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INSTITUTIONS AND HUMAN RESOURCE PRACTICES IN EUROPEAN COUNTRIES

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Abstract

Stemming from differences between approaches to new institutionalism, this paper analyses the impact of institutions on the adoption of human resource practices (HRP) in organizations. With this aim in mind, two opposing hypotheses are presented: should configurations of national institutions be related to the actual implementation of HRP by organizations or not? This empirical analysis uses a sample of 29,959 employees who work in organizations established in 27 European countries and takes into account the employees' perception about the HRP used in their organizations and

which affect them. The results support the approach to new institutionalism that emphasizes legitimacy and isomorphism, since these results show empirical regularities when countries are compared. Specifically, a country's configurations of regulative, normative and cognitive institutions are related to the actual implementation of HRP, such as internal promotion, job participation, job design, work-life balance, job training, assessment, and teamwork. These results suggest relevant practical implications for human resource managers and policy makers.

Keywords:

Human resource management, human resource practices, institutional theory, employees' perception, European countries.

1. INTRODUCTION

Human resources (HR) are strategically significant for organizational success (Chadwick & Dabu, 2009). As human resource practices (HRP) improve employees' abilities, motivation and opportunities – i.e., AMO model (Bailey, 1993) –, empirical studies have found that HRP are a source of competitive advantage (Boxall & Purcell, 2003). Thus, it is relevant to study and have a deep understanding of the factors that influence the adoption of HRP by organizations.

Traditionally, literature on human resource management (HRM) has focused on the organization's capacity to increase its competitiveness through HRP. Most of these researchers tend to assume that their findings are universally applicable (Björkman, Fey & Park, 2007) but the literature highlights the importance of analysing the impact of the environment on HRM taking into consideration the effect of institutional pressures (Farndale & Paauwe, 2007; Gooderham, Nordhaug & Ringdal, 1999).

Because the national institutional framework is different in each country, organizations will face it with different environmental constraints depending on the country in which they operate (Farndale & Paauwe, 2007; Rosenzweig & Nohria, 1994). According to Paauwe and Boselie (2003), the existence of such national institutional differences will generate the need to improve the analysis of HRM to account for the adoption of HRP in different institutional settings. Research in the field of HRM show how new institutionalism is the theoretical lens commonly used by academics to advance knowledge of the impact of the environment on HRM. For new institutionalism, institutions consist of cognitive, normative and regulative structures and activities that give meaning to social behaviour (Scott, 1995).

Decades ago, research in the sociological tradition of institutional theory moved away from actors' agency perspectives (e.g., Selznick, 1949) towards more structuralism and exogenous influences (e.g., DiMaggio & Powell, 1983; Meyer & Rowan, 1977) and, as a result, the distinction between 'old' and 'new' institutionalisms emerged (Hirsch & Lounsbury, 1997), which varied widely in terms of the conceptions of institutions and institutionalization (Kraatz & Zajac, 1996; Scott, 1987). More recent authors, such as Scott (1994), go beyond this and identify two different approaches to new institutionalism. The first is the one that emerged from the works of Meyer and Rowan (1977) and DiMaggio and Powell (1983). According to this theoretical approach, organizations must adapt to their environments if they wish to be successful (DiMaggio & Powell, 1983). In general, these arguments correspond to the very essence of institutional theory commonly used in organizational studies (Battilana, Leca & Boxenbaum, 2009; Björkman et al., 2007). This approach has been used by academics in the field of HRM in both theoretical essays (e.g., Paauwe & Boselie, 2003) and

empirical studies (e.g., Björkman et al. 2007; Farndale & Paauwe, 2007; Gooderham et al., 1999).

Because institutions are different in each country, it is asserted that organizations tend to use organizational practices that enable them to adapt to their environment. In line with this argument, empirical studies have found evidence that there exist significant differences in the adoption of HRP by organizations in different countries (Thite, Wilkinson & Shah, 2012). These research works have examined the influence of institutions on organizations' decisions through the combination of dyads of variables, that is, analysing the effects of single institutions on the adoption of specific HRP (e.g., Gooderham et al., 1999; Rosenzweig & Nohria, 1994; Pasamar & Alegre, 2015). Furthermore, others studies have focused on some countries in particular or on specific HRP, so that comparisons between them could not be made – e.g., Sekiguchi (2013) discusses the relevance of language, homogeneity in society and collectivistic culture as normative institutions in Japan and how they affect the choice of annual salary system as HRP. Also, Farndale and Paauwe (2007) examine external institutional drivers that lead to isomorphism in the adoption of HRP within multinational corporations, but they do not make a cross-country comparison of the specific institutions that condition the use of particular HRP. Although, broadly speaking, these studies have shed light on the effect of institutions regarding the adoption of HRP, their analyses can be considered incomplete since they do not take into account that sets of regulative, normative and cognitive institutions are interconnected and highly interdependent (Szyliowicz & Galvin 2010), taking the form of institutional configurations (Scott, 1995). In addition, they do not consider the specific content of institutional configurations that condition the HRM decisions within organizations and, hence, that are of relevance for understanding the adoption of HRP in different countries through an institutional lens.

The lack of studies on institutional configurations can be considered a significant gap in the field of HRM because these studies might highlight which specific institutions interact and enforce each other to affect the decisions of organizations. For example, this kind of analysis should allow academics to understand why some institutions that positively condition the use of a desirable HR practice in a given country, when imitated by other countries, do not generate the expected effect on the adoption of such HR practice by organizations. So, a better comprehension of institutional configurations is needed in order for academics to make useful suggestions in the area of public policy and business practice.

It must be highlighted that in spite of the focused character of the previous empirical studies on institutions and HRP, their results coincide to show that institutions matter because they condition organizations' decisions about HRP. Indeed, and according to Paauwe and Boselie (2003), due to this close relationship between organizations and institutional environments, organizational practices can be considered adaptations and rules built into an environment in order to achieve legitimacy in the eyes of stakeholders (DiMaggio & Powell, 1983; Scott, 1995).

But evidence also shows that the effect of external institutions on organizational practices is sometimes diffuse since organizations can respond differently to institutional environments (Hall & Thelen, 2005). This could be because institutional pressures may not have a decisive effect, so organizations may choose to differentiate themselves from the competition (Farndale & Paauwe, 2007).

In view of this, new institutionalism has been considered by many authors as a theoretical lens which is insufficient for understanding the adoption of HRP by organizations (in reality, they are referring to the early approach of new institutionalism), making it necessary that it be supplemented with other theories (e.g.,

Farndale & Paauwe, 2007; Pasamar & Alegre, 2015; Paauwe & Boselie, 2003, 2005). For example, as conformity to institutional rules often conflicts sharply with the efficiency criteria (Meyer & Rowan, 1977), in cases where institutional pressures lead organizations to adopt HRP that are not the most efficient for their operations, the principles of this theory should be combined with a rational choice perspective in order to understand the eventual decisions made by organizations regarding HRP (Björkman et al., 2007). In a similar vein, Jung, Aguilera and Goyerd (2015), although considering institutions crucial to the understanding of corporate restructuring practices (e.g., employment protection, employee layoffs), state that institutions are merely part of a phenomenon of complex causation whereby an outcome arises from potentially different combinations of factors. In particular, they justify the need to combine institutional constraints and actor-centred approaches.

However, by extending the scope of the literature review to other research fields, more recent works on institutions that provide a new and second approach to new institutionalism can be identified (Battilana et al., 2009; Kraatz & Zajac, 1996; Scott, 1994). This recent approach endeavours to introduce more discretion into organization-environment relationships (e.g. Jackson & Deeg, 2008), considering that managers can choose from among different alternatives in order to reach their objectives (Meyer, Estrin, Bhaumik & Peng, 2009). So, these works based on new institutionalism encompass some of the theses of old institutionalism (e.g., Greenwood & Hinings, 1996; Scott, 1994) which emphasize organizational adaptation (Kraatz & Zajac, 1996), actors' agency (Battilana et al., 2009) and diversity across organizations (Scott, 1987). Therefore, this recent approach to new institutionalism would provide a more balanced approach to the action-structure duality (Hirsch & Lounsbury, 1997) and would provide the opportunity to analyse the relationships between institutions and HRM entirely

through the institutional lens. Although Greenwood and Hinings (1996) coined the term neo-institutionalism to refer to this more recent version of new institutionalism that comes together with the older variant, other researchers use the terms neo-institutionalism and new institutionalism synonymously, both in the institutional theory research field (e.g., Kraatz & Zajac, 1996) and in the HRM research field (e.g., Farndale & Paauwe, 2007). So, in order to avoid any confusion with the use of terms in this manuscript, we will refer to the earlier and the more recent approaches to new institutionalism. Coherently with these ideas, although we agree with authors such as Farndale and Paauwe (2007) that structuralism and exogenous influences stated by the early approach to new institutionalism can be insufficient to wholly understand HRM decisions, we depart from them since we look for the newest and most recent premises of new institutionalism in order to understand such decisions, instead of resorting to other theoretical frameworks.

Finally, on looking into the organization, some literature has found that managers and employees may have different perspectives on the application of HPR (e.g. Khilji & Wang, 2006; Nishii, Lepak & Schneider, 2008) because managers' opinions on the practices being implemented can be quite different from the experience of employees with respect to such practices. So, individual differences matter and can be relevant when studying institutional antecedents of HRP. In addition, as institutional rules often conflict with the efficiency criteria (Meyer & Rowan, 1977), and in order to maintain technical efficiency while obtaining legitimacy, the formal structure of an organization sometimes decouples from its daily activities (Sekiguchi, 2013). This means that organizations may formally adopt HRP that are stated and required by the institutional framework in order to obtain legitimacy, but in practice they would act in a different way to be efficient. For this reason, empirical research based on information

provided by managers about adopted HRP may confound the results of the research in cases where formal HRP are not actually implemented. In a similar sense, Farndale and Paauwe (2007) consider a research limitation the “[...] focus on intended HRP, as opposed to an observation of actual implementation and how the practices are then perceived by employees” (pp. 371). For example, results could suggest that organizations follow what institutions dictate and so find empirical regularities at a country level, with it being a mere appearance. Thus, a relevant way to prevent this potential confounding effect in the research is to focus on the employees’ perspective about HRP adopted by organizations. However, we have not found any work studying the effect of institutions on the base of this empirical focus.

Based on the above discussion, this research attempts to answer the following questions: (1) is a country’s institutional environment related to the HRP actually implemented by the organizations located there? If so, (2) in what ways is the configuration of institutions linked to the HRP of these organizations? To answer these questions, an empirical analysis is carried out using data from the perspective of employees that allows us to quantitatively compare 27 European Countries, unlike previous research (e.g., Farndale & Paauwe, 2007; Sekiguchi, 2013). Some authors have provided arguments to justify comparative studies on HRP in Europe, such as the increasing number of countries belonging to the European Union (Scholz & Müller, 2010) or different sociocultural traditions and legislative frameworks (Kelly, 2004).

This research potentially offers two main contributions to the literature. First, there is an analysis about the potential relation of institutions to the adoption of HRP in organizations as perceived by employees. This analysis allows us to establish whether or not institutions at country level determine HRP while avoiding the potential confounding effects generated by a possible decoupling between the HRP formally

adopted and the daily activities and practices within the organizations. Second, by studying the configuration of a set of regulative, normative and cognitive institutions that influence the HRP, this research could provide new evidence about how and why specific configurations of national institutions are related to the actual implementation of HRP in different countries. Thus, our work may also clarify why manager and government initiatives which favour programmes designed to increase competitiveness do not generate the same effect in all countries, with some programmes increasing the use of certain HRP and others not. Furthermore, knowledge about the effect of institutional configurations on HRP could orientate HRM to undertake purposeful action to change unsuitable institutions.

2. THEORETICAL BACKGROUND AND RESEARCH HYPOTHESES

New institutional theory states that institutions consist of regulative, normative and cognitive structures and activities that give social behaviour stability and meaning (Scott, 1995). Regulative institutions refer to laws existing in a national environment; normative institutions are more related to the cultural domain; cognitive institutions emphasize cognition and actors' shared perceptions of what is standard or taken for granted (Scott, 1995). These institutions influence the decisions managers make, and lead organizations to adopt similar practices – hence so-called isomorphism – (DiMaggio & Powell, 1983).

Specifically, early works on new institutionalism stated that organizational behaviour is a product of the ideas and beliefs that originate in the context of a specific institutional environment, and to which organizations conform (DiMaggio & Powell, 1983; Meyer & Rowan, 1977). This approach considers that organizations must take on board that these external institutions are a given, and hence they have to try to adapt

their internal practices to the conditions of such an environment (DiMaggio & Powell, 1983), among them HRP (Björkman et al., 2007; Chowdhury & Mahmood, 2012; Paauwe & Boselie, 2005), in order to enhance their prospects of survival (Meyer & Rowan, 1977).

Scott's regulative, normative, and cognitive structures are based on three mechanisms that condition organizational practices (coercive, normative and mimetic, respectively). In the setting of the HRM field, the application of this theory implies that regulation may force, restrict or incentivize organizations' adoption of specific HRP. In cases where HRP are embedded in the social values of a country, the normative institutions morally request organizations to adopt such HRP – i.e., normative pressures. Finally, as cognitive institutions are based on the accumulative knowledge coming from previous HRP adopted by other organizations, they provide organizations with good practices to be imitated – i.e., cognitive pressures. As a result of these pressures, when analysing macro level data, national regularities can be found in the effect of country-specific institutions on practices adopted by organizations located in specific countries (Björkman et al., 2007; Szyliowicz & Galvin, 2010). Below, we develop in detail these arguments concerning the impact of different institutions on specific HRP implemented by organizations in each country.

First, regulative institutions include, among others, the influence of employment legislation and the government (Farndale & Paauwe, 2007). Specially, labour regulation is enforced in organizations, and judicial system efficiency is crucial to the effectiveness of rules and regulations to impose the adoption of specific HRP in organizations (i.e., coercive pressures). For example, legislation in a specific country with an efficient judicial system may successfully restrict the autonomy of the organization in terms of its HRP (Björkman et al., 2007; Goodderham et al., 1999). That is the case of the

German regulative framework that imposes a uniform bundle of HRP such as job training and development opportunities or internal promotion (Muller, 1998), as also has been common in France for job training (Goodderham et al., 1999). In addition, regulative pressures may encourage managers to introduce initiatives for the conciliation of work and family life in the workplace (Baek, Kelly & Jang, 2012). Pasamar and Alegre (2015) assert that the perception of higher coercive pressure should lead to further adoption of work-life balance HRP. Labour laws have also been identified as being responsible for promoting specific forms of job participation. These pressures will vary depending on the flexibility of labour market regimes, as such laws will affect choices made by organizations in employment relations in each country (Marchington, 2015). In addition, fiscal policy in a country is also a relevant regulative institution in the choice of HRP. For example, Paik, Chow and Vance (2011) found that fiscal regulation with respect to job-training HRP do condition costs and tax incentives, which could be the reason why organizations deal with job-training HRP. Finally, restrictions for foreign organizations and a legal framework for competitiveness are relevant as they might prevent the entry of foreign organizations and so the adoption of cross-national HRP emanated from MNCs' headquarters (Farndale & Paauwe, 2007). This is because foreign entry organizations may try to keep a level of internal consistency with respect to their headquarters in terms of the HRP adopted, such as job training or job participation (Rosenzweig & Nohria, 1994). In addition to this common way of understanding regulative institutions and the coercive pressures they exert over the firms, Sekiguchi (2013) explores these types of pressures through the existence of highly interconnected business networks resulting in raised interdependency. This author states that coercive pressures may happen where powerful organizations within the network create pressures for less powerful organizations to adopt certain HRP.

Second, normative institutions define both socially acceptable goals –e.g., high profits– and appropriate ways to achieve them –e.g. innovation, organization competitiveness, acceptance of corruption, labour exploitation, etc. (Scott, 1995), and hence they are frequently considered social values. For example, we might refer to work-life balance HRP as a socially desirable practice resulting from normative pressures. If this practice is perceived as a moral obligation (Pasamar & Alegre, 2014), such a normative institution will encourage organizations to adopt it. Other relevant social values are related to openness to innovation, such as the extent to which a national culture is open to foreign ideas, or the flexibility of people when confronting challenges. Indeed, the decision to implement modern HRP, such as work-life balance or teamwork, can be driven by normative structures relating to beliefs surrounding these practices (Paauwe & Boselie 2005). For example, the managers' acceptance of adopting these practices can be sustained in a legitimate desire to be in the vanguard in applying the newest HRP (Kroon, Van de Voorde & Timmers, 2013) that are likely, albeit not always, to be applied in other countries with different institutional frameworks. That is relevant because the adoption of innovative HRP involves the assumption of greater risks (Kroon et al., 2013), which must be socially legitimized according to the principles of the early approach of new institutionalism.

Third, as organizations face common challenges in the countries where they are located and in order to reduce the uncertainty caused by such challenges (Cantwell, Dunning & Lundan., 2010; Sekiguchi, 2013), they apply standard solutions (Lu, 2002), thus mimicking both management fashion (Paauwe & Boselie, 2005; Sekiguchi, 2013) and successful HRP implemented by other organizations (Björkman et al., 2007) –i.e., mimetic pressures. Thus, these institutions refer to benchmarking and the imitation of strategies employed by competitors (Farndale & Paauwe, 2007; Lu, 2002). Specially,

after reviewing extant literature, we distinguish two broad categories of business practices to be imitated by organizations (Durán-Herrera & García-Cabrera, 2013): those focused on issues related to the organizations' environment such as entrepreneurial orientation, customer emphasis, technological cooperation and productivity supported by global strategies such as outsourcing, among others; and those other practices related to the development of organizations' internal resources, especially HR, such as job training, job design, career development, appraisal systems, competency-based reward schemes (Paauwe & Boselie, 2003) or the developing of corporate values that take into account employees' values. When any of these organizational practices become institutionalized and many organizations conform to it, the practice causes institutional pressure, which is known as the bandwagon effect (Abrahamson & Rosenkopf, 1993). This is not only because of its technical characteristics but also mainly because of the sheer number of other organizations that adopt this practice (Lu, 2002). Some examples allow us to illustrate these effects based on cognitive institutions.

First, organizations that are highly oriented to the environment will likely want to implement growth-oriented activities (Kroon et al., 2013) and therefore HRP can be considered as a way to lead the organization to raise profits. The success of these organizations will probably depend on their ability to recruit a labour force comprising motivated, capable and market-oriented individuals (Kuratko, 2007). The emphasis might be mainly on recruiting a team that shares the ambitions of the organization (Kroon et al., 2013). Moreover, managers can spread motivation and concentrate decision-making as a substitute for such formal HRP (Liu et al. 2003) as job participation or internal promotion. Depending on how relevant mimetic pressures are,

organizations in countries where such cognitive institutions dominate will make less use of these HRP.

However, in a country where cognitive institutions recognize the use of strategies aimed at generating valued HR as a way to successfully compete, organizations will mimic the use of these HRP. Obviously, the imitation effect requires managers to be aware of best practices. This argument will be valid for all HRP. For example, in the case of job participation, imitation requires an awareness of how important it is to involve employees and delegate responsibilities (Kroon et al., 2013). Successful job-participation HRP will likely be copied by other organizations, either directly or via consulting, thus spreading widely (Marchington, 2015). Pasamar and Alegre (2015) also find a direct link between mimetic forces and the adoption of work-life HRP. This mimicking effect is relevant because those organizations that are not able to offer the same or similar HRP as their competitors would be placed at a competitive disadvantage for recruitment and selection of the best talent (Wang & Verma, 2014). Another example, albeit referring to the lack of use of HRP and the resulting effect, can be inferred from Björkman et al. (2007). As job training is a HRP through which organizations develop the skills of their employees, organizations in countries lacking historically capitalist-style businesses will find it difficult to value and use, as these countries have deficient basic business skills and employees traditionally working in jobs for which they have not received job training. This argument can also be applied to justify the scant use of other HRP such as an assessment system or pay for performance in some Eastern countries. There is no best practice to imitate in some settings.

Although previous literature has focused on the study of regulative, normative and cognitive institutions mainly as individual dimensions (e.g. Chowdhury & Mahmood, 2012; Meyer et al., 2009), these three types of institutions are interconnected

(Szyliowicz & Galvin, 2010), reciprocally reinforcing each other (Gries & Naude, 2011) and taking the form of configurations of institutions. It can be expected that if such institutions are inconsistent (or fail to be coherent) with each other, it is unlikely they will condition specific organizational behaviour (Cantwell et al., 2010), as they lead to different organizational actions. For example, Jackson and Deeg (2008) assert that although a strong employment protection law may potentially raise costs for business, it will have different impacts on organizations depending upon other complementary institutions, such as the existence of highly skilled labour to support incremental innovation. As a result of all the above, it can be expected that:

H1: The greater the configuration of coherent regulative, normative and cognitive institutions in a given country that exert a combination of coercive, normative and mimetic pressures to encourage the adoption of specific HRP, the greater the actual implementation of these practices by organizations located in that country.

Yet Meyer and Rowan (1977) recognize that organizations' constant adaptation to legitimate external practices often conflicts with the efficiency criteria because institutions may state and require the use of business practices that are not suitable for organizations to coordinate and control their activities. Similar challenges are highlighted by authors in the HRM field (e.g., Farndale & Paauwe, 2007; Sekiguchi, 2013). Indeed, some practical evidence shows that the effect of external institutions on organizational practices and structures can be diffuse because organizations can respond in different ways to an institutional environment. In particular, Hall and Thelen (2005) refer to three specific responses by organizations to an institutional environment: (1) actors may *defect* from behaviours prescribed by institutions (i.e. ignore them); (2) actors can *reinterpret* existing institutions (i.e. adopting new internal practices coherent

with those institutions that stay formally intact); and (3) actors can try to change those institutions through a formal process of *reform*. So, organizations may have some discretion in deciding whether they adopt or reject certain institutional practices (Oliver, 1991; Sekiguchi, 2013), pointing to a crucial role of active human agency in the decision-making process (Farndale & Paauwe, 2007).

As a consequence, recent literature on new institutionalism endeavours to introduce more discretion and agency into organization-institution relationships (e.g. Battilana et al., 2009; Hirsch & Lounsbury, 1997). This recent approach contains insights and precepts that link institutional context and intra-organizational dynamics, so that it facilitates the understanding of the reasons why some organizations adopt decisions that set them apart from institutional statements whereas others do not, despite experiencing the same institutional pressures (Greenwood & Hinings, 1996). In particular, actors will use their ability to select from among alternatives and later on will adopt their own purposeful actions of agency, meeting their objectives and reducing uncertainty and risks (Meyer et al., 2009). Thus, it can be expected that as a result of the decision-making process, different organizations will adopt different HRP: for example, European air transport conditions needed to reach a revenue management system. Whereas Lufthansa chose an evolutionary capability regime where the organization acquires new capabilities incrementally within the bounds of long-term employment and existing skills, British Airways chose a revolutionary regime where it acquired capabilities in a discontinuous manner that involved high employee turnover and reorganization imposed by managers (Lehrer, 2000).

This recent approach to new institutionalism also considers that organizations can mobilize their resources in order to change existing institutions (Battilana et al., 2009), which later on will affect other actors (Kraatz & Zajac, 1996; Sekiguchi, 2013).

For example, organizations may influence the institutions provided by the government, such as laws, through their lobbying efforts (Marchington, 2015). Additionally, in the current global economy, organizations are exposed to multiple levels of institutional environment including specific country and sub-country levels of environment, the international state system and institutions imported by foreign MNC subsidiaries located in that country (Henisz & Swaminathan, 2008). Thus, exposing an organization to multiple levels of institutional environments offers it more possibilities to experiment with institutions and make choices about which HRP to adopt. Finally, Greenwood and Hinings (1996) call attention to the fact that institutionalists such as DiMaggio, Powell or Scott, all in their works published in the 90s, accepted that institutional fields may have multiple pressures that provide inconsistent cues or signals, so “[...]opening the possibility for idiosyncratic interpretation and either deliberate or unwitting variation in practices” (pp. 1.029). So, we propose a second competitive hypothesis:

H2: Since organizations located in a country respond to coercive, normative and mimetic institutional pressures by exercising their discretions and experimenting with institutions, configurations of coherent regulative, normative and cognitive institutions encouraging the adoption of specific HRP in a country will have limited influence on the actual implementation of such practices by organizations.

3. RESEARCH METHODOLOGY

3.1 Data sources and study context

To test the hypotheses, individual-level data is combined with country data at an international level. We focus on aspects of the working conditions of employees directly linked to HRP, and the setting of national policies that characterize the environment in which organizations carry out their processes. So, for each respondent in a country,

territorial data at national level is aggregated in order to analyse whether or not institutions in the country do relate to the HRP that affect employees in their organizations.

Individual-level data is obtained from the 5th European Working Conditions Survey (EWCS), carried out in 2010 (quinquennial survey). Among other aspects, this survey addressed issues in the general job context, working conditions and practices associated with HRM throughout the 27 EU Member States as well as in Turkey, Croatia, Norway, Macedonia, Montenegro, Albania and Kosovo. Country-level data was obtained from the 2010 World Competitiveness Yearbook (WCY). WCY uses statistical data obtained from internationally recognized agencies as well as data from the World Economic Forum's annual Executive Opinion Survey. WCY (2010) offered data from 58 countries, counting among them 31 European countries, although only 27 of them are also included in the EWCS (2010). These 27 countries are analysed in the present study because they coincide in the two databases.

We test the aptness of this research by analysing whether significant differences exist among countries with respect to employees' perceptions of the HRP adopted in their organizations. The ANOVA test was used for a mean comparison. Significant differences are found between mean values for job training (74,201***), work-life balance (54,100***), job participation (53,818***), job design (64,946***), teamwork (29,534***), assessment (42,971***) and internal promotion (33,628***). Hence the convenience of studying national institutions and HRP adopted by organizations at a country level is justified.

3.2 Sample and research procedures

The sample used in the EWCS is representative of those 15 years of age and over (16 and over in Spain, the UK and Norway) who are employed and residents in the country that is under survey. In each country, a multi-stage, stratified random sampling design was used according to geographic regions, level of urbanization and limited geographical areas. A screening procedure was applied to select the eligible respondent within each household. The total number of interviews in EWCS (2010) was 43,816. In light of the objective of this research, we obtained a sub-sample of 29,959 employees in 27 European countries. This sizeable reduction is the result of disregarding the self-employed, and of choosing countries also analysed in WCY (2010) – mainly countries belonging to the European Union (except Switzerland, Ukraine, the Czech Republic and Russia) plus the former Yugoslav Republic of Macedonia, Montenegro, Albania, Kosovo. Later on, the information regarding the country's regulative, normative and cognitive institutions from WCY (2010) is aggregated to each respondent in the EWCS (2010).

The sub-sample consists of individuals who are, on average, male (51.6%) and 40 years of age or younger (48.8%). With regard to their educational level, at least one third of the total had reached the first stage of tertiary education. The employees' current job tenure was 9.61 years on average, 62.7 percent work in the private sector, 4.3 percent in the joint private-public sector, 1.2 percent in non-profit-sector organizations, and 0.9 other. The largest percentage of employees was concentrated in medium-sized organizations with 10 to 49 employees. Furthermore, most of them were located in Belgium (11.2%), France (8.5%) followed up by Germany (6.2%). With regard to their organization's economic activity, the largest percentage of employees (20.5%) was concentrated in service and sales (20.5%) and up to 15.2 percent claimed

to work in the manufacturing sector. Table 1 includes further details about sample distribution across countries, employees' occupations, organizations' economic activities and the type of sector.

Insert Table 1 about here

3.3 Measures

Dependent variable. Seven HRP were chosen from the 5th EWCS in order to measure dependent variables. According to Kehoe and Wright (2013), we selected ability-enhancing practices, such as job training and teamwork; motivation-enhancing practices such as assessment and internal promotion; and opportunity-enhancing practices, such as formal job participation, work-life balance and job design. Despite the fact that many researchers have studied HRP, employees' real experiences and perceptions about HRP have received less empirical attention in HRM literature (Nishii & Wright, 2008). Among their main conclusions, it can be highlighted that there is a gulf between managers' opinions about the practices they are implementing and employees' reports about how they are experiencing them. Also, Samnani and Singh (2013) warn researchers about the need to gather information from those receiving and bearing the brunt of HRP, that is, the employees. Specifically, as the adoption of HRP is prior to employees' perceptions, when researching HRM employees' perceptions can be more accurate than those of managers (Nishii & Wright, 2008). Thus, recent research is increasingly focusing on employees' perceptions of HRP (e.g. Den Hartog, Boon, Verburg & Croon, 2013; Jensen, Patel & Messersmith, 2013; Kehoe & Wright, 2013). Based on the above, our research measures the HRP adopted by organizations from their employees' viewpoint. The specific measurement of each dependent variable is shown in Table 2. Although methodologists advocate the use of multiple-item

measures, this viewpoint has been challenged (Loo 2002). In fact, some authors have analysed the validity of single-item measures, and their findings provide qualified support for them (Nagy 2002; Robins, Hending & Trzesniewski 2001). According to Wanous and Hudy (2001), the use of a single-item scale for capturing the constructs under study has demonstrated the ability to validly predict outcomes. In addition, our review of the empirical literature ratifies the use of a single variable when studying HRP through employees' perceptions as independent variables, both to examine each HRP in isolation (e.g. Andreassi, Lawter, Brockerhoff & Rutigliano, 2014) and to integrate them as a bundle of HRP (e.g. DeGeest et al., 2015; Den Hartog et al., 2013; Guerri et al., 2015). Other studies which examine HRP as dependent variables have also measured them through one-item scales (e.g. Rosenzweig & Nohria, 1994).

Insert Table 2 about here

Independent variables. Institutions were measured using indicators from the WCY previously used by other authors (Durán-Herrera & García-Cabrera, 2013; Gaur Delios & Singh., 2007). Specifically, in the process of selection of institutional indicators, first we followed Gaur et al. (2007) who selected 14 out of 321 available items in the 1991-2001 editions of WCY that captured the dimensions of the regulative and normative institutions of a country's environment. These authors based themselves on the conceptions of regulative and normative institutions provided by Scott (1995) and obtained data on country-level indicators from WCY. According to Scott's (1995) conception of the regulative pillar, Gaur et al. (2007) chose seven items that addressed activities about rule setting, monitoring and sanctioning, whereas another seven were related to the normative aspects of a country's institutional environment, that is, norms that specify how things should be done and legitimate means to pursue valued ends.

First, items such as labour regulations, a legal framework for competitiveness or judicial system efficiency relate to the efficiency of rules and regulations in a country. Second, indicators such as bureaucratic corruption or hindrances related to the norms of doing business are relevant because in some countries these institutions make it a desirable goal of organizations to be seen as a favourite of the government in order to be competitive (Gaur et al., 2007).

Later on, we agree with Durán-Herrera and García-Cabrera (2013) who updated and complemented Gaur et al.'s (2007) measurement compiling 21 out of 327 available items in the 2012 edition of WCY to study all three dimensions of institutions, thus also offering a guide for studying cognitive institutions through indicators from WCY. As the cognitive dimension includes suitable organizational practices frequently used by organizations and considered successful in the eyes of managers (Scott, 1995), Durán-Herrera and García-Cabrera analysed this institutional dimension through indicators related to two categories of business practices: those focused on issues related to the organizations' environment, such as customer emphasis and technological cooperation; and those related to the development of organizations' internal resources, such as job training or corporate values, taking into account employees' values.

Based on these previous references and arguments, we used seven indicators of regulative aspects: legal framework for competitiveness, restrictions to foreign organizations, labour regulations, fiscal policy, political transparency, judicial system efficiency and finance and banking regulation. The normative institutions were: bureaucratic corruption, bureaucratic hindrance, political responsiveness to economic challenges, value-system support competitiveness, labour productivity, the flexibility of people when faced with challenges, and national culture open to foreign ideas. Finally, cognitive institutions were approached by the adaptability of organizations to market

changes, the entrepreneurship of managers, customer emphasis, technological cooperation, job training, the productivity of organizations supported by global strategies and corporate values taking into account employees' values. The Cronbach alpha coefficients indicate that the full scale used to measure regulative, normative and cognitive institutions are internally consistent (0.746).

Control variables. The present study included two groups of control variables. At the organizational level, one of these was the Level of organizational flexibility (4: private sector; 3: ONG's; 2: public-private sector; 1: public sector). Previous studies identified the importance of differentiating between sectors: for example Stavrou, Charalambous and Spiliotis (2007) differentiate between private and public organizations in EU countries for the analysis of HRM. We assume that private organizations might be more flexible in the adoption of HRP, while public ones would have a greater legacy of HR systems. An organization size variable (the total number of employees) has been used in several studies –e.g. Gooderham et al. (1999).

At the individual level, the following variables were included (e.g. Jensen et al., 2013): Gender (1: male; 2: female), Age and Level of education (which has been grouped into six categories, from the first Pre-primary education: 0 to the last Second stage of tertiary education: 6).

3.4 Data analysis

First, a factor analysis (principal component estimation with varimax rotation) is run in order to identify the configurations of coherent regulative, normative and cognitive institutions. The standardized values (mean is zero and standard deviation is one) of the factors obtained from it were used in the regression analyses to test the hypotheses.

Secondly, a correlation analysis was carried out between the independent variables in order to examine the possibility of bias due to multicollinearity in coefficient significance tests. Finally, multiple linear and logistic regressions were used to test the hypotheses. To assess the potential for regression coefficient instability, collinearity diagnostics were also conducted in linear regressions –i.e. variance inflation factor (VIF) and condition number– and estimated in logistic regressions –i.e. standard errors for Beta coefficients.

Specifically, the hypotheses are tested through linear regressions for those independent variables rated on a scale from one (Never) to five (Always) –i.e. work-life balance, job participation, job design and internal promotion–; linear regression is a powerful method for analysing data described by models which have linear parameters. Binominal logistic regressions were used for dichotomous variables estimating the likelihood that an organization has of adopting job-training, teamwork or assessment HRP.

4. RESULTS

4.1 Identifying the configurations of institutions

A factor analysis was carried out (principal components estimation) with varimax rotation. The results show that both the Kaiser-Meyer-Olkin (KMO) test and Bartlett's Test of Sphericity (χ^2) offer satisfactory levels (KMO=0.706; $\chi^2=1,133,205.688^{***}$). The variance explained rises to 85.06% and four factors were obtained, describing different institutional configurations that accounted for 26.84%, 24.97%, 17.20% and 16.05% of the variance respectively. Two items were dropped because they did not have clear loading in the initial analysis (i.e. finance and banking regulation and judicial system efficiency). The Cronbach alpha coefficients indicate that the scales used to

measure each of the institutional configurations obtained have internal consistency (0.668, 0.935, 0.882 and 0.824, respectively).

Specifically, Factor 1 is called *Organizational practices aimed at internal resources and productivity*. It includes institutional indicators such as: “labour productivity”, “the productivity of companies is supported by global strategies”, “corporate values take into account employee values”, or “employee training is a high priority in companies”. Factor 2 is named *Government practices to enhance business competitiveness* as it integrates institutional aspects such as: “legal framework encourages the competitiveness of enterprises”, “there exists political transparency”, “bureaucracy does not hinder business activity”, or “political responsiveness to economic challenges”. The third factor is called *Society flexibility and openness to support competitiveness* as it includes institutional aspects such as: “national culture is open to foreign ideas”, “there is flexibility for people to face challenges”, or “legal restrictions to foreign organizations do not exist”. Finally, Factor 4 is called *Organizational practices aimed at external conditions* as it comprises institutional indicators such as the “entrepreneurship of managers”, “company emphasis on the customer” and “companies’ adaptability to market changes”. Table 3 lists the countries included in the study with their institutional configuration scores and their position in the ranking of the 27 participating European countries.

Insert Table 3 about here

4.2 Multicollinearity Tests

Table 4 shows correlations between the variables, the means and the standard deviations. Regarding multicollinearity and its general rule of thumb, the correlation

between the independent variables should not exceed 0.75 (Tsui, Ashford, StClair & Xin, 1995). In our sample, the highest correlation is between two control variables, *Level of education* and *Flexibility* (public-private sector) at -0.216, suggesting that multicollinearity is not a problem. In addition, our tests for linear regressions (Table 5) show that the variance inflation factor values (VIF) range from 1.004 to 1.131, much lower than the recommended cut-off threshold of 10 (Hair, Anderson, Tatham & Black, 1992). The highest condition number for all the regressions is 18.692, lower than the recommended cut-off of 20 (Belsley, 1991). In logistic regressions, multicollinearity was also dismissed since standard errors for the Beta coefficients were all lower than 2.0 (Table 6), as is recommended for these regressions. Hence, all these statistics suggest that multicollinearity is not a problem.

Insert Table 4 about here

4.3 Hypothesis Tests

Tables 5 and 6 show the regressions estimated in order to test the hypothesis. Four out of the five control variables used show some different effects in the estimated equations. The levels of the adjusted R^2 for all lineal regressions are acceptable, ranging from a minimum of 2.1% for model 3 (*Job design*) to a maximum of 9.7% for model 1 (*Internal promotion*), as are also the Nagelkerke Pseudo R^2 for logistic regressions, which range from a minimum of 5.2% for model 6 (*Teamwork*) to a maximum of 13.9% for model 5 (*Job training*). The F-statistic and the Block *Chi-square* is always significant at the $p < 0.001$ level. Also, taking into account the rest of the statistics for the goodness-of-fit of the models for each dependent variable, we can affirm that they are all significant.

Insert Tables 5 and 6 about here

Models 1, 4, 5 and 7 (step 2) show that three out of the four configurations of national institutions identified in this study have similar effects on HRP. Specifically, the institutional configuration related to *Organizational practices aimed at internal resources* related positively to the organizations' use of all the HRP studied, as perceived by employees; also, *Government practices to enhance business competitiveness* related positively to the adoption of HRP with the exception of *Job design*, which is independent of this set of institutions. On the other hand, the institutional configuration related to *Organizational practices aimed at external conditions* significantly reduced organizational use of HRP, with the exception of *Teamwork practice*, which is not related to this configuration. Finally, while the institutional configuration related to *Society flexibility and openness to support competitiveness* positively linked to organizations' use of *Internal Promotion*, *Work-life balance*, *Job training* and *Assessment*, it was also negatively related to the use of *Job design* and, and had no relationship with *Job participation* and *Teamwork*. These results support hypothesis H1 because configurations of institutions from national regulative, normative and cognitive institutions are related to the organizational use of HRP from the employees' perceptions. Therefore, the second competitive hypothesis (H2) must be rejected.

5. DISCUSSION

Results show that all the configurations of national regulative, normative and cognitive institutions identified are related to the implementing of most HRP in the current study. So, although Sekiguchi (2013) states that the collectivistic nature of a cultural context such as Japan (compared to many Western countries), as well as its social homogeneity, can be related to the effect of mimetic and normative pressures on

decisions made by individuals with regard to management practices that give rise to isomorphism, our results show such an institutional effect for different European and Western countries, so highlighting that institutions matter in the adoption of HRP in contexts of different levels of collectivism and social homogeneity within countries. Also, and with respect to cognitive institutions and mimetic pressures, the current study goes beyond previous research that highlights the relevance of these pressures over the firms to mimic fashionable HRP but that eventually could result in the mere formal adoption of them in order to gain legitimacy within the environment, with firms actually acting in a different way in their daily operations (Sekiguchi, 2013). As the present study is based on employees' perceptions of usual HRP applied in their organizations, our results confirm that cognitive institutions relate to the actual implementation of HRP across countries, so extending previous findings with respect to the effect of mimetic pressures.

We now discuss the ways in which each identified institutional configurations is associated with the adoption of HRP (Figure 1). First, *Organizational practices aimed at internal resources* is a configuration that includes normative (e.g. labour productivity) and cognitive institutions (e.g. job training, corporate values that take into account employees' values) that encourage the organization to safeguard their HR as a source of competitive advantage. Specifically, under this configuration, normative institutions legitimize the organizations' search for labour productivity as a socially acceptable goal, and cognitive institutions exert mimetic pressure on the organization to imitate HRP used frequently and/or successfully by other organizations. Thus this configuration involves a coherent bundle of normative and cognitive institutions that have a common goal. These institutions are coherent, and according to Szyliowicz and Galvin (2010) and Gries and Naude (2011), can be expected reciprocally reinforce one

another, exerting pressure on organizations. Specially, this configuration emphasizes the search for productivity based fundamentally on talent, that is, employees with skills, knowledge and motivation. Thus, this configuration provides an environment favourable to organizations' investments in valued HR. Given that the seven HRP analysed in this research generate valued HR, just as established in the AMO model (Bailey, 1993), the organizations located in countries where this institutional configuration is relevant will make greater use of these HRP.

Insert Figure 1 about here

The second institutional configuration, *Government practices to enhance business competitiveness*, reports on the regulative support for competitiveness that exists in a country, as well as the degree of autonomy granted to organizations to manage their resources for competitiveness. This configuration combines regulative institutions (e.g. legal framework for competitiveness, political transparency) and normative ones (e.g. political responsiveness to economic challenges, no bureaucratic hindrance), which, if they did exist in a country, would place coercive and normative pressures on organizations to use business practices that would procure competitiveness and, at the same time, be based on flexibility and efficiency. The adoption of HRP (e.g. job training, teamwork, work-life balance) would be one of the means through which organizations adapt to an institutional environment that backs competitiveness freed of red tape.

Furthermore, in countries where this configuration is afforded little importance, there is more regulation and bureaucracy, and the norm would be to encounter a proliferation of rigid procedures. In these contexts, organizations could feel induced to

adopt internal bureaucratized procedures that, among other things, could hinder the efficient adoption of the HRP. For example, if job-participation HRP becomes entangled in red tape and the employee is asked to present written proposals through formal channels, it would be less effective. Likewise, assessment and internal promotion HRP could have to run a gamut of extraneous procedures hindering employees' access to the results of their evaluations or to real opportunities for promotion. In the specific case of job-design HRP, there does not appear to be a statistical relation to this institutional configuration. This could be due to the fact that this HRP is often understood as a procedure to design highly formalized jobs that will lead to rigidity rather than flexibility in the organizations, but in other cases it could be understood as a procedure to design jobs with high-functioning, flexible and autonomous tasks.

Third, *Society flexibility and openness to support competitiveness* is an institutional configuration that includes a group of normative institutions (e.g. flexibility of people when faced with challenges, national culture open to foreign ideas) and regulative ones (e.g. restrictions to foreign organizations do not exist). This institutional configuration reports on the relevance of openness and flexibility in a certain environment. It emphasizes that organizations seek competitiveness within a globalized and flexible economic environment open to foreignness, and within a social environment open to change that values cultural diversity and plurality. This institutional setting encourages more contact between managers and foreign executives with different styles of doing business; also, managers are expected to keep alive their desire to be in the vanguard by adopting new HRP (Kroon et al., 2013) already existing in other countries, such as work-life balance or teamwork HRP. In addition, under this institutional configuration, managers can also feel the need to adopt HRP to guarantee

HR endowed with skills and motivation to compete with foreigners, like job training, assessment and internal promotion. Furthermore, flexibility and openness as normative institutions may lead managers to easily perceive the need for employees to reconcile work and family life (e.g. single-parent families, care for the elderly, etc.). In this line, managers will make more use of this HRP by facilitating versatile working timetables in order to reconcile family and professional roles, making this possible by an institutional norm of flexibility. This allows valued HR the opportunity to remain in the organization. Also, the findings of this research show that job-participation and teamwork HRP are not related to this institutional configuration. In our opinion, this can be justified because those HRP can be adopted by organizations regardless of whether the institutional context is open to foreignness. For example, in the case of SMEs, employees usually support managers in decision-making processes even in closed environments. Finally, this institutional configuration is negatively related to the adoption of job-design HRP. The formalization of job content through a description of the tasks seems incompatible with the flexibility sought by these normative institutions.

The fourth and last institutional configuration, *Organizational practices aimed at external conditions* includes cognitive institutions (e.g. the entrepreneurship of managers, customer emphasis, the adaptability of organizations to market changes) that reflect management praxis oriented toward the organizational environment and its changes. These institutions back those managers who are entrepreneurs, adopting their decisions mainly in an effort to satisfy their customers and in order to remain alert to changes that can be taken advantage of in the environment. This institutional configuration is clearly linked to managers' attention to the environment and they might be less sensitive to internal resources as a competitive weapon, thus eroding the adoption of HRP. In this context, HRP can merely be considered a way to lead the

organization to achieve financial profits and business growth (Kroon et al., 2013). Moreover, according to Kuratko (2007), in entrepreneurial contexts, organizations' success could be considered to be dependent on the ability of managers to recruit skilled, motivated, and market-oriented HR (Kuratko, 2007), rather than investing in ability-enhancing, motivation-enhancing and opportunity-enhancing HRP. Thus, organizations located in countries where this institutional configuration reaches high levels make less use of the bundle of HRP analysed in this research, excepting teamwork, which is not affected. In these countries, the organization could opt to renovate its HR by firing and hiring in order to quickly adapt to new conditions in the environment, instead of investing in current HR. Teamwork HRP is not related to this institutional configuration. This may be justified as follows: although entrepreneurship has been associated with individualistic and autonomous people (McClelland, 1961), the most recent literature has found that many entrepreneurs emerge from work groups. These cooperative entrepreneurs appreciate the work groups since these groups support them to start up new entrepreneurial projects (Rhee & White, 2007). Therefore, as both individualistic and cooperative entrepreneurs coexist in some countries, that is why the model does not identify statistically significant relationships.

6. CONCLUSIONS

The literature review anticipates links between institutional pressures and the adoption of HRP by organizations driven by legitimacy motives. Based on this, our research has attempted to answer two questions: (1) is a country's institutional environment related to the HRP actually implemented by the organizations located there? If so, (2) in what ways is the configuration of institutions linked to the HRP of these organizations?

With respect to the first question, two opposing hypotheses were stated: whether configurations of national institutions are related to the HRP actually implemented by organizations since these organizations accept given institutions and try to adapt to them, or if such a relationship is not statistically perceptible because the organizations mainly experiment with institutions and act differently.

The first contribution of the current research is as follows. We found that national regularities exist and are in concordance with Farndale and Paauwe's (2007) and Sekiguchi's (2013) ideas and with the statements of the early approach of new institutionalism. This corroboration of previous findings is of high relevance in the study of institutions-HRP relationships. Unlike previous empirical studies that sourced information about HRP from managers, the present work uses a sample of employees and is based on their perception of HRP actually implemented. As HRP could be formally adopted by managers simply in order to comply with what institutions in their countries dictate, but not to actually be used in daily operations (Sekiguchi, 2013), previous works based on data provided by managers could have found regularities at the country level which were in fact inexistent. However, this is not the case. Thus, although some researchers have found that the effect of external institutions on organizational practices can be diffuse because organizations can experiment with institutions (Henisz & Swaminathan, 2008) and respond differently to institutional environments (Hall & Thelen, 2005), our results suggest that many organizations (although obviously not all of them) do adopt and actually implement similar HRP in a given country, their choices being associated with existing national institutions. Based on these results, we should ask if HRP used by organizations could contribute to desirable organizational outcomes not because they create internal resources for sustainable competitive advantage, but because such HRP enable organizations to

obtain legitimacy and acceptance from the environment. According to this, we raise some rhetorical questions: what if national institutions are unsuitable for encouraging the use of those HRP which promise to deliver desirable outcomes, that is, that increase employees' abilities, motivation and opportunities? What about organizations' competitiveness in these countries? (See these countries in Table 3 above).

This study also analysed the ways in which institutional configurations are associated with the adoption of HRP. Specifically, when making a cross-national comparison of 21 institutional indicators, we found four configurations integrated by combinations of coherent regulative, normative and cognitive institutions and all of them are related to several HRP adopted by organizations. So, going beyond previous research examining institutions mainly as individual dimensions and their influence on specific HRP (e.g., Gooderham et al., 1999; Rosenzweig & Nohria, 1994; Pasamar & Alegre, 2015), focusing on one country and their peculiar institutions (e.g., Sekiguchi, 2015), or examining institutional drivers of HRM decisions but paying little attention to the comparison of institutional context among countries (Farndale & Paauwe, 2007), we systematically examine how and why each configuration of coherent set of institutions is related to HRP in 27 countries. Thus our research goes further and expands the limits of the existing theoretical frameworks and the institutional variables already associated to HRP actually implemented in organizations. The discussion on the relationship between institutional configurations and HRP is the second contribution of our research. This is relevant because this research links macro-level regulative, cognitive and normative variables for the country to business decisions adopted at a micro level, thus providing empirical evidence and theoretical arguments. Specifically, this research contributes to bridge the country- and organization-levels of analysis to allow further understanding about the way in which the institutions interact to affect HRM. In

addition, our research identifies institutional configurations involving groups of different and coherent institutions that exert a combination of coercive, normative and mimetic pressures on organizations to proceed in a given direction, which suggests the difficulty associated with carrying out effective changes in the institutional environment – i.e. changes that generate new suitable institutional configurations conducive to a HRM that will improve employees' conditions in the organization and its competitiveness.

From a practical point of view, our research highlights the importance of the context where the organization competes. In fact, the ability to deal with the environment and to adopt proper HRP may pose a challenge for economic and political actors in different countries. Specially, our results suggest warning HR managers about the importance of attending to both the external environment and internal resources before adopting a new HRP, particularly in countries with unsuitable institutional configurations. Indeed, alternative bundles of HRP that could have greater potential for maximizing employees' abilities, motivation and opportunities, and hence organizational performance, could be overlooked in these countries. As a consequence, we recommend increasing the use of international mobility programmes and specific international training programmes in order to allow HR managers to learn about alternative bundles of HRP being used in foreign countries with better institutional configurations and thus to experiment with them. In addition, and with respect to specific configurations of institutions and their relation to the adoption of HRP, our research can orientate managerial and government actions in order to change unsuitable institutionalized practices. Specially, our results suggest that changing a country's laws could be insufficient as the only alternative for improving competitiveness based on HR; the development of business practices and social values seems absolutely necessary

in order to format coherent institutional configurations to exercise coercive, normative and cognitive pressures heading in the same direction, and reinforcing each other. For example, those countries that have not developed *Organizational practices aimed at internal resources* should foster cognitive institutions such as job training, labour productivity or the consideration of employees' values. Moreover, those countries that do not have *Government practices to enhance business competitiveness* should boost regulative institutions such as legal frameworks to encourage business competitiveness and political transparency, and reduce bureaucracy. Furthermore, as this research offers a ranking of countries according to these configurations of institutions, it can be especially useful for European businesses operating in countries with unsuitable institutions such as Spain, Bulgaria, Croatia and Slovenia. Here, managers must be made aware that if they conform to an institutional environment, they will be unlikely to adopt those HRP that increase employees' abilities, motivation and opportunities. As a result, they could lose out on the opportunity to attain competitive advantages based on their HR.

Finally, although the data used in this research is related to a great number of countries and employees, it was compiled from 27 European countries. Thus, our results should not be fully generalized without first determining if the geographical context, which characterizes the organizations and countries concerned –i.e. Western culture–, contributes to understanding the role of institutions as antecedents of the HRP found in this study. Consequently, we recommend examining these results in comparison to other geographic locations – e.g. the Arabic world, Asian cultures. This research has a second limitation which is that our ability to make causal inferences from the data is limited by our use of a cross-sectional design. Our findings, for example, cannot describe how the same employees would perceive HRP in their organizations if

institutional changes took place in their countries. Future research studying these variables would benefit from a longitudinal research design.

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Figure 1. Effect of institutional configurations on the adoption of HRP

Institutional configurations	Human Resources Practices						
	Internal Promotion	Job Participation	Job Design	Work-life balance	Job training	Teamwork	Assessment
Organizational practices aimed at internal resources	X	X	X	X	X	X	X
Government practices to enhance business competitiveness	X	X		X	X	X	X
Society flexibility and openness to support competitiveness	X		-X	X	X		X
Organizational practices aimed at external conditions	-X	-X	-X	-X	-X		-X

Table 1. Sample details

EU Member States		Employee's occupations		Organizations' economic activities		Type of organization	
Country	%	ISCO ¹	%	NACE ²	%	Categories	%
Belgium	11.2	Armed forces occupations	0.4	Agriculture, hunting, forestry	2.1	Private sector	62.7
Bulgaria	3.0	Managers	5.1	Fishing	0.1	Public sector	29.8
Czech Republic	2.7	Professionals	16.4	Mining and quarrying	0.6	Joint private-public	4.3
Denmark	3.2	Technicians/associate professionals	15.4	Manufacturing	15.2	NGO sector	1.2
Germany	6.2	Clerical support workers	10.5	Electricity, gas, and water supply	1.4	Other	0.9
Estonia	3.0	Service and sales workers	20.5	Construction	6.5		
Greece	2.2	Skilled forestry agricultural, fishery workers	0.8	Wholesale and retail trade; repair of motor vehicles	15.1		
Spain	2.9	Craft and related workers	11.8	Hotels and restaurants	4.5		
France	8.5	Plant and machine operators	8.2	Transport, storage, communication	6.4		
Ireland	2.7	Elementary occupations	10.4	Financial intermediation	3.0		
Portugal	2.6						
Romania	2.6						
Slovenia	3.9						
Slovakia	2.7						
Finland	3.0						
Sweden	2.9						
United Kingdom	4.5						
Croatia	3.0						
Turkey	4.4						
Norway	3.3						

¹ International Standard Classification of Occupations² National Classification of Economic Activities

Table 2. The measurement of dependent variables

HRP	Item	Codes
Work-life balance	In general, do your working hours fit in with your family or social commitments outside work very well, well, not very well or not well at all?	Very well (1) Well (2) Not very well (3) Not at all well (4)
Job participation	You are involved in improving the work organization or work processes of your department or organization	Always (1) Most of the time (2) Sometimes (3) Rarely (4) Never (5)
Job design	You know what is expected of you at work	
Job training	Over the past 12 months, have you undergone any of the following types of training to improve your skills or not? Training paid for or provided by your employer or by yourself if self-employed	No (1) Yes (2)
Teamwork	Do you work in a group or team that has common tasks and can plan its work?	
Assessment	Over the past 12 months, have you...? Been subject to formal assessment of your work performance?	
Internal promotion	My job offers good prospects for career advancement	Strongly agree (1) Agree (2) Neither agree nor disagree (3) Disagree (4) Strongly disagree (5)

Table 3. Ranking of 27 European countries related to institutional configurations*

Country	Institutional configurations				Country	Institutional configurations			
	Organizational practices aimed at internal resources	Government practices to enhance business competitiveness	Society flexibility and openness to support competitiveness	Organizational practices aimed at external conditions		Organizational practices aimed at internal resources	Government practices to enhance business competitiveness	Society flexibility and openness to support competitiveness	Organizational practices aimed at external conditions
Austria	2 (1.104)	9 (0.427)	18 (-0.187)	2 (1.703)	Lithuania	20 (-1.027)	16 (-0.051)	6 (0.747)	5 (1.088)
Belgium	1 (1.388)	23 (-1.135)	11 (0.294)	21 (-0.592)	Luxembourg	10 (0.391)	6 (1.232)	7 (0.741)	10 (0.182)
Bulgaria	25 (-1.533)	13 (0.186)	21 (-0.338)	24 (-0.992)	Netherlands	7 (0.772)	11 (0.248)	2 (1.736)	22 (-0.602)
Croatia	27 (-1.832)	12 (0.218)	26 (-1.840)	25 (-1.889)	Norway	3 (1.047)	5 (1.256)	22 (-0.426)	13 (0.097)
Czech Republic	14 (-0.136)	21 (-0.634)	13 (0.156)	12 (0.157)	Poland	21 (-1.101)	22 (-1.048)	8 (0.730)	3 (1.543)
Denmark	4 (0.961)	4 (1.725)	17 (-0.170)	7 (0.829)	Portugal	22 (-1.102)	17 (-0.077)	10 (0.402)	27 (-2.345)
Estonia	24 (-1.383)	3 (1.926)	12 (0.198)	6 (0.937)	Romania	26 (-1.773)	8 (0.771)	25 (-1.363)	8 (0.704)
Finland	8 (0.576)	1 (2.126)	15 (0.058)	19 (-0.587)	Slovak Republic	19 (-0.646)	25 (-1.177)	5 (0.996)	18 (-0.394)
France	5 (0.829)	14 (0.030)	24 (-1.335)	11 (0.158)	Slovenia	16 (-0.397)	19 (-0.412)	27 (-2.407)	16 (-0.175)
Germany	6 (0.823)	10 (0.283)	20 (-0.242)	9 (0.418)	Spain	18 (-0.593)	20 (-0.421)	14 (0.129)	26 (-2.154)
Greece	17 (-0.513)	24 (-1.142)	9 (0.407)	15 (-0.170)	Sweden	9 (0.576)	2 (2.126)	16 (0.058)	20 (-0.587)
Hungary	12 (0.261)	27 (-1.744)	23 (-1.227)	1 (2.174)	Turkey	23 (-1.346)	18 (-0.106)	4 (1.057)	4 (1.184)
Ireland	15 (-0.148)	7 (0.807)	1 (1.988)	17 (-0.197)	United Kingdom	11 (0.262)	15 (-0.049)	3 (1.222)	23 (-0.699)
Italy	13 (-0.095)	26 (-1.192)	19 (-0.207)	14 (-0.170)	----	---	---	---	---

* **Note:** Factor scores in brackets

Table 4. Correlations, means and standard deviations

	1	2	3	4	5	6	7	8	9
1. Organizational practices aimed at internal resources	1								
2. Government practices to enhance business competitiveness	-.005	1							
3. Society flexibility and openness to support competitiveness	.014*	.009	1						
4. Organizational practices aimed at external conditions	.030***	.011	-.019**	1					
5. Flexibility (public-private sector)	-.006	-.067***	.032***	.001	1				
6. Organization size	.119***	.019**	-.007	.005	-.172***	1			
7. Gender	.009	.032***	-.033***	-.006	-.137***	-.089***	1		
8. Age	.019**	.081***	-.036***	-.013*	-.166***	.062***	.026***	1	
9. Level of education	.109***	.044***	-.009	.045***	-.216***	.159***	.073***	-.040***	1
Mean	.0371	.0373	-.0223	-.0159	2.9892	4.29	1.52	41.10	3.37
Standard deviation	.9961	1.0142	.9950	.9961	1.3757	1.786	.500	11.752	1.260

*** $p < .001$; ** $p < .01$; * $p < .05$

Table 5. Linear Regression Analyses

Variables	Model 1 Internal Promotion	Model 2 Job Participation	Model 3 Job Design	Model 4 Work-life balance
	β	β	β	β
Step 1: Controls				
Level of organizational flexibility (public-private sector)	-.034***	-.067***	-.034***	-.058***
Organization Size	.085***	-.015*	.007***	-.025***
Gender	-.077***	-.016**	.028***	.028***
Age	-.177***	.062***	.088***	.067***
Level of education	.192***	.238***	-.025***	.044***
Step 2: Controls + Main effects				
Level of organizational flexibility (public-private sector)	-.035***	-.064***	-.035***	-.061***
Organization Size	.081***	-.023***	.000	-.039***
Gender	-.077***	-.020**	.025***	.027***
Age	-.179***	.052***	.083***	.058***
Level of education	.190***	.230***	-.029***	.030***
Organizational practices aimed at internal resources	.046***	.073***	.062***	.127***
Government practices to enhance business competitiveness	.021***	.096***	-.004	.077***
Society flexibility and openness to support competitiveness	.056***	-.008	-.065***	.046***
Organizational practices aimed at external conditions	-.055***	-.047***	-.051***	-.022***
ΔR^2	0.9%	1.6%	1%	2.4%
ΔF	66.049***	122.178***	73.138***	170.760***
F	329.022***	287.868***	69.216***	117.101***
Final adjusted R^2	9.7%	8.6%	2.1%	3.7%
Condition number	18.692	18.667	18.657	18.669
VIF	1.004 - 1.131	1.003 - 1.130	1.004 - 1.130	1.004 - 1.128

*** $p < .001$, ** $p < .01$, * $p < .05$

Table 6. Logistic Regression Analyses

Variables	Model 5 Job Training		Model 6 Teamwork		Model 7 Assessment	
	Coef. β	Wald	Coef. β	Wald	Coef. β	Wald
Level of organizational flexibility (public-private sector)	-.181*** (.010)	344.177	-.093*** (.010)	88.756	-.112*** (.010)	136.940
Organization size	.185*** (.008)	605.954	.187*** (.008)	604.785	.210*** (.007)	805.854
Gender	-.022 (.027)	.685	-.109*** (.026)	18.050	-.060* (.026)	5.455
Age	-.001 (.001)	1.154	-.006*** (.001)	28.284	-.004*** (.001)	15.201
Level of education	.310*** (.011)	830.422	.059*** (.010)	32.253	.200*** (.010)	369.068
Constant	-1.897*** (.093)	412.707	.227* (.090)	6.309	-1.378*** (.090)	232.980
Nagelkerke Pseudo R ²	.119		.047		.086	
Sensitivity	29.5%		95.9%		34.8%	
Percentage correct predictions	67.4%		65.5%		62.8%	
Number	28209		27882		27621	
Level of organizational flexibility (public-private sector)	-.186*** (.010)	358.209	-.091*** (.010)	84.784	-.114*** (.010)	138.737
Organization size	.176*** (.008)	530.178	.184*** (.008)	573.755	.208*** (.007)	778.634
Gender	-.028 (.027)	1.118	-.118*** (.026)	20.959	-.059* (.026)	5.175
Age	-.003* (.001)	5.076	-.007*** (.001)	37.366	-.005*** (.001)	17.472
Level of education	.295*** (.011)	740.536	.051*** (.010)	24.046	.196*** (.010)	350.853
Organizational practices aimed at internal resources	.210*** (.014)	239.152	.065*** (.013)	25.656	.048*** (.013)	13.561
Government practices to enhance business competitiveness	.143*** (.013)	124.236	.100*** (.013)	62.667	.066*** (.012)	28.308
Society flexibility and openness to support competitiveness	.080*** (.013)	35.893	-.021 (.013)	2.771	.112*** (.013)	76.753
Organizational practices aimed at external conditions	-.103*** (.014)	56.506	.006 (.013)	.266	-.049*** (.013)	14.598
Constant	-1.746*** (.094)	341.797	.309** (.091)	11.483	-1.346*** (.091)	218.938
Nagelkerke Pseudo R ²	.139		.052		.092	
Model <i>Chi-square</i> [d.f.]	3010.566***[9]		1078.093***[9]		1953.077***[9]	
Block <i>Chi-square</i> [d.f.]	467.856***[4]		91.493***[4]		138.004***[4]	
Sensitivity	30.4%		94.9%		34.9%	
Percentage of correct predictions	67.9%		65.3%		63.1%	

* $p < .05$, ** $p < .01$, *** $p < .001$. Standard errors in brackets.