

HRM Institutional Practices: two distinctive Brazilian experiences

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Abstract:

This paper analyzes HRM practices and the institutional dimensions of the labor market and labor relations in two Brazilian cities that have not been given much research attention: Manaus, in Amazon area, and Cuiabá, in Pantanal area. It seeks to understand institutional structures (Hall & Soskice, 2001) and whether there is divergence, equilibrium or convergence in institutionalized practices (Mayrhofer, Morley & Brewster, 2010). The study applied a qualitative methodology, using focus groups featuring union representatives and HR managers. Among its findings, the study demonstrates that, even in a regional context, HRM practices follow a global mindset and takes on institutional aspects that do not reflect the current Brazilian crisis. Its contributions include the research of understudied contexts and the adoption of an institutional approach, which can serve as a framework for future comparative research.

1 Introduction

This paper analyzes HRM practices and the dimensions of the labor market and labor relations in Brazil, based on the new institutionalism theory. It represents an effort to understand the different nuances of the institutional environment in the terms suggested by Hall & Soskice (2001) and Nicholls-Nixon; Castile; Garcia & Pesquera (2011). In this sense, it presents a distinct investigation, which has been rarely used to study the Brazilian context. In addition, the analysis was conducted from the people management's point of view in organizations located in two Brazilian cities that have not been given much research attention: Manaus, in Amazon area, and Cuiabá, in Pantanal area, in a way to expand research beyond the South and Southeast regions of the country. It seeks to understand whether there is divergence, equilibrium or convergence in institutionalized practices, as discussed by Mayrhofer, Morley & Brewster (2010).

The dynamics of the interaction between Human Resources Management (HRM) and the labor market and labor relations must be coordinated with a view towards achieving

organizational goals (Delbridge, Hauptmeier & Sengupta, 2011), and in labor relations, as suggested by Katz, Kochan, and Gobeille (1983). To understand these dynamics, the theoretical lens of new institutionalism reveals that its systems, practices and programs are legitimized through socially constructed meanings (Scott, 2008). In this sense, Alisson (2011) states that institutional theory-based research on HRM is relatively recent – in fact, it has only been conducted since the 1990s.

Kaufman (2010) suggests that HRM should develop policies and practices aimed at connecting the organization's internal and external processes with the labor market in which it operates. The same applies to the policies and practices aimed at understanding this organization's labor relations. According to the author, this has become indispensable in today's competitive context. That is because an observation and analysis of these conditions should be reflected in the development of HRM policies and the roles people are assigned as part of strategic decision-making.

In turn, Wood, Tonelli & Cooke (2011) emphasize that external factors such as economic, social and union environments were, until recently, barely examined in research or even in prescriptive publications on HRM in Brazil. In general, these authors point to the need to bring the subject of HRM closer to its external conditions, as an alternative to make it more analytical and adapted to the reality of Brazilian organizations, as is the case in other countries (Mayrhofer, Morley, & Brewster, 2010).

Although Brazil is the seventh largest economy in the world, with a Gross Domestic Product of USD 3.147 trillion and a population of 208 million (OECD, 2017), the country has been experienced a crisis scenario since late 2014. Low inflation rates combined with low economic growth and increased unemployment rates: about 12.7% of nation's labor force (IBGE, 2018). There was a drop in the real income of workers as well as the bargaining power of trade unions, turnover rates and jobs without social protection grew up. As the perception

of risk of the Brazilian economy was heightened with the economic downturn scenario, it seems reasonable to assume that these contextual conditions are highly reflected in companies. It interfere more directly in the strategic and everyday decisions of managers and HR professionals, as explained by Lengnick-Hall, Lengnick-Hall, Andrade, and Drake (2009), McDonnell and Burgess (2013) for crisis context. In addition, it is expected that the structural changes in the labor market will continue the effects of the great changes in labor legislation that came into force on November 13, 2017. In their general contours, these changes flexibilized relevant aspects of individual and collective labor contracting in Brazil, whose impacts should be institutionalized over time, as studied in South Korea by Cho, Lee and Lee (2011).

2. Literature Review

The theoretical approach of new institutionalism allows us to analyze HRM from a broad perspective, considering the different variables that influence organizational dynamics (Alison, 2011). New institutionalism enables interpreting the prevailing values in organization's industry and reaffirms the importance of understanding historical factors that helped to shape a certain reality. At the same time, it also involves elements of an organization's culture and its belief system. This approach relies on the premise that institutions ensure stability, but they are also resistant to changes. Therefore, in order to contextualize institutions, we must analyze them as being complementary to the parameters of rationality (Scott, 2008).

Institutional processes have been analyzed from different perspectives over time (DiMaggio & Powell, 1983), always considering institutions as entities that reduce uncertainty in social interaction and the legitimacy of the system of values and norms that comprise the institution for society (Selznick, 1996).

DiMaggio and Powell (1983) state that organizations have become increasingly homogeneous due to pressure from their environment. Known as isomorphism, this phenomenon is understood as a restrictive process that forces one population unit to resemble other units that face the same set of environmental conditions. Its legitimacy in the institutional environment is what would lead organizations to remain in that environment, defined by the authors, as the organizational field. This is the ground for organizational analysis, in which companies operate together with their competitors, suppliers, regulators, government and customers. The market pressure generates the competitive isomorphism phenomenon while institutional isomorphism occurs due to pressure from other organizations.

Isomorphism as a response to institutions can be created by three types of pressure: coercive, mimetic, and normative (DiMaggio & Powell, 1983). Coercive isomorphism comes from political pressure from above onto organizations, as well as their own pursuit of legitimacy. It results from both formal and informal pressures on organizations to adapt to a broader set of rules, and become more similar to other organizations. In mimetic isomorphism, organizations search for standardized answers to uncertainties, adopting the best practices in place for their organizational field and imitating these practices to increase their legitimacy and success. Normative isomorphism results primarily from pressures from professional associations and professionalization. These institutions standardize the norms of professional performance in organizations according to the legitimacy of these processes. These norms are informed by formal education and professional networks, and firms are rewarded by their similarity to other firms within their organizational field. Thus, organizations tend to become isomorphic in terms of structure and activity patterns in a cultural system that is specific to their environment, based on these pressure mechanisms.

In turn, Hall & Soskice (2001) suggested that there are institutional structures – the labor market regulation system, education and training configuration, and corporate

governance – that depend on a regulatory regime that sets and protects the boundaries of the nation-state. In their study, the authors focus on the national level and seek to make comparisons between different countries, considering that economic institutions affect how actors behave. They define three conceptual frames for institutions in their approach: a) institutions are social agencies that generate norms and values for anyone associated with them; b) in their effects, they confer or deny power to the actors, according to the resources they provide or the formal sanctions imposed by the hierarchy; c) within the economy, institutions comprise a matrix of sanctions and incentives for which the behavior of actors is considered predictable. Strategic interactions are seen as the central element of the actors' economic behavior, which is essential to conducting comparative studies between countries.

Thus, the approach developed by Hall & Soskice (2001) compares five distinct spheres of interaction for organizations, as well as their respective characteristics and/or problems: industrial relations, vocational training in the country, corporate governance, inter-firm relationships and employee relationships. The industrial relations system aims to coordinate wage bargaining or negotiations between trade unions and employers on workplace conditions and other issues. Vocational training and education involve efforts to ensure that the workforce will have the appropriate skills needed to perform specific tasks and activities, which benefits both employers and employees. Corporate governance aims to ensure access to financing at a low risk to investors; while inter-firm relationships coordinate the relationships with and between suppliers and customers. Finally, employee relationships seek to ensure that employees have the appropriate competencies needed, and that they cooperate among themselves to accomplish the organization's goals.

Alison (2011) points out that the institutional approach takes into account the various nuances and dynamics that surround contemporary organizations, embedded in a volatile and dynamic business environment. This allows scholars to conduct a more in-depth analysis of

complex issues within an organization – such as HRM studies – in order to strengthen research and shorten the gap between theory and practice.

3. Methodology

This study adopted a descriptive qualitative approach, in which the researchers served as instruments to determine the meaning that individuals ascribe to different issues (Godoy, 1995). Thus, this approach sought to understand the relationship between HRM, labor market and labor relation practices in the cities of Manaus, in Amazon area, and Cuiabá, in Pantanal area.

Based on questions previously mentioned in the literature review section, notably those suggested by Kaufman (2010), Hall & Soskice (2001), and Mayrhofer, Morley & Brewster (2010), two focus groups were conducted at each location – one consisting of Human Resources professionals and another featuring union representatives. Focus groups are used to collect data on the perception and opinions of a group of people involved in a common situation (Collis & Hussey, 2005). The focus groups were held in Manaus, Amazonas, in February of 2018. The first focus group brought together five trade union representatives from the industrial branch, with approximately three hours of duration. A second focus group was performed with five representatives responsible for HRM in medium and large organizations, active in agribusiness, civil construction, industry, educational services and commerce, during approximately four hours. In Cuiabá, Pantanal, in June of 2018, the first focus group were also with four trade union representative from industry, farmworkers, agribusiness and commerce. A second one, participants were six HRM professionals working in agribusiness (soy, meat, corn, oilseeds), plastics industry, commerce and warehouse. Both were about a four hours meeting. A total of 20 high ranked HR managers and union representatives from Manaus and Cuiabá participated in 4 focus groups.

This study used the framework outlined by Collis & Hussey (2005), which recommends gathering experienced individuals who were made previously aware of the study objectives, with the moderator, acting to answer any questions, using language that is appropriate to the local context and explaining the concepts to the participants. This moderator encouraged the discussion of topics among the group and made some interventions at specific points of the discussion, so as to allow everyone to contribute with their opinion. In the focus groups, the participants expressed their thoughts on HRM, trade unions, companies and workers. Their feedback was recorded and analyzed to determine at what level HRM, labor relations and the labor market comprise the repertoire of participants, and comments were gathered as suggested by the literature. Identification information for participants and organizations was kept confidential. Under these conditions, all interventions were recorded and transcribed.

Perceptions were recorded and analyzed from the point of view of the institutional design of human resources management, which compose the repertoire of these actors, to be collated with the premises recommended in the literature, and such records were treated through content analysis (Bardin, 2005).

In addition to determining these references, a documentary analysis was conducted with the purpose of increasing the understanding of the problems involved (Creswell, 2010), since the documents can be used to infer how the events are constructed, and how justifications are registered (May, 2004). In addition, it was also possible to access and analyze original documents that assisted in the description of the phenomenon studied, and use official statistics for labor market (Sá-Silva; Almeida & Guindani, 2009).

4. Main Findings

The main research findings are summarized in this section. We first describe the institutional panorama of the labor market in Brazil, and then describe the local reality of the

labor market in Manaus and Cuiabá. Next, the results of the institutionalized processes are highlighted, based on HRM vision in the two cities surveyed. Subsequently, a counterpoint is made from union perspective also in those places, finishing the section with a summary of the main research results.

4.1. Brazilian Labor Market

Brazilian labor market has undergone significant changes since the beginning of the 2000's. These facts include: (i) aging of the employed population, (ii) increase educational level of the employed population, (iii) sharp drop of the unemployment rate reaching up a record low of 6.20 percent in December of 2013 and strong increase up to touching a record high of 12.8 percent in December of 2017, and (iv) increase in the degree of formality of employment recruiting ties, reflected in a distinctive way in the surveyed regions.

The state of Amazonas accounts for 1.6% of Brazil's GDP. Its main economic driver is the Manaus Industrial Hub, whose manufacturing activity is responsible for placing the city of Manaus the sixth-largest per capita GDP among Brazilian state capitals (IBGE, 2018). The manufacturing sector is the main pillar of the local economy; approximately 500 high-tech companies generate more than 500,000 jobs, directly or indirectly, especially in the home appliance, motorcycle/bicycle and chemical segments. In the Metropolitan Region of Manaus, the unemployment rate was 17.6% at the end of 2017, above the national average (12,8%). Part of this phenomenon could be explained for decreasing of consumption in the overall country. At this condition, low skilled workers and outsourced were first to be fired, union representatives and HR managers explained.

Located in Pantanal area, Cuiabá is the capital of the state of Mato Grosso, which had the fastest-growing per capita GDP in the country between 2002 and 2015, when the fast-expanding agriculture sector helped the state move up from 11th to 7th largest GDP in Brazil (IBGE, 2018). Agribusiness accounts for approximately 50% of the state's GDP. The

unemployment rate in Cuiabá area was 9,8%, below the national average (12,8%), and there were scarcity of skilled labor, with search of workers in other Brazilian areas. There are a lot of skilled and unskilled expatriate workers, from other regions of the country and from other countries such as Haiti. The local economy has been running well because the main market were abroad and favorable currency rates.

4.2. Human Resources Management (HRM) perspective

4.2.1 Manaus: a cluster HRM

The HR managers from Manaus expressed that the activities personnel management processes (their instrumental processes of recruiting and selecting, development, compensation and the like) are stabilized, irrespective of the environment institutional, being very similar to the traditional process cited by Barbosa (2005). Their firms are still dedicated to improving internal processes, especially those related to costs and strategy, to suit the context of competition and recession, according to Brewster (2007).

It is an effort in staff maintenance, even in the face of a shrinking economic environment, which push them for extinguishing positions, enrichment of tasks, adequacy of compensation, as well as the redesign of processes, and informal practices for cost reduction features as non-hiring of women for possibility of maternity leave. Following an adjustment of the number of workers by 2015, the firms keep high skilled employees, with its low turnover. It shows a clear distinction between technical staff and outsourced workers in Manaus, with an increase in the hiring and maintenance of the first group, due to the need for mobility, from the most dynamic markets in the country, since migration of professionals from cities of the Northeast and Southeast. As a counterpoint, the incentive to development of local manpower through courses at the two public universities existing in Amazonas, even if it is a long-term process for the formation of specialists.

Cultural dynamics (and distinct from Brazilian ones) were cited in the context of the organizations of Asian origin, as an element that interferes in HRM, with effects in labor relations and in the labor market. It include care for training activities, meticulous attention regarding the execution of the tasks, a predominance of taylorism-fordism practices, especially the need to choose "the right man at the right place". From the lines of the managers, two dimensions stand out: those focused on technical know-how in foreground, and behavioral skills in a second. A way of regulating conflicts in work place after harassment allegations has been encouraged in the new Asian firms. As Legge (2005) suggests, organizations improve training, invest in technical know-how to increase excellence in its operational performance. A barrier mentioned by several participants regarding the local labor market refers to the availability of workers with English as a second language, since in some manufacturing plants this is the regular language throughout the company.

The HRM also reinforced the informal network as a way to exchange of information on the labor market and trade union action in local area, as in other regions of the country of formation of a professional community, according to Dutra (1987).

The policy in HR areas is determined by international headquarter in some firms, as trainee programs, career development, or even retention and investment in human capital, as a strategic action for a national operation or if it is a technological development center that responds directly to headquarters abroad.

In labor relations, there was not an evident antagonism between trade unions and companies. However, it is also not possible to characterize an environment of coexistence with unions based on participation, corroborating Amorim (2015). The position indicated is that the unions "are part of the game and the business dynamics". However, they are not necessarily as partners or allies, nor are they an actor that makes the business. This aspect does not appear to be at the same level of dialogue suggested by Kaufman (2001) when it

emphasizes the need for the parties to negotiate, as an action inherent in organizations. A possible explanation could be low labor costs as fundamental to industry competitiveness.

Human resource managers, as already mentioned in relation to trade unionists, also do not clearly perceive how the change in labor legislation from 2017 will affect activities in terms of people management. Horn et al. (2011) explain it as an environmental pressure on the actors of labor relations system, and could reflect in relationship previously established with the unions.

It is worth mentioning, finally, how the participating HR professionals were "Proud of its land, of the diversity of its geography and of its worldwide importance, of its people who are facing the adversities typical of the region, especially with regard to the economic and political difficulties." This emphasis is essential to understand that, perceived as distant from Brazilian reality; they act and defend their region and their organizations. This trait of the professionals contacted in the research in Manaus is distinctive of the comparatively verified ones to those of other regions already researched

4.2.2 Cuiabá: a traditional HRM

The institutional environment in Cuiabá, Pantanal push firms to lead in an economic context less critical than general Brazilian one. HRM's firms have been adopting professional tools to support companies' development. Traditional organizational forms with centralized, bureaucratic and hierarchical structures have been kept, with their formal rules and regulations. Therefore, some changes have been noted HRM departments with some autonomy and some shared responsibility between line and staff functions. Demands on information technology increases and new processes to be integrative have been introduced in most of big companies at that area.

In a general way, firms HR units have been developing from a traditional system to deal with functions that could reach strategic status in the future. It's in between bureaucratic

and strategic, therefore some specific tools, as technological systems have been improving HR controls. Some familiar companies have been pressed to change, in an isomorphism process from consultant firms and main suppliers. About firms got HR managing as a civilizing bias or participating in a national network to acquire good HR practices and improve negotiation skills to be trend with other companies around the country.

The development of HR activities run as institutional field requirements as DiMaggio and Powell (1983) suggest. Macro change drivers like globalization, technological change or shortening of product life cycles promote organizational innovations (Brewster, Mayrhofer, & Morley, 2004). Multinational companies state rules for all subsidiaries with their national status as a cultural pattern. Issues related to accountability, compliance, outsourcing, career and development or corporate university, have its decision in a headquarters level.

Search for local skilled workforce is one priority demanding, but usually firms need to hire people from other states or even abroad, as Haiti immigrants. Training and development is another challenge for HR managers, once people need to understand an industrial facility and their multiple tasks, and sometimes an improvement in formal study years, and its why some business schools have been open branches or offer online courses. New patterns at agribusiness push firms to hiring skilled labor force and a production structure based on international parameters that allow performance results.

In labor relations field, HR managers perceive local unions as weak institutions, self-centered in its own interests, with few strikes, despite the low unemployment rate. In a short future, labor reform from November 2017 may change unions unfeasible for commerce, industry and rural workers.

4.3. A Trade Union Perspective

4.3.1 Manaus: traditional unionism

The syndicalist participating in the focus group were leaders of two trade unions industry, affiliated to the left wing confederation, with almost 70.000 affiliated workers in Amazonas state. From their point of view, labor relations environment in Manaus got negotiations that result in best collective agreements for workers in the country. This perception is due in some way to a history of negotiations in which the union keep its strength. This balanced scenario becomes uncertain from the new legislation, the deponents expressed.

As highlighted by the participants, the existing rules that benefit the companies that operate in the Manaus Free Zone (fiscal and customs), determine that they are under the supervision of public managers with respect to compliance with labor legislation and practices that prevent firm exploitation of employees. It's for organizations often call trade unions about important decisions, such as staff cuts and other cost-adjusting measures, reinforcing the analysis of Ferreira and Botelho (2014), which allows unions to remain with regard to business.

Strikes are rare in industry, but there were some in local public transport service (DIEESE, 2018). According to trade unionists in the industrial area, there were "movements that interrupted the beginning of production to mark some position on any claim item". This was one of the strategies used by trade unions to do not confront companies directly, in a labor market of intense economic recession and unemployment, but also to make sure to mark position.

Union leaders pointed out that the arrival of Asian companies from countries such as China, Korea and Taiwan, brought a different corporate culture, distinctive than Japanese firms (already active in the polo), and even Brazilian ones. They note that many of them are in a learning period to deal with unions, even in communication processes, since foreign specialists do not speak Portuguese language or do so in a rudimentary way.

This issue is relevant since Asian companies do not fit a uniform whole in terms of organizational culture. Each company, according to its national origin has a production structure, a way to run their business and to manage people. However, the participants pointed out that some of the Asian firms are allegations of "harassment", since at critical production time they tend to be rude to employees, or in the expression of the trade unionists, "inhumane", which has become a permanent focus of trade unions.

As stressed by trade unionists in an important respect, the pattern of HRM identified in industries seems to be mimicked with less sophistication by the other business sectors in Manaus, such as commerce, construction, or even the educational. Among the participants there was the recognition that the last years were marked by a change in the structure of the labor market itself, with increased unemployment and downsizing of company staff, plus the recent effects of labor reform in the end of 2017, which it was beginning. Its impacts are not yet properly felt in the negotiations since, in some cases, collective agreements - valid for two years, must be renewed only in 2019.

4.3.2 Cuiabá: a multiple-sided trade unionism

The union representatives that participated in the focus group in Cuiabá were trade union leaders from the metal industry (about 15,000 workers), commerce (35,000 workers), the food industry (6,000 workers) and the Agriculture Workers' Federation (500,000 workers, including employees and family farmers). The metal industry and food industry trade unions are affiliated to right-wing trade union federations, while the two other unions are not affiliated to any federations.

The labor relations conditions described by the unions leaders were similar to those reported in Manaus, in the sense that labor strikes are a rare occurrence among private-sector employees. The focus group accounts also revealed significant differences between the sectors under study. In commerce, negotiations with the trade unions are generally conducted

by employers' associations, with few bargains with HR departments. In the metal industry, HR departments exist, but are considered too hard bargainer. For the trade unions, it is actually more advantageous to negotiate directly with business owners whenever possible. In the food industry, large nationwide companies have a national lead negotiator who negotiates with unions. The identified intention is that the national negotiator aims standardizing hiring conditions throughout the country. As far as small businesses in commerce and in food and metal industries, negotiations are conducted by the employers' associations. For salaried rural workers, a decentralized negotiation system prevails, in which the Workers' Federation has more than 100 collective agreements in place with major agribusiness groups and large farms. Interestingly, rural union leaders diverge from their counterparts in other industries holding positive views of the HR departments at large agribusiness companies and farms as they assess that their professionals are well qualified to serve as mediator.

It is also important to note that, according to union leaders, the most qualified HR professionals working in Cuiabá and in other cities of Mato Grosso come from other areas around the country. However, union leaders also noted the lack of continuity in how these departments operate, because of what they see as a high rate of turnover among their staffs. The presence of labor attorneys hired by companies specifically for collective bargaining negotiations, or of HR departments that outsource labor relations, seems to suggest that these departments are still in very early development stages.

Thus, depending on the category and on their roles in labor relations, the interactions between HRM and trade unions are multifaceted, and alternate between more traditional and more contemporary approaches. This state of affairs suggests that, even though it is currently becoming more institutionalized, the field is still fragmented when it comes to human resource management and labor relations in this context.

5 Conclusion

The study data showed that both regions face a shortage of skilled labor. It is important to note that, in Amazonas, large part of the formal labor market is concentrated in the state capital, while in Mato Grosso it is much more evenly spread across the state. Both in Manaus and in Cuiabá, it was clear that the institutions (schools and even colleges) still do not educate enough workers to meet the labor demand in the local markets. As a result, many organizations look to fill their positions with candidates from other regions of the country. On the other hand, these out-of-state employees do not always settle down in their new cities.

The institutionalized insertion of trade unions in labor relations seems like a more consolidated practice in Manaus than in Cuiabá. In Manaus, trade unions have a more traditional role, as an institutionalized agent – they “play the game,” despite the lack of deeper interaction with corporate HR departments. In Cuiabá, trade unions in urban areas hold weaker positions in their dialogues with employers, and appear to be fragmented in some industries. This situation is likely to worsen as a result of the labor reform enacted in 2018.

In Manaus, the presence of large multinational organizations in a production environment resembling an industrial cluster sets the tone for HR management in the region. The situation is more diverse in Cuiabá, where organizations connected to the agribusiness industry engage in social programs in the interior of the state, sometimes working alongside the trade unions. In commerce, the study showed that some HR departments are undergoing a structuring process by implementing guidelines issued by headquarters. In other industries, companies generally seek to weaken or even eliminate the trade union’s role as a representative of its workers. This type of approach seems particularly common in family-operated organizations.

These two regions are at different stages in terms of structuring and positioning the HR departments within organizations. In Manaus, the presence of large national and multinational companies, as well as the institutional environment of the Free Trade Zone, is

associated with better structured HR departments, which are more or less involved with the business aspects of organizations in various industries. In Cuiabá, with the exception of agribusiness and commerce organizations belonging to national or international groups, HR departments still look to secure their space in the organizational structures of family-operated businesses. Therefore, some HR departments have been professionalized and have well-defined roles, while others are mainly concerned with covering up the administration's deficiencies in several areas.

That means that businesses in Manaus adopt the latest HR tools and best practices, in line with companies in the South and Southeast regions of Brazil, while these practices are only sporadically adopted in Cuiabá. According to managers, the role of HRM in family-operated businesses still largely consists of convincing the owners that there needs to be a clearer definition of this functional area and its practices.

In cultural terms, while in Manaus the issue revolves around the lack of interaction between local culture and that of multinational companies, in Cuiabá, the issue concerns the clash between family-managed businesses and the need to professionalize the management of organizations, which includes HR itself. The unions do not hold a stronger position towards organizations in both regions, but have similar opinions as those expressed by managers regarding the development stage of the HR departments, as well as the cultural dimension of the organizations.

For analysis purposes, the institutionalized processes commonly seen in HR departments of both cities consist in the forceful introduction of guidelines set by multinational headquarters and by the Brazilian legislation on labor relations, as described by DiMaggio and Powell (1983). The authors also point out that mimetic isomorphism takes place across the HR network, since the departments copy the structures and processes of the largest successful companies in both cities in order to bring them to offices in smaller towns.

Regarding normative isomorphism, the study shows that the practices adopted by HR professionals make HR departments increasingly similar to each other in every place researched in the study, creating a professional ethos of its own that requires further studies on its characteristics.

Based on the typology developed by Hall & Soskice (2001), the study's findings reveal common aspects for both areas. The first aspect is that the *labor market regulation system* presents low unemployment figures in Cuiabá when compared to other Brazilian cities. Local organizations were not as strongly impacted by the country's economic crisis as were organizations in Manaus and most other areas of Brazil. As for the *vocational training and education system*, the study finds a shortage of skilled employees in both cities, despite an increased educational level among those with a job. Another aspect that is common to both areas is the presence of skilled and unskilled workers who migrate from other countries, as well as from other parts of Brazil. When it comes to *corporate governance*, the government regulates the financing process for manufacturing firms in Manaus through the Manaus Free Trade Zone, while agriculture is financed by official banks in Cuiabá, which enables the expansion of the local agribusiness industry. While the firms in the Manaus industrial hub are mostly multinationals whose guidelines are defined by their global headquarters, the agribusiness organizations in Cuiabá are companies with roots in Brazil – however, they also serve global markets and, as is the case in Manaus, incorporate global labor practices.

With regards to *employee relationships*, the study finds that the HR functions of organizations in Manaus and Cuiabá operate in an institutional environment with different characteristics as that of other parts of the country (Amorim, Cruz, Sarsur, Fischer & Kassem, 2016). In a relatively uniform manner, traditional HRM processes are present – and although they may not follow the bureaucratic logic of Personnel Departments, they also do not follow

the strategic HRM model defined Boxall & Purcell (2011). In this sense, modern practices are present, but they are not aligned with the organization's business.

There is also a perception that trade unions could provide additional contributions to improving *labor relations*. From an HR manager's perspective, trade unions appear to be weakened, especially after changes were made to the national regulatory frameworks. Workers' strikes are a rare occurrence, and unions sometimes wait for the government or organizations themselves to initiate discussions. Thus, from a manager's perspective, trade unions offer minimum disruption and no risk to the usual course of business – which is yet another sign of the distance between the HR functions and labor relations.

Based on the considerations of Mayrhofer, Morley & Brewster (2010), we found that there is convergence in HRM practices between the cases studied and in Brazil as a whole. As for the labor market, we found divergence within the country, although there was convergence between the cases studied. Concerning labor relations, both cases revealed an equilibrium that could still be affected by newly enacted legislation.

Among its contributions, this study reaffirms the need to expand academic research in human resources management, the labor market and labor relations beyond the more traditional markets in the South and Southeast regions of Brazil. The regional and sectoral dynamics of metropolitan areas such as Manaus and Cuiabá are relevant objects of study, as they combine local, national and global productive and management processes that have not been given much attention. An institutional theory perspective can provide valuable insight into these dynamics found in Brazil.

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