

Challenges Of International Human Resource Management and the Way Forward

Krama Enigheni Ekune

Post Graduate School, Rivers State University,

Port Harcourt, Rivers State

enighenikrama@gmail.com

+08037248679

Omorogieva Agbonmwanre Anthony

Department of Business Administration and Management

Federal Polytechnic, Ukana Akwa Ibom State, Nigeria

anthonyomovovieva47@Gmail.Com

+08032732897

Received: 2023 15, Nov

Accepted: 2023 18, Dec

Published: 2024 19, Jan

Copyright © 2024 by author(s) and
Scientific Research Publishing Inc.

This work is licensed under the
Creative Commons Attribution
International License (CC BY 4.0).

[http://creativecommons.org/licenses/
by/4.0/](http://creativecommons.org/licenses/by/4.0/)



Abstract. International human resource management is the process of employing, training and developing and compensating the employees in international and global organizations. An international company is one which has subsidiaries outside the home-county which rely on the business expertise or manufacturing capabilities of the parent company. Generally, an MNC is considered to have a number of businesses in different countries but managed as a whole from the headquarters, located in one country. International HRM deals with the typical HRM functions like recruitment, selection, training and development, performance appraisal, etc., at the international level. However, handling human resource management is always challenging, and adding an international layer only increases the complexity of operations—from maintaining legal compliance to navigating cultural barriers of a diverse team. It's essential to be informed about the challenges of managing a global workforce before making first international hire. Therefore, human resource professionals should ensure that all employees have the resources needed and training to flourish at your organization no matter the location or time of day. Through the staffing of international employees, one has to be more lenient towards deadlines and provide tasks with a consideration that communication may have a negative factor towards the

deadline. One has to approach this in a matter that is more towards strategic HR such as paying attention to feedback coming from someone who is in that country.

Key words: International Human Resource Management, Training, Recruitment, Compensation and Multinational Companies.

INTRODUCTION

As remote work and globalization expand, there will be need for workforce planning concerning international employees (Zietsma & Lawrence, 2010). This will help organizations with building up their applicant pool, pursuing plans into international territory, new competencies and more, but one thing is for certain. The organization's human resource department will have to learn to navigate international human resource challenges for human resources (Zhang & Luo, 2013). Managing domestic teams can already be difficult but adding the challenge of time zones and cultural differences can make an unprepared team unable to thrive. This can lead to an increase in turnover rate and inconsistent employer branding, which will hurt the organization in the long run and decrease talent acquisition (Yiu, Lau, & Bruton, 2007). In addition, handling human resource management is always challenging, and adding an international layer only increases the complexity of operations—from maintaining legal compliance to navigating cultural barriers of a diverse team. It's essential to be informed about the challenges of managing a global workforce before making first international hire. Therefore, it is the aim of this paper to presents top challenges that international human resource managers can expect and the best strategies to address them.

Concept of International Human Resource Management (IHRM)

International human resource management (IHRM) is a term encompassing all the human resource practices involved in managing a global workforce. According to Vance (2006), international human resource professionals are responsible for the following within a multinational corporation including: Talent management including recruitment, expatriation and repatriation, training and developing and compensation.

In the words of Schotter, Mudambi, Doz, and Gaur (2017), international human resource management involves creating strategies for the effective management of employees to benefit an organization. It serves an important role in maximizing the employee experience to improve employee performance and serve broader company objectives. International human resource management oversees several important business functions, including: Selecting, recruiting, and onboarding global employees; policies for time off, compensation, and benefits; establishing and maintaining company culture; opportunities for professional development and training; and the legal compliance of an organization's human resource policies (Schotter, et al., 2017).

From the foregoing, a multinational corporation (MNC) is one with a business presence in various countries. Typically, the business will be managed from the 'parent' or home country in

which it is headquartered, but it will operate from various international locations (Stevenot, Guery, Wood, & Brewster, 2018). Well-known multi-nationals include Apple, Amazon and Unilever, but smaller businesses can class themselves as MNCs if they have subsidiaries in two or more countries. As MNCs have globally dispersed employees, they require International human resource management specialists to deal with the specific requirements and considerations around recruiting, onboarding and managing them.

Objectives of International Human Resource Management

The main objectives of International Human Resource Management include:

- i) Recruiting and retaining staff with the specific skillset and global mindset to take on international assignments and meet the business's strategic goals (Schotter, Meyer, & Wood, 2021).
- ii) Training and developing staff in both hard and soft skills. Cross-cultural and local market training is particularly important for expatriate workers who must acclimatise to their new environment (Reiche, 2012).
- iii) Compliance with international laws. International HR Managers must fully understand and comply with the labour and tax laws of each country it operates in. Failure to do so could result in major legal and/or financial penalties for the business (Pudelko & Harzing, 2007).

Therefore, juggling all the different facets of an employee's experience is no easy task, and working across borders only adds an extra layer of complication. Anyone tasked with international human resource management must navigate several unique challenges of working at a global scale in a remote environment (Shaffer, Kraimer, Chen, & Bolino, 2012). However, the extra challenges that arise from managing a global workforce mean that International human resource Managers will have more specific objectives centred on tackling these challenges and mitigating the risks inherent to international human resource management.

Challenges of International Human Resources

Organizations that have expanded their business to other countries may face international human resource management challenges due to cultural differences, time zones, and the failure to maintain legal compliance with labor laws (Shaffer, et al., 2012; Pudelko, & Harzing, 2007). These are the most prominent challenges for managing human resources for international, distributed teams.

1. **Staff shortages:** Businesses worldwide are still grappling with the global staff shortage with millions of vacancies left unfilled despite high unemployment levels. Although reasons for the shortage vary between geographies, many cite the changing expectations of would-be employees following the pandemic, along with country-specific policy changes (Phillips, & Tracey, 2009). In the UK for example, resourcing teams are feeling the effects of Brexit as far fewer overseas workers are willing or able to travel to Britain due to the new immigration rules. Although the migrant labour shortage is impacting all sectors, it is most keenly felt across organisations in transportation, hospitality, retail, and construction, where European Union workers had previously filled a high volume of roles. The global skills shortage poses another headache for recruiters as employers increasingly struggle to find candidates with the expertise needed to meet the changing demands of the labour market (Morgan, & Kristensen,

2006). McKinsey's recent global survey on future workforce needs revealed that 43% of companies have skills gaps now, with data analytics identified as the business area with the greatest need to address potential skill gaps (Meyer, Li, & Schotter, 2020). International human resource professionals will therefore need to strategise new ways to both attract new talent with the requisite skills and to retrain and upskill current employees in order to future proof their business.

2. **Failed expatriate assignments:** According to research by Mäkelä, et al, (2019), failure rates for expatriate assignments span 10-50% across industries. Those relocating to emerging economies experience higher rates of failure compared to those who move to developed countries. Commonly cited reasons for failure include culture shock, isolation and domestic issues (i.e., spouses or children struggling to settle in the host country).
3. **Managing different cultures:** Since international organizations hire all around the world, your workforce will encounter many cultural differences, such as language, race, and ethical norms (Lindenholm, 2000). It is of utmost importance to understand different cultures in the international areas your business is operating in. When employees feel unwelcomed and disrespected, employee retention rates and employee satisfaction drop significantly, which can lead to even more international human resource management issues (Levy & Reiche, 2018). Always have the competency to understand how to engage diverse employees and navigate cultural norms when working with international employees by constant research and overseeing how workers react to the company's actions. This can be from understanding how work life is controlled to how recruitment of a new employee is handled in that country. International teams represent a diversity of cultures (Levy, et al., 2007). This diversity can be greatly beneficial, offering a dynamic work environment that promotes different perspectives, creative problem solving, and greater employee engagement. However, international human resource management departments must overcome several cultural challenges for companies to reap these benefits (Geppert, Matten, & Walgenbach, 2006). Human resource managers must consider a company's policies in the context of all the cultures represented by its personnel. According to Gardner (2002), building a cohesive company culture becomes more challenging as global teams increase in diversity. For example, language barriers can make it harder for employees to communicate across teams, hindering important opportunities for collaboration. Meanwhile, cultural differences can lead to misunderstandings and alienation if not appropriately taken into consideration (Festing, et al., 2012). Different cultural perspectives can also make it harder to build a set of shared norms and values. Working in a remote environment only amplifies these challenges.
4. **Overcoming distance:** International human resource managers must also consider the geographic constraints of managing a global team. However, Edwards, Marginson, and Ferner, (2013), in their study observed that setting regular meetings and promoting inter-team collaboration across international borders creates its own set of challenges. Companies need to leverage their resources and technologies to overcome time zone differences, foster relationships, and offer consistent professional development opportunities to unite their global workforce. According to Geographic distance can also create disparities in access to leadership. For example, human resource managers must consider how a company's high-

level strategy is shared and communicated with everyone if the C-suite executives are all based in one region or country.

5. **Time and Location Differences:** When working with international departments and employees, it may be difficult to stay up to date on company news and events since one side of the world is working while the other is asleep. This is why having a strong and connected human resource management team is imperative to the success of international business (Delbridge, Hauptmeier, & Sengupta, 2011).
6. **Ensuring legal compliance:** One international human resource management challenge that human resource department needs to be prepared for is global employment laws. When hiring outside of your organization's typical area of operation, ensure that the human resource department has read up on local labour laws in that particular country. Failure to maintain legal compliance may impact your organization's image and work-force branding. Labour laws are different from country to country, so stay up to date on new HR developments around the globe (Abdelnour, Hasselbladh, & Kallinikos, 2017). International teams must remain compliant with all the local labor laws and regulations of the countries represented in their workforce. Local culture plays an important role in dictating legal labor requirements and norms. Navigating these different requirements while building cohesive company-wide policies is an important challenge for international human resource managers. Legal compliance is an ongoing area of development as local laws can change from year to year whenever new legislation is passed. International HR managers must be able to keep up with these changes and adapt as needed. Lack of awareness or training can lead companies to violate regulations by accident—a financially and reputationally costly mistake.
7. **Creating a Healthy Work Environment:** Forming a healthy work environment remotely is one of the most important international challenges for human resource professionals to conquer. It may be difficult to motivate teams to reach business goals and build genuine connections amongst different departments. If the work environment is not addressed before building teams across the globe, the organization's efficiency and retention rates will suffer significantly.
8. **Administering Fair and Ethical Policies:** When the organization's workplace expands globally, the human resource department will need to understand the ethics of different cultures around the globe (Andresen, & Bergdolt, 2017). As labour laws change from country to country, so will ethics. Some key international ethical issues to look out for may surround the topics of data, privacy, and compensation. These potential international human resource problems can be easily addressed through training. Lack of awareness can damage your organization's reputation and relations overseas, so it is imperative to train all employees on international business ethics. Another policy that is mandatory is regarding equal employment around the world. Any human resources personnel should consider this their mission to keep in recruiting and dealing with any HR services. Have a handbook of employment laws and policies you want to encourage more into the company and what are the main ones in that specific country. Make sure to let employees know that any employee assistance is there at their disposition (Andresen, & Bergdolt, 2017).
9. **Training and Development of Talent:** Since the organization is expanding to international

territory, the company's workforce will expand too and will be in need of organizational leadership. When human resource departments get swamped with all the human resource systems, skill gaps and trainings can easily be missed or mismanaged. Stay on top of training and development with a unified human resource platform that brings all your learning management systems together (Delbridge, et al., 2011; Edwards, et al., 2013).

10. **Managing people all over the world:** As companies expand overseas, new employees will most likely be in a time zone far from yours and may communicate in another language. Both of these matters can lead to the largest human resource international challenge, communication problems. Communication is huge when working domestically or internationally. As the world moves to remote work, the human resource manager may not have the chance to meet the team in person for months. So, creating a human connection may be difficult as well.

The Ways Forward

Although the way forward is the other side of the coin, companies must develop strategies to overcome these challenges in order to remain legally compliant and attract top talent globally. Hence, to address the most pressing international human resource management challenges, the human resource management must be adhered to the following but not limited to:

1. **Remain up to date on local laws:** Before hiring employees in a new country, set aside time to research the local and federal labor laws. This will ensure the human resource manager is aware of any adjustments that may be needed to make to company policies before onboard any new employees (Festing, et al., 2012). Staying ahead of the curve with legal compliance will reduce stress by a lot and pay off in the long run. Make sure to audit legal requirements to keep track of any changes that need to be made.
2. **Develop comprehensive training programs for employees:** When employees come from different countries, there can be variations in skill and training that creates talent gaps across different offices or teams. Building a strong training program will level the playing field across borders, ensuring that all employees have access to the resources they need to be successful. A well-built training program begins during onboarding. During the first few weeks, companies should make sure all new hires are aligned on the company's values, vision, and goals. Cultural training should take place early on and continue throughout an employee's tenure to promote and facilitate inter-country collaboration. These trainings should educate employees on cultural differences, business etiquette, and boundaries they should consider when engaging with colleagues from other countries. Where applicable, companies can also provide resources to encourage language learning. Training can take place in person or virtually. Both formats offer their own set of benefits and challenges, so companies may also consider implementing a hybrid model. Offering different methods of training can cater to a diverse range of learning styles. Regardless, training programs should be interactive and engaging to be the most effective. Providing the opportunity for ongoing training and skill development can increase employee retention. It can also attract top talents that are able to adapt to an evolving remote work environment (Lindenholm, 2000; Levy & Reiche, 2018).

3. **Maintain open lines of communication:** In remote work environments, managers and leadership must take a proactive approach to fostering communication and building connections between team members (Meyer, et al., 2020). For international teams, it is also important to consider cultural differences that can impact communication styles. There are many online resources and tools to foster collaboration across borders. For example, video conferencing platforms like Zoom and Google Meets offer the ability to create face-to-face interaction in a remote work environment. Video calls provide the chance for employees to exchange non-verbal cues which can help build rapport. One significant challenge that remote employees face is isolation. Companies can proactively address this by offering time for employees to engage with each other in a live format. These efforts will be especially appreciated by extroverted employees that need this interaction to feel connected and productive. Project management tools, like Asana, and communication tools, like Slack, are equally important for promoting cross-team collaboration. They provide company-wide visibility into projects and conversations that impact multiple departments. Messaging platforms can also create a virtual office environment for casual “water cooler” conversations, offering a sense of spontaneity in employee interactions. Communication efforts can also overcome hierarchical barriers. Leadership should actively engage across departments and levels to foster connections and improve awareness of issues that impact their organization. One may also consider the role of in-person events and activities. Even in a remote work environment, many companies choose to bring team members together during retreats or conferences. Depending on the size and geographic distribution of your company, this could include everyone or be team- or region-specific.
4. **Receive regular feedback:** Collecting employee feedback is the best way to evaluate your company’s HR policies and identify areas for improvement before they snowball into much larger, systemic issues. Surveys, polls, and 1:1s are effective ways to collect this information and should be leveraged to collect different types of feedback (Pudelko & Harzing, 2007). Global human resource managers should look to identify trends across geographic boundaries. Are there certain issues that impact employees in one region or country more than others? By adopting a geographic lens to evaluate data, companies can proactively address disparities in employee training and engagement. The best way to receive continuous feedback is by promoting an open-door policy that encourages employees to bring up issues as they arise. Let employees know that it is ok to ask for help and show them that the company can and will offer needed support. By doing so, you can identify and resolve issues quickly.
5. **International human resource management:** When hiring internationally, you need to have a plan in place to create a work environment that supports remote work while remaining compliant with local legal requirements. All the added challenges can be overcome with some planning, and these efforts will benefit your company in the long run.

Conclusion

In conclusion, international human resource management is the process of employing, training and developing and compensating the employees in international and global organizations. An international company is one which has subsidiaries outside the home-county which rely on the

business expertise or manufacturing capabilities of the parent company. Generally, an MNC is considered to have a number of businesses in different countries but managed as a whole from the headquarters, located in one country. International HRM deals with the typical HRM functions like recruitment, selection, training and development, performance appraisal, etc., at the international level. However, handling human resource management is always challenging, and adding an international layer only increases the complexity of operations—from maintaining legal compliance to navigating cultural barriers of a diverse team. It's essential to be informed about the challenges of managing a global workforce before making first international hire.

Recommendations

Human resource professionals should ensure that all employees have the resources needed and training to flourish at your organization no matter the location or time of day. Through the staffing of international employees, one has to be more lenient towards deadlines and provide tasks with a consideration that communication may have a negative factor towards the deadline. One has to approach this in a matter that is more towards strategic HR such as paying attention to feedback coming from someone who is in that country. Having increased labor-relations from the other countries your company is working from, will increase employee performance as their will be more opinions on the table from people who have first-hand experience.

organization should strive to dedicate time to team building, host annual events for teams to meet, encourage participation, and listen to the needs of your employees. Remember who is the base of your business, respect and treat employees well and they will do the same to your organization and its clients.

Organisations should make sure that the human resource department is ready to manage a larger pool of talent virtually.

When recruiting and trying to acquire international talent, ensure that your recruiters know how to find international candidates and the cultural awareness needed to recruit new hires with the right qualifications for years to come. This talent management, will ensure that new candidates aren't discouraged and have a good onboarding process.

One way to address this is through a centralized HR system that can connect employees from all over the globe to promote teamwork and productivity. As for employees, every team player should attempt to document their work, communicate with all team members, and meet frequently to ensure everyone is within the same page of organizational change.

References

1. Andresen, M., & Bergdolt, F. (2017). A systematic literature review on the definitions of global mindset and cultural intelligence—merging two different research streams. *The International Journal of Human Resource Management*, 28(1), 170– 195.
2. Abdelnour, S., Hasselbladh, H., & Kallinikos, J. (2017). Agency and institutions in organization studies. *Organization Studies*, 38(12), 1775– 1792.
3. Delbridge, R., Hauptmeier, M., & Sengupta, S. (2011). Beyond the enterprise: Broadening the horizons of International HRM. *Human Relations*, 64(4), 483– 505.
4. Edwards, T., Marginson, P., & Ferner, A. (2013). Multinational companies in cross-national context: Integrating, differentiation, and the interactions between MNCs and nation states.

- Industrial and Labor Relations Review*, 66(3), 547– 587.
5. Festing, M., Knappert, L., Dowling, P. J., & Engle, A. D. (2012). Global performance management in MNEs - conceptualization and profiles of country-specific characteristics in China, Germany, and the United States. *Thunderbird International Business Review*, 54, 825–843.
 6. Gardner, T. M. (2002). In the trenches at the talent wars: Competitive interaction for scarce human resources. *Human Resource Management*, 41, 225– 237.
 7. Geppert, M., Matten, D., & Walgenbach, P. (2006). Transnational institution building and the multinational corporation: An emerging field of research. *Human Relations*, 59(11), 1451–1465.
 8. Levy, O., Beechler, S., Taylor, S., & Boyacigiller, N. A. (2007). What we talk about when we talk about ‘global mindset’: Managerial cognition in multinational corporations. *Journal of International Business Studies*, 38(2), 231– 258.
 9. Levy, O., & Reiche, B. S. (2018). The politics of cultural capital: Social hierarchy and organizational architecture in the multinational corporation. *Human Relations*, 71(6), 867–894.
 10. Lindholm, N. (2000). National culture and performance management in MNC subsidiaries. *International Studies of Management and Organization*, 29, 45– 66.
 11. Mäkelä, K., Barner-Rasmussen, W., Ehrnrooth, M., & Koveshnikov, A. (2019). Potential and recognized boundary spanners in multinational corporations. *Journal of World Business*, 54(4), 335– 349.
 12. Meyer, K. E., Li, C., & Schotter, A. P. (2020). Managing the MNE subsidiary: Advancing a multi-level and dynamic research agenda. *Journal of International Business Studies*, 51(4), 538– 576.
 13. Morgan, G., & Kristensen, P. H. (2006). The contested space of multinationals: Varieties of institutionalism, varieties of capitalism. *Human Relations*, 59(11), 1467– 1490.
 14. Phillips, N., & Tracey, P. (2009). Dialogue: Institutional theory and the MNC. *Academy of Management Review*, 34(1), 169– 171.
 15. Pudelko, M., & Harzing, A. W. (2007). Country-of-origin, localization, or dominance effect? An empirical investigation of HRM practices in foreign subsidiaries. *Human Resource Management*, 46(4), 535– 559.
 16. Reiche, B. S. (2012). Knowledge benefits of social capital upon repatriation: A longitudinal study of international assignees. *Journal of Management Studies*, 49(6), 1052– 1077.
 17. Schotter, A. P., Meyer, K., & Wood, G. (2021). Organizational and comparative institutionalism in international HRM: Toward an integrative research agenda. *Human Resource Management*, 60(1), 205– 227.
 18. Schotter, A. P., Mudambi, R., Doz, Y. L., & Gaur, A. (2017). Boundary spanning in global organizations. *Journal of Management Studies*, 54(4), 403– 421.
 19. Shaffer, M., Kraimer, M., Chen, Y., & Bolino, M. (2012). Choices, challenges, and career consequences of global work experiences: A review and future agenda. *Journal of Management*, 38(4), 1282– 1327.
 20. Stevenot, A., Guery, L., Wood, G., & Brewster, C. (2018). Country of origin effects and new financial actors: Private equity investment and work and employment practices of French firms. *British Journal of Industrial Relations*, 56(4), 859– 881.
 21. Vance, C. M. (2006). Strategic upstream and downstream considerations for effective global performance management. *International Journal of Cross Cultural Management*, 6(1), 37– 56.
 22. Yiu, D. W., Lau, C., & Bruton, G. D. (2007). International venturing by emerging economy firms: The effects of firm capabilities, home country networks, and corporate entrepreneurship.

Journal of International Business studies, 38(4), 519– 540.

23. Zhang, J., & Luo, X. R. (2013). Dared to care: Organizational vulnerability, institutional logics, and MNCs' social responsiveness in emerging markets. *Organization Science*, 24(6), 1742– 1764.
24. Zietsma, C., & Lawrence, T. B. (2010). Institutional work in the transformation of an organizational field: The interplay of boundary work and practice work. *Administrative science Quarterly*, 55(2), 189– 221.