

Institutional Legacies and Capabilities: The Practice of Work and Employment Relations in Portugal and Mozambique

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Abstract:

This is a study of institutional change and continuity, comparing the trajectories followed by Mozambique and its former colonial power Portugal in the practice of work and employment relations, based on two surveys of firm level practices. In spite of all the adjustments and shocks that have accompanied Mozambique's post independence years, the country continues to retain institutional features and associated practices from the past, this would suggest that ambitious attempts at institutional design in more stable settings may have less dramatic effects than is commonly assumed. Indeed, we encountered remarkable similarities between the two countries in the practice of HRM; this would suggest that features of supposedly fluid or less mature institutional frameworks (whether in Africa or the Mediterranean world) may be sustained for protracted periods of time, pressures to neo-liberal reforms notwithstanding.

Key words: Institutional change, path dependence, post-colonialism, neo-liberal reforms, comparative HRM, Mozambique, Portugal.

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~~In order to~~ This paper challenges the “Eurocentric assumptions” (Mir ~~and &~~ Mir, 2013: 91) and focus of much of the literature on the nature of institutions ~~and~~ work, global trends and crises, and the explanations for them in the literature on comparative capitalisms and human resource management (HRM), organizations and employment relations and argues that there is a need for more research that ~~explores and conceptualizes these issues more carefully and~~ draws evidence from ‘postcolonial’ societies. Most of the literature on institutional change and the consequences for people management is drawn from WEIRD countries: the Western, educated, industrialized, rich and democratic societies (Henrich, Heine ~~and &~~ Norenzayan, 2010), which constitute a minority of the states in the world. There is extensive evidence that work, organization and employment relations vary even within the WEIRD countries and indications that this variation is even more considerable in the rest of the world (Brewster & Mayrhofer, 2012).

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A central concern is to evaluate the relationship of work, organizations and employment relations in the post-colonial countries and to tease out the impact of their previous colonial masters. How far is there path dependence in institutions and work practices, and how far has the post-colonial nation followed a different trajectory (Horwitz, Kamoche ~~and &~~ Chew, 2002; Kamoche, 1997; Nzelibe, 1986)? —These questions assume particular salience given the process of institutional change in many developed countries: if despite all the adjustments and shocks that have ~~accompanied Mozambique’s~~ dominated post independence ~~years, the country~~ ies continues to

retain institutional features and associated practices from the past, this would suggest that ambitious attempts at institutional design in more stable settings may have less dramatic effects than is commonly assumed.

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A separate field of work has tended to take a socio-economic institutional approach toward the analysis of work and employment in emerging economies (see, for example, Wood ~~and &~~ Frynas, 2006; Wood, Dibben, Stride ~~and &~~ Webster, 2010; Dibben ~~and &~~ Williams, 2012). ~~From this latter perspective, it has been argued~~ that it is important to study work and organizations within their social and economic institutional context. This paper seeks to ~~develop this latter body of~~ contribute to knowledge through examining employment relations within a colonial power (Portugal) and its former colony (Mozambique). In doing so, it seeks to understand the valence of arguments that point toward enduring colonial legacies versus those that indicate a form of Mediterranean capitalism (Amable, 2003) that could be extended to emerging economies.

The paper takes the following form: we address the general issues of post-colonialism in the next section and then examine the recent history of Portugal and Mozambique. We then compare the two countries and, using our post-colonial lens, develop hypotheses. We explain how we have used two separate surveys to test these hypotheses and present the findings. In the discussion and conclusions section of the paper we examine the implications of the similarities we find for institutional theory.

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Literature Review

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Post-colonialism

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~~Another approach is post colonialism. Post-colonial studies are conventionally generally dated from Said's 1978 book in 1978. Rao (2012) notes that post-colonialism is a popular term with some strange antecedents (McClintock, 1992) and one that~~ Post-colonialism has changed its meaning over time from a strictly temporal one to a "fighting" one (Lazarus, 2004: 4). ~~The fundamental point of Said's fundamental point was that work was that~~ what is often thought of as a proper scientific discourse involves a set of values and assumptions about the role of the west and those countries' colonial territories that ~~were is, in fact, no more than~~ based on assumptions, ~~many of which, and many of them wer are~~ provably wrong. ~~This view has been controversial and~~ Modern post-colonialism ~~has an impulse toward~~ tends to be more nuanced, critiquing a ~~critique of~~ both imperialist and nationalist narratives (Rao, 2012). Post-colonial studies note that the process of neo-colonialism is now not carried out by the former imperial states but mainly by their multinational enterprises (MNEs) and the international organisations ~~that they have set up~~ (the World Bank, the International Monetary Fund, etc) that work to ensure free trade (Petras & Veltmeyer, 2001). In management studies post-colonialism has been used to explain the markets of multinational enterprises (MNEs) (Banerjee, Chio & Mir, 2009), the way organisations are structured and operate (Prasad, 2012) and the spread of English as a world-wide *lingua franca*[†] (Boussebaa, Sinha & Gabriel, 2014). However, with the continuing focus of much of the literature of comparative capitalism and comparative HRM on the WEIRD countries (Henrich, Heine & Norenzayan, 2010) there are few studies of HRM in post-colonial

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societies that address this (contested, see McLeod, 2007) theory and even fewer that address the issue of the hang-over of colonial institutions on HRM.

Most post-colonial studies focus on the discourse used to ensure continued domination of the colonial masters, but there have been calls for greater use of materialist formulations (Mir & Mir, 2009; Murphy & Zhu, 2012) and that is the approach we adopt here. We use Bhabha's (19914) notion of "mimicry" and in particular the notion that the colonial state can never do better than to be "almost the same but not quite" (Bhabha, 1994: 89). The hybrid situation that results is not a "neutral" ~~"b...blending"~~ of practices, but is laden with inherent resistance. The process of transferring knowledge across national borders in this way is itself imbued with colonialism (Frenkel, 2008; Frenkel & Shenhav, 2006). We try to set our analysis of these issues within the political-economic framework of colonialism and its aftermath (Jack et al, 2011).

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We explore commonalities and differences in key areas of work and employment relations practice between ~~the former colonial power and colony,~~ Portugal and Mozambique. ~~Based on~~ Using comparative survey evidence, ~~the paper~~we seeks to shed new light on the nature of long term continuities in workplace practice, formative institutional legacies and the limits of attempts at institutional redesign. On the one hand, Portugal was the poorest of the European colonial powers in Africa and for long periods Portuguese rule was uneven, tenuous and contested by other colonial powers. On the other hand, in lasting for more than 500 years, Portuguese colonialism in Africa endured far longer than any other major colonial power - Britain, for

example, ruled most of its African colonies for less than a century. Moreover, in the last forty years of rule, Portugal deliberately sought to integrate its African colonies.

Institutions, Work and Employment Relations in Portugal

The early literature on comparative capitalism ~~focused on the Liberal/Coordinated market divide,~~ ~~and~~ assumed that other markets would gradually move to one or other of these Liberal/Coordinated market models, ~~on account~~ because of their greater efficiencies and complementarities (Hall ~~and~~ & Soskice 2001). Later accounts, ~~such as Amable (2003) and Hancke, Rhodes and Thatcher, (2007)~~ recognized that Mediterranean or Mixed Market Economies represented an archetype in their own right, that, despite apparent institutional changes, they continue to follow distinct trajectories (Amable, 2003; Hancke, Rhodes & Thatcher, 2007), ~~following on historical legacies.~~ Such economies were characterized by divisions between a historically statist sector ~~on the one hand (comprised of~~ the public sector, state owned enterprises and large private firms with close ties to the state), and a poorly regulated SME and informal sectors ~~on other hand. Such economies~~ They had weaker and less closely coupled institutions than the more mature archetypes, ~~leading, for example, to gaps between formal training institutions and actual firm needs~~ (Amable 2003). These accounts were mainly drawn from the developed countries of the North and there may well be alternative models in other countries (Jackson ~~and~~ & Deeg, 2006).

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~~Rocha and Araujo (2007) argue that a tendency within Portugal – that might also be noticed in Mozambique – is one~~ has a history of institutional layering, whereby new institutional arrangements do not totally substitute for old ones (Rocha & Araujo, 2007). ~~Rather, aspects of the latter~~ The old arrangements persist, associated with the maintenance of a tradition of rigid hierarchies and procedurality. ~~Portugal is “prismatic” A similar understanding led (Tavares and Alves, (2006: 584) to argue that the Portuguese situation is a “prismatic” one, with parallel~~ tendencies to both modernization and tradition. ~~Continuities include the relative importance of agriculture (a long de-ruralization process notwithstanding), a large SME sector (Karamessini 2008), and a relatively large informal economy. In such contexts, i~~ Informal networks facilitate the bypassing of formal institutional arrangements (Aguiar, 2005).ⁱⁱ

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Starting from 1933,

~~In terms of political background, Portugal (broadly in common with Spain) underwent a long period of authoritarian corporatist rule, dating from 1933, under Salazar. Salazar's *Estado Novo*, which placed a strong emphasis on a presumed unity between state and society; this was associated with a kind of authoritarian corporatism that~~ built on both the Portuguese legal tradition and patriarchal dimensions of Portuguese culture (Aguiar, 2005). ~~A commitment to regulation of economic activity went hand in hand with major public works programmes. In the 1960s, the state were moved~~s towards greater integration with the European economy and, in its closing years, there were cautious moves to wards liberalization (Nunes, Mata ~~and~~ & Valério, 1989).

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~~As Holman (2001: 57) notes, corporatism is a system of interest intermediation, and encompasses both vertical and horizontal forms of socio-political integration. In a dictatorship, the primary emphasis is on the vertical, which is imposed by the state in a repressive and coercive fashion; horizontal integration between different associations is restricted to de facto amalgamation of interests at the top of corporations. Holman (2001: 57) argues that in corporatism vertical socio-political integration dominates, whilst in parliamentary or democratic corporatism, horizontal co-operation comes into play, on a voluntary basis, whether through formal institutionalization or not, whilst vertical political integration takes place within the corporations. In short, dictatorial corporatism is about the centralized control of encompassing organizations formally representing key interest groupings in society, whilst democratic corporatism is about voluntary compromises between encompassing organizations from the commanding heights to the workplace and community. These two manifestations do not represent totally distinct categories - at various historical stages, specific countries may fall between these two extremes. The Portuguese private sector was historically dominated by about forty great families. Many of these had business interests in Africa, and the ten major families owned all the major commercial banks, which controlled a very large proportion of the national economy. However, the business culture allowed a surprising upward mobility of middle class individuals with graduate studies, who had careers as professional managers.~~

~~Within Portugal, the foundations of dictatorial corporatism, with its aim of stifling socio-economic conflict, eroded rapidly in the late 1960s. The Portuguese and the economy internationalized, with a significant influx of foreign capital and further industrialization (Holman, 2001: 59). This internationalization was paralleled with increasing remittances from~~

emigrants and the rise of tourism, ~~which~~ enabled the country to compensate for structural trade deficits, ~~so there were.~~ ~~Subsequently there were~~ rapid increases in real wages and productivity, and the rise of a consumer society. ~~These developments resulted in~~ was also social unrest ~~expressing itself as opposition to~~ an increasingly senile political order, rather than a ~~struggling~~ for radical socio-economic change. Democratization ~~was paralleled by a shift to democratic corporatism, with~~ left existing socioeconomic structures being relatively unchanged (Holman, 2001: 24). Portugal joined EFTA and GATT and signed a free trade agreement with the European Community, thus opening the Portuguese economy to western European and foreign investment, which fostered industrial modernization and diversification of exports. However, high infantile mortality, low educational levels and a very inefficient agricultural sector remained from the old regime, notwithstanding the large gold reserves that were accumulated during this period (Blakanoff, 1996).

From the fall of the *Estado Novo*, for more than ten years, Portugal had a leftist ~~It is also important to~~ note that the Portuguese private sector was historically dominated by about forty great families. ~~Many of these had business interests in Africa, and the ten major families held all the major commercial banks, which controlled a very large proportion of the national economy. However, the business culture allowed a surprising upward mobility of middle class individuals with graduate studies, who had careers as professional managers. Portugal joined EFTA and GATT and signed a free trade agreement with the European Community, thus opening the Portuguese economy to western European and foreign investment, which fostered industrial modernization and diversification of exports. However, high infantile mortality, low educational levels and a very inefficient agricultural sector were negative economic and social signs of the old regime,~~

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~~notwithstanding the large gold reserves that were accumulated during this period (Blakanoff, 1996).~~

~~After the 'coup d'état' in April 1974, led by the Armed Forces Movement (MFA), a democratic regime was installed, but the leftist group within government and the Armed Forces Movement rapidly took over. In 1975 the government which nationalized all the major productive sectors, either directly or . Companies in the financial, oil, transportation, steel and energy sectors, cement, paper pulp, tobacco and chemical industries, as well as ship construction, fishing and mass media sectors were directly nationalized, while other companies were indirectly nationalized (Cunha and & Cooper, 2002). The new Portuguese Constitution, approved in 1976, emphasized its socialist character by proclaiming the socialization of production and declaring a society with no classes. Labour laws were reviewed. The large state companies developed a 'no-owner' culture, due to the high turnover of Boards of Directors (associated with changes in governmental parties), with labour excess, no accountability for results and, therefore, inefficiency in terms of operational results and productivity, alongside technological modernization. Promotion and career advancement depended on political/party contacts rather than merit. Some of these companies, namely-in steel and chemicals, lost their markets in the former African colonies.~~

In 1986 Portugal joined the European Union (EU). A change in the Constitution allowed the Portuguese government to initiate a process of liberalization and privatization, which would turn the country into one of the three largest privatizing countries in the western world, ~~together with the United Kingdom and New Zealandⁱⁱⁱ~~ (Cunha and & Cooper, 2002). Crespo, Fontura and Barry, (2004: 799) argue that in the post-*Estado Novo* period, Portugal has been squeezed from

both “above” and “below”. Portuguese firms have battled to move over to higher value added production paradigms, at the same time as facing increasing competition from lower cost production in ~~the eastern Europe~~ U-states and beyond. The boom in Portuguese industry from the 1980s up until the early 1990s was followed by a gradual decline in the face of European competition (Karamessini, 2008; Corkill, 1999). Even

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~~A feature of the *Estado Novo* had been a considerable wage differential between the private and public sector, with advancement in the latter being based on seniority (Aguilar, 2005). The demise of the *Estado Novo* was marked by moves toward promoting greater equity in work and employment between the public and private sectors but, at the same time, a rapid expansion in welfare, health care and higher education (Aguilar, 2005; Castles, 2006). However, inter-sectoral mobility remained very low (Rocha and Araujo, 2007). The labour market was heavily segmented between those who had marketable skills and those who did not (Aguilar, 2005). Moreover, even prior to the 2008 crisis, Portugal was marked by rising income inequalities (Cardoso, 1998; da Silva Lopes, 2003). The family ~~has continued~~ ed to play a central role in many Portuguese firms, with corresponding patriarchal, authoritarian and gender divisions of labour, as well as the persistence of family based welfare and informal support networks, although Portugal has a very high female activity rate that goes back to the 1960s, probably associated with the colonial war, with male emigration and investments in sectors employing a large percentage of females (Karamessini, 2008).~~

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~~Changes to employment legislation contributed toward flexibility in the labour market. In 1976, legal regulation of fixed term contracts was pared back (Karamessini, 2008). From 1989 onwards, firms were no longer required to gain prior administrative authorization in order to carry out collective redundancies. Fixed term work was now tied to objective short term needs, related to start ups, and to hiring new labour market entrants and the long term unemployed.~~ Portugal increasingly became committed to moving to even greater labour market flexibility. The poor enforcement of labour law built on a long tradition of light oversight of small firms. Moreover, low job security has coincided with often weak and ineffective workplace representation: Works Councils and Joint Consultative Committees ~~have remained~~ uncommon (Karamessini, 2008).

~~With regard to~~ Focusing on industrial relations, ~~following~~ the fall of the *Estado Novo* ~~there was~~ saw a move away from the high level of state intervention ~~in industrial relations~~ and the restrictions of independent union organization, leading to a massive rise in industrial action (da Silva Lopes, 2003; Karamessini, 2008). ~~A process of tripartite dialogue, was initiated in 1985, involving state, business and labor in discussions on socio-economic policy (Karamessini, 2008).~~ ~~Despite periodic breakdowns in bargaining caused partly by union rivalries, this was followed by~~ led eventually to a series of pacts surrounding collective bargaining, health and safety and vocational training. Even when workers were not covered by unions, or one of the parties refused to negotiate, a contract was often imposed by the government, particularly in terms of minimum wage definition and guidelines for wage increases (Cardoso, 2006), ~~but~~ ~~A more serious problem has been the extent to which~~ the state ~~has been~~ remains ineffective in enforcing emerging labour standards in the large informal sector.

Institutional Legacies, Work and Employment Relations in Mozambique

In Mozambique, as with many other poorer nations, there has been increasing interest in the role of formative institutional legacies on long term development (Sorge, 2005). In the case of sub-Saharan Africa, it has been argued that early colonial institutional formation has had a persistent impact on the developmental trajectories experienced, explaining why many nations across the continent have continued to perform poorly (Robinson, 2002). However, this assumption discounts differences between nations. Robinson (2002) draws a distinction between the temperate colonies of Eastern and Southern Africa, and the tropical West African ones. In the case of the latter, European settlers had low resistance to endemic tropical diseases, resulting in unacceptably high mortality rates (Acemoglu and Robinson, 2012). Combined with high indigenous population densities and relatively well developed trade routes, this encouraged the colonial powers to concentrate on primarily extractive policies. Hence, institution building was lop-sided, with weak property rights (Robinson, 2002). In contrast, in the more temperate colonies, more suited to large scale European colonization, the colonial powers set about constructing 'mini-Europes', with more comprehensive institution building including a stronger focus on property rights (Acemoglu and Robinson, 2012). Whilst Mozambique is an outlier in that represented a somewhat more hospitable climate for European settlement than West Africa, most of the five hundred years of Portuguese rule were characterized by high levels of exploitation of resources similar to those in West Africa (Hanlon, 1991). This reflected the underdeveloped nature of Portugal itself. Although most European colonial powers entered the

~~continent in the nineteenth century, t~~The Portuguese arrived in Mozambique in 1498, ~~centuries before the settlement of other part of Africa by other European countries,~~ and the ~~-~~institutional transposition ~~-~~from the colonial power was late medieval, or feudal, in design (Isaacman ~~and~~ & Peterson, 2003).

Early Portuguese colonial rule was, outside of a few key coastal settlements, indirect, and exercised via the *prazos*, concessionaires acting as feudal warlords (Newitt, 1969). Up until the nineteenth century, much of the attention of the colonial authorities was focused on reining in ~~their challenges to metropolitan power~~the *prazos* and seeking to extract pre-agreed rents (Newitt, 1969). Only in that century, ~~and~~ goaded by the encroachment of other colonial powers, did the colonial authorities finally subjugate ~~the~~*prazos* (Okoth, 2006). This did not, however, result in serious institution building beyond extending the colonial state's monopoly over the use of armed force, and slowly modernizing administration within the cities. Within the rural areas, peasants were subject to indirect rule via appointed *regulos* or chiefs, with the interests of the authorities remaining primarily concerned with extracting labour and primary commodities (Hanlon, 1991). The development of a plantation economy was characterized ~~not so much by the diffusion of a modern wage labour system, but only~~ by the slow refinement of mechanisms of forced and quasi-forced labor. Moreover, Portugal became increasingly reliant on the revenues generated by the export of Mozambican labour to South Africa's gold mines (Prothero, 1974).

~~Whilst in the rural areas, the prazos remained as units of fiscal and administrative policy until~~ By the 20th century, a very large portion of ~~the territory~~Mozambique was administered by the so-called 'majestic companies' ~~that were~~ created because Portugal lacked the necessary human,

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financial and administrative resources to administer the colony directly. *Companhia de Moçambique*, the first and most important one to be established, occupied the Manica and Sofala regions, and was headquartered in Beira (Companhia de Moçambique, 2008). The company used a coercive labour system (Allina, 2012). *Companhia do Niassa* and *Companhia da Zambézia*, followed and the three companies occupied and administered around two thirds of the territory. These companies were created by foreign investors, mainly English, German, French and South African, and had the power to exploit the land and the population in the area, as well as practice commercial activities, collect their own taxes, build infrastructure, administer their own banks and postal services, and even issue their own currency^{iv} (Carvalho, 2012). The majestic companies generally had English speaking investors and the vicinity with former Rhodesia and South Africa may also have facilitated an Anglo-Saxon influence. Indeed, Mozambique decided to adhere to the Commonwealth after independence.

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In 1961, the *Estado Novo* responded to growing pressures for decolonization through adopting a policy of integration, to be bolstered through greater investment in the colonies, greater migration from the metropolitan homeland, and active efforts to encourage industry (Henriksen, 1974). Africans who met strict criteria were to receive the same citizenship rights as whites. In practice, there remained strong barriers to African upward mobility and it soon became clear that most Africans would not attain this status in the foreseeable future. Moreover, ~~differences also existed with regard to the non-African~~ wage rates continued to be higher than those of African ~~and non-African~~ workers, ~~with the latter being paid higher wages~~ (O'Laughlin, 2000). Indeed, Mozambique remains a more racially segmented country than Portugal's other ex-territories ~~Angola, Cabo Verde, Sao Tome Principe and Guinea Bissau, all of~~ which are essentially creole

societies; this was reflected in workplace dynamics, and remains an abiding legacy. When compared to Portugal's other African colonies, the process of 'creolization' was much slower in Mozambique, with most Africans retaining indigenous languages as their mother tongue.^v There is also sixteen different tribes are represented in Mozambique, the larger ones being the Makua and Makonde in the north, the Sena in the center and the Shangaan in the south.

Religious diversity is also present, "with imported religions and denominations overlaying the traditional religious beliefs and practices centred on the veneration of ancestors" (Agadjanian, 2001: 137). Additionally, since the early 20th century, there was a migratory and commerciale culture from Indo-British individuals, which encompassed different communities of caste and multiple ethnic religious identities; these migrants were characterized by a remarkable amount of circulation (of information, assets, debts, men and even, later, women) within networks that combined a degree of closure (based on ties of kinship, caste and/or community) with a significant dose of inter-ethnic opening (Bastos, 2009). This, and close proximity to South Africa, meant that Mozambique remained a more racially defined society than other Portuguese African colonies. The long history of institutionalized and more rigid segregation and differences in language also directly reflect English colonial and South African influence.

The late 1960s saw significant increases in foreign investment and industrialization in Mozambique, associated with the Portuguese economic development plans (*Planos de Fomento*) for the colonies but also the increased importance of the services sector (Newitt, 1996; Fleshman, 2009; Francisco, 2003). Elements of the authoritarian corporatism of Portugal penetrated Mozambique, encompassing both employer interests and the white dominated trade

union_s that represented branches of the Portuguese unions. However, ~~this economic growth did not benefit~~ the Mozambican population, ~~which continued to be characterized by~~ have one of the lowest levels of human development in ~~the continent and~~ the world (Francisco, 2003). Late Portuguese colonialism failed to incorporate the African majority economically and, hence, failed to stem pressures towards radical economic change (Munslow, 1984). One consequence was ~~to promote~~ the appearance and strengthening of ~~the a~~ political and military liberation movement that opposed the colonial and the capitalist system (Francisco, 2003).

Colonial era authoritarian corporatism was simply abandoned on independence in 1975. The principal liberation movement, Frelimo, formed the first post-independence government, which embarked on an ambitious state socialist experiment (Munslow, 1984; Hanlon, 1996), at much the same time as Portugal did. The racial ~~minorities elites~~ lost their privileges and, in a few months, thousands of people who had held senior administrative positions left the country, leaving the rural populations deprived of distribution channels for their products (Francisco, 2003). ~~Vertical corporatist elements reappeared with the formal establishment of trade unions—subsuming worker groupings that had sprung up—and, together with the managers of nationalized enterprises, their formal subordination to the ruling party (Hanlon, 1996).~~ The bulk of enterprises and the land were placed under state ownership. However, private SMEs and entrepreneurs remained, with foreign investors requiring national know-how and national businesses seeking international capital (predominantly from South Africa). In 1976, an armed rebel movement, Renamo, emerged, ~~with and~~ the country ~~soon descended~~ ing into a protracted civil war. Nurtured by then Rhodesia and, on its collapse, by South Africa's apartheid regime, Renamo was able to count on significant peasant support, alienated by Frelimo's scrapping of the

regulo system and its reintroduction of the forced cultivation of cotton (Hanlon, 1991; Makamune ~~and &~~ Loewenstein, 1987). ~~One~~ A decade after independence, the Mozambican economic situation had deteriorated significantly: the primary sector ~~was now~~became the most important, even though ~~one, not because it had improved~~ production (~~which in fact had had~~ reduced), ~~but rather~~ because the secondary and tertiary sectors ~~were~~experiencing a profound crisis (Francisco, 2003).

Ultimately, in 1994, facilitated by the demise of apartheid, a political settlement led to Mozambique's first democratic elections, which were won by Frelimo (Haines ~~and &~~ Wood, 1995). ~~By now devoid of Soviet sponsorship, Frelimo~~The government was forced to turn to the World Bank and the IMF, and implemented sweeping neo-liberal reforms, centring on privatization, the ending of protective tariffs and the abandonment of attempts at active industrial policy (Brück, 1998) and seriously. ~~The reforms seriously~~ weakened the developing Mozambican training and educational system (Hanlon, 1996). ~~There were~~ privatization of state owned enterprises went hand in hand with large scale job losses and, in many instances, the outright closure of enterprises (Dibben, 2010). The dropping of protective tariffs rapidly undercut the competitive basis of many organizations, forcing further radical downsizing or closure (Hanlon, 1996). ~~Another~~ side effect of this process was corruption. The lack of transparency and rules to regulate conflict of interest, associated with clientelism, nepotism and influence exchange were deeply rooted, reflected, for example, in the lack of clear criteria to provide state loans (with no public competition) to private companies, ~~that were~~ owned by important members of the ruling party, including the President, and in the lack of procurement rules (Mosse, 2004, Scanteam, 2003).

Democratization meant that the trade unions were able to assert their political autonomy, but they faced a collapse of membership owing to the wholesale job losses ~~as a consequence of the neo-liberal reforms~~ (Dibben, 2010). A new tripartite negotiating forum, the Consultative Labour Commission ~~(established in 1994) brought together representatives of the state, employers and unions but its principal area of business was the~~ was established to setting of a minimum wage, with enforcement of agreements being uneven or weak (Webster, Wood ~~and &~~ Brookes, 2006). Throughout all these changes, there were strong continuities in Mozambican work and employment relations, with divisions between larger firms (often either state owned, or having been subject to a period of state ownership), SMEs, and a very large informal sector, with a legacy of authoritarian management (Webster ~~and &~~ Wood 2005; Wood et al, 2010).

Since democratization, Portuguese entrepreneurs have returned to Mozambique in large numbers, relying, in many cases, on finance and staffing via family based networks extending back to Portugal. Coexisting with such ethnically Portuguese owned businesses is a ~~very~~ large indigenous informal sector. ~~Again, also~~ relying on family networks for finance and staffing, ~~but the latter activity remains~~ fragile, localized, chronically undercapitalized, and with entrepreneurs being subject to the continued risk of arbitrary expropriation or predatory tithing (Wood ~~and &~~ Frynas, 2006; Dibben ~~and &~~ Nadin, 2011). More generally, workers in Mozambique face a range of problems related, for example, to a lack of secondary school education, low life expectancy, and a high proportion of the population living with HIV/_AIDs, ~~as shown by human development indicators~~ (World Bank Group, 2012). The ~~high incidence of AIDS/HIV affects not only the~~

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~~people infected but also their families, with impacts on productivity. This~~latter issue is not considered to be a HRM problem and therefore not managed by HRM departments.

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A report by Scanteam (2006) points to a low level of HRM skills in the public sector, ~~with. This~~ ~~problem reflects~~ a mismatch between training and tasks, ~~since training programmes are not integrated in career development approaches, and there are~~and low levels of formal education and management development. In ~~terms of~~higher education, Mozambique has a disproportionate number of graduates in social sciences and law, ~~compared with~~and a deficit in ~~other~~ disciplines such as engineering. ~~This problem is aggravated by the continuous organizational change due to public sector reform and a lack of effective communication between different sectors and levels.~~ ~~The~~Public sector reforms, ~~stem ff~~from the new priority focus on peace and reconstruction instead of war efforts, and from the change from a centrally planned economy to a market economy, ~~cause continuous organizational change and a lack of effective communication between different sectors and levels.~~ –

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Hypothesis development

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~~Common Ground~~

These brief histories show that Mozambique and Portugal have a range of features in common.

First, they are countries with relative political and social stability ~~(although the recent disputes, and localized violence, between Frelimo and Renamo cast some doubt on enduring stability in~~

~~the Mozambican rural periphery). Second, they share quite~~ well developed labour legislation. Third, ~~in both Portugal and Mozambique,~~ informal networks of support have played an important role in the ~~small and medium enterprise~~ SME sector, given the failures of formal institutions and difficulties in gaining access to capital. ~~A reliance on informal networks is characteristic of a large number of economies in transition, including a large number of successful far Eastern economies (Mellahi and Wood, 2003: 378; Xin and Pearce, 1996). To an extent, small and medium sized Portuguese SMEs~~ firms face ~~similar~~ competition from the informal economy, ~~but like the Mozambicans' do, but their~~ case is ~~a more extreme one.~~

Both Mozambique and Portugal have ~~both had~~ a history of patriarchal authority systems at the workplace, as a residue of a specific form of industrialization. The mediation of social relations not only takes the form of protective legislation, but also restrictive associations and networks (Holman, 2001) and, within the workplace, forms of authority that encompass both despotism and obligation, duties and rights (Webster ~~and~~ & Wood, 2005).

~~It has been argued that a general feature of liberalizing economies is that, firms are often increasingly forced to compete on cost grounds, resulting in a greater tendency towards low value added work and employment policies, processes that are particularly pronounced in peripheral countries (whether in Europe or beyond) (Tickell and Peck, 1992: 355; c.f. Collinge 1999). However, up until the economic crisis that began in 2008, pressures towards the adoption of neo liberal policies had in the case of Portugal been limited by accession to, and membership of, the EU (Haworth and Hughes, 2003: 670): Hence the consequences of Portugal's~~

~~semi-peripheral geographic locale have been ameliorated. At the same time Mozambique's peripheralization has been accentuated. It is possible that the more recent scale of neo-liberal reforms in Portugal, in response to the economic crisis, may result in greater similarities with Mozambique.~~

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Comparing National Employment Practices: Developing Hypotheses

~~It appears that~~ However there are also a number of differences between-in work and employment relations in-between Mozambique and Portugal. ~~It can be argued that~~ Mozambique's primary institutional legacies have been extractive, in contrast to the uneven, but more modern, institutional tradition of Portugal. Hence, despite late colonial institutional building, including the broadening of the coverage of mother country legislation into the colony, and the importance of informal networks and conventions governing the activity of much of business in both settings, there are likely to be persistent differences in institutional capabilities, with the Mozambican environment being more precarious for both firms and workers. Both countries have undergone major neo-liberal reforms, with corporatist elements being emasculated as a result of structural adjustment. These reforms were more intense in Mozambique, while in Portugal they were arguably ameliorated by Europeanization.

~~To what extent are~~ These differences between the countries evident in ~~the~~ human resource management and employment practices used by organizations? Whitley (1999) argues that the

defining features of national employment systems are the degree of employer-employee interdependence and the amount of delegation to employees, include the proportion of permanent versus temporary employees, and the relative propensity of an organization to make use of redundancies (Croucher Wood, Brewster & Brookes, 2012) and the basic degree of security of tenure enjoyed by employees (Whitley, 1999: 38; Marsden, 1999). It is likely that the more precarious state of the Mozambican economy and weaker institutional coverage are likely to make job security more fragile and turnover higher than in Portugal. The former encompasses the commitment of firms to training and development, and the basic degree of security of tenure enjoyed by employees (Whitley, 1999: 38; Marsden, 1999). Levels of commitment to training can be evidenced by its formality or informality (Goergen, Brewster, Wood and Wilkinson, 2012). Meanwhile, job security can be measured through the proportion of permanent versus temporary employees, and the relative propensity of an organization to make use of redundancies (Croucher Wood, Brewster and Brookes, 2012). It is likely that the more precarious state of the Mozambican economy and weaker institutional coverage are likely to make job security more fragile and turnover higher than in Portugal.

Hypothesis 1a: Whilst the incidence of redundancies is likely to be relatively high in both contexts, they will be significantly higher in Mozambique.

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Hypothesis 1b: The proportion of the workforce on non-permanent contracts will be high in both countries, but relatively higher in Mozambique

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Owing to common institutional legacies and shortfalls, both countries have experienced persistent skills gaps. The commitment of firms to training and development can be evidenced by its formality or informality: Goergen, Brewster, Wood & Wilkinson, 2012). However, the lower capabilities of Mozambican organizations and the precarious nature of their competitiveness is likely to mean that training and development will be less developed than in Portugal.

Hypothesis 2: Informal workplace-based forms of training will be used in both countries, but will be more common in Mozambique than Portugal.

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Given the importance of informal networks and obligations in both contexts, it is likely that informal methods of recruitment will be common in both cases but that, given infrastructural limitations and general institutional weaknesses, its usage will be more pronounced in Mozambique.

Hypothesis 3: The use of informal methods of recruitment will be more common in Mozambique than Portugal.

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The degree of delegation to employees is reflected in the relative extent of collective and individual voice mechanisms, encompassing the degree of participation of workers and their collectives in the re-negotiation of the employment contract, and their collective and individual involvement in setting work relations, including financial participation, communicative mechanisms and upward problem solving (Marchington, 2005; Whitley, 1999: 39). ~~Again, the existing literature would suggest that a~~ Unionization and collective bargaining in both countries is

likely to be strongly concentrated in larger firms but, given that Mozambique represents a more extreme case of organizational segmentation and incomplete institutional coverage, its use will be more pronounced in that country.

Hypothesis 4: Collective bargaining and unionization is likely to be concentrated in large firms in both the countries under review, but more so in Mozambique than Portugal.

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~~The existing literature would indicate that~~ Other employee voice mechanisms are generally weak in both contexts. However, the tradition of patriarchal managerialism might suggest that general meetings, whereby managers inform workers of organizational developments in their own terms may be the most common communication device (Webster ~~and &~~ Wood, 2005). Again, it could be argued that their use will be more pronounced in Mozambique than Portugal

Hypothesis 5 - Workforce meetings represent the principle form of communication in both contexts, but their use is more common in Mozambique than Portugal.

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Although performance related pay may be viewed as a component of hardline approaches to HRM (Gollan, Poutsma ~~and &~~ Veersma, 2006), ~~it should be noted that~~ in the developing world, many organizations will simply opt for paying the lowest rate the external labour market will bear, to aid administrative simplicity and to keep the wage bill as low as possible. ~~If labour is very cheap,~~ Organizations may find it more cost effective to simply hire more workers when there is an opportunity to increase output, rather than trying to maximize the productivity of existing workers. Of course, in such circumstances, piece work, a simple form of performance

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related pay, represents an alternative. -However, it is possible that firms which opt to pay the bare minimum, reining in shirking through close surveillance, may still seize short term competitive advantages.

-

Hypothesis 6. Performance related pay is used by a larger proportion of firms in Portugal than in Mozambique

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Methodology

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Data and samples

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The data used for the empirical analysis within this paper comes from a different source for each of the two countries. For Mozambique the data comes from a survey of Mozambican firms carried out in 2003, the sampling frame being compiled from the listings of commercial firms in the official telephone directory: 177 firms were surveyed. Stratified sampling was employed, strata being defined by geographic locale and, within each geographic locale, by sector. This ensured representation of both key areas of industrial concentration and sector. The survey covered greater Maputo, and the other principal concentration of industrial and commercial activity in Mozambique, greater Beira, the two principal industrial and commercial centres in Mozambique.

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For Portugal, plus the other Mediterranean countries used in the later analysis, the data employed in this paper are from the repeating Cranet survey which collects evidence on human resource management issues of private and public organizations (Brewster, Mayrhofer and Morley, 2004).

The data set used in this paper contains results from the 1999/_2000 survey which is broadly representative with respect to the industrial sector ~~(using the European Union's NACE categorization)~~ in each individual country. ~~The data was constructed from a comparative survey administered by research partners in each of the countries to the senior HRM person in the organization, with these partners also being used to guard against any cultural bias within the questionnaires.~~ Information was collected from a postal survey of the senior HRM practitioner in organizations with more than 100 employees ~~using comprehensive and representative address lists compiled by the research partners.~~

Hence, ~~for the purpose of the empirical analysis undertaken for this paper~~ the data available was from 177 firms in Mozambique and 169 firms in Portugal. Once list wise deletion was undertaken for the key variables in the empirical model, this was reduced to a working sample of 300 firms, 157 in Portugal and 143 in Mozambique.

Method

Although the two data sets are different and the questionnaires used in each country were not the same there are broad areas of consistency across the two. In terms of the formal hypotheses,

there were relevant direct questions in both surveys. For example all firms were asked if they had made use of compulsory and voluntary redundancies in the last 3 years, as well as if temporary or fixed term contracts were used within the organization. They were also asked directly whether they made use of word of mouth to recruit as well as whether they used informal work based training, thus enabling the construction of ~~the informal recruitment and informal training variables. Hence for each of the key factors a binary variables was created with a value 1 if that feature was present within the organization and 0 if it was not.~~ The only exception was the coverage of percentages of trade union membership, which ~~in both cases was recorded as the percentage of employees who were trade union members, therefore this~~ was measured as a continuous variable. **To be further explained, including informal recruitment and informal**

training].

In order to test whether significant differences were present across the two countries as stated in the hypotheses, it was important to distinguish between inter-country differences and those differences which result from factors below the country level, such as organizational size or the industry in which the organization operates. Therefore, empirical models were estimated. The key factors such as size, sector and industry were included as control variables ~~as each was deemed as likely to have an influence upon the key features of employment relations indicated in the hypotheses~~ (Porter, 1980; Hall and & Weiss, 1967). ~~Size was measured by the total number of employees in the organization, sector by using a dummy variable for those organizations in the public sector, and industry by using dummy variables representing 16 industrial sectors based upon the EU NACE classification.~~

Comment [CJB2]: Is footnote for us? We need more explanation here

Comment [RCC3]: Do we send the paper without this information for the conference? If yes, the footnote has to be deleted. If not, the information needs to be added. Since there is detailed information on the other variables – size, industry – description of the variables for recruitment, work contracts, form, forms of communication, informal training and performance pay should be included.

Comment [PD4R3]: Need to refer to Mick here? **YES – WE NEED TO COMPARE THE MOZAMBIQUE AND CRANET SURVEY QUESTIONS ON RECRUITMENT AND TRAINING, AND POLITELY EXPLAIN ANY DIFFERENCES – OR JUST DELETE THESE COMMENTS – GW.**

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The variables representing each of the dimensions outlined in the hypotheses above were used as the dependent variable of a model. In addition, the variables were estimated as a function of size of organization, sector and type of industry. For trade union membership, ~~where the dependent variable was continuous,~~ the model was estimated using ordinary least squares and was of the form: $y_i = \alpha + \beta'x_i + u_i$ with y_i being the dependent variable, α the intercept term, u_i a normally distributed error term, x_i the vector of explanatory variables and β' their estimated coefficients. In situations where the dependent variable was binary, a logit model was used such that:

$$L_i = \ln\left(\frac{P_i}{1-P_i}\right) = \alpha + \beta'x_i + u_i \quad \text{where } P_i \text{ is the probability that the dependent}$$

variable equals 1, $1-P_i$ is the probability of it being zero and L_i is the log of the odds ratio. Since the log of the odds ratio was linear in the parameters, the logit model could be estimated in the linear form (Gujarati, 1995 pp 554-556).

When the various OLS and logit models had been estimated they were then re-estimated separately for the two different countries to enable testing of the stated hypotheses.

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For the OLS models, we used a version of the Chow test where Fstatistic=

$$\frac{(RSS_{Pooled} - RSS_{Portugal} - RSS_{Mozambique})/k}{(RSS_{Portugal} + RSS_{Mozambique})/(n_1 + n_2 - 2k)}$$

and RSS was the residual sum of squares from the

pooled model, the Portugal model and the Mozambique model respectively, n_1 was the number of observations from the Portuguese sub-sample and n_2 the same from the Mozambique sub-

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sample, finally k was the number of parameters. The F statistic followed an F distribution with degrees of freedom $(k, n_1 + n_2 - 2k)$ (Gujarati, 1995: 262-264).

For the logit models ~~the structural test~~ we used ~~was~~ a likelihood ratio test of the form:

$LR = 2(LL_{Portugal} + LL_{Mozambique} - LL_{Pooled})$ where LR was the likelihood ratio and LL was the maximization of the log-likelihood function from the Portuguese, Mozambique and pooled models respectively. LR followed a chi-squared distribution with k degrees of freedom, where k was the number of estimated parameters (Greene, 2000: 825-826).

Both the OLS and logit models had the null hypothesis that the structure of the two sub-sample models was the same, i.e. for a given size, sector and industry Portuguese organizations tended to be the same as those in Mozambique in terms of that particular dimension.

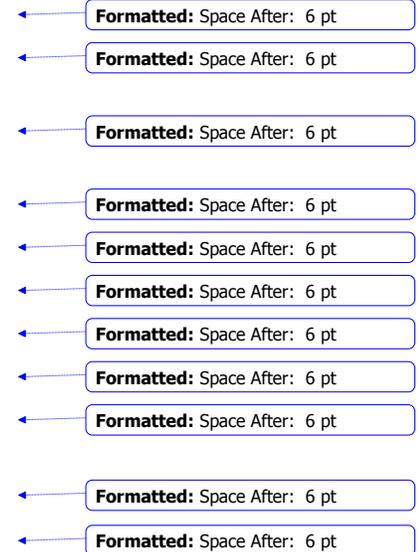
Findings

Table 1 below records the mean values by country for each of the key dimensions used in the analysis. For example, 51% of the organizations in Portugal had made use of voluntary redundancies in the previous three years compared to only 12% of those in Mozambique.

Table 1: Key Dimensions – Mean Values by Country

Variable	Portugal	Mozambique
----------	----------	------------

Voluntary Redundancies	0.509	0.124
Compulsory Redundancies	0.059	0.113
Non-permanent Contracts	0.911	0.085
Informal Training	0.29	0.689
Informal Recruitment	0.118	0.373
Collective Bargaining	0.858	0.503
Union Membership	33.50%	37.93%
Workforce Meetings	0.815	0.209
Performance Related Pay	0.586	0.622
Observations	157	143



Considering these figures in the context of the hypotheses enables an understanding of how the findings can be interpreted, at least at an observational level. ~~Hypothesis 1a posited that whilst the incidence of redundancies is likely to be relatively high in both contexts, they will be significantly higher in Mozambique, given differences in institutional legacies and external shocks.~~ The data enabled a separation between voluntary and compulsory redundancies and although more firms in Mozambique had made use of compulsory redundancies, around four times as many Portuguese firms had used voluntary redundancies. Therefore, the overall use was considerably higher in Portugal. Hence, Hypothesis 1a is rejected.

Hypothesis 1b ~~suggested that the proportion of the workforce on non permanent contracts would be high in both countries, but relatively higher in Mozambique. The data presented here shows that this was clearly not the case. Hence hypothesis 1b is also rejected~~not supported. However, ~~this is a fairly blunt~~our measures are fairly blunt since the question ~~in the surveys~~ only asked if

the organization made use of temporary or fixed term contracts; the respondent was not asked about the proportion of staff employed under these contracts. Therefore we only know that relatively more firms in the Portuguese sample make use of non-permanent contracts but we cannot say anything about the number and type of employees who are employed on that basis. Clearly this issue is of potential interest and would be an obvious target for future research.

~~[These findings will be explained in more detail in a later version of the paper]~~

~~Informal work-based training and informal recruitment were the basis of hypotheses 2 and 3, with the expectation being that they would both be more common in Mozambique than in Portugal. The findings suggest that this may indeed have been the case for training and recruitment.~~ For both informal training and informal recruitment the test null can be rejected, for the former at the 1% level and the latter at the 5% level. Although the levels of confidence differ it is fairly safe to conclude that Hypotheses 2 and 3 can therefore both be accepted.

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Hypothesis 4 was that collective bargaining and unionization was likely to be concentrated in large firms in both the countries under review, but more so in Mozambique than Portugal. Collective bargaining was higher in Portugal, and union membership higher in Mozambique. . However, the hypothesis was more complex than this, and posited a relationship between level (of collective bargaining and membership) and firm size (higher levels in larger firms). In fact, in the regression results upon which the structural tests are based, the size variable was not significant in any of the models. Therefore, although we can be fairly confident that there are

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significant differences within these dimensions across the two countries these are not influenced by firm size. Therefore, Hypothesis 4 is rejected.

Hypothesis 5 was that workforce meetings represent the principle form of communication in both contexts, but their use is more common in Mozambique than Portugal. Conversely, the analysis showed that the use of workforce meetings as a means of communication appeared to be considerably higher in Portugal. However, the question only asked if the firm made use of workforce meetings, but not whether it was the organization's major communication channel with its employees. Other forms could have been used.

Finally Hypothesis 6 posited that performance related pay was used by a larger proportion of firms in Portugal than in Mozambique. In fact, it was used by a higher proportion of firms in Mozambique, although only marginally. Hypothesis 6 was rejected.

To understand more clearly whether the hypotheses outlined earlier can be accepted or rejected, we need to go beyond this observational level data to the structural tests described in the Method section. Table 2 reports the outcomes from carrying out these tests. In the interest of space and brevity, in addition to reflecting the fact that the explanatory variables were used as controls only (with no formal hypotheses related to them), the regression and logit results are not reported here^{vi}.

Table 2: Structural Test Outcomes

Variable	Parameters	Critical Value 5%	Critical Value 1%	Statistic	Null
Voluntary Redundancies	16	26.29	31.99	58.24	Reject at 1%
Compulsory Redundancies	16	26.29	31.99	15	Accept
Non-permanent Contracts	16	26.29	31.99	221.74	Reject at 1%
Informal Training	16	26.29	31.99	50.68	Reject at 1%
Informal Recruitment	16	26.29	31.99	27.94	Reject at 5%
Collective Bargaining	16	26.29	31.99	27.04	Reject at 5%
Union Membership	16	1.68	2.07	2.07	Reject at 1%
Workforce Meetings	16	26.29	31.99	94.38	Reject at 1%
Performance Related Pay	16	26.29	31.99	21.06	Accept

Table 2 reports, for each of the dependent variables, the number of parameters in the model which established the degrees of freedom for the resultant test. It also reports the critical values at the 5% and 1% levels. In most cases, these values are based on the chi-squared distribution, the only exception being union membership where, because it is a continuous variable and an OLS regression was estimated, the critical values are based on an F (16, 268) distribution. In each case, the null hypothesis was that there were no significant differences for that variable between Portugal and Mozambique. In order to accept the hypotheses outlined in this paper, the estimated statistic from the models needs to be higher than the critical value, and the null of the structural test rejected.

In summary, for hypothesis 1a, we cannot reject the test null for differences in compulsory redundancies, but we can for voluntary redundancy. So overall, *hypothesis 1a is rejected*. For hypothesis 1b (differences in the use of non-permanent contracts), the null test was strongly

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rejected, so *the hypothesis is accepted*. For informal training and informal recruitment, in both cases the test null can be rejected, for the former at the 1% level and the latter at the 5% level. Although the levels of confidence differ it is fairly safe to conclude that *Hypotheses 2 and 3 can both be accepted*. Hypothesis 4 relates to the coverage of collective bargaining and the extent of union membership. Although in both cases the test null is rejected, both are more likely in larger firms. However, in the regression results upon which the structural tests are based, the size variable was not significant in any of the models. Therefore, although we can be fairly confident that there are significant differences within these dimensions across the two countries these are not influenced by firm size. Therefore, *Hypothesis 4 is rejected*. Finally both *Hypotheses 5 and 6 can be rejected*. With the former, although the test null is rejected, workforce meetings were actually more commonplace in Portugal. With regard to Hypothesis 6, the test null cannot be rejected, since there are no significant differences in the probability of organizations using performance related pay in each of the two countries (so the hypothesis is rejected).

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Discussion and Conclusions: The Limitations of Institutional Embeddedness

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Our findings indicate that in key areas, there are less differences than expected in people management and employment relations in Portugal and Mozambique. Other research utilizing the Cranet survey has found considerable differences between Mediterranean countries such as Portugal and the rest of Europe (see, for example, Goergen et al., 2012); hence, it cannot be concluded that the areas of HRM practice evaluated are ones where there is an absence of differentiation on national lines.

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The results showed that in both countries under review firms were similarly likely to make use of redundancies. Although the study was conducted prior to the full effects of the financial crisis being felt in Portugal, it should be noted that both economies have undergone long transitions to marketization that have been associated with previously large organizations shedding large amounts of labour which, in turn, has been unevenly mopped up by smaller firms and, particularly in Mozambique, by the informal sector. As mentioned in the literature review, Portugal underwent a major privatization programme in the 1990s, which led to corporate restructuring and downsizing. In most cases, the workforce reduction was achieved by voluntary redundancies that enabled a peaceful climate in terms of labour relations (Cunha, 2000) With regard to temporary contracts, there was a significant difference between the two countries in the relative propensity to make use of temporary labour, but not on the lines predicted. Although labour legislation is widely disregarded by many smaller and medium sized employers in both countries under review, state capabilities in Mozambique are rather weaker and, hence, enforcement even less likely. If it is easy to shed labour with impunity, then the use of temporary contracts becomes less attractive. This might explain why they are less commonly utilized in Mozambique than Portugal.

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We found that informal workplace based training was more common in Mozambique. On independence, 93% of the population was illiterate. Although great strides were made in the first years of independence, progress ground to a halt owing to the civil war (UNESCO, 2000). The implementation of radical structural adjustment policies in the 1990s further damaged the state provision of education and technical training (Hanlon, 1996). A low skills base and limits in

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literacy means that firms may be particularly likely to fall back on informal training. Informal recruitment methods were also more common in Mozambique. This could, again, reflect limitations in literacy, and greater infrastructural limitations (access to the internet is far more limited in Mozambique and printed media might not be directly accessible to the illiterate). However, this result may also reflect the operation of extended peasant based informal networks of support that interpenetrate the modern economy in many African countries (Hyden, 1983), and/or the impact of the specific national cultural context, with a stronger emphasis on communitarian ties (c.f. Sartorius et al., 2012).

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An area where both countries had common ground was in relation to collective bargaining. This was concentrated amongst larger employers. Whilst this would be true of almost all economies, this segmentation appears to be particularly pronounced in the two countries under review, one from the Mediterranean world and the other in tropical Africa, when compared to the Cranet data on firms in the mature coordinated markets and, even, liberal markets. This reflects not only the concentration of state regulation on larger organizations in coordinated markets, but also the more marginal nature, and weaker capabilities, of medium and smaller firms operating in such contexts.

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Whilst firms were forced to undertake training differently in Mozambique – making greater use of informal ‘on the job’ approaches – in both countries, there was an extensive reliance on general workforce meetings. Such forms of verbal, top down, communication may highlight the limitations in employee voice. Employees expressing views unpopular with management in such

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forums could open themselves to victimization. It might also reflect a common culture of informality in managing people in both contexts.

The use of performance related pay was similarly likely to take place in each country. This finding may highlight the diversity of such systems, which might range from sophisticated approaches to the use of piecework. However, in contexts where employment relations are widely individualistic, state enforcement of the law uneven, and employee countervailing power weak, it can be argued that many firms may simply default to paying the bare minimum that the market will bear. In Portugal, however, integration into the European Union has changed the work expectations of the Portuguese labour force, although productivity was always below the European Union average. The competitive advantage based on low salaries lost its influence in international commerce, particularly considering Asian, Latin American and African competition. The service sector occupied more than half of the active population. Additionally, in the late '90s and the early 2000s Portugal had a positive migratory balance, with immigrants coming mainly from Africa, Brazil and Eastern Europe (Barreto, 1995). These factors may help to facilitate an understanding of the move to performance-based pay in Portugal.

It has been argued that a general feature of liberalizing economies is that, firms are often increasingly forced to compete on cost grounds, resulting in a greater tendency towards low value added work and employment policies, processes that are particularly pronounced in peripheral countries (whether in Europe or beyond) (Tickell & Peck, 1992: 355; c.f. Collinge 1999). However, up until the economic crisis that began in 2008, pressures towards the adoption of neo-liberal policies had in the case of Portugal been limited by accession to, and membership of, the EU (Haworth & Hughes, 2003: 670): Hence the consequences of Portugal's semi-peripheral geographic locale have been ameliorated. At the same time Mozambique's peripheralization has been accentuated. It is possible that the more recent scale of neo-liberal reforms in Portugal, in response to the economic crisis, may result in greater similarities with Mozambique.

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Clearly, despite great differences in areas such as skills and training, and the nature of extended informal networks of support, there remains much common ground between these two geographically distant countries, external shocks and neo-liberal reforms notwithstanding. On the one hand, it could be argued that this reflects abiding institutional legacies, with the modernization of institutions and economic life that took place in late colonial Mozambique leading to convergence with key dimensions of the Portuguese model. As Pitcher (2002) notes, key features of Mozambican governance and society proved quite resilient despite independence, civil war, and later neo-liberal reforms. On the other hand, these findings may reflect practices that may be relatively common amongst a broad range of firms operating within evolving institutional contexts. Hall and Soskice (2001) have suggested that effective complementarities are likely to be concentrated within mature liberal and coordinated markets: Other types of capitalism will be associated with less effective regulation and a reduced incidence of advanced and mutually supporting intra-organization practices, leading to strong pressures of convergence to one or other of the two fully developed capitalist archetypes (Hancke et al. 2007). Although later work has sought to identify a greater range of capitalist archetypes, it is worth noting that many of the defining features ascribed to 'segmented business systems' in Africa (Frynas and Wood 2007), hierarchical market economies (Latin America), Mediterranean Market Economies (Amable, 2003), Emerging Market Economies (Eastern Europe) (see Hancke et al. 2007; Lane and Myant 2007) and informally dominated market economies (Dibben and Williams, 2012); appear to have much in common. These include segmentation between more closely regulated larger organizations and their more weakly regulated smaller and medium sized counterparts, ongoing (sometimes radical) liberalization, uneven state enforcement capabilities, and shortfalls in needed skills and capabilities. A fertile area of future research might be to provide – rather

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than adding to an already extensive list of possible varieties of capitalism - a more integrated taxonomy of fluid and partially mature institutional contexts. Such a taxonomy would recognize that such contexts cannot be dismissed as universally dysfunctional nor conclude that their distinctive features may not be sustained for protracted periods of time (rather than converging with one or other of the two mature varieties of capitalism). Rather, operating within such contexts may be associated with relatively durable practices which, whilst sometimes low value added, may continue to confer advantages specific to the context in which they are encountered, even if simply in terms of imparting greater resilience in coping with external shocks.

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¹We appreciate the irony of their being no precise term in English for this...

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ⁱⁱ The limits and boundaries between the formal and informal economy have been discussed in more detail elsewhere (see, for example, Croucher, 2007; Dibben and Nadin, 2011).

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ⁱⁱⁱ The others were the United Kingdom and New Zealand

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^{iv} Interestingly, the currency issued by Companhia de Moçambique was called the 'pound'

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^v sixteen different tribes are represented in Mozambique, the larger ones being the Makua and Makonde in the north, the Sena in the center and the Shangaan in the south.

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^{vi} They are available from the authors on request

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