extent, each administration wants to bring something new. For example, you have a policy today
41 that says all trainings should be done locally to save cost and by tomorrow another person comes in and
42 says foreign training is the best... Can you see that? [Public Hospital 1].
43

44 In contrast, HR managers in the private sector identified the shortage of skilled
45 manpower as the most difficult challenge they faced in managing human resources.
46 Below are some of their responses:
47

48 ...Lack of skilled workforce is by far the most difficult challenge we face and I believe others too are
49 grappling with this challenge because we source for talent in the same labour market... Not only is it
50 difficult to get the right talent, it takes a lot of money and time to train those who are available [Private
51 Hospital 1].
52

53 You know you cannot talk of HRM without workers and getting the right people to fit in is a very big
54 problem... To compound the whole situation, after spending so much to train them, some of them end up
55 switching to other banks to take a pay increase... it's quite challenging [Private Bank 2].
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3 This indicates that although organizations in Nigeria may face similar challenges in
4 managing their human resources, some challenges may be more pronounced in the
5 private sector whilst other challenges may be felt more in the public sector.
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8 **Conclusion**

9
10 The aim of this research was to explore the influence of institutions on HRM practices in
11 the public and private sector in Nigeria. Based on the findings from the research, it is
12 concluded that HRM practices such as staffing, training, rewards and employee
13 participation in Nigeria may be influenced by both formal and informal institutions as
14 well as the socio-economic conditions of the country. Moreover, these practices may
15 also be influenced by the organizational context as well as the context-specific
16 challenges of HRM. In particular, formal institutional factors such as labour laws and
17 trade unions are more likely to influence HRM practices in the public sector than in the
18 private sector as well as in large than in small organizations. Moreover, the influence of
19 formal institutions on HRM practices is more likely to be stronger in industries with
20 professionalized employee groups such as the health industry. The diversity in the
21 influence of formal institutions on HRM practices may stem from the weak institutional
22 context of Nigeria which is characterised by poor enforcement of labour legislation and
23 the presence of corruption, as well as the tendency of some private sector organizations
24 in particular to adopt neo-liberal approaches of HRM depicted by negative attitudes
25 towards trade unionism.
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29 Equally influential on HRM practices in the public and private sector in Nigeria are
30 informal institutions such as the host community which exert some influence on hiring
31 practices of organizations. Moreover, the economic condition of the country arising
32 from poor infrastructure and high level of poverty compel some responsible
33 organizations to intervene by enacting practices to enable employees cope with
34 economic hardships. Although the extant literature on HRM in Nigeria has identified
35 numerous contextual challenges of HRM in Nigeria such as ethnicity, favouritism,
36 corruption, shortage of skilled manpower, changes in government policy, and changes
37 in technology among others, the major challenges confronting HRM in the public and
38 private sector in Nigeria were identified as changes in government policy and skilled
39 labour shortages respectively. This indicates that whilst organizations may be exposed
40 to similar HRM challenges, some of these challenges may be more profound in some
41 sectors than in others.
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45 Theoretically, this study indicates that the nature of the influence of institutions on HRM
46 practices in Nigeria is in line with the literature on segmented business system theory
47 which accentuates differences in the influence of institutions on organizational
48 practices based on industries, sectors and size of the organization (Frynas and Wood,
49 2006). This research therefore adds to the literature on institutional diversity (Lane and
50 Wood, 2009) based on findings from an African context by showing that within a
51 particular national context, the influence of institutions on HRM practices may depend
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3 in part on the nature of the organization. In terms of the practical implications of the
4 study, we recommend that policy makers in Nigeria should ensure that **institutions**
5 **responsible for the enforcement of labour legislation are strengthened to function**
6 **effectively**. In this way, there will be more institutional coverage across organizations in
7 Nigeria which will result in improved conditions of employment and will in turn result
8 in positive benefits to the society at large. Moreover, policy makers in Nigeria must
9 develop the political will to resist **neo-liberal policies such as the negative attitude**
10 **towards trade unionism in the private sector** imposed on the country by Bretton Woods
11 institutions. Although this **anti-union policy** have been strongly resisted in the public
12 sector in Nigeria, with the increased pressure from the World Bank and the IMF on the
13 public sector to move fully towards neo-liberal approaches, it might be a matter of time
14 before such approaches are embraced in future, given Nigeria's reliance on these
15 supranational institutions for financial and technical assistance.
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20 This study examined the influence of institutions on HRM in Nigeria by drawing from
21 the segmented business system theory. Researchers interested in African HRM should
22 adopt a similar framework to understand the institutional context of HRM in other
23 African countries. This will provide insights on whether there is a similarity or some
24 divergence in the segmented business system of other African contexts.
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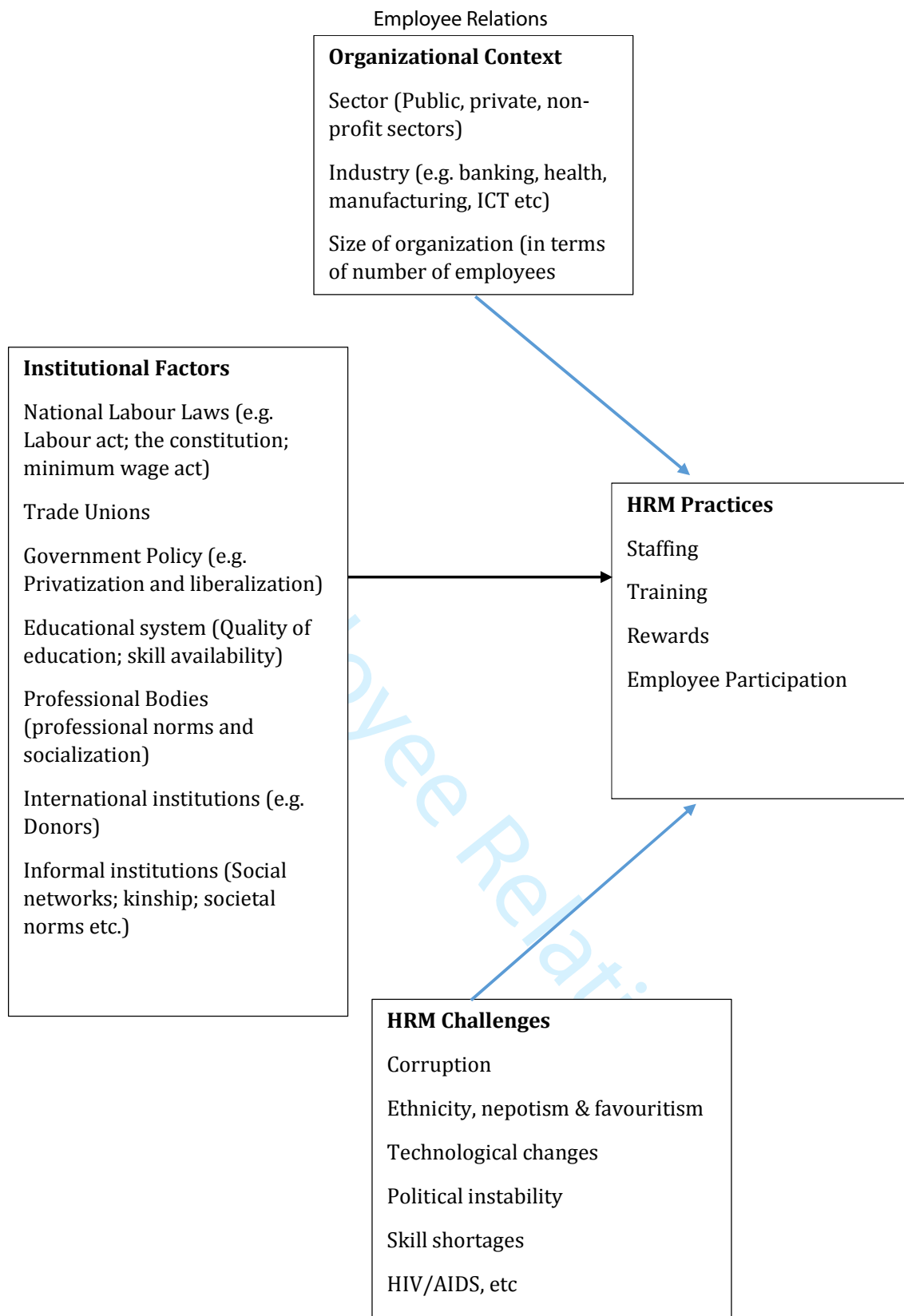


Figure 1: The Conceptual Framework

Table 1: ANCOVA predicting the influence of institutions on HRM from industry, sector and size

Predictor variables	Dependent variables measuring the influence of institutions					
	National labour laws	Trade unions	Professional bodies	Education system	International institutions	Government policy
	B	B	B	B	B	B
Intercept	3.219**	4.601**	3.545**	2.569**	2.165**	3.087**
Industry dummy: Banking/Finance (vs Manufacturing)	0.295	-1.831**	-0.085	0.198	0.327	0.733*
Industry dummy: Education (vs Manufacturing)	0.632	-1.440**	-0.471	-0.095	-0.123	0.132
Industry dummy: Hospitals (vs Manufacturing)	0.166	-1.195**	1.093**	0.040	0.032	0.324
Industry dummy: Hotels (vs Manufacturing)	0.229	-1.152**	-0.193	-0.475	-0.266	-1.202**
Industry dummy: Government MDAs (vs Manufacturing)	0.806**	1.397**	-0.018	0.069	0.432	0.544
Industry dummy: ICT/Media (vs Manufacturing)	0.464	-1.484**	0.252	-0.123	0.523	-0.056
Industry dummy: Tport (vs Manufacturing)	0.053	-1.009*	0.358	-0.299	-0.007	-0.751
Sector: Private (vs Public)	-0.144	-2.683**	-0.606	-0.527	-0.399	-0.832*
Size (No. of employees)	0.216**	0.161	-0.018	0.026	0.095	-0.003

N=122 **p<0.01 *p<0.05. Tport = Transport