



## **FEATURES OF PERSONNEL MANAGEMENT IN TRANSNATIONAL CORPORATIONS**

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### **Abstract**

The essence of personnel management in transnational corporations (TNCs), particularly in the context of globalization, is examined. The purpose of the article is to study the features of human resource management in transnational corporations, to identify the key problems faced by international companies, and to develop recommendations for improving the efficiency of the personnel management system in TNCs. The methods of analysis, synthesis and comparison are used to achieve the formulated goals.

The role of TNCs in the global economy is defined. Examples of successful TNCs, such as Apple, Microsoft, Amazon, Saudi Aramco, Tesla, etc. are given. The concerns of expatriates before moving abroad for work are considered. The main challenges related to the management of multicultural teams are analyzed. These include difficulties in intercultural communication due to differences in values, mentalities, and approaches to decision-making. The problem of mobbing is mentioned. The importance of gender equality, particularly in leadership positions, is outlined.

The necessity of implementing cross-cultural management and continuous training programs for the effective work of international teams is emphasized. These approaches allow for better communication between employees of different cultures and the creation of work standards. The role of coaching and motivation systems in increasing employee productivity is highlighted. The practical significance of the study is to provide recommendations for TNCs to improve the personnel management system based on the identified problems and best practices.

### **Keywords**

Personnel management, Transnational corporations (TNCs), Personnel, Multiculturalism, Expatriates, Staff training, Globalization, Adaptation.

### **Problem statement**

Transnational corporations (TNCs) play a key role in the global economy. Their activities cover numerous countries, so human resource management in such a global context becomes a significant challenge for them due to the cultural characteristics of the workforce, the diverse legal systems of the countries where TNCs operate, and the need to maintain a balance between corporate goals and local conditions. These issues require updating approaches to ensure the efficiency and competitiveness of TNCs in the international arena.

### **Relevance of the chosen topic**

In the modern world, TNCs have a significant impact on global economic processes, as they employ millions of people in different countries. The success of such companies largely depends on effective personnel management, particularly in conditions of constant changes in the labor market, the strengthening of the role of social initiatives, and the growth of requirements for ensuring equality. In this regard, the need to improve approaches to personnel management and adapt to new global trends determines the importance of this study for understanding how TNCs can optimize their strategies to achieve better results.

### **Analysis of recent research and publications**

Many foreign and domestic scientists were engaged in the study of this topic. They believe that personnel management in TNCs is a complex and multifaceted process that requires innovative methods. For example, according to O. Pashchenko and O. Borushchak (Pashchenko & Borushchak, 2020), personnel management in transnational corporations requires an adaptive approach that takes into account the conditions of different countries, as well as a holistic approach that is focused on the constant development of human resources. Similar views are shared by I. Tarnovska (Tarnovska, 2022), also emphasizes that the key challenge for TNCs is the coordination of activities between the head office and branches located in different parts of the world.

According to the point of view of K. Hiurdzhian and O. Bulyk (Hiurdzhian & Bulyk, 2021), the effective management of multicultural teams is an important component of the successful activities of TNCs. These authors point out that cultural differences can affect communication, decision-making, and employee motivation. As noted by O. Zharikova and K. Cherkesenko (Zharikova & Cherkesenko, 2021), expatriates in TNCs ensure the transfer of corporate values and standards to international branches. However, the authors also draw attention to the problems of their adaptation to new cultural and legal realities, which can lead to conflicts and reduced work efficiency. Also, according to the research of D. Shushpanov and M. Lifanova (Shushpanov & Lifanova, 2019), modern TNCs are actively implementing personnel development strategies focused on training and improving the professional skills of employees in a global environment. They include the use of the latest technologies in educational processes and the development of leadership qualities.

### **Purpose of the article**

The purpose of the article is to study the features of human resource management in transnational corporations, to identify the key problems faced by international companies, and to develop recommendations for improving the efficiency of the personnel management system in TNCs.

Achieving this goal involves solving many specific tasks:

- analysis of the role of TNCs in the world economy;
- study of the features of personnel management in TNCs;
- identification of the main problems faced by TNCs in the field of managing multicultural teams;
- development of recommendations for improving the personnel management system in TNCs based on identified problems and best practices.

## Presentation of the main research material and results obtained

The modern economy is increasingly integrated into the global space, where transnational corporations play a key role. TNCs are large business structures that operate in many countries, have complex management structures, and occupy leadership positions in various industries. Due to their size and global reach, TNCs not only influence the economic development of individual countries but also set new standards, in the field of personnel management.

According to the official definition of the United Nations Conference on Trade and Development (UNCTAD), a transnational corporation is a company that unites legal entities of various organizational and legal forms and activities in two or more countries, guided by a single policy and an overall strategy determined by one or more decision-making centers (UNCTAD, 2003). Thus, TNCs are enterprises that operate in several countries at the same time, having a parent company in the home country and subsidiaries in the host countries.

The world's leading TNCs include such companies as Apple, Microsoft, Amazon, Saudi Aramco, Tesla, Walmart, Eli Lilly, etc. To begin with, Apple, with a market capitalization of \$3.3 trillion as of 09.16.2024, is the largest technology company specializing in electronic devices production and software. Microsoft (\$3.2 trillion) remains a key player in the software, cloud technologies, and artificial intelligence markets. Amazon (\$1.9 trillion) dominates e-commerce and cloud computing. Saudi Aramco (\$1,8 trillion) is a company that provides a huge share of world oil production. Eli Lilly (\$832 billion) retains its leading position in the pharmaceutical industry. This company is engaged in innovative healthcare solutions. Tesla (\$723 billion) is an innovator of electric vehicle production and solutions for renewable energy. And finally, Walmart (\$648 billion) is the largest retailer in the world (Ventura, 2024).

Due to their resources and global presence, TNCs play an important role in the global economy and influence (Shevchenko & Shevchenko, 2023, p. 375-376):

- formation of global trends in the structure, dynamics, and level of competitiveness of the economy in the international market of goods and services;
- control over international capital flows and foreign direct investment, because TNCs are the main investors in developing countries, significantly affecting their economic development;
- acceleration the processes of creating and transferring innovations due to their concentration in their own research centers and production facilities. With their financial and production resources, TNCs hold leading positions in high-tech industries, manufacturing products with advanced characteristics that contribute to technological development;
- expansion and intensification of international labor migration, promoting the dissemination of professional knowledge and exchange of experience between employees from different countries. As a result, the international labor market is being formed, the key feature of which is the unification of professional training standards.

Human resources management in TNCs is a more complex process compared to national companies because of their global presence, large number of business processes, diversity of cultures, legislative systems, and economic conditions in different countries. One of the most important characteristics of TNCs is the need to align global corporate strategies with local specifics. The headquarters of the corporation sets general management standards, policies, and goals, but subsidiaries in different countries often have the freedom to make decisions. This approach allows them to take into account the specifics of the local labor market.

In accordance with this, the management of TNCs is organized according to a multi-level hierarchy that reflects the general structure, as well as the distribution of power and responsibility in the company and its divisions. The main hierarchical levels are shown in Figure 1.

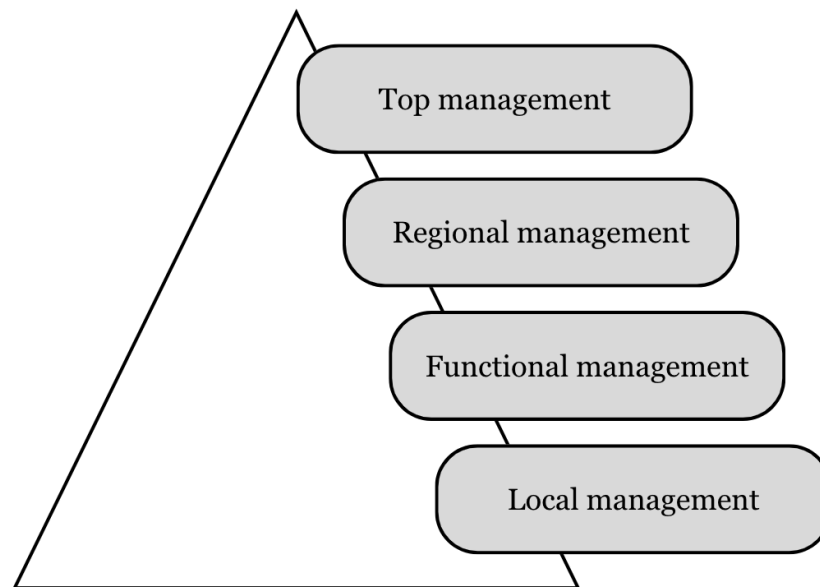


Fig. 1: Fig. 1. Hierarchical levels of the TNC management structure.  
Source: Compiled by the authors based on (Privarnikova & Holey, 2024)

At the top of the structure is the top management, i.e., the CEO, the board of directors, and other senior officials. They form the overall development strategy of the corporation, and its global goals and make key decisions. The next level is regional management, which is responsible for the company's activities in specific geographical regions, adapting the overall strategy to local conditions. The functional leadership level is responsible for managing individual functional areas of the company, such as finance, marketing, production, logistics, or research and development. These managers provide coordination between the regional offices and the central office. They also perform the functions that are necessary to achieve the strategic goals of the corporation. Local management is responsible for operations directly at the level of individual divisions of the corporation in specific countries. Their main role is to manage day-to-day operations and implement all the decisions made at higher levels.

It can be seen that the hierarchical structure of TNC management is designed to ensure effective coordination of activities at all its levels, i.e., from global to local. This allows companies to simultaneously remain competitive in the global market and take into account the regional features of their activities.

In addition, TNCs use various models of corporate governance to optimize their operations on a global scale. The choice of a particular model largely depends on factors such as the size of the corporation, the diversity of its markets, and the required degree of control over subsidiaries. The most common models are centralized, decentralized, matrix, and combined (Privarnikova & Holey, 2024, p. 421). Each of them has its characteristics that allow managers to effectively manage operations in different regions, depending on the specifics of the business and strategic goals of the company.

The centralized model of management assumes that all major decisions are made at the head office or headquarters of the corporation. That way, the unity of the strategic vision and standardization of business processes can be maintained on a global scale. For example, Samsung, one of the world's leading electronics companies, uses this management model. While all major decisions on products and strategy are made at the headquarters located in South Korea, the regional divisions operate under the strict control of the central office.

The decentralized management model, on the contrary, means that the divisions of a TNC can make most decisions independently. As a result, the company's strategies can be better adapted to local conditions. This approach is particularly effective in companies operating in different cultural and economic environments where greater flexibility is required. An example is the pharmaceutical and medical company Johnson & Johnson. It gives its regional divisions considerable autonomy, which allows each of them to make decisions depending on the specifics of local markets and needs.

The matrix management model of involves a combination of functional and regional units in the decision-making process. Thus, both strategic control by the central office and flexibility at the local level are ensured. The matrix model is used by the American company Procter & Gamble to organize the interaction between its functional areas and regional offices. This solution allows us to quickly adapt to the requirements and specifics of each market and coordinate global strategies.

Finally, the combined governance model is an option that includes elements of centralized and decentralized management. This approach is often used by organizations with global presence but seeks to take into account local features. For instance, McDonald's uses a combined model, where the overall strategy and service standards are formed at the head office in the United States, but regional franchises have the autonomy to adapt the menu to local conditions.

Multinational companies usually attract workers from three main types of countries (Zharikova & Cherkesenko, 2021, p. 48):

- from the home country, where the headquarters is located;
- from host countries, where branches are located;
- from countries that are sources of labor or finance

Such a diverse workforce creates additional responsibilities and many challenges for companies in the field of management and staff support. For example, expatriates are employees who are relocated by TNCs from one country to another. They play a key role in coordinating global strategies and sharing knowledge between branches. However, international rotations are often accompanied by various difficulties, as well as psychological and social challenges. These include culture shock, the need to adapt to new conditions and deal with differences in quality of life between countries. According to the study, the results of which are depicted in Figure 2, expatriates are also concerned about loneliness, career prospects, the resettlement process, the quality and accessibility of healthcare and education for their children, and safety in the host country in general.

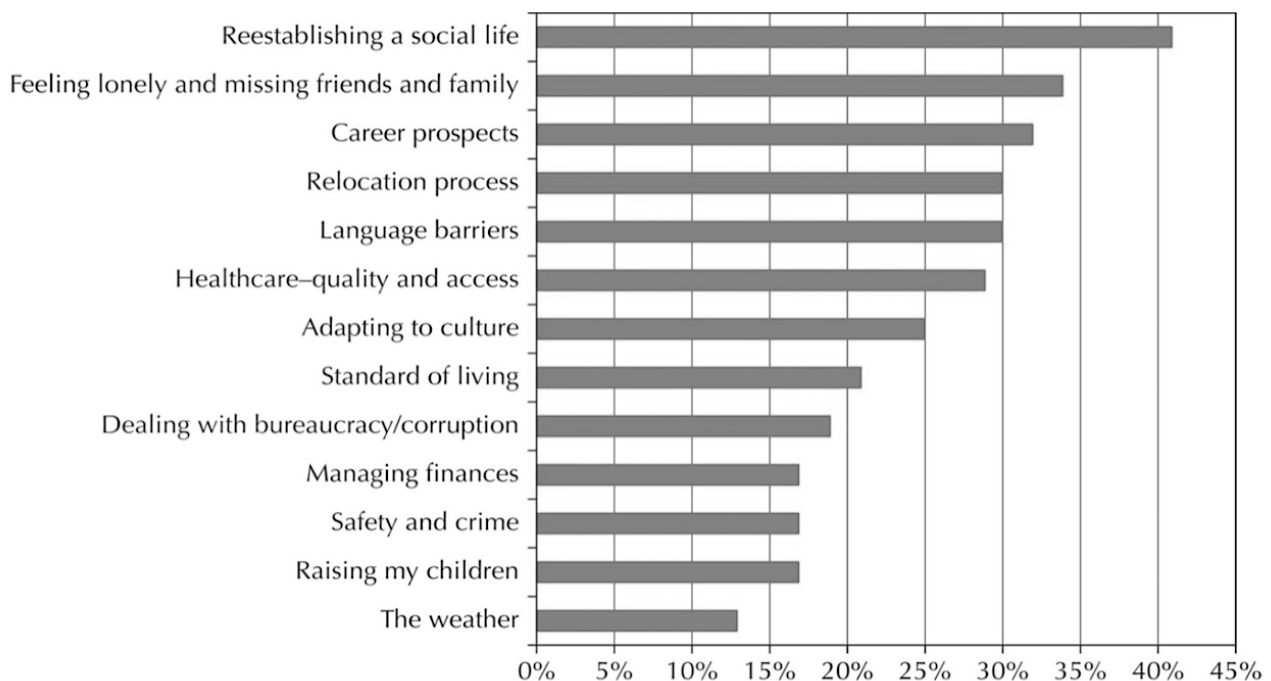


Fig. 2: Concerns of expatriates before moving abroad for work.

Source: (Daniels, Radebaugh, & Sullivan, 2013)

This graph demonstrates that successfully integration into a new environment, TNCs should provide employees and their families with comprehensive support, including housing, education, and adaptation to the local culture. This will allow expatriates to minimize the possible stress levels and reduce the risks of unsuccessful rotations, which, in turn, will increase the productivity and efficiency of the international activities of the corporation.

Thus, the presence of various nationalities and social groups in the teams of TNCs can lead to several types of personnel risks, as shown in Figure 3.



Fig. 3: Multinational risks of TNCs.  
Source: (Zharikova & Cherkesenko, 2021)

Managing multicultural teams is one of the most important tasks of TNCs, because differences in cultures and mentalities have an impact on management style, work expectations and communication between employees. In particular, European and Asian approaches to management differ significantly. In Europe, human resources management is often based on the principles of a horizontal organizational structure. Employees are given more freedom in decision-making and individual contributions are taken into account. Meanwhile, in Asian countries, there is a clearer hierarchy and stricter rules of subordination, because respect for elders and superiors plays a considerable role. Accordingly, TNCs should implement strategies that take these cultural differences into account in order to avoid conflicts and improve work efficiency.

In addition to cultural differences, mobbing is also a common problem. Mobbing is the humiliation of the dignity of employees and their professional reputation through psychological and economic pressure. The ways of its manifestation can be unequal wages, uneven distribution of workload, ignoring an employee, ridiculing him or her, etc. According to the research, at least 1 person out of 5 has been bullied in the workplace. Surveys also show that 70% of bullies are men and 30% are women. In addition, more than 60% of victims are women. Approximately 61% of bullying comes from bosses or people in authority, and 33% comes from coworkers (Mujtaba & Senathip, 2020, p. 19). TNCs should actively address such situations by implementing policies to combat discrimination and mobbing in the workplace.

In this context, gender equality is an important aspect, since the imbalance in the representation of men and women at different levels of TNC management remains an acute problem. As already mentioned, women are more likely to be victims of infringement of their rights in the workplace, including such manifestations as unequal pay and limited access to leadership positions. Studies show that in many international companies, senior management positions are predominantly occupied by men. This leads to gender inequality in management. In response the TNCs should implement gender diversity strategies that promote equal opportunities for career development, access to training, and professional development for all employees, regardless of gender.

IKEA is an excellent example of the successful implementation of a gender equality strategy among TNCs. They strive to achieve a 50/50 gender balance at all levels of management, including executive positions, boards of directors, and committees within the entire Ingka Group. IKEA is also a member of the Equal Pay International Coalition (EPIC). Since 2019, it has implemented a system that guarantees equal pay for men and women in all positions. This strategic decision is confirmed by the company's data for 2020 (IKEA, n.d.-b): women accounted for 49.5% of all managers and 54.7% of the company's employees in general.

One of the initiatives of IKEA was also the development of an interactive game called «FiftyFifty» (IKEA, n.d.-a). It aims to draw attention to the problem of gender inequality and raise awareness among employees and customers about the importance of equal distribution of opportunities in all areas. The game allows participants to see how inequality can manifest itself in different situations at work and everyday life. It once again emphasizes the need for balance and equality.

To reduce the impact of the personnel risks described above and improve the human resources management system in TNCs, it is necessary to use comprehensive strategies. They will ensure effective interaction between employees of different cultures, increase their motivation, and promote the development of professional qualities.

One of the key recommendations is to introduce continuous training programs. Regular development allows employees to remain competitive and adapt quickly to new business requirements. These programs should include technical and soft skills development, such as cross-cultural communication, conflict management, and

the ability to work in international teams. Leadership development is important for managers. In addition, they must have a deep understanding of cultural differences to manage human resources in TNCs effectively. Leadership competencies are usually combined into a group of meta-skills, the main ones are shown in Figure 4.

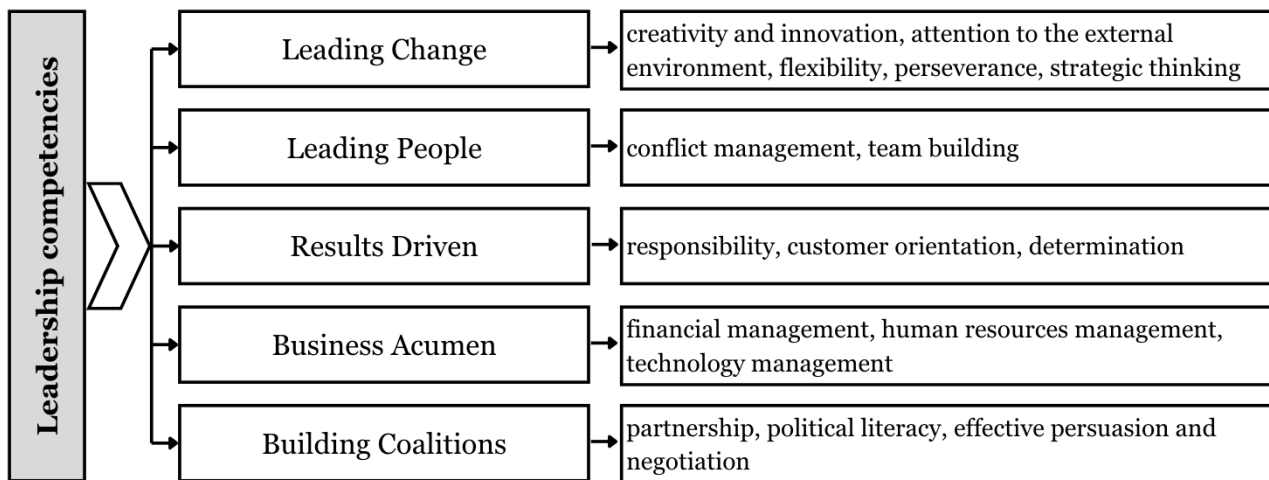


Fig. 4: Leadership competencies of the manager.

Source: Compiled by the authors based on (Shushpanov & Lifanova, 2019)

Another effective tool for staff development is coaching. It differs from mentoring in that a coach does not provide ready-made solutions but helps employees find answers to questions and solve problems on their own. The main goal of the coach is to stimulate critical thinking and develop the independence of the employee in decision-making. This creates a synergistic effect when the employee and the manager work as partners, focusing on achieving common goals. Such an approach helps to increase the responsibility of the employees for their actions, broaden their vision, and more effectively complete their plans due to the professionalism of the manager. Through coaching, employees can make better decisions, set more ambitious goals, and better structure their activities, which leads to maximum productivity and job satisfaction. The advantages of implementing coaching in TNCs are reflected in Figure 5.

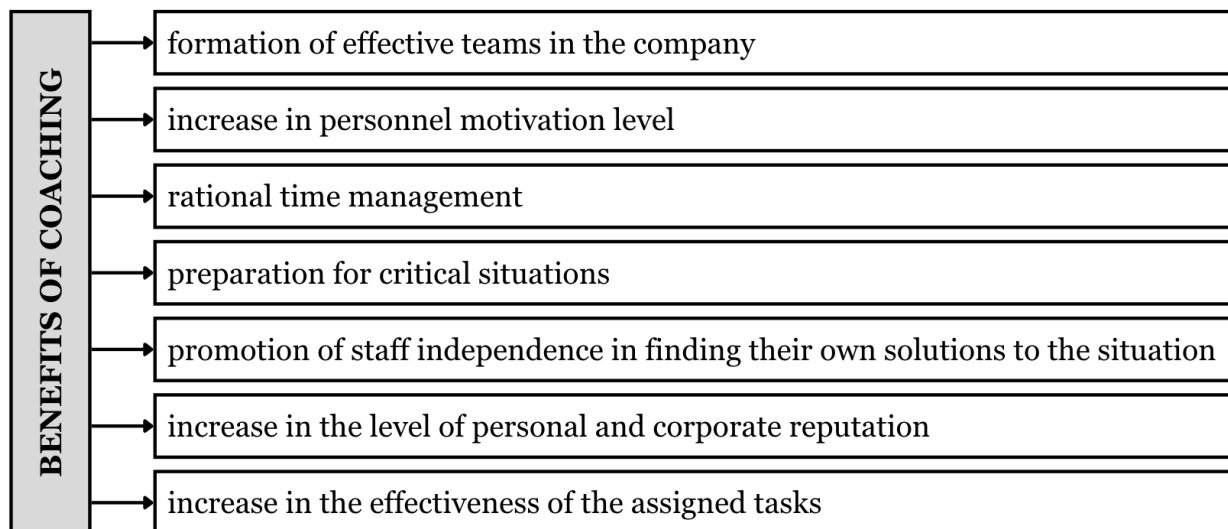


Fig. 5: Benefits of implementing coaching.

Source: Compiled by the authors based on (Shushpanov & Lifanova, 2019).

Cross-cultural management is an equally important strategic element of effective management in a TNC. This approach is optimizing cooperation between employees from different cultural, religious, and ethnic groups. It is especially relevant for international teams and projects. The main goal of cross-cultural management is to understand and use existing cultural differences to achieve the highest level of communication and management in a multicultural environment (Privarnikova & Holey, 2024, p. 422). Flexibility in conflict resolution and the

search for compromises are central aspects of the approach. This helps to reduce cultural barriers and increase the effectiveness of company cooperation.

In addition to the above recommendations, TNCs should also implement motivational programs. They are encouraging employees to achieve great results and increase their loyalty and involvement in the company's processes. In the context of international companies, incentive programs should take into account the multicultural environment and the different needs of employees. It can be either material motivation in the form of salary increases or additional bonuses, or non-material (flexible schedule, extra days off, opportunities for professional development and career growth).

Motivation systems should be transparent and accessible to all employees, regardless of their position in the company or geographic location. For example, the creation of internal platforms for sharing experiences, successes, and achievements promotes collective recognition of each employee's contribution, which increases their motivation (Pysarevskyi & Kiriienko, 2024). It is also important to have a system of regular feedback. It allows not only to identify problems in time but also to maintain a high level of communication between staff and management. Feedback should be constructive, aimed at developing and improving work processes, and not at punishing or criticizing. This system must operate at all levels of the organization, ensuring effective communication between employees of different cultures and regions.

Thus, a combination of motivational programs and feedback systems will help to form an involved, motivated and productive team in a TNC. This will contribute to the faster achievement of the company's strategic goals in the global market.

### **Conclusions**

In summary, it should be noted that globalization in personnel management requires constant adaptation of strategies and approaches to the conditions of a multicultural environment. In modern transnational corporations, the key challenge is to ensure effective communication between employees from various countries. It is necessary to develop flexible management mechanisms that take into account cultural, religious, and social differences. To successfully integrate human resources into the global business environment, continuous training programs are needed, as well as the implementation of coaching and cross-cultural management. The former approach will facilitate quicker adaptation of employees to new market challenges, while the latter will contribute to leadership skills company and increase their company-level motivation.

Effective personnel management in TNCs is based on a constant search for new approaches and solutions. They allow to increase the level of competitiveness of companies at the global level. Prospects for further research are to study the impact of innovative digital technologies on human resources management processes, as well as to develop new approaches to motivation and training.

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