GREEN HUMAN RESOURCE MANAGEMENT

Strategic Human Resource Management in Multinational Enterprises: Integrating Global Talent Management, Organizational Culture and Sustainable Competitive Advantage

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Abstract

The growing internationalization of business has transformed human resource management from a primarily domestic organizational function into a strategic capability operating across heterogeneous institutional and cultural environments. Multinational enterprises (MNEs) must simultaneously achieve strategic integration across geographically dispersed operations and respond to differences in national institutions, labour markets, cultural expectations and regulatory systems. This global–local tension represents a persistent challenge for international human resource management (IHRM), particularly when organizations attempt to transfer strategic HR practices across national boundaries. Although existing research has generated substantial knowledge on strategic HRM, global talent management and institutional influences on MNEs, these streams remain insufficiently integrated. This conceptual paper develops a global–local strategic HRM alignment framework that integrates Institutional Theory, the Resource-Based View (RBV) and Ability-Motivation-Opportunity (AMO) theory. The framework proposes that institutional and cultural conditions influence the extent to which MNEs can align globally integrated HR architectures with locally responsive implementation. Such alignment is proposed to strengthen global talent capability, which operates through employee and organizational mechanisms including employee engagement, organizational commitment, cross-cultural competence and knowledge sharing. These mechanisms are subsequently theorized to contribute to organizational resilience, innovation capability and sustainable competitive advantage. The paper contributes to the IB and HRM literature by connecting macro-level institutional conditions, organizational HR architecture and micro-level employee mechanisms within a single multilevel framework. It also extends conventional discussions of global talent management by positioning global–local alignment as a dynamic capability rather than a simple choice between standardization and localization. The paper concludes by proposing a future research agenda for examining the framework across countries, industries and types of multinational enterprises.

Keywords: International Business; International Human Resource Management; Strategic HRM; Multinational Enterprises; Global Talent Management; Sustainable Competitive Advantage

1 Introduction

Internationalization has fundamentally changed the strategic environment in which organizations manage people. Multinational enterprises operate simultaneously across multiple countries and consequently encounter different institutional structures, employment regulations, labour-market conditions, cultural expectations and social norms. Human resource management in such organizations therefore involves a fundamental challenge: how can an MNE maintain strategic coherence

across geographically dispersed operations while ensuring that its HR practices remain appropriate to local contexts? This question lies at the heart of international human resource management.

Unlike domestic HRM, IHRM operates at the intersection of organizational strategy and national context. The HR system of an MNE is influenced not only by corporate strategy but also by host-country institutions, cultural values, employment legislation, labour-market characteristics and societal expectations. Recent scholarship argues that IHRM research needs greater attention to contextual and institutional conditions, particularly as MNEs increasingly operate within environments characterized by geopolitical uncertainty, technological disruption and multiple simultaneous crises.

The central challenge can be conceptualized as a global–local tension. MNE headquarters may seek common HR systems to facilitate strategic coordination, organizational identity and efficiency. Subsidiaries, however, operate within national environments that may require adaptation. A standardized recruitment system, performance appraisal mechanism or compensation structure may therefore produce different outcomes when implemented across countries.

Recent conceptual research explicitly identifies institutional differences between host countries as a challenge to strategic alignment of IHRM systems and proposes an institutional perspective for addressing this problem.

The global–local challenge has become particularly important in the context of global talent management (GTM). MNEs increasingly depend upon employees who can operate across national boundaries, transfer knowledge, manage cultural differences and support international strategic objectives. Caligiuri et al. (2024) define GTM around attracting, motivating, deploying and retaining high-performing or high-potential employees in strategically important roles across global operations. Their review also emphasizes the importance of global mobility, macro-level conditions and alignment between GTM and MNE strategy.

A systematic literature review published in the Journal of Global Mobility further demonstrates that GTM research encompasses global careers, mobility, talent management approaches and the complex interaction among these elements. Importantly, the review used Web of Science bibliographic data to identify the intellectual structure of the field.

At the same time, sustainability has become increasingly relevant to the strategic role of HRM. Organizations are now expected to consider employee well-being, social responsibility, organizational resilience and long-term stakeholder interests alongside conventional economic performance. This development creates an opportunity to reconsider competitive advantage in MNEs as not merely a financial outcome but as a sustainable organizational capability.

Recent research on Indian MNEs, for example, demonstrates that sustainable HRM may produce contradictory employee perceptions: employees can value its ethical and developmental dimensions while simultaneously questioning superficial implementation, cultural fit and additional workload. This finding illustrates why sustainable HRM cannot simply be transferred from one context to another without considering institutional and employee-level interpretation. Despite considerable development in these literatures, an important conceptual problem remains.

- Research on IHRM has examined contextual differences and multinational HR systems.
- Research on GTM has examined talent pools, global mobility and strategic talent.
- Research on strategic HRM has examined HR systems and organizational performance.

- Research on sustainable HRM has examined the contribution of HR practices to broader organizational sustainability.

However, these perspectives have not been sufficiently integrated into a single framework explaining how global–local HR alignment generates strategic human capital capabilities and, subsequently, sustainable competitive advantage.

The central argument is that global HR practices do not create strategic value simply because they are standardized or globally consistent. Rather, strategic value emerges when MNEs develop HR architectures that combine global strategic integration with contextual responsiveness. Accordingly, this paper develops a conceptual framework in which:

Institutional Context → Global–Local HR Alignment → Global Talent Capability → Employee/ Organizational Mechanisms → Sustainable Competitive Advantage

The paper makes four principal contributions. First, it positions global–local alignment as the central strategic challenge connecting IB and HRM. Second, it integrates Institutional Theory, RBV and AMO Theory to explain different stages of the proposed relationship. Third, it positions global talent capability as a strategic organizational capability rather than merely an HR activity. Fourth, it incorporates sustainability and organizational resilience into the explanation of competitive advantage.

2 Conceptual foundations

2.1 International Business and the Multinational Enterprise

International business concerns organizational and economic activities that cross national boundaries. MNEs represent a particularly important organizational form because they coordinate activities across geographically dispersed environments while maintaining some degree of centralized strategic control.

International expansion provides access to markets, resources, knowledge and talent. However, geographical expansion also introduces complexity. MNEs must coordinate employees who operate within different legal systems, cultural environments, labour markets and social institutions.

This creates a distinctive HR challenge. The HR architecture developed by headquarters must be sufficiently consistent to support corporate strategy while allowing subsidiaries to respond to local realities. Therefore, international HRM can be conceptualized as a boundary-spanning strategic function.

3 International human resource management

IHRM has traditionally developed around several major areas, including international staffing, expatriate management, comparative HRM, international training, compensation, performance management and global talent management.

Contemporary IHRM, however, increasingly extends beyond expatriation and staffing to include organizational capabilities, knowledge transfer, sustainability, digitalization, global careers and institutional complexity.

Recent scholarship argues that comparative HRM and HRM within MNEs have often developed as distinguishable research areas even though both are concerned with contextual influences on HR systems. The emerging challenge is to examine how organizations respond to, accommodate or potentially reshape institutional environments. This observation is central to the present framework. The paper does not treat national institutions as passive environmental variables. Instead, institutional conditions are proposed to influence the design, adaptation and implementation of HR systems.

4 The global–local HRM alignment problem

The global–local tension represents one of the most persistent problems in multinational HRM.

Global integration requires:

- common strategic objectives
- standardized corporate values
- consistent talent identification
- organizational-wide leadership development
- common performance expectations
- knowledge integration, and
- corporate identity

Local responsiveness requires:

- adaptation to national labour law
- sensitivity to cultural values
- locally appropriate recruitment
- country-specific compensation
- adaptation of employee relations
- recognition of local labour-market conditions and
- sensitivity to societal expectations

The two approaches should not necessarily be understood as mutually exclusive. The proposed framework therefore introduces the concept of:

Global–Local Strategic HRM Alignment

This refers to the extent to which an MNE can maintain strategic coherence in its HR architecture while adapting HR practices to relevant institutional and cultural conditions. This is conceptually different from simply asking whether an organization standardizes or localizes HR practices. The critical question becomes: What should be globally integrated, what should be locally adapted, and how can both levels remain strategically aligned? This reframing provides the central theoretical contribution of the paper.

5 Global talent management

Global talent management is particularly important because MNEs increasingly depend upon individuals capable of performing across organizational and national boundaries.

Caligiuri et al. (2024) note that GTM encompasses attracting, motivating, deploying and retaining strategically important talent across global operations and identify global mobility, talent pools, macro-context and MNE strategy as important areas for future research. However, GTM should not be viewed merely as an advanced set of HR practices.

This paper conceptualizes Global Talent Capability (GTC) as the organizational ability to:

- identify strategically important global talent
- develop international capabilities
- deploy talent across organizational boundaries
- facilitate knowledge transfer
- retain strategically important employees and
- convert distributed human capital into organizational capability

This distinction is important.

- **GTM** = managerial practices, whereas
- **GTC** = organizational capability resulting from effective management of global talent.

This conceptual distinction strengthens the RBV argument.

6 Sustainable HRM in the MNE context

Sustainable HRM has expanded the traditional HRM-performance discussion by considering the long-term economic, social and environmental consequences of HR decisions. For MNEs, sustainability presents an additional international challenge because expectations concerning employment, employee welfare, diversity, environmental responsibility and social legitimacy differ across national environments. Sustainable HRM therefore requires contextual sensitivity. Recent evidence from Indian MNEs demonstrates that employees may simultaneously perceive sustainable HRM positively and question its authenticity or cultural fit. This suggests that sustainability-oriented HRM should not simply be transferred as a universal package.

Instead, sustainable HRM needs to be:

- Strategically aligned
- Institutionally appropriate
- Employee credible

The present framework incorporates this principle into the global–local alignment mechanism.

7 Theoretical foundations

7.1 Institutional Theory

Institutional Theory explains how organizational practices are shaped by formal and informal environmental pressures.

For MNEs, institutional pressures originate from:

- employment legislation;
- labour-market institutions;

- professional norms;
- cultural expectations;
- societal values;
- government policy; and
- regulatory requirements.

Institutional distance between home and host countries can make the transfer of HR practices more difficult. Therefore:

Institutional context → HR adaptation requirements

7.2 Resource-Based View

RBV explains why human capital can constitute a source of competitive advantage.

Employees may possess

- specialized knowledge
- international experience
- organizational knowledge
- cultural competence
- leadership capability and
- Relationship networks.

When these resources are valuable and difficult to imitate, they can contribute to competitive advantage. Therefore:

Human capital capability → Strategic value

7.3 AMO Theory

AMO theory explains how HR practices influence employee behaviour.

HR systems can improve:

- **Ability** through training, development and knowledge acquisition.
- **Motivation** through compensation, recognition, career opportunities and meaningful work.
- **Opportunity** through participation, empowerment, communication and knowledge sharing.

Therefore: **HR practices → Employee capability and behaviour**

7.4 Theoretical Integration

The three theories explain different components of the framework.

Table 1. Integration of the three theories in the framework.

Theory	Primary Question	Framework Role
Institutional Theory	What shapes HR practices externally?	Institutional context
AMO Theory	How do HR practices affect employees?	Employee mechanisms
RBV	Why can employee capabilities create advantage?	Strategic outcomes

The integration therefore produces a multilevel explanation:

Institutional Theory → Global–Local HR Alignment → AMO mechanisms → Global Talent Capability → RBV-based strategic value → Sustainable Competitive Advantage

8 Strategic HRM architecture

The proposed framework includes six major HR domains.

8.1 Global Workforce Planning

Global workforce planning enables MNEs to anticipate talent requirements across countries and business units. It involves identifying:

- future skill requirements
- international talent shortages
- succession requirements
- geographical talent availability and
- strategic workforce risks

8.2 Global Recruitment and Selection

Global recruitment enables MNEs to access diverse talent pools. However, recruitment criteria should distinguish between universal strategic competencies and context-specific competencies. For example, international leadership may require cultural intelligence and global communication, while local roles may require detailed knowledge of national regulations and local stakeholders.

8.3 International Training and Development

International development should create both technical and cross-cultural capabilities.

Relevant mechanisms include:

- cross-cultural training
- international assignments
- global leadership programmes
- mentoring
- international project teams and
- global career development

8.4 Global Performance Management

Performance management should balance corporate strategic objectives with local contextual realities. This can involve common strategic indicators combined with locally relevant performance criteria.

8.5 International Compensation and Rewards

International rewards should recognize differences in:

- labour markets
- cost of living

- taxation
- employment regulation and
- employee expectations.

A globally consistent philosophy may therefore coexist with locally adapted reward structures.

8.6 Employee Voice and Participation

Employee participation provides an important opportunity mechanism. Employees in subsidiaries can provide contextual knowledge that headquarters may lack. Therefore, employee voice can contribute not only to engagement but also to organizational learning and global–local alignment. This is an important extension of conventional AMO applications.

9 Proposed conceptual model

The conceptual model consists of five stages.

Stage 1: International Context

- Institutional environment
- Cultural distance
- Labour-market conditions
- Regulatory environment
- International competition

Stage 2: Global–Local HR Alignments

- Global HR integration
- Local HR responsiveness

Stage 3: Global Talent Capability

- Talent identification
- Global development
- International deployment
- Knowledge transfer
- Talent retention

Stage 4: Employee and Organizational Mechanisms

- Employee engagement
- Organizational commitment
- Cross-cultural competence
- Knowledge sharing
- Organizational culture

Stage 5: Strategic Outcomes

- Innovation capability
- Organizational resilience
- Sustainable performance

- International competitiveness
- Sustainable competitive advantage

10 Propositions

P1: Institutional distance between MNE headquarters and host-country subsidiaries increases the need for contextual adaptation of strategic HRM practices.

Institutional differences create variation in the applicability of standardized HR systems. The greater the institutional distance, the greater is the potential requirement for local adaptation.

P2: Global–local strategic HRM alignment positively influences the effectiveness of HR systems in multinational enterprises.

Strategic alignment enables MNEs to preserve corporate coherence while adapting HR implementation to relevant local conditions.

P3: The relationship between institutional context and HRM effectiveness is mediated by global–local strategic HRM alignment.

Institutional conditions do not necessarily determine HR outcomes directly. Rather, their effects may operate through the organization's ability to translate global HR architecture into locally appropriate practices.

P4: Global–local strategic HRM alignment positively contributes to global talent capability.

When HR systems combine strategic consistency with contextual responsiveness, MNEs may become better positioned to identify, develop, deploy and retain global talent.

P5: Global talent capability positively influences organizational knowledge-sharing capability in multinational enterprises.

Strategically managed global talent can facilitate knowledge flows across headquarters, subsidiaries and international teams.

P6: Employee ability, motivation and opportunity mediate the relationship between strategic international HRM practices and global talent capability.

International HR practices are expected to create strategic value partly through employees' capabilities and willingness to contribute.

P7: Organizational culture strengthens the relationship between global–local HR alignment and employee engagement.

A culture characterized by trust, inclusion and openness may enable employees to interpret global HR practices more positively and participate more actively.

P8: Knowledge sharing mediates the relationship between global talent capability and organizational capability development.

Global talent creates broader strategic value when individual knowledge can be transferred and integrated across organizational units.

P9: Sustainable HRM strengthens the relationship between global–local HR alignment and organizational resilience.

Sustainable HR systems can contribute to employee well-being, adaptability and longer-term organizational capacity.

P10: Global talent capability positively contributes to sustainable competitive advantage through organizational resilience and innovation capability.

The strategic value of global talent is expected to emerge when human capital is converted into organizational capabilities that competitors cannot easily reproduce.

P11: The relationship between strategic international HRM and sustainable competitive advantage is stronger when MNEs achieve high levels of global–local HR alignment.

11 Research gap

The literature reveals four interconnected gaps.

11.1 Gap 1: Fragmentation between IB and HRM

IB research frequently examines internationalization, MNE strategy and institutional environments, whereas HRM research emphasizes HR practices and employee outcomes. A more integrated explanation is required.

11.2 Gap 2: Limited integration of macro and micro perspectives

Institutional conditions operate at the macro level, while employee engagement, motivation and knowledge sharing operate at the micro level. Existing research does not always explain the mechanisms connecting these levels.

11.3 Gap 3: Global talent management requires stronger contextualization

Recent GTM research explicitly identifies macro-context and global mobility as important areas, while newer scholarship continues to develop multilevel and multidirectional approaches. The present framework responds by positioning institutional context as an antecedent of global–local HR alignment.

11.4 Gap 4: Sustainability has not been sufficiently integrated into global HR architecture

Sustainable HRM is developing rapidly, but its relationship with international HR alignment and global talent capability requires further theoretical development.

12 Managerial implications

The framework provides several implications for MNE managers.

12.1 Develop global principles rather than identical practices

Corporate HR should establish common strategic principles while permitting appropriate local adaptation.

12.2 Treat subsidiaries as sources of knowledge

Subsidiaries should not be viewed merely as recipients of headquarters HR policies. They can provide contextual knowledge that improves global HR design.

12.3 Develop globally competent leaders

International leadership programmes should develop cultural intelligence, adaptability, global communication and stakeholder-management capabilities.

12.4 Integrate sustainability into HR strategy

Sustainability should be incorporated into recruitment, development, performance management and employee engagement rather than treated as an independent CSR activity.

12.5 Build knowledge-sharing mechanisms

International assignments, global teams, communities of practice and digital collaboration platforms can facilitate knowledge transfer.

12.6 Strengthen employee participation

Employees can provide important information about how global policies are experienced within local contexts.

13 Future research agenda

The framework provides several opportunities for future empirical investigation.

13.1 Cross-national comparison

Future studies can examine whether institutional distance moderates the relationship between global HR integration and subsidiary HR effectiveness.

13.2 Emerging-market MNEs

Emerging-market MNEs deserve greater attention because their internationalization patterns may differ from traditional Western MNEs.

13.3 Subsidiary-level research

Future studies can examine whether subsidiary autonomy influences the effectiveness of global–local HR alignment.

13.4 Global talent capability

Researchers can operationalize global talent capability through dimensions such as international deployment, knowledge transfer, global leadership and talent retention.

13.5 Sustainable HRM

Future empirical studies can investigate whether sustainable HRM contributes to organizational resilience through employee well-being and organizational adaptability.

13.6 Digital HRM

Artificial intelligence, people analytics and digital collaboration may substantially alter international talent identification, workforce planning and employee development.

13.7 Institutional distance

Future research can investigate whether cultural distance, regulatory distance and labour-market distance have different effects on HR adaptation.

13.8 Multilevel research

The framework can be tested using multilevel designs involving:

Country → MNE → subsidiary → manager/employee

Such designs would provide stronger evidence concerning the mechanisms proposed in this paper.

14 Conclusion

The internationalization of business has created a fundamentally complex environment for human resource management. MNEs must coordinate geographically dispersed employees while simultaneously responding to diverse institutional and cultural environments. This challenge makes international HRM an important strategic component of International Business.

This paper developed a Global–Local Strategic HRM Alignment Framework to explain how multinational enterprises can connect international context, HR architecture, global talent and sustainable competitive advantage.

The framework proposes that institutional and cultural conditions influence the need for contextual HR adaptation. Global–local strategic HRM alignment then determines the extent to which organizations can combine corporate strategic integration with local responsiveness.

Effective alignment is proposed to strengthen global talent capability. Through employee ability, motivation and opportunity, global talent capability can subsequently facilitate engagement, commitment, cross-cultural competence and knowledge sharing. These mechanisms can contribute to organizational capabilities such as innovation and resilience, which ultimately support sustainable competitive advantage. The integration of Institutional Theory, AMO Theory and RBV provides a multilevel theoretical explanation of this process.

The framework therefore moves beyond the traditional question of whether MNEs should standardize or localize HRM.

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