

**An “Emerging Challenge”: The Employment Practices of a Brazilian Multinational  
Company in Canada**

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## **Abstract**

Although the literature in international human resource management has developed greatly over recent years, our understanding of the dynamics of the transfer of HR practices in MNCs from emerging economies with subsidiaries in advanced economies is found wanting. This study addresses this gap in our knowledge by investigating the transfer of employment policies of a Brazilian MNC to its Canadian subsidiaries. It examines interrelated questions about the influence of an emerging-economy parent-business-system and how this interacts with the well-developed institutional regulation of the host in a context of complex relations of dependence and dominance. Our prior expectation that the MNC would have had to adapt its policies to the ‘Canadian way’ was not borne out by the evidence. Instead the Brazilian MNC was found to be adept at capturing significant components of the host country’s institutional setting in a manner which gave it the space to determine the ‘rules’ for its own advantage. That it was able to do so was, in large part, shaped by the market context of the firm and by Canada’s dependence on foreign investment and, in turn, by the political relations of dependence which such reliance engendered. Broader lessons from the case analysis are offered.

## **Keywords**

Multinational companies (MNCs), international human resources management (HRM), emerging economies, hierarchical market economies, Brazil, Canada, international business

## Introduction

The study of employment relations policies and practices in multinational companies (MNCs) has focused in the main on companies from, and with operations in, developed economies. This vast and complex literature has emphasised three broadly defined influences: the role of institutions in the home and host country; the political relationship between actors at different levels in the company; and the role of market influences, particularly in the form of management ‘best practices’. Increasingly scholars have come to realise that rarely does one influence trump all others but that, more often than not, the various influences can be seen to act in consort. However, the extent to which such influences might be said to provide a theoretical purchase on explaining the practices of MNCs from developing or emerging economies has rarely been considered in the literature to date. There have been some studies of MNCs with operations in China and in Eastern Europe, but here again the focus has been on the extent to which the employment practices of MNCs from developed economies have been transferred and *received* in their new host environments (Gamble, 2003; Tung and Worm, 2001; Meardi and Tóth, 2006). Those rare studies which have looked at MNCs from developing economies with subsidiaries in advanced developed economies would suggest, at least in the case of Chinese MNCs, that they have tended to expand overseas by acquisition and that they have been able to ‘capture’ and assimilate new practices into the wider company (e.g. Rui and Yip, 2008). However, despite these advances in the literature, there remain, as one of the leading scholars in this area has stressed, ‘major gaps’ (Ferner 2009).

In this paper we seek to correct for this gap by examining the case of a very large MNC from a parent country – Brazil – which lies outside the narrow range of home countries usually studied and which recently had acquired very significant operations in an advanced economy, Canada. The case company, MiningCo, acquired the iconic indigenously-owned nickel process mining company, NickelCo, in 2006.<sup>1</sup> We focus in particular on the HQ’s

attempt to recast the subsidiaries' reward and performance management systems. A series of key orientating questions are asked: what influences, if any, might be traced back to the company's parent country and national business system (NBS)? Might any particular 'dominance effects' be evident which might arise from the MNC's leading position in the mining industry and, in turn, from it possessing the economic resources to insist that local actors acquiesce to its will. Or rather might it be that the adopted practices are 'sourced' from elsewhere perhaps from a 'dominant' or 'hegemonic' economy (Smith and Meiksins, 1995), such as the US and, in which case, management might lay claim to their being appropriate practices for adoption? Or could it be that the transfer of practices will be influenced to a greater extent by the 'dominance' of the host country's institutional setting vis-à-vis the *incoming* MNC whose NBS is, by contrast, institutionally less well-developed? If that was to be the case, we might then expect that the host country's institutions would bestow particular power resources upon the subsidiary's workforce such that it would be enabled to resist or re-shape the policy preferences of the MNC? Of course, the empirical reality is likely to be far more complex and the institutional resources of local actors may in practice be highly differentiated. Thus, the Canadian workforce's access to power resources may vary depending on particular institutional configurations and the shape and formation of political alliances. Thus, any easy assumption that a host country's institutional resources are the inevitable property of the local subsidiary and its workforce may be problematic.

The article is structured as follows. We turn first to provide a brief review of the main theoretical perspectives in the literature which is followed by a portrayal of the Brazilian and Canadian NBSs in an effort to identify an appropriate analytical framework for examining the study's empirical evidence. This is then followed by an explanation of the study's methodology before presenting the study's principal findings. The discussion section seeks to account for the major influences shaping the adoption of the HR practices in the MNC's

Canadian subsidiaries and provides a series of conclusions which represent the paper's principal contributions to the literature.

## **Literature Review**

We identify three broad theoretical perspectives which have been used widely in the international HRM literature; they are the institutionalist, political and market-based perspectives. Institutionalism might be said to contain two broad streams. Comparative institutionalism focuses on the interaction of home and host country institutional systems, while neo-institutionalism gives emphasis to institutional duality, that is the conflicting pressures for isomorphism from on the one hand the host, but on the other hand the parent company (Ferner and Tempel, 2006; Kostova, 1999).

In broad terms, the institutional perspective conceives of MNCs as being 'rooted in' their country-of-origin, or more specifically their NBS from which they derive particular institutional traits which they then export when they move abroad to establish new operations (Ferner, 1997). Such traits, which might be exhibited in the form of distinct capabilities or styles of management, are seen to be derived either from 'hard' institutional or regulative structures or from 'softer' cognitive or normative understandings as to that which might be considered appropriate managerial behaviours (Kostova, 1999; Edwards and Kuruville, 2005; Hayden and Edwards, 2001; Whitley, 1999). In Hall and Soskice's (2001) words, institutions can be perceived as "rules" which companies "generally follow", but such "rules", we might emphasize, are derived both from formal and informal institutions that have evolved over long periods to inform particular styles of management.

While the international transfer of employment practices may be relatively straightforward between countries of broadly comparable institutional settings, in cases where there is considerable "institutional distance" between countries' institutional regimes, as highlighted, for example, in the work of Kostova (1999) and Kostova and Roth (2002), the

matter may be far more complex and be prone to tension and conflict. It is not that such distance may necessarily prohibit the MNC from implementing its preferred practices but any desired “attitudinal” adjustment in the host workforce’s behaviours may be partial or superficial (Kostova and Roth, 2002).

The ‘political perspective’ is often found in tandem with the institutional perspective, certainly in its older guise, although less so in the work of neo-institutionalists such as Kostova (see Ferner et al.’s 2012 critique). The political perspective draws our attention to the manner in which various institutional resources may be marshalled and used by actors in the defence, or in the promotion, of their interests (Edwards et al., 2007; Edwards et al., 2010). Thus, for example, a subsidiary’s workforce may seek to have certain employment practices respected and adhered to on the basis that they are legally required or that is simply the ‘way things are done here’ and, in which case, they may seek to mobilise their collective resources, perhaps through a trade union, to defend such norms. By such means a local workforce is seen to use its bargaining power to deflect, avoid, negotiate or challenge what is proposed by the MNC’s management (Ferner et al., 2012). The transfer of employment practices from corporate headquarters to a subsidiary is, therefore, not solely the outcome of some ‘rational’ decision-making process where given practices are deemed to be appropriate or the ‘best’, but is rather the consequence of “the interplay of interests and the possession and deployment of power resources by a variety of actors” (Ferner and Tempel, 2006: 31).

For their part, MNCs may have enormous resources to draw upon which might be used either to directly compel a local subsidiary’s workforce to adapt and conform to the company’s HR practices or which could be deployed to remould or resist particular institutional constraints within the host economy (Almond and Ferner, 2006). There is a range of formal and informal mechanisms of control available to MNCs (Child, 1984). Subsidiaries’ employees and performance might be monitored by a series of personal and

bureaucratic control procedures such as through personal inspection or through specified procedures and rules. Both forms may operate in tandem. Ferner (2000), for example, has argued that the operation of bureaucratic control depends frequently on a clear shared understanding of tacit rules-of-the-game and consequently upon personal forms of control. In this way, the use of formal and informal mechanisms of control may interweave to aid the HQ to better impose their will and neutralise any potential resistance emanating from local actors. But as warranted as it is to highlight the differences in managements' and workers' interests, it also deserves emphasis that their interests overlap and are shared. Hence, the value of Edwards and Bélanger's (2009: 200) use of the concept of the 'contested terrain': while actors may have distinct sets of interests they can be expected to relate in complex and contradictory ways. Similarly, that which is deemed to be worth defending or pursuing may change over time as does actors' ability to marshal and use power resources both within and without the firm to good effect: hence terrains of contest can be expected to be multiple and shifting. Morgan (2011), too, has emphasized that the shape of the contested terrain might also be understood in the context of the wider macro-political setting. Thus issues such as the size of the MNC, the nature of the industry, the distribution of assets and employment, and the degree of the dependency of the host country can be expected to be important features of the macro-political terrain of the MNC.

The market-based perspective's starting point is that firms face severe competitive pressures, and, in an effort to retain or attain international competitive advantage, they seek out innovative 'best practices' which are then shared with or imposed upon their international subsidiaries (Taylor et al., 1996). A variety of managerial processes, including relatively unobtrusive measures like 'benchmarking' and 'learning networks' as well as more overt tools such as the use of 'coercive comparisons' where underperformance in one subsidiary leads to it being forced to adopt the best practices of better performing subsidiaries, might be

used for such purposes (Coller, 1996). Very often such ‘best practices’ are deemed to be ‘best’ by their association with leading companies, consultancy firms or business schools in hegemonic or dominant NBSs (Smith and Meiksins, 1995; Kipping and Wright, 2012; Pudelko and Harzing, 2007). In turn, the emulation of ‘best practices’ is likely to occur particularly in MNCs which originate in ‘lesser’ or subordinate NBSs where specialised managerial competencies may be lacking (Elger and Smith, 2006; Pudelko and Harzing, 2007; Edwards et al., 2010).

While Smith and Meiksins (1995) associate the presence of a ‘dominance effect’ with a particular ‘dominant’ country, Royle (2004; 2006) observes that a dominant MNC may come to exercise a pattern-making role within a given sector. Thus he found that, as McDonalds came to introduce alien practices in its outlets in Italy, German and Spain, they were soon mimicked by other indigenously-owned fast food retailers. By such means, McDonalds was identified as a vector for emasculating elements of countries’ industrial relations systems and for the cross-national convergence of employment practices within its sector.

Although the three perspectives outlined here are derived, in the main, from studies of MNCs from mature advanced economies, and each in turn has certain limitations, we are of the view that, if adopted, as a part integrated approach where the emphasis is placed on deriving an understanding of the interrelationships between markets and institutions and the material interests of the various actors, considerable analytical purchase may be obtained (Edwards et al., 2007). And in that exercise we were aware that the matter of tracing the combined effects of varying institutional influences, derived from highly differentiated home and host institutional environments, in a complex context of economic dependence and power relations is inordinately difficult to unravel and requires very careful scrutiny. To begin our analysis we turn next to examine particular features of the Brazilian and Canadian



institutional contexts in an effort to adequately conceptualise the nature of the research problem.

### **Institutional particularities: the cases of Brazil and Canada**

While it has become common practice to classify economies' NBSs as being either liberal or co-ordinated on the basis of the co-ordinating capacity or restraining influence of their business and labour market institutions (Hall and Soskice 2001), any such easy classification has limited resonance for an emerging economy such as Brazil. We rely instead on Schneider's (2009) analysis of the distinctive institutional foundations of business systems in Latin America which he identifies as constituting hierarchical market economies (HMEs) and into which Brazil fits well. HMEs are characterised by the dominance of diversified business groups; the significant presence of MNCs, especially of US origin; the lack of investment in education, training and skill development; and the weak position of organised labour. Overlapping each of these elements is the pervasive presence of hierarchical relations where employers determine – often unilaterally – patterns of work organisation and the nature and extent of job training; further, grievance and employee voice mechanisms are weak or absent.

Brazil has two parallel labour markets: one formal and highly regulated, the other poorly regulated wherein workers lie outside the protections normally afforded by employment law. Four out every ten workers work in the informal market and on average they have been in formal education for only 6.4 years (Gondim et al., 2005; Ministério da Educação, 2007). Unions are weak and fragmented. It is estimated that there are 8,596 unions, 24 union confederations and 316 federations (Ministério do Trabalho e Emprego, 2009). While union density is reported to be relatively high in some sectors such as the public sector and in banking (about 27 per cent), elsewhere it is considerably lower, and is perhaps as low as 17 per cent when all employees are included. Unions have found it very difficult to gain recognition from employers (Cardoso and Gindin, 2009). The vast bulk of unions are

perceived to be largely ineffective in representing workers' interests; collective agreements, where they exist, generally cover working hours and wages, but rarely extend to the organisation of work (Carvalho Neto, 2003; Bridi et al., 2007).

For Schneider (2009) a long tradition of state intervention in labour markets has encouraged employers to pursue their interests directly with the state rather than engaging in bilateral negotiations with unions. The structure of company ownership, where many large companies remain in family ownership, together with the presence of large diversified companies where shareholding is often highly concentrated, is seen to be conducive to the centralisation of control. Critically, too, the presence of a small number of very large companies, which account for a very significant proportion of a country's economic activity, and which dominate their given sectors, is seen to give rise to unequal relations – “imbued with a hint of coercive hierarchy” – with competitors, clients and suppliers (Schneider, 2009: 8). Schneider further argues that the pervasive presence and reach of hierarchies has locked Latin American countries, including Brazil, into a particular pattern of institutional development in which hierarchy has come to constitute the “default preference” for the state and business elites, and from which it is difficult for the parties to extricate themselves.

Brazilian scholars attribute the presence of a hierarchical and authoritarian ‘style of management’ to Brazil’s experience of slavery, the early formation of an elite class, the persistence of a highly class structured society, and the rise of ‘bureaucratic authoritarianism’ during the period of military rule from the 1960s to the 1980s (Carvalho Neto, 2003; Ribeiro, 1995). However, local scholars also concede that this style of management has been tempered in recent years, particularly within large well-resourced Brazilian companies which possess the means to import management ‘best practice’, either by having their management trained in leading international business schools or by availing of the expertise of leading US-based management consultancy firms (Chu and Wood, 2008).

Canada is a mature well-developed western economy and is often classified, if somewhat uneasily, within the LME group of capitalist economies. It possesses a strong state which has overseen the development of a relatively dense web of legislation – both federal and provincial – covering labour relations and employment standards (Puri, 2009). Union density is relatively high (30 per cent) and in some sectors, such as mining, unions are well-organised and relatively powerful. Relations between employers and unions have traditionally been adversarial and acrimonious, and while unions often exert considerable influence over the wage-effort bargain through collective bargaining, management rights in respect of the implementation of organisational changes are generally well-established and earnestly defended (Godard, 2009). Collective bargaining is generally conducted at a decentralised level and is supported by a complex infrastructure of conciliation and mediation. The US-based United Steelworkers Union (USW) organises workers in the mining industry. It is the largest private sector union in North America, accounting for 1.2 million members, and is widely seen in Canada to be imbued with a tradition of militancy. However, over the last twenty-five years unionisation rates in the industry have dropped from 48 per cent to 24 per cent (MiR, 2010).

As a result of such – ostensibly at least – stark differences in the two countries' institutions and traditions of employment relations, we did not expect, a priori, to witness the *direct* transfer of indigenous employment practices from Brazil to Canada. Rather we thought it more likely that any transferred practices would be of a different origin, conceivably from the US, but that the manner of their introduction and implementation would bear a distinct Brazilian inflection; that is, they would be introduced – or such an attempt would be made to have them introduced – in a unilateralist and dogged fashion. As such, we expected to observe three particular *nationality* effects; one American, one Brazilian, and the other Canadian. That is, we anticipated in advance that MiningCo's corporate HQ would seek to

import ‘best practices’ derived from the US, but that this, together with a Brazilian style of management, would confront a countervailing influence, that of the host country’s institutions and norms which in reply would generate particular isomorphic pressures on the company’s Brazilian management to adapt their preferred employment policies to local Canadian practice and traditions. As such, we did not expect parent nationality to trump other influences and certainly not those of a country with mature labour market institutions and in an industry where union organisation and local community identification with unions was likely to be a strong influence.

However, we were also aware that the interaction of these various effects was convened in a context of a complex web of relations of dominance both at a global and sectoral level. That is, Brazil is a major emerging economy and MiningCo is, by any standard, a ‘global player’ (described further in the method section below). In contrast, Canada is a relatively modest-sized economy, which relies significantly on foreign-direct investment for the development of its mining industry. The period of 2005-2008 was particularly significant with Canadian mining and steel industries undergoing major restructuring as indigenous companies came to merge with, or be acquired by, foreign-owned companies (Statistic Canada, 2012; MAC, 2012). Currently, most of the largest smelters and refineries in the country are owned by foreign enterprises which together account for around \$60 billion in investment annually (MAC, 2011).

In such a context, any a priori assumption that there might exist ‘clear blue water’ between the respective influences of the ‘national business systems’ of Brazil and Canada would need to be re-calibrated. That is, the assumption that a robust and integrated Canadian NBS would be strong and settled enough to block alien practices imported by a Brazilian MNC seemed unlikely in a context where Canadians – workers, communities and the state – had come to rely to a very considerable degree on foreign investment for the exploitation of

their natural resources and for employment creation. The matter, of course, is complicated by MiningCo's mode-of-entry into Canada – by acquisition of a large long-established indigenous company deeply rooted in its native institutional context – which conceivably sets up a conflict between an 'old' Canadian and a 'new' Brazilian culture. Echoing Edwards and Bélanger (2009), the terrain of conflict and compromise is, therefore, likely to be multiple, indeterminate and contested.

In sum, then, we expected to witness some hybridisation of practices, although in the round we still anticipated to observe a greater Canadian *accent* in that MiningCo's policies would have lent more heavily towards host country practices than parent country or hegemonic-country practices. We also expected to witness some tension and conflict such that any policies would have been adapted *iteratively* – as one party came to understand and appreciate both the other's preferences and power resources – and *creatively* in a manner which would have permitted some negotiation and compromise.

## **Method**

The objective of the present paper is to understand as yet a relatively under-explored phenomenon: the influence of an emerging economy parent business system and its interaction with the well-developed institutional regulation of a host country in matters of employment practice. To this end, we opted to undertake an in-depth case-study analysis of a Brazilian MNC's subsidiary operations in Canada.

Brazil was chosen as a country of origin for two reasons: first, to reiterate, it is a large and important emerging economy (the seventh largest in the world); and second, it is a strong example of a hierarchical market economy, as described above. The case study company, MiningCo, is a large Brazilian MNC which has grown exponentially in the past twenty years to become one of the largest mining companies in the world. It is a former state-owned company which was privatised in the late 1990s. It employs close to 150,000 workers and has

direct investments in 38 countries. Its controlling group is composed primarily of Brazilian nationals as is its board of directors. The vast bulk of its workers are Brazilian (80 per cent) and 60 per cent of its assets are located in Brazil. It might be objected, however, that MiningCo is not a *typical* Brazilian MNC: first, it is a former state-owned enterprise with – one might expect – a distinctive state enterprise heritage, and second it is a natural resources firm. While the latter may have some implications for the study’s ability to generalise to other economic sectors, and we will return to this in the paper’s conclusion, the former need not disqualify the company for consideration. We argue that it provides a clear conceptual benefit, in that MiningCo’s state enterprise heritage usefully serves to magnify the impact of Brazil’s hierarchical centralist business culture, and, as such, serves as a suitable proving ground for an assessment of the nature and consequence of ‘Brazilian’ influences. We thus submit that MiningCo is ‘a case of’ a Brazilian MNC.

Canada was chosen as a case host country because it is widely classified in the international literature as a mature liberal market economy. In recent decades it has become increasingly dependent on foreign-owned firms for the exploitation of its natural resources. At this latter level, the ‘case’ is seen as ‘typical’ of a trend – the internationalisation of a major industrial sector by a foreign company.

In examining MiningCo’s employment policies in Canada we focus on its rewards management system. This is often thought to be a critical area of HRM where corporate management are often advised to be “culturally sensitive” (Schuler and Rogocsky, 1998); that is, to adapt their policies to suit local traditions and norms. Certainly, the research evidence to date across different institutional settings would suggest that local isomorphic pressures are particularly pronounced with respect to this area of HRM. For instance, Liberman and Torbiörn (2000) case study of a MNC found that, despite management’s efforts to transfer a standardised performance management systems across the various European subsidiaries,

there were significant variations in local practice. The same has been found even in instances where MNCs from mature developed economies move to emerging economies such as China (Lindholm, 1999).

In sum, the study's 'case' is conceived of in the following terms. It is first a study of a Brazilian MNC: the company originates in Brazil, is based in Brazil, remains for the greater part Brazilian-owned and is Brazilian managed. It operates primarily in the natural resources sector, in which it occupies a major presence internationally. It has expanded overseas by acquisition and by establishing new operations. It is a major employer in many of its host economies, including Canada. Thus, the case company is conceived of as a "strong Brazilian firm" or as the "dominant" player in its sector in the sense as thought of by Royle (2006). The study is concerned to examine how such a "strong Brazilian firm" seeks to manage the recasting of its rewards management system in its subsidiaries in a country – Canada – whose business system is of some considerable "institutional distance" from that of Brazil's. At this level, the study is conceived of as an examination of the interaction of an emerging economy's parent business system with the regulatory institutions of a well-developed mature liberal market economy. However to reiterate, the matter cannot be conceived of in purely institutional terms. First, the interaction of two business systems takes place in a context of complex political relations wherein an institutionally mature host country is dependent on the investment of a major foreign investor. Second, the case company did acquire, as we will examine further below, the expertise of foreign consultancy firms in a bid to adopt managerial 'best practices'. Such "substitution" for institutional deficits in the parent country's business system thus admits to the potential absorption of US hegemonic management practices. By such means, a particular parent country business system effect – that of a hierarchical centralism – might come to be interwoven with hegemonic US 'best practice'. In brief, then, the study is an examination of a case of the transfer of a distinctive

‘emerging’ parent-country management style braided with hegemonic – US-derived – ‘best practice’ in a complex context of relations of dominance and dependence.

#### *Data collection and analysis*

The data are derived from in-depth semi-structured interviews, documentary sources, and direct observation. Twenty-eight interviews were conducted between July 2009 and August 2010. These were supplemented by e-mail communication and telephone interviews with two respondents in January 2013 of one hour duration each. Excluding these and three other interviewees who refused to allow their views to be recorded, all other interviews were recorded providing in total over nineteen hours of tape recording. The interviews were later transcribed. At the Brazilian headquarters, the global HR Director, three global HR managers, two senior managers in international training and rewards, two managers involved in international workforce planning, one manager in the international remuneration position, two managers responsible for global mobility, and the industrial relations director were interviewed. A former HR Director was also interviewed. Three trade union directors representing the three main Brazilian central unions – Central Única dos Trabalhadores, Força Sindical, and União Geral Trabalhadores – were also interviewed with respect to their views of MiningCo’s employment policies both at home and abroad, and particularly in respect of developments in the Canadian subsidiaries.

In Canada, interviews were conducted with two Brazilian expatriates (one senior finance manager and one HR manager), and nine Canadian managers (three HR managers, one corporate affairs director, one strategic director, one training manager, one recruitment manager, and two compensation managers). Among the nine Canadians interviewed, three managers had been working for the former company, NickelCo, before its takeover by MiningCo. These three interviewees were key informants since they were able to highlight any differences between MiningCo’s and NickelCo’s style of management and HR practices.



One senior trade union official, who was in charge of the strike (described in the empirical findings below), was interviewed at the USW union headquarters in Toronto. Interviews with Brazilian interviewees were conducted in Portuguese and with Canadians in English.<sup>2</sup>

The documentary sources included: 69 company annual reports from 1942 to 2010, the company's website, sixteen papers about MiningCo presented at the *Encontro Nacional de Programas do Pós- Graduação em Administração* from 1995 to 2009; seven books recording the company's history, and a documentary film. The latter provided important information on the way the company was managed under state ownership as well as its subsequent privatisation. Print media sources were also analysed, including 1,144 articles about the company which appeared between 1968 and 2010 in *Veja* (a weekly Brazilian magazine) and 3,579 articles from the period 1994 to 2010 in *Folha de São Paulo* (probably Brazil's most highly-regarded daily newspaper). A further 1,140 articles in the *Toronto Star Newspaper's* archives from 1985 to 2010 were reviewed. Other secondary data sources examined in Canada included the USW website as well as various websites' news reports and videos of the strike action from October 2009 to August 2010. These sources were particularly useful in our analysis of the manner in which MiningCo's policies and style of management were understood by the workforce and the union as well as providing details on the actions undertaken by the striking workers.

The documents, interviews, articles, and videos were transcribed and transposed into a computer file to help undertake a deductive content analysis of the data contained therein. No computer-aided software was used for analysing the interview data, principally because the study was conducted in two different languages, Portuguese and English. Translating the interviews and secondary data into a second language would increase the likelihood of incorrect translation and misinterpretation. Instead, a qualitative form of content analysis was conducted (Krippendorff, 2004). The basic unit of analysis chosen was the sentence related

by key words grouped as categories to produce a ‘cluster’. Three aggregate dimensions were identified: MiningCo in Canada and the subsidiary’s purpose and structure; transfer of rewards policies; and structures of control and Canadian constraints. In order to confirm the internal consistency of the data analysis and the reliability of the identified categories, the files were coded twice by the same researcher, a process which Krippendorff (2004) has termed ‘stability reliability’. No significant differences were found with each categorisation.

Finally, we should comment on the merits or otherwise of drawing conclusions from a study, which, by happenstance, coincided with an open conflict of rare proportion. We make the following observations. First, strikes in the Canadian mining industry are not a particularly uncommon event, albeit one as embittered and as prolonged as the one witnessed here is. Second, a strike cannot simply be considered unique. It is, as Edwards and Bélanger (2009) argue an extreme illustration of a general phenomenon; that is, workers have their own concerns and interests which may lay unstated and undefended until prompted by some particular managerial action. Thus we must see the potential for conflict, whether dormant or expressed – even in the very embittered form seen here – as ‘normal’. The important task is to assess the extent to which the outcomes described in this study might be explained by institutions, market forces, power relations or more simply by a MNC’s behaviour in a specific context. We turn to this task now.

### **MiningCo in Canada: subsidiary’s purpose and structure**

At the time of our study, MiningCo had a regional HQ office in Canada with about 80 employees and four sites in three provinces. One site contained a nickel mine which is among the largest mines in the world and employs about 3,200 workers. Another site produces a platinum-group metals concentrate and cobalt metal and employs about 150 people. Activities in third subsidiary comprise two underground mining operations, a smelter, and a

refinery employing 1,300 employees. The fourth site was another nickel mine and employed 420 workers.

The takeover of NickelCo brought with it significant changes for its former Canadian employees. Prior to its acquisition, Canada accounted for 47 per cent of NickelCo's revenues; post-acquisition, it accounted for a mere 4 per cent of MiningCo's revenues. Thus, almost overnight, NickelCo went from being 'a big fish in a small pond to being a small fish in a very big pond'. Second, NickelCo had operated a decentralised management model where managers enjoyed a high degree of local autonomy. Post-acquisition, MiningCo centralised all strategic decisions in Brazil, together with establishing a new managerial hierarchy as well as sending expatriate staff to assume senior managerial positions in Canada. A new 'global model' of HR management, which was developed with the help of American consultancy firms such as McKinsey, Accenture, and Booz Allen, was also implemented. The introduction of this standardised global model was designed to ensure that the Canadian subsidiaries would adopt a common set of HR policies and practices, as observed at the HQ:

We are not changing because of differences in the countries. If you are in a school, you have to wear the uniform whether you like it or not; if you won't wear it, so you change your school (Brazilian senior corporate manager, interviewee J, December 2009).

This model and its associated guidelines were read by Canadian managers as the company's way of saying, 'thou shalt': that is, they were to be obeyed without question. Any attempt to question or argue the merits of a particular policy was perceived by Canadian managers to have been interpreted in Brazil as acts of resistance.

People would just accept them [... policies and practices] because Brazil said, 'you have to have it'. We can't challenge them and we've got our hands slapped when we tried to (Canadian manager, interviewee Q, February 2010).

Since MiningCo has taken over, it has been a very different relationship. It is more a hard-line approach from the company, there is no negotiating. MiningCo is not meeting in the middle. With the company it is all taken as, it 'is our way, and it is final' (Canadian trade union member, interviewee Y, February 2010).

The point to be highlighted here is that, while the policies and practices adopted by MiningCo were different to those which had been used by NickelCo, the Canadian managers were familiar with them; they had seen them implemented in other firms, particularly of US origin. Their objection was not so much with the policies themselves but with the crude and unilateralist manner of their introduction.

I don't think there is a big difference in the practices they are using; it is how they execute them. So with the US firms in Canada even though they're different (the HR practices), they still broach the way that they go about implementing policy. So, Canadians and Americans will discuss, there will be debates, you are still part on the equation. So, yes, we are using the same benchmarking practices, it is how you go about the implementation that is different (Canadian manager, interviewee N, February 2010)

Where the gap exists is in the implementation and execution. They try to copy (US practice), but the implementation is different. They know how to implement in Brazil. Now, how to implement things in a different setting is a challenge. It has been an absolute disaster in North-America. They work brilliantly in Brazil. They won't work here (Canadian manager, interviewee X, February 2010).

In the end, management came to accept the policies implemented by MiningCo in Canada, albeit with considerable disquiet and objection to the manner of their imposition. Despite, or perhaps because of, this, there was little, if any, scope for management-worker alliances to develop to resist the imposition of the company's reward and benefit policies.

#### *The transfer reward and benefit policies from Brazil to Canada*

Our analysis now turns to focus on the transfer of the company's reward and benefits policies from Brazil to Canada. We look first at those elements which attracted the least levels of resistance from local management and workers. These included the company's employee health and illness policy, the travel policy, and the housing benefit policy. We move then to consider the more complex and contested issues of the implementation of pay-for-performance as well as changes to the bonus system and the employees' pension scheme.

Employees had been entitled to a free annual doctor health check-up. This was withdrawn unilaterally. Its termination was received poorly by local management. One senior manager, who strongly disagreed with the HQ's decision, complained that "all of the companies out there give an annual medical visit". In response to this criticism, the Toronto office was asked by HQ to conduct a survey to determine whether a similar benefit was provided by other MNCs in Canada. In this instance the relevant manager, who had also queried other new practices, was perceived by MiningCo as being "extremely resistant" and was promptly demoted. This was the first instance where local staff queried and sought to resist changes in their conditions of employment following the MiningCo acquisition. The matter remained unresolved when our research was completed. Nonetheless, one manager in the HQ observed that they expected resistance:

We have had some differences of conduct and priorities and we needed to be authoritative in some cases. So, we expected to have a level of resistance (Brazilian middle-ranking corporate manager, interviewee B1, August 2010).

We turn next to review changes in the company's travel policy. Staff allowances were determined on the basis of employee's seniority. Thus, the class of airline ticket (economy or business), hotel grade and per diem allowances varied depending on an employee's position within the organisation. Prior to the MiningCo takeover, there were no such distinctions; all such allowances were harmonised across occupational grades. The new MiningCo policy was perceived as creating new "class" divisions within management to the extent that some junior managers reported feeling "not valued" and "disrespected". While it was appreciated that such a policy might have been the norm in Brazil, the Canadian staff highlighted their preference for maintaining a common allowance policy on the basis that such non-discrimination was key to securing staff commitment to the organisation. The policy, however, was implemented without discussion, or adaptation to local norms or preferences.

When the updated travel policy came out and it was sent to us, it was very difficult for us because basically the travel policy for air flights is by levels. I can't stay at the same hotel (as my colleague) unless she downgrades. I am not allowed to spend as much on food as my manager is. From a Canadian perspective, it is offensive to us... (It's) saying that someone more junior is not valued or respected as much as somebody who is more senior (Canadian manager, interviewee Q, February 2010).

At MiningCo's HQ, management accepted that views on the travel policy did differ along national lines:

In fact, in Brazil we differentiate more. We differentiate between different hierarchical levels; it is a cultural influence. In Canada, it is not the same (Brazilian middle-ranking corporate manager, interviewee B1, August 2010).

Another controversy occurred in relation to a housing benefit which the former owners had introduced. It had operated thus: when management asked an employee to relocate from one workplace to another within the company and if that person was unable to sell their home, the company would buy it from them, and then sell it on in the normal way at a later date. MiningCo's executives perceived this policy to be "too paternalistic", and discontinued the practice. While workers expressed their dissatisfaction, they believed they had to accept it: no other company in the industry had ever provided such a benefit.

The most noteworthy changes in the company's reward policies – and the ones which generated the most resistance – were the introduction of a pay-for-performance (PRP) scheme and the substitution of a defined-benefit pension plan with a defined-contribution scheme for new non-managerial employees. With the former, 50 per cent of managers' and 24 per cent of workers' annual earnings was to be based on their work performance with a further variable bonus payment which was capped at 6 per cent of earnings and was linked to the market price of nickel. The PRP scheme was to operate in the same way for both managers and workers on the following basis: individual employee's performance (50 per cent), department's performance (25 per cent), and the company's overall performance (25 per cent). While there

was no resistance from the management group to these changes, the manner of their introduction was a cause of concern.

Pay-for-performance, that is fine, but just the fact that you told us today and it is happening tomorrow and we don't have any context, and we don't understand why, we haven't had time to get used to the idea; we have to talk about it. That has caused a lot of angst, and, unfortunately, mistrust (Canadian manager, interviewee R, February 2010).

At the company's HQ, however, it was observed that the PRP would be implemented in all subsidiaries:

MiningCo has this aggressive attitude regarding pay-for-performance. It is more aggressive than what is usually found in the market place. Sometimes it is not well accepted in other cultures, but we still implement it (Brazilian lower-level corporate manager, interviewee H, August 2009).

Prior to the acquisition of NickelCo, payment from the nickel price bonus payment scheme was triggered when the price of nickel reached CAD\$2 a pound; there was no cap, but in order for workers to receive the bonus, the Canadian mines' net pre-tax operating earnings had to be positive. During the 1980s and 1990s when the price of nickel on international markets was low the bonus payment cost NickelCo little, but as markets recovered in the early 2000s and with it the price of nickel, workers' earnings grew exponentially. On some occasions, workers' bonus payments came close to matching their base earnings which provided them with a total income, in some cases, in excess of \$120,000 a year. While MiningCo was prepared to continue with the bonus scheme, it imposed an annual cap of about \$12,000.

The defined-benefit pension plan was widely seen to be a generous pension scheme. For example, an employee who had worked for NickelCo for 30 years received \$3,000 a month. MiningCo argued that the plan was too costly and undermined the profitability of the Canadian subsidiary. The Brazilian managers decided to discontinue the defined-benefit plan for new employees and replace it with a defined-contribution plan.

The employees objected to the new payment system on two grounds: first, the revised bonus scheme would result in a significant reduction in their earnings; and second, they argued that management would not be capable of discriminating fairly between employees' performance levels. Supported by the USW, which represented 70 per cent of the employees, the unionised workers voted for strike action which culminated in a 12-month all-out strike in two subsidiaries, while in the third, 250 of the 400 employees engaged in an eighteen month strike. The fourth subsidiary had already negotiated a three-year agreement in 2008. The union decided on a strategy of co-ordinating simultaneous strike action across the three subsidiaries, which was designed to maximise the union's leverage. The strike was to become one of the longest and most embittered private sector strikes in Canada. "This is a fight like no other", said a senior union representative, who had been on strike at least six times with NickelCo over the course of three decades.<sup>3</sup>

From the outset, the company adopted an aggressive posture in the face of the strike. It established a set of "pre-conditions", which included acceptance of the defined contribution pension plan for new employees and the adoption of PRP, before it would enter negotiations. A leading Canadian law firm was hired to lead both the company's negotiations with the union and to frame its legal strategy. The latter culminated in the company seeking court orders to limit the number of striking workers on picket lines; taking civil contempt hearings against union leaders; challenging Labour Relations Board decisions; as well as levying multi-million law suits against the union for infringements on picket line protocol, for information posted on the union's website, and for a blockade staged by community and individual union members. Together with redeploying supervisors, clerical workers, engineers, geologists, and maintenance workers, as well as being able to draw on miners who refused to go on strike (who were quickly dubbed as 'scabs' by striking workers), the company was able to maintain production levels at 30 per cent of capacity during the strike.



Seven months into the strike, MiningCo went a step further and brought in significant numbers of replacement workers. While it is illegal for a company in Canada to fire striking workers, if a strike persists for more than six months, management are permitted to recruit replacement employees. NickelCo had always desisted from using replacement workers during previous disputes, even in the case of an eight-month long dispute in 1978-79 when 11,600 workers went on strike. This departure in management strategy placed the strikers in a vulnerable position; at this point the company was legally entitled to offer a permanent job to any replacement worker, and moreover was not obliged to re-instate any striking worker even if a new collective agreement was eventually reached. Not surprisingly, MiningCo's strategy was perceived by the unions as a significant escalation of the conflict.

It is very, very disturbing. All the history of NickelCo, the 100 years of NickelCo they had never started an operation with scabs or with replacement workers. This company does not hesitate to start operations no matter who they use, no matter how much they produce; they will start operations (Senior USW official, interviewee Y, February, 2010).

They (NickelCo) had never brought in replacement workers. So all of this is like history being made. Usually when you are in the union you feel protected, but this is the first time that they are probably feeling vulnerable (Canada manager, interviewee M, February 2010).

The company, on the other hand, was determined to implement the policies, as observed by a manager at corporate HQ:

We are not giving in, we are not. I do not blame NickelCo for having giving in (in the past), because they had 35% of their business in Canada and this placed the company in a weak situation. We are not in a weak situation (Brazilian middle-ranking corporate manager, interviewee K, December 2009).

The anxiety and bitterness in turn generated a wave of prejudice and xenophobia, with striking miners retorting: "MiningCo is trying to import Brazilian third world standards". Media reports included images of Brazilian flags being burnt, people urinating on maps of Brazil and on MiningCo's logo, together with slogans saying, "Let's kick MiningCo out of Canada". Some MiningCo workers who had crossed the picket line had their homes and cars

vandalised while others received death threats. In turn, the company fired nine workers, three of whom faced criminal charges.

The response of political actors to the strike was far from uniform. A local mayor condemned the company's use of replacement workers, two provincial premiers adopted a conciliatory tone and tried to prevail upon MiningCo management to return to negotiations and to settle the dispute, while at the federal level, politicians exerted pressure on the striking workers to cease their protest. One senior federal cabinet minister, for instance, argued that MiningCo's takeover of, and investment in, NickelCo had saved it from bankruptcy and prevented the local area from becoming a 'valley of death'. In an interview with a provincial newspaper he tried to impress upon the striking workers that without MiningCo, "there was going to be no buyer, there were going to be no jobs, there weren't going to be any capital investments; there was going to be no employer." But apart from the expression of such statements of concern, government representatives remained at arms'-length from the dispute. This had the effect of creating the necessary 'political' space within which the company could seek to compel the workers to accept its terms.

By the summer of 2010 the workers were dejected and disheartened and were no longer in a position to prolong the strike. The timing of the strike had not been fortuitous. The price of nickel had fallen significantly against the backdrop of the international recession, falling demand and excess supply.<sup>4</sup> Following a union ballot in support of a return to work, management pressed ahead with the introduction of the PRP pay scheme and the new pension plan. The concessions made by the company were modest. There was a slight adjustment to the nickel price bonus which was increased from six per cent to eight per cent of base earnings and the PRP component was reduced from 24 per cent to 22 per cent, but otherwise the new payment scheme remained unchanged. After the strike, MiningCo opened new nickel

mines in Indonesia, Goa, and Onça Puma (Northern Brazil) in order to reduce the company's dependence on Canadian-sourced nickel.

## **Discussion and conclusion**

We turn first to provide a causal account of the empirical evidence reviewed above and to distinguish between influences which are structural, institutional and contingent in form. To reiterate, the study found that the Canadian subsidiaries' management felt compelled to implement the 'global HR model' of the parent company. In turn, the workforce was unable to resist the changes in local HR practices, despite having mounted one of the most protracted strikes in Canadian mining history. The empirical evidence illustrates the manner in which the MNC was able to manoeuvre adroitly through the constraints of the Canadian institutional context by the clever and successful deployment of its resources. This contrasts with the inability of the Canadian workforce to operate as successfully. That the latter struggled, while the MNC succeeded, to take advantage of their potential power resources – both as derived from the institutional context and their collective power – is complex and multi-layered. First, there is the market context of the firm, and second and closely related there is the strategic capacity of the actors. With regard to the former, there were two elements. First, there was the depressed market for nickel and its consequent low market price. In this context of a particular market conjuncture, management were given the space to neutralise the threat posed by the workers' strike action. More prosaically, the strike might be said to have played into management's hands by affording them the opportunity to wait-out a recovery in the demand and price for nickel. For workers to have been able to press home the potential advantage of industrial action, the broader sectoral-market contingencies would have had to have been framed in a manner that was more favourable to such action. In addition, there was the Canadian political establishment's championing of foreign-direct investment. Such a relationship of dependence created a context within which politicians' support at provincial

and federal level for the case as advanced by the workers and their unions remained at best muted and at worst absent. It was by such *inert* actions – in manner which resembles Lukes’ (1974) second face of power, the power of ‘non-decision-making’ – that the state came to stand ‘alongside’ the company and to be leagued against the workforce.

Second there is the strategic capacity of the MNC and of its Canadian workforce. The MNC’s management showed themselves to be adept at mobilising local resources and expertise (i.e., that derived from a local legal and public relations consultancy firm) and in harnessing the support of the political class, whereas the workforce showed itself to be comparatively less accomplished. Such a judgement might be read to be unduly harsh; after all, the workers may not have foreseen the manner in which the price of nickel would have remained subdued or the extent to which the company would have remained resolute in facing down the strike, or the success management would have had in marshalling the support of public representatives at a federal level. However, they certainly *came* to appreciate that they faced a powerful adversary – to prolong a strike for 12 months would indicate as much. While it might be unfair to claim that the union made a strategic error and/or was foolhardy in opposing the MNC, it is probably fair to judge that it misjudged the consequences of the state’s increasing dependence on foreign investment and the consequent delimiting of its capacity to intervene politically on the side of labour. As such, the union failed to appreciate the wider significance of the political context and relations of dependence which existed between the state authorities and MiningCo.

Within this context, then, of particular structural contingencies, MiningCo showed itself to be adept at deploying its resources and influence to evade the ostensible constraints of the host institutional system. This is best exemplified by the company’s replacement of striking workers and its use of the Canadian law firm in its campaign against the striking workers. Both examples illustrate well the manner in which the MNC was able to use provisions of the

institutional context to its own advantage. In the case of the former, by adhering to the regulatory letter of the legal code, as opposed to its normative spirit (as NickelCo had done in the past), MiningCo was able to exploit a particular institutional resource for its own advantage. In contrast, the union had derived a false sense of security from the forbearing posture which NickelCo had assumed in previous disputes and had failed to foresee the willingness and the capacity of MiningCo not to play by the old implicit rules of the game. The MNC's recruitment of a leading law firm enabled the MNC to mobilise hard-headed local institutional expertise for their own gain and to 'game' the very institutional context that might otherwise have been seen as constraining it.

That MNCs seem increasingly capable of evading the apparent constraints of host countries' NBSs is one that has been commented widely upon in the international business literature, and in some cases has been well-developed empirically, but rarely if ever has it been demonstrated in the context of a MNC from an emerging economy with operations in a mature developed economy. This study is especially strong in showing the dynamics and processes involved and, in particular, in locating the micro-politics of the MNC within a wider macro-political terrain as called for by Morgan (2011). We have seen how institutional contexts cannot be read as predetermined or rigid 'givens', but are malleable resources which allow considerable scope for actors to exploit their potential in a variety of ways which are not fixed a priori. In the context of the strike, we might point in particular to the 'answering postures' assumed by political actors at the three different levels of governance – local (mayor), provincial (governors), federal (government ministers) – with the first siding with the workforce and condemning the stance of the MNC, the second group striving for an accommodation between the varying factions, and the third supporting the company. Such variable political stances are linked to the varying 'pressure points' of labour and capital with the former's interests being more manifest at a local level. In contrast, the company's interests

were rehearsed and justified by political actors at the most senior of levels. Such evidence points to the manner in which the institutional resources of local actors is in practice highly differentiated depending on which group is being considered. Thus we might emphasize that, as the MNC might be appropriately conceived as a ‘contested terrain’ so, too, might the host institutional context as different actors within and beyond the MNC seek to identify and exploit any available ‘institutional space’ for their advantage, deploying a variety of resources as they so do. This represents a significant contribution of this case study to the literature.

We turn now to consider whether there was an evident ‘Brazilian’ effect at work in guiding the behaviour of the case company. It is clear from the empirical material that the firm’s style of management was forceful and assertive, and that it pressed hard to have its HR practices, which had been developed with the help of leading US consulting firms, adopted in its Canadian subsidiaries. This begs the question, however, whether this represents a uniquely Brazilian influence or whether any other MNC, irrespective of its national origin, would have acted in the same manner where it was determined to introduce its preferred policies? The answer is, possibly yes. Certainly there is a history of employers in the Canadian mining and refining industries adopting hard-line postures in the face of union strike action. Moreover, the international literature is replete with instances of MNCs taking strident efforts to have their employment practices introduced even in contexts where the host institutional regime is evidently more rigid than that of Canada. Consider for example Almond and Ferner’s (2006) study of US MNCs in Europe as well as Royle’s (2000) study of McDonald’s in Germany. But the telling point from prior research is that, while some firms seek to avoid a host country’s institutional constraints, others seem content to work within them. The matter often seems to turn on a company’s motives and abilities to operate in a particular way (Edwards and Bélanger, 2009). As such, it is not enough to claim that the firm was distinctly Brazilian in its approach. What is key is that its inclination to adopt a particular parent-country style of

management – and for it to be successful – was facilitated by a conjuncture of influences which included the firm’s leading global sectoral role, its extensive resources and its relationship of dominance with the host country’s state authorities. Thus any consideration of an evident Brazilian influence must be placed in the wider context of economic and political relations, which themselves were shifting and being recast. It was Canada’s dependence on foreign direct investment which facilitated the outcome witnessed here. In other words, the increasing internationalisation of Canada’s mining industry has reduced the rigidity and robustness of the former local institutional settlement (between the state and the unions) and has thereby facilitated in this case a Brazilian MNC to implement – even in the face of stern resistance – its chosen employment policies in a manner which was distinctly ‘Brazilian’.

We make two further observations. The first refers to the existing literature. There has been a tendency in the literature, and certainly in the institutional perspective, to view parent country and host country effects as discrete influences thereby encouraging a dichotomous form of explanation; that is, that the former is often identified as a resource of the MNC and the latter a resource of the local subsidiary and its workforce (Edwards et al., 2007; Edwards et al., 2010). Such a neat binary division does little to capture the dynamics of MiningCo’s relationship with its Canadian subsidiaries. Ultimately the extent to which the institutional resources of the host country came to be exploited by the company was dependent on its prior power resources. MiningCo’s power rested on its sheer size and dominant position in the market place and relatedly any decision it might make to invest in, or divest out of, Canada, and, in turn, on the Canadian authorities dependence on it for employment and community prosperity. Secondly, and relatedly, an examination of such ‘strong firms’ behoves a class analysis of MNCs which has been absent from much of the international business literature, and particularly the institutional perspective. In this study, as the Canadian state became ever more dependent on foreign-owned enterprises, the political space to intervene on the side of

the local workforce was commensurately reduced. In these terms, an over-reliance on a ‘local’-‘foreign’ institutional analysis misses the overarching class basis of the terms of the ‘contested terrain’.

Finally, the issue of whether and to what extent this case analysis might speak to other MNCs from other HMEs deserves consideration. Naturally with a case study of one company from one industrial sector and from one HME there are limitations to such an exercise. Still, we believe the following points are warranted. We make the case in this paper that MiningCo behaved in a distinctly ‘Brazilian’ fashion, particularly in respect of its hierarchical centralism, but that it had also adopted a distinctively US ‘management sensibility’<sup>5</sup> (US-style package of global uniform HR practices), reflecting the macro-level hegemony of the US model. That is, the firm’s ‘style of management’ and *modus operandi* was ‘Brazilian’, in that it was coercive and forceful in a manner consistent with Schneider’s (2009) conceptualisation of firms originating from HMEs, but the specific content of its HR policies was informed by US ‘best practice’. We argue that, while this coercive hierarchical style of management is deeply rooted in Brazilian culture, its expression in Canada was facilitated by a particular pattern of economic and political relations. Thus while we might conceivably expect other Brazilian MNCs and perhaps also MNCs from other HMEs to endeavour to adopt an assertive or forceful style of management, and perhaps combined too with the adoption of US-derived ‘best practice’, the extent to which this might be realised in a fashion close to that found here is likely to be contingent on the ‘strength’ of the particular MNC in the market place and in the host economy.

Such issues obviously lead to a consideration of the hoary chestnut of the role of emerging economies’ MNCs in generating convergence in HR practices within sectors and across economies. There are two possible vectors for such a process: one is direct, the other indirect. With respect to the former, there is the likelihood that MNCs from HMEs, and



particularly those from less developed and complex business systems, will draw upon international ‘best practice’, and, in so doing, will come to act as vehicles for the diffusion of US hegemonic practices. With regard to indirect effects, we would suggest that, to the extent that HME MNCs come to prevail as ‘strong firms’ within their sectors and have their way in pioneering new approaches to HR, they may well set in train a dynamic wherein other existing firms within a given sector of a host economy come to emulate the practices of the dominant firm. This, for example, was witnessed by Royle (2006) in Italy where the indigenously-owned fast food outlet Autogrill came to imitate the practices of the newly-arrived, but more dominant, McDonald’s. While we are unable to say with certainty that ‘strong MNCs’ from emerging economies might come to play such a new ‘standard-bearer’ role, there is the early spectre that MiningCo has already come to occupy such a position in Canada’s mining industry.<sup>6</sup> But while the ‘example’ of a ‘strong MNC’ may set in train an increasingly assertive posture among firms, both foreign and indigenous, within a given sector, it is arguable whether it would be accompanied by what we referred to earlier as an ‘American sensibility’. Resources and competitive pressures are likely to work against such an entirely convergent outcome.

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<sup>1</sup> MiningCo and NickelCo are pseudonymous. The MNC did not grant us permission to use their real names.

<sup>2</sup> Non-managerial employees were not interviewed. As we were interested in the shape and intent of managerial practices it was thought more appropriate to interview management at different levels in the organisation as well as the most senior union representative.

<sup>3</sup> The quote is obtained from the local provincial newspaper; its name is not provided to preserve the company's identity.

<sup>4</sup> The price of nickel fell from \$37,225 in 2007 to \$14,712 a tonne in 2009 (PricewaterhouseCoopers', 2010).

<sup>5</sup> We are grateful to one of our referees for suggesting this term to us.

<sup>6</sup> Witness the recent six month lockout at the Anglo-Australian MNC Rio Tinto Alcan in Quebec of 800 workers over proposals to use subcontract labour and reduce employees' employment security. Here again claims of government collusion with, and support for, the interests of the management of the MNC loomed large as did allegations of the company hiring illegal replacement workers, and, in turn, the company pursuing legal injunctions against the union (see CBC, 2012; Rtuc Wordpress, 2012).