The Diffusion of Employment Flexibility in Nigeria's Banking Industry: Its Nature, Extent and Causes

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Abstract

The increasing globalization of the world economy in recent years has triggered debates on whether and to what extent organizations in non-Western countries will embrace Western-style HRM practices. In particular, the issue of employment flexibility has received considerable attention. This paper explores the level of diffusion of employment flexibility in the Nigerian banking industry, analyzing whether the organization of employment in the three locally-owned case study organizations is becoming more or less flexible, why and how. The results from this study indicate that there are different levels of diffusion of employment flexibility across the banks, with different patterns as well in the types of jobs with atypical employment contracts. These variations can be explained by differences in the strategic priorities of each of the firms, as well as the uneven impact of powerful pressures exerted by various institutional actors.

Keywords: Employment flexibility, Strategic human resource management, Banking, Diffusion

1. Introduction

The issue of flexibility of the employment relationship has received considerable attention in academic circles in the last two decades or so, partly due to the influential work of Atkinson (1984, 1987) on the flexible firm. This attention is also evident among practitioners, as organizations continue to experiment with various atypical employment contracts and arrangements. It can be argued that the interest in employment flexibility is an integral part of the diffusion of HRM, as flexibility is widely considered one of its cardinal objectives (Guest, 1987). In this regard, several authors have argued that there is more hype than reality in this discourse, and maintain that the benefits associated with employment flexibility are outweighed by its costs. This issue is however outside the scope of this study. Our objective here is to examine the level of diffusion of employment flexibility in the Nigerian banking industry, analyzing whether the organization of employment in the case study firms is becoming more or less flexible, why and how. The overaching goal here is to fill the knowledge gaps in international and comparative management literature on HRM developments in Africa.

This study is situated in the Nigerian banking industry, a sector and country where globalization has posed real challenges and opportunities. Nigeria is the largest economy in Africa after South Africa, accounting for over 40 per cent of West Africa's GDP (World Bank, 2007), is the largest oil producer in Africa and the world's sixth largest exporter. Further, the Nigerian banking industry is of strategic importance to the national economy (Gberevbie, 2010), accounting for 64 per cent of the entire Nigerian Stock Exchange in terms of market capitalization (Stanbic IBTC, 2008). Specifically, our research question is: what is the nature and the extent of the diffusion of the international HRM practice (employment flexibility) in Nigeria's banking industry?

The nature and extent to which various flexible employment arrangements (for example, outsourcing, sub-contracting, franchising, short- and long-term temporary working schemes, fixed-term employment contracts, independent contractor or self-employment contracts, etc) are utilized in the case study organizations is discussed in the sections below. An attempt is made to explain the factors that motivate the (level of) adoption or otherwise of these flexible employment practices. Following the overarching theme of this study, the level of influence of rational, strategic factors as well as institutional factors in shaping the nature and extent of the diffusion of flexible employment practices of these three banks is examined. The data analysis - which draws extensively from interview data and secondary data from published sources - shows that the level of adoption of employment flexibility varies across the case study firms. This is primarily due to differences in the factors that drive the adoption (or otherwise) of these practices, which range from the desire to focus on the organizations' core operations; the need to match labour supply with product market strategy, a means to containing union activity, to pressures for cost-efficiency and reduction. Further, it was observed that several institutional and environmental factors have facilitated or impeded the level of adoption of employment flexibility, particularly the relatively weak and liberal national labour institutions.

2. The Diffusion of Employment Flexibility: A Review of the Literature

The notion that organizations should embrace employment flexibility is one of the cardinal objectives of the HRM model (Guest, 1987). The core business case made for flexibility is that the traditional forms of workforce management are not suitable for managing employment costs in the increasingly competitive business terrain characterized by fluctuating product demand and thinner margins. Hence, organizations seeking to achieve high productivity, lower costs and competitive agility tend to embrace employment flexibility (Horwitz *et al*., 2000). Arguably, Atkinson's (1984, 1987) model of the flexible firm is the most popular framework/model here. His model prescribes the segmentation of the workforce into core and peripheral groups, based on how critical the jobs workers undertake are to the organization's business. While the core employees are offered job security, the peripheral workers are not - providing the firm with the numerical flexibility needed in a volatile or unpredictable product market. Further, it is argued that organizations stand to make cost savings since peripheral workers usually earn less compensation and benefits than their core counterparts. In addition, it is claimed that externalizing peripheral jobs allows the organization to concentrate on developing its core competencies. Hence, non-core activities such as catering, security, clerical and back-office operations, information technology and human resources should be externalized. This flexible, market-driven approach to organizing employment has become increasingly popular around the world, and it is often touted to be a threat to the traditional, bureaucratic, single employer form of organization. In many African countries, outsourcing, subcontracting, offshoring, temporary working and fixed-term employment contracts are replacing "standard" forms of employment (Mohammed, 2010; Horwitz *et al*., 2000; Mordi and Mmieh, 2009; Horwitz and Smith, 1998; Bodibe, 2006).

From a theoretical point of view, the concept of employment flexibility is predicated on the notion that organizations have the autonomy and independence to make critical decisions concerning the organization and redesign of their workforce. This presumption has however been challenged by several scholars, particularly institutionalist researchers. Their key argument is that given the importance of the jobs and employment on the agenda of politicians and regulators in several countries, it is simplistic to ignore the critical role of the national context of employment regulation (Nordhaug and Gooderham, 1997). In highly regulated employment systems like Norway, they argue, organizations have less managerial autonomy as they must ensure compliance with rigid employment laws. Supporting this view, Chung (2007) argues that in Europe, the national institutional arrangements play a significant role in the determination of the nature and level of utilization of flexible employment practices. Also, Horwitz *et al*. (2000: 83) conclude in their comparative study of South Africa, Australia and New Zealand, that: "the more voluntarist the industrial relations system, the more employers are able to make strategic choices regarding flexible and other innovative work practices". Further, Gooderham and Nordhaug (1997) argue that powerful social actors such as labour unions exert their power and influence and resist - or at least curtail - the extent to which flexible employment practices are adopted by organizations.

With the widespread adoption and diffusion of several "innovative" or "new" management practices and fads in recent years, it is not surprising that these debates and alternative theoretical explanations have emerged on how and why practices are adopted by firms (see, for example, Marchington (1995); Leseure *et al*., 2004; Subramony, 2006). At the core of these debates is the issue of whether (and to what extent) firms' adoption of management practices is triggered by a need to improve corporate (financial) performance or necessitated by environmental /institutional pressures and constraints.

There are at least two pertinent issues to note here. First, it is possible that organizations may still enjoy sufficient autonomy to exploit loopholes in the industrial relations system, and subsequently introduce flexible employment practices even in a relatively highly regulated system. Second, in countries characterized by weak(er) institutional environments, it is not clear to what extent institutional factors and considerations still influence the policies and practices adopted by organizations. This paper examines which of these factors are more influential in driving the adoption of employment flexibility.

3. Research Methodology

3.1 Research Design

A qualitative case-study research design is used in this study as it allows access to a rich understanding of not only the complex nature of diffusion, but also an understanding of the context underlying the adoption process (Yin, 1994). A purposeful sampling strategy was used to select the three participating banks. These banks are broadly representative of the major categories of banks in the industry, in terms of ownership-type and age of the firm. This enhances the transferability (or generalizability) of the research findings. Data collection was done using multiple methods, including semi-structured interviews with HR professionals and line managers (the key respondents), semi-structured interviews with our secondary respondents (such as academics, management consultants, and union officials), as well as documentary material from participating companies and various other secondary sources. The objective of this triangulation of data sources was to improve the validity and reliability of our findings. Several measures were taken to respect the privacy, and protect the confidentiality of all the participating organizations and individuals. For instance, the real names of organizations depicted in this study have been substituted with pseudonyms.

Given the objective of generating a rich set of data to enable a good understanding of how and why certain HR practices are (not) adopted, qualitative interviewing was chosen as the key data collection method. This method is also very appropriate since people may be more willing to agree to be interviewed, rather than completing a (lengthy) questionnaire - particularly when the interview is relevant to their work (Saunders *et al*., 2003). Interviews may also be more appropriate when examining HR issues which some firms may consider “confidential” or “strategic”; establishing personal contact is critical to gaining access to data in such a context. Semi-structured interviews were used, to allow for more flexibility in varying the order and logic of conversations. This was important because the knowledge, experience and specialization of the key respondents differed considerably across participating organizations.

In addition to the interviews conducted in the case study organizations, interviews were conducted with other stakeholders and professionals who had a different perspective or good knowledge of HR practices in the banks. These included academics in the field of HRM/Employment Relations, trade union executives and management consultants. Although most of these interviews were relatively short, lasting about 30 minutes, the interviewees provided useful insight and in addition provided useful secondary data, statistics and published materials (or references). These “secondary” respondents helped to provide a broader understanding of the field of HR in the Nigerian/sectoral context.

Apart from the primary data collected from interviews, secondary data were collected from various sources: participating organizations’ employee handbooks and HR policy manual and guidebooks, posters on company notice boards, company magazines/bulletins, company websites, local newspapers and the business press. Data from internet articles published on the five companies (both before and after data collection) were collected, going back three to five years. This helped to provide a deeper understanding of the current and past issues and challenges the organizations had experiences, particularly in the area of employment management. In addition to being a relatively cheap and time-saving method of data collection, these secondary sources proved very helpful in setting the agenda for many of the interviews. Most interviewees were willing to clarify or react to published articles or commentaries on their organization, facilitating lively discussions in the interviews, and giving us access to rich data. Secondary data provided by the organizations were particularly useful in gaining a better understanding of the organizational context and how firm-specific factors impact on employment practices.

3.2 Brief Description of Case Study Organizations

Below, we provide a brief description of the case study organizations:

3.2.1 OldBank. One of the “old generation banks” established prior to liberalization of the 1980s, OldBank is one of the largest banks in the sector in terms of asset base, branch network and number of employees. The bank has over 200 branches nationwide, providing a wide range of financial services to all tiers of retail and corporate market segments. Since the early 1990s, the bank has been undergoing extensive restructuring and modernization to fend off competition from the new generation banks.

3.2.2 NouveauBank. A “new generation bank” established after the liberalization of the late 1980s / early 1990s, NouveauBank to a large extent is a niche player, with much fewer branches servicing middle and top-tier income groups in the retail and corporate market segments which have traditionally been underserved by the older and bigger banks. Also, the bank’s operations are more technology-driven; coupled with the small branch network, this ensures that the workforce is considerably much smaller and efficient than their big competitors.

3.2.3 FamlyBank. The banking arm of a family-owned conglomerate with diversified business interests, FamlyBank is also a new generation bank with less than 30 years in operation. Members of the family are actively involved in its day-to-day management and a few of them sit on the board of the bank. In terms of market strategy, the bank is not so much of a niche player as it targets low-income individuals and businesses in addition to higher income customers. The bank has is expanding its branch network and restructuring its processes to become more competitive and dominant in the sector.

4. The Nature and Extent of Diffusion: Results and Discussions

The Nigerian banking industry has undergone several industrial restructuring programmes, most notably the liberalization of banking licenses in the late 1980s / early 1990s. The deregulation of the sector saw the traditional dominance of the "Big four" banks threatened, as dozens of new, aggressive and smaller players started operations. With older banks struggling to keep their market share, and newer players fighting to grab market share from the incumbents, the primary concern of many banks became surviving the cut-throat competition. By the mid 1990s, many banks that could not withstand the competitive pressures failed, with about 34 banks (out of a total of over 120) closing down their operations. For the surviving banks, improving operational efficiency and cutting costs became even more critical to gaining a competitive advantage. Since employment-related costs represent a significant component of operational expenses (as high as a third to half) in many banks, naturally, the aggressive cutting of employment costs became imperative. Consequently, many firms began experimenting with various flexible employment practices:

> *There has, indeed, been a departure in the employment pattern of* [Nigerian] *banks. Nearly all banks now leave the hiring of hands like cleaners, messengers and drivers to outsourcing. The curious addition is the outsourcing of hiring of tellers, hitherto regarded as professional bankers in their own rights. Not any more. These workers are now employed on contract agreement through outsourcing firms… In all cases, the companies save huge cost paying the contract staff wages that are far below what would have been paid for permanent employment.*
>
> Balogun and Adeagbo (2007: 1)

While this may suggest that employment flexibility in Nigeria's banking sector is limited to relatively low- and mid-level jobs (for example, secretaries, clerks, customer relations officers, telephone operators, office assistants, administrative assistants, bank tellers, cash movement officers, facilities maintenance officers, cleaning, catering, security and transport officers), the study indicates that organizations' quest for flexibility extends to relatively high-skill jobs as well. This is particularly common in non-core, business support services such as human resources, legal and technology services. In the rest of this section, a description of why and how each of the five case study organizations achieves flexibility of the employment relationship is provided.

4.1 The Diffusion of Employment Flexibility in FamlyBank

The level of diffusion of flexible employment practices in FamlyBank can be described as modest compared to the other banks in this study. The key drivers of employment flexibility in the bank appear to be twofold: the need to focus on its core operations and personnel, and a subtle attempt to avoid union organising and recognition. In terms of the externalization of the employment relationship, the bank differs from most of the other banks as it did not engage the services of professional employment agencies for many of its low- and medium-skill jobs, opting instead for an intra-group arrangement with a sister company. Also, there was no outsourcing of high-skill jobs. These reflect the bank's preference for the traditional single-employer model with internalized employment contracts. The key institutional influences on the type and level of practices employed are: established local norms and practices and the labour unions. Below, the diffusion of employment flexibility in FamlyBank is discussed in more detail.

From its inception, most of the people that rendered some kind of service to the bank were engaged on standard employment contracts, including security personnel, gardeners, clerical and office assistants, drivers and secretaries. The bank had just one 16-step career ladder for most staff, from low/medium administrative and clerical jobs to high-skill, graduate jobs. For those engaged on lower skill jobs who were on step 1, their career advancement and mobility was limited as only employees with higher education diplomas or degrees could progress to step 2. Only a handful of clerical and adminsitrative staff, after completing professional certifications or degrees via distance learning or part-time studies were often promoted to positions of higher responsibility. Two of the bank's more senior managers who were hired as administrative personnel had gone up the ladder this way, and this provided some kind of motivation to many of the junior-level employees.

The bank however decided to implement some major changes to this structure in the wake of its aggressive expansion plans in the new millennium. A decision was made to "professionalize" its workforce by hiring highly qualified and experienced personnel into the "core" workforce, mainly from competitor banks. Underlying these changes was the need to focus more on the activities and careers of the core workers, those engaged directly in the "practice of banking" (HR Manager). Recruitment into the (core) workforce was now much more selective as a university degree became the minimum qualification for entry-level positions. In addition, all new entry-level joiners were required to complete the Associateship exams of the Chartered Institute of Bankers or the Institute of Chartered Accountants of Nigeria, or any other relevant professional qualifications within four years of joining the bank.

The new policy had a significant impact on all the low and mid-level workers (most of whom were administrative, clerical and support officers) as their employment with the bank was "transferred" to a sister company within the group of family companies, a sort of "insourcing" arrangement. The sister company took full responsibility for employment management activities, although the workers continued to provide the same service to the bank. Essentially, the new arrangement only implied that recruitment, deployment and development and payment of all these workers were no longer responsibilities of the bank, but that of the subsidiary. Defending this action, one of the HR managers explained that the policy was beneficial to the affected workers as it provided them with new opportunities for professionalism and career advancement.

> *One of the issues that we tried to address was the incessant agitation and lobbying for transfers and promotions in the lower cadres which was clearly not sustainable or beneficial to the bank. Under the current dispensation, unlike the former one, everybody knows where they belong. There are several job groups now, each with many cadres which provide opportunities which hitherto did not exist.*
>
> HR Manager, FamlyBank

This "insourcing" strategy was quite different from national and sectoral norms as the affected jobs/employees were not transferred to one of the many existing professional employment organizations. Coupled with the fact that the new employer had the same corporate brand name as the bank, this change cannot be referred to as an "authentic" outsourcing programme. According to one HR manager, the rationale for this was to make employees feel they were "still very much a part of the business [group]". The exercise was also different because employees retained the same compensation and benefits package that they had in the bank, hence, they did not suffer any financial loss as a result of the transfer. In addition, their contracts were open-ended, providing some level of employment security - in line with the bank's benevolent paternalism.

Overall, it appeared that the objective of the outsourcing was not to cut costs, as employees retained their terms and conditions of employment. The exercise was more of an administrative exercise aimed at better managing the careers of the low-skill employees. Although not expressly stated by the firm, this may also have been used as a union avoidance strategy. Many other banks, in the wake of persistent pressures from the financial services unions and the central labour organization, had resorted to outsourcing most of their low-level jobs since holders of these jobs were the most likely to join unions given their relatively low pay (Balogun and Adeagbo, 2007).

In summary, FamlyBank's approach to managing the employment relationship is not a far departure from the traditional approach of internalised, single employer relationship. The only departure from the standard employment model was the "outsourcing" of low-skill jobs to a sister company, motivated by the need to better manage the core businesses of the firm, and those employed in those businesses. High-skill jobs were not affected by these changes at all, and many of the high-skill jobs / services that are outsourced in other banks (for example, human resources, legal services, etc) remained in-house.

4.2 The Diffusion of Employment Flexibility in NouveauBank

In NouveauBank the level of adoption of flexible employment practices was relatively high, for both low-end and high-end jobs. The drive for employment flexibility was largely influenced by the bank's desire to focus on its core areas of operation, the need to control employment costs, as well as the need to efficiently match demand for its services with labour supply. For the high-skill jobs, which were mainly in its corporate and institutional banking division, the bank had developed alliances with various specialist professional services firms and individuals who were contracted on a project or fixed-term basis. The bank has also outsourced most jobs at the low-skill end, which constituted a major proportion of the workforce. The key institutional determinants of these practices appear to be mimetic influences from multinational and other local comparators of the bank. The diffusion of employment flexibility in NouveauBank is discussed in more detail below.

NouveauBank started operations in the early 1990s with almost all workers hired directly by the firm. To differentiate itself from the competition, the bank had made a deliberate decision to hire only highly qualified staff. The core of the staff held at least a university degree and relatively low-skill jobs such as bank tellers, back-office operations and customer service officers were performed by these graduates. As the bank expanded rapidly towards the turn of the century, however, the management decided to make significant structural and organizational changes. These changes were necessitated primarily by the need to reduce employment costs and improve operational efficiency.

> *From the early days, we have always demonstrated our commitment to having the best crop of professionals in the industry. We were one of the few who insisted that we would recruit only* [university] *graduates back then. However, our operations have since expanded and we're no longer the three-branch bank that we were. The reality of becoming a bigger, national player did not really dawn on us until was it 2001 or 2002? The financials in that year were not the fantastic figures we were used to. The MD* [Managing Director] *was under a lot of pressure to act swiftly to restore shareholders' confidence. Many drastic steps were taken, and a decision was made to hire many non-graduates to do the job of tellers and the rest of them. That was when the contract staff were hired from* [ICB; outsourcing company]. *Unfortunately, we had to send some people away in the process.*
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> HR Manager, NouveauBank

As a result of the structural and organizational changes, clerical, teller and back-office operations were outsourced to an external service provider. In addition, other jobs that were undertaken by workers with direct employment in the Administration department (such as secretarial, security, catering, and facilities management) were outsourced to various vendors. The outsourcing arrangement between the bank and the vendors was that most or all of the affected staff would be absorbed by the vendor, and that they would continue working for the bank. This is similar to the mode of outsourcing low-skill jobs in FamlyBank, and it was motivated by the need of the bank to focus on its areas of core operations.

Unlike FamlyBank however, there was a high level of adoption of flexible employment practices at the higher-end of services, particularly in the bank's corporate banking and project finance divisions. The bank had built up a franchise in these areas to take advantage of opportunities created by the privatisation programmes of the Federal and State governments, and infrastructural development projects being sponsored by public and private sector organizations. Many of these "big-ticket" financing projects involved working with multi-disciplinary teams comprising of architects, construction engineers, project managers, accountants, lawyers, etc. The bank's initial resourcing strategy was to directly employ a number of experienced professionals in all these fields on traditional, open-ended employment basis. Although this strategy appeared to be successful initially as it earned the bank a reputation for having a "full-strength" professional team, the huge financial costs and challenges of continually engaging and retaining these professionals necessitated a rethink. The key underlying problem was that because many of the activities of these divisions were project-based, there was a mismatch between the supply of labour and their product market operations. Moreover, some projects required specialized knowledge from professionals with experience in a particular field or sector, and the in-house "generalist" professionals still had to procure these services externally.

The major thrust of the new resourcing strategy was that the bank should (re)focus on its core competencies. To achieve this objective, the bank decided to "upskill" the core corporate banking and project finance staff, to make them "function like well-rounded investment bankers" (Corporate Banking Manager, NouveauBank). Two senior expatriate bankers were hired on a three-year contract through an overseas management services company to provide training and direction for this new orientation. As a result of this focus on the core banking business, most of the non-banking positions were eliminated through a phased process to allow affected staff to secure employment elsewhere. Some staff where reassigned to other responsibilities within and outside the division, while others left to establish their own "boutique" firms. A lot of jobs, particularly the smaller ones, were sub-contracted to these boutique firms, while the bank also engaged some ex-employees and other specialists under temporary, project-based and fixed-term contractual arrangements. For the non-core banking businesses (for example, legal services, accounting services, etc), the bank adopted a "consortium strategy", forging alliances and partnerships with leading local and foreign professional service firms. This new strategy allowed the bank to achieve its objectives of reducing employment costs, with the size of the workforce reducing significantly over a three-year period.

In sum, the adoption of flexible employment practices in NouveauBank was relatively high, both for low-skill and high-skill jobs. This was largely driven by the need to reduce employment costs, and also the desire of the bank to focus on its core areas of expertise.

4.3 The Diffusion of Employment Flexibility in OldBank

OldBank had embarked on an "enterprise transformation project" aimed at improving its operational and financial performance. A major objective of the transformation project was to re-engineer the bank's business processes, most of which were still manual. This had a significant impact on the resourcing practices of the bank, particularly for low-end jobs. Apart from the need for re-engineering processes, the changes in the employment practices of the bank were driven by cost-control objectives. However, the move towards employment flexibility was largely limited to low-end jobs as most of the high-end services were retained in-house. In addition, it appears that part of the bank's "rationalization programme" was aimed at containing the power and influence of the enterprise unions, which were very much opposed to the reform programmes.

The rationalization programme was believed by the management to be central to the firm's quest for competitiveness. With one of the largest workforces in the banking sector (and the country as a whole) as a result of largely manual banking processes and limited use of electronic banking channels, the bank's ability to compete with the smaller, technology-savvy new generation banks was severely constrained. The new strategy of the firm was to automate most of these manual processes to improve customer service, employee productivity and corporate profitability.

The impact of the technology-driven business process re-engineering was extensive. It led to the deskilling of many clerical jobs, which had hitherto constituted the majority of the bank's "core" workforce, and the challenge of training employees to work with the new systems and processes became critical. The problems were further compounded because most employees of the bank had never worked with computers and were not computer-literate. The bank therefore had to decide whether to train those remaining staff (after the proposed rationalization) or whether to "bring young fresh hands on board" (Retail Banking Manager, OldBank). The bank decided to take the latter option, hiring hundreds of new young workers who had the requisite computer skills and laying off thousands of older workers, most of whom were tellers, messengers, secretaries, clerks and administrative assistants. Another major fallout of the rationalization was the outsourcing of many low-skill, "peripheral" jobs such as catering, security and bank tellers to independent contractors and employment agencies.

However, unlike the other banks where restructuring of employment went relatively smoothly and unnoticed by the public, the rationalization programme in OldBank was contested in the public glare of the media and the courts. This is not surprising given the relatively large number of jobs that were involved and the fact that OldBank was a historically unionized firm. This situation was further exacerbated by the fact that many of the laid-off workers were members of the union (most of the older workers in the bank were union members), a few of them even executive members of the union. In a memo released to the media at the peak of the ensuing crisis, the Secretary-General of ASSBIFI, one of the two financial services unions, alleged that the management of the bank was using the rationalization programme to "sweep away" its members, and bust the enterprise-based unions.

> *All our efforts at fostering cordial and harmonious industrial relationship between our two institutions at all levels appear to be dwarfing by the day due to management's open and incessant confrontations, which leaves much to be desired…Management completely disregarded the provisions of the industry standards, practice and procedure and laid off hundreds of employees who are our members…At a particular point that we expected amicable resolutions of the unilateral staff rationalization, and despite management's request that we should allow them to resolve with the domestic unit of our association, it decided...to carry out yet another round of mass sack in the name of staff rationalization, which now swept away over a thousand union members, including three heads of the domestic Executive Committee.*

The bank denied the allegation that the staff rationalization and outsourcing was aimed at union members, with one of the managers arguing that the exercise was based on "objective criteria and the affected employees could not have been exempted from these objective criteria for the staff rationalisation exercise", the objective criteria being "old age and declining productivity". However, because the management of the bank promised to award substantial salary increases if the employees renounced their membership of the two in-house unions, and subsequently failed to recognize and bargain with the unions, it may be inferred that this exercise was (at least, partly) aimed at busting the unions.

In summary, OldBank - due to the relatively low productivity of its staff compared to the smaller, new generation banks - embarked on a transformation project to improve its operational and financial performance. The project resulted in considerable job losses, particularly for lower-skill clerical jobs. Beyond the workforce reduction, however, the use of atypical forms of employment in the bank was limited to lower-end ancillary jobs as the unions at the enterprise, sectoral and national level continued to challenge the reform exercise.

5. Conclusions: Understanding the Diffusion of Employment Flexibility

In section 4, the nature and extent of the adoption of flexible employment practices in the three case study organizations was examined. The findings indicate that some banks used flexible resourcing practices to a greater extent than others. Further, the schemes used differed across banks, with some relying more on externalized contracts and relationships (NouveauBank and OldBank) and some on internalized arrangements (FamlyBank). NouveauBank used a wider array of non-standard employment contracts than FamlyBank and OldBank, adopting flexible schemes for both low end and high end jobs.

The primary focus of this section is on gaining an understanding of the key drivers of the diffusion of flexible employment practices, highlighting the salient factors that account for the differences in the level of adoption of these practices across the case study organizations. The findings suggest that the key drivers of the adoption of flexible employment practices varied across the banks, from cost reduction, to business process re-engineering, focus on core competencies, and to a lesser extent, for union busting purposes. Overall, however, cost-reduction or financial flexibility imperatives seemed to be the major issue (except in FamlyBank), as firms struggled to improve efficiency in an increasingly competitive terrain.

This notion of rational, strategic action emphasizes the point that managers in organizations have the autonomy to make strategic choices in relation to employment flexibility arrangements, contrary to institutionalist accounts. Although these findings lend credence to the primacy of strategic behaviour, there is no doubt that the institutional context provides useful insights about the diffusion process. For instance, the embeddedness of these banks in the relatively "weak" or liberal Nigerian industrial relations system - where there was minimal enforcement of basic terms and conditions of employment - facilitated the widespread diffusion of such practices.

From this study, four key strategic drivers can be identified: cost reduction, business process re-engineering, focus on core competencies and to some extent, union busting. Cost-cutting or financial flexibility was a key factor in the decision to adopt flexible employment practices in all the banks, except FamlyBank. This is not surprising given the increasing costs of doing banking business in Nigeria, as well as the thinning of profit margins as competition intensifies. By reducing the proportion of full-time employees, and hiring temporary or fixed-term workers as their replacements, employers were able to reduce employment costs significantly. Savings were made by employers not only on compensation, but also on benefits (such as healthcare, paid vacation, and pension) and training costs. Since most contract workers were paid less than a quarter of what the junior, permanent staff, for firms that are replacing full-time positions with fixed-term contract personnel, this was a significant reduction in employment costs. Across all the banks, there was clearly an increase in the number and range of jobs done by fixed-term or temporary employees. In some of the banks, this was done by replacing exiting full-time positions with temps.

Related to the cost reduction imperative discussed above, another major driver of employment flexibility was the need to re-engineer business processes for improved operational efficiency. Such re-engineering was typically aimed at reducing employment costs in the short- or medium term. The most substantial BPR project in this study was the one embarked one by OldBank. With a major automation of its operations, the bank was able to cut thousands of jobs in its 'staff rationalization' project. The other two local banks did not have any significant BPR initiatives.

Another major factor driving the adoption of (externalized) work arrangements in the case study banks is the need to concentrate on the organization's core business. As many of the banks had grown significantly in the last three years or so, it was considered administratively expedient to outsource areas that were not central to the business of banking. In all the banks, this was evident in the increasing trend towards outsourcing low-end services such as catering, security, facilities management, cash management, etc. This appears to be the key reason for the decision to outsource low end, peripheral jobs in FamlyBank. In NouveauBank, there was outsourcing at the high end of services as well, for non-core services such as payroll, IT, real estate and project management.

However, institutionalist approaches reject these rationalist-oriented explanations that tend to emphasize the primacy of strategic decision-making in the adoption of employment practices. Their critique centres on the argument that rationalist approaches "[assume] too great a degree of managerial autonomy with regard to being able to develop personnel strategies which contribute to numerical flexibility independently of environmental factors" (Gooderham and Nordhaug, 1997: 572). Instead, they maintain that the nature and extent of the adoption of flexible employment practices is largely determined by national laws and customs, as well as established institutional norms and pressures.

One of the most powerful arguments institutional approaches provide to counter rationalist explanations is the tendency of the latter to underestimate the critical impact that regional and national labour laws and trade unions play in the process. In this study, the national (Nigerian) context can be described as "weak" and "liberal" since there are no legislations regulating or restricting the use of temporary workers or sub-contracting.

> *Fixed-term employment contracts are permissible in so far as the parties are ad idem and the agreement is reduced into writing. Parties are at liberty to fix the term of the employment. There is*

> *no law or regulation stipulating a maximum duration for such contracts. It is as such subject to negotiation between the parties.*
>
> Ogunshote and Ukejianya (2007:2)

This essentially voluntarist approach to employment regulation, and the attendant failure of regulatory authorities to enforce even the most basic terms and conditions of employment, is an incentive to managers and organizations to utilize flexible employment practices (Mohammed, 2010; Horwitz *et al*., 2000: 83).

Trade union power is yet another key institutional factor that has been identified as having a great impact on the level of adoption of flexible employment practices (Gooderham and Nordhaug, 1997; Erickson *et al*., 2003). The argument here is that firms that face powerful unions are usually less inclined to introduce flexible employment practices, as these unions are able to contest or prevent their implementation.

In the Nigerian context, the so-called "war against casualization" embarked upon by the central labour organization encapsulates the continuing efforts of labour to curtail the trend towards increased employment flexibility. The unions had been attempting to use both political and legal means to pressurize employers to abandon the use of these practices (see Mohammed, 2010). However, in the face of diminishing union membership - and declining financial resources - this war could not be sustained by the unions (at the national level), and the drive towards increased flexibility continues unabated.

The situation in the banking sector, where less than 7 per cent of the banks were unionized had made it particularly difficult for the sectoral unions to exert any meaningful influence on employers. Four of the five banks in this study were non-unionized workplaces, and in the one bank where unions existed, they were being de-recognized. This relative weakness and diminishing power and influence of unions at both the national and sectoral level resulted in a situation where there was little, and in most cases, no resistance to managerial autonomy. It can therefore be argued that this partly contributed to the progressive adoption of flexible employment practices in this study.

The concept of mimetic isomorphism (from new institutional theory) is also relevant in explaining the diffusion process in this study as flexible employment practices had long been successfully introduced in the oil and gas sector, the leading sector of the Nigerian economy.

> *The problem of casualization has been a long standing issue in the oil and gas industry and multinational corporations. In some companies in Nigeria it is possible for one to get workers as many as two thousand in an industry out of which about one thousand five hundred may be contract workers.*
>
> Okafor (2007: 173)

Such was the institutionalization of flexible work arrangements in the oil and gas industry that in the major oil companies casual and fixed-term contract staff represented up to ninety per cent of the entire workforce, or even more (Okafor, 2007). Shell, the biggest player in the sector and perhaps the largest private employer in Nigeria, has 4 000 core workers and 10 000 peripheral workers on all sorts of non-standard employment contracts (Mordi and Mmieh, 2009: 444). This successful implementation of outsourcing and other forms of flexible employment in the oil and gas sector provided a "tried and tested" recipe for the banks to use, conferring a high degree of legitimacy on such practices.

In sum, in this paper the nature and the extent of the diffusion of employment flexibility have been examined, reporting that the types of flexible practices utilized by the five case study organizations, as well as the pervasiveness of such practices vary substantially. The central argument is that this variance is largely explained by strategic imperatives of each of the organization. At the same time, it can be argued that the institutional environment of these firms has played a crucial role in facilitating or constraining these choices. Hence, the assertion that an integrated approach that incorporates the role of both institutional and rational factors is best suited to explaining the diffusion process.

6. Limitations of the Study and Areas for Further Research

In conluding this thesis, it is important to acknowledge that this research has a few limitations. First, only a relatively small number of respondents were interviewed in each of the three case study organizations, and the principal respondents were business managers or HR managers. Hence, it is not impossible that the empirical data collected has a "managerialist bias". Although an attempt was made to address this issue by triangulating interview data with interviews with non-management employees and non-HR professionals, as well as checking with company guidelines, the possibility of bias cannot be totally eliminated (Marchington and Zagelmeyer, 2005: 6). Many of the "secondary interviewees", for instance, did not have sufficient (technical) knowledge or information about some practices, making it difficult to incorporate their views into the analysis.

Although the sampling was done in a way to ensure representation of the variety of ownership forms/types in the Nigerian banking industry, a claim that each of these banks is truly representative of other group members cannot be made. Hence, any generalization must proceed with caution. The fact that several banks did not even fit neatly into any of the identified groups makes generalizability all the more difficult. To address this issue, researchers can examine more firms, selecting at least two firms in each sub-group. This may improve the generalizability of the study, for instance, if there is consistency in diffusion patterns in all the banks in each group. Clearly, therefore, this study does not claim to, or can provide an overarching model of HRM in Nigeria's banking industry.

Of course assertions as to the wider national population cannot be made, since this study focuses on the banking industry alone. There is need for further studies to examine the diffusion of new HR practices in other sectors within Nigeria, to get a more "national outlook" of the HRM arena. In particular, it will be useful to study sectors in which powerful institutional actors are known to exist, for example, the petroleum sector and the public sector. This will help to clarify the importance of the sectoral context, and whether indeed organizations have considerable autonomy, as this study has posited.

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