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MANAGEMENT ACCOUNTING PRACTICES TRANSFER TO FOREIGN SUBSIDIARIES IN MULTINATIONAL CORPORATIONS: A BRAZILIAN CASE

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Abstract

In this paper, we examine how local organizational actors make sense of and implement management accounting (MA) practices imported from foreign multinational headquarters by applying a sensemaking lens. Through a longitudinal case study of an automotive multinational in Brazil, the research illustrates a three-phase adaptation process for MA practices: beginning with standardization, progressing to adjustments to local contexts, and culminating in ongoing refinement. In doing so, this investigation advances sensemaking theory by demonstrating how the cyclical processes of enactment, selection, and retention manifest empirically as distinct temporal phases in the cross-national transfer of MA practices. By focusing on the cognitive changes and

interpretive work involved in adopting new MA practices, this study contributes to a nuanced understanding of the intricate process of transferring MA practices in multinational corporations. It emphasizes the need for a comprehensive perspective that considers the complex network of technical and cultural contexts in emerging markets, particularly in South America.

Keywords: management accounting; subsidiary; multinational companies; sensemaking; emerging economies.

1. Introduction

Multinational corporations (MNCs) disseminate management accounting (MA) practices on a global scale within their foreign subsidiaries (Stendahl, Schriber, & Tippmann, 2021). Existing research on management accounting in multinationals primarily focuses on the mechanisms and practices employed to manage parent-subsidiary relationships (Carmona, Filatotchev, Fisch, & Livne, 2024). As a result, management accounting systems at the subsidiary level are often viewed as straightforward reproductions of the parent company's systems (Cruz, Scapens, & Major, 2011). However, evidence shows that while global systems are indeed reproduced locally (i.e., at the subsidiary level), they are also adapted, appropriated, and recontextualized (Carlsson-Wall, Hirner, Kraus, & von Lewinski, 2019). Following this process of global homogenization, diverse and context-specific practices emerge, tailored to the local environment (Cooper, Ezzamel, & Robson, 2019). As such, cross-border transfer can be viewed as a process involving actors from diverse contexts in which subjective perception, interpretation, and meaning creation play a role (Alofan, Chen, & Tan, 2020). As a result, divergent interpretations and systems of meaning may lead to difficulties in sensemaking and the implementation of new MA practices (Maitlis & Christianson, 2014; Weick, Sutcliffe, & Obstfeld, 2005).

The transfer and implementation of MA practices within multinational corporations (MNCs) are deeply embedded in and influenced by a complex interplay of contextual factors, such as cultural norms, legal frameworks, regulatory environments, and market dynamics (Bloom & Van Reenen, 2010). As prior research has indicated (Carmona et al., 2024; Wanderley, Cullen, & Tsamenyi, 2021), the design and functionality of MA practices are mediated by the socio-institutional environments in which subsidiaries operate. For example, labor laws specific to a jurisdiction may directly shape cost accounting procedures, influencing how labor costs are classified,

monitored, and reported. Similarly, regional tax regulations and financial disclosure requirements may necessitate modifications to performance measurement systems (PMS), particularly in determining which financial and non-financial metrics are prioritized. In addition, market conditions such as competitive intensity, consumer preferences and supply chain constraints further drive localized adaptations that influence budgeting processes, variance analysis, and investment appraisal models (Fleury, Mauro, Oliveira, Mauerberg Junior, & Fleury 2018). Moreover, cultural dimensions such as uncertainty avoidance, power distance, and collectivism can influence how control systems are perceived and enacted at the subsidiary level (Dossi & Patelli, 2008; Tyskbo, 2021). These factors often require MNCs to engage in a balancing act, navigating between the pursuit of global standardization and the need for local responsiveness to maintain operational relevance and compliance (Busco, Giovannoni, & Scapens, 2008). Consequently, any attempt to transfer MA practices across borders necessitates not only technical adjustments but also a nuanced understanding of the cultural and political expectations embedded in the host context (Ansari, Reinecke, & Spaan, 2014).

Taking these difficulties into consideration, we explore the process of transferring MA practices from a Western multinational company to its newly created subsidiary in Brazil. Our specific emphasis is on scrutinizing the management accounting (MA) practices embedded within the broader World Class Manufacturing (WCM) framework adopted by our focal company. WCM is a comprehensive production and management system designed to achieve operational excellence by systematically eliminating losses, driving continuous improvement, and integrating technical and managerial pillars. It emphasizes structured methodologies such as Cost Deployment, autonomous maintenance, quality control, and people development, fostering a culture of discipline, standardization, and performance across all levels of

the organization (Banker, Bardhan, & Chen, 2008; Yamashina & Kubo, 2002). As such, the present study centers on MA practices, drawing on WCM as an empirical setting to explore how standardized performance measurement systems are translated, interpreted, and enacted in practice within a multinational subsidiary context. Specifically, in this paper, the term 'management accounting (MA) practices' refers to three interrelated practices observed in the case company: Cost Deployment, Budgeting, and Performance Management through KPIs (key performance indicators).

Our case study provides rich material to explore how a 'newly created' subsidiary progressed through different phases of development and how MA practices evolve as the company matures. Research indicates that the age of the subsidiary may impact how MA practices are disseminated and implemented (Sageder & Feldbauer-Durstmüller, 2019). Establishing management (e.g., MA practices) and operational structures, as well as local networks for a subsidiary, takes time. This situation presents a significant challenge for research on subsidiaries, as few studies have traced how MA practices and discourses are adapted to the subsidiary's development phase (Mitter, Kuttner, Duller, & Sommerauer, 2024).

It has been observed that management accounting research on multinational subsidiaries has mainly focused on Western countries (e.g., Europe and the US). However, since the 1990s, we have observed an increase in management accounting studies on subsidiaries in emerging economies; these have been conducted mainly in Asia, with occasional studies in the Middle East, Africa, and former Eastern Bloc countries. As such, there is an almost complete absence of studies in South America (Sageder & Feldbauer-Durstmüller, 2019). Therefore, while academic interest in emerging markets has grown over the past few decades, Brazil has been largely overlooked in the fields of international business research in general, and in management accounting in particular, despite the country's significant global

importance and the number of local subsidiaries established by foreign multinational corporations (Bausch, Barmeyer, & Mayrhofer, 2022). In this study, we examine a case of one of the world's largest car manufacturing multinational companies which decided to build its most modern plant in Brazil's poorest region, an area lacking basic infrastructure and skilled labor. As such, this setting presents a unique opportunity to examine the process of transferring MA practices between multinational headquarters and their subsidiaries. In doing so, we respond to the reiterated and recent calls for research on the transfer of MA practices across subsidiaries of multinational companies in emerging markets (Carmona et al., 2024; Mitter et al., 2024; Sageder & Feldbauer-Durstmüller, 2019).

To theorize the process of MA practices transfer from multinational companies to their foreign subsidiaries, we draw on the sensemaking literature (Eckstein, Shrestha, & Russo, 2024; Hayden, Mattimoe, & Jack, 2022; Hoang, 2023; Maitlis & Christianson, 2014). By doing so, our study contributes to current understanding in several ways. First, our research advances understanding of how MA practices are transferred to foreign subsidiaries. It highlights the ongoing relationship between MA practices and how organizational actors interpret and integrate them, while also addressing the disconnect between prescribed actions and their idealized formulations (Värlander, Hinds, Thomason, Pearce, & Altman, 2016). Contrary to common assumptions about misunderstandings and misalignment in foreign subsidiaries, our observations indicate a more nuanced dynamic. Exposure to new operational patterns and discussions can, under certain conditions, generate lasting shifts in the subsidiary's organizational beliefs. Second, our paper highlights the interpretive efforts involved in adapting MA practices (Hayden et al., 2022). This process reveals the ongoing interaction between the actual use of MA practices and the underlying belief system that gives them meaning. As new MA practices are introduced in subsidiaries, they may

prompt changes in the organizational actors within those subsidiaries over time (Eckstein et al., 2024). Third, we provide valuable insights for multinationals seeking to transfer MA practices to emerging markets, such as Brazil. We show the importance of adapting MA practices to local needs and stakeholder expectations while preserving core principles. Adapting to the local context is crucial; accordingly, multinationals should consider cultural factors, individual profiles, and relationships that positively influence the transfer process (Wanderley, Cullen, & Tsamenyi, 2022). Finally, this study advances sensemaking theory by demonstrating how the cyclical processes of enactment, selection, and retention, as outlined by Weick et al. (2005), become observable as distinct temporal phases in the cross-national transfer of MA practices. Drawing on a longitudinal case in an emerging-market subsidiary, we present a phased model that traces how MA practices are enacted, subsequently adapted through local selection processes, and ultimately retained in hybridized form. By demonstrating that temporal structuring is an empirical manifestation of ongoing sensemaking rather than a contradiction, the study extends theoretical understandings of how MA practices evolve across institutional contexts.

2. Literature Review

The accounting literature on headquarter–subsidiary relationships highlights that the transfer of management accounting practices is marked by significant variation in their use, scope, and meaning across subsidiaries. As such, MA practices are embedded within distinct organizational and institutional contexts, rendering their cross-national diffusion inherently complex (Moilanen, 2007; Quattrone & Hopper, 2005; Yazdifar, Zaman, Tsamenyi, & Askarany, 2008).

In their extensive literature review on management accounting within multinational enterprises, Sageder and Feldbauer-Durstmüller (2019) concluded that the formulation and implementation of MA practices in multinational corporations are

influenced by both internal elements (such as organizational structure and the dynamics between headquarters and subsidiaries) and external elements (including cultural aspects and market demands). In the same direction, Dossi and Patelli (2008) demonstrated, through a study of Italian subsidiaries of multinational enterprises, that Performance Measurement Systems (PMS) exert a more significant impact on decision-making when there is a cultural tolerance for uncertainty at the headquarters, larger subsidiary size, and higher levels of exposure to global pressures.

Specifically, Carmona et al. (2024) highlight that culture and business traditions in the host country may complicate the transfer of MA practices to subsidiaries due to a lack of acceptance of foreign systems. As such, culture, in addition to market requirements, legal, and political conditions, may play a significant role in the effective transfer of MA practices to subsidiaries. The significance of historical, political, and cultural contexts in how organizational actors interpret the meaning of transferred MA practices cannot be overlooked (Wanderley et al., 2021). Failure to adapt these practices to the local context can lead to significant failures (Jazayeri & Hopper, 1999). Efforts to transfer MA practices without modification may be unsuccessful because organizational actors might encounter conflicts with local regulatory, normative, and cognitive expectations (Cooper, Ezzamel, & Qu, 2017). Busco et al. (2008) examine the role of performance management systems (PMS) in integrating global organizations, finding that successful implementation requires mutual adaptations in both the PMS and the organizational culture.

Research on the global transfer of practices has investigated whether adaptation results in positive or negative outcomes, the fidelity of the transfer, factors that contribute to successful transfers, and, to a lesser extent, how transfers and adaptations occur (Värlander et al., 2016). In a way, multinationals face a potential tension between global standardization and local adaptation (Birkinshaw & Morrison, 1995). As such,

the Integration-Responsiveness (IR) framework was developed to explain how multinational corporations balance the competing demands of global integration and local responsiveness (Roth & Morrison, 1990). Devinney, Midgley, and Venaik (2000) argue that firms should not be confined to a single optimal transnational model but can adopt varied configurations depending on managerial beliefs, environmental pressures, and efficient frontiers.

Nevertheless, studies on the transfer of practices have traditionally defined ‘successful’ transfers as those that maintain high fidelity, meaning they are identical to the practices in the original context (Ansari et al., 2014). However, over the years, researchers have contested the notion that high-fidelity transfers are optimal (Värlander et al, 2016). They suggest that practices transferred from headquarters are often adopted ceremonially rather than fully internalized by subsidiaries (Winter, Szulanski, Ringov, & Jensen, 2012). While these practices may seem to be adopted, the underlying beliefs and values are not assimilated. Therefore, success hinges on the transferability of meaning and value, rather than merely the transfer of knowledge (Tyskbo, 2021). Additionally, studies indicate that when practices are transferred across locations, they are often reconstituted during implementation by organizational actors (Farah, Chakravarty, Dau, & Beamish, 2022). Overall, evidence strongly indicates that adapting MA practices is essential for their successful transfer to new national contexts (Mitter et al., 2024).

However, despite this rich literature, there are very few studies that adopt a comprehensive approach in the analysis of multinational organizations, examining not only the perceptions of the headquarters but also taking the idiosyncrasies and MA practices of subsidiaries seriously and examining the interrelations between the two (Carmona et al., 2024; Cooper et al., 2019). There are relatively few examples in the accounting literature of attempts to examine how discourses are constructed, adapted,

and disseminated, as well as the roles these discussions play in the diffusion of MA practices at the local level (Cooper & Ezzamel, 2013; Cruz et al., 2011). While the accounting literature recognizes that management accounting practices are frequently adapted in multinational contexts, extant research offers limited insight into the micro-level processes through which such practices are transferred to foreign subsidiaries. In particular, prior studies offer little insight into how organizational actors engage with this transfer in practice—namely, how they interpret, negotiate, and enact headquarters-prescribed MA practices within locally situated subsidiary contexts (Cooper et al., 2019; Modell, 2022; Sageder & Feldbauer-Durstmüller, 2019).

As such, we pose the following overarching research question: *How do local organizational actors make sense of and implement management accounting practices imported from foreign multinational headquarters?*

3. Theoretical Framing: Sensemaking

To address our research question, the study adopts a sensemaking perspective, which offers a theoretical lens for examining how management accounting practices are interpreted, negotiated, and gradually stabilized through ongoing processes of enactment, selection, and retention within the context of multinational–subsidiary practice transfer.

Weick et al. (2005) propose a framework of enactment–selection–retention phases explaining that organizational practices do not unfold in a linear progression, but rather as a recursive cycle in which actors continuously interpret cues, act in their environments, and then revise their understandings in light of the consequences of those actions. Rather than reaching a settled endpoint, each round of meaning construction feeds into subsequent enactments, enabling organizational realities to be progressively shaped, stabilized, and, at times, disrupted (Weick et al., 2005). These cyclical dynamic

positions are sustained through iterative processes of interpretation and enactment rather than through definitive decisions or fixed structures.

As such, as practices are transferred to new contexts, they will take on new meanings and will acquire elements characteristic of the new host environment (Ferner, Edwards, & Tempel, 2012) and that variations in practices are typically conceptualized as arising from organizational actors resisting institutionalization or, in other words, following divergent change processes (Wanderley et al., 2022). As a result, the process of transferring practices to a subsidiary organization may trigger mutual efforts of sensemaking and sensegiving among organizational actors (Canato, Ravasi, & Phillips, 2013; Gioia & Chittipeddi, 1991; Maitlis & Christianson, 2014).

Sensemaking is the process by which social actors transform circumstances into situations that are explicitly understood in words and serve as drivers (Weick et al., 2005). Thus, sensemaking is an ongoing retrospective process that rationalizes organizational behavior and is also prospective, as it materializes the identities and categories through which organizations and practices come to exist (Weber & Glynn, 2006). While sensegiving “is concerned with the process of attempting to influence the sensemaking and meaning construction of others toward a preferred redefinition of organizational reality” (Gioia & Chittipeddi, 1991, p. 442). For instance, organizational leaders' sensegiving efforts are those aimed at persuading the rest of the organization of the importance and benefits of the new practices (Canato et al., 2013).

The sensemaking literature has emerged as an influential approach to understanding how accounting functions under conditions of ambiguity, complexity, and organizational change (Bouten & Hoozée, 2025). While traditional views treat accounting numbers as representations of factual performance, sensemaking research reorients focus toward how actors interpret, negotiate, and act upon accounting information in fluid contexts (Hayden et al., 2022). Across the sensemaking literature

on accounting, a consistent thread is the positioning of accounting not as a passive mirror of reality but as an active medium through which organizational actors construct and contest meaning (Bénet, Deville, & Ventolini, 2024).

Hoang (2023) employs the sensemaking approach to analyze how competing accounting numbers influence organizational decision-making during a budgetary crisis. Drawing on an intergovernmental organization's response to financial instability, the study introduces the concept of 'artificializing accounting numbers', a process where financial cues are compressed to legitimate strategic decisions. In the same vein, Bénet et al. (2024) examine how a financially oriented performance measurement system (PMS) supports hybrid collective sensemaking. Through a case study of a French cooperative bank, the research highlights how a flexible interpretation of PMS enables organizational actors to balance financial and social values, fostering strategic alignment and operational coherence.

Crucially, sensemaking studies shed light on the contested nature of management accounting in practice. In times of change, conflicting interpretations of MA practices can generate resistance and confusion rather than consensus. Management Accounting becomes a site of struggle, where narratives are stabilized or undermined through iterative sensemaking processes. For instance, Plante, Maire, and Pucci (2022) examine how specialized valuers construct value opinions, highlighting the role of practical sense and sensemaking in valuation judgments. Their findings highlight how valuers balance subjective interpretation with systematic processes, showing that valuation expertise is situated, contingent, and shaped by external pressures, including politics and litigation risks. Conversely, Tillmann and Goddard (2008) investigate strategic management accounting (SMA) and sensemaking in a multinational company, emphasizing how management accountants assist in structuring complex strategic decisions. Rather than focusing solely on SMA techniques, their study examines how

management accounting is perceived and enacted in practice within global, competitive environments. The authors find that management accountants translated uncertainty into actionable insights, facilitating organizational strategy while navigating internal and external pressures.

Together, these studies reposition management accounting as a dynamic, socially embedded practice. As such, the sensemaking of MA practices drives members' reflexivity in recognizing and articulating dissonances that act as sources of pressure for adapting both MA practices and the organization. Dissonant members, in turn, seek to make sense of their experiences and may engage in forms of resistance, which can lead to the reshaping of the implementation process and further adaptations of practices (Heidenreich & Talke, 2020). These efforts to introduce changes may modify the experiences of organizational actors and trigger new sensemaking processes aimed at accommodating elements retained within the system of values, beliefs, and expectations that constitute the organization's culture. Through these processes, actors may reformulate and/or partially accept changes in those beliefs, thereby reflecting their experiences and the implications of the new practice. The process will continue until the tension between the new practice and the organizational culture is resolved by the mutual adaptation of the practice and the organization (Canato et al., 2013). As such, this theoretical lens provides a foundation for discussing and addressing our research aim of teasing out how local organizational actors make sense of and implement MA practices imported from foreign multinational headquarters.

4. Research Method

We draw on the case of a multinational car manufacturing company operating in Brazil: Mach-5. We collected data from diverse sources: interviews, documents, and non-participant observations. Over a period of two years and three months (from May 2017 to August 2019), nineteen interviews were conducted. On average, each interview

spanned approximately 40 minutes, resulting in just over 13 hours of recorded material (detailed in Table 1). Furthermore, Table 2 outlines two aspects of the interviewees: their roles within the company and their length of experience.

----- Table 1 to appear here -----

----- Table 2 to appear here -----

We acknowledge that there are a considerable number of interviews with Interviewee 2. Indeed, Interviewee 2 was our primary informant due to his position within the organization (i.e., controller) and his long tenure. Although we have tried to expand the number of interviewees, we faced a limitation: Mach-5 is an operational plant, so the management accounting workforce is relatively small. As such, the best approach was to increase interactions and the number of interviews with the controller (Interviewee 2) to obtain granular data and to interview other organizational actors to focus on key issues and address our main research question. By adopting this approach, we ensured that interpretations systematically reflected the diversity of perspectives among informants and the validity of our study.

Besides generating data from interviews, we also collected documents from the case company. The analysis of these documents was particularly useful for triangulating interview data (Silverman, 2014) and for understanding the organizational contexts. Non-participant observations also constituted data sources. Field notes were taken based on non-participant observations. Immediately following each relevant field observation (in a total of 12), the following information was recorded: (1) who was present at the observation, (2) where and when the observation took place, (3) relevant issues that resulted from the observation and (4) the researcher's reflections on the implications of the observation for the study and how it was similar or dissimilar to interviewees' accounts. We were also able to gather data on the management accounting department's dynamics and analyze information available on the company's premises, particularly on

its noticeboards. As such, these observations were beneficial for understanding the company's context and organizational culture (Silverman, 2014).

For the data analysis, the qualitative data analysis method proposed by Miles, Huberman, and Saldaña (2014) was employed. This method consists of three activity flows: data reduction, data presentation, and conclusion design and verification. The data reduction process commenced at the outset of the fieldwork and continued throughout the research project. It involved selecting, concentrating, simplifying, abstracting, and transforming data from field notes and transcribing the interviews. The interviews were conducted in Portuguese, the native language of the informants, by one of the authors. Subsequently, all interview content was transcribed in Portuguese, and specific quotations were professionally translated into English. Rigorous assessment was conducted to ensure that all interview transcripts and quotations met the established academic standards outlined by Brennan (2022).

After transcribing the interviews, notes were made in NVivo®; thoughts, observations, and reflections were recorded at the end of each field visit for further refinement. A contact table was created to summarize the questions of the specific field contact. The contact summary sheets identified individuals or events involved during the visit, summarized the main themes or issues discussed, identified any new issues suggested by the contact, and determined what further information was needed. The process was then followed by coding. The data coding and categorization were performed using NVivo®. The initial codes were broad categories developed from research questions and data from the first interviews. During the coding process, it was necessary to provisionally identify and name the conceptual categories into which the observed phenomenon would be classified. This was done to aid in creating descriptive, multidimensional categories that form a preliminary framework for analysis. In this way, the codes were continually refined as the research progressed.

In addition, emerging themes were identified through an ongoing review of the field notes and interview data, and supplemental codes emerged from the data during the fieldwork and subsequent analysis. In searching for patterns and similarities, inconsistencies were sought. Special attention was paid to detecting differences in perceptions across interviews and to evidence what might undermine previously identified patterns (Miles et al., 2014).

The third subsequent flow of activity analysis was the design and verification of a conclusion. After important patterns, themes, and categories emerged from the analysis and interrelationships among all constructs were established, rival explanations were formulated (Miles et al., 2014). These alternative explanations were derived from induction (i.e., from other ways of organizing evidence that might have led to different conclusions) and logical reasoning, i.e., considering other possible explanations and checking whether they could be supported by the evidence (Patton, 2002).

These explanations resulted from linking the study's findings to the theory. This means that the findings, before being obtained, were compared with the existing theory on the subject. Furthermore, to test these explanations, we organized several meetings with the interviewees and other neutral researchers to discuss our results and interpretations. In some cases, these “feedback meetings” occurred while we were still collecting data, and the first explanations were beginning to take shape. Receiving feedback from respondents early on helped broaden our confidence in the evidence we collected. Through both processes, checking rival explanations and gathering feedback from interviewees, we concluded that the explanations developed met the criteria of plausibility, robustness, and confidence (Miles et al., 2014).

5. Research Context

The case study company (Mach-5) is considered the multinational group's most modern factory worldwide in terms of technology, equipment, products, and production

systems. It is an important part of SpeedRacer's (the multinational company that controls Mach-5) global strategy and the commercialization of its products nationally and internationally, with exports to countries such as Argentina, Mexico, Chile, Colombia, Puerto Rico, among others. It has a production capacity of 250,000 units per year. Mach-5 adopts SpeedRacer's management model, better known as World Class Manufacturing (WCM)¹.

As such, our study examines MA practices by drawing on WCM as an empirical setting to analyze how standardized MA practices are implemented, interpreted, and enacted within a multinational headquarter–subsidiary management accounting transfer context. At Mach-5, MA practices constitute an integral component of the WCM system. MA practices such as Cost Deployment, budgeting, and KPI-based performance management are embedded in the WCM architecture. Cost Deployment constitutes a central MA practice through which cost-related inefficiencies are systematically identified, quantified, and prioritized, forming the backbone of the firm's cost management logic and linking operational performance to financial outcomes. Cost Deployment is tightly integrated with participatory budgeting and KPI-based performance management, which together function as key mechanisms of operational alignment, benchmarking, and control.

To obtain government subsidies, Mach-5 was installed in a region of Brazil with no industrial tradition and located far from other organizations in the automotive supply chain. Due to the challenges posed by the location, the group needed to outline

¹ The WCM concept currently applied at SpeedRacer and its subsidiaries, including Mach-5, was the one coined by Yamashina (Yamashina & Kubo, 2002). For Yamashina, concepts/principles such as TPM, TQC, JIT and TIE lack a direct relationship between an activity and its cost reduction benefits. This is the main difference between the WCM concepts and the model/concept coined by Yamashina and applied throughout SpeedRacer plants: the Cost Deployment pillar. This pillar justifies, through a cost-loss matrix, the applicability of the tool to treat a certain loss, i.e., it is the financial justification for applying WCM.

strategies to ensure the business's economic viability. Thus, some objectives were defined for the plant: (i) to be the most modern one in the entire group in terms of technology and production practices as well as management practices; (ii) to bring a certain number of suppliers of parts and components close to the plant; (iii) to establish partnerships with universities and technical courses for manpower training; (iv) to structure an innovation center; (v) to negotiate with the government the reduction of holidays and legal loopholes to facilitate tax planning.

Mach-5 operates a production complex that includes a dedicated Supplier Park, where it co-locates with more than fifteen of its key suppliers. This spatial arrangement brings the focal firm and its suppliers into close physical proximity, facilitating daily coordination and joint operational activities. The plant collectively generates over 4,000 direct jobs. With respect to Mach-5's organizational structure (see Figure 1), the Plant Manager is responsible for the plant's overall industrial area, excluding the Supplier Park, as supplier firms operate with managerial autonomy over their own organizational and control processes. This Plant Manager is assisted by other managers of key areas, such as: controllership, which acts as an advisory body in providing information for decision making and is responsible for asset protection, constraints analysis, cost analysis and control, tax planning, among other demands; the administrative director (CAO/SP); the cost area, which works directly with transformation cost calculations, budgeting, product cost definition, etc.; and the World Class Manufacturing area, among others. Figure 1 shows the plant's management structure.

----- Figure 1 to appear here -----

6. Sensemaking in the Transfer of Management Accounting Practices at Mach-5

6.1 Overview of the Implementation Phases

Organizational actors gave sense to the reality they lived in and sought to reduce dissonances between the MA practices and the company. Thus, organizational actors

discursively sought to promote a mobilization toward organizational and cognitive alignment between the MA practices and Mach-5. In this regard, we identified three phases in the implementation process of MA practices at Mach-5 (see Table 3).

----- Table 3 to appear here -----

In the **first phase - Standardization / Enactment** (2012-2014), the focus was on adopting MA practices similar to those used in other units of the group, promoting the standardization of '*best practices*' in management accounting. This was driven by the assignment of employees from other SpeedRacer plants to help set up Mach-5, including shaping its technical, political, and cultural aspects. Despite their efforts, there were occasional alignment issues due to the use of standardized MA practices. The **second phase - Adjustment / Selection** (2014-2016) - was marked by the actors becoming aware of challenges arising from the mismatch between standardized MA practices and the organization's unique context. Creating new MA practices was also challenging due to the nature of the business. In this phase, the pressure to adapt MA practices primarily stemmed from the use of the '*best practice*' concept in management accounting. This pressure was tied to strategies aimed at achieving consistent adoption of these '*best practices*,' which sometimes led to misalignments with the group's existing MA practices enforced by its management model. Other pressures, such as striving for efficiency and the actors' growing experience in the automotive sector, formed a complex web of factors that affected how well MA practices aligned. This lack of alignment led to the recognition of Mach-5's distinct conditions, prompting the need for adjustments to achieve better alignment. Finally, the **third phase (Refinement / Retention: 2017-2019)** was characterized by the validation process and feedback on the MA practices in use and their suitability. To support the business, changes and adaptations to MA practices continued. Consequently, adaptations were made to MA systems to facilitate operational changes, product enhancements, and the integration of

new elements into the existing systems. We provide a detailed description of these three phases below.

6.2 Phase 1: Standardization / Enactment: Transfer of MA practices from the Headquarters

This phase involved sending employees from other plants within the group to work on the structuring and implementation of the new plant, developing its operational and cultural foundations. During this phase, the leaders' primary concern was to get the plant operational and implement the MA practices as soon as possible. In this sense, the leaders signaled the need to use the other plants in the group as models for implementing identical MA practices, despite the new plant's specific characteristics. Thus, the recommendation was that the MA practices to be implemented should be the same as those found at other plants of the group. To this end, some employees were encouraged to seek information and guidelines on how to perform the defined MA practices, as well as to acquire automotive industry know-how to facilitate the adoption of those considered “*best practices*”.

The initial adoption of MA practices followed the group's defined model. The model followed an “*evolutionary logic*” in which a practice was applied in the most deficient or problematic areas of the plant, or in areas with the most significant losses or inefficiencies. Once the practice is assimilated, it is expanded to other areas of the plant and, finally, to partners and suppliers. This model applies to both operational and managerial practices (e.g., MA practices).

However, the MA practices implemented following the group's guidelines sometimes “*had no adherence*” to the reality experienced at the new plant. The recognition of the need for adjustments, combined with a change in attitude among leaders, allowed for the adaptation of MA practices, marking the beginning of the second phase.

6.3 Phase 2: Adjustment / Selection - Dissonances in MA Practices

This phase was characterized by problems stemming from the lack of alignment between the standard MA practices implemented and the context experienced by organizational actors at the new plant. Additionally, this period was marked by difficulties in developing innovative MA practices due to the business's specific nature. As such, in this phase, “the *best [MA] practice appropriation*” was the imperative for adopting MA practices at the new plant. Local organizational actors began to recognize that the differential conditions and organizational goals defined for the new plant would require numerous adjustments to diffuse MA practices.

Organizational actors consistently described the MA practices introduced at Mach-5 as reflecting a different culture from those they had experienced previously in other organizations. A “*culture of control*” or a “*culture of accountability*” was infused into Mach-5, consistent with the group’s view. However, it was a new culture that the organizational actors were not accustomed to. In this context, WCM introduced a new culture that dictates “*what can and cannot be done*” and how it must be done, fostering a “*hectic*” and/or “*frantic*” culture in pursuit of continuous improvement. Several organizational actors mentioned that WCM introduced a “*data-driven culture,*” requiring “*more rigor in collecting data and evaluating alternatives*” as it pursued changes and adjustments in MA practices, which took root and deepened — i.e., as it expanded and became more robust.

The organizational actors report that WCM “*is the way of working*” and that it cannot be dissociated. However, WCM “*is hard to put into people’s heads, but it’s a process of cultural change*” (Interviewee 6). Because of cultural dissonance, “*WCM says we have to train people to be autonomous, so we assume that people are not. In many pillars, it asks that you actually train people so that people are autonomous*” (Interviewee 2). This is because “*for each of these pillars there is a series of criteria*

and logics that direct us on how to do the work” (Interviewee 6). In this regard, Interviewee 6 added:

“WCM is the way we work... so if I work with method, I work well... and if I work without method, we’ll have to rework... and this is what we have to put in people’s heads. [...] WCM is when you can see the method when doing your work.” (Interviewee 6)

Moreover, accountability and control were not a priority prior to the introduction of WCM in the company. Although there were performance indicators and target numbers, it was unclear which direction to take or how to achieve them, leading to a sense of inertia. On the other hand, with WCM, all functions had to define a series of objectives and indicators, broken down from the organization's objectives that came from the top down (GEC – Group Executive Council), which determine *“what each region has to achieve”*. In turn, *“each region disseminates this to each plant”* and each plant *“naturally [...] makes a budget”*. In this regard, Interviewee 2 reiterated:

“We may reach a result that wasn’t expected, and we may have more reductions based on what was planned, because these are targets and goals that have been defined and these goals aren’t only financial goals, they’re goals that are evaluated by each manager, and in fact, each manager has its main goals, and this is disseminated.” (Interviewee 2)

However, *“there are objectives that are transversal, such as auditing, process improvement, or the creation of a BI [business intelligence] system”* (Interviewee 2), which are infused top-down and are disseminated until reaching the *“department or person level”*. Moreover, when it comes to financial goals, these *“meet what the GEC expects from that region as a consequence”* (Interviewee 2).

During the implementation of WCM, the company's performance appraisal process has changed, with achieving targets now having more substantial consequences for employees' rewards and careers than before. Regarding this paradigm shift, Interviewee 3 commented:

"Everyone's highly focused here, and this also helps a little. The focus has shifted toward a rhythm of doing things more thoroughly, more precisely, better." (Interviewee 3)

With the introduction of WCM, particularly through the Cost Deployment (CD) pillar, a shift in managerial and operational approaches occurred. The focus moved from merely tracking financial outcomes to proactively identifying operational inefficiencies and systematically eliminating waste. This change embedded the logic of continuous improvement, cross-functional collaboration, and problem-solving into the organizational routine. The MA function, especially in its cost management role, became more closely integrated with operational decision-making, emphasizing the prevention of losses rather than simply accounting for them. Interviewee 6 noted that: *"Cost Deployment is a methodology for establishing a scientific and systematic program to reduce all losses and waste"* (Interviewee 6).

However, interestingly, some employees from distinct areas of Mach-5 experienced dissonance differently. As Interviewee 3 explained, regarding the understanding of WCM principles infused in the MA practices and materialization of these principles: *"for the manufacturing unit we have a lot of difficulty [...] because their focus is to produce, and in the finance area and in the more bureaucratic areas it's easier for us to implement this and absorb it, maybe because of the level of knowledge"*. Along with this same line of thought, Interviewee 2 highlighted possible causes and consequences of this dissonance:

“The people who were working there were not used to working in the automotive industry, and even less so in an automotive industry with a method guiding what can and can’t be done. So, there was a lot of resistance from people’s actions, like: I don’t know how to do it, and I won’t do it, it’s not my job.” (Interviewee 2)

Interviewee 3 also explains:

“The reasoning in the automotive industry is very different; it's absolutely complex — even the language, the terminology. If you take the old-timers from Mach-4² talking about activities and processes, you'd think they're not speaking Portuguese.” (Interviewee 3)

While experiencing cultural discrepancies, organizational actors recognized and welcomed the tangible improvements in operational efficiency and financial results that the new model based on the WCM’s principles brought about. Several informants noted that rigorous methodology enabled them to identify and correct inefficiencies in organizational processes. In this regard, Interviewee 2 commented that the focus was to obtain *“quality increase and cost reduction”*:

“It has a direct result in our profit... so just the fact that you say: you’re a maintenance manager and you spent R\$ 1 million to do maintenance, in the following year the method says that because you’re silver [the 3rd level out of 5 levels in the WCM approach] you have to reduce at least 7% of that value.” (Interviewee 2)

² Math-4 is another Brazilian plant that belongs to SpeedRacer that has been operating in Brazil for over 40 years.

With a stronger emphasis on productivity and a relentless race to improve costs, the financial results put Mach-5 even more in the spotlight. In part, the financial result is attributed to government benefits and incentives. However, it is also necessary to recognize the merits of Mach-5 in producing high-value-added vehicles at low cost, which resulted from a series of strategies employed by the group since the decision to establish the automotive hub. The broad recognition of WCM's positive effects also helped reduce initial resistance and reinforced its importance to the organization. The respondents commented that WCM was a paradigm shift and that everyone needed to do it. Interviewee 4 states:

"SpeedRacer as a whole is rigorous when it comes to processes and procedures, but the accuracy of numbers isn't highly valued [...] I don't know if it's because of the scale of millions and the enormous flows, but these deviations are often either ignored or not seen as a big issue. Or rather, they weren't seen as one, because now we're entering a production regime (WCM) where we're already feeling a shift in paradigm. Before, being off by millions wasn't a problem [...] here, ten million reais [Brazilian currency] was nothing. Especially because Mach-4 was heavily emphasized here, and this plant is the backbone of the group in Latin America. So now everyone is very focused here, and that helps a bit too. All eyes have turned to us, and we're moving toward a more meticulous, more precise, and better way of doing things." (Interviewee 4)

Moreover, the interviewees reported the expansion and depth of WCM, including the role of management accounting in the organization. Interviewee 2 emphasized that *"WCM serves as a consolidator of improvement projects,"* i.e., *"the Officialization of Reduction."* In this sense, considerable emphasis is placed on the

quantity of improvement projects executed, seemingly more so than on the improvement or financial impact itself. The projects are evaluated based on their ability to improve performance and reduce costs by following predetermined steps and utilizing established tools. The logic of “*attacking*” the main inefficiencies and losses is implicit in the project design, but it is not always possible to do so. Maybe because of this, the focus is not specifically on the result, but on the improvement projects, as highlighted by Interviewee 6:

“Actually, people have individual targets. Leaders have an individual target [...], which is a percentage of the salary value, and is one of the motivators that makes them create projects and is what will be evaluated there in the Rainbow Chart. [...] This saving is one of their targets that’s evaluated in performance.” (Interviewee 6)

Although the company initially reduced costs and increased efficiency, over time, it became increasingly complex to meet its objectives, such as improvement projects and cost reductions, as it had to “*do more with less.*” In this regard, Interviewee 2 explains:

“The guy who was doing it, a third party, the guy who was outside labor, has already spent a year here, so my operator has already learned what he had to learn, so I’ll work with him. So, this forces the guy to improve technically and forces him to reduce costs.” (Interviewee 2)

Over time, organizational actors experienced dissonances, as summarized in Table 4, which led them to seek ways to evade and resist the logics associated with the new MA practices. In addition, the expansion and deepening of the new MA practices depended on technological resources that still needed to be structured or acquired.

Therefore, some MA practices were performed manually (i.e., budgetary analysis), which damaged the diffusion of the MA practices.

----- Table 4 to appear here -----

As such, this period saw the end of the initial appropriation of knowledge and search for references, and the beginning of the process of “*innovation*”. During this period, local organizational actors had the opportunity to acquire knowledge and expand their skill repertoire. Soon afterwards, at least in theory, they were tasked with adapting MA practices to meet the new plant's needs. Although some of the group’s guidelines were vague, seemingly intended to encompass varying MA practices, the local organizational actors did not enjoy complete freedom —or at least did not feel they did.

The attempts to adjust the MA practices were based on trial and error. At this point, the accumulation of experience and users' perceptions of existing gaps were crucial for broadening the scope of MA practices, thereby coupling them with the organization's technical needs. As a result, the management control system began to incorporate new elements, such as indicators and metrics, gradually, and to modify the forms and frequency of data calculation. This way, the MA practices were implemented in ‘small doses’ or with a view to distant adaptation. However, as time passed and due to the pressure for improvements, the MA practices were adjusted to structure a robust formal system, even though the informal one still exerted considerable influence. These pressures for continuous improvement mark the third phase.

6.4 Phase 3: Refinement / Retention - Resolution of Dissonances

This phase was characterized by continuous improvement efforts, as evidenced by confirmation and feedback processes for the implemented MA practices and their suitability for supporting the business. At this phase, local organizational actors are already more familiar with MA practices and their functioning, allowing them to

identify weaknesses and areas for improvement and realign MA practices with the organization.

In this phase, the adaptation of MA practices was notably influenced by two distinct pressures. Firstly, the concept of maturation, intricately associated with reflexivity, was contingent upon the cumulative experiential and knowledgeable growth of the organizational actors. This growth was therefore correlated with their subjective assessment of potential gaps and areas for improvement within the organization, taking into account both internal and external contextual factors. Secondly, the pressure arising from competition and the pursuit of efficiency, infused into the company's WCM business model, played a significant role. It instigated a continuous drive for improvements aimed at securing a competitive advantage within the industry. This pursuit of efficiency was also intertwined with the need to address perceived technical inefficiencies, which together contributed to the organization's proactive approach to competitiveness and operational efficiency.

In this way, there was a concern that the implementation of manual MA practices within the WCM model lacks reliability and traceability, besides being time-consuming, and thus the process is seen as *'fragile'*. This is because *"nothing is guaranteed if you're outside the system, when you're in the system, you have a certain security"* (Interviewee 2).

In addition, an attempt was made to mitigate the lack of *"people's autonomy"* through awareness-raising, using strategies to educate all organizational actors who would be working at Mach-5. As such, the importance of organizational communication for alignment was highlighted. Interviewee 2 points out that at Mach-5, *"we have many area meetings"*, and in these meetings, *"HR comes down to the leader, and the leader comes down to the guys."* This awareness "strengthens" adoption of the MA practices

and reduces organizational actors' hesitation and dissonance toward them. Also, regarding the organizational actors' awareness, Interviewee 1 highlighted:

"People's awareness is the most difficult thing; it still is. It's not that everyone is doing well, because there are still people coming in, the turnover is very high, so it's always being renewed. But I think that this awareness is the main way." (Interviewee 1)

In order to ensure organizational actors' awareness, training activities were carried out, as well as "audits". In these audits, *"they audit the people who know the methodology, and this happens as a routine, the guys monitor the wood and iron"* (Interviewee 2). It is worth mentioning that with time, it was realized that not everyone needs to know the *"method"*. As a result, employees at lower levels subsequently received training and acquired the necessary qualifications to perform their tasks and enter the information.

When concerns about MA practices utilization arose, the company leaders' narratives continued to praise it as a *"driver"* or *"a guide,"* since *"if there was no Cost Deployment and if there was no WCM methodology, it's like I'd be working without knowing where to go"* and *"without knowing what to improve"* (Interviewee 2). This is reinforced in the idea that in its absence, Mach-5 *"would be isolated without as much synergy"* because the plants in the group would have another method. Furthermore, it was argued that MA practices were *"outlined for the brand"*, i.e., for SpeedRacer, using *"concepts and best practices,"* i.e., *"it's the excellence of best practices"* that would suit Western culture. Another widespread view is that WCM is a *"complete method,"* complex yet comprehensive, that is constantly evolving and promotes continuous improvement in management accounting (MA) practices. As such, the organizational actors experienced a growing gap between these sensegiving efforts and their daily experience. In this sense, despite these sensegiving efforts, Interviewee 2 states that:

“There will always be some problems because we’re always in this process of expanding and deepening where we’re expanding to. So, there’s always a resistance to any adaptation. [...] If it was something natural, we wouldn’t need to be there validating it. I think we don’t have that culture.”

(Interviewee 2)

Mach-5’s dissonances were not resolved simply by changing elements of the new MA practices, but also by reinterpreting retained elements that years earlier had been met with resistance and concern in ways that increased their compatibility with the hitherto prevailing culture. More importantly, some formal and informal MA practices that remained, even after WCM diffusion, reflected significant changes in the organization’s culture. These changes can be observed in the persistence of specific behavioral patterns, indicating a shift in underlying cultural beliefs, as well as the spontaneous, sporadic, and flexible application of MA practices linked to the concepts associated with WCM (e.g., Cost Deployment). Table 5 summarizes some of the discourses used in the process of resolving dissonances.

----- Table 5 to appear here -----

In this phase, organizational actors were more involved in redefining MA practices, promoting improvements by aligning them more closely with the group's initial vision (the ideal version). In this sense, by enjoying greater freedom to adjust MA practices and the organization's cultural and technical characteristics, organizational actors improved these practices by applying and developing tools and technologies to enhance performance. In general, at this phase, MA practices evolved, as evidenced by an expansion in their scope and extent. This means that the MA practices implemented at the case company diverged from those observed at the company’s other plants. In this phase, incentives were provided to encourage changes in MA practices, aiming to promote continuous improvement and utilize technological resources.

7. Discussion and Concluding Remarks

In this paper, we shed light on how local organizational actors make sense of and implement MA practices imported from foreign multinational headquarters by exploring a case study of a newly established subsidiary of a major global car manufacturer operating in Brazil. Our approach enables us to trace how the adoption of these MA practices unfolds over time, revealing enduring changes in both MA practices and organizational actors' sensemaking processes.

The implementation of MA practices in our focal company (Mach-5) unfolded in three phases (see Table 3). As such, management accounting practices at the focal company appear to have been previously outlined for evolutionary, progressive implementation. This contrasts with existing research that has examined the significance of institutional duality for organizations and their subsidiaries. Such studies suggest that the adoption of practices may be ceremonial (Kostova & Roth, 2002) or hybridized (Ferner et al., 2012), rather than reflecting full compliance and internalization (Winter et al., 2012). Mach-5's MA practices, through these three phases, became closer to the original idea defined by the group, even though the company is still in the early phases of implementing its physical infrastructure. This is consistent with the understanding that practices can be structured to “*made to fit*” the specific context in which they will be adopted (Ansari et al., 2014; Lueg & Carvalho e Silva, 2022).

This paper contributes to management accounting and the sensemaking literature by providing a longitudinal, contextually rich examination of how organizational actors in a Brazilian subsidiary of a multinational corporation engage in interpretive processes surrounding the transfer of MA practices. By tracing the evolution of these practices through a three-phase model, (standardization, adjustment, and refinement), the study illustrates how local actors actively make sense of, negotiate, and adapt imported practices in response to cultural dissonances, operational challenges, and evolving

organizational norms. In doing so, this study elaborates how the Weick et al. (2005) cyclical processes of enactment, selection, and retention unfold over time in the cross-national transfer of MA practices. While sensemaking research conceptualizes these processes as ongoing and recursive (Weick et al., 2005), it has offered limited insight into how they may manifest as temporally distinguishable phases during the implementation of practice. Drawing on a rich longitudinal case of an emerging-market subsidiary, this study develops a phased model that traces the evolution of practice implementation over time. The model illustrates how actors initially enact standardized practices introduced by headquarters, subsequently engage in processes of adjustment and adaptation, and ultimately retain hybridized forms that become embedded within local routines. By theorizing how cyclical sensemaking processes are experienced as sequential phases in practice transfer, the study extends existing frameworks. It demonstrates that temporal structuring is not antithetical to sensemaking theory but rather a mechanism through which the ongoing nature of organizing becomes observable in empirical settings. In doing so, the paper contributes a more granular understanding of the cognitive, cultural, and political dynamics through which MA practices are hybridized across institutional contexts.

Moreover, recent sensemaking research reframes accounting as an active, interpretive practice shaped by ambiguity and organizational change (Bouten & Hoozée, 2025; Hayden et al., 2022). Studies highlight how actors use accounting to negotiate meaning, align values, and legitimize decisions (Bénet et al., 2024; Hoang, 2023). While this work reveals the contested and situated nature of accounting, the present literature primarily focuses on retrospective or static analyses. A key gap remains in understanding how management accounting supports prospective sensemaking, enabling actors to interpret emerging uncertainty, anticipate change, and adapt MA practices over time. Our study responds directly to calls for research on how

management accounting supports prospective sensemaking within organizations. It traces how local actors in a newly established subsidiary actively engage with, adapt, and refine imported MA practices over time, in anticipation of emerging organizational challenges and environmental uncertainties. This study illustrates how management accounting operates as a forward-looking and generative force, rather than merely a retrospective interpretive tool. It enables organizational actors to project future scenarios, identify operational inefficiencies, and enact adaptive strategies aligned with evolving performance goals and contextual demands. The phased adaptation process, from initial standardization to context-sensitive refinement, demonstrates how management accounting systems evolve through an iterative sensemaking process. In this process, tools such as cost deployment and performance measurement are reinterpreted and hybridized to anticipate change, realign practices, and drive continuous improvement. In doing so, the paper extends the accounting sensemaking literature beyond static or retrospective perspectives. It foregrounds the dynamic, recursive, and anticipatory qualities of management accounting in shaping organizational transformation under conditions of uncertainty and complexity.

Moreover, this research diverges from prior studies that primarily examined the influence of contextual and organizational factors on the initial decision to adopt MA practices in subsidiaries. Our study portrays the transfer of MA practices to foreign subsidiaries as an ongoing and situated process. It shows that extensive engagement with these practices is required before a modified version emerges that aligns with the organization's context and gains acceptance among its members. Consequently, our paper emphasizes the interpretive work inherent in changes to MA practices, as organizational actors strive to maintain coherence between the current implementation and established patterns of thought and action. In doing so, our observations may help

elucidate the recursive relationship between day-to-day activities and the underlying belief system that provides meaning and understanding for these actions.

This study also allows us to illustrate the transfer of MA practices embedded in World Class Manufacturing (WCM) to Brazil by mapping individual events and interventions, and to explore the role of enabling factors in this process. Creating an atmosphere of dialogue and exchange in the early phases of the transfer was crucial, as it promotes a shared understanding among organizational actors and facilitates the acceptance, legitimacy, and implementation of the new MA practices. By bridging the familiar with the unfamiliar, a sensemaking process (Weick et al., 2005) unfolds enabling learning. Connecting new MA practices with existing ones appears to be an essential enabling factor, even within a newly established subsidiary. Furthermore, in the context of Brazil, interpersonal and communicative competences emerge as indispensable. We attribute this significance to the importance of interpersonal relationships and the prioritization of personal connections over tasks (Rodrigues, Milfont, Ferreira, Porto, & Fischer, 2011). While boundary spanners (i.e., organizational actors driving change) play vital roles across all cultures, they can be particularly valuable in cultures that prioritize personal relationships, as seen in Latin America. Brazilian culture is characterized by values such as a focus on personal relationships, indirect communication, emotional expression, and a greater power distance (Rodrigues et al., 2011). Subsidiaries in other emerging markets, such as China and South Africa, may adopt foreign management practices in different ways. The cultural values of the home and host countries can give rise to distinct intercultural challenges, necessitating specific learning processes and different forms of hybridization.

From a practical perspective, our findings offer valuable insights for multinational companies seeking to successfully transfer MA practices, particularly in

emerging markets such as Brazil. We show the importance of aligning these practices with local requirements and the expectations of local stakeholders while preserving their core principles. This adaptation, making the practices "fit" within the local context (Ansari, Fiss, & Zajac, 2010), is crucial for success. Multinationals should give more attention to cultural factors and support the facilitating elements that positively shape the transfer process within their specific settings. Individual profiles, interpersonal relationships, and the organizational culture's atmosphere all play vital roles in the successful transfer of MA practices. These findings may also benefit other Western multinational companies seeking to implement MA practices in emerging markets (Sageder & Feldbauer-Durstmüller, 2019).

While we believe our study makes a significant contribution to the understanding of MA practice transfer in foreign subsidiaries, it is essential to acknowledge its limitations. The timing of our entry into the organization may have constrained our ability to fully capture the process we examined, particularly during its early phases. Our interpretation of these initial phases is thus somewhat tentative, relying on a triangulation of archival data and recollections from organizational actors (Pettigrew, 1990). Nevertheless, we see the true value of our study in the exploration of the long-term impacts of the new practice, made possible by our delayed entry. Future research with a more open-ended timeframe could further enhance our theoretical understanding of this unique form of MA practice adoption. It might delve deeper into how organizational leaders introduce and encourage the organization to embrace these new MA practices, exploring how this influences the subsequent course of the process. Despite these limitations, we believe our study of the transfer of MA practices in the case of a newly created subsidiary in Brazil advances our understanding of the processual aspects of MA practices transfer from multinational companies to their subsidiaries.

Data availability statement

Data not available – participant consent.

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Table 1 – Interviews’ Summary

No.	Interviewee(s)	Date	Time
1	Interviewee 1 and Interviewee 2	05/22/2017	00:58:17
2	Interviewee 2	08/16/2017	00:52:55
3	Interviewee 2	12/08/2017	00:53:52
4	Interviewee 2	12/08/2017	00:58:45
5	Interviewee 3	12/08/2017	00:21:42
6	Interviewee 4	12/08/2017	00:10:32
7	Interviewee 5	12/08/2017	00:07:07
8	Interviewee 6	12/08/2017	00:45:52
9	Interviewee 1	01/29/2019	00:42:42
10	Interviewee 10	01/29/2019	00:31:36
11	Interviewee 9	01/29/2019	00:33:14
12	Interviewee 11	01/29/2019	00:40:52
13	Interviewee 4	01/29/2019	00:36:32
14	Interviewee 7	01/13/2019	00:50:11
15	Interviewee 8	01/29/2019	00:46:46
16	Interviewee 7	04/25/2019	00:48:29
17	Interviewee 2	08/17/2019	00:24:19
18	Interviewee 2	08/17/2019	00:35:58
19	Interviewee 2	08/25/2019	01:31:07
Total			13:10:48
Average			00:41:37

Table 2 – Interviewees’ Roles and Experience

Interviewee	Role	Experience
1	Plant Manager	7 years
2	Controller	13 years
3	Cost Manager	17 years
4	Controllershship Coordinator	10 years
5	Finance Analyst	11 years
6	WCM Manager	22 years
7	Financial Analyst	10 years
8	Controllershship Coordinator	12 years
9	Tax Analyst	6 years
10	Cost Analyst	8 years
11	Financial Manager	20 years

Figure 1 – Mach-5 Organizational Chart

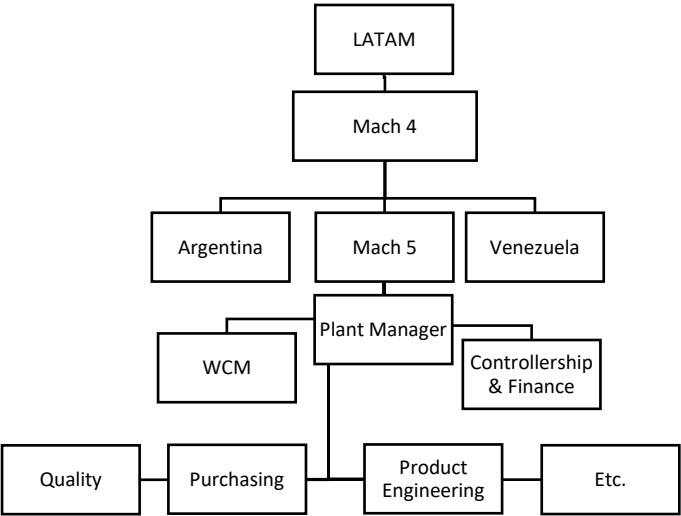


Table 3 – Narrative Summary of the Implementation Process

Implementation Phases	Implementation	Leaders' Sensegiving	Collective Sensemaking (Dissonances)	Collective Sensemaking (Practical Implications)
Phase 1 (2012–2014)	<i>Appropriation of knowledge.</i> Leaders from other SpeedRacer plants were involved in structuring and implementing Mach-5 and also in building its technical, political and cultural foundations.	<i>Consistent sensegiving effort.</i> Leaders imposed strategic objectives and the foundations of the management model for Mach-5.	<i>Initial construction of identities and MA practices.</i> Local organizational actors developed the premises of the company's functioning and MA practices.	<i>Perception of direction.</i> Local organizational actors were educated to embody the company's culture and role identities at Mach-5.
Phase 2 (2014–2016)	<i>MA practices in small doses.</i> Organizational actors adopted 'prototypical' versions of the MA practices and encountered problems related to the lack of coupling between standardized MA practices and the organizational context, as well as difficulties in creating innovative practices due to the specificities of the business.	<i>Consistent sensegiving effort.</i> Leaders showed full support for the appropriation of knowledge from other plants and guided to copy/imitate the MA practices and procedures that already existed within the group.	<i>Dissonance experience.</i> Organizational actors perceived a lack of adherence to the MA practices and procedures adopted due to a lack of technical tools, necessary knowledge, and/or cultural misalignment.	<i>Perception of lack of adherence.</i> Organizational actors realized that despite efforts to implement the MA practices and processes of other plants in the group, there was a lack of adherence because they did not fit their technical and cultural specificities.
Phase 3 (2017–2019)	<i>Extension and scope.</i> Organizational actors sought to expand the scope and depth of the MA practices by supporting change and adaptation.	<i>Cognitive-discursive (re)framing.</i> Leaders recognize the specifics of Mach-5 and encourage adaptation and the development of "<i>best practices</i>" to support the business.	<i>Dissonance resolution.</i> Organizational actors received support for the development and adaptation of MA practices carried out through the improvement processes.	<i>Promotion of realignment.</i> Incentives were given for the use of information technology and the redesign of processes and MA practices. In addition, training of key personnel and monitoring for employee alignment with the organizational culture were encouraged.

Table 4 – Collective Sensemaking – Dissonances

Dissonances	Illustrative quotes
<i>Rigorous measurement versus feeling</i> : it reflects the tension between relying on precise, computerized data measurement and the intuitive, experience-based judgment of managers.	(before) We had a manager [...] who had much experience and had sensitivity. He gave us a certain direction. (Interviewee 3) The data collection (current Cost Deployment) is completely computerized, or real-time, and everyone (leaders) knows the inefficiencies at each site. We presented to him, the WCM auditor, the Cost Deployment score 5, all computerized. (Interviewee 2)
<i>Accountability versus justification</i> : it highlights the conflict between holding people accountable for deviations and the tendency to justify or overlook them.	Deviations are often either ignored or not seen as a big problem [...] (before). If you were out by millions, it wasn't a problem. (Interviewee 3) Many systems are created to monitor what's happening at that moment [...] they audit the people who know the methodology [...], and this happens as a routine. (Interviewee 2)
<i>Individual rank versus egalitarianism</i> : it contrasts hierarchical status with a culture valuing ideas and team autonomy regardless of rank.	Here, you're not respected because you're wearing a suit or a more expensive watch. Here [...] we're respected for the ideas you're putting forward. (Interviewee 1) The team has autonomy to manage itself, and that's very important. That's why we're able to innovate so much. There aren't so many obstacles; if you want something, you go there and do it. (Interviewee 7)
<i>Best practices versus legacy</i> : it highlights the tension between adopting modern best practices and managing legacy systems.	WCM is the excellence of best practices in the production cycle. [...] the goal of WCM [...] was to increase the performance of organizations [...] by implementing best practices. (Interviewee 6) There are several legacy systems that send data to SAP, and SAP only sees what the legacies send. So, if one of these legacies doesn't send where that expense came from, a cost center, for example, that's it. We're destabilized. (Interviewee 2)
<i>Standardization versus customization</i> : it reflects the balance between following standardized processes and making necessary adjustments to fit specific contexts.	If you have to do a new process, do it. If you have to change or want to change something, change it, suggest it. (Interviewee 2) Because WCM was implemented with the plant in the beginning, and at Mach-4 with the plant already mature, of course, it serves as a mirror, but as time goes by, you'll deal with some experiences. (Interviewee 3)
<i>Reflexivity versus internalization</i> : it involves the shift from merely implementing processes to actively seeking improvements and internalizing practices.	So, our goal was no longer to implement, but to seek improvements, expand, and enlarge. (Interviewee 11) If you don't know how it is, how is it done at Mach-4? This serves as a parameter, but Mach-4 is a 42-year-old plant; there's no way to optimize the process. (Interviewee 3)
<i>Rigorous methods and standards as a source of creativity and innovation</i> : it shows how rigorous, structured methods can serve as a foundation for creativity and innovation.	Within the Finance world, let's say, this is very cool because we stand out. If we think that we're in an underdeveloped country, in the Northeast of the country [...]. We're in an environment here that in theory isn't as favorable for innovation, it's a region that exports raw labor, and we're exporting technology. So, for us, this influences us a lot, and we follow that path. (Interviewee 7)
<i>Risk reduction undermines tolerance for errors and/or non-accuracy</i> : it highlights how efforts to reduce risk can decrease tolerance for mistakes and errors.	I have to ensure that all the project portfolios [...] are delivered with quality and on time. I have to assess their scope, assess the risks of each of these actions, and, depending on the risk, I have to raise the issue to the right person. [...] We'll identify bottlenecks and any type of routine that can be improved in order for us to have greater security or to be less exposed to fiscal risks or financial losses. (Interviewee 9)

<i>Control stifles entrepreneurship and self-initiative:</i> it reflects the tension between strict control mechanisms and fostering entrepreneurial initiative.	We had to go in and really immerse ourselves in the manufacturing area with several worlds and such to be able to make them aware that we were there in the controlling area to defend the interests of shareholders and that there wouldn't be any more investments in the plant if the plant wasn't profitable. So, we had to make them aware of this, and they had to embrace this because otherwise we wouldn't be able to bring results for the company. (Interviewee 2)
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Table 5 – Collective Sensemaking – Resolution of Dissonances

Discourses	Illustrative Quotes
<i>Retained language facilitates intra-organizational collaboration:</i> it emphasizes how maintaining shared language and concepts supports teamwork.	You observe which are the best projects being carried out at the plant and bring them here or take them there, internally speaking. Externally speaking, if you get a score of 4 or silver, if this is good for the brand, I don't see any benefit, but internally, it's enriching to know that there's a guideline. (Interviewee 2)
<i>Retained language facilitates the replication of innovation:</i> it highlights how shared language helps spread best practices and innovations across the organization.	If we're at the front and give more results, the plant that's more technological and has more innovation, it's very clear that we have to take this whole framework up. [...] the challenge is exactly that, to take our best practices and implement them in the whole group. (Interviewee 7)
<i>Adding concepts to the organizational actors' repertoire:</i> it reflects how introducing new concepts opens opportunities for discussion and learning.	When we do a survey like this and put a tool like this in front of the managers and the Plant Manager, it's an opportunity for us to try to direct and redirect the managers, and it opens up an opportunity for discussion [...] I don't want to merely highlight the fact. I want to highlight it and discuss the why. (Interviewee 2)
<i>Spontaneous use of WCM concepts:</i> it shows how WCM concepts become naturally integrated into everyday work discussions.	We've been promoting meetings to discuss these points (KPIs) with all areas so that Cost Deployment and Controllershship can be the drivers. (Interviewee 2)
<i>Greater attention to project design:</i> it highlights the increased focus on planning and structuring projects more systematically.	Among so much trial and error of people creating improvement projects, we reject them because we have to follow the method, the tools... and this makes the guy become, create a shell, to put it like that... I was criticized, but now I know what to do. (Interviewee 2)
<i>Greater frankness in evaluations:</i> it reflects how the method encourages honest evaluations and transparency.	The method itself asks you to evaluate people. When you evaluate the person and use a radar and show the evolution of people within that year, then you see that people promote improvements, you know? We have a radar that's the Rainbow Chart, which is a chart that'll accompany this. (Interviewee 2)