Accounting for the Universalistic and Contingency Perspectives: The Transfer of 'Best Practice' in a Brazilian company

Abstract

This study examines how a Brazilian MNCs source and diffuse 'best practices'. We explore the case of a Brazilian MNC with operations in Switzerland, Norway, UK and Canada. We draw on two theoretical frameworks – the universalistic and contingency perspectives. We find that the case MNC imposed a unitary (US-sourced) model of HR on all of its subsidiaries regardless of the countries in which they were located, the stage of the production process, or the extent to which local workforces sought to resist the model's imposition. In explaining our findings we argue that the universalistic and contingency perspectives are not in opposition but are in fact complementary. We are critical of reductionist depictions which point either towards increasing convergence à la the universalistic perspective or the resilience of diversity as found in the contingency perspective. Still, lines of differentiation can be identified and our findings point to discernible patterns of convergence both within MNCs and within sectors across countries, and the likelihood of divergence across MNCs and sectors within countries.

1. Introduction

In this paper we address the question of how do MNCs from Brazil share their best HRM practices and transfer them between headquarters and subsidiaries. We address this important question by examining the case of a very significant Brazilian MNC with operations in four mature western economies (Switzerland, Norway, UK and Canada) whose labor and employment systems vary greatly. We draw on two theoretical frameworks – the universalistic and contingency perspectives – to account for whether and by what means and with effects the case MNC sought to diffuse 'best practice'.

We find that the institutional context from which the case MNC emerged had a clear and discernible effect on its management style and, in turn, on the manner in which its HR practices were diffused and implemented in its foreign subsidiaries. The HR practices themselves, however, were not of Brazilian origin but were rather sourced in the US. We thus identify a unique amalgam of practices and style of management which bore a similar hue in each of the four case countries and which critically came to override host country institutional impediments and constraints.

We argue that the universalistic and contingency perspectives are not in opposition but are in fact complementary. We find that management are motivated to identify, and choose to adopt, 'best practice', but outcomes at subsidiary level – whether they lean towards management's strategic objectives, as in this case study, or not – are shaped also by the institutional and socio-political context of the firm. In sum, we argue that we need to take account of management's motivations, the economic context of the firm, management's endeavors to make economically rational decisions, along with locating those motivations and decisions within the broader social and political context of the MNC's home country and the country-of-operation of its foreign subsidiaries. Finally, we are critical of reductionist depictions which point either towards increasing convergence à la the universalistic perspective or the resilience of diversity as found in the contingency perspective. The reality is often more complex; there is evidence of both. Still, lines of differentiation can be identified and our findings point to discernible patterns of convergence both within MNCs and within sectors across countries, and the likelihood of divergence across MNCs and sectors within countries.

2. Literature Review

There are two dominant views in the international HR literature in respect of the diffusion of 'best practice'. The universalistic perspective suggests that 'best practice' is universally valid and can be applied regardless of the local environment (Huselid, 1995; Pudelko and Harzing, 2007). The contingency perspective disagrees and argues that policies and practices are thus seen to be 'localized'; that is, adapted to suit the local context and to marry with local traditions and norms (Björkman and Budhwar, 2007).

The universalistic perspective argues that managements are continually on the look-out for practices that will bestow a competitive advantage over competitors. Benchmarking is a common device by which they might compare their practices and their organizational performance with that of other companies, often by relying on the expertise of external consultants. In such circumstances, the national origin of 'best practice' has little bearing. The advantage of diffusing 'best practices' across the MNC is that not only are they deemed to be 'the best' in the sense they are acclaimed to work, but they also reduce organizational complexity (Christmann, 2004), time and effort in experimenting with a variety of practices (Edwards and Ferner, 2002), help in the establishment of a common corporate culture or value system as well as serving as an aid with the global integration of business operations and the delivery or provision of standardized products and services across different countries (Edwards et al., 2007; Ferner et al., 2005). In essence, they enhance managerial control.

This universalistic perspective might also be linked with the concept of dominance as illustrated for example in Smith and Meiksins' (1995) work. Here 'best practice' is deemed to be 'best' by its association with leading firms from hegemonic or dominant national business systems (NBSs), such as US-based MNCs. In turn, its transmission or emulation is particularly likely to occur in MNCs which originate in 'lesser' or subordinate NBSs where specialized managerial competencies are lacking (Kuruvilla et al., 2003; Pudelko and Harzing, 2007).

A dominance effect may also be evident at a sectoral level, such that the practices of a leading firm may come to be emulated by other competing firms within the same sector (Royle, 2006). It may also be that some countries' firms may come to attain a dominant position within certain industries. In such circumstances, 'best practice' may assume a particular sectoral configuration such that we come to witness a convergence of practices around a shared sense of what is 'best' within sectors but otherwise divergence of practices across sectors; a process which Katz and Darbishire (2000) have referred to as "converging divergences".

The assumption that MNCs will want to standardize their HR practices or that such strategies would lead to convergence in HR practices internationally has been subject to much criticism (Gerhart, 2005). An alternative perspective, which we label the contingency perspective, gives emphasis to a variety of factors which might constrain such a process. Among the most significant is the influence of local institutional constraints and the extent to which they are marshalled by local actors in limiting the preferences of MNCs' management. With this perspective HR practices are seen to be deeply wedded to particular institutional structures, legacies and cultural preferences, and are difficult to alter, at least in the short term (Farndale and Paauwe, 2007; Pudelko and Harzing, 2007). Thus emphasis is given to the possibility of divergence in practices across the units of a MNC (Colbert, 2004).

The tension between host and home country institutional influences is widely recognized in the international literature to be most acutely felt by those MNCs whose home country practices diverge significantly from practice and traditions of the host economy (Edwards and Kuruvilla, 2005; Tempel et al., 2006). Such potential for conflict may require a MNC's headquarters to consider giving local management discretion as to how to best configure the host country's subsidiaries' practices (Edwards and Kuruvilla, 2005). Where this occurs, the quest for external legitimacy (or local responsiveness) in the host country is often said to triumph over management's quest for internal consistency (or global integration) within the MNC (Xu and Shenkar, 2002). The greater the institutional "distance" (Kostova, 1999) between the host country and the MNC's home country the less likely, it is argued, that common 'best practice' will be diffused successfully (Harzing and Sorge, 2003; Taylor et al., 1996).

Fundamentally, transfer process is not solely determined by the rational prescriptions of corporate management, but is rather shaped by "the interplay of interests and the possession and deployment of power resources by a variety of actors" (Ferner and Tempel, 2006: 31).

From this review of the literature, a series of questions are begged. These are: to what extent do MNCs from BRICS countries draw on their national business systems to develop their preferred best HR practices? Might it be the case that in the absence of a rich repository of indigenous expertise they are compelled to look beyond their own national boundaries for expertise and guidance? What then can be said of the 'national pedigree' of such adopted practices; and to what extent, and for what reasons, are they blended with home country and host country practices? These are important questions but remain to date relatively under-explored in the international literature.

3. The Brazilian institutional context

Business systems in Latin America have been portrayed in a stylized manner by Schneider (2013) as constituting hierarchical market economies (HMEs). HMEs are characterized by the dominance of diversified business groups, the significant presence of foreign MNCs, a dearth of investment in education and training, fragmented labor relations, weak (workplace) trade unions, and large informal labor markets. Their highly centralized and hierarchical style of management is seen to be rooted in two influences: first, in a long tradition of state intervention in labor markets that had the effect of dissuading employers from conducting bilateral negotiations with unions and instead inclined them to pursue their interests directly with the state; and second in the predominance of a small number of large companies – many in family ownership and mainly MNCs – that dominate their given sectors (Hopewell, 2014; Ribeiro, 1995).

Brazilian style of management relies on informal institutions and personal relationships (Ribeiro, 1995) rather than on formal institutions as observed in mature economies (Hall and Soskice, 2001). Local scholars acknowledge that traditional styles of management have been tempered in recent years, especially in large well-resourced Brazilian companies which possess the means to import 'best practice' – mainly from the US – either by recruiting from leading business schools or by availing of the expertise of US-based management consultancy firms (Chu and Wood, 2008; Fleury and Fleury, 2006).

The management of HQ-subsidiary relations within Brazilian MNCs is characterized in the literature as being highly integrated with subsidiaries possessing limited local autonomy and particularly in respect of HRM policy (Muritiba et al., 2012).

4. The host countries' institutional contexts

In order to understand how the institutional environments of mature market economies might constrain or resource MNCs in adopting models of HR 'best practice' we distinguish between host countries' varieties of labor market regimes (Hall and Soskice, 2001). Switzerland and Norway were chosen as examples of 'co-ordinated market economies' (CMEs), and Canada and the United Kingdom as 'liberal market economies' (LMEs).

Switzerland is a 'soft' or 'liberal' variant of a CME (Börsch, 2008). Trade unions are relatively weak and the state's regulatory capacity is more limited than that of other European countries arising from the country's canton structure. Labor law is restrained in its reach and most aspects of employment regulation are governed by collective agreements. Norway's institutional environment is highly coordinated and regulated. Its trade unions are strong and there is considerable government intervention in the field of employment relations (Dølvik and Stokke, 1998; Dølvik, 2007). The labor market is characterized by strict employment protection (Büsch et al., 2009), and it is politically difficult for the government to unilaterally institute structural reforms in the labor market allowing trade unions to exert some considerable influence on the management of companies (Gooderham et al., 1999).

In Canada labor markets are relatively deregulated. Relations between employers and unions have traditionally been portrayed as being adversarial or arm's-length with unions earnestly defending their right to bargain for their members' terms and conditions of employment with employers striving to protect their right to manage and implement organizational changes as they might deem appropriate (Godard, 2009). Although union density has held up relatively well in recent years (30%), it has declined more noticeably in some sectors, including mining (22%) (Galarneau and Sohn, 2013). The UK is characterized as a liberal state with deregulated labor and capital markets with low levels of state intervention and business co-ordination (Howell, 2007). Both the UK and Canada are also regarded in the literature as being particularly open to the importation of novel HRM practices, which is attributed to their long history of hosting MNCs, particularly from the US (Ferner et al., 2013).

5. The case company and its case subsidiaries

The case company, here called BrazilCo, is a very large and significant Brazilian MNC. It has more than 140,000 workers at home and overseas and is extremely profitable. In 2009 its market value was US$150 billion; its net income was around US$30 billion from 2010 to 2013. It had sales of around US$90 billion in this period. With operations in almost 40 countries, it is possible for the company to source production from other facilities. BrazilCo was state-owned until 1997. Since then it grew significantly through foreign acquisitions. Its headquarters remains in Brazil as are over 60 per cent of its assets and 80 per cent of its workforce. Its board of directors is composed mainly of Brazilian nationals. It is a dominant player in a number of sector segments in which it operates.

BrazilCo's Canadian and UK operations were acquired in 2006 through the acquisition of a Canadian-owned mining and refining MNC, which we label CanadaCo. It had over 5,000 workers employed in four mining and refining plants and in one regional office. While Canada accounted for 47 per cent of CanadaCo's revenues pre-acquisition, post-acquisition it represented a mere 4 per cent of BrazilCo's revenues. Union density at BrazilCo's Canadian operations was 70 per cent and union representatives exercised considerable influence over management decision-making in respect of work organization, reward systems and pay levels. The BrazilCo's British refinery employed 260 workers, and while over half of its workers were union members, the union exercised little, if any, influence over management.

BrazilCo entered Norway through acquiring a former state-owned facility that had been closed for a number of years. The Norwegian refinery, which was located in the north of the country, employed 78 workers, most of whom were re-recruited from the staff of the former company. Union density was very high (90 per cent). It was of modest strategic significance to BrazilCo since it accounted for a mere 1 per cent of the MNC's overall revenues. The Swiss subsidiary was established in 2006 as a regional hub. It was responsible for tax, risk assessment, marketing and sales, budgeting and production, as well as the implementation of policies and practices emanating from the Brazilian headquarters in the company's European and Middle Eastern operations. It employed 89 workers, only 15 of whom were Swiss. There was no trade union or works council present in the facility.

Three of the four countries' subsidiaries are located in peripheral areas. The local communities were very reliant on the company's investment and employment. This dependence was greater in Canada. In two localities, BrazilCo employed almost 65 per cent of the local workforce. Local unemployment was also high. In Canada it varied between 7 and 11 per cent, and in the UK and Norway it was 8 and 7 per cent respectively. Unemployment levels were, by comparison, considerably lower in Switzerland.

6. Research Methodology

The data derive from in-depth semi-structured interviews. Preliminary interviews were conducted in July 2009 with two HR global managers in the company's corporate headquarters in Brazil. Between July 2009 and February 2011 a further 49 interviews were undertaken, mainly among senior management. Of these, 16 were conducted in Brazil, 8 in Switzerland, 12 in Canada, 8 in Norway, and 7 in the UK. These were supplemented by e-mail communications, usually to seek clarification on matters raised during the interviews. After conducting a preliminary analysis of the data, additional telephone interviews were conducted with two corporate HR human resource managers in Brazil in January 2013. These interviews were conducted for a number of purposes: to 'road-test' our first conclusions, to fill gaps in the data collection, and to derive an update on developments in the transfer of practices to the four subsidiaries. Excluding these latter interviews and four other interviews (one each in Switzerland, Canada, UK, and Brazil) all were tape-recorded, giving a total of over thirty-six hours recording. All were transcribed by one of the authors. Interviews were conducted in Portuguese with Brazilian staff and in English with non-Brazilian interviewees. In the case of the Swiss and Canadian subsidiaries, expatriate managers were also interviewed. In Brazil, the former corporate HR Director was interviewed in an effort to confirm the testimonies given by current executives. Trade union and staff representatives were interviewed in Brazil (CUT, Força Sindical, and UGT), Norway (LO), Canada (USW), and the UK (Unite) in order to understand the role and influence these actors might have played in shaping local HR practices.

Every reasonable effort was made to conduct the interviews until data saturation was reached (Guest et al., 2006), and verification was sought through secondary sources of data. A diverse range of documentary sources was used, including various books on BrazilCo's history, annual reports (from 1942 to 2011), internal communications, a documentary, as well as articles in *Veja* and *Folha de São Paulo* from 1968 to 2012. The latter are Brazil's leading and most respected magazine and newspaper titles. In Switzerland, we reviewed articles in various press media (*Le Temps* and *Tribune de Genève*) from 1998 to 2012 that referred to our case company. In Norway we reviewed LO, NHO and government documentation. In Canada we examined articles from the *Toronto Star* and *The Sudbury Star* from 1985 to 2011, and in the UK various collective agreements and articles from the *Western Mail* and *South Wales Evening Post* from 1980 to 2011.

The data obtained from the interviews and the aforementioned secondary data sources were transposed into a computer file to enable a deductive content analysis. The data analysis was conducted in two steps. First the material was reviewed in their original languages: Portuguese and English. It was feared that translating the interviews and secondary data into only one of those languages – at least at an early point in the research – could lead to misunderstandings (Xian, 2008). No computer-aided software was used. Instead, a qualitative form of content analysis was conducted (Krippendorff, 2004), in which the sentence was the basic unit of analysis related by key words grouped as categories to produce a 'cluster'. After a first categorization the key materials were translated into English through the following procedure: they were translated by one author who speaks Portuguese and English and proofread by an English native speaker. Then, they were given to the Brazilian researcher for a back translation (Van de Vijver and Leung, 1997). When the original and the back translation diverged, a discussion to resolve any anomalies was conducted with the English and Portuguese native speakers.

Three aggregate dimensions were identified: country-of-origin, BrazilCo in the host country, and the implementation of HR 'best practice'. In order to confirm the internal consistency of the data analysis and the reliability of the identified categories, the files were coded twice by the same researcher, a process which Krippendorff (2004) has termed 'stability reliability'. No significant differences were found with each categorization.

The study's preliminary findings were returned to the company for 'member-checking' in two phases. First, they were reviewed with the global HRM director in a face-to-face interview, over the phone with the Swiss and Canadian HRM managers, and subsequently in January 2013 (as indicated above) with corporate HR management. Then, a draft report was sent to management in Brazil, Switzerland, Norway, Canada and the UK for factual verification.

7. Findings

BrazilCo is a very centralized and command MNC. The centralization of decision-making at headquarters was also accompanied by the importation of particular bureaucratic control mechanisms which were considered to be 'best practice'. They were developed primarily in association with American consultancy firms, including Accenture, McKinsey, Boston Consultant Group (BCG), Booz Allen, Ernest & Young, KPMG and PricewaterhouseCoopers (PwC): "We use consultancies. There is a technical analysis behind it (the practice). There are several well-known international consultancies which globally assist us. They search the market for what we need to do". (Middle Brazilian manager).

Such was the extent of US consultancies' firms involvement in BrazilCo that they were frequently observed "as being part" of the company's structure. Virtually all departments worked with external consultants in the development and implementation of different projects: "When you import the American mainstream you are standardizing your company to that (imported) tradition… it is something like a cookie cutter" (Middle Brazilian manager).

With the consultancy firms' help, Brazilian management worked to bring together their various HR policies to develop a so-called "global HR model", which was then cascaded down to each subsidiary via the regional divisions. Ultimately, the identification and diffusion of (US) 'best practice' was intended to permit BrazilCo to standardize its procedures and policies across the MNC:

> The key point [in the implementation of the global model] was to identify the 'lowest common denominator' of a policy and not to give in under any circumstance (Brazilian former director).

The company's global HR policy gave particular focus to the role performed by line managers. For each of the management levels there were specific 'trails of development'. The company also had a global career and succession policy which facilitated global internal recruitment and promotion.

BrazilCo saw itself as a 'meritocracy', rewarding employees who demonstrated superior performance. Its pay-for-performance system which applied to all its subsidiaries was based on three different elements: company (25 per cent), department (25 per cent), and individual (50 per cent) performance. However, the proportion of employees' remuneration which was comprised of pay-for-performance was permitted to vary between countries depending on local practice and traditions. That being said, each subsidiary was expected to adopt an "aggressive" (in management's words) approach such that a significant proportion of an employee's annual salary was variable: "BrazilCo has this aggressive attitude regarding pay-for-performance… Sometimes it is not well accepted in other cultures, but we still implement it" (Middle Brazilian manager).

7.1 The transfer of 'best practice' to BrazilCo' subsidiaries

7.1.1 Canada

Upon acquiring CanadaCo, BrazilCo moved all of its former HQ functions from Toronto to Rio de Janeiro. It then transferred its global HR model to Canada which was perceived locally as "thou shalt" implement it without question.

The Canadian managers also acknowledged that BrazilCo made extensive use of consultancy firms, such as McKinsey, Accenture, and PwC, and that the policies had been 'benchmarked' against leading international companies. Interviewees confirmed that the HR policies had not been developed by Canadians: "I have been told no policies would come from here (Canada); policies come from Brazil and are to be implemented here" (Middle Canadian manager). Their introduction and implementation gave rise to tensions and difficulties among staff, but the prevailing view among management was that it was best to accept these policies.

The programs for management training were well-received by higher levels of management. They particularly appreciated the career and succession planning program and the manner in which feedback and talent mapping was produced.

Special emphasis is given to the manner in which the pay-for-performance policy was introduced. They claimed they were unsure and uncertain as to how it would work in practice, and despite requesting that they be given the time to discuss and debate its merits, they had no influence over its implementation. This created feelings of distrust among the managers:

> Where the gap exists is in the implementation and execution. They try to copy (international 'best practice'), but the implementation is different. They know how to implement in Brazil. Now, how to implement things in a different cultural setting is a challenge (Senior Canadian Manager).

The introduction of new payment and pension policies form manual workers in the mines and refineries involved changes to the bonus scheme, which had been linked to the market price for nickel and a shift from a defined-benefit to a defined-contribution pension plan. BrazilCo wished to reform this plan and introduce a new pay-for-performance scheme. This was to allow for 70 per cent of workers' annual earnings to be fixed and the remaining 30 per cent to be determined by performance (24%) and the price of nickel (6%).

In July 2009, following attempts by management to negotiate a new collective agreement, the miners rejected the proposal. A subsequent strike lasted for up to 18 months. When the workers abandoned their action, BrazilCo proceeded to introduce their new pay-for-performance policy and to change the retirement pension scheme as originally planned, although they made a slight adjustment to the former by increasing the nickel price bonus component from 6 per cent to 8 per cent and reducing the pay-for-performance component from 24 per cent to 22 per cent.

7.1.2 The UK

Under CanadaCo's management, the British subsidiary had enjoyed considerable autonomy to decide on its own HR policies and practices. Post-acquisition the Brazilian management extended their "command and control style of management" to the UK. British managers observed both the shift in the locus of power and the influence of consultancy firms: "BrazilCo is run by consultancy firms" (Middle British manager).

In order to ensure that the necessary systems and procedures were put in place, the HQ had an implementation team put in place which was described to us as a team which "pushed from behind". Although managers conceded that, in a company like BrazilCo, a standardization of policies is important in order to have a better understanding about what each operation is meant to be doing and how, their implementation and execution was perceived to be problematic. There was little, if any, room for discussion or consultation.

There was a perception in the UK that with the standardization of HR policies, the role of local management had been diluted such that they thought of themselves as being only responsible for implementation and conveying information and reports to HQ. Many, too, felt that the role of external consultants had become over-bearing. One interviewee summed up their influence by saying "I would say there are too many consultants. Let the managers manage it". The company's career and succession program was implemented. A similar performance evaluation system was also introduced for management. Many doubted its significance seeing it as "a box-ticking exercise: all the headquarters had is your *résumé* in a computer program". The tool, nonetheless, was also used to determine managers' bonus pay. The new pay-for-performance policy and defined-contribution pension plan was also introduced, but in contrast to Canada, there was no resistance to their implementation in the UK. It was perceived by British employees as a significant bonus which was not enjoyed by employees in other companies in the locality. They also saw themselves as being comparatively well paid.

> There aren't a lot of other heavy industries in this area. Do you think people working in the public sector get 25 per cent bonuses? (Senior British manager).

Further, workers were aware that the company could move its activities to France where another subsidiary was located.

7.1.3 Switzerland

BrazilCo's global HR model was also transferred to Switzerland and local management confirmed that the company made extensive use of international consultants. They also reported that they enjoyed little autonomy and felt compelled to adhere to the policies and practices as delineated by management at HQ. Many of the 'best practice' methods which were introduced were well-known to the Swiss managers and were welcomed with the exception of pay-for-performance. That apart, they did not see any problem – in theory – in adopting the global model and its associated 'best practice'. A senior manager objected: "It is not the system itself, it is the way they asked us to do it". Swiss managers suggested that it would have been better had BrazilCo focused on the process of introducing policies, and invited local input in a way which would engage local managers. This, they argued, would have helped in the implementation process: "They just sent it out to everyone and said 'here you go'" (Middle Swiss manager).

Of the policies introduced, the Swiss managers particularly welcomed the provision of leadership and management training, together with the career and succession planning program. The latter was seen to be particularly important in retaining key staff a tight local labor where alternative job opportunities abounded.

The introduction of pay-for-performance, however, was a different matter. There was little or no consultation on the principle of its introduction, although local management did prevail on their Brazilian superiors to reduce the variable component from almost half of management's salary to 21 per cent. But even with this reduced variable component management still complained that it was too large when compared with the practice of other large companies: “In this market, it is too high, too much of an uncertainty ... Particularly the Swiss prefer to be sure what they are getting” (Middle Swiss Manager). Nonetheless, the employees felt they had little option but to accept the imported pay practices.

7.1.4 Norway
BrazilCo’s global HR model was also transferred to its Norwegian subsidiary. The Norwegian managers acknowledged that the policies and practices were benchmarked against ‘best practice’ internationally. In testimony a manager cited their discussions with PwC analysts, who told them: “big companies do it like that”. Again the Brazilian HQ was seen to be insistent in introducing benchmarked policies and practices, regardless of whether they were perceived to suit the Norwegian context: “...but here we have the lack of adjustment. That is the problem. It is not the benchmarking itself, but it is the lack of adjustment (Senior Norwegian manager).

At the time of the researchers’ fieldwork, the Norwegian subsidiary was implementing the company’s career and succession plan. Local managers queried its usefulness in discussions with us and complained that it had not been adapted to local practices and traditions, but felt their concerns had not been addressed by their superiors in Rio de Janeiro. One senior manager said “I like the system although it is not adjusted to our needs”.

The implementation of the performance-related pay scheme also raised concerns. Pay-for-performance policy was first opposed by trade union leaders. “You have to organize your life on the assumption of a regular payment, not for this possible peak once a year (Middle Norwegian manager). However, corporate management let it be known that the Norwegian workers would not receive any salary increase if they continued to oppose the introduction of pay-for-performance. At this point, the trade union re-considered its position: “[the employees] want to get extra money. If we don’t have the agreement, we don’t get anything (Norwegian employee representative).

The policy was introduced in 2006 and the collective negotiations did lead to the variable component being significantly reduced. In the case of operators’ annual salary the variable component was reduced from 20 per cent to 8 per cent and from 50 per cent to 20 per cent in the case of managers’ and engineers’ salaries, and finally to 30 per cent for the CEO.

8. Discussion and Conclusion
This study explores the transfer of HR practices within a Brazilian MNC. In particular we explore whether the pattern of diffusion mirrored that as anticipated in the universalistic perspective such that MNCs can be expected to seek out and diffuse international ‘best practice’ without regard to cultural or national context; or whether, as with the contingency perspective, such a scenario is highly unlikely given the variety of social and political constraints which might limit such a process at a local level. In an attempt to assess these competing claims we examined the diffusion of the case company’s ‘global HR model’ to four of its subsidiaries that were located in countries whose labor market and employment relations regimes differed substantially.

Our findings reveal that the MNC relied to a very considerable degree on the expertise and services of US-based consultancy firms in designing and implementing its policies. Its ‘global HR model’ thus assumed a distinct American accent. However we also found that it was introduced with a very firm hand by Brazilian management, to the extent that the HQ was rarely tolerant of any local questioning of its policies’ merits, or of the manner of their implementation.

Thus the major empirical contribution of this study is its illustration of the manner in which a complex process (the transfer of ‘best practice’) worked itself out across particular levels of influence, including local, sectoral, national and international. We find that a very significant MNC from Brazil was determined to transfer the practices it deemed to be ‘globally best’ to its foreign subsidiaries. We further find that notwithstanding the American origin of these practices they were married to a distinctive Brazilian managerial ethos which insisted on management’s prerogative to manage. Thus while we argue that the practices themselves were not Brazilian in origin and, in this sense bore no discernible home country hallmark, we find that the style of management which accompanied their transfer to be deeply rooted in Brazil’s national business system.

Thus, the striking finding of this research is the lengths to which the case MNC went to impose a unitary model of HR on all of its subsidiaries regardless of the countries in which they were located, regardless of the stage of the production process they were involved in (extraction, refining, administration or management), or indeed regardless of the extent to which local workforces sought to resist or shape the model’s imposition. This is a very significant finding especially when placed alongside that of MNCs from advanced economies that seek to ‘corporatize’ models of HR in a manner which directly challenges indigenous practice and custom. That BrazilCo was willing and able to contest the institutional fabric of its host subsidiaries is largely explained by relations of power and economic dependence. BrazilCo was a large and dominant player in its sector. Many of its operations were located in peripheral regions, in areas of relative disadvantage and high unemployment. It held considerable sway over local development agencies, local workforces and communities who came to rely on its investment. It was not that local management and workforces were devoid of local resources to exert influence over BrazilCo’s policies, it was rather the case that they found it difficult to marshall them and where they tried, corporate management possessed the means to overcome any local resistance.
We find that our case MNC from an emerging economy worked as a vector (Ferner et al., 2012) in disseminating ‘best practice’ from a dominant economy and contributed to the convergence of managerial practices within its subsidiaries. We further argue that the globalization of production together with the attendant integration of supply chains (as conceived broadly to include production and managerial practices) was found to enfold subsidiaries and their workforces into rationalities other than those prescribed by national institutions and customs. Such ‘logics’ facilitated the diffusion of ‘best practice’ from dominant societies (the US) via a dominant sectoral firm to economically dependent regions and subsidiaries. Thus, we claim that the importation of such ‘foreign’ models reduced the specificity of national models of HR. Such external forces operated in tandem with social action and power relations within the firm. Advantage leaned towards the MNC’s HQ to the extent that the degree to which national contexts mediated and conditioned systemic or globalization dynamics was very limited. In such a weakened and dependent local context the power of the MNC to diffuse ‘best practice’ was facilitated and hastened. In this study the co-existence of dominant-country practices and a dominant sectoral firm strengthened the likelihood of the diffusion of similar practices. Such

processes where they are replicated across MNCs and sectors can be expected to generate further convergence within sectors across countries, but otherwise pluralism and eclecticism between sectors and across countries might be the predominant pattern along the lines envisaged by Smith and Meiksins (1995) and by Katz and Darbishire's (2000) in their conceptualization of "converging divergences". Where such patterns are generalized national models of employment relations and HR can be expected to fragment further.

These conclusions inevitably point to the current study's boundaries. This is a study of a single MNC from one emerging economy in one specific (sunset) industry at a particular point in time. It does however seem likely that as MNCs from other BRICS countries globalize and assume positions of dominance in their sectors that they too will seek to diffuse their particular brand of 'best practice'. In this case study the brand of 'best practice combined 'Brazilian' hierarchical centralism in a manner consistent with Schneider's (2009) conceptualization of firms originating from HMEs with a distinctively US 'management sensibility' (US-style package of global uniform HR practices). We argue that, while this coercive hierarchical style of management is deeply rooted in Brazilian culture, its expression in the four case countries was facilitated by a particular pattern of economic and political relations. To the degree that other BRICS countries or HME MNCs are able to have their way in diffusing their version of 'best practice', the question then arises as to what extent will they come to act as benchmarks for efficiency for other firms within their sector? We have not been able to ask this question in our research, but it is of obvious importance to the themes explored here.

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