

# An Analytical Exploration of the Problems of Human Resource Management in Multinational Enterprises in the Context of Internationalisation

Zhao Haiqiu, Cheng Zhen, Wang Wenjie, Liu Yiqun, Farooq Thabit\*

Faculty of Business and Accountancy, Lincoln University College, Petaling Jaya, Selangor Darul Ehsan, Malaysia

\*Corresponding author

**Abstract:** Under the background of economic globalisation, the expansion of business territory has led to more and more enterprises actively laying out the international market while steadily progressing in the local market, thus promoting the rise of multinational operations. Compared with domestic enterprises, one of the major characteristics of multinational companies' operations is the complex multicultural environment in the context of internationalisation. However, the process of multiculturalism is often accompanied by the collision of various heterogeneous concepts, resulting in multinational enterprises often face cultural conflicts, which undoubtedly poses a challenge to the stable operation and sustainable development of the enterprise. Therefore, the article starts from elaborating the importance of human resource management in multinational enterprises, and focuses on the improvement of human resource management in multinational enterprises under the background of internationalisation for reference.

**Keywords:** Multinational Enterprises; Human Resource Management; Internationalisation Context; Issues

## 1. Introduction

Human resource management (HRM) plays a very important role in the operation and management of an enterprise, which is not only the key to talent excavation and accumulation, but also the engine to promote the implementation of corporate strategy. With the deepening of global integration, the number of multinational enterprises (MNEs) has increased significantly on the global stage, which has given rise to unique overseas human resource management practices. Compared with the traditional domestic model, human resource management in multinational enterprises presents significant complexity and challenge, which deserves in-depth exploration. As a cutting-edge management concept, overseas HRM has been prominently featured in the research fields of developed countries such as the United Kingdom and the United States, where it has become the focus of scholars' attention. In the context of internationalisation, the overseas HRM projects of MNCs bring a characteristic complexity due to their unique operating environments, such as the workplace and geographic location, etc. This complexity stems not only from the external environment, but also from the internal management needs. If a multinational company fails to have a clear, precise and comprehensive understanding of its overseas human resources construction, it will directly restrict its development potential in overseas markets. Therefore, in-depth understanding and effective management of overseas human resources are crucial to the globalisation process of multinational enterprises.

## 2. Importance of human resource management in multinational enterprises

Expansion into the international arena is a key step in the growth of a company in a globalised business environment. With the deepening of global economic integration, China has hosted many branches of overseas companies, and at the same time, Chinese enterprises have also set up branches around the world, and this interaction has undoubtedly stimulated the vitality of the global economy and pushed forward the overall progress. However, the complexity of multinational operations goes beyond local operations. Enterprises no longer play the role of a single "master", but are faced with diversified competitive pressures, challenges, and influencing factors. If you are not careful, you may suffer a serious setback in the fierce business battle. In the new era of knowledge-based economy, we realise that apart

from capital, equipment and technology, talents are the core driving force for the competitiveness of modern enterprises. Whether knowledge-intensive or labour-intensive, talent is the key to empowering an enterprise's pool of wisdom and human resources. A quality workforce enhances productivity and promotes innovation, thereby strengthening an enterprise's market competitiveness. Multinational enterprises (MNEs), in the midst of unpredictable markets and fierce competition, are particularly dependent on the wisdom and support of local talent to adapt to foreign cultural, political and social environments and achieve sustainable development. Therefore, effective management of human resources in MNEs has become a crucial strategy, which covers talent exploration, development, retention and motivation, to ensure that enterprises have a solid talent bedrock to cope with unexpected challenges<sup>[1]</sup>.

### **3. Problems of human resource management in multinational enterprises in the context of internationalisation**

#### ***3.1 Class conflict***

In the context of internationalisation, management positions in overseas branches of multinational corporations are usually taken up by national employees, while production line workers and other general staff tend to be recruited locally. However, in foreign operations, due to cultural differences, customs, and very different work philosophies, significant hierarchical conflicts may breed between management and junior employees, mainly in the form of differences in thinking patterns and values, which may lead to deviations or delays in the understanding of management's instructions at the executive level, and difficulties in implementation. The respective cultural backgrounds and perceptions of managers and employees often constrain them from accepting and adapting to exotic management styles, and may even lead to resistance, thus posing a challenge to the efficiency of people management in multinational organisations<sup>[2]</sup>.

#### ***3.2 Differences in law and treatment***

Given that the global layout of multinational enterprises involves a diversified legal environment with different and complex legal systems in various countries, the key to promoting sound expansion in the current globalisation process lies in precisely adapting to the legal norms of each place in order to prevent potential legal conflicts, thus avoiding unnecessary legal troubles.

On the other hand, remuneration packages are also a challenging task. Due to cultural differences and significant differences in economic levels across countries, employee pay scales show significant diversity, which makes multinational companies face unique dilemmas when managing employee compensation. How to achieve a fair and competitive compensation strategy in the context of internationalisation is undoubtedly a pressing issue for HR specialists in multinational enterprises.

#### ***3.3 Shortage of Composite Talents***

At present, a major challenge faced by Chinese enterprises in the process of globalisation is the lack of international talents with professional and technical knowledge, business literacy and rich experience. Competition in the talent market has transcended national boundaries, showing distinctive global characteristics. The current situation of the domestic labour market is polarized, with a surplus of low-end labour and an oversupply of medium- and high-end talents. The root causes of this phenomenon can be explored from the following perspectives: firstly, the fact that some outstanding graduates from top universities tend to pursue further studies overseas, and some of them do not return to their home countries after graduation, which undoubtedly undermines the domestic reserve of cutting-edge talents. Secondly, the flexibility and practicability of the higher education system needs to be improved, failing to closely match the actual needs of enterprises, and the combination of theory and practice is not high. Furthermore, the imbalance in the distribution of educational resources between regions is prominent, with significant differences in the level and quality of education and the emphasis on culture between the east and the west, and between developed and underdeveloped regions. Finally, under the background of internationalisation, the demand for high-end talents of foreign-funded enterprises has triggered a fierce competition on a global scale, and multinational corporations have attracted top talents around the world with highly competitive salaries<sup>[3]</sup>.

### ***3.4 The impact of cultural differences***

Cultural diversity is not only reflected in macro contrasts at the national level, but also in micro differentiation within the enterprise. The uniqueness of corporate culture at the spiritual, institutional and material levels often leads to a collision of inherent cultural perceptions and practices between overseas dispatched employees and local employees, and this cross-cultural friction takes various forms, especially in the divergence of management styles. In order to effectively manage a multinational enterprise, managers must adopt a management style that integrates elements of both home and host country cultures to avoid triggering resentment and feelings of self-worth depreciation among host country employees, which is directly related to the mutual evaluation of employees and the overall cohesion of the team.

## **4. Improvement Countermeasures for Human Resource Management Problems of Multinational Enterprises in the Context of Internationalisation**

### ***4.1 Establish the specific concept of human resource management***

In management, concept is like a lighthouse of the soul, and the human resource management of multinational enterprises is even more so, and its influence cannot be ignored. Enterprises should take into account the current situation, flexibly integrate local and global perspectives, and build unique management concepts, which not only require enterprises to understand themselves in depth, but also need to prospectively plan future development blueprints as a navigation system for overseas operations to ensure the steady growth of enterprises.

At the same time, in the context of internationalisation, if multinational enterprises want to achieve efficient management of human resources, they have to follow the principle of "people-centred" management, which is not purely respecting the value of the individual, but rather treating talents as the core advantage of enterprise competition. In the global arena, multinational enterprises are focused on the battle for diverse talents. Companies need to utilize talent accurately, regardless of their origin, and adhere to the principles of fairness and justice. This involves putting an end to any form of discrimination and neglect, ensuring that every employee feels a sense of equality and respect. By gaining an in-depth understanding of the cultural backgrounds of employees worldwide, companies can implement inclusive management practices. This creates a welcoming corporate environment in which employees can thrive, thereby stimulating greater enthusiasm for work and jointly promoting the prosperity of the enterprise.<sup>[4]</sup>

### ***4.2 Building scientific and reasonable human resources planning strategy***

The effectiveness of human resource planning strategies has a decisive impact on the operational results of multinational enterprises. By deeply integrating the long-term vision and organisational structure of the enterprise, it not only enhances operational efficiency, but also controls costs and strengthens competitive advantages. In the growth journey of a multinational company, it is crucial to have high-quality talent that is adapted to the needs of the company. Tailored career paths based on an in-depth understanding of each position, along with fair and effective performance evaluation and training frameworks, drive global business development in all aspects of the organisation. It is critical that multinational organisations take into account local cultural specificities and mindsets when developing strategies to minimise potential conflicts. Specific strategies should include, firstly, leaders who have a global perspective and promote the concept of inclusive growth to ensure wise and efficient decision-making. Secondly, build a flexible and diverse internal management system based on the realities of the organisation, with incentives to encourage employees to embrace and understand the customs and cultures of each country, and to recognise those who excel in their performance. Lastly, we should build a diversified team that brings together global wisdom, draws on the strengths of each country, and activates the synergistic and innovative power of the team.

### ***4.3 Establish and improve human resource management system***

The core of human resource management in an enterprise's organisational operations is based on the initial recruitment process, and the construction of a sound human resource management system requires firstly the establishment of an efficient and competitive recruitment strategy, while generous remuneration and benefits are the key elements to attract talent. However, the long-term goal of a company is sustainable development, which requires a two-way incentive framework that recognises and

rewards employees who demonstrate excellent efficiency, high standards of performance and a spirit of innovation as a source of motivation. On the contrary, for employees who fail to meet the predetermined standards, appropriate constraints and penalties are also essential, which will strongly stimulate their potential and promote the rapid improvement of personal skills. Only by building a comprehensive management system for overseas talents through refined recruitment and selection, systematic training and development, wise job assignment and effective retention strategies, can an enterprise accumulate vitality for lasting development and shape a high-performance work team. At the same time, perfect rules and regulations are not only the guiding light of employee behaviour, but also can ensure that each employee can exercise self-restraint within the stipulated framework, thus reducing internal conflicts and enhancing team unity and collaboration, such a management mechanism, like a solid cornerstone, supports the steady progress of the enterprise<sup>[5]</sup>.

#### ***4.4 Cultivate Employee Loyalty***

In order to attract and retain top talent, multinationals need to demonstrate unique and competitive incentives when structuring compensation. At the same time, reinforcing brand image is crucial. A company's global identity is not only a symbol of excellence and expertise in the field, but also confers a sense of trust on job seekers, who tend to choose a well-known and stable platform for self-improvement. A clear strategic vision and business orientation is crucial for new employees, as new market expansion and strategic adjustments will give them more room for growth. Before employees start their careers, companies should implement comprehensive pre-employment training and personalised career development paths, so that they have a clear direction for personal progress. In addition, an open and transparent corporate culture can effectively support the work of employees and enhance their sense of belonging and work efficiency.

#### ***4.5 Establishment of human resource management localisation strategy***

In the context of internationalisation, the construction of a sound human resource management system is decisive for the globalisation process of multinational enterprises. Chinese multinationals should adopt localised human resource policies, encourage host country employees to participate and take on key responsibilities, and promote the harmonious integration of the two cultures. Since the 1970s, many developing economies have been forcing foreign managers and technical personnel from foreign-funded enterprises to leave in stages and proportions in order to promote local economic prosperity, so that local talent can take over the baton. For example, Cambodian labour regulations stipulate that the proportion of non-local employees in foreign-funded enterprises should not exceed one-tenth of the overall workforce. Therefore, implementing a localisation strategy for overseas human resources is not only conducive to saving manpower costs, but also enhances the image of Chinese multinationals in the host country and strengthens their social relations by giving preference to hiring locals.

#### ***4.6 Strict, fair and impartial performance appraisals***

In order to maximise the value of local human resources, multinational companies need to rigorously implement a fair performance evaluation mechanism while stimulating the potential of employees. First of all, the enterprise should be based on its own characteristics, to build a comprehensive, fine and adaptable evaluation mechanism, to ensure that the evaluation indicators can accurately reflect the work content of all positions. Diversified evaluation means are essential, allowing two-way evaluation between upper and lower levels, and encouraging mutual feedback between the same level, so as to ensure the fairness and accuracy of the appraisal and evaluation process, which helps to reveal the actual work performance of employees. In terms of ensuring the practicality of the assessment indicators, enterprises need to further develop a set of practical and feasible performance standards after establishing a sound system and diversified methods, clarifying the specific responsibilities of each position, and customising personalised job guides detailing the scope of responsibilities, expected goals and boundaries of rights through frequent communication and information collection, which is not only conducive to the effective management of the enterprise, but also helps local talents to understand their own roles and responsibilities, thus promoting the effective management of the enterprise. This not only facilitates effective management, but also helps local talents to clearly understand their roles and responsibilities, thus contributing to the efficient and harmonious operation of the company.

#### ***4.7 Attaching importance to the role of corporate culture cultivation***

The construction of enterprise culture takes long term effort, and needs to be refined through continuous advocacy and practice, in which the role of the leadership is crucial, they need to show firm guidance and fair control in internal affairs. Flexible and efficient decision-making is essential in the face of unexpected situations. At the same time, the establishment of clear role models and the use of role models to drive employee growth, including selection criteria and work incentives, are core mechanisms for building a corporate culture. Such an environment enables expatriates to feel accepted and respected, and their contributions duly recognised, thus enhancing their sense of belonging to the company and stimulating greater enthusiasm and vitality. Focusing on the influence of corporate culture on individuals, and promoting cultural integration between local and expatriate employees through positive interaction and communication, will help the company to secure its position in the global competitive arena. Overall, the construction of corporate culture is a long-lasting and fruitful process, which shapes team cohesion, improves overall performance, and injects a continuous momentum for the long-term development of enterprises in the context of internationalisation.

#### **5. Conclusion**

To sum up, with the intermingling of information technology and transport development, the trend of global economic integration is becoming more and more significant, and enterprises have been pursuing the extension of global territory. In the environment of fierce international competition, the key to the competitive advantage of multinational enterprises lies in the management and optimisation of human resources, especially overseas talents. Establishing a forward-looking talent concept, constructing a perfect overseas talent governance system and performance evaluation system, and adhering to a people-centred management model are all indispensable strategies for promoting overseas talent management. Only through the careful construction and effective operation of an overseas talent management system can we maximise the release of talent potential, stimulate team synergy and collective strength, and thus ensure the sound development of multinational enterprises.

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