

# **High Performance Work Systems in a Cross-Cultural Context: Comparing Multinational Plants in Sweden and Brazil**

## **ABSTRACT**

Understanding how cultural interfaces affects global practices could enable Strategic Management developing more comprehensive systems. This study presents a qualitative contribution to serve as a counterpart to quantitative approaches, describing how human resource management practices planned on a headquarter from a multinational settled on Sweden was applied and which kind of adaptations in a Brazil subsidiary. To develop theory addressing these themes we formulated the following research questions: How high performance work systems are applied on different cultural contexts? How cultural dimensions affects high performance work systems' adaptation? The findings show that strong culture could overlaps country differences, but adaptations could allow innovative exchanges and raise employee commitment and participation. The adaptations were done involving legal situations, social contributions and the cultural aspects were regarding on adequate individualism x collectivism and long-term x short-term vision. High performance work systems are practices that could be used in cross-cultural territories, but not without considering cultural and local adaptations. After institutionalized the contributions could be able to enlarge organizational performance.

Keywords: HPWS, intercultural management, Strategic human resource management,

## INTRODUCTION

The intercultural practices on Multinational Companies (MNC) are a relevant topic involved in Strategic Management. These practices may contribute to developing sustainable advantages and becoming a source of lasting resources (Penrose, 1959; Wernerfelt, 1984; Barney, Ketchen & Wright, 2011). The international economic scenario and competition requirements have made inter-country mobility an intercultural imperative (Freitas, 2009) which require that organizations know how to cope with the adaptation of both the individual and their corporate practices.

The social landscape brings new perspectives like social network, human mobility, and cross-cultural influence (Hobsbaum, 2000; Baumann, 2001). Interculturality has gained prominence in academic studies, besides the globalization and its economic influence, the open information access has made the world closer (Freitas, 2009) and the different interpretations of the work could be perceived. These differences could hold creativity, innovation, diversity and improve performance, on the other hand, such differences could serve as a constraint factor (Dawidziuk, Boboryko-Hocazade and Mazur, 2012). There are many studies comparing distinct cultural values on MNC (Chang, 2003), however, how organizational practices are applied to different cultural contexts are not sufficiently explored by the research field. There are criticisms regarding the differences between countries in terms of environment for management, and management practices need to take these differences into account (Gerhart & Fang, 2005; Gerhart, 2008). For example, regulation and institutionalism in the country, characteristics of the labor force, collectivism, or individualism, also centrality of the markets.

Not only the adaptation to the local culture matter but the impact of implementation and institutionalization of managerial practices and consequently their impact on organizational performance (Rabl, Jayasinghe, Gerhart & Kühlmann, 2014). The strategic human resource management (HRM) field has increased the contributions on quantitative approach, comparing cross-cultural aspects, mainly involving the East and West cultures (Tung, 2008, Chen & Miler, 2010; Chang, 2003). But qualitative studies regarding on knowing how does the implementation practices impacts and are impacted by cultural differences remains

unexploited. The South American differences, as well as from undeveloped countries, are not explored if compared with more developed cultures (Tanure, 2007; Freitas, 2009).

This study presents a qualitative contribution to serve as a counterpart to quantitative approaches, describing how HRM practices planned on a headquarter from an MNC settled on Sweden was applied and with what kind of adaptations in a Brazil subsidiary. For understanding how were the company practices we adopted Posthuma's High Performance Work Systems (HPWS) taxonomy and for knowing how were the cultural differences we used Hofstede's dimensions. To develop theory addressing these themes we formulated the following research questions: (1) How HPWS are applied on different cultural contexts? (2) How cultural dimensions affects HPWS's adaptation?

The findings show that strong culture could overlaps country differences, but adaptations could allow innovative exchanges and raise employee commitment and participation. The adaptations were done involving some legal situations, social contributions and the cultural aspects are regarding on adequate Individualism x Collectivism and Long term x Short-term vision. Managerial actions were used to teach employees to think more strategically; feedback process and Plant Committee allowed change the short-term vision; working in groups enabled develop collectivist behavior. Aside, extensive training allowed changing attitudes for acting with freedom and responsibility, valued in Swedish style.

Understanding how the organizational culture can be adaptable to a different culture could improve the Strategic Management Science. HPWS are practices that could be used in cross-cultural territories, but not without considering cultural and local adaptations. The main adaptations involved matters cultural aspects like Individualism X Collectivism and Short Term Vision X Long Term Vision dimensions. By this comprehension, practitioners could avoid constraints and do a more effective management and the Administration Science could understand the cultural impact on strategic practices across the globe.

In the sections that follows, a theoretical review from HPWS concepts and culture was done. The main discussion involving the gap between qualitative studies for implementation comprehension of HPWS in cross-cultural contexts was presented. In the methodology section, we describe the procedures and how data gathering was done and forward the findings are presented and discussed.

## THEORETICAL FOUNDATIONS

Studies on HPWS describe an upward trajectory. On databases such as Web of Science, Scopus and the Emerald, the theme had listed more than 200 studies, from 1996 until 2016. But the research linking HPWS and cultural elements are not frequent, the qualitative studies remain unexplored and Brazilian culture was not understood sufficiently.

Concerning on human best practices, authors published numerous papers using expressions such as "high-commitment management", "human resources best practices", "high performance work systems", among others (Wright & Boswell, 2002; Delery, 1998; Ichniowski, Shaw & Prennusch, 1997), demonstrating the lack of agreement with a single term. In this article, will be used the expression High Performance Work Systems - HPWS, considering its constant use in the field and adopting the framework proposed by Posthuma, Campion, Masimova and Campion (2013).

HPWS are HRM practices that increase the performance of employees, leveraging their technical skills and behavioral aspects (Shin & Konrad, 2014). These practices can promote employee engagement with its activities and corporate strategy or even improve corporate financial performance, since applied in a dynamic and integrated system (Subramony, 2009).

According to Huselid (1995), HRM practices have expanded from technical and bureaucratic functions of hiring, payroll, and others, to account for providing workforce performance and improvement in employees' initiatives, attitudes, and motivation. That author also states that return on investments (ROI) is substantial, since HPWS is applied in a coordinated manner. Subramony (2009) justifies that such practices are a catalyst acting with synergistic effects on performance. However, research shows that there is no standard model for HPWS implementation, neither one that indicates practices that generally influence companies results (Posthuma et al., 2013) nor practices culturally adapted. Different studies point to distinct HRM practices such as training and development aligned to strategy, performance evaluation, incentives, flexible labor policies, quality circles among others (Carlzon, 1987; Combs, Liu, Hall & Ketchen, 2006; Shin & Konrad, 2014).

Researchers in this field generally choose a set of best HRM practices and quantitatively compares them to some organizational performance variable such as employee turnover, quality scores, productivity, customer satisfaction, financial results, or even capital markets

(Huselid, 1995; Sung & Ashton, 2005; Guthrie, Flood, Liu & Maccurtain, 2009; Wood & Menezes, 2011, Shin & Konrad, 2014). However, the practices considered as "high performance" on these studies are not uniform and vary depending on the year (with practices "in and out" of fashion) and geographical regions. Posthuma et al. (2013) conducted a review in the last 20 years' publications to check the most commonly used practices that resist the test of time and with greater use in the various regions of the world, which results in a set of more used practices. There remains, however, understanding how companies really apply these practices, especially in international firms.

Wright and Sherman (1999) proposed the term "High performance architecture in Human Resources" to represent a hierarchical relationship between aspects in HRM structures for firm's strategy implementation, which outlines the need to cascade HPWS to different levels and to establish a governance tool to manage those practices. Posthuma et al. (2013) suggest that those hierarchically related elements are Principles, Policies, Practices, and Products. In addition, Sung and Ashton (2005, p. 71) say that as performance is linked to a long-term view, HPWS practices need time to settle, adapt to the context, be adjusted and improved. However, after internalized into the company culture they may result in several benefits, ranging from reduced turnover, higher levels of innovation, better product and service quality and increased competitiveness.

Posthuma et al. (2013) proposed a systematization of the HPWS construct. They developed a research that analyzed 193 publications from 1992 to 2011 in order to map predominant HPWS practices (or High Performance Working Practices, HPWP). That analysis resulted in a categorization of 61 practices, classified into central, broad, or peripheral. To classify those practices, they considered: practice overall frequency; the practice should be either stable or growing in its use by the literature; it should be reported in the top 30 most cited practices in four or five regions of the world (the study considered five regions: Anglo, Confucian, Latin Europe, Southeast Asian and Eastern Europe). Thus, they organized core practices in six groups, shown in the figure 01.

Figure 01 – Core HPWP

HPWS Group	HPWS central practices
1 <b>Job and Work Design</b>	Decentralized participative decisions
	Job Rotations/ Cross Functional Utilization
2 <b>Recruitment and Selection</b>	Hiring selectivity or Low selection rate
	Specific and explicit hiring criteria
3 <b>Training and Development</b>	Training Extensiveness
	Use of training to improve performance
	Training for job or Firm specific skills
4 <b>Compensation and Benefits</b>	Pay for performance
	Formal appraisal for pay
	External Equity for payment and competitiveness
	Incentive Compensation
5 <b>Relationship with Employees</b>	Profit or Gain Sharing
	Job security/ emphasis on permanent job
6 <b>Communication</b>	Formal information sharing program

Source: Adapted from Posthuma *et al.* (2013)

Posthuma *et al.* (2013) registered the culture of the region where HPWP were applied in the reviewed studies: 51% of companies surveyed came from Anglo-American countries (Australia, Britain, the United States and New Zealand) and 49% of countries grouped in Confucian (China, Taiwan), Southeast Asian (India, Thailand), Latin Europe (Spain, Italy), Eastern Europe (Russia). Studies in Latin America, particularly Brazil, were not identified in this review. According to their findings, the core HPWP more common in all publications was "decentralized and participative decisions," followed by "training extensiveness" and "pay for performance". The practices "pay for performance" and "job rotation/cross functional utilization" were the most cross cultural practices: they were cited in the top 30s practices in each region. They also point practices less applied, such as succession planning, public recognition or non-financial awards, recruitment and selection related to business strategy, stability and safety, and turnover in strategic levels.

The use of HPWS practices were also identified by other authors, like Nadler and Gerstein (1992), which highlighted a tendency to use HPWS practices in corporate America. Farias and Varma (1998) also drew an overview about the systematic use of these practices, examining particularly systems that provide individual and group performance increase, like quality circles, variable compensation programs and continuous learning practices.

Posthuma et al. (2013) considered the relevance of cultural influence when designing their HPWS taxonomy. Companies operating in different countries may have an extremely refined selection of HRM practices, but if they are far removed from the cultural values of the array, the efficiency of these practices will be lost (Posthuma et al., 2013; Carl, Gupta & Javidan, 2004). As mentioned in their findings, Posthuma et al. (2013) pointed the practice Participative and Decentralized Decision had a great presence in four of the five regions studied. Southwest Asian was the only region that did not show the use of this practice, maybe due to values of authority and power distance and long-term orientation that is specific from that region, and may play a role in the implementation of HPWS. These results highlight the importance of studying culture and HPWS practices. As Posthuma et al. (2013) suggest HPWS implementation can to vary according to centralization of decisions, pay for performance and meritocracy, job rotation, egalitarianism, long-term vision, the country's stage of development (developed or developing), search for self-achievement or focus on primary needs (Maslow, 1954), achievements versus assignment – which relates to accepting of feedback or not.

Studies on cultural diversity have increasingly contributed to understanding the influence of people management. Effects of HRM practices on organizational strategy may be strong or weak, depending on contingency and contextual factors (Wright & Sherman, 1999; Boxal & Purcell, 2003; Gerhart & Fang, 2005). There are differences between countries in terms of the environment for management that need to be considered. For example, regulation and institutionalism in the country, workforce characteristics, collectivism, or individualism, as well as centrality of markets. National culture provides an important explanation for the variance in the use of different practices in different countries (Gerhart, 2008). Although policies and practices for people management are a managerial assignment, national culture has a significant influence; however, it cannot be overestimated: generally, empirical research finds little effect attributed to national culture (Gerhart, 2008).

The impacts of culture on organizational boundaries were affected by Hofstede's work. According to that author, culture consists of “standardized ways of thinking, feeling and reacting, constructed, and transmitted by symbols, constituting the distinctive achievements of human groups” (Hofstede, 1981, p. 23). Initially, he had proposed four dimensions for a culture: individualism versus collectivism, power distance, uncertainty avoidance, and

masculinity versus femininity. Later, he added long-term orientation (Hofstede, 1993) and, finally, indulgence versus restraint dimensions as a measure of happiness (Hofstede, Hofstede & Minkov, 2010). The Global Leadership and Organizational Behavior Effectiveness (GLOBE) research project suggested nine variables for characterizing a culture (House, Hanges, Javidan, Dorfman & Gupta, 2004): those from Hofstede (though expressed in different terms), added to other dimensions – performance orientation, humane orientation, institutional collectivism, and in-group collectivism.

Alvesson (1987), Tavares (1993) and Freitas (1991) see organizational culture as a powerful control mechanism directing the ways upon which individuals and groups behave, and as a tool to create homogeneity in the interactions among such individuals. Schein's (2004) concept highlights an organizational culture element: the subjacent assumptions. These unconscious assumptions determine how members perceive, think, and feel, how and why they behave in a manner, and why certain values are taken for granted. In this sense, culture, and intercultural management, could be considered an abstract way of interpreting ordinary phenomena occurring in an environment, formally built or not. These forces of social interactions produce elements like attitudes and perceptions (Schein, 2004). While cultural and national differences need to be better understood, their influence on organizational culture needs to be analyzed in more contextual terms (Gerhart & Fang, 2005).

National culture performs a role in building up an organizational culture: firms tend to absorb values from their home countries. Besides, managerial practices (HRM practices among them) are conceived in tune with an organizational setting and values. As Schein (2014) states, they are artifacts of a culture. So, how could a company apply practices embedded in one cultural context to different circumstances? This is a main issue in the planning and implementation of HRM architecture (Wright & Sherman, 1999): only alignment with organizational strategy is not enough to better results (Subramony, 2009; Shin & Konrad, 2014; Kaufman, 2015). Therefore, culture, intercultural and transcultural issues may play an important role to understand HPWS implementation (Posthuma et al., 2013). From research conducted in several countries, Dawidziuk; Boboryko-Hocazade and Mazur (2012 p.117) concluded that, for global companies to maintain superior performance in culturally diverse working groups, they must cope with some variables that increase barriers against high-performance: the increasing size, complexity, and geographical reach of global firms;

moreover, for managing cultural diversity intercultural competencies, such as dissimilarity openness, emotion management skills, intercultural communication competence, tolerance for ambiguity, cultural understanding, information processing skills and cultural management skills are required.

Therefore, according to Gerhart (2008), the national culture impacts on the organizational culture. On the other hand, caution is required when presuming that culture is an explanatory factor for elements not fully evidenced. The author sustains that an organization or a manager could determine the management preferences for specific groups of employees to be covered by HRM practices, recommending avoiding overvaluation of the effects of the country's culture. The organizational culture that does not portray isomorphism with the national culture allows greater management agency, allowing an HRM system more adaptable to intra-country variation.

In Brazil, it is not common this kind of study. The closest to it considers not HPWS particularly, but management practices in general. For instance, Balbinot, Minghini and Borim-de-Souza (2012) found that global practices from multinational companies when applied to Brazil are still subjected to cultural aspects of the country, like formalism and personalism. Tanure and Gonzalez-Duarte (2009) also analyzed people management practices and its strategic impact on mergers and acquisitions in Brazil, considering Hofstede's dimensions. They conclude that cultural issues matter in the way that a practice is applied during those processes, and the adoption of people management practices acts strategically for success and adaptation to a new time.

The purpose of this research is to understand the aspects that affect people management in intercultural environments. Research proposal is understanding How HPWS practices are implemented in locations with cultural characteristics different from the environments in which they were designed.

To minimize this gap, our aim in this paper is to analyze the application of cross-cultural HPWS in a Brazilian subsidiary of a Swedish multinational automotive, using the taxonomy proposed by Posthuma et al. (2013). As a result, it will be possible to perceive the grip of a planned model and what sort of adaptations to local reality are performed.

## METHODS

With a qualitative approach where questions are posed to analyse how social experience is created and given meaning (Gephardt, 2004), we have opted for a case study method. While laboratory experiments isolate the phenomena from their context, case studies emphasize the rich, real-world context in which the phenomena occur (Eisenhardt & Graebner, 2007). This choice is reinforced by Yin's view (2003) on how case studies are most appropriate for studying contemporary events where the relevant behaviours cannot be manipulated and wherever it is possible to entail direct observations and systematic interviews.

Starting from this premise, this case study followed an exploratory approach, centered on empirical analysis of HPWS's practices application in a multinational company. We also highlight that an investigation of a social construction process, which emphasizes understanding how interactions take place related to the implementation of such actions, we chose a sectional approach to data collection. Our focus was to understand the various practices of human resource management held by the company, grouping them according to Posthuma et al.'s (2013) taxonomy and by comparing its implementation and application in plants in Brazil and Sweden following Hofstede's (1980) dimensions.

### *Research Setting*

For the purposes of this research, we have chosen a multinational organization with sites in Brazil and others different cultural contexts. Over the past 88-plus years, Volvo has grown into one of the most prestigious automotive brands in the world, becoming one of the leading suppliers of transport solutions for commercial use. Based in Sweden, Volvo Group has representation in over 180 countries worldwide with a workforce of around 83.000 employees and production facilities in 18 different nations distributed in North and South America, Europe, and Asia.

The group is characterized by its emphasis on Human Resource Management practices. The Brazilian Unit has been included for a decade among the top ten "Best Companies to Work for in Brazil", a directory published by Exame Magazine (Editora Abril), reaching four

times the first position. The actions of HRM in the Volvo's Group and in Brazil, are inspired by the document "The Volvo Way", which concentrates and aligns the vision, values, and standards upheld by the company in several continents.

### *Data Collection, Analysis & Procedures*

To understand the phenomenon as fully as possible (Minayo, 1998), data was collected through semi-structured interviews, (face-to-face carried on with managers in Brazil, and virtual carried on with managers in Sweden); and documental analysis.

The first step in the research was to become familiar with the company through documental analysis, understanding its premises, values, and vision. The Manual "The Volvo Way" brings most of these aspects.

In order to learn more about the company practices, we carried out a pilot semi-structured interview with the Human Resources Vice-president in Brazil. This interview served as the basis for the next step, in which we interviewed other Volvo's managers, examining how they perceived the various HRM practices, following the Posthuma et al. (2013) taxonomy. The criterion for choosing the interviewees was their experience in HRM practices implementation in the contexts of the two countries analyzed, Brazil and Sweden.

The interview guide addressed the six core topics of the Posthuma's *et al.* (2013) taxonomy and the five dimensions of Hofstede (1980) study. Thus, each interviewed related the HRM practices developed and applied by the company, and his/her perception on the cultural dimensions in Brazil Unit compared to the same practices applied in the cultural context of Sweden. Three researchers conducted the face-to-face interviews, took around two hours each, they have been recorded and the transcript made in Verbatim, with the consent of the participants. In the total we did 06 interviews, 12 hours recorded. The interviewees had led the implementation of the main projects involving people management practices in the company, having followed the preparation of proposals and implementation in the subsidiaries. The number of respondents was enough since these people had represented the comparison of the conception and subsequent implementation of the practices, they are directly responsible for the planning and follow up of the practices application.

All collected data followed the process recommended by Bardin (2010), that is, pre-analysis, exploration of material, treatment of results, inference, and interpretation. According to Bardin (2010), there is no ready model to use for methodology analysis, requiring a 'reinvention' in each new research, but always respecting the intended goals, except for "uses simple and widespread". In this study, we analyzed the interview considering the presence of the core HPWS according to global policy, and how they were applied in each unit.

Three researchers conducted the analysis and then consolidated into a single spreadsheet that summarized respondents overview, as perceived by researchers.

In terms of archival data, we had access to: job descriptions; human resources' policies; self-managed teams' institutional presentations; internal reports; press coverage, company's manuals (Code of Conduct, The Volvo Way, Health and Safety policies, Environmental Policies); internal communications such as magazines and other publications detailing their HRM practices; and a book written by the HR Vice-president (VP), presenting his view about Volvo in Brazil. These materials allowed analyzing the cultural organizational guidelines and how the practices represent the same line in some subsidiaries, as well as to understand if some aspects were organizational or national culture traits.

## FINDINGS

We organized this section in three steps. In the first moment, to understand better the cultural interfaces of a management model, it is important to know the guidelines and policies that are set for the corporation; then, we present the guideline of HRM practices for the Volvo Group. In a second moment, we discuss the adaptations to Brazilian culture and the learning with the passage of time, it is important to notice that Volvo has been working in Brazil since the end of 70's. Finally, we present a comparative HPWS practices from Brazilian and Swedish units of Volvo.

### *Guidelines of Volvo Group HRM practices*

Volvo sets and aligns its management model in the manual "The Volvo Way", where three macro concepts for HRM are established: 1) internal coherence in human resources practices, 2) consistency in HR policies and 3) constancy of purpose. These principles are also thought to measure and deliver HRM results.

*"Our culture is the way we work together with energy, passion, and respect for people. It is related to involvement, open dialogue, and "feedback". Highlights the diversity, teamwork, and leadership. It's the way we create trust, focus on customers and promote change" (The Volvo Way Manual).*

According to the Brazilian HR VP:

*"By this way, the company prints a strong culture based on values and disclosed by all units."*

The main features of this management model highlight fairness, shared decisions, self-managing teams, attractive and above the market average salary and benefits, and close relationship with employees through constant communication and feedback, ensured by company's practices. The shared decisions show up in practices like Performance Analysis Workshops, run after the Climate Survey closing, in which management and employees will jointly compose the Business Plans, to align business and personal goals, which will define the Profit Sharing. Another quite common practice for shared decision is the Plant Committee which discusses and propose improvements in the company processes.

Another example is the self-managing teams or autonomous work groups. Volvo pioneered these groups at its Kamar plant in the early 1970s. The company used work teams with around 20 workers to assemble entire car units, including engine or electrical systems (Lohr, 1987). This practice is still present today in many plants across the world and represents the employees' participation in planning activities and implementing improvements.

According to the Brazilian HR VP, communication processes, that take place at various levels, support the shared decision processes. Communication processes address operational issues, strategic plans, and form values and organizational identity.

*"Using various channels, Volvo addresses that you need to understand how the company makes money and what each employee has to do with it. The company demonstrates perseverance over the decades between its principles, which is well regarded by the employee" (Brazilian HR VP).*

The Volvo Way Manual praises the teamwork and these communication processes:

*"We have decision-making power. We all participate in the goal setting and delivering on commitments. We all contribute toward common business goals, working in teams" (The Volvo Way Manual).*

However, this communication process seems to be different across the regions:

*The process of communication and especially feedback is very different. Swedish hate to be faced, the conflict is not accepted and it is avoided. So, the individual conversations and alignment before the meetings are very important. We call it here alignment in the breakfast room, in an informal way (Executive 5, Sweden).*

The document Volvo Way suggests a sort of collectivist style, which aims to print the self-consciousness of autonomy with accountability. This collectivist style, tempered with justice and fairness, which seems to be a characteristic of Swedish culture and its "welfare state" (Hofstede et al., 2010) also show up in HR practices exported to Brazil. For instance, following Swedish laws, Volvo provides 6 months of maternity leave, while Brazilian law provides 4 months. It also offers home office part-time, flextime and teleworking, practices quite uncommon in Brazil business environment. All these aspects have allowed the company to high employee attractiveness and retention rates, especially in Brazil. As those practices are not common, it seems to reinforce the engagement of employee and their performance, to correspond to company's "generous" benefits.

*"Our turnover indicators, self-managing teams, empowerment in-floor factory has served as a model for other units in the world"(Brazilian HR VP).*

*"The Expertise Centre for Human Resources was a valuable experience for the company, people learned that best practices could be more strategic, but it took much effort to be assimilated in the company mainly due to internal resistances and routine sedimentation" (Executive 1, BR).*

Another interviewee agreed:

*"People have a pride of working at Volvo, this is common to many multinationals, but in Volvo, it is stronger, thus it is quite uncommon for people to leave the company. The compensation is not the determining factor". (Executive 2, BR).*

*“In Sweden, professionals are disputed by a similar level of companies. In Brazil, Volvo has a much more attractive profile”. (Brazilian HR Manager, BR)*

*“There is a great respect for the individual and the collective work. The manager becomes a member of the group in the role of a developer”. (Executive 6, Sweden)*

Then, was possible to conclude that a clear and straight direction can guide a stronger organizational culture that fits for the organizational guiding local perspectives.

As established by Posthuma et al. (2013), the "core" practices considered in this study are: compensation and benefits, job descriptions, training and development, recruitment and selection and employee relations and communications.

In the Table 1, we present the global guideline from Volvo, and how they are applied to Sweden and to Brazil. The practices were analyzed and categorized according to Posthuma et al. (2013):

Table 1– Interview analysis – Practices according to Posthuma et al. 2013.

	<b>GLOBAL POLITICS</b>	<b>BRAZIL</b>	<b>SWEDEN</b>
1. Compensation and Benefits	Attractive remuneration for operational functions and medium-sized and less attractive for executive functions in relation to other sectors (financial, consumer goods)	Equitable remuneration from top to bottom, but more attractive than other companies.	Pay equity, like other companies.
	Compensation between top and bottom is not far. Similar benefits for all functions.	Higher value perception attributed to benefits.	Values perception and soundness of company are most important.
	Compensation to suit local laws and culture (13 salaries Brazil)	Remuneration is above the market average.	In Sweden, it is one more company among many with levels of excellence.
	Company image (practices and values) be more attractive than the remuneration	Climate survey, Performance evaluation based on performance indicators (90%). The company is valued and attractive	The sense of pride in the headquarter is good, but in Brazil is greater
	Clear and objective performance evaluation, measured by indicators (90%) with little subjectivity or judgment of management	The benefits from the company had to support the lack of country structure, such as health and education.	Practices and remuneration are more compared to world level companies.
	Use of a Survey to equalization of wages with standard references and other	Parameter "purchasing power" is important to analyze salary	It takes references with other companies Profit sharing goes up to 50% of salary
	Evaluation with general guidelines, only with regional adaptations	To be a leading company, we analyze a broader context, for example the relationship with unions	The values are considered
	Large benefits for all subsidiaries, allowing adequate for each country	To have a designated car is valued more in Brazil than in Sweden	It is not important to have designated car; the values of company are more valuable.
	General guideline of profit sharing of up to 50% of salary	Profit sharing gave up 10 bonus wages	Follows the guidelines
2. Job and Work	Participative work, not autocratic style, search neutrality	It was assimilated the culture of headquarter, accountability, participative decision	Natural participative culture, not autocratic
	There is autonomy: the levels are clear and only established for budget decisions.	More autonomy because of the headquarter distance	Neutrality and obedience of guidelines
	For other decisions, autonomy is negotiated.	Headquarter monitoring (Improve, Move, Remove)	The culture of accountability is in the Swedish people, not only in Volvo
	Depending on the circumstances there is less autonomy (crisis times)	Brazil has progressed, talk of empowerment today is different there 20 years ago.	The fact of the physical structure is more unity facilitates decision-making and communication

	In meeting just predominating the culture of the company, especially if the leader is Swedish	The implementation of the management model was influenced by the model of Belgium and improved. There are more discussions and less function mobility.	The job rotation is more flexible by company size. Decision making by negotiation.
	Job rotation for improving managerial performance.	In Brazil, it is less permeable traffic between functions.	Job rotation possible
	Job Description is important for all countries.	The name of function is valued. HR professionals originally occupied with more operational aspects and have been evolving for more strategic participation, generating initial resistances	Lower valuation of job titles and positions.
	Wage concept is a global guideline (IPE - International Position Evaluation System).	In Brazil the hierarchical position, securities, number of people is greatly exaggerated	The perception about signs of status is less important.
	Strategic participation of HR Business Partner - responsibilities directly with the business areas	Implemented with some resistance	Proposal planning.
3. Training and Development	Greater emphasis on technical education training	Brazil is a reference in training by improving the corporative programs	Follow the global training
	The environment of a multinational naturally improve people (languages, mobility, independence, internal interaction)	Program "Eye on the future," has only in Brazil, retirement planning. Support for formal education, post, MBA,	It is not necessary to invest in some items, formal education, for example, by the country's stage of development.
	Training programs traditionally more mechanistic, less development activities, increasing every year	In Brazil offers more training by necessity, is complemented with local needs.	Less technical training
	Less focus on Development (long-term, human factor)	Investment in Training that generate more homogeneity	Improving focus on Development
	Many hours of training, more than other local companies, but lower financial value reported by other world-class companies	In Brazil, training stands out for its creativity and flexibility, serving as a reference to other units.	Global Training
4. Recruiting and	General guidelines, vacancies are offered to the world, by computer system	Higher selection criteria by the local attractiveness	Opportunities in the company.
	The criteria and parameters are different in each unit.	Headquarter interference for more participation of women	Less attractive. In Sweden for example. the young man asks, "why work in a company that pollutes"
	Stimulation of the internal career, even in other countries.	Possibility for Career advancement. Imposition for women in leadership positions	The attractiveness is less face the existence of other world-class companies.

	External recruitment to oxygenate and bring new thinking.	Brazil get relevance by the level of competence of professionals, it is exported.	Efficient but traditional performance
	They do not usually seek executive positions in the market	Seeks to internal promotion. Configures good opportunities.	Focus on internal promotion
	It is a company to start at the bottom, a career plan.	Resistance from quota-based promotions	Egalitarianism.
5.Employee Relations	Do work with values and citizenship, leadership by example	Lean Manufacturing is a reference for other units by the commitment that achieved.	Focus on standardization of factories worldwide.
	The practice of values and principles is real and better than in other companies	The infrastructure, for example Viking club, is well seen in other units	The emergence of the Volvo Way
	Emphasis on fairness in relations and aspects of "compliance"	The unit is a reference in results	Close relationship of the local culture, with more natural and less molded
	The shares are close to what is preached, the gap between discourse and practice is lower than in other companies	Partnership with the National Quality Program practices - PNQ	The cultural style is natural according to the national culture.
	Education for citizenship and focus on business	In Brazil remains occasional difficulties in business vision. Mainly involving unions.	Have business vision is more natural
6.Communication	Open and transparent communication	In Brazil people talk less openly	In Sweden, things are less questioned "it is to do, we will do"
	The practice of communication is consistent, "the principle that people are good and reliable"	Reinforcing necessities communicating with newspapers and magazines, involving family.	Take responsibility in natural. Difficult to understand the dynamics of communication in Brazil due to sharing of interdepartmental responsibilities
	Financial and strategic information shared	Are used communication by the leaders, with guides for clarifying the information	Transparent Communication
	Importance of feeling comfortable talking with superior	Factory Commission engages in communications	Not mentioned
	Exchange between managers of various global plans for information sharing and exchange of expertise purposes	Emphasis on new technologies like Watts App	Not mentioned
	The level of education makes a person more willing to question anything	In Brazil you must talk, must involve family	Good level of communication and transparency

Source: The authors.

The analysis based on Volvo's HRM system showed that the more common practices pointed by Posthuma et al, (2013), "decentralized and participative decisions", "training extensiveness" and "pay for performance" were used and took contributions on organizational routine. Moreover, the most cross-cultural practices "pay for performance" and "job rotation/cross functional utilization" almost did not need adaptation. "Pay for performance" and "job rotation" were more suitable, however, the practice that needed higher cultural adaptation was decentralized and participative decisions, that took time to be understood and utilized.

The managers needed additional tools and channels for effective communication. Invest in the process for involving people it was an important phase and left good results for both, company, and individuals.

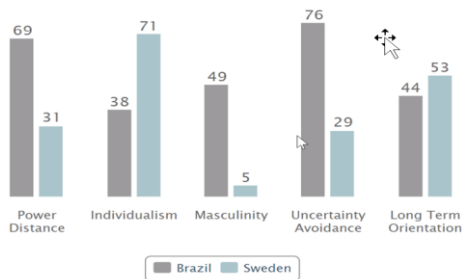
#### *Adaptations to Brazilian culture and the learning with the passage of time*

For Volvo's managers, learning that the Swedish practices need to be revised for the Brazilian reality became evident with the passage of time. Some cultural adaptations needed to be considered. Routine actions in Sweden were implemented in the same way in Brazil in the beginning, around the 1980s. For example, the employee does not need to request for photocopying, telephone calls, office supplies or run his own need for overtime. The principle was to use "freedom with responsibility". However, in some parts of the company this liberality lead to abuses and misuse of resources. So, contrary to its "natural instincts" (to avoid conflicts), the company had to lay off and cut costs aggressively. "Cost reduction actions were seriously taken then", said the Brazilian HR VP.

Another kind of "abuse", according to HR VP, is the strikes. The company is well known for paying bonuses to all employees according to firm's performance and in an equalitarian way. For instance, in 2013, when the company in Brazil had good results, the bonus represented to a factory floor employee around ten times his/her monthly wage – and roughly two monthly pay to an executive. In 2014, with a crisis in Brazil, the bonus decreased sharply, according to the established formula. Insufflated by Union, there was a strike – which much employees did not agree, but had no alternative but to accept, because the union blocked the gates of the company. After three weeks, the company did not change its proposal, many employees decided to break through the union's barriers, and the strike was over. As the HR VP put it, "it is a kind of strike that is not common in Sweden!".

These differences are explained by Hofstede (1997; <https://geert-hofstede.com>, 17/4/2017), applying the dimensions to Brazil and Sweden, represented in the Graphic 1, help to interpret those results.

Graphic 1: Comparison between Brazil and Sweden according to Hofstede dimensions



Source: <https://geert-hofstede.com/brazil.html>

i) Power distance: Brazil score 69, reflects a society that believes hierarchy should be respected and inequalities amongst people are acceptable. Sweden score 31, power is decentralized and managers count on the experience of their team members. Swedish style: equal rights, superiors accessible and coaching leader;

ii) Individualism: Brazil score 38, people from birth onwards are integrated into strong, cohesive groups which continues protecting its members in exchange for loyalty. Sweden score 71, there is a high preference for a loosely-knit social framework in which individuals are expected to take care of themselves and their immediate families only;

iii) Masculinity: Brazil score 49, very intermediate, the fundamental issue is what motivates people, wanting to be the best (masculine) or liking what you do (feminine). Sweden score 05, high feminine, the dominant values in society are caring for others and quality of life. A Feminine society is one where quality of life is the sign of success and standing out from the crowd is not admirable;

iv) Uncertainty avoidance: Brazil score 76, shows a strong need for rules and elaborate legal systems in order to structure life. Sweden score 29, maintain a more relaxed attitude in which practice counts more than principles and deviance from the norm is more easily tolerated; and finally,

v) Long term orientation: this dimension describes how every society must maintain some links with its own past while dealing with the challenges of the present and future, and societies

prioritize these two existential goals differently. At 44, Brazil scores as intermediate in this dimension, while Sweden (score 53) is seen to not express a clear preference on this dimension.

A difference between cultures appears in the way people see the hierarchy (power distance). People are used to obeying authority in Brazil and do not feel comfortable to question it openly to present their viewpoint. Then, it is common that managers use their power to make things happen.

*“In Brazil, the hierarchy is most valued, people are less questioning and not openly say what they think. Fear of losing their jobs also shows difficulty in power relations”. (Executive 3 BR).*

It seems to be different in Sweden.

*“In my experience here in Sweden, expatriates’ managers who use a more hierarchical culture find it difficult to manage their team. In a discussion, everyone should be heard and shared decision, seeking consensus. When this happens, not often seen as professionals committed to the quality of the result. On the other hand, decision unilaterally by the manager can hardly be implemented successfully”. (Executive 5, SW)*

With the objective to show the cultural dimensions of Hofstede (1980) following our findings with the adjustments that were necessary, we created the Figure 02.

Figure 02 - Dimensions and cultural adaptations for Brazil

Dimension	Requirements that needed adjustment in Brazil
<b>Power distance</b>	The hierarchical and relatively submissive culture of Brazil demanded more investment in skills of leadership, strengthening the organizational values through communication tools aimed at forming responsible citizenship and autonomy. The Brazilian still likes to cultivate status icons, reinforcing the power distance, in contrast to a more egalitarian organizational culture Swedish.
<b>Uncertainty Avoidance</b>	The changes require more effort to be deployed in the unity of Brazil. Demand more time to convince and engage people and requires greater oversight of the steps of the projects, honing the adhesion of people. However, when the adhesion generated commitment is greater than in other plants.
<b>Individualism x Collectivism</b>	The collectivist culture of Swedish is not yet fully assimilated in the actions of the unity of Brazil. Awareness actions, feedback and Development Plan seek to expand this aspect.
<b>Masculinity x Femininity</b>	Brazil has more assertiveness traits and acts to the "things" (masculinity), in the opposite of the quality of life vision of Swedish (femininity).
<b>Long-term x Short-term Orientation</b>	The short-term view of Brazil is still noticeable in union negotiations, organizational routines, and immediate benefits, Swedish considers a more wide and extensive thought.

Source: The authors.

Other research has shown that there are even cultural differences within the country. Hofstede et al. (2010) investigated the cultural aspects in the five Brazilian regions relating

them to the business context. Found variations as the level of wealth of each region, the culture of society is hierarchically structured; aspects of individualism and masculinity obtained balanced scores. However, the South was considered oriented achievement and the "more masculine", while the Northeast region to "less masculine", more hierarchical and more "care" the opposite of "achievement" of the South.

The selection and maintenance of people contribute to smooth the implementation of the cultural aspects. Despite the company to maintain constant update on management, it was noticed that there is a global homogenization that makes practices can be applied in other countries without so much trouble, beyond the maturity of the business in the subsidiaries and the maturity of the business environment.

The cross-cultural adaptation can be analyzed under the following areas: *i)* the cultural difference itself: personal characteristics, self-reliance, individualistic tendencies and even a certain opportunism needed to be molded to the corporate culture; *ii)* legislation differences: they tend to influence the compensation programs, for example; *iii)* labor relations: adjustments from union panoramas, business vision, freedom, responsibility need to be aligned; *iv)* differences in business maturity: time and allowed learning experience that were used to align the culture, including generating extrapolated results in some cases; *v)* differences in local business maturity: the attractiveness of the company contributes for selecting, maintain and align individuals to the corporate culture. The experience allows forming hand labor in the desired characteristics.

Finally, among the aspects that overlapped local cultures, once assumed to be pillars defended by organizational strategy, can be highlighted: fairness in relations; autonomy in decision-making; self-managed teams; formation of values, citizenship; and, culture molding. We found a strong culture, values linked to the country of origin, reflected in "The Volvo Way" that overlapped the local culture.

#### *The Volvo HPWS practices in Brazil and Sweden units*

HPWS are practices which could improve organizational performance. Many studies explore quantitatively its impacts on different variables but the qualitative approach was not used sufficiently for understanding how such practices are implemented. The cultural variables could impact on HPWS, but how does the influence works should be better understood.

Putting it all together, it is possible to suggest that cross-cultural studies on HPWS, need to consider the practice's vision because different cultures can assign different meaning to what is considered best. As established by the taxonomy Posthuma *et al* (2013), the "core" practices considered in this study are: job descriptions, recruitment and selection, training and development, compensation and benefits, and employee relations and communications.

In Figure 03 we propose some topics that must be considered when trying to apply those practices in HPWS cross-cultural studies.

Figure 03 – Requirements adaptations - Core practices of Posthuma *et al* (2013).

Practices	Requirements that needed adjustment in Brazil
<b>Pay for performance</b>	The criteria for profit sharing needed clarity and objective metrics. The cost reduction target needed further guidance and constant clarification.
<b>Formal Appraisal for Pay</b>	Feedback and formal evaluation systems were assimilated, but needed the communication processes of support to demonstrate transparency and fairness
<b>External Pay equity and competitiveness</b>	In Brazil, the factory is more attractive than in Sweden and pays more than the local market. Internally there is equity in salary levels.
<b>Incentive Compensation</b>	Incentives that are valued in Brazil are different than those of Sweden, which is why the benefits package is adapted locally.
<b>Profit or Gain sharing</b>	The profit-sharing plan is linked to the individual, departmental and organizational performance. The assimilation of this concept needed to be more worked in Brazil and could strengthen with the National Quality Award.
<b>Decentralized Participative decisions</b>	Work freely and responsibly ordered the Brazilian a learning decades, different from natural Swedish profile. Self-managed teams, works council, required training, and monitoring to achieve results as objectified and are today model.
<b>Job Rotation/Cross Functional Utilization</b>	Did not require broader adjustments
<b>Training Extensiveness</b>	Awareness training and internalization of organizational values needed more reinforcements in Brazil.
<b>Use of training to improve performance</b>	Functional and operational training obtained results higher than expected
<b>Training for job or Firm Specific skills</b>	Leadership preparation program gets the same return in Sweden
<b>Hiring Selectivity or Low Selection Ratio</b>	The hiring levels are equivalent to those of other units, but the attraction and retention in Brazil are higher.
<b>Specific and explicit Hiring Criteria</b>	By attracting more labor-skilled workers, the selection criteria in Brazil are more demanding.
<b>Job Security /Emphasis on Permanent Jobs</b>	Stability in the company is a tradition in Brazil, programs for preparation for retirement are performed.
<b>Formal information sharing program</b>	In Brazil, the communication required approach of adjustments and additional channels reinforcement.

Source: the authors.

Notwithstanding, besides nuances in use and interpretation of what is considered a HPWS in both countries, we notice that in this case, as the company has such a strong culture and emphasize it through its processes and tools all over the world, the culture itself functions to

homogenize, so HR practices have similar appeal in different countries. In other words, organizational practices (which includes HR practices) reinforces the attraction of people with value identity with the company; moreover, as the company is perceived a “great place to work” it can choose carefully people they want to hire. Then the HPWS functions as a reinforcement mechanism, as it is applied to people who already values them.

## CONCLUSION

Answering our research questions, we noticed that applying HPWS in different cultural contexts its necessary looking for the ‘integration’ between host and parental countries. In this case, the HPWS were implemented using local adaptation regarding as legal aspects but always by negotiating with leaders. The Factory Committee was an action which diminish the power distance and it was well accepted by employees. The egalitarianism on making decisions and good communication process allow decrease uncertainty avoidance.

In terms of the adaptation of HPWS with Hofstede cultural dimensions, its explicit that openness to adaptations may allow better adherence of the organizational culture and, in return, improvements, and propositions for the headquarter and other units. The main cultural adaptations in this study were on Individualism X Collectivism and Short term vision x Long Term Vision dimensions. As the company hold a strong organizational culture, dimension like Power Distance, Uncertainty Avoidance and Masculinity and Femininity were diluted on company practices.

We also highlight the valorization of local cultural perspectives allowed the advances and innovations developed in Brazil to be applied in other countries. Initiatives such as the Viking Association and the Retirement Program were well seen in other units.

In sum up, we can draw from this study, to be analyzed further in future research, is that companies with strong culture may have little need to adapt its core HR practices as they are applied to people with similar cultural standards, even living in countries that are far away each other. We suggest for further research to check these aspects in other cultures or other industries, especially to verify if companies with strong culture can adopt similar practices in different regions. Another possibility is also to check units of the same company showing very different

results. In these cases, it would be interesting to compare the use they do of HPWS practices and to ascertain if cultural difference is overriding to affect organizational results.

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