

School of Management

Multinationals' HRM policies and practices: do national institutions in less developed countries really matter?

Desmond Tutu Ayentimi

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Doctor of Philosophy
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DECLARATION

To the best of my knowledge and belief this thesis contains no material previously published by any other person except where due acknowledgement has been made. This thesis contains no material which has been accepted for award of any other degree or diploma in any university.

Signature:

Date:

KEYWORDS

International HRM, Multinational enterprises, Institutional theory, Local isomorphism, Ghana, HRM Practices, case study

ABSTRACT

Institutional theory claims that organizations interested in gaining legitimacy might have to adapt to the regulatory, cognitive and normative practices that reflect a host-country institutional environment. This thesis draws on the theoretical lens of institutionalism perspective to explore how the coercive (regulatory), cognitive (culture) and normative institutional settings of a less developed host-country impact MNE subsidiaries' HRM practice configurations. The study also examined factors within a host-country that provide opportunities or impose constraints in the diffusion of best HRM practices from MNEs' corporate headquarters to their subsidiaries in Ghana. This research employed a multiple case-study approach involving MNE subsidiaries and key stakeholder institutions, utilising mixed methods data collection techniques – in-depth face-to-face interviews, field notes and document analysis.

The thesis found constraints within the host-country educational and training arrangements, delays with the operation of the legal system, labour market constraints, cultural barriers as well as economic instability and political actors' intrusion as institutional drivers influencing MNE subsidiaries' HRM polices and practice configurations. The study also found (i) flexibility in labour regulations, (ii) training of host-country nationals in MNE home-countries, (iii) weak trade unions and their limited bargaining power and collective representation, (iv) historical developmental trajectory and economic backwardness of the host-country, (v) political and economic involvement of MNEs home-countries, (vi) host-country receptiveness to new organizational forms and management practices, and (vii) the contribution of professional bodies to be facilitating and providing opportunities for the diffusion of MNEs' home-countries HRM practices to their subsidiaries in Ghana. Whereas, poor work ethic, cultural barriers, weak political institutional structures, lack of vocational and technical skills formation and trade unions entitlement mentality posed constraints for MNEs' HRM practice diffusion. The implication of this thesis is that the regulatory or coercive institutional profile of the host-country is both supportive and receptive to HRM practice diffusion, whilst the cognitive and normative institutional profiles are the sources of constraints to HRM practice diffusion in LDCs.

These research outcomes contribute to IHRM and comparative HRM advancement in LDCs and provide specific recommendations to policy-makers and political actors at different governmental levels to create more supportive and receptive cognitive and normative institutional configurations within their national business systems. This will ensure the diffusion of best HRM practices owing to the potential capabilities of MNEs to act as innovators and disseminators of new organizational forms and best HRM practices into less developed host-countries. This thesis adds to MNEs' HRM practice transfer debate by highlighting the significance of the cognitive and normative institutional settings in LDCs as host-country institutional impediments to MNEs' HRM practice diffusion and acknowledges greater flexibility within the regulatory system as a source of receptiveness for MNEs' HRM practice diffusion.

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LIST OF ABBREVIATIONS

ABE: Association of Business Executives

AfDB: Africa Development Bank

ARB: Association of Rural Banks

CBA: Collective Bargaining Agreement

CIBA: Council of Indigenous Business Association

CIPD: Chartered Institute of Personnel and Development

CMEs: Coordinated Market Economies

CWU: Communication Workers Union

CoE: College of Education

EEO: Equal Employment Opportunities

ERP: Economic Recovery Program

FDI: Foreign Direct Investment

FWSC: Fair Wages and Salaries Commission

GAWE: Ghana Association of Women Entrepreneurs

GCM: Ghana Chamber of Mines

GDP: Gross Domestic Product

GEA: Ghana Employers Association

GFL: Ghana Federation of Labour

GIPC: Ghana Investment Promotion Centre

GLSS: Ghana Living Standard Survey

GPFA: Ghana Poultry Farmers Association

GTMO Ghana Timber Millers Organisation

GTPCWU: General Transport, Petroleum and Chemical Workers Union

HCN: Host Country Nationals

HIWP: High Involvement Work Practices

HPWS: High Performance Work System

HRM: Human Resource Management

IB: International Business

ICT: Information Communication Technology

IHRM: International Human Resource Management

IHRMPG: Institute of Human Resource Management Practitioners Ghana

ILO: International Labour Organisation

IMF: International Monetary Fund

ISSER: Institute of Statistical, Social and Economic Research

LDCs: Less Developed Countries

LMEs: Liberal Market Economies

MFEP: Ministry of Finance and Economic Planning

MNCs: Multinational Companies

MNEs: Multinational Enterprises

NBS: National Business System

NDPC: National Development Planning Commission

NGOs: Non-Governmental Organizations

NLC National Labour Commission

NVTI: National Vocational and Technical Institute

NTC: Nursing Training College

OECD: Organization for Economic Cooperation and Development

PCN: Parent Country Nationals

PPP: Public Private Partnership

SAP: Structural Adjustment Program

SG: Societe Generale

SMEs: Small and Medium Scale Enterprises

SSNIT: Social Security and National Insurance Trust

TCN: Third Country Nationals

TM: Talent Management

TUC: Trade Union Congress

TVET: Technical, Vocation Educational Training

UK: United Kingdom

UNCTAD: United National Conference on Trade and Development

UNICEF: United Nation Children Fund

US: United States

VoC: Varieties of Capitalism

WB: World Bank

WEF: World Economic Forum

WTO: World Trade Organisation

PHONco: MNCs Case study 1

ATco: MNCs Case study 2

FINco: MNCs Case study 3

CONco: MNCs Case study 4

BUSco: MNCs Case study 5

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RESEARCH OUTCOMES FROM THE THESIS

Journal articles Published:

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2. Ayentimi, D. T., Burgess, J. and Brown, K. (2016). Developing effective local content regulations in Sub-Sahara Africa: the need for more effective policy alignment. *Multinational Business Review*, Vol. 24, Iss 4, pp.354 – 374.mdoi.org/10.1108/MBR-08-2015-0040

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2. Ayentimi, D. T., Burgess, J. and Brown, K. (2017). Local isomorphism and multinational Human Resource management practices: extending the research agenda. *Journal of International Management*. (Under peer review)
3. Ayentimi, D. T., Burgess, J. and Brown, K. (2016). HRM practices of MNEs and Domestic firms in Ghana: divergence or convergence? *Personnel Review*. (Revised and submit)
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5. Ayentimi, D. T., Burgess, J. and Dayaram, K. (2016). Are MNEs in less developed host countries charting the contours of union suppression or union substitution? Evidence from Ghana. *Journal of Industrial Relations* (Revised and submit)
6. Ayentimi, D. T., Burgess, J. and Dayaram, K. (2017). Macro institutional conditions in Ghana and the challenges to HRM program Development and implementation. *Thunderbird International Business Review*. (Under peer review)

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1. Ayentimi, D. T., Burgess, J. and Brown, K. (2016). Do subsidiaries of MNEs demonstrate a convergence across their HRM practices in a less developed host country? Evidence from Ghana. Irish Academy of Management Annual Conference, UCD College of Business, at UCD Michael Smurfit Graduate Business School, Blackrock, Dublin, 31st August to 2nd September, 2016.
2. Ayentimi, D. T., Burgess, J. and Brown, K. (2015). Attracting MNCs and enforcing local content laws: the double breasting dilemma in less developed countries in sub-Saharan Africa. CRIMT 2015 International Conference, Institutional Change and Experimentation: Shaping the future of Work and Employment, HEC Montréal (Montreal, Canada) from May 21 to May 23, 2015.
3. Ayentimi, D. T. (2014). Multinational HRM policies and practices: do national institutional settings in less developed countries really matter? Humanities Graduate Research Conference, Where do we go from here? Curtin University, Perth, Western Australia, 12 – 14, November, 2014.

CHAPTER ONE

INTRODUCTION

1.1 Do host-country national institutions in less developed countries matter in how MNE subsidiaries design and diffuse their HRM policies and practices?

Africa is not a dream but in many ways, human resource management (HRM) in Africa could be a dreamlike experience. The sheer complexity and diversity found there can make the HRM process one of the more vexing decisions that management may have to undertake when doing business in Africa. (Harvey 2002, p.1119)

Human resource management (HRM) scholars have acknowledged human resources as one of the most critical success factors in international business (IB) literature (Dowling, Festing and Engle 2008). The United Nations (2010) claimed that there are over 82,000 multinational enterprises (MNEs) operating in the World, controlling over 810,000 subsidiaries, with over 80 million employees in host-countries alone and contributing about a third of total World trade (Bartram et al. 2015; Edwards, Marginson and Ferner 2013). The United Nations Conference on Trade and Development (UNCTAD) (2015) report that in 2014 global foreign direct investment (FDI) inflows declined by 16% which amounts to US \$1.23 trillion and the decline of global FDI flows has been attributed to geopolitical risk, investor uncertainty and global economic fragility. Despite the fall in global FDI figures over the last few years, FDI inflows to developing economies increased by 2% amounting to US \$681 billion in 2014 (UNCTAD, 2015).

Although it is expected that Africa will attract a significant proportion of global FDI due to the availability of its untapped markets and natural resources, current FDI inflows into the continent have remained stable at US \$54 billion for the past three years. FDI inflows increased to US \$42 billion (a 5% increase) in Sub-Saharan Africa, whereas North Africa recorded a 15% decline, which amounts to US \$12 billion in 2014. More specifically, according to UNCTAD, FDI inflows decreased by 10% amounting to US \$13 billion in West Africa occasioned by falling World market commodity prices, regional conflicts and Ebola outbreak in Sierra Leone, Liberia and Guinea. Southern Africa also recorded a decline of US \$11 billion (a 2% decrease) in FDI inflows over the same period. Notwithstanding the decline in both West and Southern Africa, FDI inflows to East and Central Africa in 2014 increased

to US \$7 billion (an 11% increase) and US \$12 billion (a 33% increase) respectively (UNCTAD, 2015). HRM policies and practices have become crucial issues for HR executives in MNEs as they are challenged with dual institutional settings in the management of their workforce (Myloni, Harzing and Mirza 2004; Dowling and Welch 2004; Dowling, Festing and Engle 2008; Brewster, Wood and Brookes 2008; Vo and Stanton 2011).

UNCTAD (2012) suggest that the main force driving globalization is through the activities of MNEs. The growth of the number of MNEs in developed, emerging and developing economies has paved the way for more studies into such issues as: subsidiary autonomy, expatriate management, training and career development, compensation management, recruitment and selection, performance management, talent management and employee voice and involvement and how host and home-countries institutional configurations affect such HRM practice arrangements (Tüselmann, Allen and McDonald 2014; Singh, Mohamed and Darwish 2013). Subsidiaries of MNEs may have to alter their HRM policies and practices to reflect the local institutional conditions and their forms of adjustment, according to Björkman and Lervick (2007) is an ongoing area of debate among researchers and practitioners of HRM.

The contribution of FDI to global trade and development and especially to emerging and less developed economies through knowledge transfer, technology transfer and capital flow has been well-acknowledged in IB and world development literature (Meyer 2004; Rugraff and Hansen 2011; Gohou and Soumare 2012; Osabutey and Debrah 2012; Agbloyor et al. 2013; Gui-Diby 2014). Ranjan and Agrawal (2011) opined that FDI contributes immeasurably to production, employment, income and local economic growth of the host-country and has become the major source of global best practice transfer amongst nation states. MNEs have become important actors of many developing and emerging economies in Sub-Sahara Africa as a result of their perceived potential contribution and role in accelerating economic growth and economic transformation through technology spillover effects, knowledge transfer, employment creation and a source of government revenue (Gui-Diby 2014; Agbloyor et al. 2013; Gohou and Soumare 2012; Osabutey and Debrah 2012; Rugraff and Hansen 2011). Blomstrom and Kokko (1998) have maintained that a country's interest in attracting FDI is driven by contemporary technologies in the production and distribution system, marketing and management skills that they hope to accumulate as a result of both technology and market access spillover effects. For instance, local firms can mimic best HRM and industrial

relations (IR) practices from MNEs resulting in management improvement (Abereijo, Llori and Olomola 2012; Sayim 2011; Vo and Stanton 2011; Edwards and Temple 2010; Pudelko and Harzing 2007). Geppert, Matten and Walgenbach (2006) and Smith and Meiksins (1995) suggest that MNEs have over the years become active players in the advancement of global best standards in both developed and developing economies through practice transfer. Likewise, McDonnell, Stanton and Burgess (2011) noted that MNEs have greater prospects and capabilities to act as innovators in the transfer of HRM practices between host and home-countries.

Africa is endowed with many natural resources but is yet to benefit from its natural resources (Morris, Kaplinsky and Kaplan 2012; African Union 2009). Despite some improvements in the economic performance of the continent in the last decade, the Organization for Economic Co-operation and Development (OECD), World Bank (WB) and the International Monetary Fund (IMF) have noted that there still remain many structural and macroeconomic challenges that limit the capacity of the continent to achieve sustainable improvements in the standard of living of its people. These include: (a) the lack of application of science, technology and innovation within the production and distribution value-chain system; (b) the continued over dependence on rain-fed agriculture; (c) the over-reliance on primary production without linkages to other important sectors; (d) deteriorating income inequalities, education and technical skills formation, social protection and unemployment; and (e) wide-spread corruption, mismanagement and institutional weaknesses. Arguably, these are all indicative of the major socio-economic challenges facing most developing countries in Sub-Sahara Africa including Ghana. Kostova, Roth and Dacin (2008) argue that a host-country's institutional and economic weaknesses could lead to the lack of local isomorphism.¹ This is due to the lack of dependence of MNEs on local resources and MNE superiority in the host environment coupled with limited or no capacity of the host country to enforce local rules and regulations on subsidiaries' HRM policies and practices.

There has been increasing interest in investigating the impact of host-country national institutional setting on MNE subsidiaries' HRM configuration. Of particular interest, Vo (2009), Sayim (2010, 2011), Chowdhury and Mahmood (2012), and Vo and Hannif's (2012)

¹ Local Isomorphism are societal structures such as laws, regulations, norms, customs, routines, values and beliefs systems which become established and embedded within the wider society as an authoritative guidelines for individual and organizational behaviour (Scott 2001).

empirical studies of MNEs within developing host-countries settings provide evidence to suggest that less developed host-countries pose limited constraints in relation to HRM practice transfer or managerial and technology transfer owing to (i) the setting of flexible regulations in the quest to maintaining a favourable investment climate to attract FDI into the domestic economy (see Collings, Gunnigle and Morley 2008; Gunnigle et al. 2003); (ii) availability of HRM regulatory gaps or weaknesses in legislations governing industrial relations and HRM practices (Muller 1998; Morgan and Kristensen 2006; Aguzzoli and Geary 2014); (iii) the host-countries may lack the capability to enforce existing laws and regulations due to institutional weaknesses (Kostova, Roth and Dacin 2008) and wide-spread corruption (Chowdhury and Mahmood 2012), creating leeway for MNE subsidiaries to choose their own HRM practices regardless of local isomorphism.

These arguments are further exemplified by the study of Vo (2009), who reported that despite regulatory restrictions on the recruitment of expatriates by foreign companies in Taiwan, subsidiaries of Japanese MNEs exploited regulatory gaps to constantly increase its expatriate employee's numbers in their Taiwanese operations. Likewise, a study by Reimann et al. (2012) on how MNEs in emerging economies manage local stakeholders and local legitimacy with respect to the adoption and implementation of corporate social responsibility strategies. Reimann et al. (2012) argue that the local government have little or no significant influence or impact on how MNEs manage their corporate social responsibility strategies. Muller (1998) in a study of HR and industrial relations practices of US and UK MNEs in Germany, point to the availability of leeway within the highly regulated German institutional setting for US MNEs to adopt home-country HR and IR practices.

Sayim (2010) in a study of seven US MNEs in Turkey found that it was easy to transfer a similar set of home grown reward management practices from the US to its subsidiaries, suggesting that in emerging or less developed economies where national institutional settings are weak, MNE subsidiaries are likely to be driven by economic efficiency or rationality rather than gaining legitimacy in the design of their HRM policies and practices. Sayim (2010) demonstrates that the easy transfer of reward management practices from the US to their subsidiaries in Turkey was due to weak institutional settings in the host-country. Vo and Hannif's (2012) study of training and development practice transfer by Japanese MNEs to their Vietnamese subsidiaries, reported that less developed host-countries pose minimal or little

constraints in the transfer of training and development practices from MNE home-countries to their subsidiaries.

Gooderham, Nordhaug and Ringdal (1999) argue that in a liberal institutional setting with inadequate formal institutional structures, MNEs can adopt global standardization HR policies or transfer home-country HRM policies and practices to their subsidiaries. Warner, Goodall and Ding (1999) reported that foreign MNEs in China are usually given more managerial autonomy and employment flexibility in the adoption of market-oriented HRM strategies than their local Chinese counterparts. In various studies, researchers have hypothesized that as MNE subsidiaries experience fewer host-country institutional constraints, they are most likely to enjoy greater flexibility and autonomy in the adoption of their HRM policies and practices (Gooderham, Nordhaug and Ringdal 1999; Kostova and Roth 2002).

Ghana, like any other developing country considers the extractive sector as strategic sectors where economic growth and economic development can be achieved. However, both MNEs and the government understand that the local or host-country human resource stock including technology do not well-match the exploration of oil and gas and mineral resources. Hence, the transfer of home-country HRM policies and practices including technology transfer from the parent companies to their subsidiaries is strategically indispensable. For the host-country, the successful diffusion of HRM policies and practices including technology and knowledge transfer from the parent companies to their subsidiaries will improve and deepen the local human capital or resource stock (Osabutey, Williams and Debrah 2013). It could enrich and improve HRM practice advancement within the local economy as a result of the upshot of the potential spillover of new technologies and knowledge (HRM) to the local economy (Meyer 2004; Abereijo Llori and Olomola 2012; Osabutey, Williams and Debrah 2013; Ngoasong 2014).

Governments in Sub-Sahara Africa are at a crossroad in their development aspirations as a result of their inability to create new employment opportunities for the rapidly increasing labour force (Debrah and Mmieh 2009), coupled with wide-spread corruption, mismanagement of public resources, excessive public spending and a deficiency of skilled labour formation within the labour markets (Darvas and Palmer 2014; Ayittey 2006; Canagarajah and Mazumdar 1999). Darvas and Palmer (2014) reported that the major

constraint to Ghana's labour market is the serious paucity of vocational and technical training formation within Ghana's education and training system owing to the intersection of challenges. In addition, most governments in Sub-Sahara Africa have failed to create opportunities for indigenous small and medium scale enterprise's (SMEs), which constitutes 80% of economic activities (Ovadge 2010; Debrah and Mmieh 2009), yet governments have relied solely on importation which has little or no avenue for job creation.

Against this background, many governments in Sub-Sahara Africa are looking for alternative ways to create new job opportunities, create new firms and industries that are fully engaged with the international economy, raise public revenue and to invest in new technologies towards eliminating extreme poverty and improve living conditions. The focus of governments are to attract MNEs as the means to create new jobs, raise revenue and bring new technologies into the continent, or in other words, MNEs remains the main hope towards realising longer term development aspirations. This dependence on FDI is evident through what Alon (2010) acknowledges as institutional discrimination, a situation whereby governments implement certain investments incentive programs to favour FDI or foreign firms at the detriment of local firms, especially SMEs. For example, the Ghana investment Act, 1994, Act 478 does provide incentive packages for FDI firms at the detriment of local firms. Arguably, this situation needs to be addressed as SMEs constitute 80% of economic activities in Ghana (Debrah and Mmieh 2009). Accordingly, MNEs in Africa and Ghana to be precise have been labelled the "lifeblood" and backbone of economic growth and development. The potential role of MNEs in national development is well acknowledged in less developed economies (Hansen et al. 2016; Farooki and Kaplinsky 2014; Kragelund 2012; Fessehaie 2012; Morris, Kaplinsky and Kaplan 2012; Lauridsen 2010; Kaplinsky and Morris 2009).

An important research question in International Human Resource Management (IHRM) and comparative HRM research within the context of MNEs is whether *a host-country national institutional setting or characteristics of less developed economies really matter in how MNE subsidiaries design, implement and diffuse their HRM policies and programs?* Even though, and in spite of the numerous studies by Rosenzweig and Nohria (1994), Myloni, Harzing and Mirza (2004), Gooderham, Nordhaug and Ringdal (2006), Bjorkman, Fey and Hyeon (2007), Sayim (2010), Chowdhury and Mahmood (2012), Vo and Hannif (2012), and Mellahi et al. (2013) on host-countries national institutional settings and MNE subsidiaries' HRM

practices, relatively, little research is known within a less developed host-country's context in Sub-Saharan Africa, much of the studies have been dominated by the US, UK, Ireland, Australia, Canada, Germany, Japan and China.

To explore the nature and extent of a host-country's isomorphic pressure, this thesis examines the extent to which the host-country's regulatory, cognitive and normative isomorphic pressures influence MNE subsidiaries' HRM policies and practice configurations. Extant literature on institutional theory by DiMaggio and Powell (1983) and Scott (2001) argues that for an organization to survive within the local environment, they must adopt their HRM policies and practices to reflect the regulatory, cognitive and normative institutional settings of a host-country to gain legitimacy. However, studies have not examined how the regulatory, cognitive and normative isomorphic pressures influence MNE subsidiaries' HRM policies and practice design, implementation and diffusion within the context of a developing host-country in Sub-Saharan Africa. In addition, this thesis also examines whether MNE subsidiaries demonstrate a convergence across their HRM practices.

1.2 Research framework and objectives of the study

Institutional theory suggests that organizations interested in gaining legitimacy have to adapt to the regulatory, cognitive and normative practices that reflect the host-country national institutional environment (DiMaggio and Powell 1983; Scott 2001; Kostova, Roth and Dacin 2008). This thesis aims to explore the impact of a host-country's national institutional characteristics on MNE subsidiaries' HRM policies and practices, and as such, the study seeks to examine the influence of the regulatory, cognitive and normative isomorphic pressures on MNEs' HRM configurations in a less developed host-country's context. Here, institutional theory as the theoretical lens is instrumental in explaining how the host-country's regulatory, cognitive and normative isomorphic pressures can influence MNE subsidiaries design and implementation of their HRM policies and practices. It also identifies the opportunities and constraints posed by a host-country's national institutional setting in relation to the diffusion of best HRM practices from MNEs' home-countries to their subsidiaries in Ghana.

Specifically, the key research question to be addressed in this study is: *“How do less developed host-countries national institutional characteristics or factors impact on MNE subsidiaries' HRM policies and practice design, implementation and diffusion?”*

In order to achieve the main objective, the following minor research questions will be addressed:

1. What are the national institutional drivers/forces in less developed host-countries influencing MNE subsidiaries' HRM policies and practices?
2. To what extent do less developed host-countries national institutional characteristics or factors influence MNE subsidiaries' HRM policies and practices?
3. What are the possibilities (opportunities) and limitations (constraints) for the diffusion of HRM policies and practices from MNEs headquarters to their subsidiaries in Ghana?
4. Do subsidiaries of MNEs in Ghana demonstrate a convergence across their HRM practices and if so, which aspects of their HRM practices demonstrate such convergence?

1.3 Research context and approach

This study aims to explore the impact of a less developed host-country's national institutional setting on MNE subsidiaries' HRM policies and practice design, implementation and diffusion. Debrah (2013) describes HRM practices in Ghana as bureaucratic and administrative in nature, relative to HRM practices in Western countries. Host-countries institutional characteristics that can influence HRM policies and practices include cultural values, such as kinship system, respect for age and social status, and the importance of the wider family relationship (Nukunya 2003). According to Nukunya (2003), the definition of a family in Ghana could be flexible and extensive which has implications on management and leadership styles and HRM practice configurations in most Ghanaian organizations.

Moreover, in Ghana, legislation leaves little or no space for organizations to avoid trade unions, where organizations are generally mandated by law to manage through collective bargaining agreement. Although, multi-employer collective bargaining is possible, the most common and dominant approach is the enterprise level collective bargaining (Debrah 2013). It is estimated that two-thirds of formal sector jobs are subject to bargaining agreement in Ghana (Otoo, Osei-Boateng and Asafu-Adjaye 2009). Trade unions in Ghana have some level of influence in the design and delivery of certain HRM practices, especially in the area of compensation and reward systems, employee training, redundancies, termination and dismissal of employees as a result of the numerous legal backings enshrined in the Labour

Act 2003, Act (651). The enactment of local content regulations, which is more focused on the participation of Ghanaians in all economic activities of foreign companies operating in Ghana's oil and gas sector, could pose constraints to MNEs' HRM configurations. Otoo, Osei-Boateng and Asafu-Adjaye (2009) suggest that due to the dominance of the informal sector and the lack of formal employee-employer relationship makes it extremely challenging to provide employees with legal and social protection within the Ghanaian labour market.

Ansah and Kissi (2013) and Darvas and Palmer (2014) observed that the most noticeable form of technical vocational education and training (TVET) in Ghana has been the traditional apprenticeship system which focuses on informal practical training skills and takes place within the community and family levels. The failure of the State to coordinate the activities of TVET system has resulted in skills mismatch between TVET training programs and industry skills requirements; similar mismatch have manifested itself in the Polytechnics, Universities and industry (Bawakyillenuo et al. 2013). In a similar vein, it has been noted by Darvas and Palmer (2014) that the major constraint to Ghana's labour market is the serious paucity of vocational and technical skills formation. For example, majority (53.2%) of the labour force have no formal vocational and technical skills or high level technical education within the local labour market (Otoo, Osei-Boateng and Asafu-Adjaye 2009).

Ghana as a host-country context for this study provides a unique opportunity to explore how the national institutional setting in an emerging economy influence MNE subsidiaries design and implementation of their HRM policies and practices and also to identify the opportunities and constraints pose by the national institutional setting in relation to the diffusion of best HRM practices. To answer these research questions, the thesis employed qualitative and case study design, by conducting in-depth face-to-face interviews with HR managers, line managers and functional managers of five (5) MNE subsidiaries originating from the UK, Germany, France and India operating in the services and manufacturing sectors. Additionally, in-depth face-to-face interviews were also conducted with key stakeholder institutions in the business sector including officials from Ghana Employers Association (GEA), Trade Unions, Trade Union Congress (TUC) Policy and Research Centre, National Labour Commission (NLC) and Institute for Human Resource Management and Practitioners Ghana (IHRMPG). The in-depth face-to-face interviews focused on the national institutional arrangements and how they influence the design and implementation of MNEs' HRM practices; the opportunities and constraints pose by the national institutional setting in the diffusion of

HRM practices and five main HRM practices (i) recruitment and selection, (ii) training and development, (iii) talent management, (iv) retention and (v) employee voice, involvement, communication to explore the convergence-divergence of such practices between MNE subsidiaries. In addition, the researcher undertook a comprehensive document analysis through MNEs websites including public information – companies HRM program manuals, newsletters, annual reports, HRM policy statements, the Labour Act, the local content regulatory framework document – on HRM policies and programs for deeper analyses.

1.4 The contribution of the research

This thesis contributes both to theory and to HRM practice. This study is among the first to explore the impact of a less developed host-country's national institutional setting on MNE subsidiaries' HRM policies and practice configurations in Sub-Sahara Africa, with particular reference to Ghana. Thus, insightful answers to the research questions add to our theoretical and empirical knowledge on how host-countries national institutional settings influence MNE subsidiaries' HRM configurations in a developing country's context. Further, the study seeks to broaden our academic understanding in the field of IHRM and comparative HRM and provide new perspectives into IHRM and comparative literature on how host-countries national institutional settings impact on MNE subsidiaries' HRM practices using the lens of institutional theory.

This study also contributes to the convergence-divergence debate, and localization versus global standardization debates in literature, as the study seeks to provide relevant information towards a more comprehensive explanation and understanding of the convergence-divergence thesis and the localization versus global standardization debate. These findings will serve as valuable information not only to HRM scholars but also to HRM practitioners, especially those in MNEs planning to operate or already operating in Ghana and other West African countries.

The paucity of literature on HRM in Ghana and the plea made by Bischoff and Wood (2012) that “more work is needed in what is generally a ‘blind spot’ in comparative HRM research in Sub-Sahara Africa” will be addressed (see Brewster and Mayrhofar 2012, p.16) as this work contributes to comparative HRM research. In addition, there may also be important policy implications – whether policies or the host national institutional setting facilitate or inhibit the

adoption of best HRM practices in Ghana. Therefore, this research provides that opportunity to influence HRM policy and practice.

Finally, Ghana's economy has been performing well and has been ranked among the best performing economies in Sub-Sahara Africa in terms of attracting FDI and also providing support for business development (AfDB/OECD 2008). According to UNCTAD (2012), despite the fall in global FDI over the last two years, Ghana attracted more FDI than the largest economy (Nigeria) in Africa. The rise in the number of MNEs in Ghana is attributed to the establishment of the Free Trade Zones policy and the recent discovery of oil in commercial quantities. HRM have therefore become a critical issue due to the complexities within the geopolitical dynamics and its embeddedness with formal and informal – political connections, wide-spread corruption – local institutional setting making Ghana a unique host-country to study and find out how local isomorphism influence MNE subsidiaries' HRM practice configurations. Also, to identify the possibilities and constraints posed by the country in the diffusion of best HRM practices from MNEs' home-countries to their subsidiaries, as human resources represents a significant element towards improving MNEs' performance and success in developing economies.

1.5 Limitations of the study

This study notes its limitations. First, although case study research is central to much current comparative HRM research, one major limitation is the inability of researchers to generalize case study findings as this study was limited to the use of case study evidence. Second, in certain circumstances, the study relied on sole respondent (informant) or a number of key participants from key stakeholder institutions. The limited coverage results in potential bias as has been noted in literature that firm-level studies are vulnerable to key informant bias (MacAulay, 2010). Nonetheless, sole key informant approach has been used extensively in comparative HRM research (Myloni, Harzing and Mirza 2004). Furthermore, the study was confined to only MNE subsidiaries with operations in the services and the manufacturing sectors. It might happen that MNE subsidiaries in other sectors such as agriculture, mining and the hospitality industry could demonstrate different convergence-divergence behaviours in their HRM practice alignments.

1.6 Thesis outline

This thesis is organized into eight chapters. Chapter one highlights the research problem and the emerging gaps in the literature. It also outlines the research framework, objectives of the study, the research context and the research approach, and the chapter ends with the contribution of the study to theory and HRM practice. Chapter two examines the theoretical background and provide a review of literature of national institutional structures and HRM practices within the context of MNEs. Theories such as institutional theory, Varieties of Capitalism (VoC) theory, National Business System (NBS) theory and the convergence-divergence debate were examined. Other important national institutions – trade unions, labour market conditions, education and vocational training system, local content policy, socio-cultural settings – were also highlighted. The main HRM practices examined in the chapter include: recruitment and selection, training and career development, retention, employee involvement, voice and communication and talent management. The chapter concludes with a summary and implications for MNEs' HRM configurations. Chapter three discusses the socio-economic landscape of the Ghanaian society by elaborating on the various formal and informal institutional settings – the economy, labour market dynamics, trade unions, socio-cultural issues, educational and vocational training arrangement – and the geopolitical dynamics that constitute the contextual background of the research.

This chapter is then followed by chapter four which provides an outline of the methodology. It provides an overview of the whole research process and discusses the role of research philosophy to the understanding and the development of knowledge. It outlines the contribution of research philosophy to the choice of the research approach and the research strategy employed. Other methodological issues addressed include time perspective, the data collection procedure, validity and reliability issues, ethical considerations, issues related to gaining access and ends with how documentary records and face-to-face interview data were analysed. Chapter five provides the macro view of the institutional conditions and challenges associated with HRM, the chapter is also devoted to the presentation of findings on the host-country national institutional setting and how they impact MNE subsidiaries' HRM policies and program implementation. In Chapter six, the host-country national institutional drivers are highlighted in the findings and the opportunities and constraints posed by the host-country institutional setting in the diffusion of best HRM practices are also outlined. The chapter also presents detailed within-case and cross-case description of each case study firm

to examine whether MNE subsidiaries demonstrate a convergence across their HRM practice arrangement. Chapter seven is devoted to the discussion of the findings. Chapter eight draws conclusions and sets out the implications of the research findings to theory and HRM practice. The chapter ends with the limitations and directions for future research.

1.7 Chapter summary

Chapter one provided a brief background setting of how host national institutional settings in less developed countries (LDCs) really matter and the extent to which MNEs design and implement their HRM policies and practices by drawing from evidence in LDCs context. The chapter specifically focused on the contribution of MNEs and how governments' in LDCs perceive MNEs as backbone to economic growth and development. The chapter further provided an overview of the economic challenges and conditions in Sub-Sahara Africa which forms the basis of the main research question to be addressed in this thesis. The chapter also provided evidence of the literature gap within the context of LDCs through the lens of comparative and IHRM literature and the need to address this important literature gap which underpins the contribution of the thesis. A brief overview of the research context and approach as well as the research framework and objectives of the study have also been defined. The chapter also outlined the research questions that this thesis seeks to address. The contribution of the study to both HRM theory and practice has been articulated in this chapter. The next chapter provides the theoretical framework and a literature review with a focus on MNEs' HRM arrangements and host-countries institutional settings.

CHAPTER TWO

THEORETICAL FRAMEWORK AND LITERATURE REVIEW

2.0 Introduction

Local isomorphism constitutes the regulatory, cognitive and normative profile of a host-country (Kostova and Roth 2002; Rosenzweig and Nohria 1994). The regulatory institutional setting reflects rules and legislations governing employment relations. The cultural or cognitive dimension acknowledges widely held cultural and social knowledge and the normative profile supports the influence of social or professional groups and organizations on acceptable normative behaviour (Scott 2001; DiMaggio and Powell 1983). It is important to note that the institutional profile of a host-country could provide opportunities or constraints as MNEs seek for HRM localization versus standardization in their subsidiaries due to institutional duality considerations (Dekocker et al. 2012; Brewster, Wood and Brookes 2008; Kostova and Roth 2002). The localization versus standardization debate in HRM in the MNE-IHRM literature has been an ongoing research challenge (Dowling, Festing and Engle 2008; Dowling, Schuler and De Cieri 1999). The localization versus standardization thesis emphasises the opportunities and constraints available in the development and implementation of HRM policies and practices. MNEs will have to choose whether to localize or standardize their HRM policies and practices considering the constraints and choices available. Among these constraints, the national institutional setting of the local environment remains important.

On the one hand, the extent to which MNE subsidiaries' HRM practices diverge or converge with local firms is also of interest to HRM researchers and practitioners. Building on insights from institutional theory, it is argued that organizations interested in gaining legitimacy have to adapt to practices that reflect a host-country institutional environment (DiMaggio and Powell 1983; Scott 2001; Björkman and Lervick 2007). The NBS and the VoC debate highlight the fundamental differences in management practices among firms from different national economies because of differences in the NBS (Whitley 1999; Hall and Soskice 2001). This chapter aims to provide explanations of the theoretical perspectives that underpin this study and presents a review of literature on national institutional settings and HRM practices within the context of MNEs. The theoretical background and literature review

provide the lens within which this study will be relevant and have a place in IHRM and IB literature.

This thesis also makes an important contribution to the convergence-divergence debate by examining whether MNE subsidiaries demonstrate a convergence across their HRM practices within a developing country's context; an issue that has been under-researched and as such this study adds to comparative HRM literature (Bischoff and Wood, 2012). Most importantly, the thesis adds to MNEs' HRM practice transfer debate by highlighting on the significance of the cognitive and normative institutional settings in LDCs as host-country institutional impediments and acknowledges the regulatory (coercive) institutional setting as a source of receptiveness for MNEs' HRM practice diffusion in LDCs.

The organization of the chapter is as follows. This chapter is organized into three broad sections. The first section discusses the theoretical lens which underpins this study. The three dimensions of institutional theory – regulatory, cognitive and normative isomorphism, the VoC and the NBS theory as well as the convergence-divergence debate are outlined. These theoretical lenses would provide a broader perspective to understand the impact of a host-country's institutional setting on MNE subsidiaries' HRM practice design, implementation and diffusion. The second section highlight on host-country national institutional characteristics and MNEs' HRM practices whereas, the last section provides an overview of MNEs' HRM practice arrangements with a focus on recruitment and selection, training and development, retention, employee voice, involvement and talent management.

2.1 Institutional theory

Subsidiaries of MNEs are challenged with a wide range of competitive and institutional pressures during the process of internationalization (Dowling, Festing and Engle 2008; Thite, Wilkinson and Shah 2012; Burbach and Royle 2014). Scott (2001) argues that institutions signify the legal, economic, socio-cultural and political systems of a society. Institutional theorists have made significant contributions (Geppert, Matten and Walgenbach 2006) to IHRM research and specifically within the context of MNEs and how their subsidiaries design and implement their HRM policies and programs since it was proposed by DiMaggio and Powell (1983) and Scott (2001). The acceptance of institutional theory in MNEs' HRM and IB research is the result of how the theory has been used by researchers to conceptualize

home and host-countries national institutional settings in explaining the NBS influence on MNEs' HRM configurations (Rosenzweig and Nohria 1994; Geppert, Matten and Walgenbach 2006; Kim 2012; Sidani and Al Riss 2014).

Institutionalist studies in IHRM domain have focused on homogeneity and persistence resulting from institutional pressure, legitimacy and isomorphic mechanisms. In effect, institutional theory argues that subsidiaries of MNEs are under isomorphic pressure to adapt and behave similarly to local practices in a host-country in order to gain legitimacy and recognition (Bjorkman et al. 2008; Boon et al. 2009; Ollo-Lopez, Bayo-Moriones and Larraza-Kintana 2011; Sidani and Al Riss 2014). The underlining concept of institutional theory is its attempt to explain the degree of homogeneity provided by a host-country's national institutional characteristics. There has been substantial evidence in the extant literature suggesting local isomorphism where subsidiaries of MNEs need to adapt HRM policies and programs similar to host-country HRM practices (Mellahi et al. 2013; Chowdhury and Mahmood 2012; Bjorkman, Fey and Hyeon 2007; Myloni, Harzing and Mirza 2004; Bjorkman and Lu 2001; Muller 1998; Rosenzweig and Nohria 1994).

In their seminal article, DiMaggio and Powell (1983) proposed that isomorphism can be characterized into three major dimensions; (i) coercive (regulatory) isomorphism acknowledges that firms are forced or coerced to adapt certain configurations or practices by the legal regulations and other institutional settings of a host-country; (ii) mimetic isomorphism suggest that firms copy or mimic certain organizational practices associated with success from other firms during the periods of uncertainties; and (iii) normative isomorphism supports institutions such as universities, research institutions, professional bodies and business associations and consultancy companies (Boston Consulting Group, Accenture, McKinsey etc.) acting as disseminators of global best practices which are adopted by firms under the influence of such professional associations (Bjorkman et al. 2006; Pudelko and Harzing 2007; Boon et al. 2009; Kang and Jiang 2012; Mellahi et al. 2013; Sidani and Al Ariss 2014).

Similarly, Scott (2001) provided a broader perspective to the characterization of isomorphism to that of DiMaggio and Powell (1983). Although, Scott (2001) also identified similar dimensions of isomorphic pressure, as regulatory (coercive), cognitive (mimetic) and normative, he introduced the term 'cognitive isomorphism'. Thus, for this study, Scott (2001)

and DiMaggio and Powell's (1983) characterization of isomorphism is employed as the theoretical lens to (i) examine how national institutional settings in a less developed country's context impact MNE subsidiaries' HRM practice design and implementation; (ii) identify the possibilities and limitations posed by a host-country national institutional setting in the diffusion of HRM practices from the parent companies (headquarters) to their subsidiaries in Ghana; and (iii) to explore whether MNE subsidiaries demonstrate a convergence across their HRM practices.

Despite the acceptance of institutional theory in IHRM and IB literature and its significance and valuable contribution to understanding HRM practices within MNE context, the theory has not escaped criticism. Institutional theory has been criticized for its deterministic and narrow focus on institutional persistence and homogeneity (Dacin, Goodstein and Scott 2002). Similarly, Kostova, Roth and Dacin (2008) point out that the narrow and deterministic focus of institutional theory has constrained its full potential in IHRM and international management research respectively. However, it must be acknowledged that despite the criticisms of the theory, its contribution in shedding light on a number of organizational and international management issues as well as MNE subsidiaries' HRM configurations has been noteworthy. Drawing insights from this body of literature, subsidiaries of MNEs can be conceptually influenced by institutional duality, in addition to international isomorphic pressure resulting from globalization and international competition (Burbach and Royle 2014; Thite, Wilkinson and Shah 2012; Boon et al. 2009; Bjorkman, Fey and Hyeon 2007; Gaur, Delios and Singh 2007). The three dimensions of institutional theory are explained in details below.

2.1.1 Regulatory isomorphism

The formal legal system of every sovereign State or country is the foundation upon which institutional theory is developed and constitutes the regulatory/coercive isomorphic dimension of the theory. The central pillars of the regulatory dimension of institutional theory are: fear, expedience and force (DiMaggio and Powell 1983; Scott 2001; Kostova and Roth 2002; Harvey 2002; Morgan and Kristensen 2006). The judiciary as the legal institution of every sovereign country regulate and limit behaviours of individuals and firms through the regulatory processes of rule formulation, surveillance and giving punishments to individuals

and firms for any violation of such rules and regulations (Vaiman and Brewster 2015; Kang and Jiang 2012; Gaur, Delios and Singh 2007; Harvey 2002).

DiMaggio and Powell (1983) and Scott (2001) suggest that rules and regulations established by the judiciary as an arm of government are formalized rules and clearly stipulate appropriate conduct of behaviour for individuals and organizations. North (1990), a noble Laureate in Economics, has demonstrated that institutional economists have applied Institutional perspectives to many business studies and argued that the central institutional pillar of every country is its regulatory institutional framework (see also Gaur, Delios and Singh 2007; Harvey 2002). Similarly, Florkowski and Nath (1993) also maintained that regulatory isomorphism constitutes one of the strongest local isomorphic pressures to influence MNE subsidiaries' HRM configurations in a host-country. In effect, it is possible to argue that a more stable legal system – formal and informal – supported by effective monitoring and the power to sanction is centred on the regulatory institutional setting of a host-country (Harvey 2002). Therefore, the greater the legal differences among countries, the more challenging it is for MNEs' adoption of global standardized HRM practices or the diffusion of best HRM practices from their home-countries to their subsidiaries (Gaur, Delios and Singh 2007; Bjorkman, Fey and Hyeon 2007; Kostova and Roth 2002; Harvey 2002).

2.1.2 Cognitive isomorphism

The cognitive paradigm of institutional theory is conceptualized on the premise that organizations, groups and individuals' willingness to follow pre-determined socially acceptable behavioural patterns is a result of their experience of sub-cultures or the wider societal culture as a whole (Hofstede 1980, 1993; Harvey 2002; House et al. 2004; Stone, Stone-Romero and Lukaszewski 2007; Kang and Jiang 2012). This cognitive aspect of institutional theory has gained support from anthropologists and cultural sociologists such as Douglas (1986). According to Douglas (1986), cited by Harvey (2002, p.1125), "cultural categories should be viewed as cognitive containers in which social interests are defined and classified, argued, negotiated, and worked out". For Hofstede (1980), Budhwar and Sparrow (2002), House et al. (2004) and Tayeb (2005), these non-formalized protocols are embedded in the wider societal settings through its sub-cultures. Consequently, the non-material behavioural values aid to regulate the conduct of individuals and firms as newcomers in a host-country. They also indicate established patterns of social interactions that are acceptable

including societal values, roles, belief systems, behaviour and assumptions within a defined social context in a host-country.

Although it has been argued that cognitive isomorphic pressures are informally established, they are instilled and transferred from older generation to the younger generation as a result of their acculturation to the workings of societal culture or in other words, culture is trans-generational (Wu, Lawler and Yi 2008; Budhwar and Sparrow 2002; Harvey 2002). Cognitive isomorphic pressure may not be as powerful as the regulatory isomorphic pressure, yet such culturally collective beliefs, norms, values and assumptions become stable as formal rules and regulations embedded within the legal system in each host-country. For instance, Gaur, Delios and Singh (2007) maintained that informal host-country national institutional settings such as: corruption; transparency and corporate governance issues; the importance attached to political connections and business networks and the level of responsiveness to economic problems by political leadership could pose local isomorphism similar to formal institutions.

Kostova (1997, 1999) and Scott (2001) argue that the cognitive dimension of institutional theory incorporates the collective beliefs that help individuals and groups to interpret the meaning of societal events. Indeed, there is evidence in the extant literature to suggest that HRM practices are embedded on societal values and belief systems that mirror the culture of the country in which firms are entrenched in the NBS. As a result, limiting the choice available to MNEs in the adoption of certain HRM policies and practices due to cognitive isomorphic pressures (Budhwar and Sparrow 2002; Myloni, Harzing and Mirza 2004, Dowling, Festing and Engle 2008).

2.1.3 Normative isomorphism

The normative dimension of institutional theory is developed on the embedded underlining assumption that behaviour is not only underpinned and guided by the broader societal cultural tradition; but also by certain societal social groups including specific institutions that organizations and individuals experience through regular social interaction within the broader societal culture (Hofstede 1980; Scott 2001; Budhwar and Sparrow 2002; Harvey 2002; House et al. 2004; Tayeb 2005; Kang and Jiang 2012). Societal values are shared ideas about what is desirable and good in society and is learned or derived through regular personal

interaction with other social groups in society (Harvey 2002; Rawat 2007). Scott (2001) suggest that societal norms clearly specify the means through which socially accepted ends can be accomplish, thereby defining both the acceptable objectives and the acceptable means to reaching such targets (Harvey 2002, p.1126). As a consequence of the embeddedness of the social dimension, diverse social institutions and groups within the society act as disseminators of normative acceptable behaviour to individuals and organizations.

This aspect of institutional theory is likely to have measurability difficulties in quantitative studies. Indeed, despite its measurability difficulties in quantitative studies, there is evidence in the extant literature to suggest that social class, religious attachments, kingship groups and other social institutions – universities and research institutions, consultancy firms, professional bodies and business associations like the Chartered Institute of Personnel and Development (CIPD) and the Academy of Management – are the sources where shared values and collective beliefs are transmitted or diffused to organizations and individuals in society (Sayim 2010; Bjorkman, Fey and Hyeon 2007; Harvey 2002; Bjorkman and Lu 2001).

Conceptually, drawing from the lens of the institutional theory perspective in examining a host-country national institutional setting and how it impacts MNEs' HRM policies and practice configuration, one can be guided by the principles of coercive or regulatory institutional setting reflecting rules and regulations that promote a particular pattern of behaviour. The cultural or cognitive institutional setting acknowledging widely held cultural and social knowledge of HRM practices (Kostova and Roth 2002; Morgan and Kristensen 2006; Gaur, Delios and Singh 2007; Bjorkman et al. 2008; Sidani and Al Ariss 2014). The normative institutional setting supports the influence of professional groups and organizations on acceptable normative behaviour (Scott 2001). Kostova (1997) described these three dimensions of institutional theory as the institutional profile of a country. These three pillars of institutional theory could constrain or support the adoption of various HRM options available to MNEs in their quest to achieving a competitive advantage over their competitors. In a nutshell, institutional theory provided an appropriate framework to interpret complex and homogeneous macro environmental settings and how these impact MNEs – from different national business systems, Liberal Market Economies (LME) versus Coordinated Market Economies (CME) – HRM policies and practices as well as the possibilities and limitations

posed by a host-country national institutional setting in the standardization or diffusion of MNEs' HRM practices.

Institutional theory is relevant for this study for a number of reasons. First, the acceptance of institutional theory in HRM research is attributed to how it can be employed to conceptualize home and host-countries national institutional settings in explaining the NBS influence on MNE subsidiaries' HRM configuration (Geppert et al. 2006; Kim 2012; Sidani and Al Riss 2014). Second, as suggested by Kostova et al. (2008) and Mayrhofer et al. (2011) that institutional theory has shown to be a strong theoretical foundation in theorizing at both the home and host-country levels of analysis, which are significant for IHRM and international management research respectively. Accordingly, the institutional theory perspective allows a comprehensive analysis and interpretation of how host and home country's national institutional settings influence MNE subsidiary HRM practice transfer. Third, institutional theory has also proven to be a powerful concept in explaining the differences and similarities in HRM practices between subsidiaries of MNEs due to isomorphic pressures in host and home-countries (Ferner et al. 2011; Geppert et al. 2006; Gaur et al. 2007; Mellahi et al. 2013) which has been coined by Rosenzweig and Nohria (1994) as local isomorphism. The underlining assumption of institutional theory is its attempt to explain the degree of homogeneity, persistence and isomorphic pressure provided by a host-country national institutional setting. Finally, empirical studies guided by Institutional perspective have contributed to the improvement of the theory by pointing out avenues for future theoretical work (Mayrhofer et al. 2011).

2.2 Varieties of Capitalism (VoC) and National Business System (NBS)

The NBS theory has been applied in comparative and MNEs' HRM research in the quest for explaining variations in HRM practices in different host-countries due to differences in the NBS (Dekocker et al. 2012). Whitley (1999) in his influential work notes NBS as a set of interconnecting institutions and structures in diverse domains upon which economic activities are organized. Ferner (2000) and Gooderham, Nordhaug and Ringdal (2006) suggest that NBS theory sees distinctions in firms' HRM practices originating from capitalist national development orientation and that of others (see also McDonnell et al. 2015; Wailes et al. 2016). These national development paths or trajectories reflect how economic activities are conducted in different countries (Edwards and Kuruvilla 2005). The NBS perspective

corresponds with Hall and Soskice's (2001) notion of the VoC. Certainly, Whitley's (1999), work on NBS perspective has contributed significantly to the development of the VoC literature.

The VoC theory by Hall and Soskice (2001) draws attention to fundamental differences in management practices among firms from different national economies (Gooderham, Nordhaug and Ringdal 2006; Gooderham and Nordhaug 2010; Vaiman and Brewster 2015). The VoC theory argues that different national economies – LMEs and CMEs – respond differently to identical challenges (Ferner and Quintanilla 1998; Farndale, Brewster and Poutsma 2008; Edwards et al. 2013) due to differences in legal, political and socio-economic factors, which constitute the national institutional structure of a particular country. The literature on VoC claims that specific market economies are likely to be linked to specific sets of organisational level HRM practices, thus mirroring the different national varieties of capitalism (Wailes et al. 2016; McDonald et al. 2015; Farndale, Brewster and Poutsma 2008; Edwards et al. 2013).

Authors such as Farndale, Brewster and Poutsma (2008), Gooderham and Nordhaug (2010), Edwards et al. (2013) and McDonnell et al. (2015) draw a distinction between LMEs as host-countries with low regulations governing employment relations and CMEs as host-countries with employment relations which are highly regulated, coordinated and institutionalized. Edwards et al. (2013) and more recently, McDonnell et al. (2015) argued that in LMEs such as the US, Australia, Ireland, Canada and the UK, firms are driven by market-oriented employment policies with short-term orientation. Whereas, in CMEs such as Germany, Sweden and the Netherlands; host-countries institutional settings are integrated within the NBS, thus limiting firms on the use of market-oriented employment practices. Firms originating from CMEs have long-term returns orientation as well as highly regulated and institutionalized labour markets. Boon et al. (2009) and Lui (2004) hypothesized that national institutional structures could provide some benefits or constraints to firms operating in such environments; therefore, receiving institutional support from such environment will enhance the performance of MNEs.

Similarly, Marginson (2004), Edwards and Kuruvilla (2005) and Gooderham, Nordhaug and Ringdal (2006) suggest that in LMEs such as the UK, US, Canada, Australia and Ireland, the firms primary foci are on short-term outcomes, resulting in the adoption of investment

strategies driven by financial performance. With this kind of firm orientation, workers are likely to be viewed as cost or liabilities to the firm as greater emphasis is placed on cost effectiveness, flexibility and competition. The employment and management principles of firms originating from LMEs include (i) the extensive application of performance appraisals in the management of individual employee performance; (ii) performance-related pay schemes and achievement of short-term results; (iii) flexible employment arrangements and less investment priority on employee training and development; and (iv) managerial flexibility in the application of market-driven employment practices. On the contrary, firms originating from CMEs such as the Netherlands, Germany, Sweden and Norway, are likely to pursue long-term investment strategies due to their long-term orientation. Within CMEs, firms regard employees as assets and a source of competitive edge, thus, they place high investment priority on employee training and development. The employment and HRM principles of firms from CMEs include limited managerial flexibility in the application of market-driven employment practices, high employee voice and involvement schemes (works council) and job security (Marginson 2004; Edwards and Kuruvilla 2005; Gooderham, Nordhaug and Ringdal 2006; Brookes et al. 2011).

Arguing through the NBS perspective, Whitley (1999) differentiates organizational practices in different host-countries as a reflection of the differences in the NBS. For instance, Perlmutter (1969) identified polycentricism, ethnocentricism and geocentricism as strategic options available to MNEs, however, the NBS of host-countries may limit the freedom of MNEs to choose from these strategic options (Myloni, Harzing and Mirza 2004). Farndale, Brewster and Poutsma (2008) suggest that the level of competitive and institutional isomorphic pressure is dependent on the institutional setting of a host-country. These institutional settings define the level of State intervention on issues related to HRM, and the supremacy of stakeholders in the employment relationship with the level of market competition (Farndale, Brewster and Poutsma 2008). Empirical evidence along the VoC line of argument suggests that MNEs' management styles reflect the MNE home-country NBS (Ferner and Quintanilla 1998; Almond et al. 2005).

Importantly, NBS theory (Whitley 1999) and the VoC theory (Hall and Soskice 2001) provides an important theoretical foundation to conceptualize both the home and host-countries national institutional settings as well as a country's developmental trajectory in explaining the NBS and development path influence on MNE subsidiaries' HRM practice

configuration and diffusion (Farndale, Brewster and Poutsma 2008). This makes the two theoretical lenses an important supplement within the institutionalist perspective that is developed in this study. Complementing these theoretical lenses with institutional theory in this study provides a broader perspective for the researcher to examine how a less developed host-country institutional settings impact MNE subsidiaries' HRM practices.

2.3 The convergence-divergence debate

The convergence-divergence thesis in IHRM literature has been an ongoing area of debate among researchers and practitioners of HRM since it was first conceptualized by Kerr and his colleagues in 1960 (Smith and Meiksins 1995). Kerr et al. (1960) postulated the convergence debate after observing some patterns of institutional and organizational similarities – common organizational structures, common values, norms and belief systems among organizations – during the period of industrialization (Pudelko and Harzing 2007; Mohamed and Singh 2010; Mayrhofer et al. 2011). Gooderham and Brewster (2003) argued that as research in international management in different countries and organizations across the World began to surface, the belief was that best management practices would hold universally, irrespective of differences in socio-cultural, political and economic settings. This led to the argument that the advancement of technology will lead all industrialized societies to have similar institutional configurations (Mohamed and Singh 2010; Mayrhofer et al. 2011).

The progressive development of communication and technology and the rapid growth of MNEs in global trade (globalisation) in addition to compliance with international treaties and protocols by many developed, emerging and less developed countries also have contributed to the breakdown of differences between host and home-countries (Quintanilla and Ferner 2003; Fenton-O'Creevy and Gooderham 2003; Mayrhofer et al. 2011). Arguably, if the differences in institutional settings and arrangements are minimal among countries as opined by Kostova (1997) and Kostova and Roth (2002), it is expected that the universalistic perspective to HRM practices would hold.

In addition, researchers have conceptualized the convergence debate based on the globalization thesis. For example, one theoretical line of argument supporting the convergence debate is the “rational actor model that assumes that firms pursue economic

success by implementing practices that contribute to economic goals under the conditions of bounded rationality” (Mayrhofer et al. 2011, p.51). So, within the context of globalization, cost effectiveness, best practices and economic rationality underpin capitalism, therefore, the evidence of comparable organizational patterns, structures and practices are anticipated to be noticeable (Mayrhofer et al. 2011; Smith and Meiksins 1995). Drori, Meyer and Hwang (2006) draws attention to the World-polity perspective by arguing that Western institutions, belief systems and national business systems have dominated international trade and global development, which is conceptualize as the “dominance effect” concept within IHRM domain. The notion of the dominance effect is driving the justification and rationalization of Western industrial relations and HRM models across the world as best practices despite cultural and institutional dissimilarities among countries (Edwards et al. 2013; Ferner 2000; Smith and Meiksins 1995). Similarly, Thompson (2011) suggests that all HRM practices will ultimately converge on the US model regardless of local institutional forces and national cultural differences. Likewise, Kidger (1991) and DiMaggio and Powell (1983) also suggest that US MNEs will contribute to the global convergence on the US HRM model, which had already gained recognition in HRM practices across the World (see also Brewster 2007).

The demise of the USSR and the liberalization and integration of China into the rest of the World after signing the World Trade Organisation (WTO) treaty in 2001 (Bjorkman and Lu 2001; Rovai 2008), as well as trade liberalization in India, Brazil and other developing countries’ economies, are testimonies of the success of capitalism in modern society (Fukuyama 1992; UNCTAD 2012). Globalization and the role of the international financial markets in international trade also contribute to the breakdown of the nation state. Mayrhofer et al. (2011) suggest that capitalism is a dominant and noticeable economic system and as various countries liberalize their economies over time, institutions and practices contributing to the success of capitalism will gradually diffuse and replace all others. Similarly, for Drori, Jang and Meyer (2006), as organizations and individuals across the World increasingly become similar in their pattern of behaviour, belief systems and governance structure due to the influence of communication and technology, industrialization, financial reporting standards and international treaties like International Labour Organisation (ILO), WTO among others, the emergence of the convergence debate is noticeable (see also Mayrhofer et al. 2011).

The convergence debate has not escaped criticism by cultural and institutional theorists. For instance, Leung et al. (2005) argue that the convergence perspective in HRM research is too optimistic and overly simplistic as critics frequently draw specific attention to the evidence of institutional theory (Kostova and Roth 2002; Scott 2001; DiMaggio and Powell 1983); VoC theory (Hall and Soskice 2001); NBS theory (Whitley 1999); and the culture theory (Hofstede 1993; Budhwar and Sparrow 2002; House et al. 2004; Tayeb 2005). It has been argued that national cultural differences exert a distinct impact on employee behaviour and as a result create different HRM policies and practices according to different cultural backgrounds (Smith and Meiksins 1995; Budhwar and Sparrow 2002; Liu 2004; Tayeb 2005; Vaiman and Brewster 2015). In their studies of management control systems and job performance, Harrison (1992) and Lau, Lau and Eggleton (1997) found that management practices in organizations differ in respect to national cultural differences. Also, Adler (1995) found that national culture influences HRM practices due to differences between collectivist and individualistic oriented countries (see also Hofstede 1983). Beechler and Yang (1994) highlight that it is extremely challenging for MNEs to diffuse home-country HRM policies and practices to host-countries with different national cultural orientations. Similarly, Kogut and Singh (1988) coined the term national cultural distance which measures the degree of cultural differences among countries. Building on this well-established body of literature, Lui (2004) and Dowling, Festing and Engle (2008) contend that transferring home-country HRM policies to subsidiaries in host-countries is less constrained when the two countries have less significant cultural distance.

Myloni, Harzing and Hafiz's (2004) study of HRM practices between local firms and MNE subsidiaries in Greece found both convergence and divergences as a result of the embeddedness of local firms' in Greek cultural environment than their foreign counterparts. The same study argued that some MNE subsidiaries' HRM practices reflect the host-country cultural environment. In a similar vein, Budhwar and Sparrow (2002) in developing an integrative framework for understanding factors determining cross-national HRM practices conceptualized macro-level factors, meso-level and micro-levels factors as determinants of cross-border HRM practices. Budhwar and Sparrow (2002) asserted that managerial thinking of HRM is converging at the macro-level, whereas there is substantial evidence to suggest managerial thinking of HRM at the meso-level or firm level is diverging. The authors attributed the divergence of HRM practices at the meso-level to differences in NBS, national culture and institutional settings that are nation-specific. Similar conclusions have been

drawn by Rosenzweig (2006) and Mellahi et al. (2013) in comparative IHRM studies between MNE subsidiaries and local firms. The convergence-divergence thesis as a frame of analysis in this study is important because part of the study seeks to examine whether MNE subsidiaries exhibit a convergence across their HRM practices in a host-country. Institutional theory suggests that organizations interested in gaining legitimacy have to adapt to practices that reflect a host-country institutional environment (DiMaggio and Powell 1983; Scott 2001; Björkman and Lervick 2007). Therefore, the extant literature provides evidence to suggest that the extent to which MNE subsidiaries' HRM practices diverge or converge with local firms is a function of isomorphic pressure originating from a host-country (Rosenzweig and Nohria 1994; Dowling, Festing and Engle 2008).

2.4 Host-country national institutional characteristics and MNEs' HRM practices

Huselid's (1995) high performance work system (HPWS) model has been used extensively in IB and IHRM literature to epitomize the universalization of HRM practices across different countries irrespective of institutional and cultural dissimilarities. The convergence debate is reinforced by researchers through the work of Huselid (1995) and Becker and Huselid (1998) as they draw on the universal applicability of the HPWS model in organizations operating in different host-countries regardless of economic, cultural, political and institutional distinctions. The universal application of the HPWS leads to superior performance irrespective of the cultural and institutional dissimilarities, which eventually lead to the convergence of HRM practices as many organizations adapt the HPWS model (Foley, Ngo and Loi 2012; Ramirez and Mabey 2005).

Drori, Jang and Meyer (2006a) suggest that organizations and individuals across the World have become similar in their patterns of behaviour, belief systems and governance structures due to the influence of information and communication technology, industrialization and financial reporting standards. Mayrhofer et al. (2011) suggest that under these conditions there will be few constraints to the transfer of HRM practices from MNEs headquarters to their subsidiaries due to institutional similarities. It can therefore, be conceptualized that HRM policies and practices will easily be transferred if there are few constraints between the host and home-countries institutional settings of the MNEs. However, Uysal (2009) and Dowling, Festing and Engle (2008) argue that the localization versus standardization of MNEs' HRM policies and practices is contingent on the legal, cultural and institutional

compatibility of a host-country and those of a home-country. The IHRM literature suggest that certain institutional, legal and socio-cultural settings from host and home-countries provide fundamental differences in management practices among firms from different national economies owing to differences in NBS (Hall and Soskice 2001; Whitley 1999). Indeed, Hall and Soskice (2001) and Whitley (1999) provide evidence to suggest that firms derive their distinct and unique employment relation practices from their embeddedness in their NBS and institutional settings. Therefore, factors such as: (i) host-country's education and vocational training configuration; (ii) trade unions and IR system; (iii) cultural beliefs and religion; (iv) wages, employment conditions and protection laws; (v) control and targets around local employment laws and expatriates as well as equal employment opportunity laws. This lead to differences in HRM practices between host and home-countries of MNEs, which accordingly may create certain constraints and conditions for MNEs to design, implement and diffuse HRM practices between the home and host-country.

2.4.1 Training, education and vocational institutional arrangements

A host-country's education and training arrangements may influence HRM practice configurations. Implicitly or explicitly, education and vocational training systems shape the acceptance of employee knowledge, qualification and skills (Ramirez and Mabey 2005; Ramirez 2004; Lam 1997, 2000), and also influence how firms configure and implement their promotion, compensation schemes, recruitment and selection and training and development strategies in a host-country (Chowdhury and Mahmood 2012; Ramirez and Mabey 2005; Muller 1998). It has generally been argued that despite the different professional and occupational fields, the educational and vocational training system of a host-country also dictates employee career development and inspires employees for progressing in different kinds of training skills and knowledge acquisition (Chowdhury and Mahmood 2012; Ramirez and Mabey 2005).

O'Connell and Byrne (2012) and Ramirez and Mabey (2005) observed that institutional settings of a host-country define how employee skills training and career development are undertaken and further underpins the specific training and career development approaches firms are likely to undertake. Empirical studies by Lam (1997, 2000) and Muller (1998) on the impact of technical and vocational education training (TVET) structure on MNEs' HRM policies and practices have provided evidence to suggest that TVET system in Germany, the

US and Japan have dissimilar effects on employee career and skills development as well as firms' skills training schemes. Becker (1964) in developing an analytical framework to examine management training and development practices identified and distinguished between firm-specific training skills² and generalist training skills³. Becker (1964) acknowledged that generalist skills acquired by employees are not firm-specific and can be beneficial to all firms, whereas firm-specific skills can only be beneficial to specific organizations where the training took place.

It has been noted that firms are hesitant to invest in employees to acquire generalist skills unless there are certain institutional mechanisms to avoid poaching of talent to other firms (O'Connell and Byrne 2012; Sheldon and Li 2013; Guery and Pendleton 2016). Firms can only recoup returns from investment in employee training and development when such employees stay after the training program (O'Connell and Byrne 2012; Guery and Pendleton 2016). Nonetheless, employees are also not likely to acquire only firm-specific skills unless there is a high degree of job security (O'Connell and Byrne 2012; Ramirez and Mabey 2005). Undoubtedly, the conflict of interest between employers and employees in relation to firm-specific and generalist training skills underscores the characteristics of education and training as a public good and the potential failure of the market (Ramirez and Mabey 2005). This situation draws specific attention to the challenges firms are likely to encounter in respect to how they balance investment in employee training and development relative to firm-specific training or generalist training and the bearer of training cost (Ramirez and Mabey 2005; O'Connell and Byrne 2012; Sheehan 2014; Guery and Pendleton 2016).

Ramirez and Mabey (2005) arguing through the work of Becker (1964), suggest that variations in education and training systems in different countries are driven by their efforts to overcome the public good problem (see also Ashton et al. 2005). Esteves-Abe, Iversen and Soskice (2001) in their study of education and training systems in Central and Northern European countries, found industry-specific training skills programs based on coordinated vocational and technical training system developed in partnership with the State, employee groups and firms which prevented labour poaching and encouraged firms investment in employee training and development. It also emerged from the same study that in LMEs such

² Firm-specific Training skills: these are specific knowledge and skills acquired by employees that is only beneficial to the specific organization where the training took place

³ Generalist Training skills: these are broad knowledge and skills acquired by employees which is beneficial to all firms and not limited to a specific firm

as the US, Canada, Australia, Ireland and the UK, training skills formation are driven by the interplay of demand and supply (market forces), thus generalist training skills are likely to be a common practice. This is due to job insecurity and the lack of institutional mechanisms and coordination to prevent labour poaching. Therefore, firms in LMEs are reluctant to invest in generalist training skills formation of their employees, whilst employees are also reluctant to limit themselves to firm-specific training skills development owing to job insecurity (Ramirez and Mabey 2005; O'Connell and Byrne 2012; Chowdhury and Mahmood 2012).

Firms in LMEs generally invest in firm-specific training skills, whereas employees are interested in acquiring generalist-training skills to enhance their employability and are likely to bear the full cost of their training (O'Connell and Byrne 2012). Another type of skills training system can be found in Japan and Italy where they focus on firm-specific training skills with job protection opportunities. For instance, lifetime employment became an important labour issue and was embedded in HRM policies and practice configurations of Japanese firms (Lam 1997; Cox and Warner 2013; Vo and Hannif 2012). The typology of different education and vocational training systems suggests that the workforce training profile of a host-country can shape the nature of HRM – training and career development, employee retention – investments strategies by MNE subsidiaries (Lam 1997; Ramirez and Mabey 2005; Chowdhury and Mahmood 2012; Vo and Hannif 2012; Cox and Warner 2013).

The nature and structure of a host-country's education and vocational training system can pose opportunities and constraints to MNEs in relation to best HRM practice transfer from their home to the host-country. This situation may be problematic particularly when the MNE home-country training and education system is dissimilar to the host-country as the main source of talent pool is driven by the nature and structure of the education and training system. For example, Lam (1997) in her empirical study of embedded knowledge and the challenges of such knowledge collaboration between engineers' from a British firm and a Japanese firm, found dissimilarities in the knowledge base between engineers from the British firm and the Japanese counterpart reflecting differences in education and training system and in engineers skills formation and utilization between the two countries. The main focus of British engineering skills formation is theoretical with limited emphasis on practical skills formation contrary to Japanese engineering skills formation which is focused largely on practical skills formation with limited focus on theoretical knowledge (Lam 1997).

2.4.2 Trade unions and industrial relations system

The IR system has been one of the most significant host-country national institutional settings to influence the design of MNE subsidiaries' HRM practices in relation to employee voice and involvement in decision-making process (Muller 1998; Budd 2004; Tüselmann, Allen and McDonald 2014). Research in the extant literature consistently provides evidence to suggest that unionized employees enjoy better compensation and benefit schemes than non-unionized employees owing to what Freeman and Medoff (1984) describe as “the monopoly and collective voice effect” (see Budd 2004, p.599). It has been argued that trade unions still have some capabilities to mobilize some “power resources” within the national institutional settings to influence certain HRM practice configurations in the nation state (Sablok et al. 2013). Ollo-Lopez, Bayo-Moriones and Larraza-Kintana (2011) contend that trade unions and collective bargaining agreement are an integral part of the industrial relations system in every host or home-country. Indeed, employee voice and employee involvement have become critical employment relations issues in MNEs and define the level of trust between employees, union representatives and management (Thang et al. 2007; Budd, Gollan and Wilkinson 2010; Tüselmann, Allen and McDonald 2014). Employee participation is often carried out by trade union representatives through negotiations with management on a wide-range of workplace related issues (Muller 1998; Debrah 2013).

The way employee involvement mechanisms are configured by firms is determined by the nature of the industrial relations framework established within the legal system of a host-country (Muller 1998; Debrah 2013). The influence of trade unions and bargaining power of employee representatives is not universal but rather varies from country to country due to differences in the structure of the industrial relations system and other national institutional and cultural factors (Budd 2004). According to Ollo-Lopez, Bayo-Moriones and Larraza-Kintana (2011), in host-countries where indirect employee involvement is regulated through legal provisions, employees are likely to have a voice in the decision-making process. On the one hand, employee voice and involvement are likely to be constrained in host-countries where there are limited legal regulations supporting employee voice. Thus, organizations in such host-countries can be more open to modern employee voice and involvement mechanisms such as employee autonomy and upward communication practices. For example, in their study of 16 European countries work related practices, Ollo-Lopez, Bayo-Moriones and Larraza-Kintana (2011) found countries with high in individualism orientation, low

power distance, high in uncertainty avoidance, liberal labour market regulations and low masculinity use upward communication mechanisms to allow workers the opportunity to express their views on work related issues.

Although trade union density is declining in both developed and developing economies (Fiorito and Maranto 1987; Budd, Gollan and Wilkinson 2010), trade unions are still an important element of the labour market settings in host and home-countries. Bartram et al. (2014) and Sablok et al. (2013) in their study of MNEs' performance management and reward practices in Australia found that trade unions continue to enjoy some level of influence despite the decline in union membership. Spheres of influence include determining minimum wages and conditions for an industry, whether unionised or non-unionised, and organising campaigns around civil rights such as the right to organise and to withdraw labour; or equality of opportunity for all citizens in the workplace.

O'Connell and Byrne (2012) point out that empirical evidence in the extant literature provide inconclusive findings on the influence of trade union presence on certain employment practices. They, however, argued that, implicitly or explicitly, trade unions still have a significant amount of influence in the adoption of training and development programs. Indeed, studies by Dustmann and Schonberg (2005) and Lynch (1992) in Germany and the US respectively, found a positive impact of trade unions presence on firms training programs. On the contrary, Bassanini and colleagues (2005) found no significant impact of trade union presence on firm training programs. Importantly, recent researchers in economics now rely on configurations in labour regulations to enhance labour market conditions and job protection as a way of securing employee living standards (Ollo-Lopez, Bayo-Moriones and Larrazakintana 2011).

2.4.3 Labour market conditions

Edwards et al. (2007), Gooderham, Nordhaug and Ringdal (1999) and Rosenzweig and Nohria (1994) acknowledge that some HRM practices – working hours, termination, dismal and minimum wage determination – tend to be highly regulated by a host country's national institutional settings. Further, Gooderham, Nordhaug and Ringdal (2006), Edwards and Ferner (2002), Budhwar and Sparrow (2002) and Kostova and Roth (2002) suggest that the strength of labour market regulations are not homogeneous across-national borders due to

different NBS and institutional settings. For instance, there is a significant body of literature, which suggest that the labour market is more regulated in Germany and in most Scandinavian countries than in the US and the UK (Muller 1998). Arguably, variations in the intensity of labour regulations in different countries are likely to have heterogeneous effect on the design of MNE subsidiaries' HRM practices, in addition to HRM practice transfer between a host and home-country.

Empirical studies in the extant literature provide evidence to suggest that HPWS and HIWP (Huselid 1995; Phil and McDuffie 1996; Geary and Roche 2001) have a positive correlation with firm performance. Similarly, Cappelli and Neumark (2004) suggest that HPWS necessitates employees to have multi-skills to perform different jobs, thus HPWS have the potential to improve the internal flexibility of the firm (see also Ollo-Lopez, Bayo-Moriones and Larraza-Kintana 2011). Even though, firms have wide-range strategic options under HPWS, firms deploying such flexibility in practices are driven by regulations within the labour market settings of a host-country. The preferences, assumptions and values that give raise to the formulation of labour market regulations may limit managerial prerogative in deploying certain employment practices. The lack of flexibility in adopting certain employment practices may stimulate firms to adopt traditional employment practices in a host-country. On the contrary, Bloom et al. (2007) contend that in liberal or less regulated labour markets, firms may deploy HPWS. Therefore, it is expected that HPWS (Huselid 1995) would easily be transferred from MNEs' home-countries to their subsidiaries in host-countries with less labour market regulations than in highly regulated labour market settings.

2.4.4 Cultural beliefs and religion

HRM cannot be isolated from societal shared values, beliefs, norms, customs, laws and habits of people as members of a society (Hofstede 1980). It has been argued that national cultural differences exert a distinct impact on employee behaviour and create different HRM policies and practices according to different cultural backgrounds (Schuler and Rogovsky 1998; Budhwar and Sparrow 2002; Liu 2004; Tayeb 2005). Schuler and Rogovsky (1998) found employee stock options or share-ownership compensation practices may be accepted and implemented in countries with low power distance and uncertainty avoidance and with high level of individualism in their study of differences in compensation practices in firms through the lens of Hofstede's cultural dimensions. Adler and Jelinek (1986) contend that

organizations may maintain their cognitive based differences, which are central to the divergence debate. This assertion is supported by Hofstede (1993), Budhwar and Sparrow (2002), House et al. (2004) and Tayeb (2005), that firms HRM practices are embedded on certain societal values and beliefs systems which mirror the culture of that country in which firms are entrenched in the NBS. Primarily, any unique cultural settings reflect the behaviour of management and employees. Countries with high individualism, high uncertainty avoidance, low power distance and low masculinity experience high indirect employee involvement. It was also reported that host-countries with liberal labour market regulations grant employees more job autonomy (Ollo-Lopez, Bayo-Moriones and Larraza-Kintana 2011). In effect, the divergence of HRM practices in MNE subsidiaries in different host-countries is expected due to the influence of the coercive, cognitive and normative isomorphic pressures (Scott 2001; Rosenzweig and Nohria 1994; DiMaggio and Powell 1983).

2.4.5 Mandatory labour and employment practices in host-countries

Controls over local employment laws traditionally known as local content policies have become an important strategy for many development policy scholars due to its significant role in fighting poverty and hunger through job creation in less developed and emerging economies (Kragelund 2016; Hansen et al. 2016; Ngoasong 2014; Fessehaie 2012; UNCTAD 2007; Grossman 1981). Establishing a local content policy framework, host-countries legally bind MNEs with the obligation to contribute to the development of the domestic economy rather than just a moral responsibility to contribute (Ngoasong 2014). Indeed, evidence by Sidani and Al Ariss (2014) found that firms were compelled to meet local content laws and regulations as a means of sustaining their legal legitimacy – the recruitment and development of local employees – as part of their talent management program and corporate social responsibility obligations. In effect, the implicit underpinning assumption is that local content laws may favour investment in local employee training and development and long-term HRM planning. Moreover, in order for MNEs not to lose their investment on employee training and development, they may have to create attractive employee retention policies for employees to stay.

It has generally been noted in IHRM and comparative HRM literature that the terms and conditions of employment are embedded within a host-country's legal configurations

(Burgess, French and Strachan 2009). Employee work conditions such as wage determination, individual rights, working hours and equal employment opportunity (EEO) are explicitly shaped by a host-country legal environment, labour market conditions, political dynamics, trade unions and industry settings (Boon et al. 2009; Bloom, Milkovich and Mitra 2003; Florkowski and Nath 1993). According to Bloom, Milkovich and Mitra (2003), MNEs can be coerced by a host-country's regulatory institutions or the regulatory framework in the host-country can impose or compel MNEs to configure their employee compensation and benefits schemes with little or no opportunity for adjustments. For instance, it has consistently been argued in IHRM and comparative HRM literature that compliance with host-countries minimum wage and EEO laws may provide less or no leeway for any adjustment by MNEs (Rosenzweig and Nohria 1994; Burgess, French and Strachan 2009; Strachan, French and Burgess 2014). Similarly, Gooderham et al. (1999) and Boon et al. (2009) acknowledge some HRM practices – working hours, collective bargaining and minimum wage determination – tends to be highly regulated by a host-country's national institutional settings (see also Rosenzweig and Nohria 1994).

Florkowski and Nath (1993) reported that the Ecuadorian government upheld collective bargaining between employees and firms at the industry level, as in most European countries, which create adaptation constraints for MNEs originating from the US. Indeed, Muller (1998, 1999) maintained that the embeddedness of multi-employer collective bargaining within the German labour market structure is fundamental in employee wage determination and other employment conditions due to the absence of organizational autonomy. In a comparative study of flexible work practices between domestic firms and foreign-owned firms, Horwitz and Smith (1998) found that after the period of Apartheid, MNEs originating from Europe and the US were coerced to adapt equal employment codes (EEC). This resulted in the rigorous monitoring and supervision of MNEs activities on affirmative action's requirements, EEO policies, CSR programs and conditions of employment practices in South Africa.

In LMEs, firms have employment flexibility in adopting market-driven employment policies; however such market-driven employment flexibility may not be extended to regulations governing discrimination and EEO policies (Strachan, French and Burgess 2014; Burgess, French and Strachan 2009). For instance, Sayim (2011) note that the US is among the top countries in the World that strictly enforce EEO and discrimination laws despite its limited employment regulations which provide opportunities for firms to adopt market-driven

employment policies. Fundamentally, EEO, affirmative action policies and discrimination laws are all sources of coercive and normative isomorphic pressure embedded in the institutional configurations within every nation state employment relationship (French, Strachan and Burgess 2012; Sayim 2011). Arguably, these employment conditions that have been established within the national institutional settings in every host-country may pose constraints or hinder the transferability of MNEs' home-country's HRM practices to their subsidiaries.

Employee equity and participation issues have become critical HRM issues in contemporary employment relationship in both public and private sector organizations (Hoque, Bacon and Parr 2014; Holgate and McKay 2009; Hoque and Noon 2004). Employment relationship issues such as EEO laws and affirmative action programs in developed, emerging and less developed economies have received some significant attention. This is due to the contribution of such laws to improving employment growth among minority groups and disadvantage or marginalized groups in society (McGauran 2001; Holgate and McKay 2009; Burgess, French and Strachan 2009; Hoque, Bacon and Parr 2014). Employment equity issues are central to diversity management in employment settings, especially in advanced economies such as the US, Australia amongst others (Konrad and Linnehan 1995). Hoque, Bacon and Parr (2014), for instance, in their study of disability practices amongst employers in the UK found that the UK has recently provided additional amendments to discrimination laws to afford more employment rights to people with disability towards ensuring equality in employment relationship.

Indeed, there is empirical evidence in the extant literature to suggest that diversity management and EEO regulations have increased the employment status of minority groups and under-represented groups such as people with disability and women (Konrad and Linnehan 1995; McGauran 2001; Strachan, Burgess and French 2011). According to Strachan, Burgess and French (2011), diversity management and EEO are not mutually exclusive because, *"diversity is intertwined with equity and equal opportunity, as in most countries organizations have to respond to the equity framework embodied in legislation and some will respond to the increasing influence of the 'diversity' framework"* (p.13). Nonetheless, Burgess, French and Strachan (2009) in their study of EEO in Australia through the lens of diversity management proposed a distinction between diversity management and EEO despite their intertwined relationship. They suggested that in the Australian context, the

former is voluntary with a wider organizational scope, whereas the latter is mandatory for firms that fall within the specified regulatory framework and limited to only specified employee groups.

Konrad and Linnehan (1995) contend that EEO and affirmative action programs may lead to the formalization of certain employment or HRM practices within a host-country where all firms (local and foreign) would have to adhere to such standardized HRM configurations owing to local isomorphism. It is important to draw researchers' attention to the potential of EEO and affirmative action policies to coerce MNEs to adapt to a standardized or formalized HRM practices similar to domestic firms within a host-country. Although EEO and affirmative action policies have the potential to coerce MNEs' HRM configuration, Strachan, French and Burgess (2014) identified weaknesses with the potential to undermine the effectiveness of EEO and affirmative action regulations as it create leeway for MNEs to manipulate such regulations to their benefit. Strachan, French and Burgess (2014) argue that complexities in the interpretation and definition of certain EEO and affirmative action regulations impact its effectiveness.

Like employment equity and affirmative action programs, occupational health and safety issues in employment relationship have also become a major concern in many countries owing to frequent litigations by employees which has led to the enactment of several laws to ensure the health and safety of employees (Boon et al. 2009). It is worth noting that since the ILO's establishment, it has played a crucial role in the formation of occupational health and safety standards in many nation states through its conventions and treaties (Florkowski and Nath 1993) and their recent focus on decent work (Connell and Burgess 2013). Research from the ILO provide evidence to suggest that most advanced countries such as Australia, USA, UK, Canada and Germany have placed occupational, health and safety standards at the centre of its employment relationship and have established and enforced various regulations in addition to the ratification of international treaties and conventions to ensure they maintained human dignity at the workplace.

Florkowski and Nath (1993) and Strachan, Burgess and French (2011) also note that the ILO has significantly contributed to the establishment of universal minimum employment and work related standards. Primarily, there are still variations among countries in the way such standards, treaties and conventions are upheld and enforced due to institutional and legal

dissimilarities among member states (Strachan, Burgess and French 2011; Farndale, Brewster and Poutsma 2008; Rosenzweig and Nohria 1994). Florkowski and Nath (1993), for example, argued that the legal configurations in some countries create room for the immediate enforcement of ILO treaties and convention after such treaties have been rectified, whereas in some countries the rectification of ILO treaties and conventions cannot be enforced until such treaties and conventions have been rectified by parliament. Strachan, Burgess and French (2011) in a similar vein, opined that variations in the social and legislative processes among countries account for the differences in the approaches towards the enactment of workplace equity regulations.

Indeed, despite the role of the ILO in the universalization of certain labour and employment standards, the regulatory, cognitive and normative institutional settings of the nation state still remain significant and may have diverse effect on the transfer of HRM or employment practices between MNEs' home and host-countries. Likewise, Strachan, Burgess and French (2010) suggest that workplace equity policies and regulations are embedded within the institutional and cultural environment of the nation state. Implicitly or explicitly, such regulations and policies reflect the cultural and historical evolution of the nation state.

2.4.6 The role of professional bodies and social actors

The contribution of social actors (foreign and local) and professional bodies to societal advancement is not only limited to trade and investment and poverty reduction. Professional bodies and social actors also contribute to institutional changes through the campaign for the amendment of national and international laws for the governing of employment policies and practices (Sayim 2011; Dekocker et al. 2012; Morgan and Kristensen 2006; Harvey 2002). Institutional change can be stimulated by social actors and professional bodies at different levels within the development trajectories of the nation state (Morgan and Kristensen 2006; Harvey 2002). Research suggests that MNEs have responded to social actors and professional associations pressure for changes in certain employment and industrial relations practices in host-countries. Professional bodies and social actors have also served as disseminators of normative acceptable behaviour to individuals and organizations by way of appealing to firms, individuals and also engaging in experimental behaviour as a means to stimulating change (Dekocker et al. 2012; Sayim 2010; Bjorkman, Fey and Hyeon 2007; Harvey 2002; Bjorkman and Lu 2001).

Dekocker et al. (2012) argued that “sub-national institutions and social actors are seen as active and dynamic agents of change, and are therefore considered as central in explaining institutional reforms and transformation in the particular society that they contribute to shape” (p.10). According to Sydow et al. (2014) and Sayim (2011), domestic social actors such as non-governmental organizations (NGOs) as well as other pressure groups in developing host-countries could serve or play a major role in preventing new HRM practice adoptions or new organizational structures. Pressure groups in recent times have become an emergence issue across many developing countries which are driven and supported by political parties. Such social actors could limit MNEs in the transfer or adoption of certain HRM policies and practices between the home and host-country. The level of influence of some social actors and professional bodies could stem from the amount of economic position such actors occupies within the nation state (Dekocker et al. 2012).

The emergence of economic polarization combined with growing worker exploitation, wage disparity and declining union power, has triggered the rise of new voices (civil society groups, activists) with the strength to fight indecent and unsafe working conditions, child labour, worker exploitation and inequality (Wells 2007). A number of labour activist groups have played important roles in campaigning for labour rights as well as monitoring firms and state institutions compliance with local and international labour standards (Wiener 2005). Following the partial failure of States and their regulatory systems, NGOs’ and civil society organisations are increasingly filling up such regulatory gaps through social activism, research and public education to ensure corporate accountability (Wells 2007; O’Rourke 2003). Moreover, the failure of States has also induce NGOs’ and civil society groups to engage in the construction of private regimes to secure policy changes and compliance from MNEs to avoid the use of child labour and unsafe working conditions. Importantly, NGOs are pushing for the integration of labour standards as part of corporate social responsibility and the substitution of specific state-centred labour regulations (Wells 2007). O’Rourke (2003) asserted that NGOs are progressively influential in supplementing State and corporate institutional regulatory systems, especially in LDCs where the regulatory systems are ineffective.

2.5 Overview of MNEs' Human Resource Management Practices

There have been disagreements over what constitutes the core MNE HRM practices among IHRM researchers. Foley, Ngo and Loi (2012) observed that there is a growing compromise among HRM researchers and practitioners that a set of HRM practices provides a convincing and better opportunity to understand the impact of HRM practices on organizational performance compared to fragmented HRM practices. Despite the compromise, IHRM and comparative HRM scholars are yet to reach a consensus as to what constitute core HRM practices. Indeed, many researchers have developed and conceptualized different models in their attempt to explain what constitute a firm's HRM practices in IB and IHRM literature. Typically among them are the seminal works of Huselid (1995) on HPWS and Pil and MacDuffie (1996) on high-involvement work practices (HIWP).

Becker and Huselid (1998) and Huselid (1995) defined HPWS as a set of organizational practices such as employee recruitment and selection, employee compensation system, performance management and training and development designed to improve the skills of employees as a way of increasing organizational performance. Huselid's (1995) HPWS model has been used extensively in IB and IHRM literature to epitomize what constitutes a firm's HRM practices. Similarly, other HRM researchers have also relied on HIWP model (see Pil and MacDuffie 1996) to explain what constitute a firm's HRM practices. Moreover, these are core HRM practices that can be found in the research on MNEs' HRM practices in the ongoing INTREPID international research network examining HRM practices of MNEs (Collings, Morley and Gunnigle 2008; Edwards, Marginson and Ferner 2013; McDonnell et al. 2015). Drawing support and building from the IHRM literature, this study considers five main HRM practices; these are recruitment and selection, training and development, employee voice, involvement and communication, talent management and employee retention.

2.5.1 Recruitment and selection

Employee recruitment and selection are among the oldest managerial functions undertaken by HRM practitioners. Ma and Allen (2009) noted that the recruitment function is one of the most important managerial tool used by organizations to attract qualified and talented employees as a pre-requisite for achieving a sustained competitive edge through human capital development. Employee recruitment and selection is an important HRM issue,

especially in MNEs (Kang and Shen 2013; Ma and Allen 2009; Dowling, Festing and Engle 2008) due to increasing cost of employee selection and recruitment as a result of employee turnover. The direct impact of recruitment on employee turnover in recent times has spawned much organizational attention as Morse and Popovich (2009) suggest that due to cost associated with early employee turnover; organizations have relied on realistic recruitment configurations to address employee turnover problems. Zottoli and Wanous (2000), for example, estimated that firms within the fast food business are likely to spend an average of \$300 on each employee as hiring cost.

Collings, Scullion and Morley (2007) suggest that international staffing strategies have become an important prerequisite for successful implementation of MNEs business strategies. Employee staffing with a focus on employee attitude, behaviour and technical capabilities in addition to employee fit with organizational culture have the potential to enhance and sustain organizational performance (Ahmad and Schroeder 2003). Recruitment researchers have conceptualized recruitment sources into formal and informal sources or in other words, personal and impersonal sources (Ma and Allen 2009; Breugh 2008; McManus and Ferguson 2003; Zottoli and Wanous 2000). The formal recruitment source denotes the use of newspaper advertisements, campus recruitment, job fairs, employment agencies and the informal sources acknowledges the use of employee referrals through family members, friends and close relatives (Ma and Allen 2009; Breugh 2008; McManus and Ferguson 2003; Zottoli and Wanous 2000). There is lack of consensus among recruitment researchers as to where internet recruitment source is placed (McManus and Ferguson 2003). There are a significant number of recruitment sources available to potential employers; however Breugh and Starke (2000) note that newspaper advertisements, employment agencies, direct application, employee referrals and campus recruitment are common recruitment sources.

A study conducted by Elliott (2001) reported that insider referrals constitutes a third of new recruitment in many organizations in the US. The same study also revealed that insider referrals are predominant (55%) in informal job recruitment than formal jobs. Advancement of information technology has resulted in internet recruitment which is common in advanced and emerging economies as a way of reducing recruitment cost and improving recruitment efficiencies (McManus and Ferguson 2003) and less used in less developed economies owing to internet access constraints. As access to modern information technology increases in less developed economies, internet recruitment source will assume a dominant position in

employee staffing sources. Even though research is yet to determine the effectiveness of internet recruitment source on organizational outcomes or in other words, the relationship between internet recruitment source and employee survival rate or turnover (Zottoli and Wanous 2000).

Gaur, Delios and Singh (2007) suggest that the means for MNEs to exert control and coordinate subsidiary activities; enhance knowledge sharing between headquarters and its subsidiaries are achieved through staffing strategies. Delios and Bjorkman (2000), Harzing (2001) and Dowling, Festing and Engle (2008) have noted that MNE subsidiary staffing decisions have become a strategic management issue owing to the impact of such staffing decisions on coordination, control and knowledge sharing opportunities for the MNE and its subsidiaries. Gong (2003) maintained that MNE subsidiary staffing decisions have critical performance outcomes. According to Gaur, Delios and Singh (2007), MNEs have access to different staffing options such as the use of host-country nationals (HCNs), third-country nationals (TCNs) and parent-country nationals (PCNs) in its subsidiaries. However, the major challenge for such staffing options is the differing implications on knowledge sharing capabilities between the headquarters and its subsidiaries (Gaur et al. 2007); headquarter coordination and control mechanisms (Harzing 2001); organizational development (Edström and Galbraith 1977) and issues relating to local legitimacy in a host-country (Scott 2001; DiMaggio and Powell 1983; Kostova and Roth 2002).

In the international staffing literature, MNE subsidiary staffing decisions are premised on two main outcomes; knowledge sharing and control and coordination between subsidiaries and headquarters. Gaur, Delios and Singh (2007) argue that the former is conceptualized on the reasoning that headquarters and subsidiary integration should be underpinned by MNEs staffing strategies, whereas coordination and control is enhanced through similar staffing strategies. Harzing (2001) and Tan and Mahoney (2006) suggest that MNEs are able to maintain control of subsidiaries while enhancing knowledge sharing capabilities between subsidiaries and headquarters by staffing its subsidiaries with PCNs due to their knowledge of the firm operations. Despite the strategic benefits of PCNs in international staffing literature, researchers draw attention to the rising numbers of expatriate failures and local legitimacy concerns (Dowling, Festing and Engle 2008; Collings, Scullion and Morley 2007; Harzing 2001).

The seminal works of Whitley (1999) and Hall and Soskice (2001) on NBS theory and VoC theory examined fundamental differences in management practices among firms from different national economies owing to the differences in NBS and national institutional settings. Also, arguing through the lens of the cultural perspective, Ma and Allen (2009) suggest that as firms adapt the path of internationalization, they will encounter conflicting cultural requirements for the localization versus standardization of recruitment practices due to the influence of cultural values on how new job applicants respond to firms recruitment practices. Cross-cultural management researchers such as Tayeb (2005), House et al. (2004), Budhwar and Sparrow (2002) and Hofstede (1980), provide substantial evidence to suggest that HRM practices are centred on certain societal values and beliefs systems which mirrors the culture of the country in which firms are entrenched in the NBS.

Institutional dissimilarities among countries could pose differing implications on MNEs coordination and control mechanisms and avenues for knowledge sharing activities with other subsidiaries in different host-countries (Gaur, Delios and Singh 2007). Kostova (1999) defines institutional distance as a measure of the degree of institutional differences between MNE country-of-origin and its subsidiary host-country. Gaur, Delios and Singh (2007) found that an increase in coercive and normative institutional distance between a host and home-country, there is a probability for the increase in the staffing of PCNs as general managers in their subsidiary. Beechler and Yang (1994) highlighted the extreme challenge for MNEs to transfer home-country HRM policies and practices to host-countries with different national cultural orientations. Similarly, Kogut and Singh (1988) proposed national cultural distance that measures the degree of cultural differences among countries. It has generally been claimed that transferring home-country HR policies to subsidiaries in host-countries is less constraint when the two countries have less significant cultural and institutional distance (Lui 2004; Kostova and Roth 2002).

Perlmutter (1969) identified polycentric, ethnocentric and geocentric as strategic staffing options available to MNEs, however, the national institutional characteristics of host-countries may limit the freedom of MNEs to choose from these strategic staffing options (Collings, Morley and Gunnigle 2008; Myloni, Harzing and Mirza 2004; Dowling, Festing and Engle 2008). For instance, Bonache and Pla-Barber (2005) note that the cultural distance between host and home-countries of MNEs could limit staffing options available to MNEs as well as their interest in maintaining control within the subsidiary. Bonache and Pla-Barber

(2005) maintained that cultural heterogeneity between MNEs home and host-countries leads to a rise in information asymmetry and managers self-interest when MNEs adapt a localization strategy. Bonache and Pla-Barber (2005) further argue that MNEs have two strategic staffing options to address the problem of information asymmetry and managerial self-interest; the firm may adopt a polycentric staffing strategy (employing HCNs) by incurring huge cost in managerial selection, control and managerial training or an ethnocentric staffing strategy (employing PCNs) to overcome information asymmetry and managerial self-interest. It will also ensure they maintain headquarters interest at the subsidiary level. Other factors that may also influence MNE subsidiaries staffing decisions are the availability of qualified and talented workforce within the local host-country. The lack of experience and talented employees in the local labour market would necessitate MNEs to staff its subsidiaries with PCNs or TCNs (Harzing 2001; Dowling, Festing and Engle 2008).

2.5.2 Training and development

Employee training and development have become critical HRM issues in modern organizations, particularly for MNEs (Claussen et al. 2014). Dowling, Festing and Engle (2008), Sheehan (2014) and Guery and Pendleton (2016) suggest that investing in employee training and career development could be a major source of sustaining competitive edge for a firm as it ensures the capabilities of employees are constantly enhanced and not easily imitated by competitors. Researchers have argued using the lens of the resourced-based perspective to suggest that firms can achieve and sustain a competitive edge when they align their HRM policies and practices with specific competencies of the organization (Myloni, Harzing and Mirza 2007; Akhtar, Ding and Ge 2008) where such capabilities or competencies are non-substitutable, rare, valuable and difficult to imitate (Barney 1991). Huselid (1995), Becker and Huselid (1998) and Huselid and Becker (2011) in their seminal work on HPWS placed training and management development as a critical pillar of the HPWS model. Datta, Guthrie and Wright (2005) describe HPWS as a set of HRM practices which are designed strategically to enhance employees' capabilities and firm productivity. A study of Chinese firms by Akhtar, Ding and Ge (2008) found that employee training and internal career opportunities affect firms' products or services and financial performance. Appelbaum et al. (2000) suggest that employee training and development underpins HPWS and is a core pillar of the HPWS model. Researchers have drawn extensively on Huselid (1995) and Becker and Huselid's (1998) work to support the convergence thesis in HRM

literature by arguing that similar HPWS can be transferred or adapted by firms operating in different host-countries regardless of differences in host national culture and institutional settings (Foley, Ngo and Loi 2012).

The theoretical and empirical literature suggests that investment in employee training and development has a positive correlation with firm performance and profitability (Huselid 1995; Becker and Huselid 1998; O'Connell and Byrne 2012; Sheehan 2012, 2014; Guery and Pendleton 2016). Equally, the extant literature provides evidence to demonstrate that training and development approaches employed by firms are entrenched in the culture, education and training structure, labour market settings and history of the country (Rosenzweig and Nohria 1994; Ramirez 2004; Ramirez and Mabey 2005; Edwards et al. 2007). A study by Ramirez and Mabey (2005) on management training and development in Europe found country differences in training and management development methods. The authors observed that German firms place more priority on management development than their British and French counterparts.

Edwards et al. (2007) reported variations by home-country in the approach employed by MNEs in relation to employee training and development in the UK. MNEs originating from Germany invest more extensively in employee training and development than their Japanese counterparts. Also, Japanese MNEs are less likely to employ succession planning. Tregaskis, Heraty and Morley (2001) found firms' investment in employee training and development programs may be influenced by the sector within which the firm operates. McDonnell et al. (2010) hypothesized that MNEs operating in high-technology based sectors are most likely to develop and implement a formalized global talent management program. Ramirez (2004) found the nature of training institutions and labour market settings and its embeddedness within the historical and cultural configurations of the nation state are the source of dissimilarities in employee training and development between nations.

2.5.3 Employee involvement, voice and communication

Employee voice and involvement has become critical employment relations' issues in MNEs operations (Muller 1998; Thang et al. 2007; Budd, Gollan and Wilkinson 2010; Tüselmann, Allen and McDonald 2014). Lavelle, Gunnigle and McDonnell (2010) note employee voice as any mechanism that provide the opportunity for employees to be part of the decision

making processes by way of expression their opinions and views about work related and other organizational issues. Ahmad and Schroeder (2003) and Budd, Gollan and Wilkinson (2010) suggest that sharing information about the firm's strategy and performance to employees is a source of employee empowerment as it nurtures transparency and serves as an employee retention strategy. Tüselmann, Allen and McDonald (2014) and Pfeffer (1998) argue that employee involvement and employee voice are among the major HRM practices in MNEs due to its embeddedness within organizational trust between management and employees. Employee voice and involvement facilitates learning, innovation, teamwork and knowledge sharing and can also be a tool for a firms' competitive edge (McDonnell et al. 2014; Morrison 2011; Budd, Gollan and Wilkinson 2010; Edwards et al. 2007).

Pohler and Luchak (2014) maintain that the presence of HIWP and trade unions in a firm provide diverse opportunities within which employee involvement in the decision making processes can be strengthened. Morrison (2011) and Freeman and Medoff (1984) argue that the main purpose of collective employee voice and HIWP is that the former addresses employee equity issues, whereas the latter supports organisational efficiency issues. Budd (2004) concluded that the existence of individual and collective employee voice schemes have the potential to create an optimal balance between employee voice schemes, employee equity and firm efficiency (see also Pohler and Luchak 2014; McDonnell et al. 2014). Implicitly or explicitly, adopting formalized employee voice schemes increases the level of trust among the workforce and management leading to greater employee performance (Sablok et al. 2013). On the one hand, Kristensen and Zeitlin (2005) noted that the ability of MNEs to develop and sustain collective actions between management and employees within the organization is a strategic capability that MNEs can use to enrich its competitive edge. Belanger et al. (2006) have questioned whether management and employees within modern organizational settings can develop a common relationship driven by mutual understanding in which employees can have a voice in the employment relationship, especially in the organization of work and working conditions.

Developing employee voice mechanisms becomes potentially problematic with the spread of union avoidance strategies by MNEs (Collings 2008; Dundon and Gollan 2007). The indication is that MNEs are adopting alternative employee voice mechanisms and individual performance-based rewards schemes as a way of avoiding trade unions (Collings 2008). This reaffirms what Dundon and Gollan (2007) allude to as the willingness of MNEs to invest

substantial resources (both financial and non-financial) to implement alternative employee voice mechanisms as part of the strategy for union avoidance. In addition, union avoidance measures may be a deliberate government policy to attract FDI or MNEs into a host-country to speed up economic growth through knowledge and technology spillovers and job creation (Gunnigle, Collings and Morley 2005; Collings, Gunnigle and Morley 2008).

In their study of factors that underpin employee voice and voice outcomes among non-union employees, Dundon and Gollan (2007) draw on Kochan's (1980) concept of union substitution and union suppression as the two strategic arrangements employed by firms towards union avoidance with union substitution as the main method. Dundon and Gollan (2007) found that MNEs are likely to adopt union substitution measures, whereas union suppression arrangements are employed by smaller firms aimed at controlling employee voice. Collings (2008, p.188) highlights the ability of MNEs to shift from national configured firms to global business divisions as a way of facilitating performance comparisons among different subsidiaries which is a major threat to trade union bargaining power at the host-country level and further undermines unions participation or involvement at the international level. In effect, it can be argue that the inability of trade unions to organize effectively at the global level will continue to undermine their participation and involvement in the employment relations discourse as MNEs continue to integrate their operations globally (Collings 2008).

Tuselmann, McDonald and Thorpe (2006) and Lavelle, Gunnigle and McDonnell (2010) suggest that employee voice can be conceptualized into direct employee involvement practices focused at individual employees and collective policy dimensions or indirect voice, which is directed towards union representative using collective voice processes. Individualistic employee voice schemes are facilitated by direct consultations and information sharing through attitude surveys, team-briefing or problem-solving group and quality circles (Lavelle, Gunnigle and McDonnell 2010; Budd, Gollan and Wilkinson 2010; Kim, MacDuffie and Pil 2010). Edwards and Wright (2001) suggest that individualistic employee voice schemes should be connected with the implementation of high employee involvement HRM practices, resulting in the assimilation of such schemes or practices into a formalized and coordinated arrangement.

Budd, Gollan and Wilkinson (2010) and Tüselmann, McDonald and Thorpe (2006) suggest that the broad categorization of employee involvement approaches aligns to certain major employment relations policy choices and also demonstrates that direct and collective employee involvement schemes are not mutually exclusive. Nonetheless, Bryson (2004) posited that both the collective and direct employee involvement approaches could be adopted by firms in situations whereby firms are coerced by isomorphic pressure to adopt representative channels. In such circumstances, firms could at the same time adopt direct employee involvement approach as a way of marginalizing collective channels. The presence of the collective approach may be a route towards gaining legitimacy rather than economic rationality (Tüselmann, Allen and McDonald 2014; Tüselmann, McDonald and Thorpe 2006).

The predominance of direct employee involvement practices among firms originating from the UK, Australia, US, Canada and Ireland are due to the liberalized nature of the IR environment and limited regulation of employment relationship (Geary and Roche 2001; Ferner 2003; Gunnigle, Colling and Morley 2005; Edwards et al. 2007). Empirical evidence suggest that MNEs originating from the US pursue individualistic or direct employee involvement practices (Gunnigle, Colling and Morley 2005; Geary and Roche 2001). Ferner (2003) argue that researchers describe the US individualistic employee involvement model as a global best practice for managing IR in many MNEs in different host-countries. However, the German employment relations system has been based on the collective oriented employee involvement approach facilitated by a strong and a well-established and coordinated institutional setting including institutionalised participation and representation through work's councils. Muller (1998) contends that IR in Germany is characterised as a consensus relationship between employees and their employers. To Hall and Soskice (2001), the German employment relations system is a source of competitive advantage to many German firms. Equally, Muller (1999) and Tüselmann and Heise (2000) notes that IR approach in Germany is undergoing several reforms and more noticeable, is the adoption of US HRM models by German MNEs including direct employee involvement practices.

Researchers have drawn from different models to explain the employment relations outcomes in MNEs (Smith and Meiskins 1995; Edwards and Ferner 2002). Edwards and Ferner (2002) identified four broad models: dominance effect, host-country effect, country-of-origin effect, and international integration pressures or international competitive isomorphism. Primarily,

Edwards and Ferner (2002) conceptualize the host-country effect in terms of three factors, these include: (a) constraints pose by the host-country; (b) the receptiveness of the host-country; and (c) the host-country deliberate policy framework or strategic intent. However, Tuselmann, McDonald and Thorpe (2006) and Tüselmann, Allen and McDonald (2014) suggest that liberalized industrial relations host-countries pose little or no constraints and provide leeway for MNEs to design similar employment relations or diffuse similar home-country employment relations practices. On the one hand, it has been argued by Lam (1997) and Gooderham, Nordhaug and Ringdal (1999) that host-countries with fewer institutional constraints might not have the capacity to absorb transfer of employment relations models developed from highly regulated and institutionalized settings. A host-country may lack the institutional arrangements required to support the employment relations practices associated with the home-country employment relations practices. Guest and Hoque (1996) suggest that in situations where the headquarters does not associate positive outcomes with country-of-origin employment relations models, it may have to pursue local employment relations models in a liberalized host-country to overcome home-country employment relations models.

Taylor, Beechler and Napier (1996) and Dickmann (2003) highlighted the concept of willingness and transferability of employment relations practices to explain the fundamental conditions underpinning home-country effect in relation to employment relations transfer. The willingness to transfer employment relations practices from headquarters to their subsidiaries depends on headquarters view of their employment relations practices as a source of competitive advantage (Dickmann 2003). While the transferability desires is determined by the ease with which such employment relations models can easily be managed or standardized from the headquarters to all subsidiaries (Mellahi et al. 2013). Equally, the host-country regulatory and other institutional settings could pose constraints and limit the transferability of home-country employment relations practices.

Tuselmann, McDonald and Thorpe (2006) claim that specific arrangement of home-country practices in relation to firm level employment relations configurations may not be transferable, but general principles like the employment relations philosophy, management styles and beliefs systems of the home-country have the potential for transferability. Further, Edwards and Ferner (2002) highlighted the dynamic nature of the home-country effect and concluded that home-country effect evolves with changes in the NBS and other institutional

settings. In a similar vein, Almond et al. (2005) assert that the influence of host-country effect on MNEs employment practices will depend on the extent of locational flexibility, where MNEs have the strategic freedom to choose which host-country they will operate or not. Almond et al. (2005) further suggest that locational flexibility can further be shaped by the nature of the product market leading to variations in the locational flexibility of MNEs.

The fundamental assumption underpinning the “dominance effect” in HRM practice arrangements draw researchers’ attention to the fact that firms from advanced economies occupying dominant positions within the global economic space are often associated with competitive strength (Ferner, Edwards and Tempel 2011; Pudelko and Harzing 2007; Almond et al. 2005; Edwards and Ferner 2004; Smith and Meiksins 1995). The competitive edge credited to HRM and IR practices and the NBS of such dominant economies leads to the acknowledgement of such IR and HRM practices as ‘global best practice models’ (Smith and Meiksins 1995; Ferner 2003; Pudelko and Harzing 2007; Aguzzoli and Geary 2014). Indeed, the perceived economic benefits often connected with developed countries employment practices is a primary source of encouragement for firms in less developed countries to mimic elements of such employment practices (Pudelko and Harzing 2007; Edwards and Ferner 2004; Smith and Meiksins 1995). The extant literature suggests that the acceptance of direct employee involvement practices among US MNEs has been recognized as a global best practice model in employment relations (Muller 1998; Pudelko and Harzing 2007). The dominance effect can be moderated by a host-country national institutional settings, as it may limit or pose constraints to the practicability of transferring home-country industrial relations practices to MNE subsidiaries. For Tuselmann, McDonald and Thorpe (2006), depending on the level of internal consistency, MNEs’ transfer of certain employment relations practices to their subsidiaries may signal tension or accommodation between the dominant effect and home-country.

MNEs are persistently under intense pressure to integrate their global operations for co-ordination and control purposes (Smale, Bjorkman and Sumelius 2013; Harzing 2001) and the need to achieve global competitiveness. Despite cultural and institutional dissimilarities between countries, MNEs are required to advance the standardization of HRM practices across their subsidiaries. Edwards and Ferner (2002) argue that the pressure for MNEs’ HRM standardization revitalizes the manifestation of the country-of-origin effect or the dominance effect in HRM and industrial relations practices. The need to achieve global integration is

moderated or influence by the industry type and other MNEs characteristics (Tuselmann, McDonald and Thorpe 2006). For example, it has been found in the extant literature that global integration pressure is more evident with firms operating in highly competitive industries as well as firms with global business operations (Lane 2000; Nachum 2003). The pressure for global integration favours the global best practice model, specifically in highly globalized industries, however these pressures are not mutually exclusive; they interact with other factors in determining MNE subsidiaries' industrial relations configurations (Tuselmann, McDonald and Thorpe 2006; Tüselmann, Allen and McDonald 2014).

Although trade union density has been declining in both developed and less developed economies (Budd, Gollan and Wilkinson 2010), trade unions still play a vital role in the mobilization of “power resource” to exert some level of influence in firm's adoption of employee voice and involvement approaches. For instance, in a study of employee voice mechanisms and trade unions influence among MNEs in Australia. Sablok et al. (2013) reported that MNEs with high union presence embraced indirect employee voice mechanisms, whereas MNEs with low union presence employed direct employee voice or minimalist employee voice approaches. Sablok et al.'s (2013) study is a reaffirmation of the capability of trade unions to mobilize some “power resources” within the national institutional settings to influence certain HRM practice configurations in the nation state.

2.5.4 Talent Management

Although it has been argued that talent management is not new in IB and IHRM literature, Skuza, Scullion and McDonnell (2013), Hartmann, Feisel and Schober (2010), Tarique and Schuler (2010), McDonnell et al. (2010), Collings and Mellahi (2009) and Lewis and Heckman (2006) have suggested that the rapid advancement of talent management research in contemporary IHRM and IB research was credited to the most influential work, '*war for talent*' by McKinsey Consulting Group. Hartmann, Feisel and Schober (2010) and more recently, Latukha (2015) have observed that talent management became a strategic management issue in IB and IHRM research as a result of the work of McKinsey in the mid-1990s. Consequently, it has become one of the most critical and important issues in contemporary IHRM and IB literature respectively (Makela, Bjorkman and Ehrnrooth 2010; Tarique and Schuler 2010; Hartmann, Feisel and Schober 2010) owing to its contribution to business bottom line and also as a source of sustained competitive advantage (McDonnell et

al. 2010; Collings and Mellahi 2009; Lewis and Heckman 2006). In a similar vein, McDonnell (2011, p.169) hypothesized that “workforce demographics and skills shortages are likely to make the “war for talent” fiercer than ever before making effective talent management a competitive necessity”.

MNEs have placed talent management in a strategic position within the overall organizational strategy and have integrated this with the strategic management literature through the work of Barney (1991) on the resource-based view of the firm where it has been suggested that firms can achieve and sustain a competitive edge when they align their HRM policies and practices with specific competencies of the organization (Myloni, Harzing and Mirza 2007). Talent management has become a significant component of firms overall strategy (Lewis and Heckman 2006; Tarique and Schuler 2010). Various studies through the lens of MNEs’ HRM research provide evidence to suggest that firms originating from the US and the UK have labelled talent management as the backbone to the advancement of organizational competences (Illes, Chuai and Preece 2010).

Despite the significant role of talent management in contemporary organizational development, Tarique and Schuler (2010) and Vaiman, Scullion and Collings (2012) in an extensive review of existing literature on global talent management from top ranked IHRM and IB journals, identified exogenous – globalization, demographics, demand-supply gaps – and endogenous – egocentrism, required competencies, international strategic alliance – factors as the challenges hindering MNEs global talent management efforts. Similar factors hindering talent management have also been observed by McDonnell, Collings and Burgess (2012) on talent management in the Asia Pacific. Hartmann, Feisel and Schober (2010) found that skilled labour shortage and high employee turnover within the Chinese labour market is hampering MNEs’ talent management efforts.

In their study of differences and drivers between HRM and talent management in MNEs in Beijing, Illes, Chuai and Preece (2010) developed a four quadrant conceptual model on talent management to examine (i) how talent management is explained in Chinese MNEs and (ii) how Chinese MNEs view talent management from HRM. Illes et al.’s (2010) four talent management perspective include: exclusive people TM perspective; exclusive position TM perspective; inclusive people TM perspective and social capital TM perspective. Illes et al. (2010) suggest that this exclusive talent management perspective draws support from the

notion that only few or a small segment of employees in every organization have the potential and core competencies to make any significant contribution to firm performance. Therefore, such class of employees are considered talented and must be treated differently due to their distinctive and unique skills. Illes et al. (2010) concluded that this situation makes it impossible for a firm to treat all occupational group of employees similarly since talented employees have unique skills distinct from others. Illes et al. (2010) line of reasoning resonates with Collings and Mellahi (2009) and McDonnell et al. (2010) studies on talent management. Huselid and Becker (2011) in a similar argument suggest that some jobs are more strategic and important than others; as such investment in employee development must be disproportionate to ensure that strategic positions are filled with talented employees.

Illes et al. (2010) note that the exclusive position TM perspective takes a narrow view similar to the exclusive people perspective, the exclusive position of TM focuses on key or strategic positions (see also Collings and Mellahi 2009) within an organization to aid in the identification of talented employees. Primarily, the positions termed critical to the success of the firm requires the skills of talented employees and such class of employees must be treated differently from other employees, especially in the area of compensation and benefits, training and development and employee voice and involvement schemes. Illes et al. (2010) further claim that a perfect match is where talented employees are placed in strategic positions which are most likely to increase firm performance. Both perspectives draw scholars' attention to how employees should be treated differently as a result of the variation in their contribution and their diverse strategic importance to the firm.

The inclusive TM perspective as argued by Illes et al. (2010) draws from the humanistic philosophical foundation on the belief that all employees have a unique talent or potential that can be beneficial to the firm. However, the responsibility rests on management to nurture such talents and potentials to the benefit of the firm. They further suggest that this perspective place significance on employee role in the organization and that organizational success is a function of all employees and all job positions. Finally, the social capital TM perspective downplays the individualistic lens through which the exclusive people, exclusive positions and the inclusive people perspectives are built upon. They rather see human capital contribution to firm performance as a combination of collective efforts – employee groups or teams, organizational culture, structures and social network. Therefore, the authors opined that TM must be seen as collective orientation and not individualistic in nature.

Latukha (2015), Makela, Bjorkman and Ehrnrooth (2010) and McDonnell et al. (2010) noted that host-countries national institutional settings are likely to influence the way MNE subsidiaries design their talent management practices. Ferner (1997) considers the influence of home-country effect in designing and adopting different talent management mechanisms. However, contrary results are reported by Hartmann, Feisel and Schober (2010) that Western MNEs operating in China have a significant amount of flexibility in the transfer of similar (the same) talent management practices from MNE headquarter to their subsidiaries in China.

Implicitly or explicitly, the underlining assumptions of both the home and host-country effect draws insights from the VoC literature by Hall and Soskice (2001), the NBS literature by (Whitley 1999) and Institutional perspective by DiMaggio and Powell (1983), and Scott (2001). McDonnell (2008) and McDonnell et al. (2010) argues that MNEs originating from the US are likely to have a formalized talent management system compared to domestic or local firms. Edwards et al. (2007) found that MNEs originating from Germany invest more extensively in employee training and development than their Japanese counterparts. It was also observed in the same study that Japanese MNEs are less likely to employ succession planning. On the one hand, MNEs sector and size of operations has become a critical determinant in the design and adoption of many HRM practices which talent management is no exception. A study by McDonnell et al. (2010) on MNEs global talent management in Ireland found MNE size to be significant in the adoption of a formalized global talent management system compared with small MNEs.

2.5.5 Employee retention

Employee retention has gained recognition as one of the most critical IHRM issues, especially in high-technology based MNEs, owing to unfavourable consequences of employee turnover (Reiche 2008; Rovai 2008) for overall organizational effectiveness and performance. Lazarova and Tarique (2005) and Inkpen and Tsang (2005) suggest that employee instability is a major constraint to knowledge transfer and the advancement of long-term interpersonal relationships between management and employees (see also Reiche 2008). Indeed, there is empirical evidence in the extant literature to suggest that employee turnover reduces existing employee morale and increases cost of training and retraining in addition to cost of recruitment and selection (Mobley 1982). Despite the negative

implications of employee turnover, Williams (1999) argues that voluntary employee turnover can be an avenue to dispose of employees with poor performance records.

Research consistently provides evidence to demonstrate that internal organizational factors contribute more to employee turnover than external organizational factors. Khatri, Fern and Budhwar (2001) contend that employee turnover is a function of poor HRM practices. Reiche (2008) proposes that employee turnover is complex and challenging within MNE settings due to different cultural and institutional influential factors originating from a host and home-country institutional setting. DiMaggio and Powell (1983) and Scott (2001) and Rovai (2008) argue that isomorphic pressure from a host-country institutional setting may limit MNEs from adopting certain retention practices for managing employee turnover.

Reiche (2008) developed a conceptual framework for employee retention practices to examine their applicability in MNE subsidiaries within the home and host-country institutional settings (see table 2.1). The model was developed according to time frame and the nature of employment relationship as the two main dimensions in relation to the control of employee turnover in a firm. Reiche (2008) argues that firms have two strategic options in dealing with employee turnover issues through their HRM practices. Firms adopt short-term employee retention strategies on a responsive basis. Alternatively, firms may implement long-term employee retention strategies with the focus on prevention. Reiche (2008) categorized the nature of employment relationship into relational employment contracts and transactional employment contract, and describes the former as broad with long-term commitments and the latter as monetized with short-term commitments. The relational and transactional employment relationship varies as it requires diverse employee retention practices to effectively retain experience and talented employees.

Firms deploying retention practices for employees with relational employment contracts need to focus on long-term incentives to stimulate employees to stay. In this regard, financial rewards are relevant but likely to be less significant to avert employees from job-hopping and taking advantage of alternative job opportunities in other firms (Reiche 2008). In its place, responsive retention practices such as: job autonomy, job enrichment, employee voice, employee empowerment and training programs may be deployed to stimulate core employees to stay in the firm. On the other hand, preventive retention practices for employees with relational employment contracts include the adoption of career development programs,

application of meritocracy and procedural justice in promotions, seniority-based reward schemes and providing employees with attractive working conditions to avoid employee turnover (Reiche 2008).

Table 2.1: Typology of retention practices

<p>Responsive practices in relational employment contracts</p> <ul style="list-style-type: none"> ▪ Job enrichment ▪ Job autonomy ▪ Teamwork ▪ Employee participation / empowerment ▪ Joint performance evaluations ▪ Firm specificity of training ▪ Promotions 	<p>Preventive practices in relational employment contracts</p> <ul style="list-style-type: none"> ▪ Review of candidates' personal attributes ▪ Training with general content ▪ Mentoring programs ▪ Nurturing of a strong corporate culture that stresses interpersonal relationships ▪ Distributive and procedural justice ▪ Seniority-based pay ▪ Career planning and internal labour markets ▪ Attractive working conditions
<p>Responsive practices in transactional employment contracts</p> <ul style="list-style-type: none"> ▪ Pay/benefits contingent on task and contextual performance ▪ Allocation of office space ▪ Reduction of role ambiguity/conflict 	<p>Preventive practices in transactional employment contracts</p> <ul style="list-style-type: none"> ▪ Assessment of candidates' job mobility ▪ Tailoring of jobs to employee skills ▪ Realistic job previews ▪ Timely performance feedback ▪ Flexible and organic work structures

Source: Reiche (2008)

Firms have limited options in the management of employee retention within the scope of employees with transactional employment contracts and short-term commitments. Therefore, firms are most likely to develop responsive retention practices like contingent pay and benefits schemes, allocation of office space for core employees with good performance records and reduction of role ambiguity to control employee turnover threats (Reiche 2008). In a similar vein, Mitchell and Lee (2001) claim that firms may employ cafeteria-style benefit and compensation schemes to fine-tune employees' inducements in the short-term to avoid their withdrawal. Firms may also deploy preventive retention measures with the focus on managing employee retention in the long-term. Thus, retention practices in transactional employment contracts include firms conducting in-depth evaluation of potential employees job flexibility; matching potential employees jobs with their capabilities; and providing employees with flexible work system to stimulate their stay (Reiche 2008).

The host-country effect in relation to HRM practices has commonly been explained through the lens of institutional theory (Scott 2001; DiMaggio and Powell 1983) and the NBS perspective in alliance with the VoC literature (Hall and Soskice 2001; Whitley 1999).

Building on this line of reasoning, it can be argued that MNEs are likely to be constrained or limited in their choice of certain specific employee retention practices owing to diverse isomorphic pressure from a host-country national institutional setting. Budhwar and Sparrow (2002) and Jensen and Szulanski (2004) demonstrate that a host-country cultural and institutional setting constitute the most critical and significant force that influence the transfer of headquarters retention practices to their subsidiaries. Rosenzweig and Nohria (1994) and Gooderham, Nordhaug and Ringdal (1999) acknowledged that some HRM practices – working hours, collective bargaining and minimum wage determination – tends to be highly regulated by a host-country national institutional setting. Brockner et al. (2001) and Gooderham, Nordhaug and Ringdal (1999) highlighted that retention practices such as: performance-related pay, employee involvement, performance appraisal and application of distributive and procedural justice mechanisms are more susceptible to the local cultural and institutional settings.

Kostova (1999) argued that the success of MNEs' HRM practice transfer across-national borders is contingent on the degree of institutional distance or institutional differences between the host and home-country of the MNE. It has been noted that the transfer of HRM practices by US MNEs to their subsidiaries in the UK is faced with little or no constraints due to institutional similarities between the two countries. On the one hand, the effectiveness of context-specific HR retention practices largely depends on the flexibility of such practices to different MNE affiliates. Reiche (2008) contends that the flexibility of employee retention practices needs to meet two conditions to be effective. First, the extent to which employee retention practices can be reconfigured in different affiliates and second, the degree to which employee retention practices can be altered to a specific host national institutional setting.

Several studies have observed that compensation and benefits schemes constitute one of the most significant approaches to controlling employee turnover, yet, compensation and benefits schemes needs to be designed to meet the different cultural and institutional settings of a host-country (Schuler and Rogovsky 1998). Hofstede (1980), House et al. (2004), and Tayeb (2005) have demonstrated that reward schemes based on individual employee performance are likely to conflict with host-country collectivist behaviour. Ngo et al.'s (1998) study of the effect of country-of-origin on HRM practices found that retention-oriented compensation schemes in US subsidiaries were ineffective in retaining local staff compared to retention-oriented compensation schemes of subsidiaries from Japan and China.

In summary, a critical literature review of MNEs' HRM practices suggests that a host-country's national institutional setting may influence the way MNE subsidiaries manage their employment relationship. It also moderates the home-country effect in the design and adoption of MNE subsidiaries' HRM practices (Geary and Roche 2001). Implicitly or explicitly, the underlining assumptions of both the home and host-country effect draws support from the VoC literature (Hall and Soskice 2001), NBS literature (Whitley 1999) and the Institutional perspective (DiMaggio and Powell 1983; Scott 2001) as well as the cultural theorists (Hofstede 1993). According to these perspectives, firms derive their distinct and unique HRM practices from embedding their NBS and national institutional settings. The extant literature provides substantial evidence to support the country-of-origin effect on many MNEs' employment practices in different host-countries (Ferner, Quintanilla and Varul 2001; Harzing and Sorge 2003; Almond et al. 2005; Pudelko and Harzing 2007; Edwards et al. 2007). Nonetheless, a host-country's coercive, cognitive and normative institutional arrangements remain significant in MNEs' HRM practice design, implementation and diffusion.

2.6 Chapter summary and implications for MNEs' HRM research in LDCs

A literature review of IHRM and comparative HRM suggest that local isomorphism constitutes the regulatory, cognitive and normative profile of a host-country (Kostova and Roth 2002). The regulatory institutional setting acknowledges rules and legislation governing collective bargaining agreement, trade unions, local content laws and employment relationship. The cultural or cognitive dimensions support widely held cultural and social knowledge and the normative profile reflects the influence of professional groups and organizations on acceptable normative behaviour (Gaur, Delios and Singh 2007; Harvey 2002). The literature lends support to the importance of institutional profile (Kostova, Dacin and Roth 2008; Kostova and Roth 2002) and its influence in the design and implementation of MNEs' HRM policies and practices. The literature also maintained that the institutional profile of a host-country could provide opportunities (institutional drivers) or constraint (institutional limiters) MNEs to seek localization versus standardization HRM strategy (Mellahi et al. 2013; Sayim 2010; Rosenzweig and Nohria 1994). The localization versus global standardization debate emphasizes the opportunities and constraints pertaining to the development and implementation of HRM policies and practices. Among these constraints,

the host-country national institutional setting or the institutional profile of a host-country remains significant (Kostova, Roth and Dacin 2008; Dowling, Festing and Engle 2013).

The IHRM and comparative HRM theoretical perspectives and models have conceptualized how MNEs derive their distinct and unique employment relations practices from their embeddedness in their economic development orientation (Hall and Soskice 2001). Other theoretical perspectives such as cultural theorists and Institutionalists suggest that organizations interested in gaining legitimacy have to adapt to practices that reflect a host-country institutional environment (DiMaggio and Powell 1983; Scott 2001). The NBS theory draws attention to fundamental differences in management practices among firms from different national economies owing to differences in the NBS (Whitley 1999). A significant body of the literature suggest that different national economies – CMEs and LMEs – respond differently to identical challenges (Farndale, Brewster and Poutsma 2008; Knetter 1989) due to differences in legal, political and socio-economic factors that constitute the national institutional structure of a particular country (Kostova and Roth 2002).

The various perspectives and models in the IHRM literature provide a broader understanding of complexities within which MNEs design, implement and diffuse their HRM policies and practices in different host-countries. It is fundamental to include these perspectives in the study of MNEs' HRM policies and practice configurations through the lens of Institutionalists perspective. HRM policies and practices are not carried out in a vacuum, but within organizations that are part of the societal structures. Therefore, both external and internal organizational factors shape and influence the design and adoption of certain HRM policies and programs (Hofstede 1980; House et al. 2004; Tayeb 2005). It is also important to offer a broader theoretical perspective in this research as the researcher seeks to provide a holistic understanding of how (i) a host-country national institutional setting or institutional profile within the context of a less developed country influence the design and adoption of MNE subsidiaries' HRM policies and practices; and (ii) to identify the opportunities and constraints posed by a host-country national institutional setting for MNE subsidiaries in their quest to diffuse best HRM practices from their parent companies to their subsidiaries.

The IHRM literature notes that a host-country national institutional setting may influence the way MNE subsidiaries manage their employment relationship and also considering the influence of the home-country effect in the design and adoption of different HRM practices

(Geary and Roche 2001). Implicitly or explicitly, the underpinning assumptions of both the home and host-country effects draw support from the VoC literature (Hall and Soskice 2001), the NBS literature (Whitley 1999) and the Institutional perspective (DiMaggio and Powell 1983; Scott 2001). The HRM literature establishes that MNEs derive their distinct and unique employment relations practices from their embeddedness in their NBS and national institutional settings (Hall and Soskice 2001; Scott 2001; Whitley 1999). Various studies provide substantial evidence to support the country-of-origin effect on many HRM and industrial relations practices in different host countries (Ferner et al. 2001; Harzing and Sorge 2003; Almond et al. 2005; Edwards et al. 2007; Pudelko and Harzing 2007; Vo and Stanton 2011).

The theoretical and empirical literature is inconclusive in relation to the implications of local isomorphism for MNEs' HRM practice configurations, as some HRM policies and practices can be influenced by legal regulations, cultural beliefs and values systems, trade unions, NBS and education and training system of a host-country (Mellahi et al. 2013; Chowdhury and Mahmood 2012). Thompson (2011) suggests that all HRM practices will ultimately converge on the US model regardless of local institutional forces and national cultural differences. Similarly, Kidger (1991) and DiMaggio and Powell (1983) contends that US MNEs will contribute to the global convergence on the US HRM model, which had already gained recognition in HRM practices. Nonetheless, there is evidence in the literature that has identified HRM as one of the few managerial functions, which is most likely not to converge (Rosenzweig and Nohria 1994; Rosenzweig 2006) due to socio-cultural differences and dissimilarities in the national institutional characteristics among countries. Thus, the influence of a host-country national institutional setting on MNE subsidiaries HRM policies and practices requires further investigations.

The motivation for this study was driven by the fact that there is limited research on local isomorphism within a less developed country's context in Sub-Saharan Africa. Indeed, the extant literature has been dominated by the US, UK, Ireland, Australia, Canada, Germany, Japan and China. Even the limited research on the influence of host-country national institutional setting on MNE subsidiaries' HRM policies and practices in Sub-Saharan Africa is largely overlooked and still remains a 'blind spot' (Bischoff and Wood 2012). Considering the role of Africa to global trade and development and the importance of IHRM and comparative HRM research to MNEs with operations in Sub-Saharan Africa; it is important to

examine whether a host-country national institutional setting in LDCs matter in how MNE subsidiaries design and implement their HRM policies and programs. The extant literature through the lens of institutional theory by Scott (2001), DiMaggio and Powell (1983) and Kostova, Roth and Dacin (2008) argues that for an organization to survive within the local environment, they must adopt the regulatory, cognitive and normative isomorphic pressures to gain legitimacy. Thus, in order to address this important literature gap, this study will examine how the regulatory, cognitive and normative isomorphic pressures influence MNE subsidiaries HRM policies and practice design, implementation and diffusion.

Importantly, this study also contributes to the convergence-divergence debate and localization versus standardization thesis by seeking to provide relevant information towards a more comprehensive explanation and understanding of whether MNE subsidiaries demonstrate a convergence across their HRM practice arrangements. The study will broaden the academic understanding in the field of comparative HRM and provide new perspectives into IHRM and comparative literature on how host-countries national institutional settings impact MNE subsidiaries' HRM practices through the lens of institutional theory in a less developed country's context. This study will serve as valuable information not only to HRM scholars but also to HRM practitioners who are planning or already having operations in Ghana. There may also be important policy implications – whether policies or the host-country national institutional settings facilitate or inhibit the diffusion of best HRM policies and programs from the corporate headquarters to their subsidiaries. Therefore, this research provides that opportunity to influence HRM policy and practice in Ghana. Finally, this thesis is important and constitutes a significant research contribution to IHRM and comparative HRM literature as it is the first of its kind to explore the impact of a less developed host-country's regulatory, cognitive and normative institutional arrangements on MNE subsidiaries' HRM practice configurations and diffusion in Sub-Sahara Africa and Ghana to be precise. Thus, insightful answers to the research questions add to our theoretical and empirical knowledge on how host-countries national institutional settings influence MNE subsidiaries HRM practice configurations in a developing country's context. The literature reviewed provides an important setting and points out how host-countries institutional configurations impact MNEs' HRM arrangements and diffusion; thus, chapter three would provide the background context by highlighting on formal and informal institutional conditions within the Ghanaian national business system, which constitutes the contextual background of the study.

CHAPTER THREE

RESEARCH CONTEXT

3.0 Introduction

The literature reviewed in chapter two provides an important setting and highlights how host-countries institutional configurations and conditions impact MNEs' HRM arrangements and diffusion (see Rosenzweig and Nohria 1994; Gaur, Delios and Singh 2007; Chowdhury and Mahmood 2012; Mellahi et al. 2013). Thus chapter three provides relevant institutional conditions and context in which the research is undertaken. The main purpose of this chapter is to examine specific characteristics and conditions of the Ghanaian national institutional setting as a way of conceptualizing the nature of the study context. The chapter highlights the socio-economic landscape of the Ghanaian society by elaborating on the various formal and informal institutional conditions and the geopolitical dynamics that constitute the contextual background of the research. The complexities within the geopolitical dynamics and its embeddedness with formal and informal conditions offer Ghana a unique host-country to study how local isomorphism impact MNE subsidiaries' HRM configurations as well as HRM diffusion.

This chapter is organized into nine (9) sections. The first section highlights the research location and an overview of FDI. The second section provides an overview of the Ghanaian economy. The third section provides an overview of HRM practices in Ghana. The labour market conditions, trade unions and industrial relations system, education and vocational training system and local content policy framework as well as the socio-cultural characteristics and HRM practices are addressed in the other sections.

3.1 Ghana as the research location

Ghana, with Accra as its capital city, is located in West Africa; officially known as the Republic of Ghana and operates as a constitutional democracy since 1992. The country is bordered in the west by Cote d'Ivoire; in the north by Burkina Faso, in the east by Togo and in the south by the Gulf of Guinea (see fig. 3.1)⁴. The country is practically landlocked from three sides and has only 539 km of coastline. Ghana's total area is 238,533 sq. km positioning

⁴ Source: <http://www.mapsofworld.com/ghana/ghana-location-map.html>

the country as the eighty-second (82nd) largest country in the World. The 2010 population and housing census shows that Ghana has a population of twenty five (25) million. Ghana has the World's largest artificial lake by surface area, situated in the Lake Volta. The richness of the country's natural resources has led to its recent growing economic development trends in the West African sub-region over the last few years (AfDB/OECD 2008).



Fig. 3.1: Location of Ghana

Political historians have argued that the first place of arrival by European gold and slave traders in Sub-Saharan Africa was Ghana (Scarborough 2001; Kimble 1963). Likewise, Ghana became the first African country in Sub-Saharan Africa to gain independence in March, 1957 from the British. Notwithstanding being endowed with numerous natural resources, in addition to an efficient civil service and good education system inherited from the British (Ayittey 2006), the country became a victim of mismanagement and corruption immediately after independence (Debrah 2013; World Bank 1989; Canagarajah and Mazumdar 1999). Ghana experienced political instability after the 1966 coup, till 1992, when the country returned to constitutional democracy (Debrah 2013). Notwithstanding such historical experiences, currently Ghana is acknowledged as an exemplary model for political and

economic reforms and a good example of the shift to democracy in Sub-Sahara Africa. The country has enjoyed relative peace over the past three decades.⁵

Ghana is now the second largest producer of both cocoa and gold in the World and in 2011 occupied the top position in Africa as the fastest growing economy (African Economic outlook report, 2014⁶). The recent discovery of offshore oil reserves in commercial quantities is expected to boost economic growth and development within the next decade. The production of oil began in 2010, but some international organizations such as the IMF, African Development Bank, the World Bank and the European Union are drawing attention to Ghana's inability to properly manage its oil and gas industry owing to the track record of mismanagement, poor human resource stock, poor investments in science and technology innovation, wide spread corruption and weak national institutions. According to UNCTAD (2012), despite the fall in global FDI⁷ over the last few years, Ghana attracted more FDI than the largest economy (Nigeria) in Africa. For example, total FDI inflows to Ghana in 2013 amounted to US \$3.95 billion, a fall of 19.5% of the 2012 figure of US \$4.9 billion. It is estimated that 417 projects comprising 310 wholly-owned and 107 international joint venture firms were registered with the Ghana Investment Promotion Centre (GIPC) in 2013. It is estimated that the rise in the number of FDI inflows to Ghana will generate about 103,700 new job opportunities to address the rapidly labour force growth rate (Debrah and Mmieh 2009; Baah-Boateng 2004). Indeed, the growth in the number of MNEs in Ghana is attributed to the establishment of the Free Trade Zones policy and the recent discovery of oil in commercial quantities. Abdulai (2004) reported that the UK and India are the major sources of FDI inflows to Ghana with a record of 139 and 117 projects respectively (see table 3.1).

⁵ Source: <http://www.bbc.com/news/world-africa-13433790>

⁶ Africa Economic Outlook 2014: Global Value Chains and Africa's Industrialisation is prepared by the African Development Bank (AfDB), the United Nations Development Programme (UNDP) and the OECD Development Centre

⁷ In this thesis, MNCs and MNEs will be used interchangeably

Table 3.1: Major sources of FDI in Ghana by country of origin

Country	Number of FDI projects in Ghana
UK	139
India	117
China	112
USA	97
Lebanon	89
Germany	83
Korea	54
Italy	50
Switzerland	48
Netherlands	43
Canada	28
France	27
Nigeria	27
South Africa	26
Malaysia	12

Source: Abdulai, I. 2004. Sectoral Analysis of Foreign Direct Investment in Ghana, Working Paper WP/BOG-2005/15

The mining sector in Ghana continues to be the dominant recipient of FDI inflows (Abdulai 2004). According to the Bank of Ghana (2012), the annual average FDI inflows to the mining sector alone amounts to US \$200 million, positioning the sector as the largest recipient of FDI inflows into the country. The total FDI inflows to the mining sector in 2003 amounted to US \$5 billion. In effect, FDI inflows to the mining sector have outperformed the non-mining sector over the last three decades. Abdulai (2004) maintained that the dominance of FDI inflows to the mining sector is driven by the capabilities of the sector to attract private capital from foreign investors owing to improved commodity prices and records of increased profitability. It has also been noted that the mining sector in Ghana benefited from the spillover effect of the Economic Recovery Program (ERP) under the World Bank and IMF financing scheme in 1983, coupled with the sectors' positive response to foreign exchange earnings and increased production (Eshun and Jellicoe 2011; Abdulai 2004). This makes the mining sector an attractive destination for FDI inflows. On the one hand, FDI inflows to the non-mining sector totalled US \$412.8 million in 2003, with an annual average inflow of US \$103.22 million (Abdulai 2004). It is estimated that the service sub-sector accounts for 55% of total FDI. In 2003, inflows to the non-mining sector were attributed to the deregulation of the telecommunication sub-sector, which subsequently witnessed a remarkable increase in investment (Abdulai 2004; Eshun and Jellicoe 2011).

The manufacturing sub-sector has also witnessed significant improvements in FDI inflows with an annual average growth rate of 17.01% between 2001 and 2003 (Abdulai 2004). The World Investment Report by UNCTAD (2013) maintained that global FDI inflows would remain stable and close to the 2012 figures. During the last quarter in 2013, Ghana recorded a total of US\$702.94 million of FDI inflows compared to US \$524.71 million in 2012, suggesting an increase of 33.97% over the same period in 2012. The country continues to record steady growth in FDI inflows as FDI inflows at the third quartile of 2015 is estimated at US \$2.29 billion and represents an 18% increase from the 2014 figure over the same period (GIPC fourth Quarter Investment report 2013⁸; GIPC quarterly report, 2015⁹). The steady growth of FDI inflows into Ghana is expected to remain stable over the next few years as the oil and gas industry expand (Abdulai 2004).

The regional distribution of FDI inflows into Ghana has been concentrated in the Greater Accra region. The Greater Accra region continues to record almost 80% of all FDI inflows into the country owing to the development and economic imbalance experience in other parts of the country (see table 3.2). Abdulai (2004) argued that despite the country's numerous natural resources, poor infrastructure in the northern sector of the country continues to undermine the sector's ability to attract further FDI inflows. This situation continues to hamper government efforts in the fight against poverty in the northern part of the country. Even though the mining sector continues to be the largest recipient of FDI inflows; the sector lacks the capacity to drive the country's growth efforts as a result of the limited linkage of the sector with other critical sectors of the economy (Kragelund 2016; Ablo 2015; Fessehaie and Morris 2013; Morris, Kaplinsky and Kaplan 2011, 2012; Farooki 2012; Fessehaie 2012; Hansen et al. 2009). Thus, Abdulai (2004) opined that government must direct efforts to attract FDI inflows to the agricultural and manufacturing sectors, which have the potential to fuel economic growth and development in Ghana.

⁸ Ghana Investment Promotion Centre, Fourth Quarter 2013 investment report, 1st October-31st December 2013, Vol. 9, Issue 4.

⁹ Ghana Investment Promotion Centre, Quarterly Report, 2015, Vol. 11, Issue 2.

Table 3.2: Regional distribution of FDI into Ghana

Region	FDI projects (%)
Greater Accra	79%
Ashanti region	7%
Western region	4.4%
Central, region	3.43%
Eastern, region	2.91%
Volta, region	1.62%
Northern region	1.04%
Brong Ahafo region	0.52%
Upper East region	0.26%
Upper West region	0.06%

Source: Abdulai, I. 2004. Sectoral Analysis of FDI in Ghana, Working Paper WP/BOG-2005/15

3.2 Ghana's economy

Ghana's economic outlook over the last decade has been summarized in a report by the Africa Development Bank (AfDB 2008) and the Organization for Economic Co-operation and Development (OECD 2008). Indeed, the two institutions have maintained that Ghana's economy has demonstrated evidence of strong economic growth, which is a reflection of sound macroeconomic fundamentals, coupled with a positive contribution of the private sector and improved macroeconomic policies. The main driving force contributing to the upsurge of growth are the anti-inflationary monetary policies and consolidated fiscal policies adopted by the government. Over the last few years, the private sector through FDI inflows (UNCTAD 2012) have responded positively through improved business environment, with increasing capital inflows and bank lending suggesting an increased in investor confidence within the local market (AfDB/OECD 2008).

According to the AfDB/OECD (2008) and the Bank of Ghana (2012), Ghana's 2007 growth in real Gross Domestic Product (GDP) is estimated to have reached 6%, representing a marginal increase from the annual average rate of 5.6% from 2000-2006 thus enabling the country to fast-track the poverty reduction and growth strategy (GPRS) implementation process. Though, the agricultural sector still dominates economic activities in Ghana, recent economic growth figures have been from all sectors. The National Development Planning Commission (NDPC) ¹⁰ (2010) has maintained that industrial expansion is likely to be determined by the country's ability to resolve its reoccurring energy problems. As Ghana

¹⁰ National Development Planning Commission (NDPC): Medium-Term National Development Policy Framework: Ghana Shared Growth and Development Agenda (GSGDA), 2010-2013, Policy Framework, Volume I: December, 2010

pursues its decentralisation agenda and continues to drive economic expansion, the government's commitment to fight corruption coupled with the country's record as a beacon of multi-party democracy in the West African sub-region augurs well as an attractive market for investment. Indeed, it is strategically important for the country to further curtail its poverty levels, improve vocational and technical skills formation, and to accelerate economic growth and transition from its current lower middle-income status to an upper middle income status (Darvas and Palmer 2014; Rolleston and Oketch 2008). In effect, this will further improve the business environment to attract more MNE investment into the country as an avenue for new job creation opportunities, revenue mobilization and the transfer of new technology into the local economy.

Evidence suggests that the industrial sector experienced a major setback with an energy crisis, especially in 2007 due to a 15% reduction in electricity output (see AfDB/OECD 2008). Policy analysts including the IMF and World Bank argue that Ghana's energy sector is challenged by falling water levels and poor infrastructure due to low investments in the sector. Despite the energy crisis, the industrial sector expanded by 30% with the arrival of new MNEs such as Newmont mines, Tullow Oil and Kosmos energy. The Ministry of Finance and Economic Planning (MFEP) is currently ensuring the prioritization of strategic development projects in the budget to be implemented through an improved public-private partnership (PPP) development framework. This will encourage private sector participants to actively participate in fundamental infrastructural development projects. Primarily, this new development strategy aims to attract more MNEs into the domestic economy to further boost economic growth and development (NDPC 2010; AfDB/OECD 2008).

Ghana is undergoing structural reforms and capacity building within the public sector, with emphasis on privatisation and public sector reforms, including energy sector reforms. These structural reforms aim to facilitate the participation of the private sector, especially MNEs into critical sectors of the economy to boost economic growth and development. The government is also making efforts to increase productivity within the public sector with the aim of the rationalization of wages and emoluments in the public sector. As a result, the passing of the Fair Wages and Salaries Commission (FWSC) Act into law in 2007 was a recognition and commitment by government to start the reforms process (AfDB/OECD 2008).

The government is also restructuring State-owned companies as the initial step towards divestiture with the aim of revitalizing its stalled privatisation agenda. Subsequently, five State-owned joint venture companies and five State-owned companies' shares were sold out of the eighteen State-owned companies identified for privatization. Moreover, efforts are far advanced to complete the privatization of the remaining State-owned companies to attract MNEs with new capital and new technologies into the country and to speed up the development process. Finally, the country is enacting new legislations to increase the efficiency of the local financial markets – both the money and capital markets – to attract foreign investments, specifically FDI into the financial sector which is considered critical to economic growth (AfDB/OECD 2008; NDPC 2010; Bank of Ghana 2012).

3.3 HRM practices in Ghana

One of the areas that have received little or no major documentation or research in Ghana is application of HRM practices within the economy to support human resource development. Like most African countries, colonization and decolonization of the continent have played a significant role in HRM practice configurations (Debrah 2013; Kamoche 2011; Harvey 2002). Harvey (2002) reports that HRM in Africa has been influenced by four major factors, these are: colonization; decolonization; cultural diversity and economic development. One of the most significant factors likely to influence HRM practices in Ghana is its numerous cultural beliefs, values and kinship systems (Nukunya 2003). The traditional approach to the management of human resources or people management through an emphasis on bureaucratic and administrative procedures are highlighted (Debrah 2000). Debrah (2000, 2013) opined that the traditional approach to people management continues to play a leading role in Ghanaian organizations. Although, progressive HRM practices linked to strategic HRM are generally found in MNE subsidiaries and other foreign organizations (Hansen-Thompson 2011; Debrah 2013). This traditional administrative procedure of the HRM function is still evident in public and some private sector institutions. To this end, Debrah (2001, 2013) described HRM practices in Ghana as bureaucratic and administrative in nature, compared to HRM practices in Western countries.

The British colonial administration and the arrival of European missionaries and traders had a major influence through the introduction of Western approaches to people management in many Ghanaian organizations during the pre-colonial and post-colonial era (Van Wasbeek

2004, Akinnusi 1991). Debrah (2013) claims that traditional personnel management practices existed in Ghana in some form before the arrival of the European missionaries and the British. Similarly, Akinnusi (1991) argues that administrative systems and personnel functions existed long ago but were not properly structured and formalized before the importation of modern organizational systems to Africa. These new HRM systems were based on bureaucratic principles by the British and Europeans linked to organizing an empire and colonial administration (Debrah 2013; Akinnusi 1991).

HRM practices in Ghana have undergone substantial change during the emergence of colonialism and its increased commercialization of the traditional Ghanaian economy. This saw the need for the recruitment of local employees to work as clerks, interpreters, labourers and messengers for the British and European traders, which subsequently gave rise to the development of the personnel management function (Debrah 2013). During British rule, traditional rulers also recruited labourers for the colonial administration as they were part of the colonial administration system through the indirect rule system¹¹ which subsequently led to the establishment of the labour department and the appointments of Labour Officers in the Gold Coast, now Ghana (Obeng-Fosu 1991; Debrah 2013).

Ghana's political independence in March, 1957 witnessed a swift domestication of the local economy where expatriate employees were replaced with local workers, which then necessitated the need to employ and train many local workers. This led to the advancement of the HRM function in the 1960s (Debrah 2013). Interestingly, the absence of trained and experienced HRM professionals led to the recruitment of other discipline graduates as HRM managers. As a result, the HRM function was ineffective due to inexperience and the lack of professionals with HRM skills and capabilities (Debrah 2000, 2013). This subsequently undermined the advancement of HRM practices in Ghana. Ghana experienced economic decline after taking over a very strong economy from the British (Canagarajah and Mazumdar 1999). According to the World Bank (1989), the government of Ghana instituted excessive public spending in unproductive sectors of the economy and mismanagement of these funds resulted in economic decline. Nevertheless, the economic decline undermined HRM practices through the erosion of employee wages and affected the industrial relations

¹¹ **Indirect Rule system:** it was a system of governance which allowed the British to rule their colonies through indigenous traditional rulers and chiefs. The chiefs and traditional rulers were given some partial administrative authority and control over their own people. The indirect rule system was driven by the lack of British personnel in Africa; secondly, the indirect rule system was cost effective compared to the use of expatriates.

atmosphere between trade unions and the government as a result of the retrenchment of public sector workers conditioned by the IMF and the World Bank (McCourt 2001). Due to the economic mismanagement, the country recorded a 30% decline in income per capita from 1970 to 1983, coupled with a decline in cocoa production levels by 28% in 1983 leading to a decrease in Ghana's main export earnings. Canagarajah and Mazumdar (1999) attributed the decline in export earnings to exchange rate overvaluation and over taxing of cocoa farmers. The authors further noted that the overtaxing of cocoa farmers eroded their revenue base which subsequently affected cocoa production and increased cocoa smuggling to Cote d'Ivoire where cocoa farmers received 66% of the prevailing World market prices compared to 40% in Ghana (World Bank 1994).

The smuggling of cocoa to neighbouring Cote d'Ivoire resulted in the fall in government revenue and budgetary constraints. By 1976, the government of Ghana recorded a budget deficit of 11.3% of GDP, fuelling the escalation in inflation. For example, between 1972 and 1982, inflation went up by 58% and eroded employee real wages in the formal sector. Consequently, inflation and budget deficits prevented the government attempts to protect real wages from further erosion (Canagarajah and Mazumdar 1999). Policy-makers in Ghana found it politically impossible to change the worsening economic conditions, compelling the government to look for support from the Bretton Woods institutions. This resulted in the adoption of the Economic Recovery Program (ERP) and the Structural Adjustment Program (SAP) supported by the World Bank and the IMF in 1983 (McCourt 2001). The ERP/SAP was to help in the stabilization of the economy as a first step, and then followed by structural reforms in several areas of the economy (World Bank 1995). In the end, the stabilization measure adopted saw a remarkable "U-turn" in the economy as employee real wages recovered in the formal sector coupled with a fall in inflation rate. The retrenchment of over 15% of workers in the public sector (Baah-Boateng 2004; Darkwah 2005) further supported the recovery of workers real earnings as it contributed to the drastic decrease in public sector wage bill (Canagarajah and Mazumdar 1999).

The informal sector in Ghana remains a vital employment source and the only hope to reduce the rapidly increasing unemployment rate (Debrah and Mmieh 2009; Baah-Boateng 2004). As Debrah (2007, p.1068) notes, "the informal sector is seen as a by-product of the State's inability to provide adequate employment opportunities in the formal sector". It is estimated that the informal sector in Ghana alone employs about 80.4% of the labour force, which

suggest that the sector has prospects for employment creation and requires State support to enhance the employability of the sector (Darvas and Palmer 2014; Debrah 2007). However, the lack of formalized configurations to coordinate the activities of small and medium enterprises (SMEs) within the informal sector is hampering firms' adoption of HRM practices. Implicitly or explicitly, the large number of SMEs operating in the informal sector in the Ghanaian economy means that formal and professional HRM systems and strategic HRM practices are not been deployed. Moreover, employment in these establishments (SMEs) are irregular and undocumented and businesses are organized around family ownership.

The inability of SMEs to employ professional HRM systems and practices stems from the absence of HRM departments and the lack of resources to employ managers with HRM knowledge and capabilities, coupled with the failure of the State to coordinate the activities of SMEs in the formal sector (Debrah 2007). The owner-manager syndrome contributes to the failure of SMEs to employ professional HRM systems and practices in most developing economies (Ovadge 2010). The Ghanaian societal belief and respect for power and authority as a result of high power distance (Hofstede 1980), has created authoritarian managers and leadership that has threatened employee involvement/communication in the decision-making process. Tribalism, favouritism, wide-spread corruption and nepotism rather than meritocracy and competence have coloured the recruitment and selection processes, training and career development programs as well as employee promotions and employee retention in most Ghanaian organizations (Debrah 2013; Hansen-Thompson 2011).

In terms of industrial relations in Ghana, it can be argued that trade unions participation in mainstream politics has a long history due to their involvement in the struggle for Ghana's independence. It is believed that the Trade Union Congress (TUC) contributed significantly towards Ghana's independence and in return the Convention People's Party (CPP) government appointed TUC leaders to Ministerial and Ambassadorial positions and further enacted numerous labour laws to govern the administration of labour in Ghana (Arthiabah and Mbia 1995). On the one hand, it has also been argued that the active involvement of TUC in Ghana's political struggle is the main source of the ineffectiveness of trade unions in championing the interest of labour over the last three decades (Obeng-Fosu 2007; Arthiabah and Mbia 1995). The embedding of mainstream politics within trade unions activities in Ghana has generated the problem where political leadership and union leadership have

created a hostile IR atmosphere. It undermines the advancement of professional HRM practices, which requires a collaborative IR system between trade unions and employers without State or government authoritarianism.

Indeed, over the last few years, efforts have been made to disentangle party politics from trade unions activities and make trade unions more proactive in opposing political authoritarianism; protecting the interest of workers and defending workers democratic rights in Ghana. The various trade unions have been able to overcome some level of political influence in the election of union leaders, which was a common practice in the 1960s and 1980s where the government facilitated the election of political party members as union leaders (Arthiabah and Mbia 1995). During the 1969 extraordinary congress of the TUC, it unanimously upheld a constitutional provision to prevent trade union leaders from any form of mainstream political party engagements. In addition, trade union leaders perceived to have political linkage were voted out of office which is a way of removing the tainted image of the TUC from mainstream politics. It has also constrained some level of political influence on trade unions activities in Ghana in recent times (Arthiabah and Mbia 1995).

HRM in Ghana has assumed a strategic function in some sectors like the oil and gas, mining and the banking sectors, all dominated by foreign investment. Hansen-Thompson (2011) for example, in her studies of HRM practices in Ghana observed that it is in the financial sector that professional HRM systems and practices are likely to be noticeable due to the need for financial institutions to attract and retain highly qualified and talented employees. Thus, the HRM function has become a critical success factor for survival as a result of intense competition from foreign banks and financial institutions. However, despite the greater importance of the HRM function in recent times in some Ghanaian organizations, the HR manager is yet to assume a strategic management role or position at the top management level (Hansen-Thompson 2011; Ovadje and Ankomah 2013).

Even though HRM training and professionalization is not well structured and developed as compared to the Accounting and Marketing professions in Ghana, the establishment of the Institute of Human Resource Management Practitioners Ghana is currently advocating for the advancement and development of professional HRM training standards to regulate the HRM profession. It is expected that the establishment of a professional HRM regulatory board and HRM standards for the training of HRM professionals and managers would help improve

HRM practitioners' capabilities and professional HRM knowledge. In effect, the establishment of HRM professional training standards in Ghana for the training of HRM practitioners is likely to provide opportunities for the adoption of best HRM practices or aid the transfer of global best HRM practices into the Ghanaian economy by both domestic firms and MNEs.

3.4 Labour market conditions in Ghana

The labour market in Ghana is characterised into formal and informal sectors, with the informal sector constituting about 82% of the total workforce (low skills), whereas the formal sector occupies 18% of the workforce (high skills) (Darvas and Palmer 2014; Otoo, Osei-Boateng and Asafu-Adjaye 2009; Baah-Boateng 2004). According to the 2011 UNDP report (Darvas and Palmer 2014), Ghana with its total workforce of 12.7 million out of a total population of over 25 million is considered one of the few countries in the World with a youthful population with an average age of 20 years. Darvas and Palmer (2014) observed that labour mobility in Ghana's labour market is strategically challenging if not impossible. It is extremely difficult to move from the informal sector, which is characterized by low income and low skills to the formal sector which demands higher skills.

The labour market in Ghana has witnessed some significant changes over the last few decades. Baah-Boateng (2004) attributed the changes in Ghana's labour market to the liberalization of the economy resulting in the withdrawal of government control and support in major economic activities and the emergence of globalization. Despite the changes, Ghana's labour market is still dominated by the informal sector where the majority of the population are self-employed and about 50% of the total workforce are employed in the agricultural sector. Otoo, Osei-Boateng and Asafu-Adjaye (2009) report that due to the dominance of the workforce in the informal sector and the lack of formal employee-employer relationship it is challenging to provide employees with legal and social protection within the Ghanaian labour market.

Darvas and Palmer (2014) and Bawakyillenuo et al. (2013) suggest that the major constrain to Ghana's labour market is the serious paucity of vocational and technical skills formation. As a result, the majority (53.2 %) of the labour force have no formal vocational and technical skills training. It is estimated that only 1.2% of the total workforce has obtained higher level

technical and vocational training (Otoo, Osei-Boateng and Asafu-Adjaye 2009). To this end, one can only describe Ghana’s labour market situation as “*abundant in quantity little in quality*” which have major HRM policy implications for MNE subsidiaries and local firms. According to a survey conducted by the Ghana Employers Association (2006), cited by Darvas and Palmer (2014), computer and IT skills and teamwork skills were identified as major skills lacking among current employees in Ghana’s formal sector (see table 3.3).

Table 3.3: Identified skills shortages among employees in Ghana

Computer and information Technology	46.7%
Career planning and development	40.0%
Customer relations	40.0%
Management	40.0%
Problem-solving/Analytical	36.7%
Technical or Practical	30.0%
Literacy	16.7%
Numeracy	10.0%

Source: GEA, 2006 cited by Darvas and Palmer (2014)

Low levels of wages, and wage disparity, continue to be a significant feature of Ghana’s labour market conditions. A large number of the workforce employed within the formal sector face problems like low income and job insecurity, the current national daily minimum wage of GH 8.00 is still below US \$2. Interestingly, employees in the informal sector earn less than the daily minimum wage as stipulated by law. It is also estimated that one-tenth of workers employed in the public sector earn wages even below the national poverty level (Otoo, Osei-Boateng and Asafu-Adjaye 2009). Income inequality remains an important feature of Ghana’s labour market (Baah-Boateng 2004; Otoo, Osei-Boateng and Asafu-Adjaye 2009). For example, HAYS (2013) conducted a large survey on oil and gas global salaries’ trend in 53 countries, and reported that Ghanaian workers are among the lowest paid employees in the World. The same study further revealed that local workers earned an average salary of US \$26,800 a year as compared to expatriates or foreign nationals who earn an average salary of \$128,500 a year representing a salary disparity of 379.48% between local employees and foreign nationals. However, to overcome job insecurity, the labour law clearly mandates that employment relationships be formalized in a written contract within six months of employment (Labour Act, (Act 651) 2003).

Another feature of Ghana's labour market is the regulation of non-wage benefits that forms an important part of employee compensation and reward schemes. For instance, paid sick leave, maternity leave, annual paid leave and social security contribution are mandatory or statutory, while free transport, subsidized housing, compassionate leave, interest free loans can be achieved through collective bargaining with the employer (Debrah 2013; Otoo, Osei-Boateng and Asafu-Adjaye 2009). While the Pension Act stipulates that the employer contribute towards social security, available evidence suggests that only 31% of employees have social security in Ghana (Ghana Living Standard Survey (GLSS) 2005/2006). The GLSS also revealed a positive correlation between access to social security, paid sick leave, maternity leave, annual paid leave and written contract of employment and the presence of a trade union at the workplace, likewise other non-statutory benefits. Arguably, the GLSS provided evidence to suggest that trade unions in Ghana have some level of influence in the design, adoption and delivery of certain HRM practices, especially in the area of employee training and compensation and reward schemes.

In Ghana access to social security though mandatory, is heterogeneous among different sectors of employment. Evidence from the GLSS (2005/2006) suggest that access to social security is high (67.7%) for workers within the real estate and financial sectors, followed by utilities and mining in that order, whereas construction (12.4%), communication and transport (12.2%) and trade and commerce (11%) recording low in access to social security (Otoo, Osei-Boateng and Asafu-Adjaye 2009). This could be explained by the low presence of trade unions in the construction, transport and communications and trade and commerce sectors and reinforces the influence of trade unions in Ghana's labour market. Several studies consistently provide evidence to suggest that workers in non-unionized workplaces enjoy less remuneration compared to workers in unionized workplaces in Ghana (Baah-Boateng 2004; GLSS 2005/2006; Otoo, Osei-Boateng and Asafu-Adjaye 2009; TUC 2012¹²).

Ghana's Labour Act covers a wide-range of issues concerning the management of employment relationship (see table 3.4). The 2003 Labour Act (Act 651) strengthens employees and labour unions by establishing legal regulations mandating employers to invest in employees training and retraining. Despite such established employee training standards, workplace training continues to receive little or no attention in most Ghanaian organisations.

¹² Trade Unions and Industrial Relation in Ghana (2012), prepared by the TUC in partnership with ROSA Luxemburg Stifting Foundation

For instance, the Labour Act stipulates the training and retraining of workers by the employer as a means of productivity improvement, only few Ghanaian organizations provide training for their employees. Indeed, several studies including the 2004-2005 Ghana Living Standard Survey and more recent studies by Otoo, Osei-Boateng and Asafu-Adjaye (2009) reports that the presence of trade unions in workplaces in Ghana enhances the chances for workers to receive training compared to non-unionized workplaces.

Table 3.4: Employment issues regulated under Ghana’s Labour Act (2003) Act 651

-
- (a) Public Employment Centres and Private Employment Agencies
 - (b) Protection of Employment
 - (c) General Conditions of Employment
 - (d) Employment of Women
 - (e) Employment of Young Persons
 - (f) Fair and Unfair Termination of Employment
 - (g) Protection of Remuneration
 - (h) Special Provisions Relating To Temporary Workers and Casual Workers
 - (i) Trade Unions and Employers’ Organisations
 - (j) Collective Agreement
 - (k) National Tripartite Committee
 - (l) Forced Labour
 - (m) Occupational Health, Safety and Environment
 - (n) Labour Inspection
 - (o) Unfair Labour Practices
 - (p) National Labour Commission
 - (r) Strikes
-

The labour market conditions in Ghana have implications for MNE subsidiaries in the design, adoption and implementation of their HRM practices due to the highly regulated labour market conditions, especially in compensation and reward schemes, training and development and the influence of trade unions through formal collective bargaining arrangements. On the one hand, despite the highly regulated labour market, available evidence suggests that the regulatory system within the Ghanaian labour market is weak due to the lack of enforcement and likely to create ‘free rider’ avenues for MNE subsidiaries in the architecture, adoption and diffusion of their HRM policies and programs to their subsidiaries.

3.5 Trade unions and industrial relations system in Ghana

Three main actors constitute the IR architecture in Ghana, namely (i) the State, (ii) labour unions and (iii) employers association.

Government - the government of Ghana plays a dual role within the IR structure as a referee between employers and organized labour and also as an employer – the State is the single largest employer in Ghana. It is the responsibility of the government to design labour policies and ensure such policies are implemented successfully to maintain a peaceful industrial relations environment. These responsibilities of the State are carried out and administered by four different public sector institutions, under the supervision of the Ministry in-charge of Employment and Labour Relations (MELR). These four main institutions comprise (i) National Labour Commission (NLC) (ii) Fair Wages and Salaries Commission (FWSC) (iii) Labour Department and (iv) Factories Inspectorate Division.

(i) NLC - the enactment of the 2003 Labour Act (Act 651) gave birth to the NLC. The Commission has the powers of a High Court in the adjudication of all employment relations disputes and as such all industrial disputes settled by the NLC is binding on all parties. The NLC has two major responsibilities to (i) investigate labour complaints and (ii) settle all forms of employment relations disputes.

(ii) FWSC - public sector workers salary administration has been fragmented leading to many industrial disputes in Ghana. To ensure fairness in salary administration as the name implies, the Fair Wages and Salaries Commission was established by (Act 737) in 2007 with the mandate (i) to ensure fairness in wages, benefits, allowances, classification, grading of all public sector workers (ii) advise the State or government on salary related issues and (iii) carry out negotiations with public sector workers on compensation and other benefits.

(iii) Labour Department - the labour department was established under the 2003 Labour Act (651) with the main responsibility of enforcing employment and labour laws in Ghana.

(iv) Factories and Inspectorate Division - in line with the 1970 Factories, Offices and Shops Act (Act 328), the Factories and Inspectorate division was mandated to ensure the safety and health of all employees. As such, the factories and inspectorate division must ensure the promotion of good work practices of general environmental, health and occupational safety at the workplace. They have the mandate to conduct routine inspections in every workplace in Ghana to ensure the basic environmental, health and occupational safety issues are maintained.

Labour unions - the second main actor within the Ghanaian IR landscape is organized labour, which involves all labour unions from the TUC, the Ghana Federation of Labour (GFL) and non-affiliate trade unions. The TUC comprises of eighteen (18) different trade unions, while the Ghana Federation of Labour consists of nine (9) trade unions. The non-affiliate trade unions stand at six (6). In all, there are thirty-three (33) recognized trade unions in Ghana. It is interesting to note that out of the thirty-three (33) recognized trade unions; only nine (9) trade unions have collective bargaining certificates in Ghana¹³.

Ghana Employers Association - the third actor within the employment relations system in Ghana is the Ghana Employers Association (GEA) founded in 1959 with over one thousand (1000) members comprising of eight (8) business associations and individual enterprises. The eight (8) business associations include: Ghana Association of Stevedoring Companies (GASCO); Council of Indigenous Business Association (CIBA); Association of Rural Banks (ARB); Ghana Timber Millers Organisation (GTMO); Ghana Association of Women Entrepreneurs (GAWE); Ghana Poultry Farmers Association (GPFA); Association of Business Executives (ABE); and Ghana Chamber of Mines (GCM). The aim of the GEA is to come together to champion the interest of their members.

Notes

Sector based trade unions in Ghana with Collective Bargaining Certificate

1. Civil and Local Government Staff Association of Ghana (CLOSSAG)
2. Polytechnic Administrators Association of Ghana (PAAG)
3. Inspection and Control Services Enterprise Based Union
4. Association of Environmental Health Assistants Ghana (ASHEHAG)
5. Central University Teachers Association
6. Ghana Registered Nurses Association (GRNA)
7. Senior Staff Association of Ghana Post Company Ltd.
8. Judicial Service Staff Association of Ghana (JUSAG)
9. Ghana National Association of Teachers (GNAT)

Trade unions in Ghana without Collective Bargaining Certificate

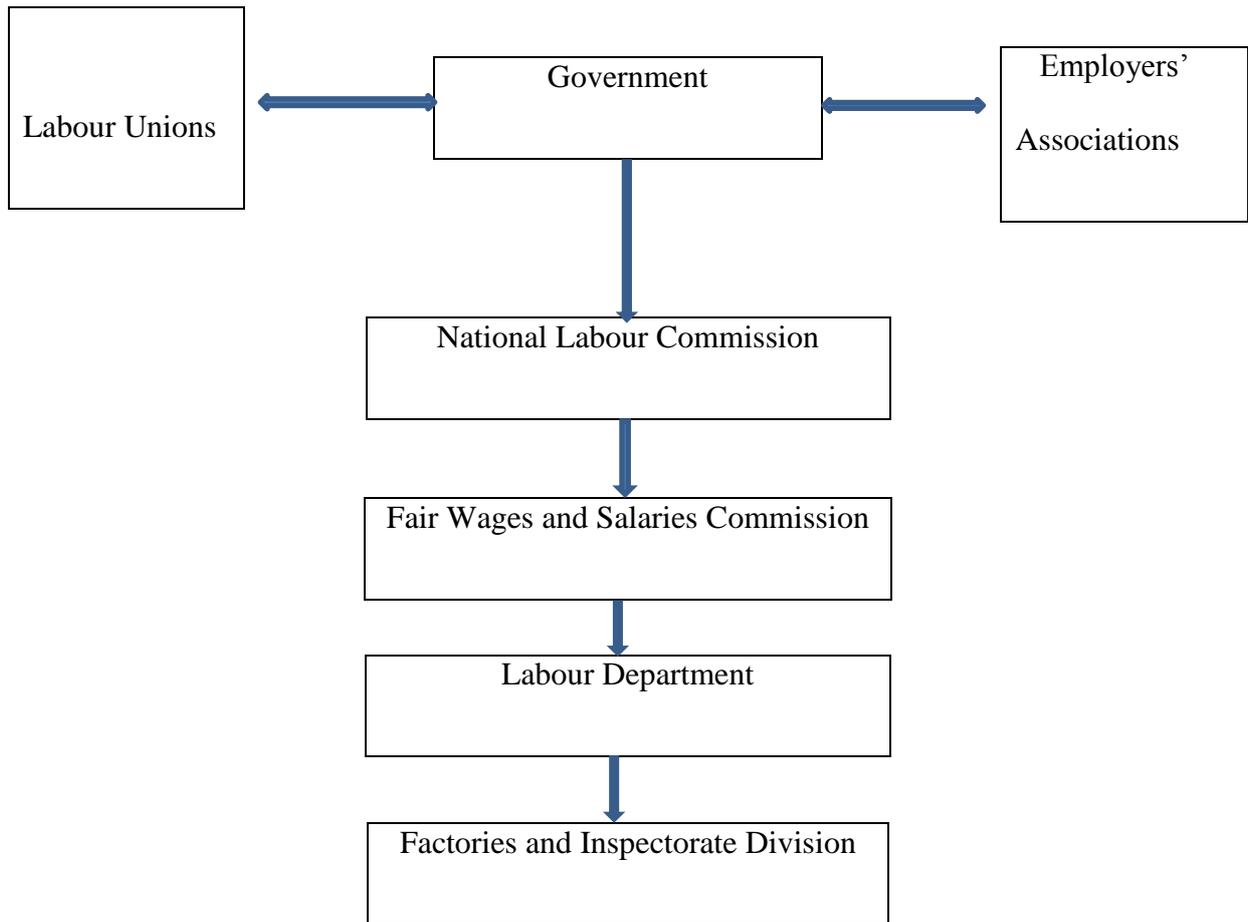
1. Coalition of Concerned Teachers, Ghana.
2. Government and Hospitality Pharmacists Association
3. Polytechnic Teachers Association of Ghana (POTAG)
4. National Association of Graduate Teachers (NAGRAT)
5. Ghana Medical Association (GMA)

Enterprise based trade unions with Collective Bargaining Certificate

1. UT Financial Services Staff Association
2. Senior Management Staff of GBC
3. Senior Staff Association of Ghana International School
4. Scancom Local Staff Association
5. Carl Tiedman Stevedoring
6. Meridian Port Services
7. Blue Skies Staff Association

Source: Labour Department cited by TUC, 2012

Industrial relations structure in Ghana



Source: Author's construct, 2016

Fig. 3.2: Industrial relations structure in Ghana

Historically, trade unions in Ghana can be traced back to the British colonial administration era. However, modern unionism in Ghana has its roots from the Israeli trade union system of corporatism, where trade unions became actively involved in social and economic activities in the development of Israel in the early part of the country's development (Obeng-Fosu 2007; Arthiabah and Mbia 1995). Trade unions in Ghana were seen as corporatists in social and economic development, which led to the TUC involvement in the provision of affordable housing, the sales and distribution of consumables to workers, the establishment of vocational and technical training centres amongst others (Arthiabah and Mbia 1995). This accorded trade unions in Ghana some substantial amount of social legitimacy. As a consequence, trade unions became powerful and influential organizations in Ghana.

Nonetheless, the TUC lost its influence and social legitimacy in Ghana due to their active involvement in mainstream politics during the political struggle for Ghana's independence and their alignment with the CPP government. After the overthrow of the CPP government in 1966, the face of trade unionism in Ghana dramatically changed from a corporatist oriented organization to one of union militancy (Arthiabah and Mbia 1995). Debrah (2013), for example, argues that there is managerial opposition towards trade unions in many private sector organizations including MNEs. Trade unions in Ghana have been noted to infringe on certain managerial prerogatives, coupled with their militancy nature and strike-prone tendencies. Hamill (1984) coined the term "Strike-proneness" which measures the frequency of strikes in a particular organization or country (See Dowling, Festing and Engle 2008). Industrial strikes have been a perpetual occurrence in Ghana since the pre-colonial and post-colonial era. Between 1992 and 2003, Ghana recorded a total of 389 strike actions in both the public and private sector (Obeng-Fosu 2007). Presently, Ghana has an undesirable record in terms of the frequency of industrial strikes in the West African sub-region for the past decade with an average of over 35 strike actions per annum (Obeng-Fosu 2007).

Notwithstanding the numerous legal guarantees in some countries and the high rate of unionism in the formal public sector, the density of trade unions in general is declining across the globe (Budd, Gollan and Wilkinson 2010). There is a developing trend of trade union avoidance amongst foreign MNEs and private local firms in Ghana. According to the NLC (2011), many FDI firms operating under the free trade zones scheme adopt strategies (anti-union initiatives) to avoid the formation of trade unions due to the militancy nature of trade unions in Ghana. Trade unions in Ghana are unevenly distributed across the different

industries. For instance, unionization in the utilities (75%) and mining (64.8%) sectors is relatively high, while trade and commerce (11.1%) and construction (6.6%) recorded the lowest number of union members (Otoo, Osei-Boateng and Asafu-Adjaye 2009). Arguably, the high rate of unionism in the utilities sector could be attributed to the government control of the sector unlike trade and commerce and the construction sectors, which are in the hands of the private sector.

Another important feature of collective bargaining is that negotiations are carried out by a standing committee, which involves union representatives and management. The collective bargaining agreement usually covers: basic salary, allowances, annual increments, dismissal, terminations, and redundancies in addition to other social and welfare needs like: medical care, employee children education, transportation and housing allowance among others (Otoo, Osei-Boateng and Asafu-Adjaye 2009; Debrah 2013). In addition, a socio-cultural dimension of collective bargaining agreement has been observed by Davies (1991), in his study of institutional impediments to workforce retrenchment and restructuring in Ghana. Davies (1991) found that collective bargaining agreement also covers certain customary or traditional practices like the provision of a coffin and bottles of assorted drinks for a deceased employee (see also Debrah 2013). Possibly, these could have policy implication for MNEs in the design and delivery of their compensation and reward schemes and employee involvement practices.

Moreover, the Labour Act 2003, (Act 651), clearly stipulates the settlement of any industrial disputes during collective bargaining negotiations. These include: in-house resolution mechanisms, third party mediation, arbitration and compulsory arbitration, the NLC plays a crucial role during industrial disputes. For instance, if the dispute between unions and management cannot be resolved, application is made to the NLC for the appointment of third party mediators or arbitrators. All industrial disputes settled by the NLC are binding on all parties as mandated by the Labour Act. However, due to institutional weaknesses and other challenges, the NLC has not been able to perform its mandate to ensure the compliance of the various industrial dispute resolution mechanisms in Ghana leading to the lack of confidence in the NLC by trade unions and firms. In effect, the highly regulated employer-employee relationship through the numerous labour laws and industrial relations laws could encourage high employee consultations, dialogue and employee involvement through trade unions in workplaces in Ghana.

3.6 Education and vocational training system in Ghana

The education and vocational training system in Ghana comprises basic and secondary education and tertiary level education, including vocational and technical training, are challenged with quality and access problems coupled with disparities at intra-regional levels as well as gender exclusion (Darvas and Palmer 2014; Ministry of Education 2012; Akyeampong et al. 2007). Other challenges include: poor infrastructure, low quality of teaching and learning, poor quality of technical and science education and poor management and the lack of supervision among others (Darvas and Palmer 2014; Bawakyillenuo et al. 2013; Ansah and Kissi 2013; Morley, Leach and Lung 2009; Rolleston and Oketch 2008).

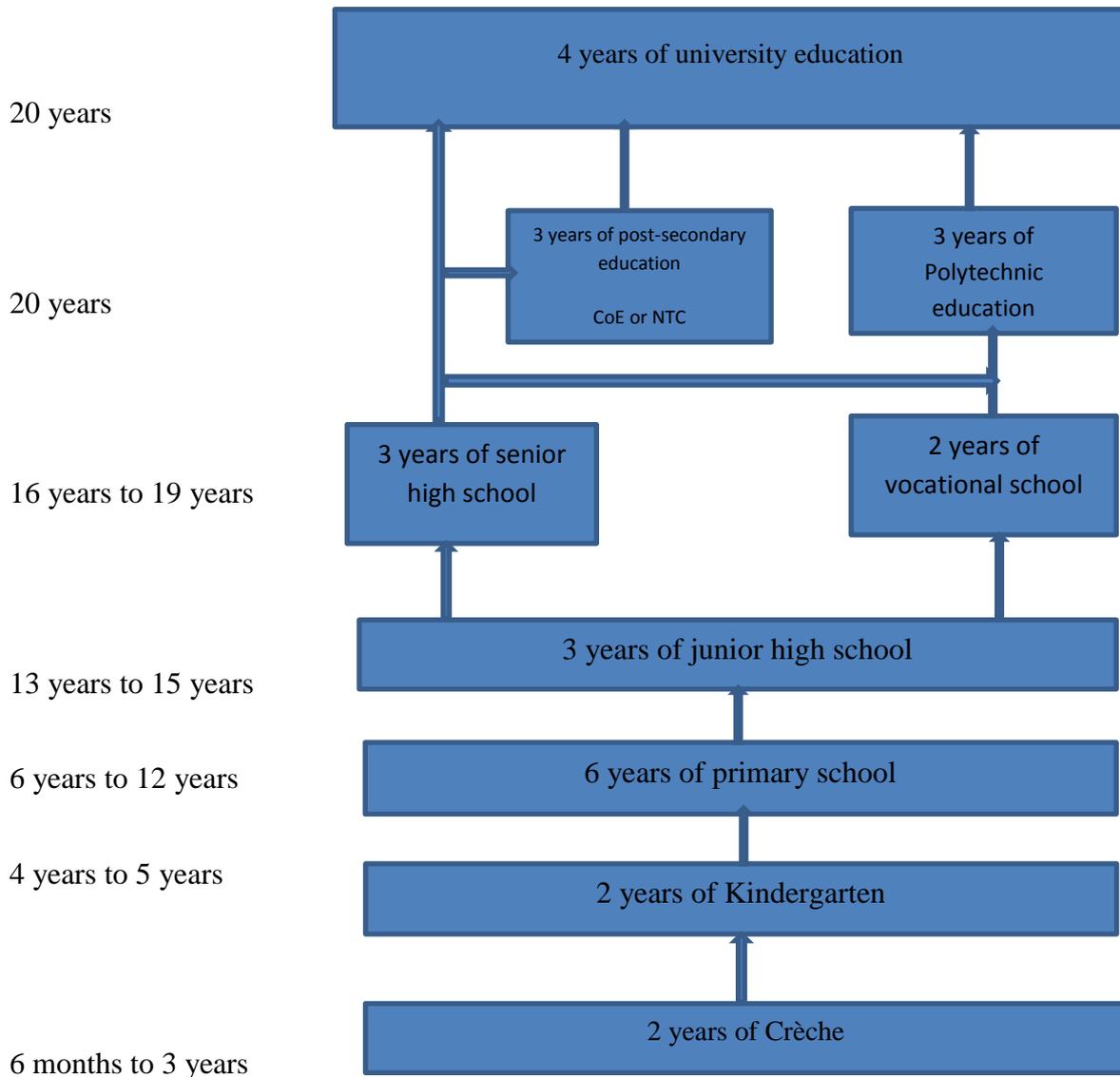
Bawakyillenuo et al. (2013) and Darvas and Palmer (2014) noted that one of the major constraints to Ghana's labour market is the serious paucity of vocational and technical skills formation in Ghana's education and training structure¹⁴. The AfDB and OECD (2008) and Darvas and Palmer (2014) however suggests that school enrolment has improved significantly at the basic levels and gender parity at the primary school levels. A study by UNICEF provides evidence to suggest that about 800, 000 children still do not have access to basic education in Ghana (UNICEF 2014). In a similar vein, the World Economic Forum (WEF) (WEF 2014) on global competitiveness has ranked Ghana's education system below international standards in its survey of 144 countries. The WEF study focused on a nation's global business competitiveness in terms of education and training, innovation, good market efficiency amongst others as a source of productivity and prosperity drivers of every country.

¹⁴ Notes

Education in Ghana has 6 main stages: kindergarten, primary, junior high, senior high/ vocational and technical schools, polytechnics and universities.

1. 2 years of kindergarten: no award of certificate
2. 6 years of primary school: no award of certificate
3. 3 years of junior high school: Basic education Certificate
4. 3 years of senior high school: Senior Secondary School Certificate
Or
2 years of vocational and technical school: NVTI certificate,
5. 3 years of post-secondary school: Diploma in Education, Diploma in Nursing
Or
3 years of Polytechnic education: High National Diploma Certificate (HND)
Or
2 years of polytechnic education: Diploma certificate (DBS)
6. 4 years of university education: Bachelor's degree, 1-2 years Master's Degree, 3-4 years PhD

Fig. 3.3: Typology of education and vocational training structure in Ghana by Age



Sources: Author's construct (2016)

*CoE- College of Education

*NTC- Nursing Training College

Ansah and Kissi (2013) and Darvas and Palmer (2014) observed that the most noticeable form of vocational education and technical training in Ghana is the traditional (informal) apprenticeship system which is driven by informal practical skills training at the community or family levels without government support. Darvas and Palmer (2014) contends that majority of Ghanaians acquire their vocational and technical skills via informal

apprenticeship system. It is estimated that between 60% and 80% of vocational and technical skills development within Ghana's labour market is through the traditional apprenticeship system (Darvas and Palmer 2014; Ansah and Kissi 2013). Moreover, due to high (at about 60%) school dropout rates at the basic and secondary levels (Akyeampong et al. 2007), students consequently enter into the traditional apprenticeship system with little or no formal education (Darvas and Palmer 2014). It is worth noting that Technical and Vocational Education Training (TVET) system is currently suffering from fragmentation under varied State institutions – Ministries, Agencies, Departments, and private institutions, leading to each institution offering and developing different curricula and programs (Darvas and Palmer 2014; Bawakyillenuo et al. 2013; Ansah and Kissi 2013).

The failure of the State to coordinate the activities of TVET system has resulted in a mismatch between TVET programs and industry skills requirements; similar mismatches are also prominent between Universities, Polytechnics and industry needs (Darvas and Palmer 2014; Ansah and Kissi 2013; Bawakyillenuo et al. 2013). Although, efforts have been made to increase access, improve infrastructure and teaching and learning at all levels of the education system, quality issues still remain a major challenge (Darvas and Palmer 2014). TVET institutions do not support high level of professional technical skills and knowledge at both the operational and middle management levels (Bawakyillenuo et al. 2013).

3.7 The local content policy framework in Ghana

Governments in oil-producing countries in Sub-Sahara Africa including Ghana are under intense pressure from civil society groups, policy think tanks and international development partners to enact local content policies to drive maximum benefits from the extractive sector (Kragelund 2016; Hansen et al. 2016; Ngoasong 2014; Farooki 2012; Kazzazi and Nouri 2012; Fessehaie 2012). Indeed, one area that could pose constraints to MNEs' HRM practice configurations in Ghana is the local content law, which is concerned about the participation of Ghanaians in all activities of foreign companies operating in the extractive sector. The major feature of Ghana's local content policy framework is its lack of homogeneity in all sectors of the economy. The law is only prominent in the oil and gas sector and is not applied in other strategic sectors like mining and manufacturing where MNEs also operate. This is the case despite local content laws being established under the revised Minerals and Mining Act 703 in 2006, mandating MNEs to invest in the training and development of local

workforce managerial skills and also limit MNEs staffing of expatriates in their Ghanaian operations (Oppong and Gold 2013). Implicitly, MNEs in the mining sector has capitalized on the country's lack of local managerial expertise to increase the staffing of expatriates in their operations (Eshun and Jellicoe 2011). The implications of the local content laws are likely to affect MNEs with operations within the oil and gas industry compared to MNEs in other sectors.

The local content and local participation in petroleum activities policy framework (2010)¹⁵ define: *“Local content and participation as the level of use of Ghanaian local expertise, goods and services, people, businesses and financing in oil and gas activities”* (p.2). The local content regulation mandates all foreign firms operating in the oil and gas industry to consider the local content policy framework in their policy development and management processes. The law further mandates foreign firms to have a local content plan which shall be assessed and revised annually. In addition, the law requires foreign firms to submit annual local content reports to the national local content committee for assessment.

The employment and training of Ghanaians within the local content policy framework necessitate foreign firms within one year to submit a comprehensive annual recruitment and training (ART) program for the recruitment and training of local workforce in the three main job categorizations – management, key or core technical and other staff – for approval by the relevant regulatory authority. Arguably, this policy implies that foreign firms would have to develop training policies and programs and their recruitment processes in consultation with the national local content committee, which could pose some policy implications for MNEs in the design and implementation of their HRM policies and practices as well as HRM practice diffusion. In addition, the annual recruitment and training program shall be as follows: (a) at least 50% of management positions shall be Ghanaians within the first year of operations, this will increase to 80% within 5 years of operation; (b) in terms of core technical staff, at least 30% shall be Ghanaians for the first year of operations and increased to 80% after five years, and finally to 90% after 10 years of operations; and (c) for other staff, 100% shall be Ghanaians from the start of operations (local content policy framework 2010).

¹⁵ Ministry of Energy, Local Content and Local Participation in Petroleum Activities –Policy Framework, February 26th, 2010

Moreover, with respect to employee training, a further legal requirement within the local content policy framework compels foreign firms to formulate training programs for the training of its local workforce and submit the plan to the national local content committee for approval as part of the ART Program. Where such proposed program has been approved by the regulatory authority, it may not be changed without the authorization of the regulator. The law further mandates foreign firms to submit quarterly reports on the implementation of the training program. More importantly, the regulator must ensure part of the skills training programs are undertaken in a local institution (local content policy framework 2010). Explicitly, the impact of the local content law is that it may favour investment in employee training and development and long-term HRM planning. Therefore, in order for MNEs not to lose their investment on employee training and development, they are likely to create attractive employee retention policies for employees to stay.

3.8 Socio-cultural characteristics and HRM practices in Ghana

HRM is not carried out in a vacuum, but within organizations which are part of the societal structures, both internal and external organizational factors shape and influence the design and adoption of certain HRM policies and programs in different countries (Hofstede 1980; Budhwar and Sparrow 2002; House et al. 2004; Tayeb 2005; Stone, Stone-Romero and Lukaszewski 2007). HRM cannot be detached from the shared values, beliefs, norms, customs, laws and habits of people as members of the society (Rawat 2007). The Ghanaian culture is multidimensional owing to the combined influences of Christianity, Islam and traditional tribal religion (Nukunya 2003; Debrah 2013). Some of the major host institutional characteristics likely to influence HRM policies and practices include the Ghanaian cultural values, kinship system, respect for age and social status and the importance of the wider family relationship – the definition of a family in Ghana could be flexible and extensive, a family within the Ghanaian context could mean, a brother or sister from the same ethnic group or village (Nukunya 2003). For instance, many cultural Anthropologists including Nukunya (2003) have opined that Ghanaians view the family as the bedrock of society. A recent study by Hansen-Thompson (2011) revealed that HRM practices in many Ghanaian organizations are still largely guided by certain Ghanaian societal cultural values and belief systems.

The various diverse cultural beliefs and assumptions play a crucial role in how organizations recruit and select its workforce. In most cases, recruitment and selection are done on ethnic or tribal lines, where key positions are usually filled with close relatives, political party members and family members (Debrah 2013; Hansen-Thompson 2011). Favouritism in the recruitment and selection processes has assumed an alarming dimension, more specifically in the public or civil service, where the ethnic or family and political party character of a new manager assumes so quickly in the organization, which has become a norm in Ghana and in most African countries (Ovadje and Ankomah 2013; Kamoche 2013; Debrah 2013). One implication of such cultural practice is that it creates problems for managers to maintain fairness, procedural justice and the principles of meritocracy in recruitment and selection, performance management, promotions, employee retention and training and career development. This may also be attributed to the low productivity and low performance orientation in most Ghanaian organisations (Ohemeng 2009; Debrah 2013). Remarkably, kinsmen and family members frequently visit the homes of managers to plead on behalf of employees to avoid disciplinary actions which also have implications on the application of certain HRM standards by managers. The system therefore cast serious doubts on the proper application of the principles of procedural justice and fairness in many organisations.

In addition, performance management is another HRM practice, which has been influenced by the Ghanaian culture (Ohemeng 2009) and it is challenging for most Ghanaian employees to accept the Western model of performance management in most organizations. The Western model of performance management which focuses on management-by-objectives (MBO) and given feedback, however, this Western HRM model of performance management is inconsistent with the Ghanaian traditional values, where a manager cannot be critical in the presence of his or her subordinates or as a result of “*saving face*” (Ohemeng 2009; Debrah 2013). Therefore, providing negative feedback for employee improvement is a difficult task for most managers and supervisors, as employees consider such feedback as an attempt by managers and supervisors to ruin their careers (Ohemeng 2009; Hansen-Thompson 2011; Ovadje and Ankomah 2013; Debrah 2013). This cultural practice is likely to lead to the lack of fairness and credibility in performance appraisal information making the implementation of performance related compensation and benefits scheme challenging if not impossible.

Many of the Ghanaian traditional values still continue to be important in contemporary work settings and in compensation and rewards schemes. For instance, many Ghanaian

organisations have introduced certain compensation and benefits schemes, which reflect the Ghanaian traditional value of showing solidarity (Nukunya 2003) to individuals and their families during challenging times (Hansen-Thompson 2011; Debrah 2013; Ovadje and Ankomah 2013). Most organizations provide employees with funds and compassionate leave to help them give a befitting burial to their lost family members. Coffins and assorted drinks are provided to deceased employees on the day of the funeral and this socio-cultural practice has become embedded in collective bargaining agreements. Davies (1991) argue that collective bargaining agreement also covers certain customary or traditional practices like the provision of a coffin for a deceased employee, bottles of assorted drinks during the final funeral rites. Despite the financial implications of these practices, workers further expect their managers and supervisors to be present during such funeral ceremonies. The presence of managers during such funeral ceremonies strengthens employee commitment and the family spirit. Thus, implementing such HRM practices also requires time and management commitment.

One distinctive feature of Ghana's culture is the respect for the elderly which has considerably shaped power and authority at the organizational level (Nukunya 2003; Van Wasbeek 2004; Hansen-Thompson 2011). It is believed that during the early stages of the socialization process, individuals are taught to respect the elderly because in a typical African society, old age is equated with wisdom and experience, therefore, a younger person cannot challenge the decision or authority of an elderly person (Nukunya 2003; Van Wasbeek 2004). Van Wasbeek (2004) argues that the primary source of social status and authority in any African society is age and experience. Nukunya (2003) maintained that in most Ghanaian societies, respect for age is also translated into respect for social status such that people in top management positions are regarded as elders in the organization. This sometimes creates unhealthy relationships for leadership and managers in organizations in which highly qualified and talented young employees are promoted to top management positions. It has generally been observed that many Ghanaians prefer to have older persons as their managers than younger persons due to this culture of respect for the elderly (Nukunya 2003). As in the case of most African societies, Ghana is a masculine society (Hofstede 1980), the culture assigns women with an inferior social status and this affects the female superior-subordinate relationship in most organizations. It has therefore created the widespread lack of acceptability for women in top management positions (glass ceiling) despite the establishment of equal employment opportunity laws to overcome such gender-

discriminatory practices (Nukunya 2003; Hansen-Thompson 2011; Debrah 2013; Ovadje and Ankomah 2013).

Although, religious establishments in Ghana, during the pre-colonial and post-independence periods, were noted for their active involvement in the provision of social and economic (not for profit) activities – hospitals, schools, agricultural extension services and other social amenities aimed at improving the plight of the vulnerable and the marginalized in society. However, a new dimension of religious organizations has emerged within the business ownership structure in Ghana, with greater focus on business activities for the purposes of profit-making. These changes in the activities of religious establishments prompted the Christian Council of Ghana (2014) press release where the Council contended that the rise in the number of religious institutions within the business ownership structure, especially in the banking, manufacturing, transportation, media, tourism, agricultural and the services sectors in general, has casted serious doubts on the actual role of the church in modern Ghanaian society. It is now estimated that about 15% of SMEs in Ghana are owned and managed by religious institutions with profit making motives (Christian Council of Ghana 2014).

These religious establishments have shaped the way certain employment practices are designed and implemented, especially employee staffing, performance appraisals, employee involvement and communication and compensation and benefits schemes. Recruitment and selection into religious establishments are driven by employee's religious affiliations and the church becomes the main staffing source, as advertisement of employment opportunities is limited to only church members. The implication is that this staffing source limits firms' access to a large talent pool within the Ghanaian labour market. In addition, employee performance appraisal, promotions, compensations, employee involvement and communication, training and career development opportunities are all determined by the contribution of employees to the activities of the church with little or no consideration of employees non-church related work performance which affects the proper application of professional HRM systems and practices.

3.9 Chapter summary and implication for MNEs' HRM practice arrangements

The literature review in chapter two lends support to the importance of institutional profile (Kostova and Roth 2002; Kostova, Dacin and Roth 2008) and its influence in the design and implementation of MNEs' HRM practice arrangements. The literature also maintained that the institutional profile of a host-country could provide opportunities or constraint for MNEs seeking HRM localization or HRM standardization strategy (Rosenzweig and Nohria 1994; Sayim 2010; Mellahi et al. 2013). This therefore gives credence to the institutional conditions and socio-cultural arrangements of the Ghanaian national business system. To explore the nature of local isomorphism within the Ghanaian institutional settings, it is important to understand the country's regulatory, cognitive and normative institutional context (DiMaggio and Powell 1983; Scott 2001; Kostova and Roth 2002). The complexities within the geopolitical dynamics and its embedding on formal (the economy, labour market dynamics, local content laws, trade unions, education and vocational training system) and informal (political connections, wide-spread corruption, cultural values and belief systems) institutional settings constitute the institutional profile of the Ghanaian business environment. The regulatory institutional setting in Ghana reflects rules and legislations governing collective bargaining agreement, trade unions, local content policy and general employment relationship. The cultural or cognitive institutional settings acknowledge widely held cultural and social knowledge, beliefs, values, assumptions and attitudes and the normative institutional setting support the influence of social or professional groups and organizations on acceptable normative behaviour. It is fundamental to note that the institutional profile of Ghana could provide opportunities or limit the standardization of HRM practices by MNEs or affect MNEs desire to diffuse best HRM practices to the subsidiaries.

In conclusion, the implication for local isomorphism is that MNEs are likely to respond to a host-country institutional setting by conforming to these when they design their HRM policies. This occurs when isomorphic pressures within a host national institutional setting are strong to coerce MNE subsidiaries to conform. The activities of strong host-country national institutions like labour laws, local content laws and regulations can impose coercive HRM policy designs on MNEs with little or no opportunity for manipulations or otherwise to avoid such isomorphic pressures. For instance, the compliance with the national daily minimum wage fixed by the national tripartite committee which comprises of the employer, employee and government, local content laws and the application of collective bargaining

agreement in the management of compensation and benefit schemes. This could impose coercive isomorphic pressure on MNE subsidiaries, whereas the numerous socio-cultural practices such as respect for power and authority, and the inability of the universities and vocational institutions to train qualified technical workforce. This imposes certain cognitive and normative isomorphic pressure on how MNEs design and implement their HRM practices and also in terms of HRM practice transfer. These challenges point towards significant modification of MNEs' HRM configurations in Ghana and barriers to MNEs in the diffusion of best HRM practices into the country. Thus, the need to conduct an in-depth case study with the aim of exploring how a host-country's regulatory, cognitive and normative institutional settings impact MNE subsidiaries' HRM arrangements and diffusion. The next chapter provide an overview of the methodology employed in the study.

CHAPTER FOUR

RESEARCH METHODOLOGY

4.0 Introduction

There has been increasing interest in investigating the impact of host-countries national institutional settings on MNE subsidiaries' HRM configurations. Organizations gain local legitimacy when they adapt to host-countries national institutional conditions (see Sidani and Al Riss 2014; Ferner et al. 2011; Bjorkman et al. 2008; Rosenzweig and Nohria 1994). There has been substantial evidence in the extant literature to suggest that MNE subsidiaries could be coerced to adapt HRM policies and programs similar to local practices due to local isomorphic pressures originating from the host-country national institutional setting (Mellahi et al. 2013; Gaur, Delios and Singh 2007).

This study seeks to explore how the regulatory, cognitive and normative institutional settings influence MNE subsidiaries' HRM policies and practice arrangements. Whereas chapter two provided the theoretical lens and the literature review of host-country national institutional settings and how they influence MNEs' HRM configurations, chapter three examined specific characteristics and conditions of the Ghanaian national institutional settings as a way of shedding light on the study context. This chapter provides the justification for the choice of case study design. Research methodology and design has become a critical success factor in contemporary business and management research as it underpins the validity and reliability of the research findings. Fundamentally, for research to be relevant as well as in advancing the frontiers of knowledge in contemporary business and management, the methodology and research design must be systematic and logical as suggested by Saunders, Philip and Thornhill (2009).

The choice of a case study design and qualitative research techniques were underpinned by the exploratory nature of the research questions coupled with the limited nature of HRM research in Ghana. A case study design and qualitative research techniques have the potential to provide in-depth information to examine in detail how the national institutional – regulatory, cognitive and normative – settings influence MNEs' HRM configurations. Also to explore the constraints and opportunities available to MNE subsidiaries in the diffusion of best HRM practices between the home and host-country.

The organization of the chapter is as follows. The first part of the chapter aims to provide an overview of the research methods and design processes applied. It discusses the role and contribution of research philosophy to the understanding and the advancement of knowledge. The chapter further outlined the contribution of research philosophy to the choice of the research approach and strategy employed. The rest of the chapter will address other methodological issues such as time perspective, the data collection procedure, validity and reliability issues, ethical considerations, access to data collection and an outline of how documentary records and in-depth face-to-face interviews data were analysed.

4.1 The research paradigm

Research philosophy is an important and crucial part of the research process due to its contribution to understanding knowledge development (Bryman 2008). Saunders et al. (2009) and Bryman (2008) note that the basic assumptions of the way researchers' view the world, is contained in the research philosophy they adopt. Research philosophy underpins the choice of research approach, strategy and methods as part of the overall research process which is a reflection of the values of the researcher. Heron (1996) cited by Saunders et al. (2009) conceptualized that human actions are shaped and influenced by individual values. It is important to note that the credibility of any research findings depends on the role of the researcher's values in the research process. Saunders et al. (2009) and Johnson and Clark (2006) argue that business and management researchers ought to be mindful of their commitment to research philosophy through the research strategies and research approaches they employ in conducting research due to its relevance on the issue or problem being investigated.

Research philosophy employed by researchers is usually influenced by certain practical considerations (Bryman 2001, 2008). According to Saunders et al. (2009), a researcher's understanding of the connection between knowledge and the processes by which that knowledge is developed is most likely to fuel the choice of research philosophy. Despite Saunders et al. (2009) four typologies – positivism, realism, interpretivism and pragmatism – of research philosophy, two broad categorizations dominate business and management research, these are positivism and interpretivism. Bryman (2001, 2008) acknowledges positivism as a research philosophy, which reflects the study of social reality within the tradition of the natural scientist, whereas, interpretivism is described by Bakker (2010) as the

study of social reality driven by the way humans make sense of the social settings around them.

King (2004) maintained that interpretivism has been a major research philosophical tradition, which has contributed meaningfully to the development of qualitative research and social science research in general (see also Bryman 2008). Bakker (2010, p.3) observed that “case study research is often associated with an emphasis on the importance of interpretation of human meaning and as such the assumptions concerning human meaning is characteristic of the interpretive paradigm in social science which is central to case study research”. This study employed interpretivist philosophical tradition due to the complexity and uniqueness of HRM research and the research questions to be addressed. This philosophy also acknowledges the context and provides detailed understanding of the social reality to be studied. The adoption of interpretivist philosophy of this thesis led to the choice of an inductive research approach.

4.1.1 Selection of research paradigm and methodology

Easterby-Smith et al. (2008) suggest that a research approach is useful as it helps the researcher: (i) make informed decisions on the research method to employ, (ii) think of appropriate research strategies and choices applicable to the study, and (iii) employ appropriate research designs to address certain limitations of the study. Saunders et al. (2009) characterized inductive research approach as the collection of qualitative data through a flexible structure which allows changes of research emphasis within a specific context and less concern with the need for generalization, while deductive approach is strengthened with theory testing; the collection of quantitative data driven by scientific principles and the need to explain causal-effect relationships.

Moreover, Edmonton and McManus (2007) cited in Batt and Hermans (2012, p.10) observed that “the predominance of quantitative research designs in HRM research suggests the HRM field has reached a mature stage of theory development”. This coupled with recent developments and the rapidly changing nature of national institutional settings, NBS, industrial relations, organizational structure and labour market conditions (Smith and Meiksins 1995) provide evidence to suggest that deductive and quantitative research designs alone to HRM and IR research is too optimistic and overly simplistic. The authors argued that

research in HRM and IR need to adapt more inductive research designs and qualitative approaches to help in discovering new ideas towards theory building (Hong and Nguyen 2009; Edwards and Tempel 2010; Batt and Hermans 2012). Thus, the rationale for the use of a case study design to explore how the regulatory, cognitive and normative institutional settings influence MNE subsidiaries' HRM arrangements as well as HRM practice diffusion within a less developed host-country's context.

Indeed, quantitative study designs have dominated recent IHRM and comparative HRM literature as found in McDonnell, Stanton and Burgess (2011) review of two decades of MNEs' HRM research in Australia. Notwithstanding the potential of quantitative studies to provide a far-reaching overview of the impact of host-country national institutional settings on MNE subsidiaries' HRM policies and practices (Tempel et al. 2006); this approach does not allow the researcher to explore in detail how and the extent to which a host-country national institutional setting influence MNE subsidiaries' design and delivery of their HRM policies and practices. McLaren (2010) opined that case study research is well-suited with the inductive approach in areas where limited or less theoretical and empirical literature exists. As a consequence of the Ghanaian situation, its complexity and the lack of prior research in the Ghanaian context, this study employed an inductive and qualitative research approach which led to the choice of case study design.

4.2 Methodology and research design

4.2.1 Case study design

The dominance of a case study research design in IHRM and comparative HRM research has been acknowledged by both academic scholars and HRM practitioners owing to its potential in providing in-depth information to addressing complex research problems and its ability to provide a solid foundation for theory building (Collinson and Rugman 2010). Academic scholars have over the years acknowledged that a case study research design provides better opportunities for theory development (Bryman 2008). To McLaren (2010, p.3) "the rich empirical data that lie at the heart of a case study enhance the development of theory that is accurate, interesting, and testable as well as act as an inspiration for new ideas". Yin (2003) described a case study as a research strategy that allows an in-depth exploration of a specific research problem either through a single case or multiple cases.

The most appropriate research strategy for this study is a case study strategy (Ferner, Almond and Colling 2005; Chang, Mellahi and Wilkinson 2009; Edwards and Tempel 2010), as the study aims to explore the impact of a host-country national institutional setting on MNE subsidiaries' HRM policies and practices. The adoption of a multiple case study design were based on several reasons: First, the choice of a case study design was to explore in detail the extent to which and in what ways a host-country's regulatory, cognitive and normative institutional setting influence HRM configuration of MNE subsidiaries in a less developed country's context. Indeed, a case study design represents a more appropriate means of obtaining in-depth and specific information to answering the research questions (Tempel et al. 2006; Aguzzoli and Geary 2014).

Second, Saunders et al. (2009) and Bryman (2008) identified several advantages of a case study design including data triangulation. The authors posit that case study strategies provide opportunities for researchers to use different data collection methods within a single case study to triangulate the various sources of data collected. Therefore, the research employed in-depth interviews and document analysis as the two main data collection sources. In addition, a case study design has been used extensively by researchers to examine similar issues related to HRM program transfer from headquarters to subsidiaries, and vice versa and has proven to be appropriate for this kind of study (see Piekkari et al. 2013; Townsend et al. 2013; Aguzzoli and Geary 2014).

Finally, due to the dearth of literature on the impact of a host-country's national institutional factors on MNE subsidiaries' HRM practices in Ghana, it was appropriate for the researcher to employ a case study design to allow an in-depth investigation into the various host-country regulatory, cognitive and normative institutional factors and how they impact on MNEs' HR practice design. Also, to identify the opportunities and constraints posed by the host-country regulatory, cognitive and normative institutional settings on MNEs ability to diffuse best HRM practices from their countries-of-origin to their subsidiaries in Ghana. Moreover, within, between and across case study comparisons are allowed in multiple case studies – several forms of triangulation and comparisons are possible which further enhanced the generalizability of the study findings (Cox and Hassard 2010). In all, five (5) MNEs from the services and manufacturing sectors as well as five key stakeholder institutions were involved in this study.

4.2.2 Criteria for case study selection

The case study firms for this study were drawn from five (5) MNE subsidiaries originating from the UK (PHONco and CONco), Germany (BUSco), France (FINco) and India (ATco) operating in the services and manufacturing sectors of the Ghanaian economy. Each case study firm in this study had more than 200 employees (see Table 4.1). The selection criteria were based on a number of factors. For instance, in Ghana, the location of companies are homogeneous in nature, about 90% of all firms in Ghana are located in the Greater Accra, the capital of Ghana and only a small number of firms are located in the Ashanti region (Kumasi). However, the recent discovery of oil in commercial quantities is now attracting a number of firms to the Western region (Sekondi-Takoradi). This is confirmed by Abdulai (2004), who observed that the distribution of FDI inflows into Ghana has been homogeneous and dominant in the Greater Accra region. Abdulai (2004) found that the Greater Accra region continues to record almost 80% of all FDI inflows into the country owing to the development and economic imbalance experience in other regions over the years (see table 3.2 for the regional distribution of FDI inflows into Ghana in chapter three).

The basic consideration for the case study selection was that the firms must be located in the Greater Accra and the Ashanti region (Kumasi). This criterion was to make it possible for the researcher to conduct the field work within the limited time and resource constraints. Despite the locational considerations, other important criteria for the selection of the case study firms include: First, the five (5) case study MNEs are among MNEs in Ghana with the highest investment in the services and manufacturing sectors and have their headquarters outside Ghana.

Second, the selection of MNEs from Europe and Asia was supported as these two continents have different business competitive contexts and different national institutional structures and business systems resulting in their distinct ways of managing employees. In addition, the selection of case firms in the manufacturing and the services sectors were significant in exploring the influence of host-country national institutional settings on MNEs' HRM practices in relation to sectoral variations. Likewise, the selection of the sample case study firms included access to documentary data (Collings, Morley and Gunnigle 2008) and the requirement that firms must employ 200 workers or more. It is argued in the extant literature that firms with large employee size are likely to have well organized HRM structures as compared to firms with small employee size. For ethical reasons, the names of the MNEs and

participants from these MNEs will not be identified in the research. Below is a brief description of the case study firms.

Table 4.1: Characteristics of case study firms

Company Pseudonym	PHONco	ATco	FINco	CONco	BUSco
Year of established	2008	2010	2004	1934	1974
Sector	Service	Service	Service	Manufacturing	Manufacturing
Main Business	(IT) Services	(IT) Services	Financial services	Consumer goods	Automobile
Country-of-origin	UK	India	France	UK	Germany
Mode of establishment	brownfield	brownfield	brownfield	greenfield	greenfield
Ownership structure	Joint Venture	Wholly-owned	Joint-Venture	Wholly-owned	Joint-Venture
Number of employees	5000+	500+	1000+	6125	290

Source: Field work, 2015

4.2.3 Criteria for participants (key informants) selection

Purposive sampling supports the researcher’s subjective judgement in selecting cases with best potential for information. This sampling technique provided the researcher with the opportunity to select key participants based on their information potential (Denzin and Lincoln 2005; McDonnell, Connell, Hannif and Burgess 2014; Aguzzoli and Geary 2014). Bryman (2008) note that purposive sampling technique is appropriate for a case study as it affords an opportunity for the researcher to select cases that can provide relevant information for the study. The researcher interviewed participants and key stakeholders who were in a position to provide relevant information. In this regard, HR managers and functional/line managers, HRM consultants, officials from TUC policy and research centre, trade unions, NLC, GEA and IHRMPG were purposively selected owing to their capabilities in providing significant information to address: (i) how a host-country national institutional setting impact on the design of MNEs’ HRM practices (ii) the extent to which the host-country national institutional setting pose constraints or provide opportunities for the diffusion of HRM practices to their subsidiaries in Ghana (see table 4.3 and 4.4 for details).

4.2.4 Documents

Documentary evidence (records) has become one of the important data source in a qualitative case study research in HRM literature and in social science research in general (Kang and Shen 2013; Townsend, Wilkinson and Burgess 2013; Aguzzoli and Geary 2014). Olson (2010) argued that document analysis offers a variety of political, historical, personal and socio-economic scope to the case study beyond the reach of observations and interviews. This study acknowledges the term ‘document’ to include data collected through sources different from observations and interviews with the potential of shedding more light on the case study firms. These data sources include: personal documents, written records, physical artefacts, archival records and physical traces (Raptis 2010). This study used documents as part of the data collection sources based on a number of reasons.

First, the use of documents for this study was based on the fact that they provide a stable and an established source of information or dataset about previous occurrences. Second, documents about the case study firms are most often easy to access, especially public listed firms as they are usually subjected to information disclosure requirements. Moreover, documents in a qualitative case study research provide an objective dataset or information compared to other sources (Raptis 2010; Oslon 2010). Documents provided an opportunity for the researcher to authenticate dataset or information from other sources during the interview processes. Finally, combining in-depth interviews and document analysis in this study further enhanced the potential for the generalizability of the findings. In all, approximately 64 documents were gathered and reviewed as part of the data collection process (see table 4.5).

4.3 Data collection procedure and instruments

4.3.1 Gaining access to research sites

Gaining access to conduct this study was carried out on incremental basis: the first stage of the process was to familiarize and understand fully the characteristics of the organizations involved. The second stage was to develop new contacts in the various organizations directly or indirectly as a way of establishing my credibility which is essential to gaining access to carry out any research study, especially in a less developed country’s context where majority of the people place or attach less importance to research work.

The researcher's credibility became a major underpinning factor in gaining access to undertaking this particular study owing to the tendency of investigative journalists and individuals to secretly record tape interviews with officials involved in illegal and criminal activities. This practice has become a common occurrence in Ghana where journalists have exposed top government officials, government agencies and private companies managers through secret audio and video recordings. The next stage was the submission of introductory letters requesting for access to conduct the research; the introductory letters outlined briefly the purpose of the study and nature of access required and also addressed the organizational concerns with respect to confidentiality and anonymity of the organizations and all participants involved and the possible benefits of the study to the various organizations.

Finally, follow ups reminders were made through emails and telephone calls to ensure full access was granted to conduct the study. The researcher was successful in gaining access to most of the case study firms through personal networks and other institutions such as GEA, TUC Policy and Research Centre and IHRMPG. Gaining access to a significant number of the case study firms were made possible through GEA as almost 70% of all the case study firms were members of GEA. Therefore, it was easy for the researcher to gain credibility through the backing or support of GEA which was even part of the research. The researcher also relied on the network of some HRM consultants and IHRMPG to gain access to some of the case study firms. The researcher observed that conducting research, especially in LDCs where a significant proportion of the population do not value research requires networking through personal networks and other recognized institutions. Thus, researchers must recognize the role of networking in conducting research in less developed economies, especially in Sub-Saharan Africa.

4.3.2 Selection of key participants and undertaking interviews

Interviews are suitable for conducting in-depth investigations in business and management related issues (Bryman 2008). This study employed semi-structured and unstructured interviews techniques as part of the data collection procedure. Following Ferner, Almond and Colling (2005), Edwards and Tempel (2010) and Aguzzoli and Geary (2014) suggestion that in-depth face-to-face interviews are the most appropriate instrument for collecting detailed information on host-country national institutional characteristics and how they influence MNE subsidiaries' HRM policies and practices and similar HRM issues. Moreover, in case

study research, face-to-face interviews are considered appropriate because it allows participants to provide facts in addition to their personal insights and opinions.

It is important to acknowledge that locating key participants is very essential in case study research for a number of reasons. Key participants provide access to information as well as provide access to documentary records. Participants in this study were purposively selected (McDonnell et. 2014). One major consideration for the choice of the participants in this study was the need to draw from diverse organizational groups' responses, thus, one and in some cases two key participants were identified in each case study firm as well as the five key stakeholder institutions. Human resource managers, senior managers and functional/line managers were considered key participants. HR managers were (i) considered to be in the best position to know how subsidiaries and headquarters HRM policies and programs are designed; (ii) how the host national institutional settings impact on their HRM practices; and (iii) how the host national institutional settings provide opportunities or constraints in the diffusion of best HRM practices. However, line managers and functional managers were considered to be best-placed to attest to how HRM policies and programs have been implemented in their organizations (Collings, Morley and Gunnigle 2008; Edwards and Tempel 2010).

In a case study research, face-to-face interviews provide the researcher with a number of advantages over other forms of data collection. First, interviews offer respondents some level of flexibility in the reconstruction of the past, the present and the future as the interviewer can always repeat questions for more clarifications (Barlow 2010). Interviews provide opportunities for the researcher to gain valuable information. There are various forms of interviews, structured, semi-structured and unstructured. On the one hand, interviews could be conducted through telephone and face-to-face and more recently with the advancement of information technology (internet), interviews can also be conducted using e-mails and online platforms (Saunders et al. 2009; Barlow 2010). The level of flexibility during the interview process is dependent on the form of interviews used. The researcher attended interview seminars and familiarized himself with interview techniques, case study research and conducting field work. In order to allow some level of flexibility during the interview process, the researcher combined semi-structured and unstructured interviews.

Semi-structured interviews were mostly used to obtain background information on the case firms, whereas the unstructured interviews were used to obtain information on the main topical issues to be addressed by the study. Face-to-face interviews were focused on host-country national institutional constraints and opportunities to explore how they impact on MNE subsidiaries' HRM practice arrangements. Other issues also discussed were firms' background information, training and career development, recruitment and selection, employee retention policies, employee voice, communication and involvement, talent management policies and practices to examine whether MNE subsidiaries' demonstrate a convergence across their HRM practices.

Due to limited research on this area in Ghana, the researcher relied extensively on prior studies in other contexts through the literature review process to develop the interview guide. Secondly, the research questions to be addressed also played an important role in informing the content and structure of the interview guide. The researcher also conducted a trial interview (pilot testing) with two HRM managers from two small size MNEs (not part of the study) as an avenue to ensure the interview guide was well-structured and organized to solicit for relevant information towards answering the research questions. The table below sets out the interview areas and content of the interviews.

Table: 4.2: Interview areas and content of interview guide

Background information of the firms.
Most of the background information were collected from documentary records and did not form a major part of the face-to-face interviews
The interviews were centred on these main themes.
1. HRM policies and practices <ul style="list-style-type: none"> ➤ Recruitment and Selection ➤ Training and development ➤ Talent management ➤ Employee retention ➤ Employee voice, involvement and communication
2. Subsidiary relationship to parent company (similar or different HRM policies and programs)
1. What is the subsidiary's relationship to the parent company's HRM policies and programs? 2. Is there a body or international group, such as a committee of senior HR managers who develop HR policies that apply across all subsidiaries including Ghana? 3. Is there a global HRM system or handbook for all subsidiaries including Ghana?
National institutional drivers influencing MNE subsidiaries' HRM practice configurations
2. National institutional drivers/forces that influence MNE subsidiaries' HRM policies and practices in Ghana
Opportunities for MNEs' HRM practice Transfer to Ghana
3. Factors that provide opportunities for the transfer of HRM policies and practices from MNE headquarters to their subsidiaries in Ghana.
Barriers to MNEs' HRM practice Transfer to Ghana
4. Factors that create barriers to effectively transferring HRM policies and practices from MNE headquarters to their subsidiary in Ghana.

Due to the exploratory nature of the research questions to be addressed, the researcher thought it wise to broaden the scope of the respondent base to further gain in-depth evidence from other individuals and institutions representing key stakeholders who are directly or indirectly involved in HR and IR issues within the host-country. This occasioned the inclusion of the following five key stakeholder institutions: GEA, NLC, trade unions, TUC Policy and Research Centre and IHRMPG. Face-to-face interviews were also conducted with participants from the above-mentioned key stakeholder institutions, which were centred on institutional drivers that influence or impact MNEs' HRM arrangements, opportunities and constraints posed by the host-country national institutional settings in relation to MNEs' HRM practice transfer.

This study interviewed 18 key participants, comprising ten (10) participants from five (5) MNE subsidiaries and eight (8) participants from five (5) key stakeholder institutions (see tables 4.3, 4.4 for details). Interestingly, out of the total of 18 participants interviewed, only eight (8) interviews were allowed to be audio recorded even though all the 18 interviews were conducted face-to-face. So under these circumstances and as a standard procedure in Ghana, the researcher relied largely on field notes. Gambold (2010) observed that field notes are one of the major sources of primary data for case study researchers. Most importantly, combining field notes and documentary records (evidence) provided an opportunity for the researcher to authenticate the reliability and validity of the field notes in this study.

Due to the diverse representation of the participants, the structure and content of the interviews were not the same for all participants. Each cohort of participants were asked a different set of questions, though some questions were common to all the groups. The interview guide was designed according to the information potential of each cohort of participants. Details of the interview guides for each cohort can be found in the appendix. Thus, the interview questions were designed to reflect the different cohorts as follows:

1. HR managers, line managers and functional managers of MNE subsidiaries
2. Official from Ghana Employers Association
3. Official from National Labour Commission
4. Official from Institute of Human Resource Management Practitioners Ghana
5. Officials from TUC Policy and Research Centre
6. Officials from Trade unions (CWU and GTPCWU)

All in-depth face-to-face interviews were conducted in English and lasted for approximately 60-80 minutes each. The fieldwork took place between 5th June 2015 and 13th October, 2015. The tables (4.3 and 4.4) below provide a detailed description of participants and the number of interviews conducted in each case study firm and the five key stakeholder institutions. The interviewees (participants) were in senior management positions and have been working with their respective organizations for over five (5) years.

Table 4.3: Case study firms and number of interview participants

Company Pseudonym	Number of interviews	Key informants
PHONco	2	Business Partner (HR) & ER Mgt HR Officer
ATco	2	HR Officer Senior HR Officer
FINco	2	BP (Recruitment and selection & Training) Manager (talent Mgt & OD)
CONco	2	Head of HR Senior HR Officer
BUSco	2	Acting HR Manager Line Manager

Source: Field work, 2015

Table 4.4: Number of interviews with key participants from stakeholder institutions

Name of Institution	No. of Interviews	Key Informants
National Labour Commission	1	Executive Secretary of the NLC
Ghana Employers Association	1	Director of Industrial Relations
IHRMP Ghana	2	Governing Council Member and Director of HrP Consult Programmes Officer
TUC Policy and Research Centre	2	Ag. Director of the Policy and Research Centre Research Fellow at the Policy and Research Centre
Communications Worker Union	1	General Secretary
GTPCWU	1	General Secretary

*IHRMPG – Institute of Human Resource Management Practitioners Ghana

*TUC – Trades Union Congress

*GTPCWU – General Transport, Petroleum and Chemical Workers Union

4.3.2.1. Field Notes

Field notes have been considered as one of the important data collection techniques engaged by case study researchers (Gambold 2010). Field notes is the act of recording interviews or

events, interpreting such events which form part of the case study. According to Gambold (2010), “taking down field notes is the act of recording one's research data as well as the beginning of communicating one's research findings with others. The creation of a permanent record of events, interviews, interpretations and ideas allows researchers to be clear about what they think they know” (p.400). Researchers have suggested that the primary data source for case study researchers is field notes. This thesis relied heavily on field notes as most of the key participants did not allow the interviews to be audio recorded. This did not come as a surprise to the researcher, because at the time of the field work, one of Ghana’s international award winning investigative Journalist had secretly recorded Judges, Police Officers and other judicial staffs involved in corrupt activities. This situation therefore created an atmosphere of fear in the general public in relation to audio recordings as most key informants frequently referred the researcher to the cases involving the Judicial Service in Ghana and similar cases over the last few years. Combining field notes and documentary records provided an opportunity for the researcher to authenticate the reliability and validity of the field notes in this study.

4.3.3 Collection of documents

Documents became an important part of the data collection for this study (Townsend, Wilkinson and Burgess 2013; Collings, Morley and Gunnigle 2008). The document analysis for this study started when the researcher identified such documents to be relevant and a useful source of data. Thus, the criteria for the document collection and analysis were based on relevance and usefulness to the study. Documents in a qualitative case study research provide an objective dataset or information compared to other sources (Raptis 2010). Furthermore, documents also provided an opportunity for the researcher to authenticate dataset or information from other sources during the interview processes (Olson 2010; Raptis 2010). The researcher undertook comprehensive document analysis of all the case study firms and the five key stakeholder institutions. Documents were analysed, which provided the researcher with historical and demographic information (background information) of the various case study firms. The documents were gathered and reviewed as part of the data collection process (see table 4.5).

Table 4.5: Documents collected from case study firms and institutions

PHONco: Firm website, newsletters and annual reports.

ATco: Firm website, newsletters and annual reports.

FINco: Firm website, newsletters and annual reports

CONco: Firm website, newsletters and annual reports

BUSco: Collective Bargaining Agreement (CBA) document, newsletters, annual reports

National Labour Commission: The Labour Act, 2003 (Act 651), Settlement of Industrial disputes paper, NLC website

Ghana Employers Association: Annual general meetings reports: Press release papers: Association website

Institute of Human Resource Management Practitioners Ghana: HR Magazines, newsletters, website and HRM research publications

TUC Policy and Research Centre: Industrial relations and HRM Research publications

Other documents: Local content policy regulations and framework, ISSER annual report, Ghana education sector performance report, NVTI annual report

Source: fieldwork, 2015

4.4.4 Time horizons

Researchers have consistently drawn attention to the time frame for conducting research, as it impacts the reliability and integrity of the research findings. Research can be classified into cross-sectional or longitudinal studies depending on the research questions and the amount of time to be spent in conducting the study. In fact, a longitudinal study entails observing change and development while a cross-sectional study reflects a snapshot process at a particular time frame (Saunders et al. 2009). It has generally been noted that cross-sectional studies is commonly used in academic research due to time and cost constraints. This study therefore, examines a detailed cross-section of a host-country national institutional setting, covering a wide range of MNE subsidiaries' HRM practices – training and career development, employee voice, communication and involvement, recruitment and selection, employee retention policies and talent management – to determine how the host-country institutional settings impact MNE subsidiaries' HRM policies and practice arrangements and also to identify the opportunities and constraints posed by the host-country national institutional settings in the diffusion or transfer of best HRM practices.

4.5 Data analysis process and techniques

The purpose and use of a case study design in this thesis was driven by the need to rely on multiple data sources (triangulation) to enrich the validity and reliability of the study findings. Secondly, the under representation of research within the HRM field in Ghana

further necessitated the need to adopt a case study design as the application of multiple sources of evidence is possible in qualitative data analysis which strengthens the depth and scope of the findings. Qualitative data analysis in a case study research is multifaceted and requires experience and flexibility due to the large amount of data coming from multiple sources – interview transcripts, field notes, diaries, material objects and written documents. Evers and van Staa (2010, p.753) contend that “in qualitative case studies, the interest is intrinsic and as such data analysis consists of reduction and reconstruction in a continuous, ongoing process”. A qualitative case study analyses seeks to produce reliable, in-depth and new knowledge when conducted in a creative and systematic way. Likewise, in qualitative data analysis involving multiple cases, the researcher must interpret the data to reflect each case study outcomes and applies similarly across all the cases that account for the entire data set of the research. The choice of the data analysis techniques and the steps employed in the analyses of the data is an important part of the whole research process. This thesis adopted a number of steps in analysing the case study data. Given the nature of the research questions to be explored, the researcher employed three main approaches in the data analysis process; these are (i) thematic analysis techniques (ii) within-case analysis and (iii) cross-case analysis. The following steps were followed in the analyses of the data.

4.5.1 Thematic analysis

In a qualitative case study research, sequence or structure is very important, as information in one case must first have an explanatory power. Primarily, one can only interpret case study data until it has been noted to be significant in within-case analysis. Aryres, Kavanaugh and Knafl (2003) opined that lessons or an insight from one case informs the researcher to comparable information as it occurs in other cases during cross-case analysis process. The researcher employed a thematic analysis technique for both within-case analysis and cross-case analysis. Thematic analysis according to Lapadat (2010, p.3), is the “systematic approach to the analyses of qualitative data that involves identifying themes or patterns of cultural meaning; coding and classifying data, usually textual, according to themes; and interpreting the resulting thematic structures by seeking commonalties, relationships, overarching patterns, theoretical constructs, or explanatory principles”. Thematic analytic technique offers the researcher the opportunity to immerse himself in the fieldwork data which enables him to organize and interpret the data within its context. A thematic analysis technique could be termed as a sense making approach (Lapadat 2010). The themes were

developed through the lens of the theoretical framework (coercive, cognitive and normative) and the research questions underpinning this study. The thematic structures were also set by the literature, especially the five main HRM practices identified prior to the data collection.

4.5.2 Within-case and cross-case analysis techniques

Data analysis is defined by Yin (1994) as categorizing, examining and presenting evidence to address the main research questions. “The interpretation of the data in multiple-case study design follows several stages. First, each case in the research is treated as a single case. All of the data in each single bounded case are carefully examined, and the data organized into a comprehensive description that is a unique and holistic entity. Once a full account of each case is developed, cross-case comparisons can be developed” (Chmiliar 2010, p.4).

Yin (2009) conceptualized that the common technique for within case analysis is to compare the themes and patterns observed in each case with patterns and themes predicted by the theory underpinning the study and look for plausible and contradictory explanations in the cases. This technique according to Yin (2009) can reveal and clarify causal linkages of the phenomenon under investigation. Paterson (2010) on the one hand, acknowledged that within case analysis as an in-depth exploration of a separate or single case in a case study research, whereas Campbell (2010) argued that the main aim of cross-case analysis technique is to discover similarities and differences within the themes and sub-themes across all cases. A cross-case analysis technique however strengthens validity and generalizability of the study findings as well as support theoretical explanations as suggested by Burns (2010).

An important part of the data analysis stage in a qualitative case study research is within-case and cross-case analysis. Paterson (2010) argued that each case within a multiple case study research context is important because it offers the qualitative researcher the opportunity to explore each case uniqueness and commonalities across the cases. Within-case analysis helped the researcher discover patterns and themes from each case to support or expand or refute the theory underpinning the study. The choice of a within-case and cross-case analysis techniques in this thesis was occasioned by a number of reasons.

First, it provided an in-depth description and understanding of how host-countries coercive, cognitive and normative institutional settings influence MNEs’ HRM practice configuration

as well as the similarities and difference in HRM practices between MNE subsidiaries. Second, it also provided the researcher with the opportunity to be meticulously immersed in each case study data. Third, before the researcher attempts to discover overall or general themes and patterns across all case studies, the within-case analysis has already fostered the emergence of unique themes and patterns within each case. Although in multiple case studies, each case is treated as a unique setting, the findings from each case contribute to the general themes and patterns observed in the entire study. Therefore, themes and patterns with explanatory power at both within-case and cross-case are most likely to have generalizability power in a qualitative case study research (Burns 2010).

4.5.3 Procedure for coding

Coding in a qualitative case study research has become an important aspect of the data analysis stage. Coding has been categorized into three main typologies, namely axial coding, open coding and selective coding (Price 2010). According to Price (2010, p.157), “Open coding is an essential methodological tool for qualitative data analysis that was introduced in grounded theory research to aid in theory development. Open coding refers to the initial interpretive process by which raw research data are first systematically analysed and categorized”. The coding was carried out manually and the same coding was used for the analyses of the data from documents and the face-to-face interviews. The open coding approach was employed in this study in two different dimensions owing to the nature of the research questions to be addressed. Two theoretical frameworks formed an important part of the coding process (institutional theory and the convergence-divergence framework). The coding process was conducted sequentially through a number of phases owing to the nature of the research questions and the different theoretical frameworks applied in the study.

STAGE ONE: the first step of the coding process was to set-up the macro view of the institutional conditions, constraints and opportunities which will subsequently provide the lens to identify the constraints and opportunities in the diffusion of MNEs’ HRM practices from the corporate headquarters to their subsidiaries and also assess whether MNE subsidiaries demonstrate a convergence across their HRM policies and programs. This aspect of the data analysis explored the regulatory, cognitive and normative institutional profile, which addresses the main research question. The theoretical framework became an important

underpinning concept in the coding process as it formed the lens within which the major themes or categories were identified during the coding and the data analysis stage.

The general theme was local isomorphism (institutional settings or factors), which has been acknowledged in IHRM and comparative HRM literature as the most significant factor influencing MNE subsidiaries' HRM practice arrangements in a host-country. Local isomorphism was subsequently categorized into three main themes based on the three dimensions of institutional theory suggested by DiMaggio and Powell (1983) and Scott (2001). The coercive or regulatory, cognitive and normative isomorphic pressures are acknowledged as the most important host-country national institutional drivers or factors influencing MNE subsidiaries' HRM practice design and implementation. Under the regulatory isomorphic pressure theme, one sub-theme emerged. Further, within the normative isomorphic pressure theme, two sub-themes emerged, whereas one sub-theme emerged under the cognitive isomorphic pressure. Indeed, during the coding processes, two new themes were identified. These two new themes were considered, as major influencing drivers in MNE subsidiaries' HRM practice arrangements yet have not been captured within the framework of institutional theory in the IHRM and comparative HRM literature. Primarily, other categories then emerged following the five main sub-themes identified. Table 4.6 provides details of the main themes and categories that emerged from the coding process.

Table 4.6: Summary of coding procedure on institutional drivers (factors) that influence MNE subsidiaries' HRM policies and practice arrangements

	Theoretical framework	Sub-themes	categories
Host country Institutional drivers (Local isomorphism)	<i>Regulatory or Coercive Isomorphic drivers</i>	<ul style="list-style-type: none"> • <i>Legal system</i> 	<ul style="list-style-type: none"> • <i>Delays in the operation of the legal system</i>
	<i>Normative isomorphic drivers</i>	<ul style="list-style-type: none"> • <i>Education and training arrangements</i> • <i>Labour market constraints</i> 	<ul style="list-style-type: none"> • <i>Low literacy levels</i> • <i>Poorly developed apprenticeship programs</i> • <i>Poor quality of education and training</i> • <i>Limited investment in training</i> • <i>Out of date training programs</i> • <i>Lack of credible labour market information</i> • <i>Emphasis on qualification rather than competence</i> • <i>trade union entitlement mentality</i>
	<i>Cognitive isomorphic drivers</i>	<ul style="list-style-type: none"> • <i>Cultural practices of employees</i> 	<ul style="list-style-type: none"> • <i>People's Mindset</i> • <i>Poor work attitude, work culture and work ethics</i> • <i>Religious actors ("Men of God")</i>
	<i>New emerged themes</i>	<ul style="list-style-type: none"> • <i>The economy</i> • <i>Political actors</i> 	<ul style="list-style-type: none"> • <i>Economic instability</i> • <i>Weak political institutional structures</i> • <i>Political connection and cronyism</i>

STAGE TWO: after setting-up the macro view of the institutional conditions, constraints and opportunities, the next stage was to identify the opportunities in the diffusion of MNE subsidiaries' HRM practices. This aspect of the data analysis aimed to ascertain the institutional opportunities within the host-country national institutional settings that facilitate the diffusion of best HRM practices. The main theme was institutional opportunities (institutional facilitating drivers), which have been acknowledged in IHRM and comparative HRM literature as the major factor supporting MNEs' HRM practice diffusion between home and host-countries. Institutional opportunities were subsequently categorized into a number of sub-themes. These sub-themes were considered as important host-country institutional drivers or factors that facilitate MNE subsidiaries to diffuse HRM practices into the host-country. In all nine sub-themes emerged.

STAGE THREE: This stage of the analyses aimed to ascertain the institutional constraints within the host-country national institutional settings in relation to the diffusion of best HRM practices. The main theme was institutional constraints (institutional limiters or factors). Comparative institutionalism suggests that a host-country's national institutional setting or characteristics are the most important factors limiting or constraining MNEs' HRM practice diffusion. Institutional constraints were subsequently categorized into a number of sub-themes. These sub-themes were considered as important host-country institutional limiters or factors constraining MNE subsidiaries to diffuse HRM practices. In total, six sub-themes emerged.

STAGE FOUR: the last stage of the coding process aimed to examine whether subsidiaries of MNEs in Ghana demonstrate a convergence across their HRM practices and if so, which aspects of the HRM practices demonstrate such convergence? Therefore the coding was straight forward because the main themes were already identified by the researcher prior to the commencement of the study and the justification for the choice of the HRM themes were outlined in the literature review section (see chapter two). The main themes were recruitment and selection, training and development, retention, talent management, employee voice, involvement and communication. These HRM practices were identified as the main categories in the analysis through the lens of the convergence-divergence framework as the aim was to identify similarities and differences in HRM practices between MNE subsidiaries to determine whether they demonstrate a convergence. More importantly, the analysis further focused on the three categories of employees: managers, key employee group (KEG) and the

largest occupational group (LOG). Key employee group is identified by the respective organization as employees that are essential to the competitive position of the organization. These are the occupational groups that can be found on HRM practices of MNEs in the ongoing INTREPID international research network (McDonnell et al. 2015; Edwards, Marginson and Ferner 2013; Collings, Morley and Gunnigle 2008).

4.6 Validity and Reliability

Research reliability is primarily about the potential of the data collection methods and analysis techniques to produce consistent findings, whilst validity is concerned with the research design and method employed in the study (Ward and Street 2010). To ensure both reliability and validity of the findings, the researcher employed multiple data collection techniques (data triangulation) in the gathering of the case study data – semi-structured interviews and document analysis (Ferner and Quintanilla 1998; Ward and Street 2010). Likewise, Saunders et al. (2009) suggests that using multiple methods to collect data in a case study provide better opportunities to evaluate the degree to which the research results can be trusted. Moreover, to maintain and guarantee external validity, both the researcher and the participants used English language so there was no need for any translations or back translations which has been noted in literature as one of the challenges in qualitative research (Saunders et al. 2009).

In addition, to further ensure the study reliability, all data collected from key participants through the interview process were double-checked with all participants as they were given the right to review the transcripts of their interviews and compared to the documents of the companies (Soltoni and Wilkinson 2011). This process of data triangulation was used to further ensure the reliability and validity of the case study findings. To maintain the quality and integrity of the study findings, this study was guided by a set of ethical standards and guidelines provided by Curtin University. The researcher consistently adhered to the analysis techniques that produced reliable findings and valid conclusions were drawn from the cases. Finally, the cases were analysed and ad hoc discussions with officials from IHRMPG through emails and telephone conversations as a way of validating the findings of the study. Finally, in order to address issues of bias in the selection of key participants likely to provide a distorted view of organisational HRM practices (e.g. they may not have access to all relevant information) and host-country's institutional settings, the in-depth interviews were crossed

checked with organisational documents and some key stakeholders including IHRMPG and HRM consultants outside of the organisations.

4.7 Ethical considerations

Research ethics has become an important theme in contemporary business and management research due to its implications and the need to maintain research standards throughout the study (deRoche and deRoche 2010). Qualitative researchers have suggested that anonymity and confidentiality issues in a case study research are intertwined. Wallace (2010) argued that a case study research is more susceptible to issues of anonymity and confidentiality due to the detailed empirical evidence required in theory building or theory testing. This study was carried out in such a way that participants did not suffer or experience any loss of privacy, embracement, harm and discomfort. In terms of research ethics, this study ensured the strictest confidentiality to all study participants. Participants were informed as early as possible to remove any form of surprises and discomfort. The researcher further ensured that before the data collection process, research participants and their organizations gave their consent by reading and acknowledging their consent to participate (see appendix II). Also, all participants were informed that participation in the study was voluntary as participants have the right to withdraw at any time and the right to review transcripts that represented their interviews (see appendix I). The research protocol was reviewed and endorsed by the Curtin University research ethics committee.

Moreover, apart from key stakeholder institutions (identification of participants were made as they agreed to be identified), the MNE subsidiaries and participants are not directly identified in this study. The MNE subsidiaries in the study were given pseudonyms. For example, the MNEs are referred to as: PHONco, CONco, BUSco, FINco and ATco in this study. Also, all participating organizations and individuals were given the opportunity to access a summary of the research findings. In addition, explanations of the study aims were discussed with all participants (see appendix I). The research participants were given information sheet which outlined the purpose of the study, the nature of information required, the level of organizational access and how participants' confidentiality and other ethical concerns will be maintained. Finally, participant consent and information disclosure forms were also provided (see appendix I).

4.8 Chapter summary

Research design has become a critical success factor in contemporary business and management research as it underpins the validity and reliability of the research findings. Chapter four provided an overview of the research methods and design process applied in the research. The rapidly changing nature of national institutional settings suggest the need to adapt more exploratory and inductive research designs to help in discovering new ideas towards theory building (Edmonton and McManus 2007). This thesis employed a case study approach utilising mixed (in-depth interviews and document analysis) data collection methods. The sample for the study was drawn from five (5) MNE subsidiaries and five key stakeholder institutions.

The sample selection criteria were based on a number of factors, which has been discussed in section 4.2.2. For the purpose of confidentiality, the real names of the firms and participants were not identified in the study. The researcher interviewed human resource managers, senior managers, and functional/line managers, officials from GEA, trade unions, NLC, TUC Policy and Research Centre and IHRMPG. The subsequent chapters are devoted to the presentation, analyses and discussion of research findings. The implication of the findings to HRM theory and practice will be outlined as well as the conclusion, limitations and directions for future research. The next chapter presents the macro view of the institutional conditions, constraints and opportunities. The macro view of the host-country's institutional conditions will help to identify the constraints and opportunities in the diffusion of MNEs' HRM practices.

CHAPTER FIVE

FINDINGS OF THE HOST-COUNTRY MACRO INSTITUTIONAL CONDITIONS AND HRM CHALLENGES FOR MNEs

5.0 Introduction

An important research question in IHRM and comparative HRM research within the context of MNEs is whether the host-country national institutional settings in LDCs matter in how MNE subsidiaries implement and diffuse their HRM policies and programs. Indeed, firms adapt to host-country national institutional conditions to gain legitimacy (see DiMaggio and Powell 1983, Scott 2001 for details in the literature review). This chapter presents findings on the macro view of the institutional conditions and HRM challenges. This chapter outlines the macro view of the institutional conditions, constraints and opportunities and provides the lens to identify the opportunities and constraints in the diffusion of MNEs' HRM practices.

These findings from this chapter are drawn from in-depth face-to-face interviews and documentary evidence (records). The interviews involved MNE subsidiaries HR managers, line and functional managers, as well as expert interviews from five key stakeholder institutions namely, GEA, NLC, trade unions, TUC Policy and Research Centre and IHRMPG. The choice of these diverse responses (different cohorts) was to obtain an in-depth understanding of the macro (national) view of the national institutional conditions, constraints and opportunities. The findings are presented according to the three dimensions of institutional theory – regulatory or coercive, cognitive and normative. The first section presents findings on the regulatory or coercive institutional setting. The second and third sections present findings on the normative and cognitive institutional settings. The last section presents findings on the economic and political actors, which emerged outside the three dimensions of the institutional theory.

5.1 Macro institutional drivers/forces in less developed host-countries influencing MNE subsidiaries HRM policies and practices

Main theme: legal system

The regulatory framework constitutes the most significant pillar of institutional theory (see North 1990; Rosenzweig and Nohria 1994). Both theoretical and empirical literature provides evidence to suggest that the regulatory system of a host-country influence MNEs' HRM arrangement (Harvey 2002; Mellahi et al. 2013). Delays in the operation of the legal system in the host-country emerged as the sub-theme.

Sub-theme: Delays in the operation of the legal system

The legal system has been described by many of the key participants (informants) as “too slow” and affect how industrial and labour disputes are resolved. Some HR managers have expressed their frustration with the NLC involving employees' dismissal and termination of employment cases as well as other IR issues. The length of time used by the NLC to deal with general employment and industrial disputes resolutions leaves much to be desired.

“Our legal system.....our legal system is too slow. We feel that if it's very effective it should be able to drive such best practice transfer” [Director of Industrial Relations, Ghana Employers Association, 2015].

Aside from the delay in industrial dispute resolutions within the NLC, there are delays with the administration of justice within the general legal system in the country. Cases that need to be resolved within very short periods can travel for so many years (Ag. HR Manager, BUSco, 2015). This situation does not only take up financial resources of firms, but also the time that could have been used to increase productivity in the firm has gone wasted.

Main theme: Inadequate education and training arrangements

The numerous constraints within the education and vocational training system in Ghana were noted to have policy and HRM practice design implications for MNEs and created a real need for MNE subsidiaries to invest heavily in employee retraining to meet industry job requirements (see also Darvas and Palmer 2014; Otoo, Osei-Boateng and Asafu-Adjaye 2009; Baah-Boateng 2004). The education and training sub-themes within the host-country

that influence MNEs' HRM arrangements include: training mismatch, low literacy levels, poorly developed apprenticeship programs, poor quality of education and training, limited investment in training and education and out-of-date training programs.

Sub-theme: Training mismatch

Participants were critical of the failure of the State to coordinate the activities of the technical and vocational training programs which have resulted in training mismatch between technical and vocational training programs and industry skills requirements (see also Darvas and Palmer 2014; Ansah and Kissi 2013). Many of the HR managers lamented about the lack of job readiness and employability skills of current graduates (people) who are coming out of these training institutions in recent times. Another key participant went further to argue that there are no consultations between these training institutions and industry actors in Ghana.

“Most of the schools or training institutions that train these people[graduates] don't even know what calibre of people [we].... in the industry really need...they are just producing graduates into the labour market without the necessary technical skills that we need in our firms” [Business Partner, Recruitment and Selection and Training, FINco, 2015].

The study also found that training mismatch was not only present in technical and vocational training schools but also graduates from Polytechnics and Universities acquired skills that were not needed in many industries (Darvas and Palmer 2014). Many of the graduates coming out of the Universities and Polytechnics have qualifications in social sciences (Business administration and economics) and only a few of the graduates have technical skills such as engineering and IT as observed by the HR Director of CONco, 2015.

“I can tell you for a fact, we have many of these graduates studying social sciences and just a handful studying technical programs in this country. Go to Legon¹⁶, UCC¹⁷ and KNUST¹⁸ and almost all the private Universities in Ghana are producing the same calibre of graduates” [HR Officer, ATco, 2015]

Another key participant said:

¹⁶ University of Ghana

¹⁷ University of Cape Coast

¹⁸ Kwame Nkrumah University of Science and Technology

“We are not bringing up and training, developing, especially technical skills and the middle level technical skills and that is what we need to....actually to develop this country and that is what we are lacking. You find people go through Polytechnics to study mechanical engineering and the next moment they go back to the University to do a different degree in the social sciences. So we are losing that calibre of people” [Governing Council Member, IHRMPG and Director of HrP Consult, 2015].

Sub-theme: low Literacy levels

Low literacy levels have also been observed by many of the key participants as a major problem in the management of people. Documentary evidence from the World Bank by Darvas and Palmer (2014) also suggest that there is high level of illiteracy among employees with technical and vocational skills in Ghana. Most of the workers who enter technical and vocational schools generally drop-out from Junior High Schools (basic educational level) and have acquired little or no formal education (National Education Sector Performance Report 2010; Ansah and Kissi 2013; Darvas and Palmer 2014). The key participants revealed that such employees created serious problems for management as they lack the proper mindset to understand certain best principles of the work environment. One key participant said:

“We can also talk about social challenges in terms of education, in terms of culture but the literacy levels ... sometimes is very difficult to get workers to even appreciate certain policy framework..... their mindset are such that.... at least we [workers] only know of this practice so that if you want to do something like job sharing for instance job sharing in Europe when they had this economic crunch, some work two hours, three hours at least for other people to make something, but here you bring it and people think you want to sack them” [Director, Industrial Relations, Ghana Employers Association, 2015].

Another HR manager also argued that many of the workers find it difficult to appreciate the introduction of new work systems and prefer to maintain the status quo even if the new work system would improve their own performance and the overall performance of the company. The Line Manager of BUSco recounted an instance where the company in their quest to reduce work absenteeism, lateness and improve performance, introduced an electronic

clocking system at the production unit. However, workers in the company poured “salt” into the electronic clocking machines and all the machines were damaged. At the time of the fieldwork, the company had resorted to the manual card clocking system, which was not effective as workers could manipulate the manual clocking system. Low level of literacy stems from written, spoken and computer literacy entrenched in their attitude.

Sub-theme: poorly developed apprenticeship programs

The study observed that the most noticeable form of vocational education and technical training arrangement in Ghana is the traditional apprenticeship system which is driven by informal practical skills training at the community or family levels (Documentary evidence from Darvas and Palmer 2014; Ansah and Kissi 2013). It was also revealed by some key participants and documentary records that close to 80 percent of the workforce with vocational and technical skills qualifications within the Ghanaian labour market are graduates through the traditional or informal apprenticeship system (Ansah and Kissi 2013; Darvas and Palmer 2014).

“Our apprenticeship is also not working because one, it is not regulated. Two, you have people in the system who have also been trained with the old equipment, old regimes who are now mentoring apprentices so obviously by the time you finished the apprenticeship you are actually Archaic [graduates training skills are out-of-date]. I think this is a major major major issue that we need to address” [Governing Council Member, IHRMPG and Director of HrP Consult, 2015].

Technical and vocational institutions do not support high levels of professional technical skills and knowledge formation at both the operational and middle management levels (Darvas and Palmer 2014; Ansah and Kissi 2013). It was concluded by some key participants that the Ghanaian worker is not seen as an asset for competitive advantage owing to their lack of proper technical skills (Director of Industrial Relation, Ghana Employers Association, 2015). Documentary records by Darvas and Palmer (2014) made similar assertions about the general lack of competent technical and vocational skills workforce in Ghana. The authors attributed this to poor curricula development, lack of instructors with up-to-date technical skills and the lack of competency-based assessment in TVET institutions. Other HR managers from a number of MNE subsidiaries complain of the cost and time involved in the

retraining of young graduates to meet many job requirements which adds to the cost of employee training and development.

“Moreover, in this country... mostly school dropouts at the basic and secondary school levels enter into the traditional apprenticeship scheme with little or no formal education. Even the formal National Vocational Training Institutes (NVIT) are suffering from fragmentation under various ministries, agencies, departments, and private institutions, leading to each institution offering and developing different curricula and programs” [Ag. Director, TUC Research and Policy Centre, 2015].

Sub-theme: Poor quality of education and training

The study found that education and vocational training system in Ghana are challenged with quality and access problems as noted in the Ministry of Education 2010 national education sector performance report and Darvas and Palmer (2014) report for the World Bank on the demand and supply of skills in Ghana. The study found other challenges that include low quality of teaching and learning, poor quality of technical and science education, poor infrastructure and poor management and the lack of supervision among others (National Education Sector performance Report 2010; Bawakyillenuo et al. 2013; Darvas and Palmer 2014).

A key participant said:

“During my previous or past organizations, one of the comments I use to hear expatriates [foreign nationals] say is that oh the Ghanaian [worker] is an expert at passing examinations. They think oh they have just passed their examinations but they’re not well educated and practically equipped to deliver better outcomes” [Governing Council Member, IHRMPG and Director of HrP Consult, 2015].

The poor nature of education and vocational training system contributes to the lack of qualified, skilled and talented labour force with up-to-date management and technical skills as observed by majority of key participants interviewed as well as documentary records from the Ministry of Education (2010) and the World Bank (2014). Most key participants acknowledged that the situation poses a major constrain and a policy challenge for their

subsidiaries in the deployment of professional HRM systems and practices. Some HR Directors maintained that due to the lack of certain specific technical skills in the country, they had to resort to the recruitment of foreign nationals (expatriates) which has serious cost implications, especially increases in wage and non-wage costs as well as training programs while expatriate failures were becoming more widespread.

“The other issue generally is that because of the numbers that we have in our educational institutions, we have lost some quality... No two ways about that we have lost some quality. If I compare Ashesi University [a private University] for instance with almost all the other Universities, you notice that Ashesi has over 90% employability rate for their students because they keep smaller classes and they ensure that the people [students] are well trained” [Governing Council Member, IHRMPG and Director of HrP Consult, 2015].

In Ghana, technical and vocational skills training that is carried out in the various public and private schools has been regarded by many employers (organizations) as low quality and as such employees cannot apply skills and knowledge required to enhance productivity. In a similar vein, documentary evidence from the World Bank by Darvas and Palmer (2014) and City & Guild Centre for skills Development and COVTET (2011) report consistently maintained that the relevance and the quality of technical and vocational skills training in Ghana are considered low and inefficient to meet international standards or recognition.

Sub-theme: Limited investment in education and training

The study found that the major limitation in Ghana’s labour market is the lack of vocational and technical skills formation as a result of low investment in education and training. This was observed by most key participants as well as documentary evidence from the World Bank and the Ministry of Education (Darvas and Palmer 2014). Darvas and Palmer (2014) reported that TVET in Ghana have failed to live up to expectation because of low investment in the sector in addition to other challenges. Moreover, evidence from documentary records further revealed that majority of the labour force have no formal vocational and technical skills and that only 1.2% of the total workforce have higher level technical and vocational education (Tertiary education and industrial development in Ghana Report, 2013; Otoo, Osei-Boateng and Asafu-Adjaye 2009). Primarily, due to low investment in education, many of the

Universities have tended to or lean towards mass production of [graduates] in order to be able to survive and this affects the quality of graduates that they produce into the labour market as observed by an HR consultant and a Research Fellow.

“Now is become a survival issue for the Universities, so they need the money to run the schools, so now is just about numbers... the training institutions barely care about quality these days” [Research Fellow, TUC Research and Policy Centre, 2015].

Another key participant from Ghana Employers Association (2015) opined that Ghana’s education system was ranked low in terms of international standards. Inadequate investment in education and training makes Ghanaian graduates (workers) not innovative and competitive enough. Similar observations have been reported by the World Economic Forum (2014) report on global competitiveness about Ghana and documentary evidence by Bawakyillenuo et al. (2013) and Darvas and Palmer (2014).

“The TA [Teaching Assistant] system is virtually gone because if you have 800 students in a class how are you going to run..... how are you going to do it.... you are going to break them into how many classes, 50 [students] means you are talking about 16 classes when will you finish, so there are real issues, investment in education is almost zero and it has a ripple effect on the quality of products [graduates] that we bring out to the labour market” [Governing Council Member, IHRMPG and Director of HrP Consult, 2015].

The lack of social credibility (social status) in technical education in the country is reflected in government skewed (lop-sided) educational policy and low investment in vocational and technical education (Darvas and Palmer 2014). Documentary evidence by the World Bank (2014) and Ansah and Kissi (2013) observed that vocational and technical education in Ghana has generally been less popular among the youth. Many Ghanaians tend to perceive technical education as a mediocre level of education and low prestige. This has resulted in the lack of qualified workforce with technical skills within the Ghanaian labour market. The Ghanaian national institutional structures with regards to education and training system have a limited developmental orientation as opined by a key participant.

Sub-theme: Out-of-date training programs

The study also found that education and training system in Ghana is not only characterized by training mismatch, limited investment and poor quality of training (Bawakyillenuo et al. 2013; Darvas and Palmer 2014). In addition, most of the manpower skills training programs in the technical and vocational schools as well as Universities and Polytechnic are obsolete or out-of-date (Ansah and Kissi 2013; Bawakyillenuo et al. 2013).

“you have people in the system who have also been trained with the old equipment, who are now mentoring apprentices so obviously by the time you finished the apprenticeship you are actually archaic [graduates training skills are out-of-date] [Line Manager, BUSco, 2015].

A significant number of key participants across MNE subsidiaries and HRM experts during the interviews bemoaned the use of old teaching methodologies that relied extensively on theory and less practical training. One HRM consultant indicated that the theory-practice gap in the educational curriculum in Ghana keeps widening and has manifested into all aspects of the education and training system in the country.

“We do not have institutions that are even training competent people in that [technical skills] area. Even the institutions that train, the Polytechnics that train those kinds [technical skills] of people, go to the institutions and you find out the equipment they’re using to train the people. I went to review a program in Takoradi polytechnic, which is one of the best technical training institutions in the training of middle level manpower [Higher National Diploma (HND) technical manpower] they have equipment manufactured in the 1960s. So you ask yourself when a product [graduate] from this institution comes out.... will that product [graduate] be able to work with the kind of modern equipment that we have. Obviously, that individual [graduate] is not going to be competent” [Governing Council Member, IHRMPG and Director of HrP Consult, 2015].

According to some Line managers and HR managers, the out-of-date training programs are limiting the technological choices available to firms. The HR manager of CONco (2015) maintained that it is hampering the use of sophisticated equipment, especially at the production unit. Therefore, they have to spend huge funds and time to train some of the

young graduates to be able to operate such machines. Technical and vocational training institutions in Ghana do not support high levels of professional technical skills formation which is required for operational and middle management levels (Senior HR Officer, ATco, 2015). Similar assertions about Ghana's vocational and technical training institutions have been reported by Ansah and Kissi (2013) and Darvas and Palmer (2014). This particular challenge has compelled firms to implement in-service (work-related) training programs as an avenue for upskilling new recruits to meet their jobs and industry skills requirements.

Another key participant said:

“It means industry would have to spend another money and time; they have to invest time and money to bring this person to a minimum requirement [developing the skills of the graduate] before they can work. So for me that is a huge gap and unfortunately we are not making any effort at addressing that gap” [Director of HR, CONco, 2015].

Main theme: Labour Market conditions

This section presents sub-themes that emerged from the main theme: labour market conditions. The labour market conditions have been observed in new institutionalism literature to influence MNE subsidiaries' HRM practice arrangements in host-countries (see Ollo-Lopez, Bayo-Moriones and Larraza-Kintana 2011; Bloom et al. 2007 for details in the literature review). These sub-themes include the emphasis on qualification rather than competence and the lack of credible labour market information and trade unions entitlement mentality.

Sub-theme: Emphasis on Qualification rather than Competence

The study found that the host-country's education and training arrangements placed strong emphasis on academic qualifications (orientation) with little recognition of practical skills, especially vocational and technical skills training (Ansah and Kissi 2013; Darvas and Palmer 2014). The education system in Ghana displays some preference towards academic qualification with little social credibility for practical technical and vocational skills and competence. Indeed, one major issue revealed by majority of the participants was the way the country and some organizations have over the years placed so much emphasis on employee qualifications and less significance on employee competencies. The salary structure in the

country is designed based on qualification and seniority-based with few links to employee performance. This system has manifested itself into both private sector and public sector organizations.

“I have a problem with our system, we tend to place emphasis on paper [certificates] on qualification as against competence and is one of the reasons why you find people just taking degrees upon degrees, hopping from degrees upon degrees on themselves, so you find somebody [workers] who has an MBA in HR [Human Resources] for instance and you put the person into a job and you notice he knows next to nothing, gone were the days when one is required to have work experience before pursuing an MBA degree but now is become a survival issue for the Universities, so they need the money to run the school so now is about numbers” [Governing Council Member, IHRMPG and Director of HrP Consult, 2015].

Although the situation occurs in both private and public sector institutions, a number of multinational enterprises are putting measures in place to ensure greater emphasis is placed on competencies rather than qualifications. Most of the MNE subsidiaries have well-structured performance evaluation and review process where non-performing staff are usually laid-off after given a grace period to improve their performance. In certain circumstances such as employee retrenchment, non-performing staff are usually laid-off first. However, trade unions on some occasions have intervened during such lay-offs as revealed by some HR managers. Another key participant said:

“Somebody finishes school (3) three months, (4) four months and don’t have a job, he or she quickly gets enrol in an MBA program, so he comes out and expects that they should be paid as an MBA holder. It doesn’t work that way, so you find people who have first degrees have gone through the ranks [ladder] are competent and their heads of institutions and units and the MBA graduates working under them are grumbling... they think that well... they have better qualifications so they should be better and sometimes organizations actually do that, they put MBA people [graduates] on top of the first degree graduates and they are “messaging up” [under-performing] so that is one issue in our labour market. I think we need to address”

[Governing Council Member, IHRMPG and Director of HrP Consult, 2015].

The Ghanaian culture supports qualifications in favour of competencies which is a problem as alluded to by majority of key participants. However, the Acting HR Director at BUSco (2015) during the interview emphasized the point that their technique is that at the end of the day, they were seriously up for employees with experience, practical experience so they will prefer employees with practical skills irrespective of their background of educational training.

“Their trade test [competence] is more important to the company than their qualifications. For instance, if you can weld they will prefer you than somebody who can read theories and cannot perform so their practical oriented” [Acting HR Director at BUSco2015]

Sub-theme: Lack of credible labour market information

Almost all HR managers and other key participants (experts) interviewed lamented about the lack of credible labour market information within the Ghanaian labour market. Similarly, documentary evidence by Darvas and Palmer (2014) reports that information shortage (limited information) has become a major issue between employers and employees concerning the quality of education and training providers and the required skills needed within the Ghanaian labour market. The report further pointed out that information shortages (limited information) have led to difficulties in identifying quality training providers by employers, whereas individuals are not able to select training programs based on projected or current industry needs. The participants also asserted that it is extremely challenging and sometimes impossible to get an idea or access information of the calibre (type and qualification) of technical and vocational skills that is available in Ghana.

“We don’t have credible labour market information, we also have training mismatch between academia and industry.....training mismatch.... yeah that is it” [Director of Industrial Relations, Ghana Employers Association, 2015].

In Ghana, it seems that all components of the labour market lack accurate information. Therefore, planning the human resource needs and the kind of skills available within the domestic labour market for the company becomes almost impossible in this situation (HR

Officer, ATco, 2015). For instance, one key participant narrated his ordeal when he was looking to recruit a qualified electrical engineer:

“I think one experience that I had. I looked for an electrical engineer of a certain level for ten (10) months before I found one. For instance, I think the problem we have in Ghana is that we are all drifting to the social sciences”
[Director of HR, CONco, 2015].

Sub-theme: Trade unions entitlement mentality

The study also observed that a major issue is what many key participants described as “*trade unions entitlement mentality*”. This entitlement mentality among trade unions in Ghana was observed to be the main cause of managerial opposition towards trade unionism in many private sector organizations including MNEs. Many of the key participants believed that trade unions infringe on certain managerial prerogatives, coupled with their militancy nature and strike-prone tendencies mostly triggered during the introduction of a new work system which employees perceive might be to their disadvantage. Even though some HR managers attributed this situation to trade unions entitlement mentality, the role of union opposition in many instances may arise since management had failed to engage union leaders in collective bargaining. Indeed, during the time of the fieldwork, the researcher observed that many of the current collective agreements have lapsed and are awaiting renegotiation.

A key participant said:

“Unions must get to the point to understand that this “entitlement mentality” would have to stop. The unions must change the entitlement mentality where unions feel that well I work for this company; we are making so much money so I have to get my share. Yes there is a bit of that but for instance, do unions even consider inputs before they begin to say that. Yes we have revenue of US\$ 2 million so at least we should share some US\$ 1 million, have unions considered inputs, so trade unions must come and I admit we have come some way but we need to go some more, trade unions must understand how the business run and begin to know that is not just revenue but there is also input and so once you can balance that you can tell whether you are actually entitled to something or not because a lot of the

time, unions do a lot of assumptions. [Governing Council Member, IHRMPG and Director of HrP Consult, 2015].

In another breath, the Director of Industrial Relations, Ghana Employers Association said:

“They think that ok once your company is selling, they should be getting some of the money, as to whether the company is actually breaking even, especially in this era where the cedi is falling, inflation is going up, it is so difficult for employers but as employees most of the time they think about themselves forgetting that if the company collapses, the little we get today they will lose it”

Main theme: Cultural practices of employees

The cognitive aspect of the host-country’s institutional setting has been acknowledged as an important institutional driver to influence MNEs’ HRM practice arrangement within the institutional theory framework (DiMaggio and Powell 1983; Scott 2001). Within this theme, three sub-themes emerged. These include peoples’ mindset and their work attitude or work ethic and that of religious actors’ intrusion also known within the Ghanaian context as “Men of God” or Pastors.

Sub-theme: people’s mindset

There is a characteristic of “*saving face*” embedded within the Ghanaian cultural system where people see each other as brothers and sisters and try to protect or cover-up for one another at the workplace (Nukunya 2003). The experience of the Line Manager of BUSco about the introduction of an “*electronic clocking system*” and how workers within the production floor conspired amongst themselves to damage the electronic clocking system is a classic case demonstrating the Ghanaian cultural characteristic of “*saving face*”. Ghanaians sees such attitude as a moral and social commitment and obligation which is embedded within the socialization processes. This incident demonstrates how “*saving face*” is embedded in the Ghanaian culture (Debrah 2013), which has been transferred into the workplace and affects the desire of firms to replicate new organizational forms or work systems.

Another key participant said:

“Sometimes is very difficult to get workers to even appreciate certain policy framework, their mindsets are such that at least we only know of this practice so that if you want to introduce a new thing it becomes a problem” [Director, Industrial Relations, Ghana Employers Association, 2015].

A number of key participants generally bemoaned that most Ghanaian employees do not follow time-related behaviour. The governing council member of IHRMPG who doubled as the Director of HrP Consult said:

“Our attitude to time is the same thing.....you find out that they are systems in place and we still find a way around it. People don’t come to work and still find a way around it so some of the problems that we have is rooted in our culture”.

Other key participants also indicated that Ghanaians have a negative mindset about receiving feedback, especially from their supervisors and managers. Ghanaian employees consider negative feedback which is intended to help them improve on their own performance as an attempt by their supervisors and managers to ruin their careers (HR Officer, ATco, 2015).

Another key participant said:

“I honestly think that the main thing is that our attitude towards work is gotten from our weak national system because people travel outside Ghana and they conform to the systems out there but they come here and they don’t want to conform, so I think is the same weak national institutions that mentality is what we bring to the Multinational business environment and we don’t want those structures to work” [Governing Council Member, IHRMPG and Director of HrP Consult, 2015].

Sub-theme: Poor work attitude

Employee work attitude was a major concern as expressed by all HR managers and some key participants. Most of the HR managers and other participants revealed that Ghanaians attitude to work was very “bad” and as such affect firms’ productivity and performance. One HR manager lamented how majority of his workers report to work late and do not view late coming as wrong. Others expect their friends and work colleagues to cover them up for any wrong doings (HR Director, CONco, 2015).

“I think one of the hindrances for us as Ghanaians is the “work ethics”. You know Ghanaians are always communal in nature and we take that to the workplace and people feel that we should cover-up for one another [saving face], so the policies maybe there, but you find people covering one another so is not effective.....” [Governing Council Member, IHRMPG and Director of HrP Consult, 2015]

The director of Industrial Relations at Ghana Employers Association (2015) also revealed that most of the members of the association, especially MNE subsidiaries complained that Ghanaian workers do not have what it takes to enhance productivity due to their poor attitude to work.

“major one, the key one is work attitude...work attitude...work attitude because they belief that Ghanaians do not have what it takes to be able to enhance productivity that work culture, work ethics that is it...work culture...work ethics” [Director of Industrial Relations, Ghana Employers Association, 2015].

The Senior HR Officer at ATco (2015) also asserted that:

“I think those are some of the fear of the multinationals and if you leave the Ghanaian [worker] alone in his country, he may not be as productive so generally a lot of multinationals feels that the Ghanaian [worker] is not as productive”.

This behavioural challenge has triggered some firms to resort to coercion as a way of getting people with such attitudes to work hard. Interestingly, managers and supervisors who usually adopt coercive strategies are generally labelled by employees to lack “human face” in treating their employees.

Sub-theme: Religious actors (Men of God or Pastors) intrusion

In Ghana, it has now almost become impossible for an individual to be employed without the support of a close relative or through his/her membership with a political party, especially the political party in power (Documentary evidence, 2015 from various studies e.g Debrah 2013; Hansen-Thompson 2011). Surprisingly, in recent times, religious actors popularly known in Ghana as “Men of God” or in other words “Pastors” have become important actors in

influencing the recruitment and selection of employees into most firms including MNE subsidiaries. A number of key participants recounted many instances where their Pastors have approached them with names of either church members or family relatives to be employed in their subsidiaries.

“Now adays even the Pastors and the so called “Men of God”, when you close from church service they will just approach you and ask you to help this person get a job in your company.... it is one of the most difficult situations that these people [Pastors] puts you through.....he is your Pastor you can't say no.....you know is a problem for some of us....”
[Business Partner, Recruitment and Selection and Training, FINco, 2015].

Indeed, religious actors' influence on MNE subsidiaries' HRM practices is more evident when it comes to employee recruitment and selection and less visible with other HRM practices as revealed by key participants. For instance, the Business Partner HR & Employee Relations Management, PHONco, 2015 “recall a situation where his Head Pastor approached him at the church premises one Sunday after church service with a church member's request for him to assist get a job placement at his company”. This situation has become a major challenge for Managing Directors and HR managers who are associated with such religious institutions in the country.

Another key participant who is an HRM consultant, noted similar issues where Pastors in Ghana create serious problems for companies as they use their positions to influence top management officials to recruit their congregation members and family relatives. The only way MNE subsidiaries can moderate this situation is to recruit TCNs or PCNs to top management positions in their subsidiaries as revealed by the HRM consultant (2015). He further stated that these Pastors are most likely to be scared (less comfortable) to approach non-Ghanaians for such employment favours. The problem is that it has become more embedded with Ghanaians when it comes to such employment favours through religious actors' intrusion.

Main theme: Political actors' intrusion

One theme that has not been extensively captured in the literature, within the lens of institutional theory, is the influence of political actors' on MNE subsidiaries' HRM practice configurations (see also Chowdhury and Mahmood 2012). Primarily, two sub-themes

emerged from political actors to be influencing MNEs' HRM arrangements within the host-country. These were political connection or cronyism and weak political and national institutional structures.

Sub-theme: Political connection or “political cronyism”

The study found an emerging trend as revealed by key participants concerning political actors' intrusion in the activities of MNE subsidiaries in Ghana. These political influences are most noticeable in the area of employee recruitment and selection. Most HR managers revealed that in some cases, top political leaders and government appointees confront them with requests to recruit their children, family members and their friends' children. One key participant said:

“Oh yeah.... sometimes you are sitting in your office and one MP (Member of Parliament) or a Minister of State will come to your office with his son or daughter and family relatives and ask you to help his relative get a job in your company.....or sometimes you can just receive a call from a top political man saying you should help Mr so so and so to get a job in your company. Oh it has happened to me on a number of occasions.....is really a difficult thing I must confess....” [Ag. HR Manager, BUSco, 2015]

The study observed that political actors' intrusion is more evident in joint venture firms where the government of Ghana is a shareholder. In joint ventures with the government, the political party in power have a lot of influence in persuading the Managing Directors or the HR directors to recruit certain individuals into the firms. Even in most cases, many of the board members of the subsidiaries are generally political party members. Hence, those individuals to be recruited into such firms are either political party members or family members, or friends of the President and his cabinet Ministers as well as Members' of Parliament [MPs] of the ruling party in power. Local policy think tanks and some civil society groups and organizations have reported similar assertions, regarding political traditions in Ghana. Such favouritism in the recruitment and selection processes has assumed an alarming dimension, more specifically in the public or civil service, where the ethnic or family and political party character of a new manager assumes so quickly in organizations, which has become a norm in Ghana.

“I must admit that it exists, it exist and is crazy in the public sector, and it is extremelyin fact it is the cause of the problem we have in the public sector because people are put at places where they have no business coming close to, so Yes it happens and I know that in some private places it happens so for instance, the MD has a huge say, the MD brings somebody nobody can say no, so we take the person, it happens I must admit but is less effective in the private sector” [Governing Council Member, IHRMPG and Director of HrP Consult, 2015].

Although political actor influence is generally limited to recruitment and selection within MNE subsidiaries, and more extensive in joint venture companies with the government as a shareholder; but wholly-owned MNE subsidiaries to some extent are able to moderate the influence of political actors in the recruitment and selection processes as revealed by some HR managers. For instance, one former HR manager of a wholly-owned subsidiary and now HRM Consultant said “when he was the HR Director, he turned down such political requests to recruit certain individuals into the company. He went further to narrate an incident he had with the Managing Director (MD) to appoint certain individuals and he insisted on following the recruitment procedures and requirements. Another way for MNE subsidiaries to moderate political actor influence is to outsource the recruitment processes to a private recruitment firm as revealed by some key participants.

Sub-theme: Weak political institutional structures

Political institutions or political organizations and bureaucracies were noted to be weak and often unstable (Ayittey 2006). These institutional weaknesses are contributing to the institutional and political instability which fails to provide continuity of State policies and political participation. This situation has created inadequate authority for State institutions responsible for HRM and IR issues to carry out their assigned duties and responsibilities (Ag. Director, TUC Research and Policy Centre, 2015). The study also observed that political connections or in other words “political cronyism” and widespread corruption are a powerful set of informal institutions, which combined with weak formal national institutional structures were affecting MNE subsidiaries adoption of professional HRM systems and practices as revealed by a number of key participants.

“I think generally as a country, systems are not working here and so we also think that systems should not work. We are not use to systems working stringently and so when that happens you find people trying to break the system, destroy the system so it doesn’t work” [Governing Council Member, IHRMPG and Director of HrP Consult, 2015].

Another key participant said:

“Weak probably national institutional structures which we are used to so we take it to the workplace and we want that to continue or persist. So when strong institutional structures comes from outside we don’t want it because we think is affecting us. [Executive Secretary, National Labour Commission, 2015].

One key participant indicated that NLC¹⁹ is weak in terms of financial, logistical and human resources to run the institution effectively. Another key participant bemoaned the lack of qualified personnel at the NLC making the adjudication of industrial disputes a major challenge (General Secretary, CWU, 2015). The HR manager of one of the firms said:

“I am currently having a case at the commission, I know where the case is going and I will surely go to court if this particular case doesn’t go to our favour. I have a problem with the staff there [NLC]..... they don’t know anything about industrial relations and dispute resolution at all.....yet they sit there and say whatever they want..... that is the problem I have with them” [Ag. HR Manager, BUSco, 2015].

Main Theme: Economy

The economy constitutes a theme, which influences MNEs’ HRM practice configuration within a less developed host-country. This theme has generally not been captured within the institutional theory perspective. The sub-theme that emerged was that of economic instability.

Sub-theme: Economic instability

The economy has become a major concern for most HR managers and other key participants as it has a ripple effect on the way certain HRM practices are designed and adopted. Most key

¹⁹ National Labour Commission

participants have expressed serious concern about the lack of economic stability, especially in the macroeconomic indicators (inflation, exchange rate, interest rates) which affects their subsidiaries ability to increase employees' salaries and adapt to better rewards schemes as a way of moderating intentions to strike or create a hostile atmosphere at the workplace. During the time of the fieldwork, local and MNE subsidiaries, had failed to call labour unions for negotiations to review collective bargaining agreements, which have expired attributing it to current economic and energy crisis (AGI Barometer Surveys, 2013, 2014; GEA surveys, 2015).

A key participant said:

“But here you realized that it may be difficult because the country’s self is not liquid enough to be able to provide that even though is a laudable idea, but generally we know our economy too is fragile so it cannot support certain best practices even though on paper we can say that is good and we can accommodate it but practically it becomes so difficult” [Director of Industrial Relations, Ghana Employers Association, 2015].

Some HR managers also indicated that the economic situation has also stalled their ability to implement employee training and development programs. A significant number of employee training and career development programs have been suspended due to budget cuts. Most of their HRM programs that involve huge financial obligations have to be put on hold as a result of current economic challenges in the country (Business Partner, HR & ER Mgt, PHONco, 2015).

“The concerns are mostly about the economy for the past two or three years has had a toll on unions because they belief they putting inn more for instance PHONco is a joint venture and they complain a lot about government not putting anything into the company but they are putting inn more to expand the company and this is having a toll on them so as such when you go inn to request for the review of the collective bargaining agreement then they have that problem of you know we don’t have that much, we are putting inn more we have to look at it and more so the economy is not that very very well and as such you know the cedi and the dollar disparities and others so they keep on complaining about the economy

not being on a firm foot” [General Secretary, Communication Workers Union, 2015].

Another key participant said:

“In this era where the cedi is falling, inflation is going up, it is so difficult for employers” [Governing Council Member, IHRMPG and Director of HrP Consult, 2015].

5.2 Summary of findings

This chapter identified the host-country national institutional conditions and characteristics that influence MNE subsidiaries’ HRM policies and practice design and adoption. Table 5.1 provided a macro view of the institutional drivers (factors) that influence MNE subsidiaries’ HRM policies and practice arrangements. The evidence points to failure of the State to coordinate the activities of TVET system resulting in mismatch between TVET programs and industry skills requirements; similar mismatch is also prominent between Universities and Polytechnics and industry needs (see Darvas and Palmer 2014; Ansah and Kissi 2013; Bawakyillenuo et al. 2013). TVET institutions do not support high levels of professional technical skills and knowledge formation at both the operational and middle management levels (Bawakyillenuo et al. 2013). The implication is that Ghanaian workers are not recognized by MNEs as assets for competitive advantage as they are likely to bear the cost and time involved in upskilling graduates to meet productive levels which adds to the overall training and development cost (Bawakyillenuo et al. 2013; National Education Sector Performance Report, 2010). The numerous constraints within education and vocational training system in Ghana demands MNEs to invest heavily in employee training and development.

More so, the lack of qualified workforce with modern business management and technical skills in Ghana’s labour market, may also pose a major constrain for MNE subsidiaries in the adoption of professional HRM systems and practices (Darvas and Palmer 2014). MNEs may have to resort to the recruitment of expatriates (foreign nationals) which has serious cost implications including increased wage and non-wage costs (Dowling, Festing and Engle 2013; Harzing 2001) and could weaken MNEs local legitimacy (Kim 2012). Primarily, due to the few qualified skilled workforce in the local labour market, MNEs would have to compete with local firms for skilled staff and must strive to attract and retain highly qualified and

talented employees. The shortage of talented employees in the labour market could nurture the practice of labour poaching which discourages firms from investing in employee training and development. Indeed, the lack local skills formation for operational and managerial level has compelled firms to extensively apply on-the-job training programs as a way of overcoming the skills shortages. It has also become necessary for MNEs in Ghana to design internal skills development and talent management programs aim at addressing the local skills shortages. Political connections or in other words “political cronyism” and widespread corruption and religious actors’ intrusion are a much powerful set of informal institutions combined with weak formal national institutional settings which makes Ghana a unique host-country distinct from other host-countries. All these informal social networks influence employee recruitment and other HRM practices. These macro-institutional conditions identified in chapter five set out the context to ascertain the opportunities and constraints for the diffusion (transfer) of best HRM practices from MNEs corporate headquarters to their subsidiaries in the next chapter.

Table 5.1: Summary of macro institutional drivers (factors) that influence MNE subsidiaries' HRM policies and practice arrangements in the host-country

Theoretical framework	Main themes	Sub-themes
<i>Regulatory or Coercive Isomorphic drivers</i>	<ul style="list-style-type: none"> • <i>Legal system</i> 	<ul style="list-style-type: none"> • <i>Delays in the operation of the legal system</i>
<i>Normative isomorphic drivers</i>	<ul style="list-style-type: none"> • <i>Education and training arrangements</i> • <i>Labour market constraints</i> 	<ul style="list-style-type: none"> • <i>Low literacy levels</i> • <i>Poorly developed apprenticeship programs</i> • <i>Poor quality of education and training</i> • <i>Limited investment in training</i> • <i>Out-of-date training programs</i> • <i>Emphasis on qualification than competence</i> • <i>Lack of credible labour market information</i> • <i>trade union entitlement mentality</i>
<i>Cognitive isomorphic drivers</i>	<ul style="list-style-type: none"> • <i>Cultural practices of employees</i> 	<ul style="list-style-type: none"> • <i>People's mindset</i> • <i>Poor work attitude, work culture and work ethics</i> • <i>Religious actors ("Men of God" or Pastors) intrusion</i>
<i>New emerged sub-themes</i>	<ul style="list-style-type: none"> • <i>The economy</i> • <i>Political actors</i> 	<ul style="list-style-type: none"> • <i>Economic instability</i> • <i>Weak political institutional structures</i> • <i>Political connection and political cronyism</i>

Source: Extracts from the interviews and documentary records

CHAPTER SIX

FINDINGS ON HOST-COUNTRY INSTITUTIONAL DRIVERS IN MNEs' HRM PRACTICE DIFFUSION

6.0 Introduction

Chapter five provided a detailed view of the macro institutional conditions and the HRM challenges. The macro view of the institutional conditions in chapter five provides the lens to identify the opportunities and constraints in the diffusion of MNEs' HRM practices from the corporate headquarters to their subsidiaries. This chapter presents findings on national institutional drivers or forces that provide opportunities and constraints for the diffusion (transfer) of best HRM practices. The chapter also presents within-case and cross-case analysis and findings of MNE subsidiaries' HRM arrangements. These findings are drawn from in-depth face-to-face interviews and documentary evidence (records). This chapter is divided into three sections. The first section presents findings on national institutional factors that facilitate and provide opportunities for MNEs subsidiaries' HRM practice diffusion. The rest of the two sections presents within-case and cross-case analysis and findings of MNE subsidiaries' HRM arrangements.

6.1 The institutional opportunities for the diffusion of HRM policies and programs from MNEs headquarters to their subsidiaries

The host-country national institutional conditions or characteristics that facilitate and provide opportunities for MNE subsidiaries' HRM practice diffusion between the home and the host-country include: (1) flexibility in labour regulations (Labour Law); (2) political and economic involvement of MNEs' home-countries; (3) trade unions exposure and linkage with international institutions; (4) weak trade unions and their limited bargaining power and collective representation; (5) the role of professional bodies; (6) host-country receptiveness to new management practices and organizational forms; (7) training HCNs in MNEs' home-countries; (8) historical developmental journey and economic backwardness of the host-country; and (9) Similar HRM practices with home-country's HRM practices. Below are the details of the main themes on the host-country national institutional drivers that facilitate HRM practice diffusion.

Sub-theme: Flexibility in labour regulations (Labour Laws)

The regulatory institutional profile within the host-country was found to be very supportive and amenable, especially the Labour Act 2003 (Act 651) which is the ultimate regulatory system governing employment relations in the country. A number of key participants from MNE subsidiaries and IHRMPG alluded to the fact that the Labour Act (2003) in Ghana was developed with wide consultations from numerous stakeholders and also considered various best practices from different countries and contexts. This makes the labour law in the country more flexible and supports a significant number of HRM practice transfer into the country. One key participant said:

“I think that the labour law support them. I think our labour law was designed after a lot of studies. The team that developed this law went across the world including Singapore to go and look at their labour systems, what is happening there, how we can adopt it, how we can apply it in our various context. I think is because of the wide nature of consultation that was done and researches that was done across the world, is a document that supports a lot of it [HRM practice transfer” [Governing Council Member, IHRMPG and Director of HrP Consult, 2015].

The HR Officer at ATco (2015) and the Manager in-charge of talent management and organizational development at FINco (2015) also revealed that the laws and regulations governing employment relations in Ghana provided a favourable institutional support to HRM practice transfer. Other key participants described the employment regulatory environment in Ghana to that of the UK which has been described by many researchers as liberal where firms and managers have greater flexibility to adapt to market-driven employment practices with limited regulations (Tüselmann, Allen and McDonald 2014; Edwards and Ferner 2002).

Another key participant said:

“Our labour law doesn’t frown on so many things... our labour law actually is similar to what pertains in the UK It is tax issues that are slightly different but the labour law is not too stringent in terms of the practices” [Head of Human Resources, CONco, 2015].

Sub-theme: Political and economic involvement of MNEs home-countries

The influence of Western economies or advanced economies, namely the US, the UK, Germany, France among others through a number of foreign policy involvements with Ghana coupled with the influx of donor support in the form of technical (education and training) and financial assistance (Harvey 2002; McCourt 2001) as well as the growing admiration and reputation of advanced countries education and organizational forms were evident in driving the general acceptance of MNEs' corporate headquarters work systems and management practices within the Ghanaian business system.

A key participant said:

“We were colonized by the British so many of the things you see in Ghana originate from them. They brought education and other things into this country..... so most of the times we try to do things similar with them.....” [Ag. Director, TUC Policy and Research Centre, 2015].

Another important influencing driver in evidence was the legacy of British colonialism where certain management and organizational forms were diffused as part of the management systems of the British colonial rule in Ghana (Akinnusi 1991; Debrah 2000, 2013; Hansen-Thompson 2011). These institutional arrangements through British colonialization saw the replication of British organizational forms and management practices into the Ghanaian society creating a receptive environment for the relative ease in the diffusion of certain HRM practices into their Ghanaian subsidiaries. Indeed, a number of key participants made mention of the fact that most of the organizational forms embedded within the Ghanaian institutional systems are legacies of the British colonial system which have been maintained even after the achievement of independence in 1957 (Akinnusi 1991; Debrah 2000, 2013). The most noticeable institutional systems left was the education and training system, the structure of the civil and public sector institutions which have all been modelled along the British system, whereas the legal system in Ghana has been modelled along the American system (documentary evidence, 2015).

Sub-theme: Trade unions exposure (linkage) with international trade unions and institutions

Trade unions exposure and linkages with other international labour unions within Africa and outside the continent was evident as a major contributory factor in providing a supportive institutional arrangement for the diffusion of MNEs' HRM practices to their Ghanaian subsidiaries. Many of the key participants acknowledged the support of labour unions towards the replication of MNEs' home-countries management practices and organizational forms into the country.

One of the key participants said:

“We belong to UNI [Union Network International], a bigger international union certain times we get a lot of support from them in terms of advocacy and other things, with the support we attend international meetings, where the best practices are given to us to bring back to do... we working with some of them” [General Secretary, Communication Workers Union, 2015].

They attributed the receptiveness and supportive nature of trade unions to some of the practice transfer to their exposure and relationship with other international trade unions where they have the opportunity to learn and mimic modern IR and other management practices from advanced countries. Indeed, trade union leaders during the interviews acknowledged that their linkage (networking) with international trade unions and the ILO has been beneficial and provided a platform to learn some best practices from advanced countries.

A key participant said:

“TUC as a body goes to the ILO summit every year and you know when they go there are issues of this advocacy and other things come up..... is not all the unions that gets the chance to attend, but I belief certain times when they go and come some of the issues that needs to be implemented by government and organize labour are done and then it comes to us so that we take the best practices from ILO or certain times from UNI...definitely unions are willing to adopt best practices” [General Secretary, Communication Workers Union, 2015].

This level of exposure by trade unions in Ghana have created a supportive environment where MNEs can replicate certain HRM practices from the corporate headquarters with minimal opposition from trade unions as revealed by a key participant who is a governing council member of the Institute of Human Resource Management Practitioners Ghana (2015).

Another key participant said that:

“As far as is possible ...you know Ghana is linked up to ILO so and also we are looking up to other international institutions and others, I don't really think they are many constraints in that perspective is quite supportive”.
[Director of Industrial Relations, Ghana Employers Association, 2015].

Sub-theme: Weak trade unions and their limited bargaining power and collective representation

The study also found weaknesses within trade unions and as such creating flexibility for MNEs to adapt to HRM practices of their choice. MNEs were implementing individualistic employee voice mechanisms which provided a major disincentive for employees to join labour unions. This situation was affecting the membership drive of labour unions as revealed by officials of trade unions as well as documentary evidence on the declining trend of union membership in Ghana from the Rosa Luxemburg foundation in partnership with TUC (2012) report. Another important strategy that was found to be weakening labour unions is the adoption of enterprise level collective bargaining model. A number of key participants (respondents) from trade unions alluded to the fact that most MNE subsidiaries have power and resources to influence union leaders at the enterprise level. This has led to the deficiency of union bargaining power and collective representation creating leeway and more flexibility within the host-country for MNE subsidiaries to diffuse home-country HRM practices with little or no resistance from unions.

“We as a union, we are not satisfied with our membership for instance, the communication workers union has a big industry, the ICTs, the Telcos and all this thing but what we have realized is that apathy on the side of young workers. They don't see the reason why they should have a union or they should join a union so they believe their ok with where they are and wouldn't want to join” [General Secretary, Communication Workers Union, 2015].

It was also revealed that many MNEs have been able to instigate (convince) employees against joining trade unions as they stand to lose income through the deduction of membership dues and others. These “*corridor tactics*” approach adopted by MNE subsidiaries in Ghana has been very effective in weakening the collective bargaining power and collective representation of trade unions as the number of union membership dwindles. It is perhaps not surprising that MNE subsidiaries have “power resources” to create leeway and flexibility within the Ghanaian business system to replicate their headquarters HRM practices with minimal constraints.

A key participant said:

“most of the time they [MNE subsidiaries] try to convince their employees that oh their better-off without a union, they’re going to take care of them, they [MNE subsidiaries] will make them happy and that kind of thing. Just to prevent employees from joining a union or not let the people start thinking of going that route”. [Governing Council Member, IHRMPG and Director of HrP Consult, 2015].

Sub-theme: The role of professional bodies (GEA, HRM Consultancy firms and the IHRMPG)

The study found that professional associations (bodies) such as GEA, HRM consultancy firms and IHRMPG play a significant role in providing a supportive environment for HRM practice transfer. A number of key participants acknowledged the contribution of professional associations to the advancement of professional HRM systems and practices within the Ghanaian business system which is breeding a fertile ground for the “openness” or “receptiveness” of the national business system to best practice transfer into the country. It was also revealed by one of the governing council members of IHRMPG (2015) that they have almost established the professional HRM training standards to regulate the HRM profession similar to the way the accounting and the marketing professions are regulated. Indeed, the establishment of HRM professional training standards in Ghana for the training of HRM practitioners would provide more opportunities for the advancement and adoption of professional HRM systems and practices in the future.

A key participant said:

“...because the country has also opened up to foreign direct investment
.....Yeah definitely we have a lot of Multinational companies around so
they’re in a way....their work practices and even social affiliations are
opening up for some of these transfer of best practices” [Director of
Industrial Relations”, Ghana Employers Association, 2015]

Sub-theme: Host-country receptiveness to new management practices and organizational forms

The study found that the Ghanaian national business system is very amenable and receptive to new management styles and organizational forms as revealed by majority of the participants. The director of IR at GEA (2015) alluded to the fact that after the deregulation and liberalization of the Ghanaian economy, the dominant national institutional structures have been re-organized with greater flexibility and openness to new and novel forms of organizational models and economic systems (see also Abdulai 2004; Eshun and Jellicoe 2011). Similarly, the Director of HR at BUSco (2015) also revealed that due to the openness of the Ghanaian national business system, it poses minimal constraints to replicate or transfer new organizational forms and practices from their headquarters to their subsidiary.

Another key participant said:

“Oh yeah...it is not that difficult to transfer some of the HRM practices from our parent company to Ghana here, is just that sometimes the workers will complain small with some of the practices at the beginning but with time they get used to it, the system is more flexible at times for us to introduce new things here” [Business Partner HR & ER Mgt, VDco, 2015].

The Head of talent management and organizational development at FINco (2015) revealed that because of the international exposure of many of the young employees, especially those who had the opportunity to be trained outside Ghana have an “openness” to new management models coupled with the supportive nature of the national institutional settings provide a better opportunity for MNEs to replicate similar HRM practices from the corporate headquarters to their subsidiaries in Ghana. The Ghanaian national business system and institutional structures exhibit the willingness to operationalize new organizational forms and

HRM practices through its regulatory institutional arrangements as revealed by a number of key participants (see also Hansen-Thompson 2011).

A key participant said:

“Our labour law doesn’t frown on so many things... our labour law actually is similar to what pertains in the UK. It is tax issues that are slightly different but the labour law is not too stringent in terms of the practices” [Head of Human Resources, CONco, 2015].

Sub-theme: Training Host-Country Nationals (HCNs) in MNEs’ home-countries

Another important institutional driver that provided a strong push for MNEs to diffuse or replicate their countries-of-origin HRM practices into the Ghanaian business system was the increasing number of managers and employees who have been educated outside the country (abroad) and others born and raised in the home-countries of MNE subsidiaries. Their exposure to Western management and business models reinforced and strengthened their global mindset through their social and individual value orientations. The significant increase in the number of managers and employees in Ghana with such training exposure from MNEs’ home-countries was a major push factor or opportunity for MNEs’ HRM practice transfer or the replication of similar HRM practices from the corporate headquarters to their subsidiaries.

One key participant said:

“opportunities are that now much as I indicated earlier that we have some literacy levels...people are now educating themselves very well and also there are more training outside of Ghana so at least they come out with open mind [exposure at least] which also gives a fertile ground” [Director of Industrial Relations, Ghana Employers Association, 2015].

The manager in-charge of Talent Management and Organizational Development at FINco (2015) explained that employees who have outside (abroad) training exposure are easy to deal with in terms of the implementation of certain management practices and new organizational forms as compared to those who had their training in Ghana. It was therefore, not surprising that MNE subsidiaries have a preference for employees and managers who have international educational qualification and work experience as compared to their counterparts who have local Ghanaian qualifications and training. The HR manager at FINco

recounted her own experience of some tension between some few employees who had their training abroad and those in Ghana about the introduction of a new performance evaluation system. This is a good example of how employees with outside education and training can provide a fertile ground for MNE subsidiaries to replicate similar practices in their subsidiaries with limited constraints or without any contestation.

Another key participant said:

“People who schooled abroad are more exposed to contemporary work systems and understand a lot of things.....but for those who went to school in Ghana, they are not that much exposed to new things, the educational standards are falling because they are still using the old methods” [Senior HR Officer, ATco, 2015].

Sub-theme: historical developmental journey and economic backwardness of the host-country

The political imperative towards an open and liberal economy was demonstrated by the ERP and the SAP as well as the privatization of almost 80% of State-owned enterprises in the 1980s and the early 90s (Documentary evidence from the World Bank 1989; McCourt 2001; Baah-Boateng 2004; World Bank Economic and Sector Work on Ghana report by Canagarajah and Mazumdar 1999). This historical development trajectory was evident in stimulating the receptiveness of the Ghanaian business system to MNEs’ HRM practice diffusion. The historical developmental and economic backwardness necessitated the “openness” or receptiveness of the country to FDI with its spill-over effects – new technology, new production techniques, revenue, employment creation, new organizational forms (new work systems) and contemporary HRM practices.

A key participant said:

“And also we have.... because the country has also opened up to foreign direct investmentYeah definitely we have a lot of Multinational companies around so they’re in a way....their work practices and even social affiliations are opening up for some of these transfer of best practices” [Director of Industrial Relations, Ghana Employers Association, 2015].

The colonial history and the political and economic interest of Ghana to mimic best HRM practices from its colonial masters (the UK) were also evident in this study and provided a strong institutional support for HRM practice transfer. This became an important institutional driver for the diffusion of best HRM practices from MNEs' countries-of-origin to their subsidiaries in Ghana. The continuous mimicking of best political and economic systems as well as education and training systems from MNEs' home-countries provide the institutional support and institutional receptiveness within the host-country for MNE subsidiaries to diffuse similar HRM practices.

A key participant said:

“Ghanaians always want to copy things from the US and the UK.....you know those countries are developed so we also have to try and do similar things here to get to where they are” [Research Fellow, TUC research and Policy Centre, 2015].

Sub-theme: Similar HRM practices with home-countries practices

Another important issue that created an enabling environment within the Ghanaian business system supporting the transfer of HRM practices was the adoption of corporate headquarters' management practices and organizational forms in Ghana (Line Manager, BUSco 2015). Some of the key participants from MNE subsidiaries alluded to the fact that in most cases, the HRM practices in their subsidiaries home-countries were almost similar to what is practiced in Ghana making the replication of such practices into their subsidiaries less constrained. Even though the key participants did admit there were some differences but such differences were not significant.

“..... no oh, not really for Ghana because you realized that most of our practices in Ghana here is similar to what pertains in the UK so once they get the UK standards and it comes to Ghana, the differences are not that much yeah... it is only when it comes to implementation of some of them, if you are talking about... training and development for instance where you would need to take somebody on an international assignments then the challenge then becomes cost so that takes a longer time to be implemented because you need to ensure that you are within cost yeah..... So those are

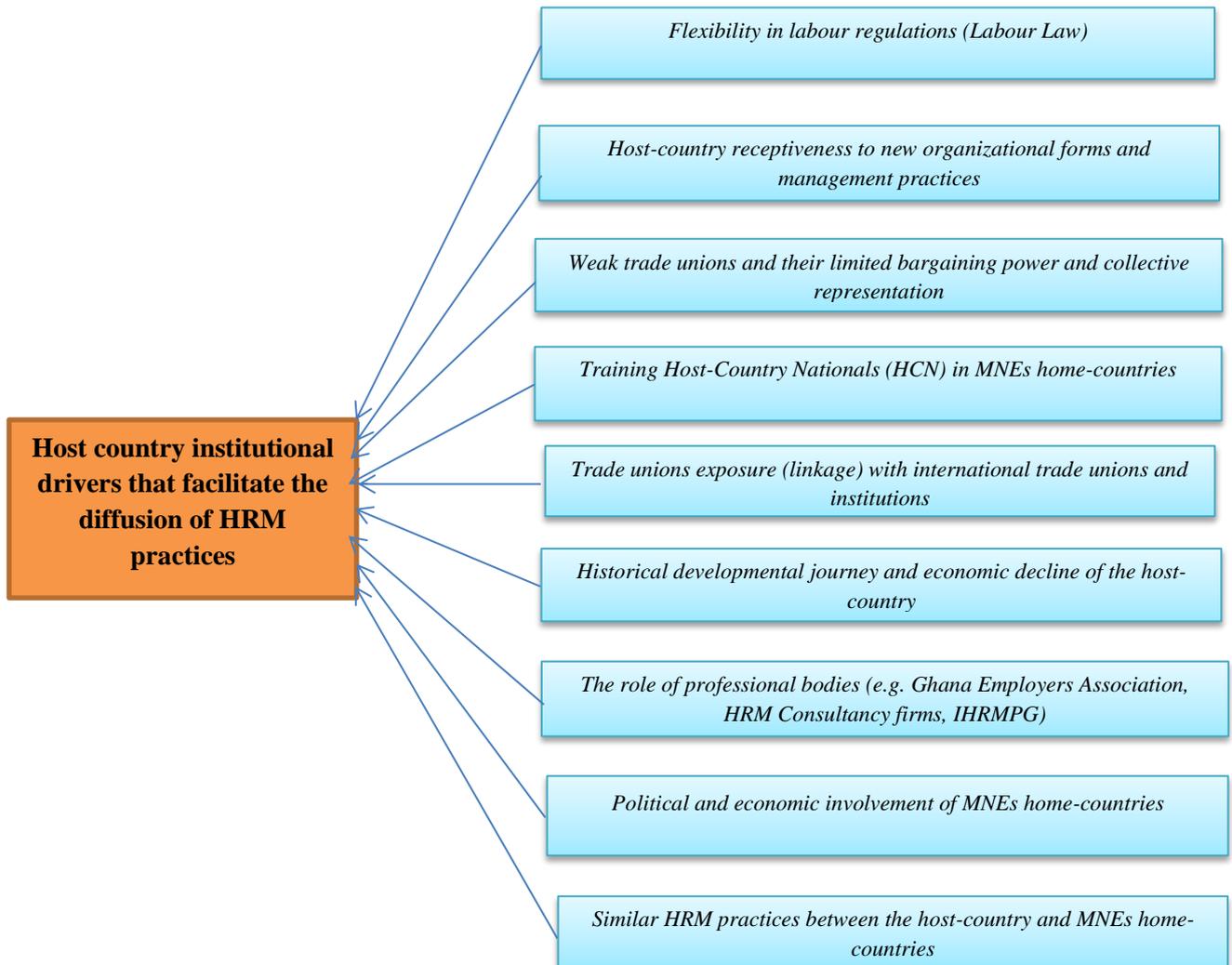
the only things I will say but not or no challenges” [Head of Human Resources, CONco, 2015].

The similarities in HRM practices between Ghana and most MNEs’ home-countries were attributed to British colonialization in relation to MNEs originating from the UK, and the desire for a less developed country like Ghana to mimic best HRM practices from developed countries in relation to MNEs originating from France and Germany.

6.1.1 Summary findings

This section of chapter six presented findings on the national institutional drivers (factors) that facilitate and provide opportunities for the diffusion of MNE subsidiaries HRM practices to their subsidiaries in Ghana. The institutional drivers that facilitate the transfer of HRM practices between the home and host-country include flexibility in labour regulations; political and economic involvement of MNEs’ home-countries; trade unions exposure (linkage) with international institutions; weak trade unions and their limited bargaining power and collective representation; the role of professional bodies; host-country receptiveness to new management practices and organizational forms; training HCNs in MNEs’ home-countries; historical developmental journey and economic decline of the host-country; and similar HRM practices with the home-countries practices (see figure 6.1).

Institutional drivers for the diffusion of best HRM practices from MNEs headquarters to their subsidiaries



Source: Author's construct, 2016

Fig.6.1: Institutional drivers for the diffusion of best HRM practices from MNEs headquarters to their subsidiaries.

6.2 Within-case analysis and findings of MNE subsidiaries' HRM practices

This section presents within-case analysis and findings from in-depth face-to-face interviews and document analysis of MNE subsidiaries' HRM practices. The case study firms were drawn from five (5) MNE subsidiaries. The firms' selection criteria were based on a number of factors which have been outlined in the methodology chapter. This section presents detailed within-case description of each case study firm with a focus on five HRM practices – recruitment and selection, training and development, employee voice, involvement and communication, retention and talent management – and the relationship between MNEs headquarters and their subsidiaries in Ghana. The reasons for selecting these HRM practices have been explained in chapter two. These HRM practices provide the lens or frame of analysis within which to ascertain whether MNE subsidiaries demonstrate a convergence across their HRM practices in a less developed country's context.

6.2.1 Case 1: PHONco

PHONco is one of the World's largest telecommunication firms with operations in Africa, the Middle East, Asia Pacific, the United States and Europe (company's website 2015). PHONco operates in all the ten regions of Ghana with its head office located in Accra (company's website, 2015). PHONco has a 70% stake with the government of Ghana controlling the remaining 30%. The company took over from the previous owner in 2008; however, the company was officially rebranded in 2009 to reflect the new majority ownership structure. The country-of-origin of the company is in the UK (Documentary evidence, 2015). PHONco employs over 5000 people in Ghana. PHONco provide internet, voice, fixed line, mobile and data services and has currently introduced mobile money services (Company's website, 2015). PHONco is currently ranked second in Ghana in terms of market share or customer base in the telecommunication sector (Business and Financial Times). The researcher interviewed two (2) key participants who are the Business Partners in-charge of human resources and employment relations management. The key participants have been working in the same positions for over 6 years. The interview addressed key HRM practices and institutional constraints and opportunities in HRM practice diffusion.

Recruitment and selection

PHONco uses different recruitment and selection practices for the different categories of employees. Recruitment practices such as newspaper advertisements and headhunting are generally used for the recruitment of managers and key employee groups. PHONco also use internal advertisements through the company intranet to advertise some key jobs. Employee referrals have also become a common practice, especially for the recruitment of managers and key employees groups.

“As a company one of the things we have set ourselves to do is that as much as possible, we will recruit from within so anytime there is a vacancy, we advertise it within, we have our intranet, we advertise it there, so if we advertise the vacancy and we don’t get anybody to fill it, then we look out, so by looking out we could advertise it in the mass media, newspapers, sometimes on the company’s website” so we advertise internally and externally [Business Partner HR & ER Mgt, PHONco, 2015]

Private recruitment firms are engaged to recruit the largest occupational group including call centre agents, clerical staff and security officers. Another practice which is also used is campus recruitment of new graduates. When it comes to employee selection, the same practices are applied for the selection of all the three categories of employees, except for those recruited through private recruitment firms which are the largest occupational group. Assessment centres, psychometric testing or aptitude testing, face-to-face interviews, CV data and references are used irrespective of the rank of the job vacancy. The same selection practices are used for all the different category of employees (managers, key employee and LOG) (see chapter four for details of the employee categorization). Poaching has also become a form of recruitment practice frequently used for managers and key employees where there is a shortage within the labour market.

“When it comes to recruitment, we do it in two broad forms.... we have the standard recruitment process, as in the vacancy being advertised, people expressing their interest, going probably unto the hub and applying, getting shortlisted for the interview and sometimes going to do a presentation.... the second is that if we realized that your skill or competency is one that we don’t find in-house or which we advertised but are not getting, the other

option that we use to get them is the poaching” [Business Partner HR & ER Mgt, PHONco, 2015].

Training and development

PHONco have placed a high premium on employee training and development, especially in the case of on-the-job training and other career development programs. PHONco has a specific training policy known as the 70-20-10 rule (Documentary evidence 2015). This training and development concept is underpinned by on-the-job training, coaching and mentoring and classroom studies (Documentary evidence 2015). The Business Partner in charge of HR and ER management said:

“Oh for us we have something we call the “70-20-10” rule where we think that 70% of the time, people learn on-the-job and 20% of the time people learn through coaching and mentoring and 10% of the time people learn through classroom training. This approach in our company support employees to navigate through their career paths” [Business Partner HR & ER Mgt, PHONco, 2015].

The company also provides training abroad opportunities, coaching and mentoring, international assignments to employees in addition to generalized and specific career path opportunities. Another important training and development practice used by PHONco is granting of leave or reducing employee workload to allow some employees write their end of semester examinations. PHONco provide more of specific career path opportunities as compared to generalist career path opportunities.

“Leave of absence is permitted, in fact people call it leave without pay but we called it leave of absence..... Per the company policy you cannot go on leave for about or more than 6 months if you go for 6 months and below, when you come... you are assured of your job but beyond 6 months, you will be required to resign” [Business Partner HR & ER Mgt, PHONco, 2015].

Employee voice, involvement and communication

With regard to employee voice and communication, PHONco has adopted a number of employee involvement schemes, including team-briefing which is conducted every Monday. The company has also formed project teams, which meet to deliberate on ongoing projects and how to address certain work challenges. Job autonomy has also become an important strategy as well as employee attitude surveys which are conducted once in a year. Employees are given the opportunity to provide suggestions through the suggestion box scheme system.

“We sometimes call it project teams and as much as possible we try to do a lot of delegation so people have job autonomy”.

In another statement the HR manager said:

“We have our radio FM, Red FM so people can go there and voice out whatever and then we have our hub on our website, there is a page there like some Gossip Corner, you can go there anytime and you can say it”
[Business Partner HR & ER Mgt, PHONco, 2015].

In relation to employee representation, the only trade union recognized by PHONco is the communication worker union (CWU). About 25% of the total number of employees belongs to the communication workers union. Enterprise level collective bargaining arrangement is the common practice. PHONco recognized only 2 categories of employees in relation to collective bargaining; these are workers in Band I and below and Band G. Band I workers are classified as employees below the ranks of line managers, whereas Band G workers are categorized as employees within the ranks of line managers (Collective Bargaining Agreement document, 2015). PHONco has a good working relationship with trade unions as opined by the HR manager.

“Oh yeah ...we have a very good working relationship with union leadership in our company” [Business Partner HR & ER Mgt, PHONco, 2015].

Employee Retention

Employee retention has become an important HRM practice that has been given much attention owing to the lack of skilled labour within the Ghanaian labour market (Darvas and

Palmer 2014; Ghana Employers Association 2006). Some of the retention practices include the payment of competitive pay and benefits schemes, career development opportunities, free accommodation and medical care among others. The HR manager said that:

“we do a lot to retain talented employees, we have a retention scheme where every month some amount of money is invested for talented people as a way of keeping them... we try to do some motivational things for them... given them status vehicles, we try as much as possible, we do a lot, we provide them with free medical care, we provide them with accommodation. A lot of things have been done with the view to retaining employee and given them bonuses and so on” [Business Partner HR & ER Mgt, PHONco, 2015].

Another way the company retain its key employees is the opportunity and preference given to existing employees when new vacancies are opened, this is to ensure the career advancement of existing employees as a way of retaining them. All job vacancies are first advertised internally.

“As a company, one of the things we have set ourselves to do is that as much as possible we will recruit from within so anytime there is a vacancy, we advertise it within, we have our intranet, we advertise it there, so if we advertise the vacancy and we don't get anybody to fill it, then we look out” [Business Partner HR & ER Mgt, PHONco, 2015].

Talent Management

In the case of talent management, PHONco have implemented a succession planning program for senior managers and key employees to ensure that there are replacement for unforeseen circumstances in the future. The company have also implemented a talent management policy which is globalized in orientation. There is variation in the class of employees targeted within the talent management policy. The talent management policy is designed to target only key employees and managers because it is much easier to fill vacancies for relatively low skill jobs within the largest occupation group.

“Is specifically aimed or targeted at the talents that has been identified within the company ... everybody cannot be a talent” [Business Partner HR & ER Mgt, PHONco, 2015].

Subsidiary relationship with the parent company (similar or different HRM policies)

PHONco's parent company is in the UK and operates in various countries including the US, Africa, Middle East and Asia Pacific. The company has an international HRM group, which comprises of senior HRM managers who develop HRM policies and practices to be applied across the various subsidiaries.

“Those who are like the CEOs direct report, those who report to the CEO, if you are going to report to the CEO as part of the recruitment process PHONco group would want to come in and also interview the person and be sure that the right person has been found. Then we also have some roles which are filled by people who don't necessarily report to the CEO but they are something that we call a vertical reporting line to PHONco group. For instance, our procurement manager, he has some reporting lines to PHONco Procurement Company so in that case when the head of procurement is being interviewed, he will have to be interviewed by the PHONco group but apart from that all others we have a free hand to recruit” [Business Partner, Human Resource & Employment Relations Management, PHONco, 2015].

A global HRM system and handbook designed for all the subsidiaries are utilized. The HRM policies are then replicated in the respective subsidiaries with or without modifications. HRM policies and practices are replicated without any modification in the case where such policies and practices are not covered or addressed by the labour laws in Ghana, however during the implementation of some HRM practices, managers at the subsidiary are allowed significant discretion to slightly modify HRM practices to fit within the Ghanaian environment.

“We have a lot of discretion, say 90% of the time, we make the decisions is only the isolated ones they advise” [Business Partner, Human Resource & Employment Relations Management, PHONco, 2015].

The HRM policies and practices between the parent company and that of the subsidiary are generally similar. PHONco has four expatriates working in the subsidiary on long-term assignments.

“PHONco as a group has its own policies, group policies and then... see we operate something we call “one company local rules” so the PHONco

policies, HR policies has been given to us and we twist it a little to meet our local needs” [Business Partner (HR) & ER Mgt, PHONco, 2015].

Table 6.1: Summary of HRM practices at PHONco and their relationship with the corporate headquarters

	Relationship with parent company	HRM Area	HRM practices
PHONco	The company has an international group which is made up of senior HRM managers that develops human resource management policies and practices to be applied across all the subsidiaries including Ghana	Recruitment and selection	<ul style="list-style-type: none"> • Recruitment sources: on-line or social media, newspaper advertisements, headhunting, Employee referrals, Private recruitment firms, campus recruitment, poaching • Selection techniques: Assessment centres, psychometric testing, aptitude testing, face-to-face interviews, CV-data, referees
		Training and development	Provide generalized and specialized career opportunities: <ul style="list-style-type: none"> • On-the-job training • Training abroad opportunities • Coaching and mentoring programs • International assignment • Granting of leave or reduce workload to allow employees write their semester exams
		Employee voice, involvement and communication	<ul style="list-style-type: none"> • Team briefing or project teams conducted every Monday • Job autonomy • Employee attitude survey • Suggestion scheme box • Delegation of authority • A web-based page called gossip corner • Recognition of trade unions • Collective bargaining agreement with employees
		Employee retention	<ul style="list-style-type: none"> • Competitive pay and benefits scheme • Career development programs • Free accommodation (KEG and managers) • Free medical care for employee and their families • Status Vehicle (KEG and managers) • Payment of Bonuses
		Talent management	<ul style="list-style-type: none"> • Succession planning program • Have a global standardized talent management policy • Talent management is designed to target key employees groups and managers

6.2.2 Case 2: ATco

ATco operates in Africa and South Asia covering 20 countries in all. ATco operates in all the ten regions of Ghana with its head office located in Accra. ATco is a wholly-owned subsidiary, with India as its country-of-origin and its headquarters located in India. The company took over from its original owners in 2010, employing over 500 people in Ghana. The company provides internet, voice, fixed line, mobile, data services and mobile money services (company's website 2015). ATco is currently ranked third in terms of market share in the telecommunication sector in Ghana (Business and Financial Times). ATco is well known in Ghana through its mobile money services. ATco is one of the pioneers for the introduction of mobile money services and the platform for the payment of utility bills in Ghana. The researcher interviewed two (2) key participants, the Human Resource Officer and Senior Human Resource Officer. The interviews addressed HRM practices institutional constraints and opportunities in HRM practice diffusion.

Recruitment and selection

Recruitment of employees in ATco varies in relation to the different categories of employees involved. With regards to the recruitment of managers and key employee group, ATco adopt employee referrals, social media and headhunting recruitment practices, whereas the recruitment of the largest occupational group is frequently dependent on campus recruitment and in most cases outsourcing such class of recruitment to private recruitment firms.

“We now have social media to advertise most of our managerial vacancies here, if we want to recruit fresh graduates as part of their national service, we go to the university campuses to do that” [HR Officer, ATco, 2015]

ATco selection processes vary in relation to the category of employees. ATco has developed a standard application form where it can be downloaded from the company's website (Documentary evidence from the company's website 2015). They also rely on CV data, face-to-face interviews and the use of aptitude testing for the selection of managers and key employees group. In recent times, presentation has become an important part of the selection process. Presentations are most often used for the recruitment of managers and some few key employee groups. Those applicants applying for managerial positions do a presentation of what they want to add or achieve for the company when given the opportunity. On the one hand, aptitude testing is frequently used for the recruitment of the largest occupational groups

or entry level applicants and less used for the recruitment of managers and key employee groups. ATco does not use assessment centres as part of its selection processes.

Training and development

ATco has a structured training and development program, on-the job training forms an important part of the training and development opportunities provided by the company. They also send some employees abroad for further training. Most often employees are sent to the parent company in India for training. Another important feature of their training and career development strategies is the work and learn plan. Employees who want to work while undertaking a university degree or a professional qualification have been given some opportunity where they grant such employees leave to write their end of semester examinations or sometimes have to reduce their workload and also allow them to close early from work to be able to attend lectures and write their examinations.

“oh yeah... we give them the chance to enrol in part-time programs and we also grant them some leave to write their end of semester examinations, next month like this many of them will be given some 2 weeks leave to write their semester exams” [Senior HR Officer, ATco, 2015].

They also have a standard promotion system, where employees are promoted based on a certain criteria, which is a source of encouragement as it enhances their career development chances. ATco does not grant tuition fee reimbursement to employees who undertake further studies on their own will. ATco offers their employees more generalized career development opportunities and also rely on job rotation as a way of preparing employees for future career advancement. Specific career paths, mentoring and coaching opportunities are not commonly nurtured in ATco. Short-term international assignment opportunities are also available as some key employee group are sent to other subsidiaries or the headquarters to under-study some practices for replication into the Ghanaian subsidiary.

“We don’t have any policy on the granting of tuition fees here, I think the other opportunities we have here are good enough” [HR Officer, ATco, 2015].

Employee voice, involvement and communication

Employee voice mechanism such as team-briefing is an important part of the avenues ATco create to ensure employee involvement. The company also has an upward communication system as well as suggesting box scheme where staff members can frequently and easily voice out any concerns to top management for redress. With regards to employee attitude survey, ATco engage the services of a private company to conduct such surveys which ATco termed annual employee engagement survey.

“.....We do have something here we call annual employee engagement survey which is conducted by a third party called Kenexa” [HR Officer, ATco, 2015].

Another key informant said:

“When you going out you will see that we a have a suggesting box, any concern an employee has he can do it through that box over there anonymously” [Senior HR Officer, ATco, 2015]

Quality circles are less frequently used at ATco as part of the employee involvement mechanisms. Performance appraisal meetings have also become an avenue to allow employee involvement and voice at ATco, supervisors and employees meet to discuss sales targets and other related issues more frequently.

“Yeah... we have team-briefing meetings every week at the conference hall just behind you” [HR Officer, ATco, 2015]

With regard to employee representation and for the purposes of collective bargaining between workers and management, ATco does not recognize trade unions and employees do not have any collective agreement to bargain with management. A few key employees and managers generally negotiate for their conditions of service individually which usually takes place during the selection stage.

Employee Retention

In order to ensure they retain employees, ATco has implemented a number of incentive packages, including the payment of competitive salaries comparable to what other industry players are paying. They have also devised a standardized promotion system that is more

flexible and fair to ensure employees who meet the criteria are quickly promoted which is a way of creating better career development opportunities for the employees. They also provided employees with some benefits such as vehicle incentive scheme, free medical scheme among others.

According to the (Senior HR Officer of ATco, 2015), “we are providing our employees with good pay and many benefits. For instance, we have a vehicle incentive scheme which we provide cars to managers and some key employee group and many other benefits”

Talent Management

ATco has a well-developed talent management policy which is designed by a team of Senior HR managers from the parent company and replicated in all subsidiaries. The talent management policy is globally standardized in orientation. Managers and key employee group are incorporated into ATco talent management policy. The succession planning system at ATco is less effective as opined by the HR Officer (2015). Most of the talent management practices such as performance review guidelines are developed from the parent company and transferred to the subsidiary for replication. The reason for developing the performance review guidelines from the corporate headquarters was to ensure uniformity across all the subsidiaries in Africa.

“I can say for sure that our succession planning system is ineffective because most of the talent management practices are transferred from ATco headquarters and some are not really applicable here” [Senior HR Officer, ATco, 2015].

Subsidiary relationship with the parent company (similar or different HRM policies)

ATco HRM policies and practices are designed at the group level and then replicated across the various subsidiaries. They have an international body or committee of senior HR Managers who develop HRM policies and practices to be applied across the subsidiaries. ATco also have a regional HRM team made up of senior HR managers from all the subsidiaries within the African continent. For instance, HRM practices such as consequence management, E-learning programs, performance review and management were all transferred from the headquarters to Ghana (Senior HR Officer, 2015). The subsidiary in Ghana has

some level of discretion to modify some HRM policies and practices to fit the Ghanaian environment. Even though, the HR Officer did admit ATco had a number of expatriates working in the subsidiary, the HR Officer failed to disclose the total number of expatriates working in the subsidiary on long-term and short term assignments.

“Most policies and programs are group-led but the subsidiary has the ability to institute policies and programs so I can say we do have some level of discretion here but not on all HR policies and practices” [HR Officer, ATco, 2015].

Table 6.2: Summary of HRM practices at ATco and their relationship with the corporate headquarters

	Relationship with parent company	HRM Area	HRM practices
ATco	ATco HRM policies and practices are designed at the group level and then replicated in all the subsidiaries. They have an international body or committee of senior HR Managers that develop HRM policies and practices which is applied across all the subsidiaries including Ghana. ATco also have a regional HRM team made up of senior HR managers from all the subsidiaries within the African continent	Recruitment and selection	<ul style="list-style-type: none"> • Recruitment sources: employee referrals, social media, headhunting, outsourcing, campus recruitment, • Selection techniques: Application forms, aptitude testing, face-to-face interviews, CV-data, presentations
		Training and development	Provide generalized opportunities: <ul style="list-style-type: none"> • On-the-job training, • Training abroad opportunities, • Short-term international assignment • Work and learn plan
		Employee voice, involvement and communication	<ul style="list-style-type: none"> • Upward communication system • Suggestion scheme box system • Annual employee engagement survey • Performance appraisal meeting • Team-briefing meetings
		Employee retention	<ul style="list-style-type: none"> • Competitive salary • Standardized and flexible promotion system • Vehicle incentive scheme • Free medical care
		Talent management	<ul style="list-style-type: none"> • Have a global standardized talent management policy • Talent management is designed to target key employees groups and managers • Succession planning program

6.2.3 Case 3: FINco

FINco operates in the banking sector and was established in 1975 as a security guarantee bank and was later rebranded to the social security bank in the early 1990s. In 1994, the bank was later converted into a public limited liability company after the government of Ghana off loaded its 21% shareholdings (Company's website, 2015). After few years, the bank was listed on the Ghana stock exchange. FINco was later rebranded after a French financial group acquired majority (51%) shareholding. Today, the company has 45 branches across the ten regions of Ghana with its head office in Accra and employs over 1000 people. In 2013, the company rebranded to reflect the new ownership structure now bearing the name of the majority shareholder. FINco is the 5th largest bank in Ghana by assets as at 2011, with a total asset of US\$ 554+ million and an annual revenue base of US\$15 million (Annual report 2015). FINco provide both corporate and retail financial services to their clients. FINco is a joint venture with the French financial group controlling majority shares whiles SSNIT and some few individuals owe the rest of the shares (company's website 2015). The researcher interviewed two (2) key participants, the Business Partner responsible for recruitment and selection and training. The second key participant is the manager responsible for talent management and organizational development. The interviews addressed HRM practices institutional constraints and opportunities in relation to HRM practice diffusion.

Recruitment and selection

At FINco, there are variations in the use of recruitment methods among the three categories of employees. FINco relies extensively on newspaper advertisements, headhunting and private recruitment firms (outsourcing) for the recruitment of managers, whereas key employees group are recruited using direct application /unsolicited applications and private recruitment firms. With regards to the largest occupational group, especially entry level graduates, FINco uses campus recruitment, employee referrals, direct applications and unsolicited applications.

“We use campus recruitment for entry level, for national service people for instance after their service those who have performed well, we engage them at the entry level, employee referrals, direct applications and unsolicited applications as well are used more frequently” [Business Partner, Recruitment and Selection and Training, FINco, 2015].

In relation to employee selection, FINco applies the same set of selection techniques for all the three categories of employees. FINco uses applications forms, assessment centres, CV data, face-to-face interviews and references in the selection of managers, key employee group and the largest occupational group.

Training and development

FINco has a commitment to employee training and development as opined by the Business Partner, in-charge of recruitment and training (2015). Employee training has become one of the pillars of the bank mission statement. FINco “sees its employees as it’s most important assets and thus spends a considerable amount on staff training” (company’s website, 2015). FINco has established its own training schools in Accra, Takoradi and Kumasi which is meant to facilitate training within the organization. FINco has also identified staff members who they call occasional trainers to facilitate such training programs depending on the subject area. In situations where they cannot find internal skills to carry out such training programs, they engage external experts on the subject.

“We are keen on employee training and development that is why we have a whole institution for learning and development.... Our training is categories into three categories, we have managerial training, we have technical training and we have professional training as well” [Manager, Talent Management & Organizational Development, FINco, 2015].

Other training practices observed were on-the-job training. FINco career development programs are centred on specific and generalist career development paths in addition to study leave with or without pay opportunities. FINco also provided tuition fees reimbursement only to employees undertaking professional courses that are relevant to the company.

“for career development, especially one of the ways we do that is we first advertise the job within and if we are not able to get someone within before we go external by that we create the opportunity for staff to advance their career within the company” [Business Partner, Recruitment and Selection and Training, FINco, 2015].

Furthermore, FINco provides international training opportunities and their talent management program are meant for employee [staff] career development as well as a mentoring program to help guide employees in their career choices.

“so as part of the international mobility and career development there are opportunities for people to assign to other subsidiaries and also we have programs that are organized in terms of academic programs that are meant to develop profiles within the company to grow their careers, is an interaction between other people from other subsidiaries, they work on projects for the company” [Business Partner, Recruitment and Selection and Training, FINco, 2015].

Employee voice, involvement and communication

FINco has a number of employee consultation programs in order to ensure employees have a voice and can contribute to the development of the firm. Some of the employee voice mechanisms include quality circles and problem solving groups. Employees are grouped in teams to ensure constant meetings are held to discuss issues and address employees concerns. The company has launched a new communication campaign in March, 2011 called “*building team spirit together*” which seeks to build a strong relationship between employees (documentary evidence from the company’s website, 2015). FINco has also established a unit that is solely responsible for communication within the firm.

“We have a department which is responsible for communication within the bank, so information is made available to all staff. There are meetings at unit levels, departmental levels, we have weekly meetings, we have monthly meetings, we have focused group meetings and we have committees on several issues. There are certain issues or task that in a particular time of the year where we have to go round the whole country to engage staff to discuss the issues, so staff have several opportunities and avenues to have issues discussed and we have a layout line of communication within the bank and we have unions as well” [Manager, Talent Management & Organizational Development, FINco, 2015].

FINco also undertakes employee attitude survey which the firm refers to as “*employee barometer*”. It is conducted once in every 2 years. In addition, regular appraisal meetings are held for selected employees. Although, FINco does not have a suggestion box scheme, however, in the case of new product development or when launching a new product, some employees will be engaged to discuss the issue (new product development) and to have their views considered before a decision is taking. Thus, FINco create that forum where staff can contribute their views on issues.

“We have the appraisal system and the meetings as well.....the appraisal system involves face-to-face session where the employee has the opportunity to discuss their issues with their line managers. We do this twice a year, mid-year and end-of-the-year and then during the course of the year, we also encourage open door system so that staff whenever they wish to air their grievances” [Manager, Talent Management & Organizational Development, FINco, 2015].

FINco recognized trade unions for the purposes of collective bargaining. All employees are covered by collective bargaining agreement (Collective Bargaining Document). Employees in FINco are free to join any trade union of their choice. The company currently recognize only one trade union; enterprise level bargaining is the most common practice. Management policy towards trade union recognition by FINco could be described as social partners. This was opined by the manager in-charge of talent management and organizational development.

“We believe trade unions are social partners” [Manager, Talent Management & Organizational Development, FINco, 2015].

Employee Retention

FINco considers employee retention as an important HRM issue. One of the critical HRM program design by FINco to retain employees is its talent management program which target all the three categories of employees – managers, key employee group and largest occupational group. Other retention policies and practices include the use of competitive pay and benefits schemes and employee involvement and voice mechanisms. FINco provide employees with both generalist and specific career development paths opportunities. Another means FINco use to retain employees is building of a strong teamwork spirit, which has even become one of the values of the firm.

“We are keen on employee training and career development that is why we have a whole institution for learning and development” [Business Partner, Recruitment and Selection and Training, FINco, 2015].

Another key informant said that:

“We have internal and external career mobility which means one person moving from one subsidiary to the other” [Manager, Talent Management & Organizational Development, FINco, 2015].

Talent Management

The company places a premium on talent management and FINco has a well-structured succession planning program targeted at managerial and middle level management. FINco has established a unit within the HRM department solely for the management of talents. The company has a talent management policy which is group-led and replicated in all subsidiaries including Ghana. All three categories of employees within FINco have been incorporated into the talent management policy (Documentary evidence, 2015).

“Managers, key employee groups.... largest occupational group as well, from the entry level because we identify them from the beginning and we groom them as we go..... We believe that everybody is a talent... some are peculiar and others are not.... so everybody is a talent and must be managed so we identify them from the beginning, we have the management training program which is more of entry to middle level management program and then we have the high level management program as well... so all levels yes” [Manager, Talent Management & Organizational Development, FINco, 2015].

As part of the talent management initiatives to enhance its human capital development, FINco launched the Ghana Talent Club (GTC) in 2015 with the aim of developing and sharpening the skills of its talents in leadership and communication skills and project management skills (FINco annual report, 2015).

Subsidiary relationship with the parent company (similar or different HRM policies)

At FINco HRM policies and practices are designed at the group level and then replicated across the subsidiaries. They have an international body or committee of senior HR Managers who develop HRM policies and practices which are applied across all subsidiaries including Ghana. There are some similarities in their HRM practices with the parent company as most HRM policies and practices are group-led.

“For instance, when it comes to talent management, the program is a group design program which is to be run in every subsidiary” [Manager, Talent management and Organizational Development, FINco, 2015].

FINco also have a regional HRM team made up of senior HR managers from all subsidiaries within the African continent. The subsidiary in Ghana has some level of discretion to modify some HRM policies and practices to fit the Ghanaian environment. For instance, when policies designed by the headquarters contradict with the Labour Act and other employment regulations, the subsidiary has been given the mandate to alter such policies to align with the labour regulations in the country. For FINco, about five (5) expatriates are working in the company on long-term assignments.

“We have a standardized document like we call them normative document that guides the HR processes in each subsidiary, so ideally each subsidiary is to conform with each normative document, however as I said earlier based on the local laws some may vary from others but where the local law is not specific on the issue then the group policy will take effect” [Manager, Talent management and Organizational Development, FINco, 2015].

Table 6.3: Summary of HRM practices at FINco and their relationship with the corporate headquarters

	Relationship with parent company	HRM Area	HRM practices
FINco	FINco HRM policies and practices are designed at the group level and then replicated in all the subsidiaries including Ghana. They have an international body or committee of senior HR Managers that develop HRM policies and practices which is applied across all the subsidiaries including Ghana. There are similarities in their HRM practices with the parent company as most of the HRM policies and practices are group-led.	Recruitment and selection	<ul style="list-style-type: none"> • Recruitment sources: newspapers, headhunting, outsourcing, direct or unsolicited applications campus recruitment • Selection techniques: Application forms, assessment centres, face-to-face interviews, CV-data, referees.
		Training and development	Provide both generalized and specialized career opportunities: <ul style="list-style-type: none"> • On-the-job training, • Tuition fees reimbursement • training abroad opportunities • Mentoring programs • Study leave with or without pay
		Employee voice, involvement and communication	<ul style="list-style-type: none"> • Quality circles • Problem-solving groups • Weekly and monthly meetings at units and departmental levels • Employee barometer • Appraisal system • Recognized trade unions • Have Collective bargaining agreement with employees
		Employee retention	<ul style="list-style-type: none"> • Competitive pay and benefits scheme • Grant a lot of employee voice mechanisms • Provide generalised and specific career opportunities • Internal and external career mobility
		Talent management	<ul style="list-style-type: none"> • Have a global standardized talent management policy • Talent management is designed to target key employees groups and managers and LOG • Succession planning program

6.2.4 Case 4: CONco

The history of CONco can be traced back to 1884 to a trading post established in Sierra Leone and later expanded to other parts of West Africa (company's website, 2015). CONco is one of the pioneering manufacturing companies in Ghana; it was formed in the then Gold Coast. The company is one of the major manufacturers of consumer goods and personal healthcare products in Ghana and other West African countries. CONco started operations in the 1930s as an importer and distributor of consumer goods and healthcare products and later graduated into a manufacturing company in 1934 (company's website 2015). CONco is also acknowledged as a pioneer to be listed on the Ghana Stock Exchange since its establishment in the early 1990s (CONco annual report, 2015). The company has an annual revenue base of US\$300 million as at 2015 (CONco annual report, 2015). The company is located in Tema, with an employ size of 6125 people as at 2013 (company's website, 2015). It is a wholly-owned subsidiary with its country-of-origin in the UK. CONco is often associated with detergents and healthcare products as well as electronics and food and nutrition products (company' website, 2015). The researcher interviewed two (2) key participants, Head of the Human Resources who has been working with the firm for the past nine (9) years and a Senior HR Officer. The interview addressed key HRM practices and institutional constraints and opportunities in HRM practice diffusion.

Recruitment and selection

The recruitment and selection practices at CONco vary according to the different categories of employees. CONco uses employee referrals, unsolicited applications, headhunting and private recruitment firms for the recruitment of managers and key employee group. When it comes to the largest occupational group, private recruitment firms and employee referrals are the most commonly used recruitment practices. On the one hand, aptitude testing, CV data, references and face-to-face interviews are the most frequently used selection techniques for the selection of all the three different employee categories.

“We use the same procedure for the recruitment and selection of our employees except for some few vacancies such as security, cleaners among others which we have outsourced to private recruitment firms”[Head of Human Resources, CONco, 2015].

Training and development

Training and development programs at CONco are organized based on employee performance assessments needs. On-the-job-training forms an important part of training and development practices in the company. The company have also instituted a number of career development plans such as tuition fees reimbursement and reducing the workload of employees or granting employees leave to undertake their end of semester examinations. Tuition fees reimbursement is normally provided to employees who have undertaken higher education. The beneficiaries must have pursued academic or professional courses and programs that directly relate to their current work so such new skills acquired can be beneficial to the organization.

“Yes we do give leave for some staff members to write their examinations as well as tuition fee reimbursement” [Head of Human Resources, CONco, 2015].

CONco also has a career development program where some key employees are sent abroad for training and in some instances, employees are sent to other subsidiaries or the headquarters to under study certain practices and new products for easy replication into the Ghanaian subsidiary.

Employee voice, involvement and communication

At CONco, team-briefing and appraisal meetings have become relevant and frequently been applied as avenues to ensure employee involvement and voice. CONco has an upward communication system where employees can direct their concerns and grievances and the communication system also provide employees with adequate information about the activities and operations of the company. The presence of trade unions in the firm also creates an important channel of communication between management and union leaders who are supposed to disseminate information to their members. Employee attitude surveys are used to ensure employees have a voice and are actively involved in the management of the company.

“We undertake employee attitude surveys once a while, most of our communication with employees are through emails, noticeboards and the union leaders so yes we have a good employee involvement and

communication practices in our firm” [Head of Human Resources, CONco, 2015].

With regard to employee representation and consultation, there are two unions, which are both recognized by CONco and as such, CONco is managed by collective bargaining agreement. Enterprise level bargaining is the most common practice between management and union leadership. About 17 percent of the total employee population are members of a trade union and most employees registered with trade unions are junior staff members. The HR manager opined that management policy towards trade unions could be described as open and fair.

“Our policy towards trade unions in this company is open and fair” [Head of Human Resources, CONco, 2015].

Employee Retention

At CONco competitive pay and benefits schemes forms a major practice that the company uses to retain employees. Other practices such as career development opportunities, job autonomy and good teamwork programs are frequently used HRM practices to retain employees.

“Yeah...we do have a lot of career development opportunities here, we don't delay with employee promotions, when you meet the minimum requirement you are promoted” [Head of Human Resources, CONco, 2015].

Talent Management

CONco's talent management policy is designed by a team of Senior HR managers from all the sub-regional centres headed by a global talent manager from the parent company and such talent management practices are therefore replicated in all subsidiaries including Ghana. The talent management policy is globally standardized in orientation. Managers and key employee group are the only category of employees incorporated into CONco talent management policy. The succession planning system in CONco is effective and targeted at top and middle managerial levels.

“it is same structure across, so if you talk about the talent for instance, the talent group include all the HR people who are doing talent in the various

regions. So we have the African regional talent person in the team, the Asia regional talent person in that team and the European one and the global talent person as the leader of the team. So these are the main bodies within that team, so they then sit to develop policies to ensure that we have fair policies across, of course when it comes to the local level, when they are transferred to the local level, you can tweak it a little bit to fit the local circumstances” [Head of Human Resources, CONco, 2015].

Subsidiary relationship with the parent company (similar or different HRM policies)

CONco is a global company with subsidiaries across many countries, the HRM policies and practices are group-led and replicated across all subsidiaries. The structure of their business is that they have the global level, regional level and end market level or local level. At CONco there is strict division of HR services between global, regional and the subsidiary or firm level. Each of the three levels consists of different teams, the HR business partners are in-charge of HR services at the different business functions at the subsidiary level (firm-level). For example, when you look at the HR structure, the HR business partners are attached to every function of the business at the subsidiary level. They have supply chain HR business partners, they have the regional market HR business partners and the end market HR business partners, then they have HR shared services and centre of excellence. The centre of excellence supports the HR business partners. They have recruitment, reward and talent at the centre of excellence. In terms of developing policy, each unit, for example, the talent people focus mainly on talent and support the HR business partners and same is done to other HRM units such as training and career development, employee retention, recruitment and selection among others.

“They are certain things that may not work depending on the country’s situation, if it will; you will go straight by it, if it doesn’t change anything just go straight by it, but if you need to change it a little bit to fit your country’s specifics then you can tweak it, so is the same for recruitment, talent and reward” [Head of Human Resources, CONco, 2015].

Although HRM policies and practices of CONco are group-led and global in orientation, the Ghanaian subsidiary enjoys discretion in the adoption and implementation of such practices.

Two (2) expatriates are employed on long-term assignments and one (1) expatriate is working on short-term assignment in the Ghanaian subsidiary.

“It is same structure across, so if you talk about the talent for instance, the talent group include all the HR people who are doing talent in the various regions. So we have the African regional talent person in the team, the Asia regional talent person in that team and the European one and the global talent person as the leader of the team. So these are the main bodies within that team, so they then sit to develop policies to ensure that we have fair policies across, of course when it comes to the local level, when they are transferred to the local level, you can tweak it a little bit to fit the local circumstances” [Head of Human Resources, CONco, 2015].

Table 6.4: Summary of HRM practices at CONco and their relationship with the corporate headquarters

	Relationship with parent company	HRM Area	HRM practices
CONco	The HRM policies and practices are group-led and replicated across all the subsidiaries. The structure of their business is that they have the global level, regional level and end market level or local level. When you look at the HR structure they have the HR business partners. The HR business partners are attached to every function of the business. They have supply chain HR business partners, they have the regional market HR business partners and the end Market HR business partners, then they have HR shared services and centre of excellence. The centre of excellence supports the HR business partners. They have recruitment, reward and talent as the centre of excellence. In terms of developing policy, each unit, for example, the talent people focus mainly on talent and support the HR business partners and same is done to other HRM units such as training and career development, employee retention, recruitment and selection among others.	Recruitment and selection	<ul style="list-style-type: none"> • Recruitment sources: employee referrals, unsolicited applications, headhunting, private recruitment firms • Selection techniques: aptitude testing, face-to-face interviews, CV-data, referees.
		Training and development	<ul style="list-style-type: none"> • On-the-job training, • Tuition fees reimbursement • Work and learn plan • training abroad opportunities,
		Employee voice, involvement and communication	<ul style="list-style-type: none"> • Team briefing • appraisal meetings • Upward communication system • Recognized trade unions • Employee attitude survey • Have collective bargaining agreement with employees
		Employee retention	<ul style="list-style-type: none"> • competitive pay and benefits scheme • Job autonomy • Teamwork programs • Standardized and flexible promotion programs
		Talent management	<ul style="list-style-type: none"> • Have a global standardized talent management policy • Talent management is designed to target key employees groups and managers and LOG • Succession planning program

6.2.5 Case 5: BUSco

BUSco used to be a joint venture company between the government of Ghana and a German Car manufacturing firm. BUSco has its production plant located in the Ashanti region (Kumasi) and a service centre located in Accra, the national capital (Document evidence). The company operates vehicle sales and vehicle services business activities. BUSco was established in December 1974 through “heads of agreement” between the government of Ghana and a German car manufacturing firm with the aim of resolving the transportation gap in Ghana with their specialized tropical busses. BUSco became the first bus manufacturing company to be located in Ghana to serve the whole West Africa Sub-region with tropical buses. The German firm controlled 45% shares and government of Ghana holds 55% shareholding in the company. Even though the German firm were the minority shareholder, they have greater control of all operations through the “heads of agreement” with the government of Ghana (Line Manager, 2015). On the 18th of January 2013, the German firm started negotiations to off load their 45% shareholding to a Lebanese company. Although the negotiations were far advanced, the Lebanese firm have not fully taken over the operations of the company as all the structures and systems initiated by the German partners were still in operation. It was made clear to the researcher that the new partner is yet to take over the full operations as nothing has changed in the firm after an agreement was reached between the German firm and the new partners. Currently, BUSco employs over 290 people. The researcher interviewed two (2) key informants, the Acting HR Manager. The second key informant was one of the Line Managers; the line manager has been working in the company for over fourteen years (14), whereas the Acting HR Manager has been working for over six (6) years. The interviews addressed HRM practices and institutional constraints and opportunities in HRM practice diffusion.

Recruitment and selection

BUSco recruitment and selection practices vary across the different categories of employees. With regards to the recruitment of managers, newspaper advertisement is the main recruitment source, whereas the recruitment of key employee group is carried out through employee referrals and newspaper advertisement. The source of recruitment for the largest occupational group is mainly through employee referrals. When it comes to the selection techniques, BUSco uses written application letters by the employees themselves, face-to-face interviews, CV-data, references and aptitude testing selection methods for managers and key

employee group. The largest occupational group selection technique is mainly based on recommendations from existing employees. According to one of the line manager of BUSco said:

“we just rely on the people over there in Suame magazine²⁰ because they are our old products, the moment there are chances here, their colleagues drop them a hint, they will bring them here and recommend them to the Personnel Officer, and we like them in a way that they had already worked here before, they have already got the experience, so when they come they don’t cause any wastage compared to the recruitment of new employees who don’t have any experience. Because the company is already familiar with such applicants, they do not undergo any rigorous selection process, but they undergo an orientation training program.

Another key participant said:

“employee referrals is prevalent for the largest occupational group, for that one you won’t hear that BUSco is doing any recruitment, the workers will inform their friends and colleagues that oh please we are doing recruitment here and they come from Magazine through their own social network, they will bring the people here” [Acting HR Manager, BUSco, 2015].

Another feature of their recruitment and selection practice is where the recruitment and selection of the managing director and production manager are carried out by the minority shareholders from Germany, whereas the recruitment and selection of other categories of employees are carried out by the majority shareholder which is the government of Ghana through the Ministry in-charge.

“the recruitment and selection practices here was copied “intuotuo” into this company, yeah...., so every style of recruitment here is a “carbon copy” of what was pertaining too in Germany because they will send people there to be trained in administrative and other issues” [Line Manager, BUSco, 2015].

²⁰ **Suame magazine** is an informal artisan engineering (vehicle repairs and metal engineering) cluster and has been acknowledged as the largest informal engineering cluster in West African sub-region located in the Ashanti regional capital (Kumasi) of Ghana.

Training and development

Training and development has been noted in BUSco as an important HRM issue. Training at BUSco is a frequent process because the manufacturing of new buses in Ghana requires the training of employees for such new manufacturing designs. BUSco places emphasis on training on-the-job compared to off-the-job training. Other training and development practices include specific career development opportunities. Although job rotation was present it was regarded as being ineffective. Training abroad opportunities were also one of the important career development programs at BUSco. Employees have the opportunity to be trained abroad (Germany) during the introduction of a new product (car) design in the company.

...”at the end of the day get the skilful workers bring them to Germany, lets train them according to our standards to produce according to our specification...” [Line Manager, BUSco, 2015].

Tuition fees reimbursement and reduced workload for employees to undertake further studies has also become an important feature in the company’s HRM practices. Tuition fees reimbursement is only limited to employees undertaking either academic or professional training programs which are directly linked to the job specification of employees. Mentoring and coaching opportunities are available, usually employees under study senior officers to prepare them for promotion into higher positions in the future.

“Oh yes, it was done for me, for example after 12 noon every Friday, I told my Managing Director I would be leaving for Lectures, especially when I was doing the Master’s degree, I would go and I think the lady [Acting HR Director] too is also doing the same... you can apply for leave to go and write your exams then you come back” [Line Manager, BUSco, 2015]

Another participant said:

“Overseas training goes purposefully for heads of departments and employees who are holding key sensitive positions” [Acting HR Director, BUSco, 2015].

Employee voice, involvement and communication

Employee voice and communication at BUSco is characterized by team-briefing and upward communication practices. Other employee voice practice is the adoption of employee attitude survey though it has not been effective and has not been conducted for many years.

“In case there’s anything they communicate directly to the production manager when the workers have grievances at their workplaces, they channel their grievances to their heads of department who also bring it forward to management” [Acting HR Director, BUSco, 2015].

The quality control team is headed by the quality control officer and as such it creates an avenue for employees to be involved in the decision-making process. Management meetings are held frequently to ensure all unit heads and heads of departments are involved in the decision-making process.

Another participant noted:

“The union is also a major channel of communication from the workers to management, we also have the PSSA [Professional Senior Staff Association], that union is also there, they are all there just to champion the course and grievances or actions of the workers to management” [Line Manager, BUSco, 2015].

BUSco recognizes trade unions for the purposes of collective bargaining. About 90 employees are covered by collective bargaining agreement. Collective bargaining is at the enterprise level. In terms of management policy towards trade union, BUSco sees “*unions as social partners*” as opined by the Director of HR.

“Oh yeah... we highly recognised trade unions in our firm, we belief in dialogue with unions” [Acting HR Director, BUSco, 2015]

Employee Retention

Employee retention practices are very complex due to the nature of the production system which is solely driven by demand. Out of the over 290 workers employed by the company, 200 employees representing 67.2% are employed as causal workers and only 95 (33.5%) are

engaged as full-time workers. In this case, during the production season the employee strength rise to 290 workers and after the production season, the casual workers are laid off and the numerical strength of the workforce falls to 95 employees. The production period is based on the level of demand and has no specific time frame as opined by the Line Manager. The staff strength varies to reflect the production cycle, which is driven by demand. Employee retention at BUSco then becomes a challenge during the production period. Notwithstanding, the company uses competitive pay and benefits schemes more extensively because of the high risk or the lack of job security. Employees are willing to exit the company in cases where they have been offered full-time jobs with job security in other firms. The Line Manager indicated that “*recently we have lost 6 key employees as there were poached by other firms*”. BUSco has over the year also implemented long service benefits or awards scheme as a way of retaining talented employees which has been incorporated into the collective bargaining agreement between management and the unions. These awards are offered to employees who have stayed with the company for 5 years and more (Collective Bargaining Agreement document, 2009).

“If I think in 5 years, I am going to get long service award, there is no point moving out, we pay long service first in 5 years, 10 years and in 20 years, so these three (3) long service awards serve as impetus to maintain some workers here” [Acting HR Director, BUSco, 2015].

Another retention practice used at BUSco is that of overseas training opportunities, for instance every new product design necessitates employee training which takes place in Germany. The company has also taken advantage of the high rate of unemployment in Ghana (Ghana Statistical Service; World Bank), as many workers do not have the opportunity to switch jobs.

“Overseas training also is another way to retain workers here... unemployment has loom large in Ghana, so the fact that you are sitting in your house or staying in your district or locality and getting a job whereby you don’t travel too far is self-sufficient to maintain you to the job and many industries in Kumasi here have collapsed. I can tell you BUSco is among the few industries here remaining so working here as an industrial worker is even a prestige” [Line Manager, BUSco, 2015].

Talent Management

Due to the high rate of employee turnover at BUSco as noted by both the acting HR Director and Line Manager, succession planning has become an important HRM issue, hence the establishment of a succession plan is targeted at all the three levels of management – top management, middle and operational level employees with the exception of the largest occupational group where the acting HR Director indicated that such class of employees are easy to find in the labour market at any time. The company has a talent management policy but its implementation has been ineffective over the last few years due to production challenges. The company currently does not have enough demand to generate revenue to implement some of its talent and retention management policies. It is only key employee group or technical employees who are incorporated into the talent management policy at BUSco. The talent management policy is localized in orientation.

“...at the end of the day get the skilful workers bring them to Germany, let’s train them according to our standards to produce according to our specification...” [Line Manager, BUSco 2015].

Subsidiary relationship with the parent company (similar or different HRM policies)

A significant part of the HRM policies are in line with the practices found in the German firm. Although the Germans are minority shareholders, they determine the organizational and operational activities of the company via the “heads of agreement”. Therefore almost all the HRM policies and practices were transferred from the German firm headquarters to the subsidiary in Ghana. The majority shareholder has limited discretion in the design and adoption of HRM policies and practices.

“We have what we call.... “Heads of agreement”, heads of agreement is agreement whereby the control of this company is apportion between the minority and the majority. The majority is Ghana government; the minority is the Germans, it was agreed that they will bring the technology or which I can term it as technological transfer, so at the end of the day, there were supposed to be given the technical directorship positions like managing director, production manager and those things were given to them and a

Ghanaian was given a Deputy Director position” [Line Manager, BUSco, 2015].

Another key participant said:

“... human resource management programs and policies of the German partners was in consonance with that of BUSco because at the end of the day they ensure that the right calibre of workers are recruited and trained, similar to this we have what we call overseas training, especially for the technical aspect they will take these people for overseas training. The first batch I think they took more than 50 people to train them in various faculties...” [Acting HR Director, BUSco, 2015].

Table 6.5: Summary of HRM practices at BUSco and their relationship with the corporate headquarters

	Relationship with parent company	HRM Area	HRM practices
BUSco	The human resource management policy was in line with the practices found in the German firm. Although the Germans are minority shareholders, they determined the organizational and operational activities of the company. Therefore almost all the HRM activities were transferred from the German firm headquarters to the firm in Ghana. The majority shareholder has little discretion in the design and adoption of HRM policies and practices.	Recruitment and selection	<ul style="list-style-type: none"> • Recruitment sources: newspapers advertisements, employee referrals • Selection techniques: written application letter, aptitude testing, recommendation from existing staff members, face-to-face interviews, CV-data, referees.
		Training and development	Specific career opportunities <ul style="list-style-type: none"> • On-the-job training, • Training abroad opportunities, • Tuition fees reimbursement • Work and learn plan
		Employee voice, involvement and communication	<ul style="list-style-type: none"> • Quality circle • Weekly and monthly meetings at different levels • Recognized trade unions • Have collective bargaining agreement with employees
		Employee retention	<ul style="list-style-type: none"> • Competitive pay and benefits scheme • Long service benefits, 5 years, 10 years, 15 years • Taking advantage of the high unemployment rate and the lack of alternative job opportunities in the area • Training abroad opportunities
		Talent management	<ul style="list-style-type: none"> • Have talent management policy which is localized in orientation • Talent management is designed to target key employees groups and managers and LOG • Succession planning program

6.3 Cross-case analysis and findings of MNE subsidiaries' HRM practices

The main consideration in this section was to examine whether subsidiaries of MNEs in Ghana demonstrate a convergence across their HRM practices and if so, which aspects of the HRM practices demonstrate such convergence. In order to examine the similarities and differences among MNE subsidiaries' HRM practices, the study relied on five HRM practices, namely employee voice, involvement and communication, recruitment and selection, retention, training and development and talent management. This section examines the various HRM practices to see where there are similarities or differences between the firms.

Recruitment and selection

The study observed significant convergence in the methods used in the recruitment and selection of managers, KEG and LOG amongst the case study MNE subsidiaries. All the case study MNE subsidiaries uses newspaper advertisements, headhunting, employee referrals, social media, private recruitment companies (outsourcing), campus recruitment and unsolicited applications except for BUSco where headhunting, private recruitment firms (outsourcing) and social media recruitment sources are not used. BUSco relied only on newspaper advertisements and employee referrals. In relation to employee selection techniques, there was significant convergence amongst the case study MNE subsidiaries. All case study MNE subsidiaries tend to use psychometric test or aptitude test and assessment centres, face-to-face interviews, CV data and references as their selection techniques in the selection for all the three categories of employees (Managers, KEG, LOG), except for BUSco and CONco where assessment centres were not been used in their selection processes. Overall, there was significant level of convergence in the recruitment and selection practices among all the case study MNE subsidiaries.

Training and development

With training and career development practices, the study found convergence in the use of on-the job training approach across all case study MNE subsidiaries. Similarly, there was convergence in the use of "reduced workload or grant of leave to write examination" and also granting study leave with or without pay provided the program of study is within the work domain of employees and provided skills that will be acquired by the employees can help

improve their performance. These were common HRM practices aimed at providing training and career development opportunities for employees observed in all five MNE subsidiaries. There were also similarities in the application of job rotation, mentoring and coaching and specialized career path opportunities as well as abroad training opportunities and international assignments. All case study MNE subsidiaries training and development programs were well-developed and properly planned, coordinated and budgeted. However, PHONco and BUSco were the only subsidiaries that provided limited generalized career development opportunities to their employees. Aside that, all other subsidiaries provided both specialized and generalized career development opportunities to their employees.

Employee voice, involvement and communication

In relation to employee voice and involvement practices, there was convergence in the use of team-briefing, problem-solving groups, quality circles, performance appraisal meetings and suggestion box scheme in all case study MNE subsidiaries. Even though job autonomy was a common practice amongst all subsidiaries, FINco, CONco, and BUSco have limited job autonomy owing to the nature of their operations. For instance, FINco operates in the financial sector and is generally governed by many regulations, while CONco and BUSco were in the manufacturing sector where production is based on specified standards which must be adhered to. For PHONco and ATco, there was much flexibility (job autonomy) as most of the activities were related to sales and marketing compared to FINco, CONco and BUSco. There was convergence in the application of employee attitude surveys even though employee attitude surveys were given different names across the various MNE subsidiaries. For instance, at ATco it is termed “*annual employee engagement survey*”, whereas at FINco it is known as “*employee barometer*”, it is only in PHONco, BUSco and CONco that the name employee attitude survey is used. With regards to union recognition, the study found that out of the five case study MNE subsidiaries, four (4) subsidiaries recognized trade unions, ATco was the only MNE subsidiary that did not recognize trade unions and did not have collective bargaining agreement. Surprisingly, the legal system, which is the Labour Act (Act 651, 2003) clearly stipulates that firms are mandated to manage through collective bargaining agreement. ATco’s ability to operate without a CBA with employees could be explained by the weaknesses within the Ghanaian institutional settings and the lack of labour law enforcement.

Talent management

The study found convergence in the adoption of succession planning, the implementation of a talent management policy and the categories of employees incorporated into their talent management policy framework. All MNE subsidiaries have incorporated the KEG and Managers into their talent management policy except FINco which incorporated all the three categories of employees. MNE subsidiaries placed more emphasis on their talent management programs owing to the lack of local skills formation within the local labour market (documentary evidence from the Ghana Employers Association 2006; World Bank 2014 also provided evidence to draw similar conclusions). The majority of the MNE subsidiaries have created a talent management unit within the HRM department and appointed a full manager with the sole responsibility of talent management issues. It was only BUSco that did not establish a unit or committee solely for talent management, though talent management was given a priority in the firm. Generally, the study found significant convergence in talent management practices among all the MNE subsidiaries.

Employee retention

With regards to employee retention policies in the MNE subsidiaries, the study found significant convergence in the application of compensation and benefits schemes. All the MNE subsidiaries adapted similar compensation and benefits schemes such as the provision of status vehicle, free medical care, free accommodation and support employees to have easy access to bank loans among other things as ways of retaining talented employees. Other approaches implemented across the subsidiaries were the preferences given to existing employees to fill in new job vacancies as well as the opportunities for employees to receive some level of training abroad. Training abroad opportunities was a tool frequently employed by all MNE subsidiaries to attract and retain qualified employees into their firms. For instance, almost all case study MNEs frequently encourages teamwork and also provided job empowerment or job autonomy opportunities for managers and KEG as strategies for employee retention.

MNE subsidiaries relationship with the parent companies (Corporate Headquarters)

This study found convergence across the various MNE subsidiaries relationship with the parent companies in their respective countries-of-origins. The majority of key respondents in all case study MNE subsidiaries admitted that they have a good relationship with their corporate headquarters as it was observed during the interviews and document analysis that most of the HRM policies and practices were group-led and mostly originates from the parent companies. Another feature of the HRM practices demonstrating convergence amongst the various MNEs is the presence of an international body or committee of senior HRM managers that develop HRM policies and programs which are applied across all subsidiaries. For instance, PHONco, FINco, ATco and CONco have both international HRM body and a regional HRM committee which are made up of Senior HR managers from the various countries in which the companies operate. The presence of a regional HRM bodies found in four MNE subsidiaries were as a result of the presence of their subsidiaries in more than one African country. However, BUSco did not have a regional HRM body or committee because the company only operates in Ghana within the West African Sub-region. Another similar practice that was observed is the recruitment of key managerial staff e.g CEOs, Managing Director etc. Even though the study found that MNE subsidiaries were given some level of discretion in the recruitment and selection of employees; it was observed that corporate headquarters was involved in the recruitment of key managers, as most of such key managers were likely to be TCNs or PCNs. All CEOs or Managing Directors from the case study MNE subsidiaries were either originating from TCNs or PCNs. At the time of the fieldwork, ATco had announced the appointment of a woman who doubles as the first HCN to head its subsidiary in the telecommunication industry. The company made history in Ghana appointing a woman and a HCN.

6.3.1 Summary

Considering the five HRM practices analysed, the study found that MNE subsidiaries demonstrate convergence across their HRM practices. Indeed, aside the convergence found within the various HRM practices, the study also observed some level of convergence in certain specific HRM characteristics; these include (i) HRM structure, (ii) HRM scope and policy orientation, (iii) HRM strategy, (iv) the level of subsidiary discretion, and (v) engagement of expatriates (foreign nationals). For example, the study found an average of three (3) expatriates working in each subsidiary either on short-term or long-term assignment.

There was convergence in the relationship between MNEs corporate headquarters and their subsidiaries in Ghana. All MNE subsidiaries demonstrated the willingness to replicate HRM practices from the corporate headquarters to their subsidiaries. Majority of key participants during the interviews acknowledged that a number of HRM practices are developed or initiated from the corporate headquarters and replicated into the Ghanaian subsidiaries. The evidence further points to flexibility within the regulatory (coercive) system for MNE subsidiaries to adopt to market-driven employment practices or transfer headquarters HRM practice to their subsidiaries, whereas the cognitive and normative institutional setting were the major constraints to MNEs' HRM practice diffusion (see findings on institutional opportunities for HRM practice diffusion).

6.4 Chapter summary

This chapter explored the host-country institutional drivers/forces that provide opportunities and constraints in the diffusion of HRM practices from MNEs headquarters to their subsidiaries in Ghana. The various narratives and document analysis provide evidence to suggest that local isomorphic factors originating from the regulatory, cognitive and the normative institutional settings in a less developed host-country do affect the way MNE subsidiaries design, implement and transfer their HRM policies and practices from the corporate headquarters to the subsidiaries. The various narratives explored in this study recognized and highlighted the constraints within the educational and training arrangements, labour market as well as delays in the operation of the legal system, cultural barriers, economic instability and political actors intrusion as host-country institutional drivers undermining MNEs' HRM practice design and implementation.

This study also identified a number of factors originating from the regulatory, cognitive and normative institutional arrangements that provide opportunities and facilitate the transfer of MNEs' corporate headquarters HRM practices to their subsidiaries in Ghana. Key among them are (1) flexibility of the regulatory system (Labour Act, Act 651 2003), which is the apex legal framework that is used to govern all forms of employment relations in Ghana, (2) political and economic involvement of MNEs' home-countries; (3) trade unions exposure (linkage) with international institutions; (4) weak trade unions and their limited bargaining power and collective representation; (5) the role of professional bodies; (6) host-country receptiveness to new management practices and organizational forms; (7) training of HCNs

in MNEs' home-countries; and (8) historical developmental journey and economic decline of the host-country. On the one hand, a number of institutional conditions originating from the normative and cognitive institutional configuration were also in evidence to be hindering MNEs efforts to replicate corporate headquarters HRM practices to their subsidiaries. These include (i) the lack of technical skills formation and institutions to train competent people, (ii) large investment of money and time to retrain employees to meet productive levels, (iii) poor work ethic and cultural orientation among Ghanaian workers, and (iv) trade unions entitlement mentality. MNE subsidiaries demonstrate a convergence across their HRM practices as well as other specific HRM characteristics. The research provides an understanding of the convergence-divergence debate on MNE subsidiaries' HRM practices in a less developed host-country's context. The next chapter discusses the findings and the implication of the findings to HRM research and practice.

CHAPTER SEVEN

DISCUSSION OF FINDINGS

7.0 Introduction

Chapters 5 and 6 provided a broader perspective to understand the macro view of a less developed host-country institutional conditions, constraints and opportunities and the implications of the host-country's institutional configurations on MNE subsidiaries' HRM practice design, implementation and practice diffusion between the corporate headquarters and their subsidiaries. The findings point to the fact that MNE subsidiaries' demonstrate more convergence across their HRM practice arrangement in a less developed host-country's context. More specifically, the study identified factors originating from the regulatory, cognitive and normative institutional settings as opportunities (drivers) and constraints (limiters) in the design and diffusion of MNEs' HRM policies and practices.

This chapter discusses the findings and implication for HRM practice and theory using the lens of the institutional theory perspective and the convergence-divergence framework. The discussion explored into the nature of local isomorphism which constitutes the regulatory, cognitive and normative profile of the host-country (see Kostova and Roth 2002) and its implication on MNEs' HRM practice design, implementation and diffusion. Fundamentally, this denotes the argument put forward through the lens of institutional theory suggesting that organizations adapt to host-country institutional conditions to gain legitimacy and overcome liability of foreignness (see DiMaggio and Powell 1983; Scott 2001; Kostova and Roth 2002; Björkman and Lervick 2007). Institutional theory argues that host-country institutional settings such as rules and legislation governing collective bargaining agreement, cultural orientation, trade unions, local content laws, education and training systems, labour market conditions and professional bodies influence MNEs' HRM configurations (Vaiman and Brewster 2015; Brewster, Wood and Brookes 2008; Björkman and Lervick 2007; Edwards and Kuruvilla 2005). Therefore local isomorphism plays a role in MNE subsidiaries' HRM practice arrangements. These study findings provide an important avenue for a critical reflection on the three dimensions of institutional theory – the regulatory, cognitive and normative – which is the underlining theoretical foundation of this very study.

The various narratives and document analysis provides evidence to suggest that local isomorphic pressure originating from the regulatory, cognitive and the normative institutional settings in a less developed host-country do affect the way MNE subsidiaries' design, implement and transfer their HRM policies and practices. The various narratives explored in this study recognised constraints within the education and training arrangements, labour market as well as delays with the operation of the legal system, cultural barriers (employee attitudes), economic instability and political actors' intrusion as host-country institutional drivers undermining MNEs' HRM practice design and implementation. Considering these institutional drivers in HRM practice arrangement in Ghana, the study further explored and examined specific institutional drivers with a focus on the three dimensions of local isomorphism. Within this context, the study also explored institutional factors that provide opportunities and constraints for HRM practice diffusion and found flexibility within the regulatory framework was a source of receptiveness for HRM practice diffusion, while the cognitive and normative institutional settings are impediments to MNEs' HRM practice diffusion.

This chapter is organized into four main sections. The first section discusses factors that originate from the regulatory, cognitive and normative institutional settings of the host-country and how they impact MNEs' HRM practice design and implementation. Section two discusses the institutional factors that provide opportunities for MNEs' HRM practice diffusion, whereas the host-country institutional factors that hinder the capabilities of MNE subsidiaries to transfer or replicate headquarters HRM practices in Ghana are addressed in section three. The last section examines whether subsidiaries of MNEs in Ghana demonstrate a convergence across their HRM practices and if so, which aspects of the HRM practices demonstrate such convergence.

7.1 Institutional factors that affect MNEs HRM practice design and implementation

This section discusses institutional factors that affect MNE subsidiaries' HRM practice design and implementation which address the main research question as well as question one and two (see chapter one). The discussion aims to examine the extent to which a less developed host-country's national institutional conditions impact MNE subsidiaries' HRM policies and practices. This discussion will focus on factors originating from the regulatory (coercive), cognitive (cultural) and normative settings of the host-country.

One key finding originating from the coercive or regulatory institutional setting of the host-country was delays with the operation of the legal system, especially labour and industrial disputes resolutions were seen as a barrier to effective HRM program implementation. Although the various narratives from key informants and document analysis acknowledge that the Labour Act, (Act 651) 2003 clearly outlined the procedure for collective bargaining and industrial and labour dispute resolution. The challenge has always been delay in the resolution of such industrial and labour disputes, which affect their firms operations in terms of cost and time. The finding on delays in the resolution of industrial and labour disputes in Ghana could be attributed to the challenges hindering the NLC to carry out its work effectively and timely. Fundamentally, within the Ghana Labour Act, the National Labour Commission plays a major role in all industrial and labour disputes resolution. The NLC is the sole institution tasked to address all labour and industrial disputes in Ghana (see the Labour Act (Act 651), 2003).

The Labour Act, (Act 651) 2003 enjoins the NLC with the powers of a High Court to receive complaints from trade unions, workers and employers or employers' organizations on (i) industrial disagreements and (ii) allegations of infringement of any requirements of the act and regulations made under the Act (Labour Act, 2003). The Commission is therefore to ensure the settlement of all industrial disputes. However, there are a number of challenges that is hampering the operations of the Commission, the narratives from interviews with the Executive Secretary of the Commission, HRM experts, Labour Unions and documentary evidence from the NLC reports (2011) and NLC Ghana Shared Growth & Development Agenda, which is part of the Sector Medium-Term Development Plan (2010-2013) suggest a number of challenges are affecting the Commission's day-to-day operations. First among them is that of inadequate human resources as well as qualified personnel with knowledge in IR, followed by inadequate financial and logistical resources.

In addition, the NLC is geographically (limited physical presence) constrained as they have only one office in Accra, the national capital and have no presence in the other 9 regions (NLC report, 2011). The limited physical presence and material challenges as well as the lack of qualified personnel with adequate knowledge in IR management could explain the delays within the legal system in the adjudication of industrial and labour disputes in Ghana. This finding confirms the general assertion of institutional weaknesses characterizing LDCs creating constraints in the advancement of firms HRM practice design and implementation

(Kostova, Roth and Dacin 2008; Leat and El-Kot 2007; Webster and Wood 2005). For instance, Webster and Wood (2005) studies of HRM practices and institutional constraints in Mozambique found less or insignificant evidence of modern HRM practices. It emerged from their study that institutional constraints were hindering managerial HRM strategy implementation. Likewise, Leat and El-Kot (2007) reported that both cultural and institutional factors are influencing the adoption of HRM practices in Egyptian organizations.

The availability of quality education and skills development opportunities in a host-country strengthens MNEs' human resource strategies. Whiteley, Cheung and Quan (2000) and Edwards and Kuruvilla (2005) maintain that one of the most important considerations for MNEs to expand their investments to any host-country is underpinned by access to quality and skilled workforce. Similarly, Dunning (1998) suggests that the comparative advantage of every host-country plays a vital role in the attraction of MNEs or FDI; one of such comparative advantage is education and training system of the host-country, which is the source of the talent pool (see also Baaij et al. 2014). Thus, the capability of a host-country to improve its quality of HR stock is a way to attract MNEs into the country. It has been demonstrated that the success and performance of MNE subsidiaries depends largely on the quality of HR availability in the host-country (Dowling, Festing and Engle 2008). Constraints within Ghana's education and training system such as training mismatch, low literacy levels, lack of regulations and proper apprenticeship programs, poor quality of training, poor investment in education and training and out-of-date training programs were found to be affecting MNEs' HRM practice design and implementation. These findings could be attributed to a number of factors within Ghana's education and training arrangements.

First, although, it is challenging to estimate, the scope and scale of skills required within an economy, especially in developing countries characterized by poor data management practices and institutional weaknesses (Debrah 2013; Chowdhury and Mahmood 2012; Sayim 2010; Kostova Roth and Dacin 2008). The training and development literature (Ramirez 2004; Ramirez and Mabey 2005) suggests that general cognitive skills and non-cognitive skills – professional skills, vocational and technological – are necessary for many job requirements (Darvas and Palmer 2014). In most cases, the majority of these skills are acquired in schools (formal education system) and at the workplace. However, in Ghana, majority of the labour force (graduates) do not have sufficient work readiness or employability skills (Darvas and Palmer 2014). Indeed, those few with technical and

vocational training skills in Ghana acquired such skills via the traditional (informal) apprenticeships system, which significantly do not respond to changes in labour market demands (Darvas and Palmer 2014; Ansah and Kissi 2013).

The traditional apprenticeship process in Ghana is driven by informal practical skills training at the community or family levels without government support (Ansah and Kissi 2013; Darvas and Palmer 2014). It is estimated that about 60% to 80% of vocational and technical skills development within Ghana's labour market is through the traditional apprenticeship system (Ansah and Kissi 2013; Darvas and Palmer 2014). TVET system is currently suffering from fragmentation under varied State institutions – ministries, agencies, departments, and private institutions, leading to each institution offering and developing different curricula and programs (Bawakyillenuo et al. 2013; Ansah and Kissi 2013; Darvas and Palmer 2014). The traditional apprenticeship system is constrained with many challenges. Key among these are the general lack of clear standards and quality assurance which leads to low quality of training (Darvas and Palmer 2014; Ansah and Kissi 2013). Secondly, the failure of the State to coordinate the activities of TVET system has resulted in training mismatch between TVET programs and industry skills requirements; similar mismatches are also prominent between universities, polytechnics and industries (Darvas and Palmer 2014; Ansah and Kissi 2013; Bawakyillenuo et al. 2013).

The general lack of technical and vocational skills in Ghana is further accentuated by low public prestige associated with technical skills qualifications (Ansah and Kissi 2013; Darvas and Palmer 2014). Vocational and technical skills are perceived to be pursued by students who could not gain admission into mainstream schools and students considered academically weak (City & Guilds Centre for Skills Development in partnership with COVTET Report 2011; Darvas and Palmer 2014). The attachment of low prestige and value to technical and vocational education training has further been suppressed by government deliberate policy focus on mainstream (general) education and training at the detriment of vocational and technical education (Ansah and Kissi 2013; City & Guilds Centre for Skills Development in partnership with COVTET Report 2011). Public investment in technical and vocational training has been low compared to mainstream (general) education (City & Guilds Centre for Skills Development in partnership with COVTET Report 2011; Ansah and Kissi 2013).

Although, significant efforts have been made to increase access, improve infrastructure and teaching and learning at all levels of the educational system, quality issues continue to remain a major challenge (Darvas and Palmer 2014). TVET institutions do not support high level of professional technical skills and knowledge formation at both operational and middle management levels (Bawakyillenuo et al. 2013). Thus, the Ghanaian worker is not seen as an asset for competitive advantage as opined by a significant number of key informants and HRM experts including documentary evidence from State institutions and international development organizations. Employers in Ghana complained of cost and time involved in retraining or upskilling of graduates to meet many job requirements which adds to employee training and development cost (Bawakyillenuo et al. 2013; National Education Sector Performance Report 2010).

The numerous constraints within education and vocational training system in Ghana create a real need for firms to invest heavily in employee training and development. These findings from the various narratives and documentary evidence has recently been confirmed by findings from the World Economic Forum (2014)²¹ Global Competitive Index, which ranks Ghana's education and training system as poor and below international standards. The WEF study focused on a nation's global business competitiveness in terms of education and training, innovation, good market efficiency amongst others as a source of productivity and prosperity drivers of every country. The 2013-2014 survey of 144 countries by the WEF on global competitiveness saw Ghana perform poorly on a number of indicators (see footnotes for details of findings from the WEF report on Ghana and some few selected African countries).

²¹ Notes

Global competitive Index ranking of some selected countries in Sub-Sahara Africa for 2012/2013

	Overall Index	Health and primary education	Higher education training	Labour Market efficiency	Technological readiness	Business Sophistication	Innovation
South Africa	52	132	84	113	62	38	42
Rwanda	63	100	117	11	113	70	51
Botswana	79	114	95	60	106	95	73
Namibia	92	120	119	74	104	102	101
Ghana (2011/2012)	114	124	109	79	113	99	98
Ghana (2012/2013)	103	112	107	97	108	101	95
Kenya	106	115	100	39	101	67	50
Nigeria	115	142	113	55	112	66	78
Tanzania	120	113	132	47	122	106	75
Chad	139	144	140	95	143	138	113

Source: WEF (2011, 2012) cited by Darvas and Palmer (2014)

The limited education and vocational training system (WEF 2014; Darvas and Palmer 2014) has contributed to the general lack of qualified workforce with modern business management and technical skills in Ghana's labour market, posing major constraints and policy implications for MNE subsidiaries in the deployment of professional HRM systems and practices. In order to address such constraints, MNEs have resorted to the recruitment of expatriates which has brought serious cost implications including increased wage and non-wage costs of expatriates to many firms (Dowling, Festing and Engle 2013; Harzing 2001). The recruitment of expatriates has also created tensions with local workforce due to salary disparities (Otoo, Osei-Boateng and Asafu-Adjaye 2009; HAYS²² 2013). Due to low skilled workforce, MNEs would have to compete with local firms for skilled staff and must strive to attract and retain highly qualified and talented employees. These practices in Ghana have implications for MNE subsidiaries' training and career development and employee retention policies as the recruitment and selection of qualified employees with formal vocational and technical training skills are difficult to find in Ghana. Indeed, the lack of local skills formation at the operational and managerial level has compelled firms to extensively apply on-the-job training approach as a way of overcoming skills shortage. It has also become necessary for MNE subsidiaries in Ghana to design internal skills development and talent management programs aim at addressing local skills shortage at both operational and managerial levels.

The cultural beliefs and practices were found to be an important institutional driver that affects MNEs' HRM practice design and implementation (see Hofstede 1980; Budhwar and Sparrow 2002; House et al. 2004; Tayeb 2005). The study found religious actors in Ghana commonly known as "Men of God" or Pastors to exert some significant level of influence in the recruitment and selection processes in both domestic and MNEs. This finding can be explained by the combined influence of the various religions in operation in the country. According to the 2010 population and housing census, the Ghanaian culture is multidimensional owing to the combined influences of Christianity (over 80%), Islam (15%) and traditional religion (below 5%). Religious leaders have gained social prestige and recognition within the Ghanaian society. This recognition has placed such religious actors' in

²² Notes

HAYS is a worldwide recruitment experts firm that carried out a global salary surveys on oil and gas global salaries trend in 53 countries. The study reported that Ghanaian workers in the oil and gas industry are among the lowest paid employees in the world. The same study further revealed that local workers earned an average salary of US \$26,800 a year compared to expatriates or foreign nationals who earn an average salary of \$128,500 a year representing a salary disparity of 379.48% between local employees and foreign nationals.

a higher social status to exert some level of power and authority (influence) within the Ghanaian business and political environment. Indeed, religious actors' influence on MNE subsidiaries' HRM practices was more evident with employee recruitment and selection and less visible with other HRM practices. The narratives from key participants revealed that Pastors in Ghana create serious problems for companies as they use their positions and social prestige to influence top management officials who are associated with such religious institutions to recruit their congregation members, friends and family relatives.

The strategy for MNE subsidiaries to moderate the influence of religious actors' intrusion is to recruit TCNs or PCNs to top management levels in their subsidiaries as these Pastors are most likely to be less comfortable to approach non-Ghanaians for such employment favours. The problem is more embedded with Ghanaians when it comes to securing such employment favours through religious actors. Another way for MNE subsidiaries to moderate such influence in their recruitment and selection processes is to outsource some of its recruitment functions to private recruitment firms. Indeed, the study found four MNE subsidiaries (PHONco, FINco, CONco and ATco) to have engaged in outsourcing some of its recruitment and selection functions to private recruitment firms; however, it was generally done with the recruitment and selection of the Largest Occupational Group and was limited with the recruitment of key employee groups and managers. This finding is supported by Budhwar and Sparrow (2002), House et al. (2004) and Hofstede (1980), that HRM practices are centred on certain societal values and beliefs systems which mirrors the culture of the country in which firms are entrenched in the national business system, thus, any unique cultural settings reflects in the behaviour of management and employees. Therefore, the tendency of Ghanaian managers to be easily influenced by religious actors is embedded in the Ghanaian culture and less likely to be applicable in advanced or Western countries where such attitudes are non-cultural sensitive (cultural free).

The study also found an emerging trend concerning the influence of political actors on activities of MNE subsidiaries in Ghana. These political influences are most noticeable in the area of employee recruitment and selection. Most HR managers revealed that in some cases, top political leaders and government appointees confront them with requests to recruit their children, family members and friend's children into their organizations (see also Debrah 2013; Chowdhury and Mahmood 2012). Political actors' intrusion is more evident in joint venture firms where the government is a shareholder. Indeed, in joint venture firms with the

government, the political party in power have a lot of influence in persuading Managing Directors or HR directors to recruit certain individuals (family members, friends and political party members) into the firms. Even in most cases, many of the board members of such subsidiaries are generally political party members. Hence, those individuals to be recruited into such firms are either political party members or family members, or friends of the President and his cabinet Ministers as well as Members' of Parliament [MPs] of the ruling party in power.

In Ghana, it has now almost become impossible for an individual to be employed without the support of a close relative, religious affiliation or through a person's membership with a political party, especially the political party in power. Political connections or in other words "political cronyism" is a much powerful set of informal institution within the Ghanaian political and business environment. Such favouritism and political cronyism in the recruitment and selection processes has assumed an alarming dimension, more specifically in the public or civil service, where the ethnic or family and political party character of a new manager assumes so quickly in the organization, which has become a norm in Ghana (Debrah 2013; Ovadje and Ankomah 2013). The implication of such practices are that it creates opportunities for organizations to recruit and retain unqualified and incompetent workforce that undermines the implementation of professional HRM systems and practices, which requires qualified, talented and innovative workforce. This may also be attributed to the low productivity and low performance orientation in most Ghanaian organisations (Ohemeng 2009; Debrah 2013).

Although political actor influence is generally limited to recruitment and selection practices within MNE subsidiaries, there is greater influence in joint venture companies including the government as a shareholder compared to wholly-owned MNE subsidiaries. Indeed, wholly-owned MNE subsidiaries are able to moderate the influence of political actors in the recruitment and selection processes. Wholly-owned MNE subsidiaries usually have limited linkages with political establishment compared to joint-venture firms where the government is a party (shareholder) to the operations of the firm. Wholly-owned subsidiaries can also use their significant "power resources" to moderate less developed host-country's institutional influences (Chowdhury and Mahmood 2012; Sayim 2010).

Outsourcing the recruitment and selection function to private recruitment firms can help moderate such political actors' intrusion in the recruitment and selection processes of MNE subsidiaries in less developed host-countries. This finding reaffirms the work of Chowdhury and Mahmood (2012) who found the influence of political actors on employee recruitment and selection in both private and public sector organizations in Bangladesh and how MNE subsidiaries are able to exploit specific "power resources" to moderate political actors influence in their study of societal institutional effects on four European MNE subsidiaries. This study finding is also in consonance with the general assertion that less developed host-countries are generally characterized with "political cronyism" and corruption within the general business environment (James 1990). Similarly, Gaur et al. (2007) maintained that informal host-country national institutional settings such as: corruption; the importance attached to political connections and business networks could pose local isomorphism similar to formal institutions in less developed host-countries.

7.2 Host-country institutional conditions that provide opportunities for MNEs' HRM practice diffusion

This section discusses the host-country institutional conditions that provide opportunities for MNE subsidiaries' HRM practice diffusion. The discussion seeks to explore opportunities within the host-country regulatory or coercive, cognitive and normative institutional settings for MNEs to diffuse their HRM practices. This section addressed research question three on the possibilities for the diffusion of best HRM practices (see chapter one).

The study identified a number of factors originating from the regulatory, cognitive and normative institutional arrangements that provide opportunities and facilitate the transfer of MNEs' corporate headquarters HRM practices to their subsidiaries in Ghana. These include flexibility of the regulatory system (Labour Act, Act 651 2003), which is the apex legal framework governing all forms of employment relations. The study found that the Ghanaian Labour Act was designed with greater flexibility and limited constraints and support HRM practice diffusion within MNEs. A significant number of key informants, both HRM experts and HR managers across MNE subsidiaries acknowledged that the Ghanaian labour law was design with greater flexibility and support MNEs' HRM practice transfer. They attributed the legal flexibility to the fact that the Labour Act in Ghana was formulated with wide-range

consultations from numerous stakeholders and also considered various best practices from different countries and contexts.

This finding could be attributed to the desire for less developed countries to create an enabling business environment to attract FDI into the country (Gunnigle and Morley 2008; Gunnigle, Colling and Morley 2005; Gunnigle et al. 2003; Edwards and Ferner 2002). This could therefore necessitate the establishment of employment regulations that are amenable to MNEs' HRM practice transfer as a way of creating flexibility within the business environment via employment regulations (Gunnigle and Morley 2008; Gunnigle, Colling and Morley 2005; Gunnigle and McGuire 2001). They could also be a deliberate government policy to attract MNEs into the local economy to gain economic benefits including, technology and knowledge transfer, creating employment opportunities and providing a major source of government revenue to boost economic growth and development (Colling and Morley 2005; Gunnigle et al. 2003). The finding is corroborated by Collings, Gunnigle and Morley (2008), Gunnigle, Colling and Morley (2005) and Gunnigle et al. (2003) who reported that the Irish government deliberately provided greater flexibility in its employment regulations system in the quest to maintaining a favourable investment climate to attract FDI into the Irish economy.

An important finding supporting MNE subsidiaries' HRM practice diffusion is the receptiveness of the Ghanaian national business system to new organizational forms and management practices. The Ghanaian national business system was seen to be very amenable and receptive to new organizational forms and management styles as revealed by key informants. A number of HRM experts and HR managers alluded to the fact that after the deregulation and liberalization of the Ghanaian economy in the early 1980s and the late 1990s, the dominant national institutional structures have been re-organized with greater flexibility and openness to new and novel forms of organizational models and economic systems (Eshun and Jellicoe 2011; Abdulai 2004). The openness of the Ghanaian national business system poses minimal constraints to replicate or transfer new organizational forms and practices from the corporate headquarters of MNEs to the subsidiaries. A number of factors have been identified as contributing to the receptiveness of the Ghanaian business environment, which include the economic decline and the need to adopt a more liberalized economic system that will create a strong development trajectory and attract direct foreign investment.

The political imperative towards developing an open and liberal economy as demonstrated by the ERP and the SAP as well as the privatization of almost 80% of State-enterprises in the 1980s and the early 90s (Baah-Boateng 2004; McCourt 2001). This was evident in stimulating the receptiveness of the Ghanaian business system to MNEs' HRM practice diffusion. Ghana experienced economic decline after taking over a very strong economy from the British (Canagarajah and Mazumdar 1999) and according to the World Bank (1989), the government engaged in excessive public spending in unproductive sectors of the economy that contributed to the economic decline. Implicitly or explicitly the economic decline undermined HRM practices through the erosion of employee wages. It also affected the IR atmosphere between trade unions and the government as a result of the retrenchment of public sector workers conditioned by the IMF and the World Bank (McCourt 2001).

The Ghanaian national business system has undergone various changes since the period of the ERP and the SAP in the 1980s and early 90s (McCourt 2001; Debrah 2013). Notable is the move from a socialist development oriented system to a more liberalized economic system with extensive public ownership of assets. Coupled with deregulation and liberalization of the economy through the privatisation of State-owned enterprises, the emergence of direct foreign investment and the ambition to achieve a middle income status by 2015 (NDPC 2010). These events have contributed to these trickle-down and trickle-up changes (Sayim 2010) within the Ghanaian business system and have become a source of institutional support for MNEs' HRM practice diffusion. The receptive nature of the Ghanaian business system, especially the legal system to MNEs' HRM practice diffusion can therefore be attributed to the significant influence of the changes within the business system creating a permissive business environment. These findings are in line with previous studies by Sayim (2010) on how changes within the Turkish national Business system has created an amenable business environment for US MNEs to transfer reward management systems from their corporate headquarters to Turkey with limited constraints.

The historical developmental and economic decline that Ghana experienced necessitated the liberalization and the "openness" or receptiveness of the country to FDI with its spillover effects – new technology, new production techniques, revenue, employment creation, new organizational forms (new work systems) and contemporary HRM practices (Osabutey and Debrah 2012). The colonial history and the political and economic interest of Ghana to mimic best policies and practices (HRM practices) from its colonial masters and other advanced

economies provided a strong institutional support. This became an important institutional driver for the diffusion of best HRM practices from MNEs countries-of-origin to their subsidiaries in Ghana. The continuous mimicking of best political and economic systems from MNEs' home-countries provides the institutional support and institutional receptiveness within the host-country for MNE subsidiaries to diffuse similar HRM practices to their Ghanaian subsidiaries.

The political and economic involvement of MNE subsidiaries home-countries was an important institutional driver in evidence in the study. In many less developed countries, the national business system and macroeconomic dynamics are most often influenced by economic aid and grants from the Bretton Woods Institutions (IMF, World Bank) and other international development donor agencies (James 1990). The conditions attached to such economic aid and grants carry idiosyncratic economic and social implication for less developed economies (James 1990) which overtly or covertly influence the structure of the national institutional settings or the business environment. The influence of Western economies or advanced economies, namely the US, the UK, France, Germany among others through a number of foreign policy involvement with Ghana coupled with the influx of donor support in the form of technical (education and training) and financial assistance (grants, loans) as well as the growing admiration and reputation of advanced countries educational and organizational forms were evident in driving the general acceptance of MNEs' headquarters work systems and management practices within the Ghanaian business system. Most importantly, the legacy of British colonialism where certain management and organizational forms were diffused as part of the management systems of the British rule in Ghana (Debrah 2013; Harvey 2002) as well as the replication of the US legal system in Ghana also contributed to the receptiveness of the Ghanaian business system. The Ghanaian business environment can therefore be described as the intertwined system between the US legal system and British colonial legacies.

These institutional arrangements through British colonialization saw the replication of British organizational forms and management practices into the Ghanaian society creating a receptive environment for the relative ease in the diffusion or replication of certain HRM practices to their Ghanaian subsidiaries. Indeed, a number of key participants made mentioned of the fact that most of the organizational forms embedded within the Ghanaian institutional arrangements are legacies of the British which have been maintained even after

the achievement of independence in 1957. The most noticeable institutional systems left are education and training system, the structure of the civil and public sector institutions which have all been modelled along the British system, whereas the legal system in Ghana has been modelled along the American system (Ayittey, 2006; Debrah 2013). All these institutional drivers played a major role in supporting MNEs' HRM practice diffusion into the host-country. The similarities in the HRM practices between Ghana and most of the MNEs' home-countries were attributed to British Colonialization in relation to MNEs originating from the UK, and the desire for a less developed host-country to mimic best practices from developed countries in relation to MNEs originating from France, the US and Germany.

The training of HCNs (Ghanaians) in MNE subsidiaries' countries-of-origin supports the Ghanaian business system to be permissive to HRM practice diffusion. The increasing number of Ghanaian managers and some employees across the case study MNE subsidiaries were either born and raised outside Ghana or had part of their education and training from MNEs home-countries. Such a cohort of employees, especially those in top managerial levels with foreign educational backgrounds are inclined to the wholesale adaptation of advanced countries (US, UK, Germany, France) management practices or global best practices. This study provides evidence to suggest that MNE subsidiaries in Ghana have a greater preference for managers and employees with foreign work experience and foreign educational training to managers and employees trained in Ghana. The preference for foreign trained managers and employees by MNE subsidiaries in Ghana might be attributed to the openness and receptive nature of such employee cohorts to Western management styles and work systems compared to locally trained employees.

HR managers and line managers in MNE subsidiaries were strongly in support of the diffusion of new organizational forms and management practices from their parent companies or countries-of-origin as they regard policies and practices from such countries as global best practices. Primarily, HR managers did aspire to willingly keep up with current HRM and management practices in their parent companies or corporate headquarters. Their exposure to Western management and business models reinforced and strengthened their global mindset through their social and individual value orientations. This finding is a confirmation of studies conducted by Kipping, Engwall and Usdiken (2008) and Sayim (2010). Although the change in the corporate behaviour and values in Ghana among some managers and employees is not a characteristic of the entire Ghanaian population, however these changes in

corporate behaviour is more embedded among the younger generation who have exposure and contact to Western management styles and educational training. It was therefore, not surprising that MNE subsidiaries have a preference for employees and managers with international educational qualifications and work experience as compared to their counterparts who have local Ghanaian qualifications.

Weaknesses within trade unions and their limited bargaining power and collective representation created leeway for MNEs to adapt to HRM practices of their choice. MNE subsidiaries were implementing more individualistic employee voice mechanisms, which provided a major disincentive for employees to join labour unions. This situation was affecting the membership drive of labour unions as revealed by officials of trade unions and some HRM experts. Interestingly, one strategy that was weakening labour unions is the adoption of enterprise level collective bargaining model. A number of key informants (participants) from trade unions alluded to the fact that most MNEs have “power resources” to influence union leaders within the enterprise level. This has led to the deficiency of union bargaining power and collective representation creating leeway within the host-country for MNE subsidiaries to diffuse home-country HRM practices with little or no resistance from labour unions. Secondly, MNE subsidiaries in Ghana were found to have adopted “corridor tactics” strategies or what Dundon and Gollan (2007) described as “union suppression” strategies where MNE subsidiaries instigate (convinced) and intimidate employees against joining trade unions as they stand to lose a lot of their income through the deduction of membership dues and others. These “corridor statics” approach engaged by MNE subsidiaries in Ghana has proven to be very effective in weakening the collective bargaining power and collective representation of trade unions. This study confirms the arguments put forward by Collings (2008) that MNEs are adopting alternative employee voice mechanisms and individual performance-based rewards schemes as a way of avoiding or weakening trade unions (Collings 2008). This study also reaffirms what Dundon and Gollan (2007) allude to as the willingness of MNEs to invest substantial resources (both financial and non-financial) to implement alternative employee voice mechanisms as part of the strategy for union avoidance.

Dundon and Gollan (2007) found that large MNEs are likely to adopt union substitution measures, whereas union suppression arrangements are employed by smaller firms aimed at controlling employee voice. Collings (2008, p.188) highlights the ability of multinational

firms to shift from national configured firms to global business divisions as a way of facilitating performance comparisons among different subsidiaries, which is a major threat to trade union bargaining power at the host-country level and further undermines unions participation or involvement at the international level. In effect, the inability of trade unions to organize effectively at the global and local levels will continue to undermine their participation and involvement in the employment relations discourse as MNEs continue to integrate their operations globally (Collings 2008); in addition to the adoption of union suppression strategies as found in this study.

Another factor that could explain the receptiveness of the Ghanaian business system to new organizational forms and management practices is the influence of the dominance effect (Edwards and Ferner 2002; Smith and Meiksins 1995). The underpinning assumption of the dominance effect draws attention to the competitive strength often connected with firms originating from developed countries occupying dominant positions in the World economy (Ferner, Edwards and Tempel 2011; Pudelko and Harzing 2007; Almond et al. 2005; Edwards and Ferner 2004; Smith and Meiksins 1995). The competitive edge credited to the NBS and employment relations practices of such dominant countries leads to the description of such HRM and IR practices as ‘global best practices’ (Smith and Meiksins 1995; Ferner 2003; Pudelko and Harzing 2007; Brewster 2007; Aguzzoli and Geary 2014). Smith and Meiksins (1995), Edwards and Ferner (2002) and Pudelko and Harzing (2007) suggests that the perceived economic benefits usually associated with HRM and IR practices of advanced economies is a source of encouragement for MNEs and domestic firms from emerging and less developed economies to mimic elements of such HRM and IR practices.

Several studies provide evidence to suggest that US and UK MNEs’ adoption of direct employee involvement practices has become a global best practice in employment relations (Muller 1998; Pudelko and Harzing 2007). Indeed, the continued support and influence of the UK (through colonialization), France and Germany through the European Union and the US among others on the Ghanaian business system over the years has been well documented (Ayittey 2006; Baa-Boateng 2004; Debrah 2013). This historical trajectory provides a good fertile ground for Ghana to actively mimic new organizational forms and management practices from such countries. This thesis therefore found evidence of Kipping, Engwall and Usdiken (2008, p.11) concept of “developmentalist-cum-modernizing orientations” of less developed countries.

Similarly, Sayim (2010) found the wholesale diffusion of reward management practices from MNEs originating from the US to their subsidiaries in Turkey owing to such developmentalist and modernization orientations. The study therefore, confirms the strong interest for less developed countries to mimic new organizational forms and management practices from advanced economies. Even though, US subsidiaries were not included in this study, other international comparative studies confirm that UK based subsidiaries generally employ similar HRM programs and strategies as reported by the INTREPID studies for Ireland, UK and Australia (see McDonnell et al. 2015; Edwards, Marginson and Ferner 2013; Collings, Morley and Gunnigle 2008).

Trade unions exposure and linkages with other international labour unions within Africa and outside the continent was also evident as a major influencing factor in providing institutional support for the diffusion of MNEs' HRM practices. Many of the key participants acknowledged the support of labour unions towards the replication of MNEs' home-countries organizational forms and management practices into the country. They attributed the receptiveness and supportive nature of trade unions to some of the practice transfer to their exposure and relationship with other international trade unions where they have the opportunity to learn and mimic modern industrial relations and other management practices from advanced countries. Trade unions leaders during the interviews acknowledged that their link or relationship with international trade unions and the ILO has been beneficial and provided a platform to learn some best practices from advanced countries. This level of exposure by trade unions in Ghana have created a supportive environment where MNEs can replicate or diffuse certain HRM practices from the corporate headquarters to their subsidiaries with little agitations from trade unions. This is an important finding that has not been noted in the extant literature in IHRM and comparative HRM field within a less developed host-country's context on MNEs' HRM diffusion.

The role of professional bodies or associations such as GEA, HRM consultancy firms and IHRMPG were significant in providing a supportive environment for HRM practice transfer. A number of key participants acknowledged the contribution of professional associations to the advancement of professional HRM systems and practices within the Ghanaian business system, which is breeding a fertile ground for the "openness" or "receptiveness" of the national business system to best practice transfer into the country. This study confirms arguments put forward by Sayim (2010) that the contribution of social actors and professional

associations (foreign and local) to societal advancement is not only limited to trade and investment and poverty reduction but also in the HRM domain. Social actors and professional associations are also contributing to institutional changes through the campaign for the amendment of national and international laws for the governing of employment policies and practices through various programs by the ILO and some NGOs and civil society organizations (Wells 2007; Wiener 2005; O'Rourke 2003). This is also an important finding that is yet to receive much research attention within comparative and IHRM domain.

7.3 Host-country institutional conditions constraining MNEs HRM practice diffusion

Section 7.3 discussed host-country institutional conditions that served as constraints to MNE subsidiaries' HRM practice diffusion. The discussion explored factors within the host-country regulatory or coercive, cognitive and normative institutional settings that undermined MNEs' HRM practice diffusion. This section addressed research question three on the limitations for the diffusion of best HRM practices (see chapter one). The study points out a number of institutional conditions hindering MNEs efforts to replicate corporate headquarters HRM practices into their subsidiaries, these conditions were originating from the normative and cognitive institutional configurations. These include the lack of technical skills formation and institutions to train skilled people, large investment of money and time to retrain employees to meet productive levels and poor work ethic and cultural barriers.

There are a number of sectors – manufacturing, telecommunication, oil and gas, mining – in Ghana currently constrained or hindered by skilled labour shortages, more specifically middle and managerial levels owing to low availability of technical skills, lack of job readiness skills among universities and polytechnics graduates and high cost of labour (Debrah 2013; Darvas and Palmer 2014). The bottlenecks within the supply of skilled labour in Ghana are hampering firms demand for skilled labour across the different sectors and industries. This situation is compelling firms to spend large amount of resources to retrain or upskill employees to productive levels as a way of providing them with the opportunity to gain industry certification recognized internationally.

Many of the HR managers and experts interviewed consistently bemoaned the huge financial burden this has on firms' profitability. This particular problem discourages firms from recruiting new talents but rather nurtured employee poaching which was identified as a common HRM practice and the most preferred method for upskilling. This finding reaffirms

the study by Hansen-Thompson (2011) who found employee poaching as an established practice by financial institutions to redress local talent shortage in Ghana's banking sector. Employee poaching discourages investment in employee training and development, especially in a business environment where there are no institutional mechanisms or a coordinated relationship between employers and employee organizations to prevent employee poaching (Ramirez and Mabey 2005).

The sophisticated nature of modern technology coupled with increasing complexity of operations means industries (employers) require employees with specific competencies, adaptable skills and the ability to work with sophisticated equipment and computers, therefore competency-based training has become strategically indispensable (Wingrove and Turner 2015; Whannell et al. 2015; Bilsand, Nagy and Smith 2014; Freudenberg, Brimble and Cameron 2010). Indeed, throughout the interview processes, the researcher observed that whether small or large firms, domestic or MNEs, they did understand the significance and value of employee training, especially within their current business environment where they categorically acknowledged serious shortage of skills and talents within the domestic labour market. Thus, enterprise-based (on-the-job training) training programs were largely adapted by many firms for entry-level employees as part of the in-service training program as a way of up-skilling their staff, especially entry-level graduates to ensure they meet productive levels. This study is in line with existing studies that suggest that education and vocational training arrangements of a host-country shapes the acceptance of employee knowledge, qualification and skills (Ramirez and Mabey 2005; Ramirez 2004; Lam 1996), and also influence how firms configure and implement their promotion, compensation schemes, recruitment and selection and training and development strategies (Chowdhury and Mahmood 2012; Ramirez and Mabey 2005; Muller 1998). It has been argued that despite the different professional and occupational fields, the educational and vocational training arrangements of a host-country also dictates employee career development and inspires employees for progressing in different kinds of training skills and knowledge acquisition (Chowdhury and Mahmood 2012; Ramirez and Mabey 2005).

The Ghanaian cultural orientation was identified as a major limitation to MNEs' HRM practice transfer. The Ghanaian society is categorized as collectivist, high in uncertainty avoidance and high in power distance according to Hofstede (1980) cultural dimensions, which is built on the extended family system and communal in nature where individuals sees

each colleague as a brother or a sister. The meaning of a family in Ghana could be flexible and extensive, a family within the Ghanaian context could mean, a brother or sister from the same ethnic group or village or religious affiliation (Nukunya 2003). This cultural orientation has been nurtured or fostered within the organizational working environment where individuals feel that it is their social and moral responsibility to cover-up the wrong doings of each other irrespective of the implication of such actions. This reaffirms a more recent study by Hansen-Thompson (2011) who revealed that HRM practices in many Ghanaian organizations are still largely guided by certain Ghanaian societal cultural values and belief systems which undermines strategic HRM advancement.

A number of key participants revealed that the Ghanaian cultural orientation affect employees' work attitude and how they understand certain management issues. The poor work ethic among Ghanaian workers is embedded in their way of life which has generally been termed the "*Ghanaian workforce lifestyle*". This was noted by some HR managers and HRM experts during the interviews. The poor work ethic demonstrated by Ghanaian employees affect firms performance and serves as a major setback to the adoption of new organizational forms and high performance work systems (HPWS), which requires dedicated and committed employees (Huselid 1995). One way of moderating the poor work attitude among Ghanaian workers is through coercion. Although, many of the employees brand or labelled such type of managers and supervisors to lack human relations and generally known within the Ghanaian societal settings as the lack of "*human face*" towards his or her subordinates. Indeed, this study resonate evidence in the extant literature, which suggest that certain societal values and beliefs systems mirrors the culture of the country in which HRM practices are entrenched in the national business system (Tayeb 2005; Hofstede 1980). The entrenchment of poor work ethic among Ghanaian workers was limiting the choices available to MNE subsidiaries in the adoption of certain modern work systems (Gaur et al. 2007; Myloni, Harzing and Mirza 2004; Budhwar and Sparrow 2002). One reason that might be fostering poor work attitude amongst Ghanaian workers could be that people management in such firms are under developed and poorly implemented, and there might be insufficient company investment in employee training and career development (Sheehan 2014; Guery and Pendleton 2016).

Another major limitation to MNEs' HRM practice transfer was what many key participants described as trade unions "entitlement mentality". This entitlement mentality among trade

unions in Ghana was observed to be the main cause of managerial opposition towards trade unions in many private sector organizations including MNE subsidiaries (see Debrah 2013). Trade unions in Ghana are believed to infringe on certain managerial prerogatives (Debrah 2013), coupled with their militancy nature and strike-prone tendencies occasioned by the introduction of new work systems which employees feels might be to their disadvantage (Obeng-Fuso 2007). Although, some HR managers attributed this situation to trade unions entitlement mentality, the researcher rather sees this as the role of trade unions in instances where there are no attempts by management of companies to engage them in collective bargaining. In this instance, managers are positioned to perceive trade unions as obstructive in nature, which might not necessarily be the case. A manager's perception of trade unions as obstructive in nature is a reoccurring global theme, especially in LDCs that are characterized by weak and unstable institutional structures (James 1990; Debrah 2013) to adequately regulate employment relations.

7.4 The convergence-divergence of HRM practices between MNE subsidiaries

Section 7.4 discusses the convergence-divergence of MNE subsidiaries' HRM practice arrangements in Ghana with the aim of addressing research question four (see chapter one). This discussion seeks to specifically ascertain whether subsidiaries of MNEs in Ghana demonstrate a convergence across their HRM practices and if so, what aspects of the HRM practices demonstrate such convergence. The discussion is centred on five HRM practices identified prior to the study as well as some emerged HRM characteristics that were identified during the analysis.

MNE subsidiaries demonstrate a convergence across their HRM practices. Indeed, aside the convergence found within the various HRM practices, the study also found convergence in certain specific HRM characteristics; these include HRM structure, HRM scope and policy orientation, HRM strategy, the level of subsidiary discretion and the engagement of expatriates (foreign nationals). Fundamentally, MNEs' HRM structure has an effect on the adoption of certain HRM practices (Harzing 2001; Taylor et al. 1996). For example, subsidiaries characterised with headquarters control are likely to adopt a globalized HRM structure despite the institutional and cultural dissimilarities between the host and home-countries (Harzing 2001). The HRM structure was almost similar in all case study firms and the evidence points to the fact that MNE subsidiaries' HRM policies and practices were

group-led and were designed by MNEs parent companies (country-of-origin) and replicated or transferred into the Ghanaian subsidiaries with little or no modifications.

Arguing through the lens of the resource-based theory, Taylor et al. (1996) categorized firms HRM orientations into three major dimensions (exportive, integrative and adaptive). On the one hand, Perlmutter (1969) identified polycentric, ethnocentric and geocentric as strategic staffing policy orientations available to MNEs, however, the national institutional characteristics of host-countries may limit the freedom of MNEs to choose from these three strategic staffing options. Indeed, MNEs characterized by integrative HRM orientation are likely to adopt the best practice HRM model which is in line with the geocentric staffing orientation where MNE subsidiaries are filled with TCNs (Bonache and Pla-Barber 2005; Harzing 2001). Whereas, MNEs with an adaptive HRM policy orientation follow a polycentric staffing policy where they recruit HCNs in their subsidiaries to reflect the host-country's institutional settings, which is further underpinned by HRM differentiation (Dowling, Festing and Engle 2008; Harzing 2001). MNEs with exportive HRM policy orientation are likely to transfer PCNs into their subsidiaries leading to HRM integration. Primarily, exportive and integrative HRM orientation coupled with ethnocentric and geocentric HRM staffing orientations were evident in this study.

The HRM staffing orientation of MNE subsidiaries is confirmed by the convergence found in the use of foreign nationals (expatriates) in all case study MNE subsidiaries for both long-term and short-term assignments. A significant number of top management positions were either filled with PCNs or TCNs. Indeed, it was also found that the recruitment of Chief Executive Officers (CEOs)/ Managing Director (MDs) and other strategic positions in all the MNE subsidiaries were carried out by the headquarters. Each MNE subsidiary has an average of three foreign nationals (expatriates) working either on long-term or short-term assignment (see Footnote below for details)²³. ATco for example alluded to the presence of expatriates but failed to specify the number of expatriates currently working in the firm. The recruitment of PCNs in MNE subsidiaries in Ghana may be attributed to arguments put forward by

²³ Notes

Extract from the interviews on the presence of expatriates in MNEs subsidiaries

Name of firm	PHONco	ATco	FINco	CONco	BUSco
Presence of expatriates	yes	yes	yes	yes	yes
Number of expatriates or foreign nationals currently working for long and short term assignments	4	Not specified	5	3	2

Harzing (2001) and Tan and Mahoney (2006) that MNEs are able to maintain control of their subsidiaries while enhancing knowledge sharing capabilities between subsidiaries and headquarters by staffing its subsidiaries with PCNs due to their knowledge of the firms' operations. Whereas for Bonache and Pla-Barber (2005), firms' that adapt ethnocentric staffing strategy by employing PCNs in their subsidiaries seeks to overcome the problem of information asymmetry and managerial self-interests at the subsidiary level. Therefore, recruiting PCNs in their subsidiaries will ensure they maintain headquarters interest at the subsidiary level in Ghana. Moreover, the lack of experience and talented employees at the managerial levels in the local labour market (Darvas and Palmer 2014) would have also necessitated MNEs to staff its subsidiaries with PCNs or TCNs in Ghana.

The HRM strategy of all case study MNE subsidiaries in Ghana could be described as globally standardized in nature but with some level of flexibility to fit the local institutional settings. All MNE subsidiaries were found to have a "Glo-local" HRM strategy. The evidence suggests that MNEs think global in their HRM policy and practice design and act local in the implementation processes. The "act local" considerations in the HRM strategy were observed in the level of discretion provided to local subsidiaries in Ghana to modify certain HRM policies and practices to fit with the host-country institutional settings. All MNE subsidiaries were given some significant level of discretion and control not only to modify, but also to adopt certain HRM policies and practices that works well within their subsidiaries.

Interestingly, it appears that the host-country has less influence in driving their convergence as opposed to the country-of-origin effect; competitive isomorphism or isomorphic pressure; and global standardization benefits (advantages of HRM integration) (Burbach and Royle 2014; Thite et al. 2012; Brewster et al. 2008; Gaur et al. 2007). Indeed, this finding may be underpinned by ethnocentric or global homogeneity desires or advantages (Brewster et al. 2008) such as cost reduction, coordination and control benefits (Harzing 2001). It will also address the problem of information asymmetry and managerial self-interests between headquarters and subsidiaries (Bonache and Pla-Barber 2005) and the ability of the headquarters to easily assess and compare management performance across the various subsidiaries (Collings 2008).

Although there was some level of discretion given to local subsidiaries in the adoption of some HRM practices, such discretion were only applicable when headquarters HRM practices contradict with the host-country legal regulations (labour laws). In instances where the host-country laws (labour laws) remain silent, then the HRM policy or practices of the headquarters must be replicated and implemented without any modification. This suggests that MNE subsidiaries examine the scope for leeway within the host-country institutional and legal settings to adopt HRM practices similar to headquarters practices to ensure global standardization (Dowling, Festing and Engle 2008; Muller 1998) as well as to ensure easy coordination and control (Harzing 2001). Primarily, MNEs global integration programs are most likely to be achieved through the global best practice model, which supports the convergence debate in HRM literature irrespective of dissimilar institutional settings.

Moreover, business environments characterized by competitive isomorphism coerce MNEs to “pursue economic success by implementing practices that contribute to economic goals under the conditions of bounded rationality” (Mayrhofer et al. 2011, p.51). In this regard, the emergence of comparable HRM practices by MNE subsidiaries in Ghana maybe underpinned by flexibility, rationality, best practices and cost effectiveness (Mayrhofer et al. 2011). The replication of headquarters HRM policies and practices in Ghana by MNE subsidiaries further suggest that global standardization of MNEs’ HRM practices provide a competitive edge in both host and home-countries and in business environments where there are intense competition (competitive isomorphism). The competitive edge credited to and the perceived economic benefits usually associated with the global best practice model is a source of encouragement for MNEs to mimic each other HRM practices resulting in their convergence (Aguzzoli and Geary 2014; Pudelko and Harzing 2007; Edwards and Ferner 2004).

One can conclude that MNEs’ global standardization (benefits of HRM integration) desire and coordination and control, coupled with the need to overcome both local and international competitive isomorphic pressures has been evident in driving their convergence in Ghana. This was possible because the Ghanaian business environment provides them with greater flexibility in the adoption of their HRM practices. Although Ghana might not be characterized or considered as a LME within Hall and Soskice’s (2001) Varieties of Capitalism typology; one can suggest that the country (Ghana) demonstrate many of the features of a LME owing to the influence of British colonization and the liberalization of the economy as compared to CME (Debrah 2013; Baa-Boateng 2004). Therefore, in LMEs with

limited institutional differences between the home and the host-country, MNEs can adapt a global standardization HRM policy or diffuse home-country HRM policies and practices to their subsidiaries with limited constraints (Gooderham, Nordhaug and Ringdal 1999). This might explain why there is greater flexibility for MNE subsidiaries in the design and adoption of their HRM practices resulting in MNE subsidiaries demonstrating convergence across their HRM practices in Ghana.

7.5 Chapter summary

The discussion was divided into four sections, each section addressing a specific research question. The various narratives and document analysis in this study provide evidence to suggest that local isomorphic pressure originating from the regulatory, cognitive and the normative institutional settings in a less developed host-country do affect the way MNE subsidiaries design, implement and transfer their HRM policies and practices. The various narratives explored in this study recognised constraints within education and training system, labour market as well as delays with the operation of the legal system, cultural barriers, economic instability and political cronyism or connection as host-country institutional drivers undermining MNEs' HRM practice design and implementation. On the one hand, the move from a socialist development oriented system with extensive public ownership to a more liberalized economic system, coupled with the deregulation and the liberalization of the economy through the privatisation of State-owned enterprises, the emergence of direct foreign investment and the ambitions to achieve a middle income status contributes to these trickle-down and trickle-up changes within the Ghanaian business system over the last three decades. This has become a source of institutional support for the diffusion of MNEs' HRM practices into the business system. The receptive nature of the Ghanaian business system, especially the legal system to MNEs' HRM practice diffusion can therefore, be explained by the significant influence of the changes within the business system creating the permissive business environment. The exposure of many of the young employees and managers, especially those who had the opportunity to educated outside Ghana are receptive to new management models combined with the supportive nature of the national institutional settings provides better opportunities for MNEs to replicate similar HRM practices. The Ghanaian national business system and institutional structures exhibit the willingness to operationalize new organizational forms and HRM practices through its regulatory institutional arrangements.

Finally, the historical developmental and economic decline necessitated the liberalization and the “openness” or receptiveness of the country to foreign direct investment with its spill-over effects – new technology, employment creation, new organizational forms (new work systems) and contemporary HRM practices. The colonial history and the pressure for Ghana to mimic best policies and practices (HRM practices) from its colonial masters, donors and other advanced economies provided a strong institutional support for HRM practice transfer. The continuous mimicking of best political and economic systems from MNEs’ home-countries provides the institutional support and institutional receptiveness within the host-country for MNE subsidiaries to diffuse similar HRM practices. Despite the various institutional opportunities for MNEs’ HRM practice diffusion, constraints with technical skills formation and institutions to train skilled people, large investment of money and time to retrain employees to meet productive levels and poor work attitude of Ghanaian workers were undermining the capabilities of MNE subsidiaries to replicate or transfer similar HRM practices into their Ghanaian subsidiaries.

CHAPTER EIGHT

IMPLICATIONS AND CONCLUSION

8.0 Introduction

Chapter 7 discussed the empirical findings and their implication on HRM practices within a less developed host-country context. This chapter seeks to draw conclusions and provide an important guide for future research, especially within less developed host-countries in Sub-Saharan Africa where comparative and MNEs' HRM research is still at its embryonic stages (see Bischoff and Wood 2012). The chapter will also present some recommendations, which could provide the opportunity to influence HRM policy and practice in Ghana. This chapter will first present a brief summary of the study findings and implications of the study, followed by the contribution of the study to HRM research and theory. The limitations and directions for future research will also be outlined; the chapter ends with the conclusion of the study.

8.1 Summary of findings

An important research question in IHRM and comparative HRM research within the context of MNEs is whether a host-country national institutional setting in LDCs really matter in how MNE subsidiaries design, implement and diffuse their HRM policies and programs. Indeed, institutional theory suggests that organizations gain legitimacy by adapting to host-country national institutional conditions (DiMaggio and Powell 1983, Scott 2001). Below are the summary of the findings of the thesis.

This study found that the regulatory, cognitive and normative institutional settings in less developed host-countries do have some effect or influence MNE subsidiaries' HRM practice configurations. However, MNE subsidiaries appear to have been able to moderate and offset the level of local isomorphic pressure not only in the design and implementation of their HRM practices but also in relation to the replication of their corporate headquarters HRM practices into their subsidiaries. There were some significant levels of local isomorphic pressure originating from the cognitive and normative institutional settings compared to the coercive isomorphic pressure to have effect on MNE subsidiaries HRM practice design and implementation. Thus, this study provides evidence to suggest that the cognitive and normative institutional settings of a less developed host-country in Sub-Saharan Africa limit

MNEs deployment of professional HRM systems and practices. The various narratives and document analysis identified constraints within education and training system, labour market as well as delays with the operation of the legal system, cultural barriers, economic instability and political actors' intrusion as host-country institutional drivers undermining MNEs' HRM practice design and implementation.

The study identified a number of factors originating from the regulatory, cognitive and normative institutional arrangements that provide opportunities and facilitate the transfer of MNEs' corporate headquarters HRM practices to their subsidiaries in Ghana. Key among them are (1) flexibility of the regulatory system (Labour Act, Act 651 2003), which is the apex legal framework that is used to govern all forms of employment relations in Ghana, (2) political and economic involvement of MNEs' home-countries; (3) trade unions exposure (linkage) with international institutions; (4) weak trade unions and their limited bargaining power and collective representation; (5) the role of professional bodies; (6) host-country receptiveness to new organizational forms and management practices; (7) training of HCNs in MNEs' home-countries; and (8) the historical developmental journey and economic decline of the host-country. On the one hand, a number of institutional conditions emerged to be hindering MNEs efforts to replicate or transfer corporate headquarters HRM practices to their subsidiaries. These conditions originate from the normative and cognitive institutional configurations. These conditions include the lack of technical skills formation and institutions to train skilled people, large investment of money and time to retrain (upskill) employees to meet productive levels, poor work ethic and trade unions entitlement mentality.

Finally, the evidence points to the fact that MNE subsidiaries demonstrate a convergence across their HRM practices. Indeed, aside the convergence found within the various HRM practices, the study also found convergence in certain specific HRM characteristics; these include HRM structure, HRM scope and policy orientation, HRM strategy, the level of subsidiary discretion and the engagement of expatriates. The HRM policies and practices were group-led and designed by MNEs parent companies (country-of-origin) and replicated or transferred into the Ghanaian subsidiaries with little or no modifications. It appears that the host-country has less influence in driving their convergence as opposed to the country-of-origin effect; competitive isomorphism or isomorphic pressure and the benefits of HRM integration.

8.2 Implications

8.2.1 Implication for MNE subsidiaries' HRM practice arrangements

The findings from this thesis generate a number of implications. First, the concept of local isomorphism within the broader institutionalism perspective argues that organizations are embedded in the cultural and institutional arrangement of the nation state, thus organizations interested in gaining legitimacy might have to adapt to the regulatory, cognitive and normative practices that reflect the host-country national institutional environment. Social institutions have a systematic influence on organizational strategies and practice arrangements. Indeed, the basic underlining principle of the institutional logic argues that the national pattern reflects in organizational processes and structures. As MNE subsidiaries operate in different host-countries institutional arrangements in such countries are likely to shape their HRM practice configurations in order to gain social and legal legitimacy.

Isomorphism may happen when isomorphic pressures within the host-country national institutional settings are strong to coerce organizations to conform to certain practice arrangements within the nation state. This thesis indeed confirmed that the regulatory, cognitive and normative institutional settings in less developed host-countries do have some effect or influence MNE subsidiaries' HRM practice configurations. More interestingly, MNE subsidiaries appears to have been able to moderate and offset the level of local isomorphic pressure not only in the design and implementation of their HRM practices but also in relation to the replication of their corporate headquarters HRM practices into their subsidiaries. It is evident that the cognitive and normative institutional settings of a less developed host-country in Sub-Saharan Africa limit MNEs deployment of professional HRM systems and practices because the cognitive and normative isomorphic pressure were much stronger compared to the coercive pressure in influencing MNE subsidiaries' HRM practice arrangements. The findings from this thesis will help to advance IHRM and comparative HRM fields within the context of less developed host-countries.

8.2.2 Implication for MNE subsidiaries' HRM practice diffusion (Transfer)

A number of home and host-country institutional factors have been noted to significantly influence MNEs' HRM practice diffusion. Within IHRM and comparative HRM literature, it has been argued that the central institutional pillar of every country is its regulatory

institutional framework, which is likely to serve as a major limitation to MNE subsidiaries' HRM practice diffusion owing to the dissimilarities in legal regulations amongst countries. The findings from this thesis rather suggest that the regulatory or coercive institutional profile of the host-country is very supportive and receptive to HRM practice diffusion, whereas the cognitive and normative institutional profiles are the sources of limitations to HRM practice diffusion in Ghana. The evidence from this thesis highlights the significance of the cognitive and normative institutional settings in LDCs as host-country institutional impediments to MNEs' HRM practice diffusion and acknowledges greater flexibility within the regulatory framework as a source of receptiveness for HRM practice diffusion.

Even though it has generally been argued that cognitive and normative isomorphic pressures are informally established within the nation state, such culturally collective beliefs, norms, values and assumptions becomes as stable as more formalized rules and regulations embedded with less developed host-countries in Sub-Sahara Africa. It is evident those informal host-country national institutional settings such as: corruption; the importance attached to political connections (cronyism), business networks and cultural and religious actors' intrusion in the host-country posed local isomorphism similar to formal institutions. This thesis therefore, provides an important lens for MNE subsidiaries and HRM practitioners to understand how the geopolitical dynamics and its embeddedness with formal and informal institutional arrangements could affect MNEs' HRM integration desires in LDCs in Sub-Sahara Africa.

8.2.3 Implication for HRM advancement in LDCs

These research outcomes advance IHRM and comparative HRM in LDCs and provide specific recommendations to policy-makers and political actors at different governmental levels in LDCs to create more supportive and receptive cognitive and normative institutional configurations within their national business systems. This will ensure the diffusion of best HRM practices owing to the potential capabilities of MNEs to act as innovators and disseminators of new organizational forms and best HRM practices into less developed host-countries. This could provide a fertile ground for the advancement of professional HRM systems and practices in less developed host-countries. Furthermore, the bottlenecks within the supply of skilled labour in Ghana are hampering firms demand for skilled labour across the different sectors and industries. This situation is likely to compel firms to design internal skills development and talent management programs or they could nurture employee

poaching as the most preferred method for upskilling. Employee poaching discourages investment in employee training and development, especially in a business environment where there are no institutional mechanisms or a coordinated relationship between employers and employees to prevent employee poaching after employee upskilling.

8.2.4 Implication for IHRM and comparative HRM research

The findings from this thesis provide evidence to suggest that the interest among IHRM and comparative HRM researchers for the application of institutional theory in explaining the impact of a host-country national institutional setting on MNEs' HRM practice diffusion (transfer) may need to be re-examined.

8.3 Contribution of the study

This thesis contributes both to theory and to HRM practice. First, the application of context effects in the conceptualization of theories in HRM has become strategically indispensable. Hence, this thesis does that by examining the extent to which the coercive, cognitive and normative institutional configuration of a less developed host-country affect MNEs' HRM practice design, implementation and diffusion. The study further explored whether MNE subsidiaries demonstrate a convergence across their HRM practices which is generally a 'blind spot' in comparative and IHRM research in Sub-Saharan Africa (see Bischoff and Wood 2012). This study does provide evidence to suggest that local isomorphic factors originating from the regulatory, cognitive and the normative institutional settings in a less developed host-country do affect the way MNE subsidiaries design, implement and transfer their HRM policies and practices. The various narratives explored in this study recognised the presence of constraints within education and training system, labour market as well as delays with the operation of the legal system, cultural barriers, economic instability and political actors' intrusion as host-country institutional drivers undermining MNEs' HRM practice design and implementation.

Second, the study also found flexibility in labour regulations, training of HCNs in MNEs' home-countries, weak trade unions and their deficiency of bargaining power and collective representation, historical developmental journey and economic decline, the role of professional bodies and host-country receptiveness to new organizational forms and management practices were facilitating and providing opportunities for the diffusion or

replication of MNEs' home-countries HRM practices to their subsidiaries in Ghana. Whereas poor work ethic, cultural barriers, lack of technical skills formation and trade unions entitlement mentality were posing constraints for MNEs' HRM practice diffusion or replication. The implication of this thesis is that the regulatory or coercive institutional profile of the host-country is very supportive and receptive to HRM practice diffusion, whereas the cognitive and normative institutional profiles are the sources of constraints to HRM practice diffusion in Ghana. These findings will serve as valuable information not only to HRM scholars but also to HRM practitioners, especially and those in MNEs planning to operate or already operating in Ghana and other West African countries.

Third, the thesis makes another important contribution to the convergence-divergence debate in that the study found MNE subsidiaries to demonstrate a convergence across their HRM practices within a less developed host-country's context; an issue that has been under-researched and as such this study adds to the comparative HRM literature (Bischoff and Wood, 2012). It appears that the host-country have less influence in driving their convergence but rather the country-of-origin effect, competitive isomorphic pressure and global integration benefits were driving their convergence across their HRM practices. Therefore, this study could be useful in the evaluation of comparative HRM practices by MNEs in Ghana as it is important to understand firms HRM practice configurations in less developed host-countries context.

Finally, these research outcomes contributes to IHRM and comparative HRM advancement in LDCs which provide specific recommendations to policy-makers and political actors at different governmental levels in LDCs to create more supportive and receptive cognitive and normative institutional configurations within their national business systems. This will ensure the diffusion of best practices owing to the potential capabilities of MNEs to act as innovators and disseminators of new organizational forms and best HRM practices into less developed host-countries. Most importantly, this thesis adds to MNEs' HRM practice transfer debate by highlighting the significance of the cognitive and normative institutional settings in LDCs as host-country institutional impediments to MNEs' HRM practice diffusion and acknowledges greater flexibility within the regulatory framework as a source of receptiveness for HRM practice diffusions.

8.4 Limitation of the study

This study notes a number of limitations. First, although case study research has gained significant importance in current comparative HRM research, one major limitation is the inability of researchers to generalize case study findings, as this study employed case study design. Second, MNEs originating from the US, Japan and China have been well noted for their replication of HRM practices to their subsidiaries. If the study had included MNE subsidiaries from the US, Japan and China in this study, the study could have offered a different convergence-divergence dimension and as such the study was limited to only firms originating from the UK, France, Germany and India.

Third, in certain circumstances, the study relied on sole respondent (participant) or a number of key participants. The limited coverage results in potential bias as has been noted in the extant literature that firm-level studies are vulnerable to key informant bias (MacAulay, 2010). Nonetheless, sole key informant approach has been used extensively in comparative HRM research (Myloni, Harzing and Mirza 2004). Furthermore, the study was confined to MNE subsidiaries with operations in the services and the manufacturing sectors. It might occur that MNE subsidiaries in other sectors such as agriculture, mining and the hospitality industry could demonstrate different convergence-divergence behaviours in their HRM practice alignments.

Finally, this study was conducted at one point in time and as such the researcher cannot comment on changes through time. In spite of these limitations outlined the combination of in-depth interviews and document analysis (data triangulation) helped reduced key informant bias. Moreover, the involvement of key and strategically placed participants such as HR managers, line managers, functional managers and key stakeholders from GEA, NLC, IHRMPG and TUC provided an opportunity to draw from diverse organizational groups' responses unlike many studies that relied solely on HR managers.

8.5 Directions for future research

This study opens up a number of avenues for future research. The extension of research on local isomorphism in MNEs' HRM practice configuration within the context of transitional economies would meet current information deficit. The emergence of State-owned MNEs is also another promising research area in which there is little research and has the potential to

yield significant and valuable new insights about how State-owned MNEs can moderate the impact of local isomorphism in less developed host-countries as issues around State actors have become more relevant. Indeed, the emergence of China as a leader in global trade (McDonnell et al. 2012) with its State-owned MNEs creating an important research niche as State-owned MNEs could have access to certain “power resources” that are not available to privately owned MNEs. Such “power resources” could undermine or moderate how local isomorphic pressure within host-countries could influence such MNEs’ HRM configurations as they expand their operations to less developed economies in Sub-Saharan Africa.

Another under-researched area is that of MNEs operating in the resources sector in Sub-Saharan Africa. According to UNCTAD (2012), the resources sector is the largest and continues to be the dominant recipient of FDI in both emerging and LDCs for the past three decades, yet very little research has been conducted in this sector as research has been dominated by the manufacturing sector in both IHRM and comparative HRM literature (Collinson and Rugman 2010). Therefore, a focus on MNEs operating in the resources sector in LDCs is an important addition to the field owing to the strategic nature of such resources to the development of LDCs in Sub-Saharan Africa. In addition, the resources sector is likely to embrace local content policy frameworks or regulations given the significant contribution of such resources to economic growth and development, which could limit MNEs’ HRM configurations and transfer.

An important literature deficit in IHRM is that there is a need for more extensive empirical research on how MNE subsidiaries across different home-countries react and accommodate LDCs regulatory, cognitive and normative pressures in the design and deployment of their HRM programs. Therefore it is significant for more empirical work to be undertaken in this area to explore how MNEs from different home-countries react and accommodate host-countries national institutional settings. The lack of institutional stability in LDCs will continue to intensify the convergence-divergence debate in IHRM and comparative HRM research. The researcher therefore, suggests more research attention be focused on LDCs where “institutional instability” is eminent to better understand the behaviour of MNEs’ HRM arrangements within HRM localization versus standardization perspective.

The convergence-divergence debate and the impact of LDCs institutional settings on MNE subsidiaries' HRM configurations needs to be broadly examined to reflect some significant theoretical differences like mode of establishment (greenfield or brownfield), ownership structure (wholly-owned subsidiary or international joint venture) and industry types as this study did not extensively (comprehensively) capture such important theoretical differences into the analysis. Therefore, adopting different methodological approaches to exploring the convergence-divergence debate and host-country institutional settings impact on MNE subsidiaries' HRM practice design and diffusion could potentially provide an alternative understanding and contribute to comparative HRM research.

Finally, case study research methodology has gained important recognition in IHRM and comparative HRM research due to its contribution to both HRM practice and theory development (Edwards and Tempel 2010). However, there are some weaknesses and biases in case study research which undermines the contribution of case study based research to theory development. Therefore international and comparative HRM stands to benefit significantly from new insights, if mixed research methods approaches are employed.

8.6 Conclusion

This study draws on the theoretical lens of new institutionalism perspective to explore how the coercive (regulatory), cognitive (culture) and normative institutional settings within a less developed host-country impact MNE subsidiaries' HRM practice configurations. The study also identified factors within the host-country national institutional settings that provide opportunities or impose constraints in the diffusion of best HRM practices from MNEs' headquarters to their subsidiaries in Ghana. The study further examined whether MNE subsidiaries demonstrate a convergence across their HRM practice arrangement. This research employed a case study design utilising mixed methods data collection techniques – in-depth interviews, field notes and document analysis.

The various narratives and document analysis provide evidence to suggest that local isomorphic factors originating from the regulatory, cognitive and the normative institutional settings in a less developed host country do affect the way MNE subsidiaries design, implement and transfer their HRM policies and practices. The study recognised the presence

of constraints within education and training system, labour market as well as delays with the operation of the legal system, cultural barriers, economic instability and political actors' intrusion as host-country institutional drivers undermining MNEs' HRM practice design and implementation.

The study also found flexibility in labour regulations, training of HCNs in MNEs' home-countries, weak trade unions and their limited bargaining power and collective representation, historical developmental journey and economic decline, the role of professional bodies and the host-country receptiveness to new organizational forms and management practices were facilitating and providing opportunities for the diffusion of MNEs' home-countries HRM practices. Whereas, poor work ethic, cultural barriers, lack of technical skills formation and trade unions entitlement mentality were posing constraints for MNEs' HRM practice diffusion. This thesis provided evidence to corroborate other research evidence in different contexts and challenged other studies. This thesis provides new evidence to acknowledge greater flexibility within the regulatory framework as a source of receptiveness for HRM practice diffusion in LDCs, while highlighting the significance of the cognitive and normative institutional settings as host-country institutional impediments to MNEs' HRM practice diffusion.

In relation to whether subsidiaries of MNEs in Ghana demonstrate a convergence across their HRM practices and if so, which aspects of their HRM practices demonstrate such convergence, the study found MNE subsidiaries demonstrate more convergence across their HRM practices as well as other HRM characteristics. Despite the similarities in their HRM practices, MNE subsidiaries' HRM practices were to some extent similar to corporate headquarters HRM practices. Interestingly, it appears that the host-country has less influence in driving their convergence but rather the country-of-origin effect; competitive isomorphic pressure and global integration advantages were driving the convergence across their HRM practices. This study therefore provides evidence to suggest that the country-of-origin effect; competitive isomorphism or isomorphic pressure and advantages of international integration were the underpinning factors that explain their HRM practice convergence. Indeed, this study resonates with the concept of HRM standardization among MNE subsidiaries which may be underpinned by ethnocentric or global homogeneity desires or advantages.

These research outcomes add to IHRM and comparative HRM advancement within LDCs context and provide specific recommendations to policy-makers and political actors at different governmental levels in LDCs to create more supportive and receptive cognitive and normative institutional configurations within their NBS. This is to ensure the diffusion of best HRM practices due to the potential capabilities of MNEs to act as innovators and disseminators of new organizational forms and best HRM practices into less developed host-countries. Most importantly, this thesis adds to the MNEs' HRM practice transfer debate by highlighting the significance of the cognitive and normative institutional settings in LDCs as host-country institutional impediments to MNEs' HRM practice diffusion and acknowledges greater flexibility within the regulatory framework as a source of receptiveness for HRM practice diffusions. The findings from this thesis provide evidence to suggest that the interest among IHRM and comparative HRM researchers for the application of institutional theory in explaining the impact of host-country national institutional settings on MNEs' HRM configurations and diffusion may need to be re-examined.

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Every reasonable effort has been made to acknowledge the owners of copyright material. I would be pleased to hear from any copyright owner who has been omitted or incorrectly acknowledged.

APPENDICES

Appendix I Information sheet



Curtin Business School

Topic:

Multinationals' HRM policies and practices: do national institutions in less developed countries really matter?

Participant information sheet

Principal Researcher: Desmond Tutu Ayentimi, PhD Candidate

Supervisors: Prof. John Burgess and Prof. Kerry Brown

Please take time to read the following information carefully. Please do ask the researcher if there is anything that is not clear, or if you would like more information and please take time to consider whether you wish to take part in the study.

Dear interview participants:

You are invited to participate in this research study which aims to explore how host national institutional settings in less developed countries impact on Multinational companies subsidiaries HRM policies and practices. This research is part of a PhD studies at the Curtin University of Technology, under the supervision of Professor John Burgess and Professor Kerry Brown from the School of Management.

This study aims to address the following questions:

1. What are the national institutional drivers/forces in less developed host countries influencing MNEs subsidiaries HRM policies and practices?
2. To what extent do less developed host-country's national institutional characteristics or factors influence MNEs subsidiaries HRM policies and practices?
3. What are the possibilities (opportunities) and limitations (constraints) for the diffusion of best HRM practices from MNEs headquarters to their subsidiaries in Ghana?
4. To examine whether subsidiaries of MNEs in Ghana demonstrate a convergence across their HRM practices and if so, which aspects of the HRM practices demonstrate such convergence or divergence?

In this regard, semi-structured and unstructured interviews and official documentary records are the data sources that will be used in this research. The official documentary records are concerned with training and career development, selection and recruitment, retention policies, compensation and benefits schemes and employee involvement and communication policies and practices, which are employed by the organization such as policy statements, annual training programs, other reports related to employee compensation and benefits, employee communication and involvement and selection and recruitment practices. All documentary records will be collected with your permission and they will not be directly or indirectly cited so as to compromise confidentiality.

Interviews will be audio recorded in addition to note taking with your permission. The interview session may require approximately one hour. You have the right to withdraw from the interview or stop the interview at any time. You also have the right to review your transcript. A set of semi-structured interview questions in relation to host national institutional characteristics and how they impact on MNEs HRM policies and practices and also on the opportunities and constraints posed by the host country national institutional settings in terms of the transfer of best HRM practices from the MNEs headquarters to their subsidiaries in Ghana. Information about the nature of the face-to-face interview will be provided in advance so interviewee will not be taken by surprise or experience any form of discomfort during the interviewing process. If you so request you will be provided with a summary of the research findings.

This research study will not pose any risk to the interviewee. The interviewee's confidentiality will always be respected. The organization will not be identified. The outcome of this research will be published in the form of a thesis and academic papers. The interviewees will not be identified in the respective publications. The principal researcher and his supervisors (Prof. John Burgess and Prof. Kerry Brown) are the only people who have access to the data.

Please be advised that participating in this research is completely voluntary and that you have the right to withdraw at any time without any prejudice or negative consequences. Please sign the attached consent form which provides your permission to conduct face-to-face interviews, record and transcribe the interviews.

This study has been approved by the Curtin University Human Research Ethics Committee (Approval Number RDBS-04-15). The Committee is comprised of members of the public, academics, lawyers, doctors and pastoral carers. If needed, verification of approval can be obtained either by writing to the Curtin University Human Research Ethics Committee, c/- Office of Research and Development, Curtin University, GPO Box U1987, Perth, 6845 or by telephoning 9266 2784 or by emailing hrec@curtin.edu.au

Thank you for considering this invitation.

Contact details:

If you need any further information, please contact:

Desmond Tutu Ayentimi (Principal Researcher)
Tel: (+61) 424715414
Email: d.ayentimi@postgrad.curtin.edu.au

You can also contact the supervisor and co-supervisor of this research:

Prof. John Burgess (Supervisor)
Tel: (+61) 478311632
Email: John.Burgess@curtin.edu.au

Prof. Kerry Brown (Co-supervisor)
Tel: (+61) 407731939
Email: Kerry.Brown@curtin.edu.au

APPENDIX II
Consent Form
Curtin Business School

Topic:

Multinationals' HRM policies and practices: do national institutions in less developed countries really matter?

Informed Consent

This research is conducted by Desmond Tutu Ayentimi, PhD Candidate, School of Management, Curtin University. Email: d.ayentimi@postgrad.curtin.edu.au Phone: +61 424715414

I, the undersigned, confirm that (please tick box as appropriate):

1.	I have read and understood the information about the project, as provided in the Information Sheet dated _____.	<input type="checkbox"/>
2.	I have been given the opportunity to ask questions about the project and my participation.	<input type="checkbox"/>
3.	I voluntarily agree to participate in the project.	<input type="checkbox"/>
4.	I understand I can withdraw at any time without giving reasons and that I will not be penalised for withdrawing nor will I be questioned on why I have withdrawn.	<input type="checkbox"/>
5.	The procedures regarding confidentiality have been clearly explained (e.g. use of names, pseudonyms, anonymization of data, etc.) to me.	<input type="checkbox"/>
6.	That I have given my consent for face-to-face interviews to be audio recorded and other forms of data collection have been explained and provided to me.	<input type="checkbox"/>
7.	The use of the data in research, publications, sharing and archiving has been explained to me.	<input type="checkbox"/>
8.	I understand that other researchers will have access to this data only if they agree to preserve the confidentiality of the data and if they agree to the terms I have specified in this form.	<input type="checkbox"/>
9.	Select only one of the following:	
	<ul style="list-style-type: none"> • I would like my name used and understand what I have said or written as part of this study will be used in reports, publications and other research outputs so that anything I have contributed to this project can be recognised. • I do not want my name used in this project. 	<input type="checkbox"/> <input type="checkbox"/>
10.	I agree to sign and date this informed consent form.	<input type="checkbox"/>

Participant:

Name of Participant

Signature

Date

APPENDIX III INTERVIEWEE GUIDE

This guide is to prepare the interviewee to remove any form of surprises and discomfort during the interview process.

Dear interviewee, the face-to-face interview will seek to address the following objectives:

1. What are the national institutional drivers/forces in less developed host-countries influencing MNE subsidiaries' HRM policies and practices?
2. To what extent do less developed host-countries national institutional characteristics or factors influence MNE subsidiaries' HRM policies and practices?
3. What are the possibilities (opportunities) and limitations (constraints) for the diffusion of HRM policies and practices from MNEs headquarters to their subsidiaries in Ghana?
4. Do subsidiaries of MNEs in Ghana demonstrate a convergence across their HRM practices and if so, which aspects of their HRM practices demonstrate such convergence?

In this regard, the interview will concentrate on the following HRM policies, programs and practices:

1. HRM policies and practices:

- Recruitment and Selection practices
- Training and development policies and programs
- Talent management policies and programs
- Employee retention policies and programs
- Employee voice and involvement and communication mechanisms
- Employee representation and consultations

2. National institutional drivers/forces that influence MNE subsidiaries HRM policies and practices in Ghana

3. Factors that create barriers to effectively transferring HRM policies and practices from MNEs headquarters to their subsidiary in Ghana.

4. Factors that create opportunities for the smooth transfer of HRM policies and practices from MNEs headquarters to their subsidiary in Ghana.

5. Factors that create barriers to effectively adapting to global best HRM policies and practices in Ghana.

APPENDIX IV

INVITATIONS TO PARTICIPATE IN THE STUDY



School of Management
Kent Street, Bentley
Perth
Western Australia 6102

14th July, 2015.

The Head of Research
IHRMP-Ghana
Accra
Ghana

Ghana Dear Sir/Madam,

REQUEST FOR PERMISSION TO CONDUCT A PhD STUDY

I wish to request for permission to conduct my PhD research work in your organization. I am conducting a research on the topic: **Multinationals' HRM policies and practices: do national institutions in less developed countries really matter?**

The data to be collected from your organization will be used for academic purposes and would be treated with confidentiality. Attached is the information sheet, which provides detail of the nature of information and access required.

I hope my request would be considered.

Thank you.

Yours faithfully,

Desmond Tutu Ayentimi
PhD Candidate
(+61) 424715414
(+233) 208020723
d.ayentimi@postgrad.curtin.edu.au



School of Management
Kent Street, Bentley
Perth
Western Australia 6102

14th July, 2015.

The Head of Research
National Labour Commission
Accra
Ghana

Dear Sir/Madam,

REQUEST FOR PERMISSION TO CONDUCT A PhD STUDY

I wish to request for permission to conduct my PhD research work in your organization. I am conducting a research on the topic: **Multinationals' HRM policies and practices: do national institutions in less developed countries really matter?**

The data to be collected from your organization will be used for academic purposes and would be treated with confidentiality. Attached is the information sheet, which provides detail of the nature of information and access required.

I hope my request would be considered.

Thank you.

Yours faithfully,

Desmond Tutu Ayentimi
PhD Candidate
+61 424715414
+233 208020723
d.ayentimi@postgrad.curtin.edu.au



School of Management
Kent Street, Bentley
Perth
Western Australia 6102

14th July, 2015.

The Head of Research
Trade Union Congress
Accra
Ghana

Dear Sir/Madam,

REQUEST FOR PERMISSION TO CONDUCT A PhD STUDY

I wish to request for permission to conduct my PhD research work in your organization. I am conducting a research on the topic: **Multinationals' HRM policies and practices: do national institutions in less developed countries really matter?**

The data to be collected from your organization will be used for academic purposes and would be treated with confidentiality. Attached is the information sheet, which provides detail of the nature of information and access required.

I hope my request would be considered.

Thank you.

Yours faithfully,

Desmond Tutu Ayentimi
PhD Candidate
+61 424715414
+233 208020723
d.ayentimi@postgrad.curtin.edu.au

APPENDIX V ETHICS CLEARANCE

MEMORANDUM



Curtin University

To:	Prof John Burgess School of Management
CC:	Desmond tutu Ayentimi
From:	Professor Peter O'Leary, Chair HREC
Subject	Ethics approval Approval number: RDBS-04-15
Date:	02-Feb-15

Office of Research and
Development
Human Research Ethics Office

TELEPHONE 9266 2784
FACSIMILE 9266 3793
EMAIL hrec@curtin.edu.au

Thank you for your application submitted to the Human Research Ethics Office for the project: 5006
MNCs subsidiaries HRM policies and practices: do national institutional settings in less developed countries
really matter?

Your application has been approved through the low risk ethics approvals process at Curtin University.

Please note the following conditions of approval:

1. Approval is granted for a period of four years from **03-Feb-15** to **03-Feb-19**
2. Research must be conducted as stated in the approved protocol.
3. Any amendments to the approved protocol must be approved by the Ethics Office.
4. An annual progress report must be submitted to the Ethics Office annually, on the anniversary of approval.
5. All adverse events must be reported to the Ethics Office.
6. A completion report must be submitted to the Ethics Office on completion of the project.
7. Data must be stored in accordance with WAUSDA and Curtin University policy.
8. The Ethics Office may conduct a randomly identified audit of a proportion of research projects approved by the HREC.

Should you have any queries about the consideration of your project please contact the Ethics Support Officer for your faculty, or the Ethics Office at hrec@curtin.edu.au or on 9266 2784. All human research ethics forms and guidelines are available on the ethics website.

Yours sincerely,

Professor Peter O'Leary
Chair, Human Research Ethics Committee