

HRM in Brazil: an institutional approach

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Abstract

Purpose – The purpose of this work is to comparatively study human resources management (HRM) areas in Brazil, at the national level, analyzing how companies considered labor market and labor relations aspects when building their strategies and when configuring people management models in place in the country (2014–2019), based on local conditions.

Design/methodology/approach – The subject was approached through qualitative analysis, encompassing document survey, systematic literature review, specialists' panel discussions, eight focus groups (43 human resources [HR] managers), interviews (16 union members), applying institutional approach to people management.

Findings – In regards to labor market and unions, HR areas faced different conditions across Brazilian regions. They have dealt with those influences on their strategic and quotidian decisions in an unstructured fashion. HR areas remain constructed as traditional, adjuvant and far from strategic level. In the institutionalization process – normative isomorphism – a professional HR jargon use was identified. HR areas usually act in collective bargaining, resorting to specialized professionals or consulting companies. During the economic crisis, HR professionals' attitude had a reactive nature, responding to organizations leadership, with little dedication to the emerging context.

Practical implications – This work enables important players like HR managers, union members and specialists in public policies to interpret the institutionalization phenomena of practices related to management, labor market and labor relations in the country.

Social implications – Understanding the effects of the relations among state, companies and unions allows the different power vectors, acting upon the institutionalization process of people management areas in the Brazilian case, to be outlined.

Originality/value – This study applies the institutional approach to understand the economic and social heterogeneity affecting organizations in Brazil. It enhances the knowledge on HRM areas scope and their articulation toward labor market and relations.

Keywords Human resource management, Brazil, Labor market, Labor relations

Paper type Research paper



1. Introduction

Organizational management's path in Brazil has been the subject of several studies. These papers have proposed typologies for international comparisons (Hofstede, Hilal, Malvezzi, Tanure & Vinkens, 2010; Chu & Wood, 2008) or highlighted local traits inherent to Brazilian management (Tanure, 2010). Similar analyses can be identified in the human resources management (HRM) field, articulating transformation in economy, labor market, labor relations and within organizations themselves. In that direction, there are works on many themes from historical periodization (Leite & Albuquerque, 2010; Fleury & Fischer, 1992; Fischer, 2015; Amorim *et al.*, 2019; Barboza, Oltramari, Müller & Salvagni, 2019), distinct organizational areas evolution, including HRM areas, as well as their roles (Fischer, 2015; Lacombe & Chu, 2008; Barbosa, 2005; Carvalho Neto, 2012) or their linking to internationalization processes (Wood, Tonelli & Cooke, 2011; Carvalho Neto, Amorim & Fischer, 2016; Amorim & Fischer, 2015).

Nonetheless, said analyses seldom favor the structural heterogeneity – in economic and social terms – that impacts organizations in the vast Brazilian territory. Therefore, a better understanding on how HRM areas operate in Brazil and how they are articulated along with labor market and relations remains as a task uncompleted.

This article performs a comparative study, at national level in Brazil, on the operation of HRM areas, analyzing how companies regarded labor market and labor relations aspects into their strategies, and when configuring people management models in place in the country, in the 2014–2019 period, based on local conditions. The article brings combined findings from two research projects consecutively carried out throughout six years and covering all Brazilian regions. In the first stage (2014–2016), the following metropolitan areas were investigated in sequence: Belo Horizonte, Salvador, Porto Alegre and São Paulo. In the second stage (2017–2019), Manaus, Cuiabá, Belém and Recife were researched. The research is based on qualitative analysis, encompassing document survey, systematic literature review, specialists' panel discussions, eight focus groups with 43 human resources (HR) managers and interviews with 16 union members.

2. Labor market, labor relations and organizational HRM

The industrial relations system (IRS) approach proposed by Dunlop (1972) considers that the coexistence of workers/unions, government and companies under the same economic, social and technological framework is made possible through ideas and beliefs that those entities create and share. One of the outcomes from the labor relations system functioning is the network of rules that regulates employment relations and the interaction among the players. Kaufman (2010), by creating the employment relations system (ERS) concept, proposes a harmonization between IRS's and HRM's frameworks, giving employment relations an essential role in the analysis of what happens in organizations in regards to labor hiring. According to the ERS concept, the firm comprehends its context – input, product and labor markets and other institutions – and configures structures, policies and practices to attract, develop, motivate, terminate, coordinate employees focusing on organization results (Kaufman, 2012).

Resorting to the institutional approach opens the possibility of comparative studies among countries, for example. With no disregard to the HRM universalistic models argument's strength, and the pressure they bear toward the convergence of policies and practices among organizations, it is interesting to investigate whether or not different national or local scenarios engender HRM modes divergence. Some scholars, for instance, explore the HRM convergence and/or divergence phenomenon in the European Union (Mayrhofer, Sparrow & Brewster, 2012; Mayrhofer *et al.* (2011). Their results point to both convergence and divergence presence, depending on the observed aspect in HRM within its

context. In the convergence hypothesis lie the possibilities of different shapes of isomorphism – coercive, mimetic and normative – as suggested by DiMaggio and Powell (2007). Organizations' HRM models' convergence or divergence also navigates through the way HRM relates to the context materialized by labor markets and labor relations.

At this point, it is relevant to highlight the interaction that organizations form with the labor market through their HRM areas. Neste ponto é interessante destacar a interação que as organizações, por meio de sua HRM, estabelecem com o mercado de trabalho. At first, it is assumed that the organization takes the labor market as the supplier of a resource: manpower. However, in larger organizations and/or in those with more sophisticated management, this relationship is more complex and dynamic. It is an HRM decision whether to hire employees from outside or to organize and develop an internal labor market through policies and practices that focus on career mobility, employee development and compensation mechanisms (Kaufman, 2010). Organizations with a more developed HRM department tend to interact less with the external labor market. When employees are drawn primarily from the external labor market, the HR area has lower institutional weight and, therefore, it is more sensitive to external elements.

Kaufman (2010) examines the relationship of the organizations and their HRM areas with both internal and external labor markets and aiming at classifying them, identifies three types of organization: (1) "Best Place to Work," with a sophisticated HRM area, with the objective of keeping the external labor market's influence over the internal labor market to the minimum; (2) a decent place to work, with a partially developed HRM area in regards to its policies and practices and therefore also partially exposed to the external labor market's behavior and (3) the lowest tier, with low hiring standards and underdeveloped HRM area, offering not very attractive jobs and, therefore, more susceptible to labor market changes.

In regards to Kaufman's (2010) typology, it is possible to establish a connection to labor relations theme, based on collective bargaining and a proxy for union influence in its analysis. Conceptually, it is possible to accept that there is a weaker union influence over the "Best Place to Work" tier companies. Within this group, the more favorable conditions for hiring, fostered by HRM (e.g. higher wages, better fringe benefits), leave little room for the exercise of union influence through strikes or other forms of mobilization. Across the companies with low hiring quality, union influence also tends to be small as those organizations prioritize lower qualification labor. Because these workers constitute a relatively abundant resource in the labor market, they do not manage to build stable employment bonds and this hinders union actions on their interests. The mid-tier group – "decent places to work" – therefore seems to be the one most potentially subject to union interference, once their employees do not enjoy the highest salaries, but they are not at the bottom of the labor market either.

Under these conditions, it is reasonable to assume that organizations' HRM areas adjust their strategies seeking lower exposure to the external labor market influence or merely taking advantage of said market to make business viable. Evidently, those dynamics are founded on the basis of the very characteristics of the ERS in which the organizations are inserted. In this system, HRM policies and practices are important but so are the labor market and labor relations' general characteristics.

Bringing this discussion to Brazil requires the identification of some national labor market's fundamental characteristics. First of all, in structural terms, the prominent trait is its heterogeneity in regards to the job profiles (Pochmann & Silva, 2020). In this sense, the high degree of informality is relevant, as well as the inequality across regions, across economic sectors and even within metropolitan areas (center vs outskirts). Looking at this aspect, south and southeast regions comprise more structured labor markets when compared to north, northeast and Midwest regions (IBGE, 2020).

A more structured labor market involves, for instance, lower informality level, lower unemployment rate, more qualified labor supply and higher financial compensation level. With no significant change to these structural characteristics, some interesting changes were observed in the Brazilian labor market between 2003 and 2014. One of those changes was a slight reduction of the heterogeneity across regions. Another one was the rise, in all regions, of the work force education level in the labor market. However, after over 10 years in a buoyant economy, as of 2014, there was a decline in the labor market situation, with a striking turnaround of hitherto positive indicators (Barbosa, 2019).

In regards to labor relations, it is noticeable that in Brazil, unions' efforts tend to be more organized in states in which industry is more relevant and the labor market is more structured, as it is the case in south and southeast regions. This higher level of union organization, though, does not necessarily imply in more conflicting labor relations but more stable and consolidated in more mature and traditional negotiation processes. Said processes are built on the basis of experienced negotiators and professionalized negotiations from both organizations' and unions' ends.

In the matter of unions' scope, it is key to mention the Labour Reform (November 2019). After discrete changes to CLT (*Consolidação das Leis do Trabalho* [Brazilian Consolidated Labour Law]) made since the 1990s (Campos, 2015), this labor reform altered more than 100 items in the document (Krein, Gimenez & Santos, 2018). The reform made wide changes and was driven by the need of greater flexibility for hiring – both collectively and individually. Specifically on union organization, the reform removed union funding from workers' contribution that was channeled by the state. Furthermore, it narrowed the unions' influence breadth. There was, thus, a double institutional injunction toward the reduction of unions' – and by extension, workers' – leverage in negotiations, amidst an economic recession (DIEESE, 2017).

There are few studies examining companies' HRM positioning toward labor negotiations that present national coverage or even regional comparisons. Thus, building on Kaufman's (2010) ERS's theoretical framework, this work takes an analytical snapshot of the contexts encircling organizations in the investigated metropolitan regions. To this aim, in the institutional sphere, local labor market characteristics are highlighted, as well as labor relation dynamics traits that stood out while the research was conducted. Labor markets are presented as “stable,” “structured,” “dynamic” or “dual.” Identified labor relations, in their turn, are classified as “traditional,” “conflicting,” “defensive” or “advanced.” As for HRM practiced within organizations, chosen characteristics indicate whether there is distance, proximity or full adoption of organizations' strategic aspects, as well as the organizations' conditions at that point. Therefore, expressions as “traditional,” “in structuring process” or “strategic” are adequate. As for institutional movement in HRM, the focus is concepts like professionalization, advanced practices adoption, restructuring and more strategic initiatives.

3. Methodological procedures

The applied methodology encompasses a collection of strategies. As research method, a descriptive nature qualitative approach was used to understand the characteristics of a particular population or phenomenon (Minayo, 2010) related to labor market dimensions, labor relations context and their impacts on the design of people management models practiced in the selected Brazilian regions, in the 2014–2019 period. The Brazilian labor market context was supported by official documents from the Ministry of Labour and Employment (MTE/CAGED, 2019; MTE/RAIS, 2019) and from the Brazilian Institute of Geography and Statistics (IBGE, 2019). Additionally, surveys in the Inter-Union Department of Statistics and Socioeconomic Studies (DIEESE, 2018) outlined current dynamics in labor

relations. This canvassing allowed the analyses of Brazil national data as well as the separate cities Belo Horizonte, São Paulo, Porto Alegre, Salvador, Cuiabá, Manaus, Belém and Recife.

Within the research scope, a specialist panel was conducted at the study start. The objective was to obtain a collective qualified opinion on some questions (Piola, Vianna & Vivas-Consuelo, 2002). The panel took place in June 2015, at the University of São Paulo, and lasted about four hours. Information was fully recorded for further analysis. The panel happened after the bibliographic review and before the focus groups and was formed by five companies' HR managers, one union advisor, four scholars, one consultant, on top of four members of the research project team. In this way, by capturing the aggregated opinion of the panelists, the data collection mechanisms were developed. Whenever possible and necessary to the company sample consolidation, specialists from the various researched regions were also heard. Finally, in each of the regions, scholars and/or consultants were called upon to grant access to local interviewees.

Starting from questions prepared during the literature review phase, particularly the ones suggested by Kaufman (2010), and the ones raised by the specialist panel, six focus groups were conducted with HR professionals from the investigated regions. Focus groups are used to collect information on impressions and opinions of a group of people involved in the same situation. It is a meeting of experienced individuals aware of the study's objectives, with a facilitator that resolves doubts using the local context jargon and clarifying concepts for the participants (Collis & Hussey, 2008). The facilitator encouraged the group to discuss presented themes, with very few interference, in a way to welcome everyone's contribution. In these focus groups, participants shared their perspectives on HRM, unions, companies, workers and labor market, as exhibited in Table 1.

In the second phase, union members of the major sectors in some regions were interviewed (ten in Manaus, two in Belém, three in Cuiabá and one in Recife). In total, 43 high-level HR managers from all around the country participated in eight focus groups (24 in the first project and another 19 in the second one). The sample allowed at least one representative of each the Brazilian geographic region – particularly important due to Brazil's size and regional differences. Each meeting lasted about four hours, and the information was fully recorded for analysis. Confidentiality was kept in regards to participant identification as well as organizations' names. All interventions were recorded and transcribed.

4. Results

The Brazilian labor market mapping amasses data from the studied regions – Belo Horizonte, São Paulo, Porto Alegre, Salvador, Manaus, Cuiabá, Belém and Recife – and their most important trends, uncovering significant changes since 2000. The following aspects stand out:

- (1) Increase in average employee age;
- (2) Increase in the education level of employees;
- (3) Sharp decrease of unemployment rate up to 2014, and strong increase on such rate starting in August 2015, reaching 11.9% nationally in 2019;
- (4) Growth of the formality level of employment contracts, with about 36.5 m formal workers in the private sector in July 2014, and a subsequent reduction to 33.2 by 2019 (IBGE, 2019).

Employee income throughout the country has increase up to 2014, with some regional unbalances (IBGE, 2019). In that period, interviewees declared they had higher difficulty to keep, replace and hire mid-qualification-level employees. Those combined changes

Table 1.
Focus groups: regions
and organizations

Region Date	Reason for metropolitan area selection	The number of participants/economic sector
Belo Horizonte September 15	A southeast capital city with great relevance in mining, agribusiness and services	5 (mining, banking, agribusiness, logistics, manufacturing)
Salvador November 15	The biggest northeast region capital city, having recently gone through a manufacturing industry development	7 (manufacturing, logistics, health, education, information technology)
Porto Alegre March 16	A south region with developed manufacturing and services industries	7 (manufacturing, health, consulting, communications, energy, information technology)
São Paulo April 16	Core economic engine in the country – manufacturing and services industries	5 (manufacturing and commerce)
Manaus February 18	Industrial hub in the Amazon, economic activity supported by the government	5 (manufacturing, commerce, agribusiness, services and indústria, comércio, agronegócio, serviços e construction)
Cuiabá June 18	An area in economic expansion (west region) – agribusiness	6 (agribusiness, manufacturing, commerce)
Belém October 18	Services, logistics, the area is a reference for mining and agribusiness in the Amazon region	3 (mining, agribusiness, services)
Recife March 19	The second biggest city in the northeast region – presenting new dynamics in labor market	5 (manufacturing, commerce, logistics, information technology, services)

engendered a very different working scope for companies' HRM areas and their employees when compared, for instance, to the one they lived in by the 1990s. At that time, high unemployment rate and employee net income reduction set the tone. The shift in 2014 brought back the 1990s scenario, and the unemployment rate reached 11.9% in June 2019 (IBGE, 2019).

Labor market heterogeneity in terms of job profiles was confirmed, as per Pochmann & Silva (2020). Another important factor is that, during the research's second phase (2018–2019), it was possible to inquire managers on the labor reform effects on HRM area activities.

With that background established, the main findings from the field work across the different regions are laid out below.

4.1 Belo Horizonte – Minas Gerais

Among the country's metropolitan regions, Belo Horizonte is one of those with the lowest unemployment rate. By the time the research was conducted, Belo Horizonte felt the effects of the sharp increase in that rate that happened in the early 2015, just like the rest of Brazil did. Notwithstanding economic crisis effects there were not as severe as in other parts of the country due to the strength of mining activities and its associated industries (logistics, industrial and transportation equipment manufacturing and maintenance). Economic cycles in mining tend to be milder, both in booming and retraction periods, regardless recent environmental accidents. As a result, local labor market also has shown less subjectivity to major fluctuation.

International and domestic large mining companies are references to other sectors in the region. During the conversations with HR managers, it was learned that HRM activities were usually guided by rather traditional modes of compensation, development and career mobility policies and practices. HRM areas revealed to be definitely distant from the typical

personnel department but at the same time not characterized by contemporary compensation or evaluation practices, for example.

As a commonality to other surveyed regions, managers claimed qualified labor scarcity as one of the difficulties of their organizations' HRM. As mining generally constitutes a long-term investment, managers reported an initiative partnering mining companies and local government to create courses focused in mining activities within technical schools. While the research was being conducted that initiative had been active for eight years and was considered successful in providing technical labor for the sector. Despite the traditional feature of people management policies and practices, the capability for institutional articulation through their HR areas was evident.

Unions were described as mildly interested or even distant from companies' internal dynamics. The union activity profile managers identified appeared restricted to collective bargaining for timing and amount of wage increments. The way organizations' HRM treated labor relations was essentially traditional, connected to legal aspects of the hiring process. The possibility of a participative management was seldom raised. HRM professional community was poorly articulated in associations or discussion forums but did exchange information and experiences on their activities.

4.2 Salvador – Bahia

The Salvador metropolitan area was among those with the highest unemployment rate in Brazil. Throughout the 2000s due to new manufacturing companies coming into the Camaçari petrochemical hub, there was an increase in employment and in formal, monthly waged jobs. In addition to the manufacturing sector, there was an increase in logistics and services companies' relevance, particularly in private health and education.

Companies' demand for more workers faced an insufficient supply of qualified labor in Salvador, the same as in other regions. There were reported occasions in which companies reached out for employees from other regions, particularly in technical and managerial levels. Companies in the region that sought to be more competitive in hiring endeavored to replace old personnel departments with structured HRM areas.

However, the somehow heated labor market has cooled down throughout 2015. The economic crisis' speed and strength caught HRM areas by surprise and, as a result, their institutionalization process was slowed down, both internally and externally to the companies. This affected the professional community which was beginning to gain structure.

As for labor relations, according to HR managers, conflict with unions has been present for a long period. Before 2014, it was commonplace situations in which unions paralyzed companies' activity with no notice or negotiation. There were some managers' complaints to the fact that unions presented claims and attitude similar to those found in more structured labor markets, such as the ABC region in the São Paulo metropolitan area.

Professionals also reported that, due to lack of experience, or even lack of local professional culture, very little effort was made toward the articulation and information and experience exchanges by local HR managers' community.

4.3 Porto Alegre – Rio Grande do Sul

The Porto Alegre metropolitan region, similar to Belo Horizonte, had one of the lowest unemployment rates in the country. Service sector dominated the employment structure, and there was relevant manufacturing presence. The region was experiencing the hardship of 2014 economic retraction. Moreover, from an employment standpoint, there was a reduction in manufacturing share of jobs (including the possibility of plants closing or moving out) and expansion of service sector share (health, information technology, etc.).

Still according to managers, HRM areas appeared to have well-defined roles in workers' career mobility, evaluation and compensation across the major part of companies. They

looked very far from the personnel department model but not showing a structured bond to organizations' strategies.

Service sector's stronger presence placed a challenge to HR departments due to the need of hiring professionals in different areas such as health, communication and information technology, distant from the workers needed in the receding manufacturing sector. In a nutshell, HR areas were going through a transition toward an activity characterized for managing diverse professional profiles due to its focus on service sector.

Managers reported difficulties in establishing a dialogue with unions as they were isolated and not open to understand the challenges organizations were then facing. This point of view was the justification for a company, as an example, that presented its proposal to workers directly, instead of going through the union with which the negotiation was being conducted. This posture shows that unions had a defensive approach to collective bargaining. Managers claimed the union had a more evident interest in the wage issue and in the union fees to be earned when an agreement was reached.

According to the professionals, the environment in which HRM areas were inserted was permeated by change brought by adjustments and cuts made due to the economic crisis. Furthermore, service sector growth also brought the need of redefining HRM activities.

4.4 São Paulo – São Paulo

The São Paulo metropolitan region is the country's largest in both population and labor market dimensions. It is also characterized by its economic and job profile diversity. Manufacturing sector, which has been the core of the labor market throughout several decades, is currently largely overcome as employer by services and commerce sectors.

Tracing to this magnitude and diversity, the first aspect to show up in conversations was the dynamic character of the local labor market. Similar to other surveyed areas, economic crisis was the background of the discussions, but because of the represented organizations' characteristics, the need for more sophisticated HRM strategies was patent. This encompassed manpower attraction and retention, as well as evaluation and compensation. Despite the crisis, the prospect of companies remaining in their markets beckoned the demand for strategies to support the return to growth.

As a consequence, according to managers, HRM policies and practices were more advanced when compared to the ones described in other regions, particularly in their strategic facets. As examples, there were more precise depictions of skill management and career plans, more sophisticated recruiting processes, on top of concerns with organizational culture and climate.

Regarding unions, the most common managers' statement was that organizations' rapport to these players through HRM happens in a somehow regular manner: negotiations and conversations have become more frequent. Even permeated by some criticism ("they are hardly concerned about companies or even workers"), the prevailing perception is that unions is part of the game, that is, it comes with the package that is the organizations' and HRM's routine in the course of complying with regulations.

During the focus group, a sense of professional community was perceived amidst participants. That was signaled by the jargon and also the freedom to share information and experiences throughout the activity.

4.5 Manaus – Amazonas

Manaus is home to the *Zona Franca* [free trade zone] manufacturing hub since the 1960s. One of the zone's particularities is the isolation brought by the distance to other country's major cities. There are a number of companies in the electronic industry, motorcycles manufacturers and the presence of domestic and multinational companies with Japanese,

Korean and, recently, Chinese origin. Economic activity in the region is institutionally conditioned to governmental incentives. Labor market there is, therefore, strongly linked to the hub. HR managers from Manaus expressed that recruiting, employee development and compensation processes, among others, are stabilized, regardless of the institutional environment. Companies are still dedicated to improving internal processes, particularly those affecting costs and strategy, to better adapt to the context permeated by competition and recession. After an adjustment in the number of employees in the period up to 2015, companies have kept their highly qualified staff at low turnover. There is a contrast between technical and outsourced employees, and the first group has been growing in terms of the number of workers hired and kept. Professionals from the southeast region dominate that category. On the other hand, there are initiatives to boost local manpower development, through courses in the two public-funded universities in the Amazonas state (of note, training specialists is a time-consuming process).

Cultural aspects (that differ from Brazilian ones) were mentioned as part of the Asian organizations' context as factors interfering in HRM, with a halo effect in work relations and labor market. That encompasses concerns with training activities, meticulous attention to task execution, Taylorism-Fordism practices dominance and in particular the need to place "the right man to the right job." In the incoming Asian companies, a way to moderate workplace conflicts was encouraged after moral harassment allegations.

HRM areas have strengthened an informal network as means to exchange information on local labor market and union activity. As for labor relations, there was no evident antagonism between unions and organizations. Nonetheless, it is not possible to characterize their relationship as cooperative. The general view is that unions "are part of the game and part of business dynamics." However, they are not seen as partners or allies, nor as players in building the business.

HR managers did not clearly realize how changes in the labor law, starting in 2017, could affect their people management activities. Participant HR professionals show themselves as "... proud of their region, of the region's diversity, and of its relevance to the world, proud of the people, that faces the region's adversity, particularly in economic and political aspects." These assertions are essential to understand that managers act as defenders of the region and organizations. This Manaus professionals' trait stands out from the other regions covered in the study.

4.6 Cuiabá – Mato Grosso

The institutional environment in Cuiabá, a city close to *Pantanal do Mato Grosso* [Brazilian Wetlands], provides companies the opportunity to deal with a less critical economic context when compared to the country's average. Traditional organizational designs, with centralized, bureaucratic and hierarchical structures have been kept along with their formal rules and regulations. Nonetheless, some changes have been noticed in HR departments, such as some autonomy, and shared responsibility among HR and functional areas and the adoption of professional tools to support organizational development. Information technology requirements have increased, and new integration processes were brought into the majority of large companies.

Generally, organizations' HRM cells have been evolving from a traditional system to deal with assignments that could reach strategic status in the future. Between bureaucratic and strategic levels, then, some specific tools, as technological systems, have improved management controls. Some family businesses were compelled to change in a coercive isomorphism process fostered by consulting firms and by major suppliers. In businesses, people management then earns a civilizing role, through the participation in national networks to bring in best practices, to improve negotiation capabilities and to follow business trends from around the country.

The search for qualified labor is a priority but frequently companies need to hire people from other states or even foreigners, such as Haitian immigrants that came into the region. Training and development process constitutes another challenge to managers. That said, sometimes the alternate is to facilitate access to education. Some south and southeast business schools have opened branches and/or are offering online learning in the region. New paradigms in agribusiness have inspired companies toward hiring qualified labor, building a production structure based on international standards that enable better performance.

In the labor relations field, respondents perceive local unions as feeble institutions, focused on their own interests, promoting a few strikes despite the low unemployment rate. There was an expectation that the labor reform would encourage some changes in unions, causing them to work for acquiring more members among commerce, manufacturing and rural workers.

4.7 Belém – Pará

Belém has a service-focused labor market, while other areas of Pará State are highly dependent on mining and agribusiness activities and present strong global connections. Belém unemployment rate is high, but employment is high in other areas due to the economy bases: mining, agribusiness and industrial supporting activities. In those sectors, managers mention labor shortage, both skilled and unskilled.

In regards to education and training systems, specifically in Belém, there was information about large companies partnering with local government or *Sistema S* [T.N. - a set of entities focused on manpower training, funded by public money. Examples: SESI, SENAI, SENAC], organizations in creating professional training programs to foster the building of an embryonic labor market. It is also noticeable in Belém, a significant population of skilled and unskilled workers from other countries and from other regions due to the massive presence of mining companies with worldwide coverage.

Traditional HRM areas are present in a fairly standardized manner, not as bureaucratic as personnel departments but not acting strategically either. There are contemporary practices in place but not integrated to organizations' core businesses yet. In Belém, it is possible to come across highly sophisticated HRM policies, such as initiatives aiming at organizing local labor market, starting from professional training.

From the managers' perspective, unions do not constitute a disturbance on a daily basis and do not jeopardize business – fact that, once more, shows the gap between HR areas and labor relations. Therefore, labor reform effects are not a point of concern for the managers.

Professionals have reported little interaction with labor market institutional instances. They place low value on labor market intelligence and when it is needed, it is collected through a developing network. As in previous surveys, there is a stereotyped view of the labor market according to which “there is shortage of skilled labour.” Moreover, managers see the labor market functioning and construction as their own responsibility.

4.8 Recife – Pernambuco

Starting in 2000, economic diversification has been taking place in Recife, with an increase in the industrial activity, stronger presence of logistic infrastructure (roads, seaports and airports) and the consolidation of a petro-chemistry hub and an information technology hub. The region got connected to global chains, tracing to the auto industry and has increased its national relevance. Unemployment rate has dropped up to 2014 and, as in other regions, went up again during the economic crisis. Recife is characterized by the high informal employment rate [T.N. – “*Informal employment*”, from Portuguese *Trabalho informal*, refers to work performed in an occasional basis, not connected to a properly established business].

There was also a shortage of skilled labor. There were no reports of initiatives partnering with organizations like *Sistema S*, but it was usual to hire consulting firms to guide and support training programs.

As for employee relations, organizations' outlook is that the rapport with unions is characterized by stability and relative tranquility when compared to other northeast areas. Managers anticipate that, due to the labor reform, unions in the region will probably be more likely to approach companies as a way to validate their relevance to labor relations.

Traditional HRM processes are relatively standardized, still bureaucratic like personnel departments, but progressively earning strategic nature.

The most innovative example of HRM is in the *Porto Digital* [Digital Port] in Recife, home to about 320 organizations (companies, promotion and government agencies) and 9,000 workers, involved in software production and service providing and with services on information technology, communication and creative economy.

Reports collected from organizations show that they count on HR areas and/or professionals qualified to deal with unions.

5. Critical assessment

Data on Brazil labor market show that significant changes have happened in the initial decades of this century, in contrast to the previous outlook of relative ease for employers. In the light of these changes, it would be reasonable to assume that HR managers could feel compelled to reach out for information to guide their strategies toward labor market and union negotiations. According to this study, HRM took workable initiatives to deal with labor shortage, joining forces in some sectors or geographic areas, in an attempt to develop balancing mechanisms. Those take shape through organizations' agreements that define common parameters to deal with an increasingly demanding market.

Focus groups involving HR managers from each of the eight surveyed metropolitan regions have confirmed that companies deal with crises linked to this situation within a more complex framework. Nonetheless, it is clear that managers deal with other influencing factors, such as labor market itself and economic trends, when making strategic or quotidian decisions. Those decisions are made by HRM in a poorly structured manner, without an attentive analysis of the scenario. As for the knowledge applied to the professional and managerial decision-making process, information and opinions obtained in the HR community prevail, while official reports or academic analyses on the field are seldom resorted to. [Table 2](#) summarizes the main findings across the country.

HRM practices are convergent in terms of jargon. At the same time, in regards to labor market, most regions are part of a convergent picture, except for north and Midwest regions. In labor relations, companies' reports addressed also the need of attention and study over the new hiring modes granted by the new labor law.

HRM strategic influence progressively grows through leadership decisions as well as through responses to the organizational context. About the economic crisis, the chronicle said that organizations and their departments were caught by surprise in its speed and intensity. Professionals also expressed little interaction with labor market institutional instances, giving low value to information on them. If needed, they search for information through local groups in social media (e.g. WhatsApp) and not relying on regular forums for experience exchanges. HRM activity is not institutionalized within the professional community, nor supported by connections to the academy.

This study's results indicate that there may be a dissociation of the activities performed by HRM in respect to labor market reality and to labor relations. As for the difficulties faced by the market, some initiative is taken when adversity arises in recruiting or in monitoring wage increases in regional markets. In a reactive manner, companies sought to reach agreements,

Table 2.
Focus groups with HR
managers – key
findings

Focus group	Labor market	Labor relations	HRM	HRM institutionalization progress
Belo Horizonte (September 15)	Stable	Traditional	Traditional	HRM practices institutionalization
Salvador (November 15)	Going through structuring process	Conflicting	Going through structuring process	HRM area restructuring
Porto Alegre (March 16)	In transition (services sector)	Defensive	Traditional	HRM in search of a new direction
São Paulo (April 16)	Dynamic	Advanced	Strategic	Advanced HRM practices (aligned)
Manaus (February 18)	Locally based	Traditional	Traditional	HRM practices in clusters (horizontally aligned)
Cuiabá (June 18)	Dual and going through structuring process	Traditional	Traditional	HRM department professionalization
Belém (October 18)	Dual and going through structuring process	Traditional	Traditional	Dual HRM departments (strong or shy)
Recife (March 19)	Going through structuring process	Traditional	Traditional	HRM seeking a more strategic role

aiming at avoiding wage increases in the search for specific professionals. In union rapport, the most significant movements happened during the bargaining process, when experts may join as companies' representatives.

Based on the considerations of [Mayrhofer et al. \(2011\)](#), the conclusion is that there is convergence in HRM practices among the studied cases and across Brazil as a whole. Many examples were identified. Among them, managers' perception on the effect of unemployment caused by the economic crisis (need for organizational adjustments); the concept that labor reform had not yet produced sensible effects on markets approached during the second phase and the impression that HR in general does not innovate, restricting the search for knowledge to internal sources or to their own professional network if so. This convergence happens also in the attempt to institutionalize people management policies and practices, intending to officialize them or aligning – vertically or horizontally – them to organizations' strategies across the regions ([DiMaggio & Powell, 2007](#); [Chu & Wood, 2008](#); [Delery & Doty, 1996](#)).

On the other hand, it was clear that there is a common national language of people management professionals. Expressions like “strategic HR,” “competences,” “strategic alignment to the business,” “associates” and others connected to HR professionals' specialization in contemporary functions, such as “business partners,” were commonplace in the focus groups. This is evidence of an institutionalization process, at least of the spoken language, under the normative perspective, as per [DiMaggio & Powell \(2007\)](#).

In terms of HR practices, coercive isomorphism was also observed in companies that adopted practices defined by headquarters outside the surveyed regions. The same is true for domestic companies or family businesses, which follow guidance from consulting firms with national coverage to model their HRM structures.

As for mimetic isomorphism, similar practices were detected across organizations within the same sector, such as mining, agribusiness and health services (see [Table 3](#)).

The research findings made possible to identify contrasts with studies that sought to characterize a “Brazilian way of HRM” ([Chu & Wood, 2008](#); [Wood, Tonelli & Cooke, 2011](#)). There are convergent traits in policies and practices identified across the country. However,

given the country's diversity, it is not possible to describe a Brazilian way of HRM that constitutes a national synthesis (Alcadipani & Crubellate, 2003).

Among the divergent aspects identified by this survey, the highlight to be mentioned is the contextual element represented by the variety of labor market configurations faced by HRM across different regions. Such variety happens in degree of formalization and availability of highly skilled labor. For this reason, numerous and diverse policies and practices are needed for employees attraction and retention. As an example, São Paulo and Belém present some convergence in HRM practices, but they are divergent in their contexts. In this sense, economic diversity in terms of sectors and regions exerts divergent pressure on the context, requiring HRM areas to adapt.

6. Final considerations

Organizations have acted to establish restructuring efforts as response to the economic crisis after 2014. In this scenario, in three of the surveyed regions, the crisis seems not to have surprised HRM areas. In those regions, HRM areas intuitively dealt with strategic or even quotidian decisions. The identified HR positioning within organizations was reactive and subject to organizational objectives, indicating a limited diagnosis of the emerging context. HR function in Brazil has played a role that is subordinate to other companies' areas. This work shows that HR practices unveil a lack of understanding on the connections between labor market and employment relations, even in turbulent times.

Given the significant changes in the national business environment and, by extension, in the labor market, it was expected that HR managers would seek more information and knowledge to found their decisions and strategic actions toward labor market and union negotiations.

HR professionals dealt with labor shortage by adopting effective initiatives, such as the grouping of companies within the same sector or same geographic area. They intended to create balancing mechanisms through agreements among organizations, sharing parameters to face a demanding labor market.

Focus groups with HR managers across eight metropolitan areas confirm that organizations face divergent contexts in labor market or union matters. These factors' influence on strategic or quotidian HR decisions was handled by managers in a still poorly structured, with no attentive analysis of statistical information available through official sources. The bulk of the knowledge applied to professional and managerial decisions was based on information and opinions gathered through HR community network. Official reports, academic research studies and analyses were barely cited as sources of information. The interviewees mentioned the network's low level of knowledge and agreed on the confirmation bias permeating this source's intelligence.

People management areas continue to be configured within their traditional and far from strategic design. As a general rule, professionals expressed being assigned to HR and dedicated to instrumental tasks such as recruiting, career planning, training and development. On the other hand, a people management professional jargon was identified

Isomorphism type	Factors and organizations
Coercive	Rapport between headquarters and regional offices, regulations and pressure by consulting firms
Mimetic	HRM in similar economic sectors (mining, agribusiness and health)
Normative	Managerial jargon (spoken language)

Table 3.
Institutionalism
process in HR practices

in an evident institutionalization process or normative isomorphism in DiMaggio's and Powell's terms (2007).

On union relations, HR areas' work was concentrated on collective bargaining and supported by specialized professionals or consulting firms. Those contractors acted as companies' representatives before unions. Representatives and HR managers aimed at neutralizing union efforts.

Since the labor reform, some organizations stopped submitting layoffs to unions' approval [T.N. – *In Brazil, unions were responsible to verify that all severance payments were properly made, in a process known as Homologação, or "approval"*]. Nonetheless, managers claim to be cautious when adopting negotiation practices, when relating to unions and even when hiring individuals based on the new labor regulations.

Thusly, this research findings disclose three not mutually exclusive dimensions that can be seen as explanations for this behavior: (1) issues pertaining to labor relations and labor market are barely valued within the HRM scope, being even considered a matter to be left to specialized representatives and labor lawyers; (2) HR and labor relations management are considered separate areas, both in professional and knowledge terms and weakly integrated within organizations; (3) HR professionals attitude toward the economic crisis, having them been surprised or not, was reactive to organizational leadership decisions, with a narrow view of the emerging context. Clearly, a more profound discussion on those dimensions justifies the opportunity and the need for further studies along with HR professionals and their organizations to investigate the reasons for their reactive character when facing organizational hierarchy.

Amid the results, there is a broader view on HR work in Brazil, encompassing regions seldom surveyed and making possible to compare them. The study also identified HR professionals and areas knowledge gaps, in regards to labor market and labor relations as related institutions.

This study's contributions include as a highlight the adoption of the institutional approach to enable comparative surveys at national level, focusing on labor relations and people management in different Brazilian regions.

It also indicates that HRM function has been playing a supporting role in companies, showcasing the lack of understanding about labor market and employment relations connections, even in turbulent times. The appreciation of these connections and the ability to work on them would be convergent to more strategic HR practices. This article sheds light on a deeper analysis of those dimensions, justifying the opportunity and need of future investigations on HRM practices, HRM professionals and their organizations.

Finally, the study reaffirms the necessity of expanding academic research on HRM, labor market and labor relations beyond the traditional south and southeast regions in Brazil. Regional and sectoral dynamics in metropolitan areas constitute a relevant subject as they integrate productive and managerial processes at local, national and global levels, which were not studied in-depth.

An institutional theory perspective may bring valuable information on those dynamics to light.

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