



## GLOBAL HUMAN RESOURCE MANAGEMENT STRATEGY IN FACING MULTICULTURAL CHALLENGES IN THE DIGITAL ERA

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### Abstract

This study aims to investigate global human resource management (HRM) strategies for addressing multicultural challenges in the digital era. The primary focus is how multinational corporations manage cultural diversity by leveraging digital technologies. To gather information from multinational corporations in Southeast Asia the research utilized a qualitative methodology that included semi-structured interviews, document analysis, and focus group discussions. The findings indicate that incorporating digital technologies, including performance management systems and cross-cultural communication tools, markedly enhances the efficacy of HRM by promoting collaboration and transparency. These technologies also enable cross-cultural training tailored to employees' cultural backgrounds, closing cultural gaps and increasing inclusivity. Policies supporting technology use in HRM include fair training and evaluation guidelines. The findings of this study offer new viewpoints on how technology-based and adaptable human resource management strategies can assist multinational corporations in addressing multicultural challenges in the digital era.

**Keywords:** Human Resource Management, Multiculturalism, Digital Technology, Globalization, Inclusion

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### INTRODUCTION

In the current global era, human resource management (HRM) is confronted with challenges that are becoming increasingly complex, particularly in the context of multiculturalism and digital technological advancement. The human resource management strategies that multinational corporations must develop must not only be capable of effectively managing a diverse workforce across multiple countries, but they must also be able to accommodate differences in culture, norms, and values. Cultural differences significantly influence work dynamics, communication, and employee collaboration; thus, effective management is crucial for a company's success in navigating global competition.

Globalization has significantly altered the business landscape over the last several decades. Companies operating must be able to manage a workforce with diverse cultural backgrounds. As a result, human resource management faces new challenges, which require them to develop policies and strategies that are both adaptable and inclusive. The results of recent research indicate that businesses with effective global human resource strategies are better able to create an inclusive working environment and increase the productivity of their employees. According to Ng et al. (2021), managing multiculturalism in HR is critical in boosting innovation and performance in multinational companies.

The rapid advancement of technology contributes to the escalation of the challenges associated with multiculturalism in the digital era. Digitalization has enabled companies to operate virtually and increase flexibility in working. Digital technology allows companies to recruit, manage, and train workers worldwide without geographical boundaries. However, digitalization presents unique

challenges, particularly in adapting to new technologies and improving employee competencies. Companies must be able to strike a balance between the use of technology and human capabilities, particularly in multicultural contexts. Based on research conducted by Thite (2022), digitalization in global HR requires a holistic management approach, where technology is used strategically to support communication, collaboration, and the development of an inclusive corporate culture.

Multiculturalism, indicative of cultural diversity within the workplace, substantially influences organizational performance. Cultural disparities can affect employees' cognition, communication, and decision-making processes.

Therefore, companies must develop HR management strategies sensitive to cultural differences and promote inclusivity. A study conducted by Stahl et al. (2020) showed that companies that successfully manage cultural differences tend to have more creative and innovative teams and better handle internal conflicts. In a multicultural context, companies must understand various factors, such as differences in communication styles, work values, and perceptions of authority, which can affect working relationships between employees.

Implementing a cross-cultural training strategy is one approach to addressing the challenges associated with multiculturalism in the digital era. The purpose of this training is to make employees more aware of their cultural differences and to equip them with the skills necessary to communicate and collaborate effectively with coworkers who come from a variety of backgrounds.

According to research conducted by Tarique and Schuler (2018), cross-cultural training is becoming increasingly important in a globally integrated workplace, where a company's success depends heavily on the ability of employees to work together effectively in a multicultural environment.

Additionally, businesses must implement technology in the digital era, allowing employees to work remotely and collaborate virtually. Businesses can more effectively manage a workforce dispersed across multiple locations with the assistance of technologies such as project management software, communication platforms, and digital performance appraisal systems. However, utilizing this technology must be tempered by appropriately managing human factors, such as developing digital and interpersonal skills.

It is essential to ensure that employees can work effectively, even though they come from different cultural backgrounds. A study conducted by Beugelsdijk et al. (2021) found that the use of technology in HR management can increase efficiency but must be accompanied by a strategy that considers cultural aspects and inclusivity.

According to prior studies, human resource management (HRM) strategies on a global scale, particularly for addressing multicultural issues in the modern digital workplace, should be discussed more in the existing literature. Previous studies have explored various aspects of multiculturalism, such as those mentioned by Stahl et al. (2020) and Ng et al. (2021), highlighting the importance of managing cultural diversity in improving team and organizational performance. However, these studies need to

discuss the growing influence of digitalization in global HRM. In addition, research that examines the role of digital technology in HRM by Thite (2022) emphasises efficiency and technological innovation but needs to pay more attention to how technology can be used to manage complex cultural dynamics in multinational companies. A separate study by Tarique and Schuler (2018) examines cross-cultural training and global talent management; however, it must explicitly address the challenges of digitalization in multicultural human resource management.

This study aims to find a solution to this problem by incorporating digitalization opportunities and multicultural challenges into global human resource management. This research investigates how businesses can create comprehensive strategies to manage cultural diversity through digital technology. This study will also explore the role of technology in creating an inclusive work environment and maximizing the potential of employees from various cultures. The use of digital technology in managing cultural diversity is still an area that has not been widely studied, so this study is expected to provide new contributions to the literature on global HR management, especially in the increasingly multicultural digital era.

Consequently, this research examines how multinational human resource management approaches equip modern businesses to deal with multicultural issues. In light of the ever-present uncertainty brought about by globalization and the rapid advancement of digital technology, this study is anticipated to offer fresh perspectives on why managing a global workforce in an integrated and flexible manner is crucial.

### **Cultural Intelligence**

Cultural intelligence is essential for individuals and organizations to engage effectively in cross-cultural contexts. This capability encompasses a profound comprehension of the norms and values of diverse cultures, alongside the capacity to modify behaviour and communication strategies in varying cultural contexts. It is essential for building harmonious and productive working relationships in a diverse global environment (Ang et al., 2022).

### **Global Talent Management**

The primary focus of global talent management, a strategic approach, is attracting, developing, and retaining employees from various cultural backgrounds. Implementing this strategy is absolutely necessary to enhance an organization's capacity to deal with global challenges and boost its competitiveness in national and international markets.

This process entails the identification and recruitment of high-quality talent from various countries, the development of pertinent training programs, and the implementation of effective retention policies. By managing talent globally, organizations can leverage diverse cultural perspectives, increase

innovation, and strengthen their position in an increasingly competitive and internationally connected market (Cascio & Boudreau, 2021).

### **Digital Technology in HR Management**

Digital technology has significantly changed human resource management (HRM) practices by introducing various analytics and automation tools. These innovations enable organizations to manage a diverse global workforce more efficiently and effectively. Using data analytics, companies can gain in-depth insights into employee performance, predict HR needs, and design more targeted development strategies. Meanwhile, automation reduces the administrative burden, allowing HR teams to focus on strategic aspects and employee development. This technology integration supports HRM in facing complex challenges in an increasingly connected global market (Marler & Fisher, 2021).

### **Cultural Diversity in Work Teams**

Having members from different cultural backgrounds in teams brings significant benefits. These benefits include the provision of unique perspectives and creative ideas, which can enhance problem-solving and decision-making. However, cultural differences can also give rise to complex communication challenges, such as misunderstandings or value conflicts, which can be challenging to resolve.

Therefore, organizations must implement effective strategies for managing diverse team dynamics, ensuring clear communication, and building an inclusive work environment to maximize the potential of cultural diversity (Stahl et al., 2020).

## **METHOD**

### **Types of research**

This study, which takes a qualitative approach to conducting research, investigates how multinational corporations manage their human resources in the face of multicultural challenges and the advent of the digital era. The study was selected for its capacity to offer comprehensive insights into particular dynamics present in real-world contexts, enabling researchers to comprehend the practical implementation of HR management strategies thoroughly.

This method helps identify effective strategies and challenges faced by companies in managing cultural diversity and ever-growing technology (Yin, 2018). Furthermore, the case study approach allows for the collection of extensive contextual data required for qualitative analysis. It enables researchers to investigate complex aspects of global human resource management and how digital technology influences multicultural workforce management. Focusing on multinational companies in this study aims to identify strategies that can be adapted or modified to improve the effectiveness of HR management in the digital and multicultural era (Yin, 2018).

### **Time and Place of the Research**

This research will be carried out over six months, beginning in January 2024 and ending in June 2024, with a particular emphasis on multinational corporations active in Southeast Asia. This period and location are selected to collect pertinent and comprehensive data regarding managing human resources within a multicultural and digital context. Southeast Asia was chosen due to its high diversity and rapid adoption of digital technology, making it an ideal context for investigating how multinational corporations overcome challenges and capitalize on opportunities in global HR management. This research is expected to provide comprehensive and applicable insights into HR management in the digital era (Creswell, 2014).

### **The Method of collecting data**

The data collection method utilized in this study involves several primary techniques to acquire comprehensive and in-depth information. In the beginning, we will conduct semi-structured interviews with HR managers and employees from various cultural backgrounds. This approach allows researchers to explore individual perspectives on HR management strategies and multicultural challenges faced in the digital era (Kvale & Brinkmann, 2015).

A second step is to analyze the company's internal documents, such as annual reports and HR policies, to gain a deeper understanding of the organization's policies and procedures. This will also help in understanding how HR management strategies are designed and implemented (Bowen, 2009). Third, various staff members will be surveyed through focus groups to obtain their opinions. In addition to enhancing the data gathered from interviews and document analysis, this method permits a thorough investigation of employees' perspectives and experiences regarding cultural integration and HR management (Krueger & Casey, 2015). This combined approach aims to gain a holistic understanding of the dynamics and challenges in global HR management in the digital age.

### **Data analysis**

For this study, the data gathered will be analyzed using a methodical approach consisting of several primary steps. The first step will be to conduct a coding procedure to recognise recurring themes and patterns led by the data. This coding involves labelling relevant data segments, making it easier to find recurring patterns and significant main themes (Saldana, 2015). Next, the main themes will be arranged to organize the data into relevant categories. This step aims to group information based on key themes that have been identified, making it easier to understand the relationship between various aspects of global HR management and multicultural challenges (Braun & Clarke, 2006).

Data interpretation and synthesis will be performed to generate a thorough understanding of the execution of global HR management strategies. This process entails analyzing the results to derive comprehensive conclusions and situate the findings within a broader context, thereby providing

valuable insights into how companies can manage cultural and technological diversity in their HR management practices (Patton, 2015). This analytical approach ensures that the research results explain the observed phenomena and provide practical guidance for effective strategy application.

## **RESEARCH RESULTS AND DISCUSSION**

### **Research result**

Within the context of the digital era, the purpose of this study is to investigate global human resource management (HRM) strategies for addressing complex multicultural challenges. The analysis of data obtained from semi-structured interviews, internal document analysis, and focus group discussions led to the discovery of several important findings.

1. Multinational companies that are successful in global HR management leverage the integration of digital technologies as part of their strategy. Digital-based management systems, such as performance management platforms and cross-cultural communication tools, have proven highly effective in supporting collaboration and coordination across global teams. These technologies enable companies to monitor employee performance in real time, which helps reduce bias in the evaluation process and increase transparency in communication across the organization. With these digital tools, companies can provide more accurate and data-driven feedback and facilitate smoother interactions between team members from different cultural backgrounds. This finding aligns with research by Marler and Fisher (2021), which emphasizes that digital technology plays a crucial role in increasing the competitiveness of global companies by optimizing talent management. Companies can improve their operational efficiency by implementing technology and creating a more inclusive working environment responsive to employees' various backgrounds' requirements. Consequently, digital technology is a tool and a strategic factor that plays a role in determining the success of businesses operating in a highly competitive global market.
2. Companies that implement technology-based HR management strategies show higher levels of success in managing cultural diversity. Digital technology offers the flexibility to adapt management strategies to the specific needs of different cultural backgrounds. It includes adjusting policies as well as developing more relevant training. For example, e-learning systems tailored to different languages and cultures facilitate cross-cultural training by ensuring that training materials are accessible and understandable to employees from different backgrounds. This approach enhances employees' skills in interacting across cultures and helps reduce the cultural gaps in global organizations. This study's findings align with the results presented by Cascio and Boudreau (2021), who emphasized that digital technology is a tool to reduce cultural gaps and improve the effectiveness of global talent management. By leveraging digital technology for customization and training, companies can create a more inclusive and adaptive work environment, improving performance and collaboration in culturally diverse teams. Technology improves operational

efficiency and strengthens the integration of employees from different backgrounds, making it a key element in a successful global HR management strategy.

3. Analysis of internal company documents revealed that policies supporting the use of technology in HR management include comprehensive guidelines for training and evaluation. These policies are designed to mitigate bias in performance appraisals and ensure that communication tools are sensitive to cultural differences. For instance, internal company documents include guidelines for the utilization of performance management systems that are both fair and transparent, as well as training procedures that take into account cultural and linguistic differences. It helps reduce the likelihood of unfairness and enhances communication efficiency across cultural boundaries. The purpose of this emphasis on detailed policymaking is to ensure that technology is not only adopted but also effectively integrated into various cultural contexts, which ensures that technology is adopted. This finding is consistent with Bowen's (2009) research, which emphasizes the importance of analyzing internal documents to understand a company's HR policies and practices. According to Bowen, internal documents are essential for determining how policies are implemented and evaluated in practice, as they provide insight into how they work in real-world contexts. Companies that use technology in HR management should ensure that their policies not only cover the use of such tools but also consider their impact on various aspects of culture and performance evaluation in order to achieve more equitable and effective results in global HR management.

## **Discussion**

According to the findings of this research, the implementation of digital technology in global human resource management has indicated that it has proven to be very effective in overcoming challenges that are associated with multiculturalism. Technology, such as performance management systems and cross-cultural communication tools, has made it easier for global teams to coordinate and collaborate. Additionally, it has supported more equitable and data-based employee evaluation and development. This finding aligns with research by Marler and Fisher (2021), which emphasizes that digital technology plays a key role in increasing the competitiveness of global companies. Technology facilitates operational efficiency and helps create an inclusive and adaptive work environment, which is essential in an increasingly competitive global market.

A significant challenge in incorporating digital technologies into global HR management is the necessity to tailor digital tools to various cultural contexts. Although technology can enhance various facets of HR management, discord with local cultural norms may pose a substantial challenge. With proper adaptation, technology can avoid exacerbating cultural tensions or creating communication gaps between team members from different backgrounds. This finding is consistent with the results of research by Stahl et al. (2020), which showed that digital tools that consider local cultural norms can help the effectiveness of communication and collaboration between global teams. In this context, it is

essential for companies to make careful adaptations of technology and involve stakeholders from different cultures in developing and implementing digital tools to ensure that technology supports, rather than hinders, global HR management goals.

Cross-cultural training and digital skills development are critical factors in addressing technology integration challenges in global HR management. Interview results show that companies that provide specific training to understand and use technology in the local cultural context can produce better-prepared and skilled employees who can adapt to change.

Employees participating in this training can better face multicultural challenges and use digital tools effectively in diverse work environments. These findings support Kvale and Brinkmann's (2015) guidance on the importance of in-depth interviews to explore employee perspectives and emphasize that a deep understanding of training and development needs can improve the effectiveness of technology in HR management. Companies can ensure that technology is accepted and utilized to its full potential to improve performance and collaboration in global teams by involving employees in training designed for their cultural context.

This study confirms that incorporating digital technologies into global HR strategies is critical for managing cultural diversity and capitalizing on the opportunities presented by the digital era. Digital technologies, such as performance management systems and cross-cultural communication tools, can improve global team coordination and collaboration while facilitating more equitable, data-driven employee appraisals and development. However, it is critical to tailor tools and policies to local cultural contexts.

Without proper adaptation, technology can exacerbate cultural tensions or create communication gaps. In addition, adequate training to understand and use technology in different cultural contexts is crucial to ensure that technology is used effectively. The results of this study provide valuable insights for multinational companies in formulating more adaptive and effective HR strategies in the digital age. By considering local cultural needs and providing appropriate training, companies can maximize the benefits of digital technologies and better address multicultural challenges.

## **CONCLUSION**

This study concludes that harmonising human resource management and cultural diversity management is necessary to have a thriving global human resource management (HRM) strategy in the digital era. In order to facilitate global collaboration and real-time performance evaluation, multinational corporations frequently utilize digital technology to manage human resource management (HRM) successfully. In order to facilitate interactions that are more efficient and to reduce evaluation bias, technology plays a significant role. Examples of such technology include performance management systems and platforms for cross-cultural communication.



In addition, applying technology for cross-cultural training tailored to specific cultural needs improves employees' skills in interacting across cultures, reduces cultural gaps, and improves team collaboration. However, internal company policies that support the use of technology must be carefully designed to include guidelines that ensure fairness in performance appraisals and sensitivity to cultural differences. When it comes to performance evaluations, it is essential to establish transparent and objective guidelines to eliminate any potential bias that the utilization of technology may cause. Training for managers and staff members to understand and appreciate cultural differences, as well as training on how technology can be used to address the challenges that may arise due to such diversity, should also be included in the policy.

A holistic approach combining technology with cultural diversity management has proven critical in creating an inclusive work environment. This approach facilitates more effective communication and cross-cultural collaboration and increases employee satisfaction and productivity. Companies can improve their competitiveness in the global marketplace and ensure that all employees feel valued and motivated by implementing policies that support the equitable and culturally sensitive use of technology. Companies can implement these policies.

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