Developments in Human Resource Management in MNCs from BRICS Nations: A Review and Future Research Agenda

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Abstract

In this paper, we analyze developments in the field of human resource management (HRM) in multinational corporations (MNCs) from the BRICS countries (Brazil, Russia, India, China, and South Africa). We do this in terms of conceptual models, theoretical frameworks, empirical studies, research designs and MNC settings, with a view to setting the future research agenda on this emerging topic. In doing so, we identify research gaps as well as propose a number of research directions that can act as a useful guide for future research. The article therefore provides valuable information to both academics and practitioners and paves the way for future studies on the nature of HRM systems in MNCs from BRICS.

Key Words: HRM, Emerging Markets MNCs, BRICS, Research Agenda.
1. Introduction

Despite the fact that globalization has come under increasing attack as witnessed by Brexit and the election of Donald Trump as the U.S. President, the reality remains that multinational companies (MNCs) and related foreign direct investment (FDI), among other factors, continue to play a critical role in the development and prosperity of the world. The participation and operation of MNCs globally have facilitated economic development in many regions of the world. The reason behind this logic is that one of the most positive effects of MNCs is the presence of technological externalities, which may result in productivity spillovers from MNCs to domestic enterprises in the host country (Gorg & Strobl, 2001). As MNCs utilize a higher level of technology, their presence fosters productivity increases in domestic firms, enabling them to be more effective (Gorg & Strobl, 2001). In other words, the developing countries can benefit from the transfer of technology by their advanced counterparts. In addition to the transfer of technology, MNCs can create additional and/or higher-paying jobs for local people in the host country (Geleilate, Magnusson, Parente, & Alvardo-Vargas, 2016). Also of interest is that when foreign MNCs join and operate in host country markets, in order to compete successfully in the global market environment, domestic firms need to modernize and innovate their management practices to survive (Budhwar, 2012). This is a very important reason to urge domestic firms to innovate and invest more effectively in human capital in order to capitalize on their skills, knowledge, competence and commitment to contribute to their firm performance. However, it is also noteworthy that not only do domestic firms modernize their management practices but foreign MNCs also need to internationalize these practices to adapt to the environments in which they do business.
Although MNCs from industrialized countries have dominated the international business arena, emerging markets, especially the BRICS\(^1\) nations (Horwitz & Budhwar, 2015; Luo & Zhang, 2016; Thite, 2015) are experiencing major shifts in the global economic landscape. Specifically, the emerging nations are also ‘increasingly contributing more towards the outward FDI and increasingly they are investing both in developed as well as developing markets’ (Thite, 2015: 97). As a result, some BRICS nations such as China, India and Russia have become important players in the global economies and the world economic scene (Budhwar, Varma & Patel, 2016). Budhwar and colleagues (2016, p 311) point to several reasons that contribute to this success such as a strong resilience of the region against the 2008-2009 global financial crisis, and the rapidly growing centers of excellence in business and management education and research in the group. Due to the importance of emerging markets in the global economic landscape, the ‘understanding about the dynamics of management of HRM in the emerging markets’ (EMs’) context and the need for proactive efforts by key stakeholders (e.g., multinational and local firms, policy makers and institutions such as trade unions) to develop appropriate HRM practice and policy for EMs has now become more critical than ever’ (Horwitz & Budhwar, 2015, p. 1).

The BRICS nations represent the largest group of inter-continental powerhouses of emerging middle-income economy. They have the world’s largest populations, especially India and China, and have experienced rapid growth over the last two to three decades, only recently experiencing a slight slowdown (Horwitz & Budhwar, 2015, p. 4). The BRICS group is viewed as markets in expansion because of their opening up to more liberal regimes and their deregulation of their economic activities (Wright & van de Voorde, 2009). In particular, organizations from the BRICS nations dominate the list of 100 leading organizations from

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\(^1\) Jim O’Neill and colleagues at Goldman Sachs first used the acronym BRICs; see http://www.elcorreo.eu.org/IMG/pdf/Building_Better_Global_Economic_BRICs.pdf
emerging economies, with 18% annual revenue growth, and have continued to grow at a
tremendous pace without sacrificing profit margins (see Horwitz & Budhwar, 2015, p. 8).
India, for example, has experienced significant economic growth over the last decade with
eight Indian multinationals featuring in Global Fortune 500, five in the world’s most valuable
global brands, and nineteen in Boston Consulting Group’s (BCG) 100 new Global
Challengers (Thite, Wilkinson, Budhwar, & Mathew, 2016, p. 436). While there has been an
increase in the MNCs from the BRICS nations, scholars in this research domain have not
captured up with the changes. A review of the existing literature reveals out that there is a
dearth of research on HRM practices of MNCs from emerging nations operating in Western
economies and/or the developed world (Chang, Wilkinson, & Mellahi, 2007). Although
researchers in this domain have started to examine HRM practices of MNCs from the BRICS
countries, they have just focused on one country, or maybe a comparative study of two or
three countries. A noticeable exception is the work by Jürgens and Krzywdzinski (2013) that
examined HRM practices of MNCs from the BRIC (without South Africa) nations. On this
basis, relatively little is known about the synthesized effects of HRM practice of MNCs from
the BRICS countries. Also of note is that research in this field has been unequally undertaken
amongst these five contexts. While numerous research studies have been conducted in the two
largest economies in this group, India and China (e.g., Cooke, 2012; Budhwar & Bhatnagar,
2009; Murray & Fu, 2016; Thite et al. 2014), there is a dearth of research on HRM practices
of MNCs in other countries, for example, South Africa (Khavul et al., 2010). This paper seeks
to fill this gap.

Due to the increasing importance of HRM practices of MNCs from BRICS, this article
provides a review of the existing literature across these countries, with a focus on the
theoretical frameworks, empirical studies, research designs and the MNC settings used. First,
the review provides an overview of the extent to which HRM in MNCs from the BRICS
nations are shaped and implemented, and what factors may influence and/or limit the diffusion of HRM in this context. Second, it focuses on identifying research gaps, methodological pitfalls and theoretical frameworks from prior research. On the basis of such an analysis, we offer a number of propositions that can potentially guide the way for future researchers to further advance this stream of research in order to significantly contribute to the extant knowledge. This will also help to highlight the national institutional environment and the management of the social organizational context that have led to the success of the BRICS nations in the era of globalization (Newenham-Kahindi, 2009).

2. Framework for Analysis/Theoretical Development

‘In the global economy of the twenty-first century, characterized by services, knowledge, technology, innovation and globalization, human resource management will remain a key competitive advantage for all firms, domestic and foreign and for all markets, emerging or established’ (Thite, 2015, p. 117). In this regard, the field of international HRM (IHRM) has received much attention from both academics and practitioners. According to Jain, Lawler, and Morishima (1998), the field has advanced alongside three different lines of inquiry. The first involves the adoption and implementation of HRM techniques in the management of expatriate employees. The second concerns national HRM systems, which deal with understanding the kinds of HRM practices used within a given country regarding indigenous employees and comparing such practices cross-nationally or cross-culturally. The third copes with the interplay between MNCs, host countries and HRM practices as implemented in host-country nationals (Thite, 2015, p.553). The majority of this research has adopted Western-based HRM theories and models to investigate the phenomenon of HRM in non-Western markets such as India, China, and Brazil. Scholars therefore call for the need to develop alternative models that can recognize and incorporate indigenous HR systems in exploring HRM in emerging market MNCs (Jackson, 2001).
Responding to this call, IHRM scholars have started to devise their own models to apply to different contexts in MNCs from the BRICS block (Budhwar & Sparrow, 2002a, 2002b; Som, 2006; Thite, Wilkinson, & Shah, 2012). For example, Budhwar and Sparrow (2002a; 2002b) propose an integrative framework for understanding cross-national HRM practices and emphasize the importance of understanding HRM practices around the world using frameworks that go beyond the Anglo-Saxon experience. In the context of Indian MNCs, Som (2006) offers a contingency-based theoretical framework that highlights the importance of the contextual factors whilst examining the effect of innovative HRM practices. Along the same lines, Thite et al. (2012) present a conceptual model of global HR strategies and practices in MNCs from emerging markets across their subsidiaries in both the developed and developing worlds. Most recently, scholars (e.g., Budhwar et al., 2016) have developed a framework for cross-national context-specific HRM analysis including different factors and variables at three levels. These involve (i) forces of globalization, (ii) national business systems, (iii) societal effects, and (iv) historical assessment and developments in HRM under macro-level (Budhwar et al., 2016, p. 315). It is important to note here that although the framework is designed for an Asia-specific context, it may be relevant to HRM in MNCs from the BRICS group and can easily be applied in the context of MNCs from these nations.

Next, we discuss the HRM practices in MNCs from each of the five countries in the BRICs block.

**HRM Practices of MNCs from Brazil**

Scholars have noted that the economic liberalization in the early 1990s created the starting point for the internationalization of Brazilian companies (e.g., Thite, 2015). The liberalization has created the opportunities as well as the challenges for Brazilian firms to survive and succeed. As a result of this, only the most resilient Brazilian companies have been
able to exist and thrive in this challenging environment (Fleury & Fleury, 2011). Also of interest is that Brazilian companies have invested in foreign markets for many years, thereby having been required to internationalize their businesses to uphold their stable development (Tanure, Barcellos, & Fleury, 2009). Another important point is that the organizational culture in many Brazilian companies was heavily influenced by the Japanese quality management techniques and many government initiatives accelerated the process of national quality and productivity improvement. This helped the transformation of the ‘traditional Brazilian management style’ to suit the modern, competitive global environment but without losing local cultural connections rooted in collectivist traditions (Thite, 2015, p. 105). All the aforementioned factors have helped to shape HRM practices in Brazilian multinationals.

However, due to being young multinationals, Brazilian enterprises have modest experience in internationalization process, especially in the management of a foreign labor force (Tanure et al., 2009). As a result, these multinationals experience lots of challenges regarding cultural management in general and HRM abroad in particular (Tanure et al., 2009). This is well aligned with the view that HRM practices are considered as the weakest competence for Brazilian corporations (Fleury & Fleury, 2011).

Consistent with HRM practices within Brazilian multinationals, HRM research in this context has also received certain interest and attention from scholars (see Fleury & Fleury, 2011; Muritiba, Muritiba, de Albuquerque, Fleury, & French, 2012; Tanure et al., 2009). For example, using the ABN AMRO Bank case, Tanure et al. (2009) found that in processes of radical change, top management of the acquiring firm plays a key role in forming an understanding that people act as a key asset of the firm. Deploying six case studies of Brazilian multinationals, Fleury and Fleury (2011) suggest that these case firms had to cope with their former economic turbulence, shortage of qualified workforce to work internationally and the need to develop HRM competencies to operate globally. Using the
cultural-cognitive perspective and a survey as the primary method for data collection, Furusawa and Brewster (2015) point out that ‘Nikkeijin’ (i.e., Japanese diaspora and its members) is viewed as a source of talent by Japanese MNCs, but that their HRM practices are less effective in attracting them in their global talent management programs. Table 1 provides an overview regarding the main developments in HRM studies in Brazilian multinationals.

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<th>Author</th>
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<tr>
<td>Aguzzoli and Geary (2014)</td>
<td>Institutional, political and market-based perspectives</td>
<td>In-depth case study</td>
<td>The study points out that the Brazilian MNC was ‘adept at capturing significant components of the host country’s institutional setting in a manner that gave it the space to determine the ‘rules’ for its own advantage’ (p. 587).</td>
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<td>Muritiba, Muritiba, Campanário, and Albuquerque (2010)</td>
<td>Grounded theory</td>
<td>Multiple case studies (semi-structured interviews; company reports; media communications and observation.</td>
<td>The study suggests that a more centralizing characteristic of the multinational companies was examined. The study also implies that Brazilian IT multinationals tend to depend more on their national competencies when adopting and implementing HRM practices instead of going global to aggregate differentiated competencies.</td>
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<tr>
<td>Furusawa and Brewster (2015)</td>
<td>Culture–cognitive perspective</td>
<td>Survey</td>
<td>Nikkeijin is viewed as a source of talent by Japanese MNCs, but that their HRM practices are not appropriate to entice and deploy them in their global talent management programs.</td>
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<tr>
<td>Muritiba et al. (2012)</td>
<td>Grounded theory</td>
<td>Case study</td>
<td>The study demonstrates that six cases of Brazilian MNCs had to cope with their former economic turbulence, shortage of qualified workforce to work internationally and the need to develop HRM competencies to operate globally.</td>
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**HRM Practices in MNCs from Russia**

Scholars have observed that Russian multinationals are becoming important players in the global economy (Filippov, 2012). They not only strengthen their presence in other developing economies, but also actively expand in the developed world (Filippov, 2012). As a result of this, they are compelled to innovate and internationalize their management practices in order to adapt to the business environment in which they are operating (Thite, 2015). Following this logic, HRM in Russian MNCs have changed dramatically over the last few decades. As such, organizations are now more aware of the importance of HRM practices to their long-term success and performance, and thus they especially highlight the importance of the following features (Shekshnia, 1998, p. 462):

- Significantly more employees have a business education, speak English and understand market economies. This is a result of increased management education.

- Greater practical experience among local managers.

- The existence of Western-educated Russian managers in the country.

- The existence of a pool of Western managers in senior positions with experience of working in Russia, stimulating FDI.

- A better work ethic among Russian employees, greater ‘marketisation’ of labour, and greater labour mobility often assisted by companies.
Despite the initial developments in HRM in Russian MNCs, scholars have pointed to some challenges regarding this context that ‘the distinctly Russian managerial style clashes with the Western style of classic management, leading to misunderstanding and inefficiencies. Issues of corporate social responsibility (CSR) and modern health, safety & environment (HSE) standards are not properly addressed as a result’ (Filippov, 2012, p. 324). Also of note is that researchers seem to have examined the phenomenon of emerging multinational enterprises from an institutional perspective, i.e. scrutinizing the development, motives and strategies of these enterprises (Filippov, 2012). Consequently, relatively little is known about the results of investigating this phenomenon from a management perspective. In order to fill this research void, researchers have recently examined the nature and phenomenon of Russian MNCs from the management perspective. For example, relying on the institutional perspective, Filippov (2012) investigates and analyzes the interplay between the specificities of the Russian managerial style and the process of organizational internationalization. Table 2 provides an overview of HRM studies in Russian MNCs.

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<th>Author</th>
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<tr>
<td>Björkman and Ehrnrooth</td>
<td>Institutionalization</td>
<td>Survey</td>
<td>The study suggests that the location of unit in question had certain influence on the degree to which MNCs adopted and executed their home country practices with respect to the recruitment criteria, the amount of training, and the content of training; practices were more similar to the MNC home country practices in Poland than in Russia.</td>
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<td>Author(s)</td>
<td>Theory</td>
<td>Research Method</td>
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<td>Fey and Björkman (2001)</td>
<td>Resource-based view</td>
<td>Survey</td>
<td>The study provides empirical evidence that investments in HRM help enhance the performance of companies. Yet the study also demonstrates that the alignment between HRM practices and organizational strategy and subsidiary performance outcomes is moderately supported.</td>
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<td>Fey, Björkman, and Pavlovskaya (2000)</td>
<td>Expectancy theory; resource-based theory</td>
<td>Survey</td>
<td>The study highlights the importance of HRM outcomes as a mediator in the relationship between HRM practices and firm performance. The study also finds that nontechnical training and high salaries are positively associated with HR outcomes for managers whilst job security is by far the most critical antecedent of HR outcomes for non-managerial employees.</td>
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<td>Björkman, Fey, and Park (2007)</td>
<td>Institutional theory</td>
<td>Survey</td>
<td>The study points to significant differences in HRM practices implemented across host countries. The study therefore highlights the importance of the subsidiary that was involved in knowledge transfer with other parts of the MNC and the status of the subsidiary HR department because they both</td>
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significantly influenced the selection of HRM practices.

| Novitskaya and Brewster (2016) | Comparative institutional model | Structured interviews and case studies | The findings of the study yield a comprehensive picture of the interaction between the national business system and HRM practices in Russia. The study also provides an implication that with respect to the HRM practices, ‘the home country effects were quite powerful in MNCs originating from the United States, where levels of standardization were high’ (p. 23). |

| Filippov (2012) | Institutional perspective | Qualitative design and secondary data analysis | The study highlights the importance of elements of HRM, knowledge management, corporate governance, and corporate social responsibility. |

**HRM in Multinationals from India**

It is commonly accepted that the liberalization of economic policies in the early 1990s played a key role in changing the business landscape in India. The vast opportunities created by the liberalization has attracted MNCs to do business in India (Budhwar & Varma, 2011; Som, 2006). ‘The entry of more and more MNCs to tap into the vast Indian market has changed the dynamics of doing business in India. Consequently, the environment has become hyper-competitive and turbulent for Indian organizations, which earlier operated in a protective environment. India has slowly become a competitive battleground for more than fifteen thousand MNCs’ (Som, 2006; Thite, 2015). Under this great pressure, Indian
organizations began to undertake significant changes during the late 1990s in order to compete with foreign firms (see Cooke & Budhwar, 2015; Som, 2006). Doing so ‘demanded changes in the Indian personnel function and also significantly contributed to an enhanced emphasis on HRD, which became the more often used term to denote the personnel function than HRM in India in the late 1990s’ (Cooke & Budhwar, 2015, p. 342). As a consequence, ‘the change symptoms are quite prominent as HRM is playing a noticeable role in bringing about changes in Indian organizations and an increasing number of Indian organizations are creating a separate HRM/HRD department’ (Cooke & Budhwar, 2015, p. 342). Pio (2007) further argues that this is ‘the scenario within which HRM is evolving from a primarily industrial relations and personnel function to that of the creation and molding of strategic and systemic policies and practices aligned with business goals in an environment of intense global competition’ (p. 319). In a nutshell, an argument can be made that the changes in people management in general and HRM in particular is of great importance for Indian firms to face the competition and challenges created by the liberalization of economic policies in the 1990s.

Coupled with this transition trend, scholars have begun to conduct their research on HRM in MNCs in India. Pioneered researchers include Som (2006); Björkman, Budhwar, Smale, and Sumelius (2008); Jain, Mathew, and Bedi (2012); Thite et al. (2012); Thite, Budhwar, and Wilkinson (2014) (see Table 3 for details). Jain et al. (2012), for example, adopt a mixed methods approach including three case studies and an online survey of 66 Indian HRM managers to investigate the innovative practices adopted by Indian and foreign high-tech firms operating in India as well as Indian HRM managers’ perceptions of ‘ideal’ staffing practices. The study generates the intriguing finding that while the focus of Indian MNCs is on managing performance from within, and has put in place innovative culture-building practices, the focus of foreign MNCs is on maintaining the balance between parent
and subsidiary and standardizing the IHRM practices in different global areas. Based on four case studies of Indian IT services MNCs (51 in-depth interviews conducted), Thite et al. (2014) found five key HR Roles - namely, strategic business partner, guardian of culture, builder of global workforce and capabilities, champion of processes, and facilitator of employee development. Despite this initially empirically established evidence, research on IHRM in India is still at the early stage with much potential for the undertaking of more robust and in-depth studies. For example, future research may employ longitudinal studies alongside multilevel perspectives to examine the relationship between HRM or strategic HRM and firm performance in MNCs.

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<tr>
<td>Thite et al.</td>
<td>The RBV of the firm</td>
<td>Case study</td>
<td>The study found five key HR Roles - namely, strategic business partner, guardian of culture, builder of global workforce and capabilities, champion of processes, and facilitator of employee development. The study also reflects that the HR function in Indian IT service MNCs faces several challenges in consolidating the early gains of internationalization, such as lack of decentralized decision making, developing a global mind-set, localization of the workforce, and developing a global leadership pipeline.</td>
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<td>(2012)</td>
<td>Cultural, institutional and organizational</td>
<td>Semi-structured questionnaire</td>
<td>The study provides initial insights and guidance into the motives, strategic opportunities and constraints in cross-</td>
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<td>Differences approach</td>
<td>National transfer of HR policies and practices in a multi-polar world.</td>
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<tr>
<td>Som (2006) Contingency-based theoretical model</td>
<td>Case study The study provides an implication that best HR practices seem to be applicable to both Western countries and emerging markets like India, thereby being relevant to most sectors and industries across the world wherever a competitive market economy exists. The study also suggests that the implementation of innovative HR practices has influenced the performance of Indian firms, thereby further supporting recent research that has found a positive relationship between HRM practices and performance outcomes.</td>
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<tr>
<td>Jain et al. (2012) Resource-based view</td>
<td>Case studies; online survey The findings of the study point to differences between foreign firms ‘perceptions of innovations in HRM (HRMI) and their Indian counterparts. The study also implies that the focus of Indian MNCs is on managing performance from within, and has put in place innovative culture-building practices. By contrast, the focus of foreign MNCs is on keeping the balance between parent and subsidiary and standardizing the HRMI practices in various global areas. Also of interest is that Indian MNCs tend to be aware of the cost and</td>
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HRM in Multinationals from China

According to Cooke and Budhwar (2015), the historical development of the HRM function in China is divided into two periods. The first period started from 1949 to the late 1970s with the focus on central planning and strong state control as the key features of people management. As a result, the HRM function at the organizational level did not have much autonomy in involving and implementing HR policies and practices. The second period commenced from the early 1980s where state-owned firms were given more autonomy to manage business in general and people in particular. Consequently, firms have been given more freedom to manage their people without the involvement of the state on a number of HRM issues. This is especially true in the context of today’s turbulent market environments when more and more Western MNCs come to China to do business and Chinese MNCs do business abroad. In order to increase competition for Chinese enterprises vis-a-vis foreign firms, the former need to adopt new strategies to deal with the ever changing and turbulent environment (also see Som, 2006). Also of note is that during the inward internationalization process, China attracted a large amount of foreign direct investment (FDI) through joint ventures and original equipment manufacturing (Cooke, 2014, p. 878). As such, Chinese companies have acquired skills, technical know-how, and managerial competence from their foreign partners (Cooke, 2014). This has enabled Chinese firms to borrow and/or export, and refine Western HRM models to suit the Chinese context.

As such, when many MNCs operate in China, the context within which these MNCs operate has changed accordingly (Björkman, Smale, Sumelius, Suutari, & Lu, 2008). However, it is noteworthy that despite the significant changes in the Chinese business
landscape (see Björkman et al., 2008), only a few empirical studies have been undertaken with respect to HRM in MNCs from China over the last few decades (see Table 4 for details). One typical example is the work by Björkman, Smale, et al. (2008) who used two datasets: one sample of 57 European-owned units in Beijing, Shanghai and another of 87 European-owned subsidiaries in Beijing and Shanghai in order to examine the changes taking place in HRM identified in such aforementioned contexts. The results provide evidence for the convergence of HRM found in local Chinese enterprises with those of European MNC units in China. Another noticeable study by Lu and Bjorkman (1997) who obtained the data from 65 China-Western manufacturing joint ventures to investigate the compatibility between MNC standardization and localization of different HRM practices. The results suggest that different HRM practices have different responses to MNC standardization and localization. Despite this initial empirical establishment, scholars point out that the majority of empirical studies have adopted Western-based theories and conceptual frameworks to apply in the Chinese context (Cooke, 2009). This approach may be too superficial to yield valuable insights into the nature of how HRM practices are shaped and implemented within enterprises (also see Cooke, 2009). Future research therefore should be embedded in a new generation of research with more in-depth studies, more robust theoretical lens and analytical techniques in order to yield a more comprehensive picture of how and why HRM in MNCs are shaped and executed.

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<tr>
<td>Björkman, Smale, et al. (2008)</td>
<td>Institutional theory</td>
<td>Survey</td>
<td>The study highlights the significant changes in the HRM practices of European-owned units in China over the last ten years. The study also notes a convergence within European MNCs when the HRM practices in</td>
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<td>Author(s) and Year</td>
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<td>Bjorkman and Lu (2001)</td>
<td>Institutional theory; bargaining power perspective</td>
<td>Semi-structured interviews; survey</td>
<td>The findings demonstrate that the HRM practices are by far more similar to those of the MNC than to those of local firms. One possible explanation for the result is due to ‘a lack of strong local institutionalization pressures concerning personnel/HRM practices in China and to Western executives’ perception that the introduction of Western policies and practices are needed to make the joint venture competitive’ (Bjorkman &amp; Lu, 2001, p. 507).</td>
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<tr>
<td>Cooke (2014)</td>
<td>Political, economic and institutional theories</td>
<td>Case study</td>
<td>The findings highlight the importance of the wider range of institutional factors and the government so as to comprehend how the HRM of studied MNCs is shaped by the dynamic interactions of these factors.</td>
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<td>Iles, Chuai, and Preece (2010)</td>
<td>Exclusive-people; exclusive-position; inclusive-people; social capital</td>
<td>Structured interviews</td>
<td>The study offers a distinct approach to people management with a view to differentiating the success and the competitive advantage of the firm. The study also suggests that there are both similarities and differences between TM and HRM.</td>
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<td>Lu and Bjorkman (1997)</td>
<td>Resource dependence perspective; institutionalization theory</td>
<td>Personal interviews; survey</td>
<td>The findings suggest that ventures do not necessarily integrate local practices with those designed and implemented in Western MNCs. The study also highlights the differences cross HRM practices with regard to compatibility</td>
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between MNC home-country practices and local ones.

**HRM in Multinationals from South Africa**

Under compelling pressure to globalize, South African enterprises have no choice but to innovate themselves to increase their international competitiveness. This is because the business landscape of Africa in general and South Africa in particular is experiencing phenomenal development and dynamics, deriving from the increasing inflow of investments and management systems from various regions, as well as the changing values of the increasingly educated workforce in Africa (Ellis, Nyuur & Debrah, 2015). In order for enterprises to enhance their competitiveness, they have focused on developing quality programs, flexible work practices, organizational structuring, business process redesign and lean manufacturing (Horwitz & Smith, 1998). As a consequence, skills required at work and people management have shifted accordingly (Horwitz & Smith, 1998). By this logic, people are by far the most critical resource and core competencies of firms, and thus their development creates a unique and non-imitable competitive advantage (Ellis et al., 2015, p. 393). However, it is noteworthy that diversity, contextual factors and characteristics of HRM in Africa are some of the keys to understanding work and employment in the South African context (Ellis et al., 2015, p. 400; also see Horwitz & Jain, 2011). South Africa is very diverse in its social make-up (Africans, Whites, Colored and Indians) as well as type and nature of its workforce, business practices, skill level and managerial work ((Ellis et al., 2015, p. 400).

Coupled with this fact, the HR systems in South Africa, like other African countries, are characterized by ‘low salary levels, lack of effective performance standards, inability to fire people, too few rewards for good performance, recruitment procedures that do not attract appropriately trained people, promotion patterns based too much on seniority or patronage,
and too little on performance, slow promotion and lack of reward for hard work and initiative, inadequate and demoralizing management by supervisors’ (Ellis et al., 2015, p. 398).

Nonetheless, under the pressure of globalization and the arrival of MNCs to South Africa, indigenous enterprises need to innovate and have know-how to manage people fruitfully. In this relation, enterprises ought to prioritize HRM practices in order to create a source of competitive advantage against both foreign and domestic firms. By this logic, scholars have commenced to investigate HRM in MNCs in this context (Baruch & Clancy, 2000; Horwitz & Jain, 2011; Horwitz, Kamoche, & Chew, 2002). For example, on the basis of the contingency approach, Horwitz et al. (2002) conducted a comparative analysis of diffusion and utilization of high performance work practices from East Asia and Southern African enterprises. The results of the study highlight the significance of African uniqueness and diversity as features of the view of cross-vergence that may shape specific HRM practices. Another noteworthy study is the work by Horwitz and Smith (1998) who deployed the questionnaire results of a study by Horwitz and Franklin (1996) to compare the utilization of flexible work practices in wholly owned South African firms vis-à-vis that of foreign-owned ones. The study indicated that the latter utilize certain flexible work practices to a greater extent than do the former.

Despite the aforementioned studies, our literature review suggests that research on HRM in South African MNCs have been less investigated in comparison with other BRICS nations. Ellis et al. (2015) further reinforce this argument that there is a dearth of empirical studies on South African HRM practices, and there are still unexplored issues regarding HRM in South Africa. Ellis and colleagues therefore suggest that there is a need to conduct more empirical studies in order to reshape the research avenue in South Africa. Table 5 provides an overview regarding the main research examining HRM in South African MNCs.

<table>
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<tr>
<th>Author</th>
<th>Theory</th>
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| Table 5: A Summary of Empirical Studies of HRM in MNCs from South Africa
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<th>Author</th>
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<tr>
<th>Study</th>
<th>Perspective</th>
<th>Methodology</th>
<th>Findings</th>
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<tr>
<td>Horwitz et al. (2002)</td>
<td>Contingency approach</td>
<td>Case study</td>
<td>The study highlights contextual factors such as diversity and distinctiveness as features of the notion of cross-vergence that shape specific HRM practices.</td>
</tr>
<tr>
<td>Baruch and Clancy (2000)</td>
<td>Strategic and universalistic HRM practices</td>
<td>Semi-structured interviews</td>
<td>The findings help yield a picture of current developments and approaches in people management under the threat of HIV/AIDS.</td>
</tr>
<tr>
<td>Horwitz and Smith (1998)</td>
<td>Comparative perspective</td>
<td>Survey</td>
<td>The study indicates that foreign-owned firms utilize particular flexible work practices to a larger extent than South African-owned ones do. The study also emphasizes that South African-owned firms make fewer joint decisions with unions than foreign-owned counterparts do when shifting work practices.</td>
</tr>
<tr>
<td>Newenham-Kahindi (2009)</td>
<td>Not applicable</td>
<td>Case study</td>
<td>The study highlights how different forms of hybrid HRM strategies allow South African MNCs to advance high performance work practices in the midst of global competitiveness.</td>
</tr>
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We can see from the above literature review that the management of human resources is by far a weakness rather than a strength in most MNCs from the BRICS nations, with the noticeable exception of Indian MNCs in the IT sector which prioritize the use of HRM as the key ingredient of success (Thite et al., 2014; Thite, 2015). This is in line with the view that HRM practices in the BRICS countries are usually deemed to be ineffective and out of date, and thus imply a barrier to enhanced firm performance (Budhwar & Debrah, 2001). A
possible reason for this situation is MNCs from the BRICS nations are latecomers, small in size and relatively less experienced than their advanced rivals from Western countries. In order to fill the gaps in their knowledge quickly, they resort to acquiring strategic assets in advanced markets to pursue intangible resources (Thite, 2015). In this regard, people management in general and HRM practices in particular play a key role in enabling MNCs to achieve this strategic goal. Multinational companies therefore need to modernize and internationalize their management practices to fit the business settings in which they are operating. If they manage to do so, they are more likely to capitalize on a pool of high quality human capital that can contribute to the success and higher performance of multinationals, thereby creating competitive advantage over their rivals.

3. Future Research Directions

There is little doubt that HRM in MNCs from the BRICs nations is a vibrant field of inquiry with an increasingly growing number of contributions. As a consequence, these research efforts have greatly deepened our understanding of the phenomenon of how and why HRM is shaped and executed in the context of BRICS MNCs. However, our literature review also suggests that research on HRM in MNCs from BRICS is in its infancy. To advance research, future studies should adopt relevant theoretical lens, robust conceptual models and appropriate research designs. Following this line of logic, next we propose a number of potential propositions and directions that may serve as starting point for future researchers to advance this field of research.

3.1. Cross-country comparative study in MNCs from BRICS

Scholars have observed that most of the HR challenges derive from young MNCs’ lack of experience as global players, and if one can expect that they thrive, they are likely to
acquire (Thite, 2015). By this logic, it is very important to conduct cross-country comparative studies to evaluate if countries matter in explaining the variation in behavior and performance of MNCs (Makino, Isobe, & Chan, 2004). The implications from these studies will allow MNCs to have a better understanding of economic, political, social, cultural, and institutional actors in the host country in which they are operating. As a result, MNCs are willing to learn and adapt such differences in order to survive and succeed in the globalized world. Also of interest is that most existing studies are based on one particular country samples, and thus little is known about the extent to which MNCs standardize their HRM practices across countries (Björkman & Ehrnrooth, 2000). We also observe that although cross country comparative studies on HRM have been undertaken in a few countries among the BRICS nations, there is no study examining the cross country comparative scenario of HRM in the all five BRICs nations. As such, we suggest that future research should explore the HRM of MNCs including the five nations in order to provide a more complete comprehensive picture of how and why the HRM of MNCs are adopted and executed in this emerging world. This will not only help to address the convergence-divergence debate but also highlight the context-specific nature of HRM in MNCs from each nation of the BRICS group. On the basis of the aforementioned discussion, our first set of propositions is provided below.

**Research Direction 1:** Scholars should undertake cross-national comparative studies of emerging and dominant HRM policies, practices and systems in MNCs from BRICS countries.

**Research Direction 2:** Scholars should also examine relationships between HRM policies, practices and contextual factors in BRICS countries using multilevel methodological and theoretical perspectives.

**3.2. More empirical research needed in BRICS MNCs**
There is little doubt that scholars seem to have paid more attention to examining HRM in MNCs from advanced markets than developing countries. This is well aligned with the conclusion that most HRM practices in MNCs have been adapted from the developed world (Briscoe, 2015). In order for this research gap to be addressed, and in light of the growing economic significance of emerging markets and the BRICS nation, in particular there is a need to advance this stream of research by investigating the emerging patterns of HRM in MNCs from BRICS countries and in particular if they adopt a different approach while operating in different parts of the world (e.g., in developed countries versus less developed) and if they are similar or different to developed nations MNCs. Drawing upon this logic, we present our next set of propositions.

**Research Direction 3:** There is a need to examine the emerging patterns of HRM practices in MNCs from BRICS nations operating in both developed and developing countries. In addition, scholars should also attempt to isolate the forces determining these patterns.

**Research Direction 4:** Scholars should also undertake studies that compare the similarities and differences in the nature of HRM in MNCs emerging from BRICS nations, both in their home countries and their subsidiaries overseas. Additionally, these studies should also attempt to isolate the factors and logic that determine the similarities and differences.

3.2. **Talent management in BRICS MNCs**

Over the last two decades or so, there has been a marked shift in terms of the balance of power from advanced markets to the BRICS group. This group is now acknowledged as a formidable economic force, with China and India leading the pack of emerging markets (Budhwar et al., 2016). As such, multinationals ought to acquire, develop and cultivate a pool
of high quality talent in order to boost and retain this level of economic development (Budhwar et al., 2016). However, it is noteworthy that although the BRICS countries have paid more attention to training a lot of graduates at universities and colleges, they are unlikely to meet their talent requirements because of the poor quality of the available talent and the competition for talent among companies (see also Budhwar et al., 2016). The lack of qualified talent prevents companies from filling the talent and leadership pipelines required to maintain the stable development in the BRICS group (Tung & Lazarova, 2006; Gandossy, Greenslade, Kao & Associates, 2008; Tung, 2016).

It has been argued that the lack of qualified talent is said to be ‘a significant challenge facing companies looking to gain a foothold in the emerging markets and the lack of leadership talent is viewed as a major obstacle facing companies seeking to globalize their operations’ (Skuza, McDonnell & Scullion, 2012, p. 2-3). This fact is further complicated by the desire of talented candidates to work in MNCs on the one hand, and the cross national and global movement of talent on the other (Budhwar et al., 2016, p. 318). Coupled with this trend, scholars have started to examine the challenges of talent management in the global context in general and the BRICs context in particular. Key challenges have been explored such as changing global demographics, lack of talent, talent surpluses, locating and relocating talent, quality of training (Guthridge & Komm, 2008; Guthridge, Komm, & Lawson, 2008; Rashid, 2010; Schuler, Jackson, & Tarique, 2011). Despite the recognized role of talent management for success in the rapidly changing market environments, this notion is still lacking in definition and theoretical development, particularly in the global context (Farndale, Scullion, & Sparrow, 2010, p. 162). Furthermore, scholars have pointed to a number of important questions that require further empirical research and theoretical development, such as concise definitions of talent management, how talent management differs from HRM what
makes firms adopt talent management (Iles et al., 2010). Following this logic, there is a need to empirically investigate and clarify what talent management in the BRICS context implies.

Scholars have also noted that to successfully deal with talent management challenges, companies ought to make use of a wide variety of HRM practices and policies (Schuler et al., 2011; Scullion & Collings, 2011). Also of note is that the ‘globalization of talent management requires companies to create new HRM tools, methods and processes to provide the necessary co-ordination systems to support global integration’ (Farndale et al., 2010, p162). In this sense, it is argued that there is a close link between HRM practices and talent management. Our literature analysis suggests that extant scholars seem to have neglected the role of HRM practices and policies in talent management practices. In addition to the role of HRM practices in talent management, scholars also highlight the importance of contextual factors in the conceptualization and empirical examination of talent management challenges (Schuler et al., 2011). Drawing upon the aforementioned arguments, we present our next set of propositions.

**Research Direction 5:** Future research should examine how and why talent management influences organizational performance in general, and individual talent in particular.

**Research Direction 6:** Similarly, scholars should also examine the link between talent management and firm performance using HRM practices as a mediating or moderating variable, while also including relevant contextual factors.

### 3.4. Importance of national context in BRICS MNCs

From our literature review, we are also aware that the institutional and government factors play an important role in understanding how and why the HRM of MNCs are valued and shaped. This is in line with the notion that starting from an institutional and contextual
perspective means taking into consideration a wider perspective, namely the institutional context and its associated actors (Paauwe, 2009; Rosebauer, Homan, Horstmeier & Voelpel, 2016). This is further supported by other scholars that adopting a wider view enables us to examine the effect of the institutional setting (i.e., the labor-market environment, the characteristics of national culture) in relationship management, especially at the workplace level, on the shaping and utilization of HRM polices and how to manage people in practice (Cooke, 2009). To this end, Shipton, Budhwar, and Crawshaw (2012) conclude that the way companies manage their human resources is institutionally grounded in national contexts. This is well aligned with scholars’ call to undertake ‘context-specific research, which can help both scholars and practitioners better understand the unique characteristics and philosophies that guide practices’ (Budhwar et al., 2016, p. 313) in the BRICS nations. Future research should deploy and position these factors as important boundary conditions when exploring the relationship between HRM practices and performance outcomes. Accordingly, we propose:

**Research Direction 7:** There is a need to position and investigate contextual factors/country of origin/institutional actors as mediating and/or moderating variables in the link between HRM practices and firm performance in the BRICS context.

3.5. Theoretical underpinnings

Another research gap in HRM in MNCs from the BRICS bloc is the absence of robust theoretical frameworks suitable for HRM investigations. As there are a growing number of emerging MNCs, questions are raised about the suitability of the traditional theories of multinational enterprises in the emerging markets context (Thite, 2015). As such, we need to advance and refine theoretical lens in this field of research in order to contribute to the growing development of the management research domain. Our literature review suggests that the resource-based view of the firm and institutional theory have dominated this research field. Scholars have also started to adopt other theoretical lens to explain the HRM of MNCs
from the BRICS nations such as the political economy and institutional perspectives (Cooke, 2014); resource dependence perspective and institutionalization theory (Lu & Bjorkman, 1997); contingency-based theory (Som, 2006), among others. However, there is no universal theory that can be used to fully explain the HRM practices in MNCs from the BRICS block. In order to address this concern, there is a need to advance and refine the existing theoretical perspectives. According to Thite et al. (2016), for example, the resource-based view and Mathew’s (2006) ‘linkage, leverage, learning’ (LLL) framework are appropriate to underpin the nature of emerging MNCs, especially in the setting of HRM. Also of note is that Horwitz et al. (2002) suggest that we need to rely on a contingency theory and relevant mediators influencing firm-level application in order to examine the cross-cultural diffusion of high performance work practices in the global context. We thus propose:

**Research Direction 8:** Future research should adopt, incorporate, refine and extend the relevant theory(ies) to fully explain the phenomenon of why and how HRM in BRICS MNCs is shaped and implemented, supporting their arguments with empirical demonstrations.

3.6. Organizational learning in BRICS MNCs

Since MNCs from the BRICS bloc is very young and less experienced in comparison with MNCs from advanced economies, they need to upgrade their knowledge and experience in order to narrow down the gap between the former and latter. To do so, MNCs have no other choice but to pursue the organizational learning practices. With little doubt, organizational learning is very important to all firms that seek to increase their competitiveness (Nguyen & Cai, 2016). This is especially critical and true in the case of young MNCs from the BRICS bloc. Also of note is that international HRM scholars highlight the role of HRM practices in the organizational learning as one subject of inquiry (Brewster, Suutari, & Minbaeva, 2005).
Despite its favorable status, organizational learning seems to have been under-researched in the context of BRICS MNCs.

One notable exception is the work by Brewster et al. (2005) who investigate the influence of HRM practices on knowledge transfer within multinational companies. In order to address this research gap, there is a need to extend and advance this topic of research by examining the nature of organizational learning in the relationship between HRM practices and performance outcomes. For example, researchers can theorize and position organizational learning as a mediating and/or moderating variable in the relationship between HRM practices and firm performance. Also of interest is how the innovation level that is shaped within the organizations affects organizational outcomes. This is rooted in new knowledge, especially technological knowledge, thereby relating to know-how, skills and the work environment. Therefore, we argue that organizational learning plays a very important role in developing organizational innovation. However, to our knowledge, relatively little is known about the nature and relationships between HRM practices, organizational learning and organizational innovation. Empirical studies are therefore needed to fill this research gap. On the basis of the above discussion, we provide the following propositions.

**Research Direction 9:** There is a critical need to examine organizational learning as an important mediator in the relationship between HRM practices and firm performance in the BRICS context.

**Research Direction 10:** In addition, there is a need to examine the interplay between HRM, organizational learning and organizational innovation in the BRICS context.

### 3.7. High performance work systems research in BRICS MNCs

It is widely acknowledged that high performance work system (HPWS) has gained its recognition in the field of strategic HRM over the few decades or so. This is because HPWS
has been found to have a positive impact on both individual- and firm-level outcomes (see, e.g., Varma, Beatty, Schneider, & Ulrich, 1999). Indeed, the relationship between HPWS and firm performance has been empirically supported in numerous investigations (Combs, Liu, Hall, & Ketchen, 2006; Jensen, Patel, & Messersmith, 2013; Patel, Messersmith, & Lepak, 2013; Takeuchi, Lepak, & Wang, 2007; Whyman, Baimbridge, Buraimo & Petrescu, 2015). Despite its popularity in the strategic HRM sphere, there is a lack of such research in the context of MNCs from BRICS. A few studies have only focused on exploring the diffusion of HPWS in MNCs from the BRICS block (Horwitz et al., 2002). However, none of such research has used large sample sizes and multilevel perspectives to examine the extent to which the use of HPWS practices can influence the performance of multinational companies in this context. Highlighting the importance of HPWS to firm outcomes and success, we suggest that future research should pay more attention to exploring this timely phenomenon with new mediating and boundary condition variables, large samples, and multilevel perspectives. By doing so, we not only examine the top-down influence of HR systems on individual-level variables but also test the bottom-up effect of aggregate individual outcomes on firm performance in order to show a complete mediation process through employee outcomes (Jiang, Takeuchi, & Lepak, 2013; Bou-Llusar, Beltran-Martin, Rosa-Puig & Escrig-Tena, 2016). Accordingly, we propose:

**Research Direction 11:** Use the multilevel perspective to examine the relationship between HPWS practices and firm performance in the BRICS context.

3.8. Research design for studies in HRM in MNCs from BRICS

Our literature review also demonstrates that with the exception of a small number of empirical studies that have adopted surveys as the method for data collection and analysis, the majority of the studies on the HRM of MNCs from the BRICS countries have utilized case studies and/or interviews as the main instruments for data collection and analysis. To the best
of our knowledge, what is common across the field of HRM research is that researchers have deployed the former as the primary method for collecting and analyzing data. Following this logic, we suggest that future research should pay more attention to employing the survey as the main instrument for data collection. However, we especially note that in order to make sense of the collected data, more longitudinal studies and more in-depth case studies at the firm level are needed to provide more valuable insights into how and why the HRM of MNCs from the BRICs nations are shaped and implemented. We especially emphasize the importance of case study methods approach because it helps produce a deep understanding of the organizational contexts that can be relevant to examine the HRM practices in MNCs (Evans & Davis, 2015). Advantages of case methods, which can be qualitative, quantitative, or both, include reviewing historical events and detailed probing of the research propositions (Evans & Davis, 2015). Therefore, future researchers can deploy case study methods with the combination of both qualitative and quantitative data in order to provide more insights into how and the extent to which HRM practices are shaped and implemented in MNCs from the BRICs group.

**Research Direction 12:** Scholars should also employ case study designs, including qualitative and quantitative data, in order to examine the efficacy of HRM practices on the performance of BRICS MNCs.

4. Summary of Articles in this Special Issue

This special issue contains eight articles, including this review and introductory piece. The remaining seven articles are clearly linked to the several research directives discussed above. Broadly speaking, the articles focus on cross-country comparative empirical investigations, talent management (with a specific focus on expatriates), transfer of HR and
organizational performance, organizational learning, the significance of contextual forces and the usefulness of a variety of research designs. Each of these articles utilizes different theoretical frames to inform their empirical examinations. Below, we summarize the seven articles.

Emphasizing the significance of talent management in different contexts, the first three manuscripts focus on expatriate management. The paper by Rui, Zhang and Shipman, utilizes the theoretical framework of the resource-based view to highlight the competitive advantage created by Chinese expatriates in 12 different emerging markets. This is achieved via their relatively low cost, higher productivity and hardship tolerance (compared to host or third country nationals) and their knowledge/resource reconfiguration capability, through a centralised and collective expatriation management system. The article by Shah, Russell and Wilkinson examines the expatriation practices of Indian IT (information technology) MNCs associated with the global delivery model linked to global outsourcing. In particular, this manuscript focuses on the experiences of Indian IT workers sent to work on international client projects in Australia. The findings highlight the inadequate attention paid to expatriation both prior to emigration and while the workers are employed overseas at client sites. This indeed has serious implications for the sustainability of the global delivery model, which is now an important feature of the Indian IT sector. In some ways linked to Shah et al.’s work, the paper by Pereira, Malik, Howe-Walsh, Munjal and Hirekhan examines HRM practices for the ‘Gen Y’ category of expatriates, termed by the authors as ‘Yopatriates’ in a large Indian IT MNC. These young, highly qualified and mobile knowledge workers seek short-term assignments to suit their dual career orientation of learning and travel. Given the non-traditional nature of these expatriates, a hybrid approach seems to be more appropriate to effectively manage them. Such an approach both complements and contradicts the indigenous localized HRM practices and adopts a global ‘HR best practices’ view.
The next three manuscripts fall under the broad umbrella of transfer of HR across international boundaries and the contextual forces that either enable or hinder this. The paper by Ado, Su and Wanjiru examines how African partners in 29 African-Chinese joint ventures in 12 African countries learn from their Chinese counterparts. The African partners actively take advantage of multiple cultural and social capital-related factors to support learning and often use informal, even clandestine, mechanisms to manage cultural differences and build trust in order to gain knowledge. The article by Debrah, Adams, Nyuur and Ellis examines the similarities and differences in South African MNCs’ HRM systems both in their headquarters and subsidiaries in Ghana. The findings reveal that with the exception of compensation and industrial relation practices, which are localised, the HR systems and practices are mainly transferred to subsidiaries with minimal adaptation to contextual realities. Next, Geary, Aguzzoli and Lengler examine the transfer of HR model from the headquarters of a Brazilian MNC to its subsidiaries in the UK, Canada, Switzerland and Norway. The MNC is able to impose a unitary (US- sourced) model of HR ‘best practice’ in all of its subsidiaries, supporting the convergence thesis. This seems to be due to the relations of power and economic dependence, specifically the co-existence of dominant-country (US) practices and a dominant sectoral firm operating in economically dependent regions.

The last paper in this special issue, by Horwitz, evaluates the nature of HRM practices, their development, application, and diffusion in South African MNCs. This analysis reveals the key challenges of HR development, and the complications related to host country issues, along with a degree of sophistication in the HRM practices in the firms. Horwitz also sets the agenda for future research via seven research propositions.

5. Concluding Remarks
In this review, we decided to take a step back to evaluate the current state of HRM in MNCs from the BRICS nations, especially in terms of conceptual models, theoretical frameworks, empirical studies, research designs and the MNC setting. In order to sketch a comprehensive picture of the phenomenon of how and why HRM in MNCs from BRICS is shaped and implemented, we reviewed the available literature along the above-mentioned themes. Based on the review inputs and identification of research gaps, we have proposed a number of potential propositions that can hopefully extend, refine and advance existing research to advance existing knowledge. It is also important to note that HRM in MNCs from the BRICS group is still a very young field of research that needs further robust empirical studies to be undertaken in order to keep up with the constantly changing business environment in which MNCs operate.

**References**


