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Managing a Global Workforce

International Human Resource Management as a Strategic Tool

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Table of Contents

Abbreviations

EU	European Union
HCNs	Host Country Nationals
HR	Human Resources
HRM	Human Resource Management
IHRM	International Human Resource Management
MNCs	Multinational Corporations
PCNs	Parent Country Nationals
SHRM	Strategic Human Resource Management
TCNs	Third Country Nationals

Abstract

The aim of this thesis is to gather existing literature regarding the challenges senior human resource managers face in multinational corporations when managing a global workforce, as well as to discover the strategies that are used within the field of international human resource management. The systematic literature review revealed several main challenges and strategies and by building on those a framework was created. This framework demonstrates the outcome of applying geocentric strategies to achieve the best strategic position to manage the challenges and the complications that globalization brings to the business environment.

Acknowledgements

1. Introduction

Globalization remains a hot topic in the business world today as more and more companies expand across the global marketplace. Technological advantages, rapid changes and emerging markets have all resulted in global companies seeking ways to use their human resources to gain a competitive advantage. International human resource management has developed as companies enter new countries and internationalize their businesses. These companies must have extensive knowledge about the new countries in terms of for example legal framework and regulations, how the labour market operates, what the political and economic system looks like and understand the national culture (Đorđević, 2016). Therefore, the main difference between international human resource management and human resource management has been argued not to be about the activities performed but rather the added level of complexity that comes from employing workers with different nationalities (Dowling, Festing, & Engle, 2008).

Strategy and human resources go hand in hand in most global companies as very often a corporation's success can be traced to its ability to apply human resource strategies (Ismail, Omar, & Bidmeshgipour, 2010). The field of strategy and human resource management was first linked together by several scholars during the 1970s and 1980s (Walker, 1980; Dyer, 1984; Fombrun, Tichy, & Devanna, 1984; Kochan, Katz, & McKersie, 1986). It was acknowledged that the operations of human resource management were affecting the outcome of the business, and this was the start of the early strategic human resource management (Delery & Roumpi, 2017). The scholars Wright and McMahan (1992) have a well-known definition stating that strategic human resource management is "the pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals" (1992, p.298).

With more companies expanding to new markets the need for strategic human resource management is more important than ever as companies seek ways to gain a competitive advantage. This thesis is of relevance because it explores the challenges senior human resource managers face in multinational corporations when managing a global workforce and the strategies they use to manage the issues that arise in their daily work. Existing literature is reviewed to conclude with a framework that covers the main challenges. Finally, a pilot study will be conducted to test the findings and thereby enabling them to be further researched.

1.1 Background

This background chapter will provide the reader with an understanding to some of the key concepts used in this thesis. The concepts are broad and can be interpreted in many ways. In order to avoid confusion, we wish to explain the various commonly used understandings of the concepts as well as the specific definitions this thesis intends to use.

As this thesis explores managing a global workforce in the context of globalization it is important to define the broad concept of globalization. One way of defining globalization in the widest sense could be to say that globalization is all international exchanges occurring from the beginning of human history (Flood, Joselit, Nagel, Russo, Wang, Wood, & Yiengpruksawan, 2010). However, when studying the origin of the word 'globalization' some have argued that although there has been mentioning of the concept as early as the 1960s, it was not until the 1980s that is became an academically recognized concept (see for example Giddens, 1990; Robertson, 1992, 2014; Malcolm, 2001; Butt, 2017). Narrow definitions of globalization have also been done by for instance Friedman (2000) who wrote that globalization had succeeded after the Cold War system as a new international system with its own rules and logic influenced by every country's situation. This new system then, according to him, became even more apparent after the global economic crisis in 1998 when the world became tied together into a single globalized marketplace, where technological advancements had a big impact, resulting in corporations and individuals around the world being able to communicate, travel, sell and act globally faster and cheaper than ever before.

Easterly (2013, p.319) argued that "falling transport cost and trade barriers" were the real drivers of globalization since World War II, whilst Milanovic (2016, p.231) stresses that "globalization makes people more aware of the glaring differences in national standards of living..." Rugman and Hodgetts (2001, p.333) defined globalization as "the production and distribution of products and services of a homogeneous type and quality on a worldwide basis". In addition to numerous other definitions, globalization can also be viewed in more depth through different types of perspectives such as: internationalization, liberalization, universalization, westernization or modernization or as deterritorialization (Moore & Lewis, 2009). Finally Robertson (1992, p.8),

who is often considered a main figure in formalizing the concept of globalization (Malcolm, 2001), defined it by saying that "globalization as a concept refers both to the compression of the world and the intensification of consciousness of the world as a whole". These definitions have given a short introduction to the wide range of globalization definitions and interpretations. However, as this thesis is aimed at exploring globalization in the context of managing a global workforce the main focus of globalization used here will be in the context of labour moving freely around the world and companies operating on one single global marketplace.

Managing a global workforce is not an easy task. MNCs have different sizes of global workforces and the global workforces varies greatly. That is to say there does not exist one unified type of global workforce, rather each workforce is made up of different combinations of international and local employees. Therefore some research has been made into identifying these different types of international employees that will be discussed shortly before moving on to the actual challenges with managing the workforce. Rao (2008, p.8) identified four main types of international employees, firstly there are foreign parent expatriates which make up of people employed from a foreign parent headquarters. Next are host country national which conclude of people that are nationals of a host country but are employed directly by the venture. Thirdly are third-country expatriates of the foreign parent which are people that work in a totally new country where neither the headquarters are located nor any host country. Finally there is the third country expatriates of the new venture essentially meaning people that are employed by venture but they are nationals of a country outside of the headquarters and any host countries. Others have proceeded with describing these international employees as simply parent-company nationals, host-country nationals and third-country nationals (Özbligin, Groutsis, & Harvey, 2014). Although the definition of a global workforce is not vigorously debated in the literature, it is still important for the readers of this thesis to be provided with an understanding of the various ways a workforce can be combined.

IHRM has been defined broadly as a field that deals with the management of people in MNCs (Welch & Björkman, 2015; Ferner, 2009; Schuler & Tarique, 2007; Sparrow, 2009; Stahl, Björkman, & Morris, 2012). Others have selected an even wider interpretation, arguing that IHRM is not only about managing employees within companies, but "also learning how to

establish meaningful relationship with other stakeholders to gain acceptability as an ethical and value-sensitive organization in the countries of operations" (Sengupta & Bhattacharya, 2007, p.4). It would seem from the literature that one common key element used for defining IHRM is the need for managing human resources in an international setting. In addition, some have chosen to study IHMR from three broad approaches, one example is Dowling, Festing and Engle (2008, p.1) whom stated that:

> The first emphasizes cross-cultural management: examining human behavior within organizations from an international perspective. A second approach developed from the comparative industrial relations and HRM literature and seeks to describe, compare and analyse HRM systems in various countries. A third approach seeks to focus on aspects of HRM in multinational firms.

Others confirm this viewpoint as well arguing that IHRM might not always be defined by these three approaches but that this definition still offers a good way to understand the vast field of IHRM (see for example Brewster, Harris, & Sparrow, 2004). This is also our opinion as we feel that in order to be able to define IHMR, all aspects of the field must be explained and understood.

Cross-cultural management could be broadly defined as a field that deals with the managing of different cultures. One interpretation of the concept is essentially saying that the way people are managed at work is influenced by the nation's unique culture (Brewster, Harris, & Sparrow, 2004). Bird and Mendenhall's (2015, p.115) definition offer a similar perspective arguing that cross-cultural management "has generally referred to accommodating differences in cultural practices when managing outside of one's home country". Others have maintained that cross-cultural management goes beyond managing cultural differences and is in fact about sharing know-how and experiences (see for example Holden, 2004). Studies in the field of cross-cultural management often have a micro level focus in regards to how people from different cultures work together within an organisation and to explore the behavior issues that can arise in such a setting (Adler, 1983).

We would argue that going into detail as to what it means to manage a culture is essential to fully understand cross-cultural management as the fact remains that this field has different sub-focuses. For instance, the field of managing cross-cultural communications where the main purpose is to study what essentially happens when people from different cultures meet and communicate and how cultural norms affect such communications (Maude, 2011). Hofstede (1980) survey of 40 national cultures is often mentioned within the field as being a foundation for understanding such cultural differences (Maude, 2011). Another known field is managing cross-cultural transitions that focuses on when an employee transfers from a domestic setting to an international one (Adler, 1981). Often this experience is understood from Gullahorn and Gullahorn (1963) U-shaped curve that covers the different stages of such a process. Other fields within cross-cultural management are for instance managing cross-cultural training (Lenartowicz, Johnson, & Konopaske, 2014) and managing cross-cultural differences (Bonache, Trullen, & Sanchez, 2012).

Comparative human resource management often has a focus on institutional differences regarding how people work. Since countries have different labour markets and different employment laws, this field of study basically compares either different national origin in the same country or, as it most common, compares different nations or regions with each other (Brewster, Harris, & Sparrow, 2004). However, a more wider interpretation could be to state that the aim is to understand why and how human resources are managed in different countries. This is then done, like the name suggest, by comparing human resources. The result of comparing how human resources are managed has provided MNCs with knowledge to some fundamental questions, like for instance why a union membership is much higher in some countries and why consultation structures are different between countries (Brewster & Mayrhofer, 2012). Much like cross-cultural management, comparative human resource management has also been studied from different focus points (Brewster & Mayrhofer, 2012). One example is comparing individuals working across national borders (Dowling, 1999; Brewster & Mayrhofer, 2012; Benson & Marshall, 2008; Dickmann, Doherty, Mills, & Brewster, 2008). Another example is focusing on comparing how companies work across borders (Dowling, 1999; Brewster & Mayrhofer, 2012; Stahl & Björkman, 2006). Third example is "analyzing HRM in the light of national, cultural and regional differences" (Brewster & Mayrhofer, 2012, p.5). These examples

are founded by the fact that managing human resources is dynamic and ever changing. Each time a manager makes a decision, she is influenced by her culture, values and even traditions. This is one of key elements that makes IHMR an interesting field.

For a corporation to be considered a multinational corporation Brewster, Sparrow, Vernon and Houldsworth (2011) offer the definition that the corporation must operate in several countries and be managed from one home country. Furthermore, arguing that "in practice, once an enterprise derives more than one quarter of its revenues from outside its home country, it is considered an MNC" (Brewster et al. 2011, p.4). Koveshnikov, Vaara and Ehrnrooth (2016, p.1354) offer a slightly different definition saying that "multinational corporations (MNCs) are complex organizations characterized by multifaceted internal political processes and power constellations". Other scholars have chosen a definition more defined by the roles and functions of the headquarters and their subsidiaries (see for example Chandler, 1991; Ciabuschi, Dellestrand, & Nilsson, 2015).

Continuing with Brewster et al. (2011) who maintain that MCNs can be defined in four forms:

> a decentralised corporation that has a strong home-country presence; a global and centralised corporation that can acquire a cost advantage through centralised production; an international company that builds on the parent company's technology or research and development; or a transnational enterprise that combines all three of these approaches.

Adding furthermore that MNCs and Multinational Enterprises (MNEs) are most often considered to be the same but MNEs sometimes refers to all extensive forms of organizations, such as non-governmental bodies. Finally, the term Transnational Corporations (TNCs) also exists, which usually describes very complicated organizations. Examples of such organizations are those that have "invested in foreign operations, have a central corporate facility, but give decision-making, R&D and marketing powers to each individual foreign market" (Brewster et al. 2011, p.4). This thesis has until now and will continue to use the abbreviation 'MNC' to be consistent, clear and avoid confusion. In addition it also wishes to define the concept of MNCs in a similar fashion as Brewster et al. (2011) meaning that MNCs fill the criteria as long as they are managed from a

home country and operating in at least several other countries. MNCs in this context can therefore be anything from the world's largest employer in 2015 Wal-Mart with 2.2 million employees (Statista, 2015b) to any medium and small sized MNCs.

1.2 Managing a Global Workforce in the Context of Globalization

The global environment we live in today is rapidly changing and evolving resulting among many things in organizations seeking to expand to new locations (Lazarova, Mayrhofer & Brewster, 2013; Machado, 2015). When organizations expand to new locations, multiple challenges can arise (Tarique & Schuler, 2010). One of the most important challenges is to successfully manage the human resources. Managing international human resources means essentially that managers must have good knowledge of the national setting they operate to comply with the national rules and practices (Brewster, Mayrhofer, & Morley, 2004; Lazarova, Mayrhofer & Brewster, 2013;). This is where the field of IHRM moves beyond HRM in the sense that it looks at how human resources are managed in an international environment.

IHRM is a vast field, however it is clear that MNCs must know how "to manage their workforces in a global context" (Tarique & Schuler, 2010, p.123). This can be a complicated task and some of today's largest organizations have a huge global workforce, for example Ikea with approximately 163,600 employees worldwide (Statista, 2016) or Samsung with approximately 323,000 employees worldwide (Statista, 2015a). With these global changes and challenges, looking at managing a global workforce in the context of globalization is becoming more important. As explained earlier, a corporation's success is often traced to its ability to apply human resource strategies (Ismail, Omar, & Bidmeshgipour, 2010). Therefore, managing human resources in MNCs throughout the global environment is a key to sustain or gain a competitive advantage.

1.3 Problem Discussion

One reason this topic is more relevant now than before is the steady increase of international employment which has not come without its challenges. As seen for instance in the European Union, where the free movements of citizens are enshrined in the EU treaties (Article 45 (ex-

Article 39 EC) of the Treaty on the Functioning of the European Union), resulting as of 2014 in over 14 million EU citizens residing in another Member State with 78% being of a working age (15-64) (EU Commission official memo, 2014). Where in 2011 the EU issued a growth strategy to be reached by 2020, wishing among others, to create more and better jobs throughout EU (2011, Labour Market Statistics). However, in 2013 the EU Commission released a press statement with five actions to assist member states with their growing concerns relating to the challenges that came with the increased migration flow (EU commission, press release, 2013). Although those challenges are not directly linked to the scope of this thesis, it nonetheless confirms that increased movement of labour is a fact and poses a challenge. This also results in MNCs seeking more globally prepared managers as the complexity of the business environment continues to develop and grow.

Although there is substantial existing academic literature and peer-reviewed articles in the field of IHRM (see Table 1). Most the published material is written about the specific parts of this thesis topic, such as challenges or strategies (see for example Caligiuri & Stroh, 1995; Roberts, Kossek, & Ozeki, 1998; Beechler & Javidan, 2007; Rao, 2008; Collings, McDonnell, & Scullion, 2009; Takeda & Helms, 2010; Harvey, Mayerhofer, & Hartmann, 2010). However very few if any articles are written with the aim to cover this thesis specific topic of linking together the challenges and the strategies. This thesis will therefore be, to the best of our knowledge, a first attempt at combining both existing practical knowledge and other studies about the chosen topic. The thesis will be particularly interesting for senior HR managers in order for them to better understand the globalized challenges when developing practises in their MNCs. Additionally the framework created based on the findings of the thesis is of relevance for further research as it was tested by a pilot study.

1.4 Purpose and Research Questions

The purpose of this thesis is to gather existing literature regarding the challenges of managing a global workforce in the context of globalization. The thesis seeks to create a framework with some of main challenges the systematic literature review has provided and the strategies used to manage those challenges. The framework will be tested by a pilot study to enable it to be further researched. As the thesis is limited by time, we narrowed the topic to two carefully selected

research questions;

1. *What are the main challenges senior HR managers face when managing a global workforce?*
2. *What are the strategies senior HR managers use to manage those challenges?*

Having selected these research questions, we realize the limitations of that selection and as such we will not address research material outside of the scope of them.

1.5 Outline

The thesis is divided into six main sections. The first chapter introduces managing a global workforce in the context of globalization. In addition the chapter provides a background to the main concepts used in this thesis. These concepts were also used as search words and acted as a foundation for the research of this thesis. Chapter two covers the applied methodology in the following subchapters: Research Approach, Research Design, Pilot Study, Research Analysis, Limitations, Validity and Reliability. Chapter three presents the broad findings of a systematic literature review. Chapter four covers the development and application of a framework that was created from the systematic literature review. Chapter five covers the discussion and thoughts along with proposed future research ideas. Finally chapter six ends with a conclusion that summarizes this thesis.

2. Methodology

This chapter will outline the applied methodology used in this thesis. Firstly, a systematic literature review was conducted by using the database LUBSearch to gather existing research in the field of IHRM. The LUBSearch is a subject-specific database with collective sources of academic articles, journals, doctoral theses and books. The selection of LUBSearch is mainly due the authors of this thesis being students of Lund University and are as such granted full access to the database and accustomed to using it. Secondly, a framework was created based on the main findings of the systematic literature review as well as the analysis of the literature review.

Thirdly, a pilot study was conducted to test the framework and thereby enable it to be further researched.

2.1 Research Approach

The literature review is a method for collecting all available research regarding a specific subject. It is often used with the aim to gather academic research as a background to build upon or to identifying knowledge gaps for further research (Webster & Watson, 2002; Kitchenham, 2004). In this thesis, a systematic literature review methodology was chosen as a tool to investigate the purpose and to successfully address the two research questions. Some of the main advantages of selecting a systematic literature review method is that "systematic reviews document their search strategy so that readers can access its rigour and completeness" and "systematic reviews are based on a defined search strategy that aims to detect as much of the relevant literature as possible" (Kitchenham, 2004, p.2). IHRM is a growing academic research field which results in substantial existing published knowledge (Stahl & Björkman, 2006). Therefore this thesis adopted a secondary research strategy, essentially meaning that the thesis examined existing information and evaluated research questions that focused on an issue of interest (Hale & Astolfi, 2015).

This thesis also conducted a pilot study which is a research method that enables the researcher to test the feasibility of their study. It is often conducted in small-scale with few carefully selected participants. In the case of this thesis the relevant participants are senior human resource managers. The pilot study can be used for several reasons; it gives an understanding on what needs to be adjusted, expanded or narrowed, for future success. It can assess the data-set and the data analysis, or support the researcher that the findings are accurate. The result of a pilot study may be warning signs or give indications that changes should be done before further research on the findings or conducting a full-scale version (Doody & Doody, 2015). In this thesis, the pilot study was chosen with the aim to test the created framework based on the findings from the systematic literature review.

2.2 Research Design

The method of this thesis is a literature study. The research structure and design is supported by Bandara, Furtmueller, Gorbacheva, Miskon, and Beekhuyzen (2015). The search and identification of literature followed four steps with the aim of being transparent and trustworthy. The search process started with 1) scoping search: where the key concepts are identified and initial screening began in Lund University library. The search words are presented in Table 1. The second step 2) conducting search: the in-depth literature search based on identified search elements. The third step 3) bibliography search regarding the reference list, finding and tracing relevant academic papers. The fourth and final step 4) verification. This step was about going back and check the relevance and verify the literature search process.

2.2.1 Identification of Search Words and Article Sampling

In order to identify the publications regarding this thesis, there was a selection of search words, which are the following; Globalization, Global Workforce, International Human Resource Management, Strategic Human Resource Management, and Multinational Corporations. The search words of this thesis are presented in Table 1 below.

Table 1

Result of the search in LUBSearch database

Combination of search words	Number of articles
Globalization AND Global Workforce	1139
Globalization AND International Human Resource Management	2649
Globalization AND Strategic Human Resource Management	910
Globalization AND Multinational Corporations	6968
Global Workforce AND International Human Resource Management	561
Global Workforce AND Strategic Human Resource Management	268
Global Workforce AND Multinational Corporations	278
International Human Resource Management AND Strategic Human Resource Management	7186
International Human Resource Management AND Multinational Corporations	3060

Strategic Human Resource Management AND Multinational Corporations	759
Globalization AND Global Workforce AND International Human Resource Management	110
Globalization AND Global Workforce AND Strategic Human Resource Management	34
Globalization AND Global Workforce AND Multinational Corporations	88
Global Workforce AND International Human Resource Management AND Strategic Human Resource Management	129
Global Workforce AND International Human Resource Management AND Multinational Corporations	85
International Human Resource Management AND Strategic Human Resource Management AND Multinational Corporations	666
Strategic Human Resource Management AND Multinational Corporations AND Globalization	142
Globalization AND Global Workforce AND International Human Resource Management AND Strategic Human Resource Management	23
Globalization AND Global Workforce AND International Human Resource Management AND Multinational Corporations	26
Globalization AND Global Workforce AND Strategic Human Resource Management AND Multinational Corporations	11
Globalization AND Global Workforce AND International Human Resource Management AND Strategic Human Resource Management AND Multinational Corporations	11
Total papers	25,103

Table 2

Overview of search elements

Search words	Globalization AND Global Workforce AND International Human Resource Management AND Strategic Human Resource Management AND Multinational corporations
Search fields	Abstract, Keywords
Type of sources	Peer-review journals, Books
Search forums	LUBSearch - Lund University Libraries

The first step of the sampling process consisted of using the search words (see Table 1), in all combinations, in LUBSearch (see Table 2). The literature was chosen from a vary of hits, using

the search fields; abstract and keywords. In addition, a list of journals and number of used papers was collected during the sampling process (see Table 4). The literature review was narrowed by the two research questions; *what are the main challenges senior HR managers face when managing a global workforce?* and; *what are the strategies senior HR managers use to manage those challenges?* As can be seen from Table 2 the search words produced a large number of articles. We proceeded to read the title and/or abstract of the articles that we identified as being potentially eligible for our topic. The identified articles were then either included or excluded in the systematic literature review based on a critical evaluation (see Table 3). A decision was made to include a combination of two or more search words and exclude hits for only one search word. This was done as the hits for one search would have resulted in a significantly larger amount of articles (globalization alone has hits for about 253,000 articles) and due to time limit, we decided that we needed to exclude such hits. Furthermore, as can be seen from the previously discussed chapter 1.1, the search words are broad concepts and most the hits are therefore outside the scope of this thesis. The selected journals and number of articles used for the literature review can be found in Table 4.

Table 3
Overview of inclusion and exclusion criteria

Inclusion criteria	Exclusion criteria
Published articles in English	Published articles in other languages
Published articles with a combination of two *search words* or more	Published articles with one *search word*
Published articles linked to the purpose and/or research questions	Published articles without *search words*

Table 4
Journal list and number of articles (1969-2016)

Academy of Management Executive	2
Columbia Journal of World Business	1

Human Resource Management	1
International Journal of Human Resource Management	1
Journal of Business Ethics	1
Journal of International Business Studies	2
Journal of Leadership & Organizational Studies	1
Journal of World Business	1
Organizational Dynamics	1
Poznan University of Economics Review	1
Strategic Management Journal	2
The Learning Organization	1
Thunderbird International Business Review	2

2.3 Pilot Study

A pilot study was conducted with the aim of testing the created framework based on the broad findings and analysis from the systematic literature review. In line with Glass (1997) research, the pilot study started with carefully planning and making sure that the problem was clearly defined and in line with its purpose. The design of the pilot study was outlined with six statements and one question in an online questionnaire, emailed to the participants (see Appendix C). One initial email with information and a question about participation was sent to the senior HR managers (see Appendix A). Information regarding the purpose of the pilot study, anonymity and confidentially was attached in the questionnaire (see Appendix B). The pilot study was conducted by asking three senior HR managers from Scandinavia and the Baltic countries with global workforces. They were selected due to two reasons, one being that all three of them work as senior HR managers managing a global workforce. They therefore have extensive knowledge of the field of IHRM and could provide valuable insights. The other reason was because we had direct access to the managers and could therefore substantially reduce the time needed to look for participants. Returning to Glass's (1997) research, the final step of the pilot study was to evaluate, reassess the feasibility of the created framework and present the conclusion for further research.

The participants were asked to answer on a scale 1-5 from strongly disagree to strongly agree. The statements reflected the thinking and ideology behind the framework and the reason for selecting statements was because we wanted to make the result as clear as possible. We felt that this would not be achieved if we had showed the framework to the senior HR managers and asked for their opinion and thoughts on it. We also took the opportunity to ask the participants about two challenges not presented in the framework. Because we believe that the two additional challenges are of relevance as some literature identifies them as such whilst other does not. Therefore there was an opportunity to ask professionals in the field of IHRM to explore their professional opinion regarding the relevance of the two additional challenges. However, we wish to stress that the main purpose of the pilot study was nonetheless to test the framework.

2.4 Research Analysis

In order to make an analysis of the literature, this thesis followed an approach suggested by Bandara et al. (2015). The gathered literature was treated as qualitative data, which opened for coding and analysis. The thesis had a mixed approach, inductive and deductive coding. The choice of deductive coding was based on the fact that deductive approach tries to find answers to existing research questions. The inductive approach on the other hand, is about finding and developing unexpected categories in data that can be turned into a model or themes (Bandara et al. 2015). This thesis coding process followed a pre-codification scheme, essentially meaning that we used the two research questions to guide us early on in our research when selecting the articles used in the review. At the same time, we were open for new findings and insights from the literature.

2.5 Limitations

A common limitation related to a literature review based thesis is the element of building on existing knowledge. Which means that the thesis is limited to selected sources for the literature review. Moreover, the review is restricted by the accessibility of articles in the database LUBSearch. Easterby-Smith, Thorpe and Jackson (2015) highlight the difficulties that can arise when researchers try to get hold of older scanned text. However this thesis used some older text

without difficulty as the LUBSearch contains old scanned texts in its database. Another limitation is regarding how the main concepts are used in the thesis, such as International Human Resources and Multinational Corporations. Acknowledging this limitation, the thesis explains openly the chosen concepts and perspective and maintains a critical point of view throughout. A potential bias when choosing and analysing the literature is referred to as selection bias. It is a limitation that is difficult to overcome, but the author of this thesis chose a systematic way when conducting the review and analyse it is an attempt to reduce it.

The three senior HR managers asked to participate are all from Scandinavia and are a part of the upper management level of their companies. Their professional input is of great value as they represent the field of senior HR managers that the framework was designed for and their opinion can therefore be interpreted to indicate the validity of the framework. Due to time limit it was not possible to reach out to senior HR managers of other geographically located MNCs.

2.6 Validity and Reliability

The validity of this thesis can be examined in Table 4, where a list of valid journals and number of articles are presented. Validity is about the method really measuring what it is supposed to measure (Yang & Miller, 2008). For the purpose of validity, we used the LUBsearch, which is a reliable site managed by Lund University. The reliability of this thesis can be shown in the presented search procedure and the sampling process (see Research Design 3.2 and 3.2.1) with the aim to be clear and trustworthy. In line with Easterby-Smith, Thorpe, and Jackson (2015) recommendation, the methodology of this thesis is described in order for similar result to be reached by other scholars.

3. Systematic Literature Review

As this thesis was limited by time and for space reasons, the most frequently discussed challenges and strategies in the literature are mentioned in this chapter. It is therefore of importance to stress that the approach selected in this chapter is one way of many different approaches and the research field of managing a global workforce can be organized in several

ways. Therefore others might identify other challenges and strategies or select a different perspective and focus.

3.1 What are the Main Challenges Senior HR Managers Face when Managing a Global Workforce?

One of the earliest studies concerning managing a global workforce was conducted by Roberts, Kossek and Ozeki (1998, p.94). They interviewed international human resource managers in eight global companies and discovered three major challenges:

(1) deployment: easily getting the right skills to where they are needed in the organization regardless of geographical location;

(2) knowledge and innovation dissemination: spreading state of the art knowledge and practices throughout the organization regardless of where they originate; and

(3) identifying and developing talent on a global basis: identifying who has the ability to function effectively in a global organization and developing those abilities.

These challenges are also reflected in Rao's (2008) research where he identified the main challenges as managing international assignments; employee and family adjustment; selecting the right person for foreign assignments; culture, communication and gauge; language and communication. Comparing these two publications both mention getting the right skills to where they are needed as a big challenge. Rao (2008) furthermore argues that selecting the right person is one of the main challenge. Other literature suggests that the actual staffing of global organizations has become an increasingly big challenge due to the complex business environment (Schuler, Dowling & de Cieri, 1993; Harvey, Mayerhofer, & Hartmann, 2010). Then there is also literature that suggests that the overall main challenge is "the importance of maximizing the talent of individual employees as a unique source of competitive advantage" (Tarique & Schuler, 2010, p.123). Other literature suggest that the challenges occur mostly in terms of integrating every aspect of a global organization (Beechler & Javidan, 2007).

The aforementioned challenges are mentioned for the purpose of displaying some of the first

scholars to cover this subject as well as to explore the diverse field of challenges of managing a global workforce. Having gone through the literature systematically several discoveries have been made in relations to the purpose of identifying the main challenges senior HR managers face when managing a global workforce. These challenges have been identified as being either macro/external or micro/internal depending on how they 'affect' the management of the workforce. We will therefore be making a separation between micro/internal challenges and macro/external challenges as using micro and macro perspectives within the field of IHRM and HR is a well-known method (see for example Schuler, Dowling & de Cieri, 1993; Welch, 1994; Taylor, Beechler & Napier, 1996; Schuler, Budhwar, & Florkowski, 2002; Stahl & Björkman, 2006; Schuler & Tarique, 2007; Björkman & Welch, 2015; Kwon, Farndale & Park, 2016).

3.1.1 Macro Challenges

Macro challenges can be interpreted as those challenges that affect managing a global workforce from the 'outside'. Vance and Paik (2015) cover this subject quite extensively in and they identified both internal and external factors that influence a global workforce. The eight categories of the external factors they identified are the following: economy, social preferences, competition, demographics, innovation, governments, intergovernmental organizations, employee-interest organizations. As can be seen these external forces range from for example social preferences such as beliefs, norms and cultural impact to demographics such as age, gender, ethnicity to innovation such as technological innovations to different kinds of intergovernmental agencies. These aspects influence a global workforce and how it is managed.

The Intergovernmental Organizations are particularly interesting as during the research for this thesis we discovered a survey conducted by the International Bar Association. The survey was conducted in 2010 and the purpose was to discover the Key Legal Human Resources Issues of the next Decade (International Bar Association, 2010). Senior HR managers from more than 200 MNCs participated and concluded the main challenge to be the problem of 'which law to apply' (i.e. the 'governing' law). This was found due "to a lack of a transnational legal framework, with a need to decide which of the different local laws is applicable" (International Bar Association, 2010, p.7). It would make sense for this to come up as one unified global legislation does not exist for MNCs to use in matters of IHRM and with more MNCs moving into emerging markets

and the other way around as well with new MNCs being established from emerging markets the difficulties of knowing which law to apply becomes even greater than before.

3.1.2 Micro Challenges

Many of the challenges mentioned earlier in this thesis are micro challenges which essentially means they have an internal impact of the MNCs, such as staffing and getting the 'right' people to perform the tasks. Going back to Vance and Paik (2015, p.8), they also discuss the internal influences and mention the following factors; company culture, managerial mindset, company climate, company strategy and organizational structure. A managerial mindset essentially means that the mindset of the upper management in MNCs affect the way the global workforce is managed. This can have deep impact on any MNC operating in a globalized world as each time a decision is made concerning matters of IHMR, the beliefs and attitudes held by the upper management is reflected in them (Vance & Paik, 2015). Managerial mindset is also strongly connected to SHRM in MNCs that will be discussed in more depth later.

3.1.3 Analysis of Main Challenges

Having gone through some of the main challenges when managing a global workforce several discoveries have been made. Macro challenges have been identified as being external forces like intergovernmental organizations, labour unions, social preferences and lack of legal framework. It is our viewpoint that identifying the external forces is important as they provide an insight into the complexity of managing a global workforce. Senior HR managers must be able to take all the external factors into consideration in their daily operations. In order for them to do manage these challenges effectively, the argument of linking together the management of external challenges and adapting a global mindset is made in the next section regarding the SHMR.

Based on the literature, we have identified the main challenges to range from managerial mindset, language and communication, the actual staffing of global organizations and getting the 'right' people to perform the tasks. As the purpose was, in addition to create a framework that can be further researched, there was a need to select main challenges that could be argued to have clear linkage to a MNC sustaining a competitive advantage and using their human resources in the 'best possible way'. This will be elaborated further in the next chapter.

3.2 What are the Strategies Senior HR Managers use to Manage those Challenges?

Continuing with the discussion of the previous chapter, several of the main challenges of managing a global workforce have been identified. The aim of this chapter will be to explore strategies that are linked to the field of managing a global workforce, giving extra detail to those strategies that can be used with the main challenges identified earlier. Strategies within the field of managing a global workforce have been described to "maximize employee's' effectiveness in accordance with their organizations' missions, objectives and goals (Caligiuri & Stroh, 1995, p.494). This is done to sustain or gain a competitive advantage in the tough competition between MNCs today.

3.2.1 Global Mindset

One thing we have realized through their literature review research is that globalization and global mindset are strongly linked. This is especially relevant for senior HR managers working in MNCs and therefore the global mindset will be explored and examined. The definition of global mindset has been shifting recently from an individual standpoint in skills, attitudes and competences to a more organizational one where behaviours and strategies are in focus (Story, Barbuto, Luthans, & Bovaird, 2014; Story & Barbuto, 2011). In addition, global mindset has been referred as both transnational mentality (Bartlett & Ghoshal, 2002) and multinational mindset (Caproni, Lenway, & Murtha, 1992). However it is our viewpoint that it is most clear to refer only to the concept of global mindset.

Perlmutter (1969) was one of the first to publish research about global mindset, on a macro-level perspective. His research was divided into three orientations; ethnocentric, polycentric and geocentric with the purpose of managing MNCs. It can be described as home-country orientated, host-country oriented, and world-oriented. According to Perlmutter (1969) the three orientations are present in all companies, but the degree of each orientation varies. Rhinesmith (1993) followed up on Perlmutter's (1969) research but with a micro-level perspective. Rhinesmith (1993, p.24) stated that global mindset:

is a way of being rather than a set of skills. It is an orientation of the world that allows one to see certain things that others do not. A global mindset means the ability to scan the world from a broad perspective, always looking for unexpected trends and opportunities that may constitute a threat or an opportunity to achieve personal, professional or organizational objectives

The research about global mindset on a micro-level continued by various scholars. It was mentioned in different publications as the ability to adapt to a company's surroundings, as openness and awareness of the global market, and a manager's cognitive orientation (Kefalas, 1998; Murtha, Lenway, & Bagozzi, 1998; Gupta & Govindarajan, 2002). Based on earlier research, Story et al. (2014) highlighted cultural intelligence and global business orientation as the two main dimensions of global mindset. Levy, Beechler, Taylor and Boyacigiller (2007), on the other hand, identified three approaches to global mindset; cultural, strategic, and multidimensional. The cultural perspective is based on Perlmutter (1969) research and focuses on the culture diversity and culture distance in a global setting. The strategic perspective has its foundation in the international strategic research and focuses on the complexity in and around managing strategical challenging companies. The third perspective, the multidimensional, is a combination of the cultural and the strategic perspectives with foundation in Rhinesmith (1993) research. Various scholars have researched global mindset and concluded that managers who are adapting into a global mindset are better suited to deal with the high degree of complexity in today's MNCs (Doz & Prahalad, 1991).

Heenan and Perlmutter (1979) created a well-known classification framework, based on Perlmutter's (1969) global mindset. The classification framework consisted of four approaches to manage globalization and sustain competitive advantages. These four approaches are: ethnocentrism, polycentrism, regiocentrism, and geocentrism. Kedia and Mukherji (1999) built upon Heenan and Perlmutter (1979) classification model by linking the managerial mindset to company strategy. Companies with an ethnocentrism mindset have a centralized and controlled organization with an internal strategy. According to Caligiuri and Stroh (1995), the ethnocentric strategy is about keeping the company control at the headquarter and in the parent-country. Managers with rare technical skills and branch specific knowledge are sent from the

headquarter to the host-country to work. In addition, the expatriate managers are supposed to transfer and influence the parent-country culture and values to the host-country nationals. The polycentric strategy and regiocentric strategy are often discussed together because of their similarity. These two strategies allow for a more local and regional power in the host-countries (Caligiuri & Stroh, 1995). A company with a polycentrism/regiocentrism mindset has a decentralized structure with a multinational strategy. Which means, according to Kedia and Mukherji (1999), higher involvement of the host-countries. Companies with a geocentric mindset are striving for joining or creating a global network and a transnational strategy (Kedia & Mukherji, 1999).

3.2.2 Staffing Strategies

One of the strategies connected to the previously mentioned challenge of 'staffing a global workforce' is a staffing strategy that essentially focuses on hiring the best qualified person for the job. This strategy is often referred as global talent management and is directly linked to the subject of MCNs maximizing employee's effectiveness in order to gain a competitive advantage (Furusawa, 2014). The topic of global talent management is often considered to have begun with McKinsey's phrase *War for Talent* in the late 1990s when McKinsey furthermore identified the challenges of staffing "strategically important employees" (Collings, McDonnell, & Scullion, 2009, p.6). Staffing the 'right' people is considered, by some, as one of the biggest challenges MNCs face today and will continue to be a big challenge for the coming years (Frank, Finnegan, & Taylor, 2004; Collings, McDonnell, & Scullion, 2009).

Other staffing strategies also discussed in the literature are for instance those linked to the choices of the selection of international employees. More specifically if the MNCs are selecting parent country nationals, host country nationals or third country nationals to work in their subsidiaries (Michailova, Mustaffa, & Barner-Rasmussen, 2016). These staffing strategies are linked to Perlmutter's (1969) work and can be divided into ethnocentric, polycentric, geocentric and regiocentric depending on how the MNCs make their selection. An example is if they prefer parent country nationals for the upper management positions in their foreign subsidiaries, which means they would then be considered to have an ethnocentric approach/strategy in their organization (Michailova, Mustaffa, & Barner-Rasmussen, 2016).

3.2.3 Learning Strategies

Another strategy also discussed in the literature is the 'learning strategy' which essentially means that MNCs gain a competitive advantage in situations when, according to Takeda and Helms (2010, p.137), they successfully learn to use their human resources as a learning mechanisms in the "acquisition, distribution and utilization of knowledge" from both the headquarters and its subsidiaries. Adding furthermore that "transnational IHRM learning is characterized as the dynamic process in which the MNE reacts quickly to changes in local environment via learning mechanisms" (Takeda & Helms, 2010, p.137). These ideas are built on some of the earlier work published by Laurent (1986) and Adler (1991) where they argued the importance for MNCs to have a good balance between their competitive strategies and their cultural imperative. When exploring this with a global workforce in mind, it essentially means that MNCs should focus on managing their global workforce in a consistent way on a worldwide basis but at the same time be aware of each local environment (Laurent, 1986).

3.2.4 Geocentric Strategies

The geocentric strategy is described by Caligiuri and Stroh (1995) as a balanced management strategy between the parent-country and the host-country. MNCs with a geocentric strategy are for example hiring worldwide for vacancies regardless of the nationality of the candidates which provides them with a competitive advantage. MNCs with a geocentric mindset and strategy are complexed to its structure (Caligiuri & Stroh, 1995). It is furthermore maintained that the geocentric strategy is the most successful because of its ability to balance both "global integration" and "local responsiveness". This means the MNCs can both balance their corporate structure worldwide whilst attending to the needs to the host countries (Caligiuri & Stroh, 1995, p.495). However, Kobrin (1994) holds a different opinion arguing that there is no reason to expect a correlation between the mindset and the strategy. Although, he adds, there might be a tendency to observe polycentrism in MNCs with a multinational strategy (Kobrin, 1994).

Geocentric staffing strategy, as explained earlier, essentially means that MNCs focus on recruiting the best people worldwide for any key jobs (Gowan, 2004). Applying a geocentric staffing strategy often depends on the MNCs life cycle and during such a life cycle a geocentric

strategy is usually applied late. Often an ethnocentric strategy is used for start-ups or companies that are in the beginning of their life cycle meaning that the headquarter staff oversees the subsidiaries. Then the MNCs move to a polycentric strategy and use exclusively host country nationals for the management positions and at last the MNCs end with a geocentric strategy (Banai & Sama, 2000).

3.2.5 Analysis of Main Strategies

Having discussed several strategies used within the field of managing a global workforce, we would argue that not all of them are equally well suited to deal with the complicated business environment of operating on a single global market. We believe that applying a geocentric strategy and adapting a global mindset are the strategies that work most effectively when dealing with the main challenges discussed earlier, like staffing a global workforce and making sure that the 'right' person performs the task. The reasoning behind our argument is supported by the literature previously discussed such as Caligiuri and Stroh (1995, p.495) argument concerning the balancing of both "global integration" and "local responsiveness". In addition Kedia and Mukherji (1999) argue that MNCs with a geocentric mindset aim to have a global network and a transnational strategy. Another argument is concerning managers adopting a global mindset which suggests they are better suited in dealing with the complexities of today's MNCs (Doz & Prahalad, 1991). The adoption of a geocentric global mindset can therefore be stated to result in more globally prepared manager. The geocentric strategy also "permits a still greater amount of local discretion and a greater degree of decentralization while maintaining overall integration" (Edström & Galbraith, 1977, pp.251).

4. Developing a Framework for Analysing International Human Resource Management

The focus of the created framework is regarding the main challenges of managing a global workforce and the strategies used for the challenges and the outcomes of applying geocentric strategies. The framework was created on the broad findings and the analysis of the systematic literature review linked to the two research questions; *what are the main challenges senior HR*

managers face when managing a global workforce? and *what are the strategies senior HR managers use to manage those challenges?* To develop the framework, information was drawn based on the discoveries made from the literature which included several challenges and strategies. As previously discussed we argue that a linkage exists between the main challenges of managing a global workforce and adopting geocentric strategies in order to achieve a competitive advantage.

We believe, from the analysis of the related research literature, that it has emerged clearly that MNCs today face a major challenge in getting the skills and knowledge to where it is needed and essentially the 'right' person to perform the tasks as well as the actual recruiting of a global workforce. The literature then suggests several strategies used in MNCs today within the field of IHRM. Additionally, there was a need to take in consideration the context of globalization and how that affects the correlation between challenge and strategy. The argument is therefore made that by adopting a global mindset senior HR managers have a greater chance at dealing with the complications of operating in MNCs and managing a global workforce. As was discussed in the literature review chapter, a global mindset is a set of skills that allows you to see the world from a broader perspective and make decisions and strategies with aim of sustaining a competitive advantage (Perlmutter, 1969; Rhinesmith, 1993). However within the global mindset a distinction is made between ethnocentrism, polycentrism, regiocentrism, and geocentrism (Heenan & Perlmutter, 1979). We would then argue that geocentrism is the best approach when taking into consideration globalization.

The reason being that geocentrism and geocentric strategies are best suited to deal with the challenges of managing a global workforce in the context of globalization, is the balance it contains between both "global integration" and "local responsiveness" (Caligiuri & Stroh, 1995, p.495). This means that senior HR managers that apply such strategies focus on integrating every aspect of their organization to gain competitive advantages. They view their divisions as one whole without national borders and seek talent and recruitment on a worldwide basis. Therefore the framework uses the terms 'geocentric global mindset strategy' and 'geocentric staffing strategy'. The result of applying either one of them or both together can be identified as achieving the best strategic position on the global market. Furthermore the MNCs maintain a

balance between the parent-country and host-country, meaning essentially that the senior HR managers make sure that the upper management positions are filled with the best skilled personnel and that the 'right' person for each task is selected.
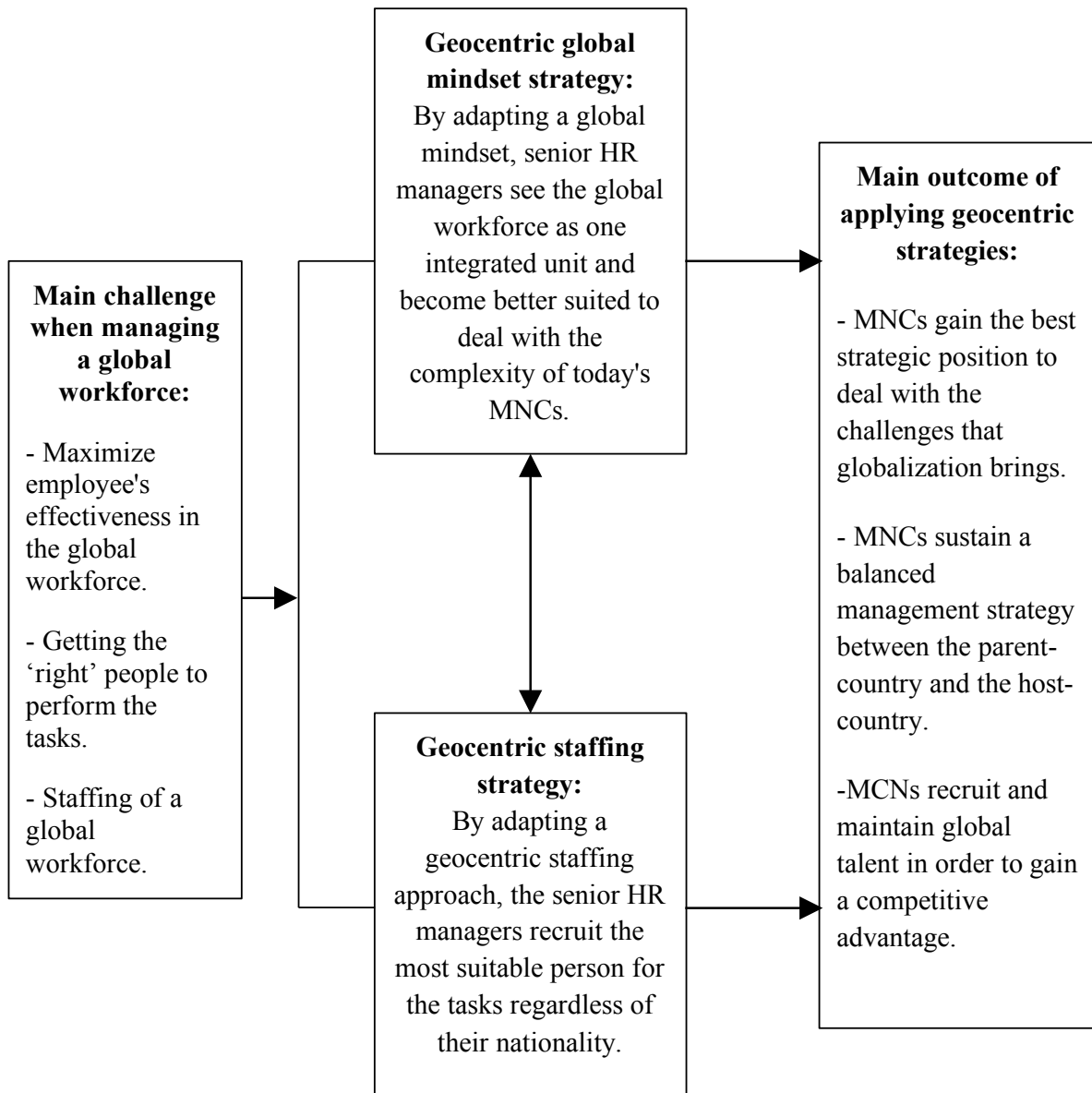
Main challenge when managing a global workforce:

- Maximize employee's effectiveness in the global workforce.

- Getting the 'right' people to perform the tasks.

- Staffing of a global workforce.

Geocentric global mindset strategy:
By adapting a global mindset, senior HR managers see the global workforce as one integrated unit and become better suited to deal with the complexity of today's MNCs.

Geocentric staffing strategy:
By adapting a geocentric staffing approach, the senior HR managers recruit the most suitable person for the tasks regardless of their nationality.

Main outcome of applying geocentric strategies:

- MNCs gain the best strategic position to deal with the challenges that globalization brings.

- MNCs sustain a balanced management strategy between the parent-country and the host-country.

-MCNs recruit and maintain global talent in order to gain a competitive advantage.

Figure 1

Framework for applying a geocentric strategy.

4.1 Applying the Framework

Having developed the framework, the next step was to apply it and so, as explained in the method section, six statements were created based on the framework. Three senior HR managers were asked to give an answer on the scale 1-5 from strongly disagree to strongly agree depending on their opinion concerning the statements. The result of the pilot study will now be discussed as it gives an important indication regarding the practical relevance of the framework since the framework was developed based on the literature. All statements can be found in Appendix C.

Statements one to four were directly based on the framework where the first two statements concerned the main challenges that we identified from the literature (see Figure 1). The result of the first statement was *one response for neither agree nor disagree, one for slightly agree* and *one for strongly agree.* The result for the second statement was *three responses for strongly agree*. It is therefore our interpretation that the aforementioned challenges are considered to be of relevance in today's MNCs. The third statement reflected the adoption of a geocentric global mindset strategy (see Figure 1) and the result was *two responses for slightly agree* and *one for strongly agree*. The fourth statement concerned the geocentric staffing strategy (see Figure 1) and the responses was *one for neither agree nor disagree, one for slightly agree* and *one response for strongly agree*. When all of these responses, concerning the four statements based on the framework, are summarized the result is therefore *two responses for neither agree nor disagree, four responses for slightly agree* and *six responses for strongly agree*. We would therefore argue that the result of the pilot study indicates that the framework is of practical relevance. The challenges are among those senior HR managers face in MNCs today. In addition both statements involving the strategies resulted in a high agreement of relevance which can be argued to indicate that the linkage between challenge, strategy and competitive advantage is of importance and has practical relevance.

Although the purpose of the pilot study was to first and foremost apply the framework in order to test its practical relevance, there was an opportunity to add two additional statements regarding other challenges that had been discovered. These challenges/statements are not connected directly to the framework but are nonetheless of interest as they come back to this thesis purpose

of discovering the main challenges when managing a global workforce. The fifth statement was regarding 'a lack of legal framework' and scored low on relevance with *two responses for slightly disagree* and *one for strongly disagree.* The sixth and final statement regarding 'language barriers and communication' scored on the other hand high relevance with *two responses for slightly agree* and *one for strongly agree.*

Finally there was an open question for the senior HR managers where they could state any challenges that had not been mentioned in the pilot study. One manager took the opportunity to do so in Swedish. The reply can be translated to English as the following: "yes, the different management/leadership styles in combination with the company culture is missing in the framework. In addition, the team work in diverse groups is a challenge when there are many different nationalities present". This response identifies challenges that have not been explicitly covered in this thesis but will therefore be discussed further in the next chapter.

5. Discussion

As has been discussed in this thesis, the need for more globally prepared managers has emerged in recent years as more companies expand to new markets. Furthermore, the need for strategic human resource management has become more important than ever as companies seek ways to gain a competitive advantage. The purpose of this thesis was to gather existing literature regarding the challenges of managing a global workforce in the context of globalization. The topic was narrowed by the following two research questions: *What are the main challenges senior HR managers face when managing a global workforce?* and *What are the strategies senior HR managers use to manage those challenges?* During the literature review a gap was discovered regarding the strategies applied to the challenges of managing a global workforce. The gap concerned the fact that most literature studies either the IHRM challenges or SHRM used in MCNS today (see for example Caligiuri & Stroh, 1995; Roberts, Kossek, & Ozeki, 1998; Beechler & Javidan, 2007; Rao, 2008; Collings, McDonnell, & Scullion, 2009; Takeda & Helms, 2010; Harvey, Mayerhofer, & Hartmann, 2010). But very little literature covers the topic of how the challenges of managing a global workforce can be managed by applying IHRM strategies.

This thesis adds to the knowledge base of the IHRM literature by introducing a framework that demonstrates how geocentric strategies can be applied to some of the main challenges of managing a global workforce (see Figure 1). The geocentric strategies are divided into two, 'geocentric global mindset strategy' and 'geocentric staffing strategy'. The 'geocentric global mindset strategy' is of particular interest for us as management graduates as we have an opportunity to consciously adopt the 'geocentric global mindset'. As a result, we firmly believe that we will become more globally prepared to manage a global workforce and deal with the challenges that may arise in our future careers.

The framework was then tested by using a pilot study to explore its practical relevance. Three senior HR managers were asked to give their professional opinion. We concluded, based on the result of their responses, that the framework has practical relevance. It is important to mention that we are aware of the interpretations we made from the answers of the three participants. However, all three managers are working in the field of IHRM and it is therefore of relevance to look at the tendencies in their answers as they give an indication about the topic. We therefore maintain that there is an opportunity to further research the linkage between challenges and geocentric strategies and gaining a competitive advantage. Additionally, as the literature suggests that MNCs using geocentric strategies obtain a strategic advantage and it would be interesting to study if this is true in practise. Finally, there is an opportunity to research further if geocentric strategies can be applied earlier in the lifecycle of the MNCs as according to the literature these strategies are often applied late in the lifecycle when the MNC has developed and evolved. At last the framework can be further developed by adding additional information of relevance.

When conducting the pilot study, we saw an opportunity to add two additional statements concerning challenges we discovered. These challenges were not directly connected to the framework but are of interest nonetheless as they come back to our purpose of exploring the main challenges when managing a global workforce. One of these statements was regarding 'a lack of legal framework' which scored low indicating that the senior HR managers did not view this challenge having practical relevance. The other statement was concerning the complexities when dealing with 'language barriers and communication' which scored high indicating that it has practical relevance. During the literature review it emerged that although there are

mentionings of these challenges, there are very few strategies mentioned that manage such challenges (Rao, 2008). Therefore it could be of relevance to explore if there are existing strategies that can be used for 'language barriers and communication' or how such challenges can be best managed.

Having covered the main contributions we add to the research field of IHRM, we would mention again that the framework was built on findings of a literature review narrowed by two carefully selected research questions. Others might therefore find different articles relevant depending on the inclusion and exclusion criteria used as their guidance. However we believe this thesis adds value, particularly for senior HR managers, as it provides them with an opportunity to better understand the globalized challenges they face. Armed with that knowledge they can better develop practises in their respective MNCs. The same can be said to apply for us, being aspiring managers. Therefore the findings of this thesis can contribute considerably to the development of international human resource managements as a strategic tool.

6. Conclusion

To conclude, this thesis set out to gather existing literature regarding managing a global workforce in the context of globalization. More specifically *what are the main challenges senior HR managers face when managing a global workforce?* and; *what are the strategies senior HR managers use to manage those challenges?* The systematic literature review resulted in a discovery of those main challenges being 'maximize employee's effectiveness in the global workforce'; 'getting the right people to perform the tasks' and 'staffing of a global workforce'. The literature review also revealed several strategies, two of which were a 'geocentric global mindset strategy' and a 'geocentric staffing strategy'. It was then argued that by applying geocentric strategies, MNCs would gain the best strategic position to deal with the challenges and complications that globalization brings to the business environment. This served as a foundation for a framework that was created and then tested by a pilot study. The result of the pilot study suggested the framework to be of practical relevance and several areas to be further researched.

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Appendix

Appendix A
Email to participants

Dear Senior HR Manager,

We are two Master Students at Lund University currently studying Master in Management. Our names are Louise Lundeborg and Fanný Heiða Hjartardóttir and we are currently writing our Master Thesis. The main purpose of our thesis is to discover the key challenges globalization has had on the field of International Human Resource Management. We would like to send you a small survey with our findings to seek your professional opinion. If you are interested in taking part in our project, we would send you the survey on the 12th of May and seek your answer before the 18th of May if possible. For your information neither your name nor the company you are employed by will be mentioned in connection to our thesis project as the survey is completely anonymous. We highly appreciate your participation and look forward to your reply,

Kind regards,
Louise Lundeborg & Fanný H. Hjartardóttir

Appendix B

Pilot study - Introduction

The aim of the master thesis was to identify, based on a systematic literature review, some of the main challenges of managing a global workforce and to gather possible strategies that can be used to manage those challenges. The purpose of this pilot study is to seek your professional opinion as a Senior HR manager on the selected statements. The result of the pilot study will provide a professional insight into the topic. We kindly ask you to indicate whether you agree or disagree with the statements. Participants are anonymous and your contribution is handled confidentially.

We thank you for your participation and we appreciate your contribution!

Appendix C

Pilot study - Statements/questionnaire

1. Making sure that the most qualified employees are where they are needed in an organization, regardless of geographical location, is one of the main challenges senior HR managers face in global companies today.

2. Staffing strategically important employees is one of the main challenges senior HR manager face in global companies today.

3. Senior HR managers that see their global workforce as one integrated unit are better suited to deal with the complexity of today's globalized business environment.

4. Senior HR managers that have an opportunity to recruit worldwide for vacancies, regardless of the nationality of the candidates, are more likely to get the right skills and knowledge to where they are needed in the organization.

5. One of the main challenges senior HR managers face in global companies is the uncertainty concerning which law to apply.

6. One of the main challenges senior HR managers face in global companies is dealing with communicational and language barriers.

7. Are there other challenges that have not been mentioned earlier in this pilot study that you would like to highlight? If so, please specify.

1. Strongly Disagree
2. Slightly Disagree
3. Neither Agree nor Disagree
4. Slightly Agree
5. Strongly Agree