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International Human Resource Management in Multinational Enterprises: Managing People, Culture, and Performance in a Global Context

Kavya Bai[1], Varshitha Suresh[2]
MSc Student, master's in Management International Business, Nottingham Trent University, United Kingdom.

Abstract: ***In an era characterized by volatility, uncertainty, complexity, and ambiguity (VUCA), Multinational Enterprises (MNEs) face unprecedented challenges in managing their global human capital. This review synthesizes recent literature from 2015 to 2026 to examine the evolving landscape of International Human Resource Management (IHRM). We explore how MNEs navigate the tension between global integration and local responsiveness, particularly in the context of emerging market multinationals (EMNEs), digital transformation, and geopolitical disruptions. Key themes include the strategic role of subsidiary autonomy, the impact of artificial intelligence (AI) on global mobility, the influence of CEO narcissism and top management team (TMT) diversity on radical innovation, and the critical importance of sustainability and social responsibility in HR practices. By integrating insights from internalization theory, upper echelons theory, and institutional theory, this paper proposes a holistic framework for understanding how people, culture, and performance are interconnected in the modern global enterprise. We conclude with a forward-looking research agenda that emphasizes the need for inclusive, resilient, and technologically adept IHRM strategies.***

Keywords: International Human Resource Management; Multinational Enterprises; Cross-Cultural Management; Global Performance; Digital Transformation; Emerging Markets; Sustainability.

I. INTRODUCTION

The success of a multinational enterprise (MNE) is fundamentally contingent upon the availability and effective utilization of its most strategic resource: people [1]. As globalization evolves into a more complex, fragmented, and digitally driven phenomenon, the traditional paradigms of International Human Resource Management (IHRM) are being challenged. The rise of emerging market multinationals (EMNEs), the disruptive force of artificial intelligence (AI), and the increasing salience of geopolitical and environmental crises have reshaped the global business landscape [2][3].

Historically, IHRM research has been dominated by studies of developed country MNEs (DMNEs), focusing on the balance between standardization and adaptation [4]. However, recent scholarship highlights the unique trajectories of EMNEs, which often pursue internationalization through aggressive acquisitions and leverage distinct ownership advantages rooted in their home-country institutions [5][6]. Furthermore, the COVID-19 pandemic accelerated the adoption of remote work and virtual assignments, forcing MNEs to rethink global staffing and mobility strategies [7]. Simultaneously, the advent of generative AI promises to revolutionize talent acquisition, performance management, and cross-border collaboration, while also introducing new ethical and operational risks [8].

This review aims to provide a comprehensive synthesis of contemporary IHRM research, addressing three core questions: (1) How do MNEs, particularly EMNEs, manage the convergence-divergence dilemma in their HR practices? (2) What is the impact of digital disruption and leadership characteristics on global innovation and performance? (3) How are sustainability and political ideology reshaping the responsibilities of MNEs toward their global workforce? By answering these questions, we offer a refined framework for managing people, culture, and performance in a global context.

II. THEORETICAL FOUNDATIONS: BEYOND TRADITIONAL INTERNALIZATION

A. Internalization Theory and the Regional-Global Strategy Debate

Internalization theory has long served as a cornerstone for understanding MNE behavior. Recent applications of this theory suggest that while many MNEs claim to pursue a 'global strategy', most are not truly global due to compounded distances among regions [9]. To m

B. The Liability of Foreignness and Chineseness

For EMNEs, particularly Chinese MNEs (CMNEs), international expansion is often accompanied by a "liability of Chineseness" [5]. This concept extends the traditional liability of foreignness to include specific institutional and cultural biases associated with the home country. Post-acquisition integration poses significant HRM challenges, as CMNEs must navigate cultural clashes, institutional voids, and skepticism from host-country stakeholders [5]. Effective IHRM practices, such as boundary spanning and reverse knowledge transfer, are critical for overcoming these liabilities and building organizational capability [10].

III. MANAGING PEOPLE: STRATEGIC HRM IN A DISRUPTED WORLD

A. The Convergence-Divergence-Crossvergence Architecture

The debate over whether HRM practices are converging globally or diverging locally remains central to IHRM. Fan et al. [1] propose a convergence-divergence-crossvergence (C-D-C) architecture that accounts for both macro-environmental forces (culture, institutions) and micro-environmental factors (executive mindset, managerial pro-activeness). They posit that localization is a strategic goal for EMNEs, while subsidiary autonomy serves as a control means. This framework distinguishes between deliberate crossvergence (planned integration of best practices) and emergent crossvergence (organic adaptation to local contexts), providing a nuanced view of how MNEs manage their global workforce.

B. Digital Disruption and AI in IHRM

The digital transformation of HRM is no longer a future prospect but a present reality. Farndale et al. [7] highlight that the COVID-19 pandemic accelerated the shift toward virtual expatriation and remote global teams. More recently, the rise of AI has introduced both opportunities and dangers. AI-driven tools are being used for talent acquisition, performance analytics, and even negotiation training [7][11]. However, scholars warn against "dangerous assumptions" that technology can seamlessly replace human judgment in cross-cultural contexts [7]. Resistance to AI among professionals, particularly in jurisdictions where expertise is traditionally valued, requires interactive governance models that balance automation with human oversight [12].

C. Gender and Diversity in the Knowledge Base

Despite increasing female participation in the HRM field, gender remains an under-researched topic in IHRM literature. Cooke et al. [13] conducted a content analysis of 890 articles and found a discernible gender segregation in research topics. Female authors are more likely to focus on gender-related issues, organizational behavior, and comparative HR practices, while male-dominated research often overlooks these dimensions. This gap limits the field's ability to develop inclusive theories and practices. Integrating gender perspectives into IHRM is not only a matter of equity but also a strategic imperative for enhancing diversity and innovation in global teams [13].

IV. MANAGING CULTURE: LEADERSHIP, IDEOLOGY, AND CROSS-BORDER DYNAMICS

A. CEO Narcissism and Subsidiary TMT Diversity

Leadership characteristics play a pivotal role in shaping MNE strategy and innovation. Lee et al. [14] examine the interface between CEO narcissism and foreign subsidiary Top Management Team (TMT) international diversity. Their study of Korean MNEs reveals that while narcissistic CEOs are driven to pursue radical digital innovation to satisfy their need for admiration, this tendency is moderated by the international diversity of subsidiary TMTs. Diverse TMTs provide alternative information sources and checks on CEO overconfidence, thereby preventing suboptimal risk-taking. This finding underscores the importance of subsidiary-level governance in balancing headquarters' strategic impulses with local market realities [14].

B. Political Ideology in MNEs

Political ideology is increasingly influencing MNE operations, yet it remains nascent in IB research. Brouthers et al. [15] argue that the field's U.S.-centric focus on the liberalism-conservatism axis is insufficient for understanding global ideological diversity. MNEs operate in a multidimensional ideological landscape, facing tensions between home-country, host-country, and supranational ideologies. These ideological incongruences can create fault lines within organizations, affecting strategy formulation and employee engagement. A multi-level, reflexive model of political ideology is proposed to help scholars and practitioners navigate these complex dynamics [15].

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C. Connectivity and the Liability of Global Connections

Global connectivity, driven by technology and human migration, is a double-edged sword. While it facilitates knowledge exchange and innovation, it also creates vulnerabilities to disruptions [2]. Nayak et al. [2] categorize disruptions based on their source (natural vs. human-caused) and predictability. MNEs must carefully balance their portfolio of technological and human connectivity to ensure resilience. For instance, reliance on digital networks may be robust against natural disasters but vulnerable to cyber-attacks, whereas human networks are susceptible to pandemics and political border closures.

V. MANAGING PERFORMANCE: SUSTAINABILITY, INNOVATION, AND ETHICAL GOVERNANCE

A. Sustainable Business in Emerging Markets

Sustainability has become a core component of MNE strategy, particularly in emerging markets (EMs). Bu et al. [16] identify three key roles MNEs play in promoting sustainable business in EMs: Technology Leader, Responsible Leader, and Efficiency Seeker. While MNEs possess advanced technologies and capital, they often face institutional voids and infrastructure gaps that hinder sustainable practices. Successful MNEs leverage their position to bridge these gaps, contributing to the triple bottom line of economic, social, and environmental performance [16].

B. Climate Change and Legitimacy

The role of MNEs in combating climate change is increasingly scrutinized. Cooke et al. [17] conduct a systematic review of 182 articles, finding that the literature is fragmented and heavily reliant on institutional and legitimacy theories. MNEs seek legitimacy through various climate change strategies, ranging from compliance to proactive sustainability leadership. The study calls for more research on how MNEs tailor their climate strategies to diverse national contexts, emphasizing the need for localized approaches to achieve global sustainability goals [17].

C. Criminal Multinational Enterprises (CMNEs) as a Stress Test

In a provocative extension of internalization theory, Enderwick and Buckley [18] analyze Criminal Multinational Enterprises (CMNEs) to stress-test existing IB theories. They find that CMNEs mimic legitimate MNEs in many respects, utilizing global value chains and network structures. However, they substitute formal contractual governance with trust-based mechanisms, kinship ties, and violence. This comparison highlights the importance of institutional frameworks in shaping legitimate MNE behavior and suggests that weak institutions can lead to the emergence of illicit global enterprises [18].

VI. SYNTHESIS: A FRAMEWORK FOR INTEGRATED GLOBAL MANAGEMENT

Based on the reviewed literature, we propose an integrated framework for managing people, culture, and performance in MNEs (see Table 1). This framework identifies three interdependent pillars: Strategic HRM, Cultural & Leadership Dynamics, and Performance & Sustainability.

Table 1. Integrated Framework for IHRM in MNEs

Pillar	Key Concepts	Strategic Implications	Representative Stud
Strategic HRM	Convergence-Divergence-Crossvergence; Localization vs. Autonomy; Digital/AI Integration	Adopt flexible HR architectures; Leverage AI for efficiency but maintain human oversight; Empower subsidiaries with autonomy.	[1], [7], [13]
Cultural & Leadership	CEO Narcissism; TMT Diversity; Political Ideology; Liability of Chineseness	Balance CEO vision with diverse TMT input; Navigate ideological complexities; Manage post-acquisition cultural integration.	[5], [14], [15]
Performance & Sustainability	Radical Innovation; Green HRM; Climate Legitimacy; Resilient Connectivity	Link HR practices to sustainability goals; Build resilient global networks; Use sustainability as a source of competitive advantage.	[2], [14], [16], [17]

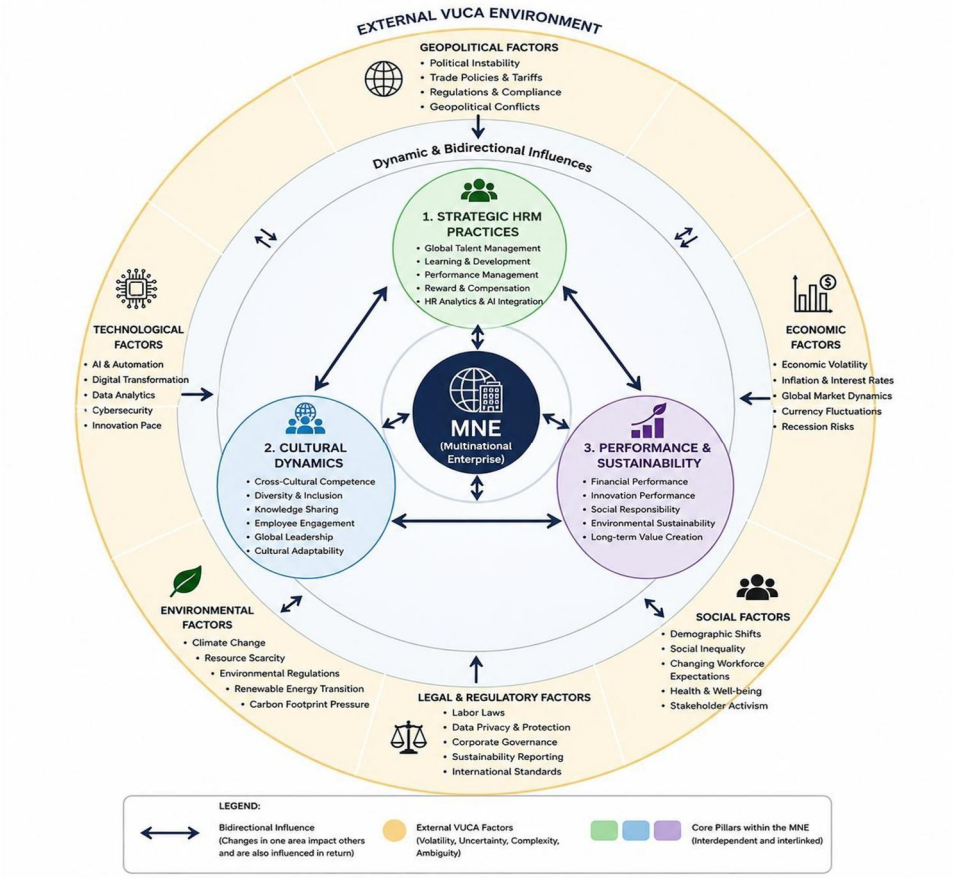

Figure 1 illustrates the dynamic interplay between these pillars. At the center is the MNE, surrounded by external pressures (geopolitical, technological, environmental) and internal capabilities (leadership, HR systems). The arrows indicate bidirectional influences, suggesting that changes in one area (e.g., AI adoption) ripple through others (e.g., requiring new cultural competencies and impacting sustainability metrics).

VII. FUTURE RESEARCH AGENDA

The review identifies several critical avenues for future research:

1) Micro-foundations of Ideology: More empirical work is needed to understand how individual political ideologies shape decision-making in MNEs across different cultural contexts [15].
2) AI and Human Augmentation: Research should move beyond adoption rates to examine how AI augments human capabilities in cross-cultural negotiations and leadership [12][7].
3) Gender-Informed IHRM: Scholars must place gender at the center of IHRM theorizing, rather than treating it as a control variable, to develop more inclusive global management practices [13].
4) Sustainability and HRM Linkages: Further investigation is required into how specific HRM practices (e.g., green training, sustainability-linked compensation) drive environmental performance in EMNEs [16][17].
5) Resilience in Disrupted Networks: Studies should explore how MNEs reconfigure their human and technological connectivity in response to unpredictable global shocks [2].

VIII. CONCLUSION

Managing people, culture, and performance in a global context is no longer about choosing between standardization and adaptation. It is about building dynamic capabilities that allow MNEs to navigate complexity, leverage diversity, and respond to disruption with agility. As this review demonstrates, the future of IHRM lies in the integration of strategic flexibility, cultural intelligence, and sustainable purpose. By embracing crossvergent HRM strategies, fostering inclusive leadership, and leveraging technology responsibly, MNEs can achieve superior global performance while contributing positively to society.

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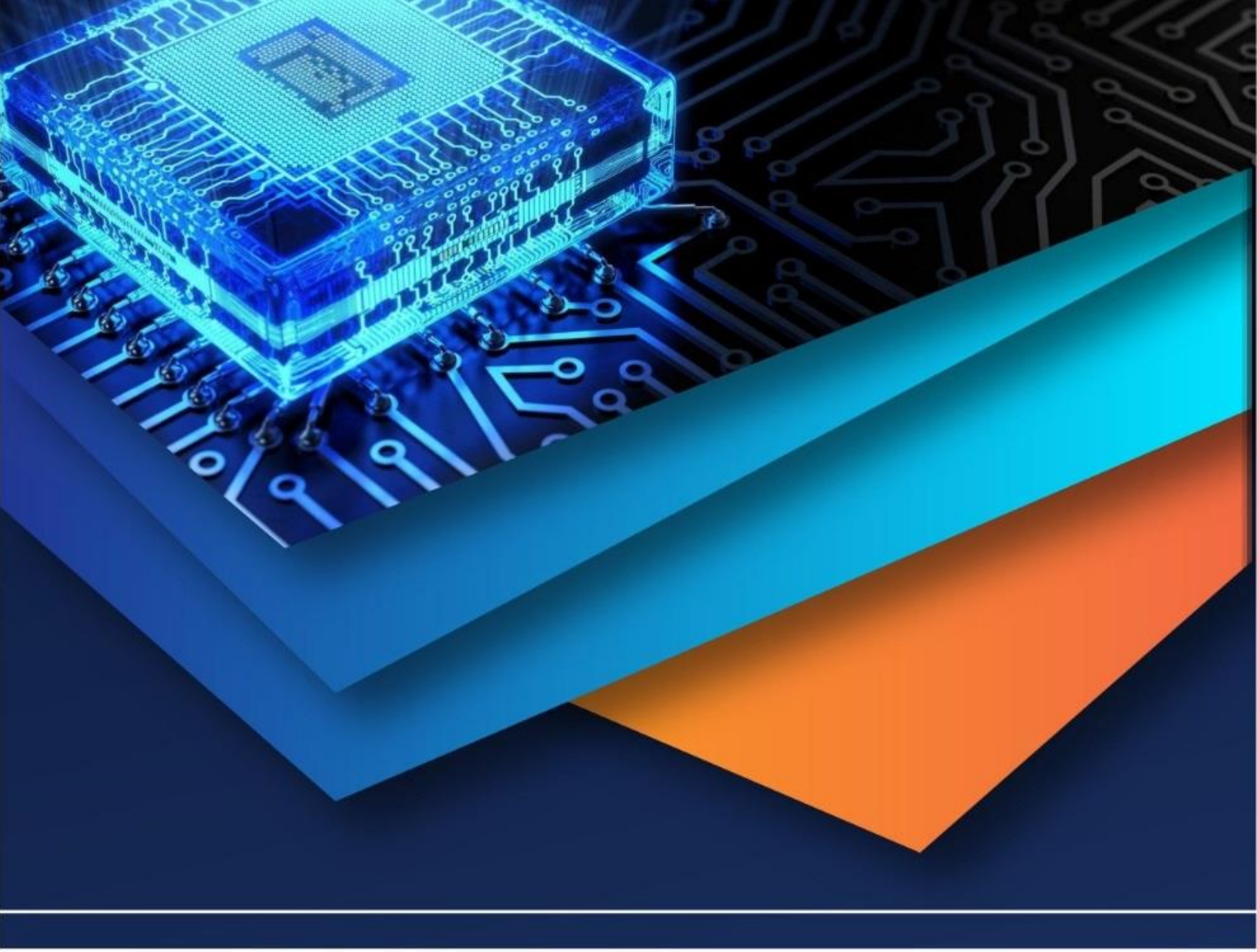

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