Modernizing HRM for Global Small and Medium-Sized Businesses

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Abstract:

This study seeks to elucidate the function of human resources management (HRM) within Small and Medium Enterprises (SMEs). In an age of globalization and internationalization, SMEs participate in cross-border commerce and worldwide collaborations. Efficient human resource management is crucial for fostering the development and prosperity of these enterprises. Human Resource Management activities include recruitment, training, remuneration, legal compliance, and occupational health. Effectively managing these components facilitates the attainment of the company's strategic objectives. The incorporation of millennials into the workforce necessitates that HRM handle cultural concerns, workplace safety, integration, and work-life balance. Innovations and digitization have revolutionized corporate operations, necessitating that HRM comprehends the significance of technology and guarantees its efficient implementation. The present era signifies a pivotal moment for the comeback of Human Resource Management. Adapting to and comprehending dynamic changes in the workplace are essential for addressing global and multicultural concerns. By understanding and addressing these factors, SMEs may guarantee that their HRM positively influences sustained organizational success.

Key Word: Human Resources Management; Small and Medium Enterprises; Globalization; Millennial Generation; Adaptation; Innovation; Digitalization.

Introduction

According to Tarique, Briscoe, and Schuler (2022), International Human Resource Management (IHRM) as a discipline encompasses all associated business activities and is a significant part of academic pursuits. IHRM plays a crucial role in the formation and growth of small and medium enterprises (SMEs) amid the current wave of globalization. There is ample evidence supporting the influence of IHRM, highlighting its role in the development of

global companies, including large multinational corporations, which significantly impact international knowledge and experience through the efforts of IHRM managers.
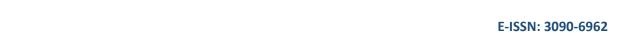
Globalization has become the most progressive force in human history, affecting even SMEs. Today, globalization has accelerated developments across various life aspects, involving more people compared to the past human interventions in economic activities and beyond. Over the past 30-50 years, SMEs have undergone extensive globalization, a term describing the increasing interconnectedness between countries, regions, societies, and cultures, leading to greater interdependence among economic actors. This heightened interdependence, evident in SMEs, is reflected in the economic, political, and social actions and policies of countries, influencing trade practices and cross-border living and working arrangements.

Tarique et al. (2022) highlight that SMEs' rapid growth, fueled by advances in this field, has made internationalization practices widespread, while recent nationalization trends and the global pandemic have delayed this push. After World War II, major industrial nations promoted international trade, resulting in the UN and WTO's creation of TPP, ASEAN, NAFTA (now USMCA), and the EU.

Internationalization and globalization increase interaction, connectivity, and integration between people, businesses, nations, and cultures. Real, powerful, comprehensive, and vital connections are growing. Thus, the number and types of cross-border enterprises, foreign direct investment (FDI), and international trade value continue to grow.

According to Wilkinson (2022), since the 1980s, HRM literature and departments have emphasized prioritizing strategy with HR team members acting as business managers. In this context, HRM departments and personnel responsible for people management play a central role in helping organizations achieve their goals and are key to mission accomplishment. Evidence suggests that senior management systematically considers people management, though often at a relatively advanced stage of organizational planning. Nonetheless, the importance of human resource management has become more prominent in management thinking regarding decisions to create and sustain competitive advantage (Samad & Afiat, Determination of Indonesian HR Competencies, 2024). On the other hand, most organizations' strategies are shaped by various external factors (such as political, economic, social, and legal factors) beyond their control, forming the framework for action planning. Strategy can be viewed from different aspects, including corporate strategy (covering the entire organization, structure, funding, and resource allocation), competitive strategy (how the organization competes in specific markets), and operational strategy (how functional units like marketing, finance, and HRM contribute to achieving higher-level strategies).

Basic human resource management (HRM) activities encompass various essential aspects of managing an organization's human resources. Here is a breakdown of each activity: (1) Recruitment and Selection: This involves the process of searching for, attracting, and selecting suitable candidates for available positions within the organization. The steps include determining workforce needs, job postings, resume screening, interviews, and deciding on the

candidates to be hired; (2) Training and Development: The aim of this activity is to enhance employees' skills, knowledge, and competencies. Through training and development, employees are provided with new knowledge, new skills, or improvements in existing skills to support the organization's goals; (3) Compensation: This involves managing the compensation system, including salaries, incentives, bonuses, and other benefits to ensure employees are rewarded appropriately for their contributions and performance; (4) Performance Evaluation: This assesses the effectiveness of HR policies and practices in achieving organizational goals, such as increased productivity, employee loyalty, or reduced turnover; (5) Income and Social Taxation: This involves fulfilling tax obligations related to employee income and social security contributions as required by applicable regulations; (6) Legal Compliance: This is the effort to understand, implement, and comply with labor laws and regulations regarding employee rights and organizational responsibilities as employers; (7) Occupational Health and Safety: This activity aims to ensure a safe and healthy work environment for all employees, including policy development, safety training, routine inspections, and handling workplace accidents; (8) Technology Management Impacting Employees and Work: This includes managing the use of technology in the workplace, such as implementing HR information systems and using other technologies that affect employee work processes and the organization's business operations (Samad, Setiyadi, & Utama, HR and Green Economy Investment Opportunity, 2024).

By effectively managing these activities, organizations can ensure that their HRM significantly contributes to achieving their strategic goals, particularly for SMEs, and supports long-term success. Standard HRM practices vary across global workforces, considering the different legal and cultural contexts of each country.

According to Mallick, Bag, and Aich (2023), with millennials joining the workforce, corporate and HR professionals are focusing on building workplaces for the future, which brings about various cultural issues such as job security, job purpose, work integration, and work-life balance. International business will be defined and classified within this future framework. For instance, the COVID-19 pandemic forced international businesses to rethink how humans build and operate the world and its institutions. The pandemic has led companies to focus on operational planning and responses necessary to ensure business continuity amid the emergence of a deadly virus.

International businesses, both multinational corporations and SMEs, have had to focus on creating more stable communication systems, trust, and transparency during the COVID-19 crisis to strengthen management and product diversification. Businesses must continue making significant changes to their business plans and operational practices, moving largely towards digitalization, as the business environment demands post-virus adaptation.

Employees have struggled with feelings of insecurity about their future, loneliness, and neglect. The role of HR teams as change agents within organizations has become paramount in the post-pandemic situation. To handle such complex and rapid changes, HR in every organization must work harder, plan their policies, and develop new procedures that best fit the situation. Managing the organization's "resources" humanely is a step forward for HR, while

working from home (WFH) was adopted to ensure organizational operations during lockdowns against the spread of COVID-19. However, people now yearn for fresh air, the office atmosphere, and opportunities to meet colleagues and clients in person. Virtual organizations have, to some extent, created cabin fever syndrome among employees.

In times of crisis, healthcare and essential service personnel have gone beyond the call of duty to care for others. It is time for organizations to change. Well-being and welfare for all stakeholders should be built into the organizational culture. Can this happen when the main focus of international business remains on performance and ensuring compliance as mandated by "Command and Control"? This is a key question facing HR during COVID-19. Against this backdrop, we seek to discuss the changing role of HR overall in the post-pandemic period, emphasizing workplace digitalization, the paradigm shift in HR roles, and additional measures organizations focus on in response to the pandemic.

Drivers for Small and Medium Enterprises (SMSs) Becoming International Businesses

According to Dessler (2020), in the realm of international business, it is extremely uncommon for a single day to go by without requests from the legal system for equal treatment and opportunity in the workplace. This type of litigation is the most significant concern that business advisors have, according to the results of a poll. There is a significant danger involved in carrying out routine managerial responsibilities, such as hiring personnel, without having a solid understanding of the rules governing equal treatment and opportunity.

The United States of America has a long history of enacting laws that ban discrimination against minority groups. The Fifth Amendment to the Constitution of the United provides of America, which was passed in 1791, provides that "no person shall be deprived of life, liberty, or property, without due process of law." While the Thirteenth Amendment, which was ratified in 1865, forbids slavery, the courts have also ruled that it also prohibits discrimination based on race. All individuals are granted the same rights to establish and enforce contracts, as well as to benefit from laws of the United States, as a result of the Civil Rights Act of 1866. On the other hand, in actuality, Congress and the president did not take any significant efforts to enforce equal employment laws until the early 1960s. During that time period, they took action as a result of civil unrest among women and members of minority groups, as well as the alteration of traditions. A number of new civil rights measures were subsequently enacted by Congress.

Tarique, Briscoe, and Schuler (2022) state that a significant number of businesses, both large and small, from all nations (including those with developed economies as well as those with emerging economies) have already gone global or are in the process of getting there. Because of advancements in technology, digitalization, and the availability of the Internet, the activities of these organizations, which are multinational corporations, are now within everyone's grasp. They are a component of the process of lowering trade barriers through the use of international trade pacts and accords (WTO, ASEAN, EU).

According to Dessler and Chhinzer (2020), one might begin by discussing the activities that managers engage in in order to have an understanding of what human resource

management (HRM) comprises. An organization is made up of individuals who have been formally allocated jobs and who collaborate in order to accomplish the organization's objectives. It is the responsibility of a manager to ensure that these objectives are met by overseeing the activities of the employees of the firm. The majority of authors are in agreement that human resource management (HRM), even in small and medium-sized enterprises (SMEs), encompasses fundamental functions such as planning, organizing, managing human resources, leading, and controlling. In its entirety, these functions constitute the management process.

The management of people inside an organization is referred to as human resource management (HRM). In order to fulfill the operational and performance obligations that have been made to customers and stakeholders, it is the responsibility of HR professionals to ensure that small and medium-sized enterprises (SMEs) continue to consistently attract, retain, and engage a diverse talent pool. The responsibility that falls on their shoulders is to make certain that the business is able to locate and recruit the most qualified personnel who are available, cultivate their skills, establish a productive working environment, and continuously increase and monitor the workforce of the firm.

The key job that falls on their shoulders is to manage the workforce in order to improve the performance of the firm and accomplish the strategic goals.

In order to assist every manager in developing the skills essential to conduct HRM-related elements of their job, such as recruiting, selecting, training, evaluating, and rewarding people, as well as ensuring a safe and enjoyable work environment, the objective of this context is to provide assistance (Samad, Setiyadi, & Utama, Manajemen SDM Indonesia dalam Berbagai Perspektif, Manajemen SDM dalam Perspektif Data Analitik, Industiri 4.0, Ideologi, Kompetensi, Jaminan Sosial dan sebagainya, 2024). Additionally, employees can be informed through decision-making by setting job achievements against elements (strategic, legal, political, structural, etc.) that influence how individuals, teams, or units are recruited, selected, assessed, developed, rewarded, and separated from employment. This can be done in order to provide employees with the information they need to make appropriate decisions.

According to Kang and Shen (2017), the Dual Logistics Approach model in human resource management decision-making asserts that product-market and socio-cultural aspects have an impact on HRM policies and practices that are implemented nationally and internationally. Both local adaptability and internal consistency are subject to dual pressures which are exerted by these causes. According to the Two-Dimensional International Human Resource Management model, the policies and practices of small and medium-sized enterprises (SMEs) involved in decision-making are collectively influenced by a combination of product, market, and technology variables, as well as socio-cultural and political-legal considerations. There are three main layers of determinants that are identified by the Integrative Model of Small and Medium-Sized Enterprise Strategy and Internationalization: the parent, the affiliate, and the employee. The worldwide strategy of the headquarters, the perceptions of senior management or executives, the strategic function of subsidiaries, the technique of subsidiary establishment, the legal and cultural gaps

between the headquarters and subsidiaries, and the criticality of employees are all factors that determine the outcome. For small and medium-sized enterprises (SMEs), the Strategic IHRM Integrative Framework highlights a number of antecedent and contextual elements. According to the General IHRM model, integrated human resource management (IHRM) policies and practices in multinational corporations (MNEs) are the consequence of the interaction between home and host HRM systems, unique company characteristics, and host contextual factors; the influence might alter over time. Moreover, there is interaction between the policies and practices of IHRM practices.

One criticism leveled against the Dual Logistics Approach and Two-Dimensional models in the context of SME International Human Resource Management decision-making is that they do not differ considerably from domestic HRM models. Furthermore, these models are deemed to be incomplete due to the fact that they do not appropriately categorize factors and fail to take into account certain significant factors, such as the size of operations, the type of industry, and so on. A number of specific corporate parameters, such as the magnitude of worldwide activities, are not taken into consideration by Schuler's model, which also disregards regional country features. The model developed by Taylor et al. (1996) places an excessive amount of emphasis on subjective characteristics, such as senior management's attitude towards human resource management competencies. However, it fails to take into account some significant contextual elements, such as the stage of internationalization or the organizational structure.

According to Miller-Meller (2022), in order for managers to successfully implement new processes and procedures and make proposed changes in HR management decision-making, they require a number of essential components. These components include analytical reports that compare results with industry benchmarks to support the arguments, well-defined ideas or plans for change, and support from senior or executive leadership in the form of executive sponsorship.

Data is crucial for testing and amplifying (or reducing) successful changes within the organization (Samad, Setiyadi, & Utama, 2023). Continuous data collection and analysis are the only ways to improve processes within the HR directorate. If these processes are not functioning well and achieving success, it becomes nearly impossible to make intelligent adjustments to ongoing programs. Reviewing metrics is essential to understanding the value of the implemented changes.

Focusing on HR data analysis and predicting HR needs can forecast potential difficulties in the process or possible employee resistance. HR management can be developed through effective communication plans with the right people within the company while simultaneously developing solutions.

Cultural Sensitivity in Strategic HR Management

Schuhly (2022) identifies several tools that have been suggested for directing the strategic management process in human resource management. Many organizations acknowledge that an ethnocentric perspective is largely illusory rather than factual. Research in strategic management has increasingly emphasized the cultural sensitivity of theories, methods, tools, and HRM processes to equip practitioners in

multicultural settings with appropriate knowledge and resources.

Strategic management seeks to secure the long-term viability and performance of an organization. Uncertainty is regarded as a factor that intensifies challenges in strategic management. Planning and scenario simulations are recommended as strategic management tools to promote long-term decision-making in the face of uncertainty. Nonetheless, scenario planning via simulation has garnered minimal focus from the academic community thus far. Consequently, general research on scenario planning through simulation is limited, and there is a deficiency in comprehensive evaluations of the cultural sensitivity associated with such planning.

Research projects should be conducted to evaluate the cultural sensitivity of scenario planning through quantitative analysis, addressing the weaknesses in strategic management related to this area. This analysis must rely on primary data collection from global management consultants, serving as proxies for corporate decision-makers. A novel strategic management framework has been integrated with cultural value scales to evaluate the cultural sensitivity of the long-term planning tool known as "Scenario Planning." The various steps in the scenario planning process require individual examination to assess their cultural sensitivity in relation to the cultural dimensions of uncertainty avoidance and long-term orientation.

Challenges and Developments in Modern HR Management

Troger (2022) observes that the current developments and phenomena in the global workplace context signify a turning point in the evolution of HR management. This turning point affects economic, social, sociopolitical, and individual aspects, often referred to as the VUCA (Volatile, Uncertain, Complex, Ambiguous) era, driven by globalization, digital transformation, and demographic changes.

Key phenomena impacting the labor market include: (1) Unfavorable Demographic Developments: Declining birth rates and an aging population in most industrialized countries, leading to a future shortage of young workers and a significant challenge for HR management in addressing the skills gap; (2) Generational Diversity: Tensions arise from different generations within companies, each with varying perspectives and needs, often causing conflicts over power, work, money, and security; (3) Technological Change**: Digital transformation redefines many aspects of work, bringing both opportunities and challenges for individuals, companies, and society as a whole; (4) STEM Skills Shortage and Mismatch: A major issue with the lack of skilled labor in STEM fields, causing economic inefficiencies and highlighting the need for companies to develop policies to increase workforce participation; (5) Overworked and Sick Employees: Rising absenteeism due to illness demands increased attention to employees' mental and psychological well-being; (6) Diverse Employee Interests and Expectations: Differing expectations between employees and employers often hinder long-term successful employment relationships, necessitating transparent negotiations for sustainable agreements; (7) COVID-19 Pandemic: The pandemic exposed the vulnerabilities and complexities of the modern workplace, emphasizing the need for rapid response and adaptability in crisis management.

Importance of Adapting to Dynamic Changes in the Modern Workplace

Understanding and adapting to the dynamic changes in today's workplace, with a particular focus on the challenges of global and multicultural HR management (Tarique, Briscoe, & Schuler, 2022), is crucial. Seeking new markets and reducing costs (easier to achieve in other countries with lower costs), rapid global communication developments (thanks to technological advancements and international agreements), and the swift development of technology and new technology transfer (including e-commerce sales) are all essential. Increased travel and migration, integrating different cultures into new countries and cultures, and fostering attitudes and aspirations are vital.

Zhang (2021) notes that defining data science clearly is challenging due to its vague boundaries. In reality, many data scientists work across various industries with diverse skills. Generally, data science requires extensive knowledge in statistics, machine learning, optimization, and programming. It is impossible to cover any of these four areas—statistics, machine learning, optimization, and programming—in-depth in a brief discussion, and doing so is beyond the scope of the current discussion. However, this understanding is useful for discussing data science across various topics with a moderate level of technical detail. This is one motivation for discussing HR management. The aim is to provide a brief introduction with minimal mathematical theory to help understand what data science is.

The authors Jaspars and Brown (2023) emphasize the importance of having access to information and sharing it with others in order to support sustainable practices in areas that are beyond the jurisdiction of a single nation in International Human Resource Management. One example of this is Global Fishing Watch, which is responsible for making collections of marine biology, samples, and data available in their most efficient manner. It is possible for the transmission of information to be fairly comprehensive in terms of collections, samples, and data; information is generated at each and every stage of the marine bioprospecting process on Marine Genetic Resources (MGRs). In the following part, we will investigate the process by which this information is disseminated, and then we will present a number of different methods for keeping and, in some instances, sharing this information. When considering open-access ideas, it is important to keep this background in mind.

There are many different kinds of data that can be collected during data collecting events. Some of these data include depth, temperature, the type of substrate, and other sampling techniques. The subsequent step typically entails the classification of samples and the initial identification of the specimens. However, the process of thorough taxonomic identification might take many months or even years, which means that the data may be revised at some point after the initial deposit. It is possible that the future stage will involve beginning biological data work on the material that has been collected, which will ultimately result in DNA sequences from both macroorganisms and microorganisms as well as the DNA sequence data of those organisms. Creating chemical solvent extracts from cultures of microorganisms or macroorganisms is the next step in the process. In order to determine whether or not these extracts possess any biological activity, chromatographic techniques might be utilized to carry out additional purification procedures. After that, the data obtained

from spectroscopy can be utilized to characterize the structure of substances that are of interest. Although additional considerations involving intellectual property issues are beyond the focus of this chapter, new chemical entities (NCEs) that are connected with bioactivity have the potential to become patentable as well.

Knowledge sharing (Tarique, Briscoe, & Schuler, 2022) can occur between different countries (with global education impacting trade, international travel, the internet, and the seamless sharing of ideas). Rapidly growing e-commerce is becoming part of international trade. Homogenization in culture influences consumer demands for products (leading to increased similarity in product demands worldwide). Global social media and the internet encompass all media, TV, music, film, sports, research publications, and news (making these media easily shareable and user-driven). Highly competitive markets emerge with new market entrants and multinational enterprises (MNEs) and small and medium enterprises (SMEs) competing nationally from various countries, marked by innovation and intense competition). Global pressures demand the best talent and placement in appropriate locations and roles.

Reed (2022) explains that the role of HR occurs in three different yet interconnected categories: strategic, operational, and administrative. In the strategic role, the HR team contributes to organizational development, design, and building strategic interventions closely related to the company's mission, vision, values, and goals. Although frontline managers are tasked with implementing and managing many of these strategic roles in their departments, HR functions as an advisor and provides ongoing support. Policies, procedures, and rules are designed to

support the business strategy and employees throughout the employee lifecycle. Examples include developing the company brand and using it to recruit and retain team members; designing total reward systems that attract qualified talent and reward performance; creating learning and development programs that support current skills and enhance skills to prepare the workforce for future needs; managing workplace relationships, including union relations; effectively managing risks for the organization and protecting employee safety and health; conducting workforce research to gather data related to job attitudes and workforce needs, and staying updated on employment trends and proposing changes as necessary.

The operational role of HR professionals includes advocating for employee needs. Behavioral competencies such as conflict management, negotiation, communication, and relationship management are used daily and weekly. Individuals in operational roles also need the ability to navigate organizational politics and work with other departments and personnel to gain support for HR intervention strategies. HR operations also encompass functional aspects of the HR team, such as payroll processing and recruitment.

A daily threat to HR departments in all industries is data overload. Administratively, HR must establish organized and secure data and knowledge management systems. Personnel files must be well-managed, and human resource information systems (HRIS) must be selected to integrate with other systems in the company. Internally, HR's administrative data management efforts help protect confidential employee information. Tracking applicants, training records, performance feedback, and accurate timekeeping all fall within this functional HR

role. Employment laws are a major driver of external forces affecting personnel record management. This includes maintaining safety records, pension documents, recruitment statistics, and accommodation management. These records must be stored and secured, and appropriate reports must be filed, depending on the organization's size. Administrative functions also include the proper destruction of records according to various record retention requirements.

Differences in International HRM Design for SMEs Across Countries

In establishing organizational design, HR managers in many firms will inevitably face elements of internationalization that necessitate an international HRM framework (Tarique, Briscoe, & Schuler, 2022). This indicates that internationalization factors and technology expertise render international HRM design inescapably influenced by global dynamics, resulting in the unavoidable presence of international HRM specialists. As stated by York (Yorks, Abel, & Rotatory, 2022), the creation of higher education institutions for Human Resource Development (HRD) has facilitated the evolution of HRD into an academic subject, with bachelor's degree programs instituted at universities around. These academic programs are typically located within the Faculty of Education or Business Schools, where students concentrate on positions in organizational learning and development. In addition to official degree programs, courses in HRD, Learning & Development, and Talent Management have been integrated into several other degree programs, such as adult education, organizational psychology, human resource management, and technology management. This prompts inquiries on the identity of HRD, specifically whether it constitutes a separate domain of study and professional practice, and its

potential relationship with emerging credentials such as executive coaching, which is really a full-time professional endeavor. What is the professional qualification for Human Resource Development? The interaction between HRD and numerous specializations, such as coaching and organizational development, as well as the debate on whether HRD should function as a distinct professional activity or maintain interconnected, permeable borders, is a subject of continuous discourse.

Headquarters of Multinational Companies

What is the significance of examining the headquarters of multinational corporations? The objective is to regulate the headquarters (HQ) in relation to subsidiaries and subcontractors in the formulation and supervision of HRM practices (Tarique, Briscoe, & Schuler, 2022) across all international activities and to manage personnel transfers between headquarters and foreign local offices. The rising movement of employees among foreign subsidiaries, headquarters, and local offices constitutes international assignments (IA), indicating that HRM experts will likely engage in IA assignments. In both headquarters and branch environments, International Human Resource Management (IHRM) typically entails HR managers operating from their home country while being employed by foreign corporations that control or have bought the local entity. HR managers are now required to formulate HRM by adopting the perspective of recipients of policies and practices imposed by foreign headquarters, so reversing their traditional local function as experienced by HR managers in their own countries.

Numerous domestic organizations in Europe and North America encounter significant obstacles in International Business (IB), specifically with International Human Resource Management (IHRM) (Tarique, Briscoe, & Schuler, 2022). These complexities encompass: (1) Engaging employees from diverse countries, cultures, and languages (recent immigrants) who were likely born abroad and are now new citizens, yet remain more acquainted with their native language and culture than with their new environment; (2) Contending with competition from international firms to satisfy customer and supplier demands; (3) Managing capital sourced from foreign enterprises or confronting competition from other companies concerning resources, including labor.

IHRM managers in government organizations have numerous duties when interacting with their commercial partners. Many possess extensive experience in foreign operations relative to firms overall and accumulate considerable competence in addressing international HRM difficulties. The issues associated with hiring, rewarding, and managing people across several countries are largely similar in organizations such as the International Red Cross and the World Health Organization, as they are in corporations like IBM. HRM managers in these diverse firms must possess international acumen to properly execute their duties and fulfill the expectations of their roles, which they may convey to their private sector peers.

Development Process of International HRM

Because local human resource managers come from headquarters, the home country of foreign companies, or a third country, they are placed in a difficult position between national culture and local legal traditions—and this experience—and company culture and practices, regardless of whether they are located at headquarters or local affiliates. This is one of the aspects of HRM internationalization that makes the task of international managers difficult and complex (Tarique, Briscoe, & Schuler, 2022). In order to successfully integrate and coordinate policies and procedures that take place in diverse environments with individuals from a variety of backgrounds, human resource managers at the local, regional, and headquarters levels need to acquire the necessary skills.

According to Hovell (Hovell, 2023), it is difficult to acquire and preserve equilibrium in the field of worldwide international human resource management. Imagine if you were trying to ride a bike for the very first time. You are now attempting to maintain your balance while standing on two wheels, which is a different challenge than balancing on both feet, which also requires practice. You may already be aware of the fact that there are frequently wobbles to the left and right. An additional component, which is an emotional component, such as fear or pride, is incorporated into the equation for achieving equilibrium. It is essential for ongoing success and regular modifications to preserve balance to have forward momentum, which makes it easier to strike a balance between the left and the right. In the context of international human resource management (HRM), the metaphor of finding and maintaining balance while riding a bike is analogous to the process of establishing balance between people, processes, and technology in the practice of knowledge management (KM).

As part of the process of defining a definition of the balance between people, processes, and technology in international human

resource management (HRM), practitioners of knowledge management (KM) have discovered a variety of approaches to comprehend the many factors that are associated with the balance between people, processes, and technology in the field of overseas HRM. "Full-time employees whose job is categorized under KM" is a common definition of the people component of knowledge management (KM) balance. For the sake of maintaining a sense of equilibrium in the knowledge management small and medium-sized enterprises (SMEs), the definition of knowledge management (KM) has been broadened to include "anything related to the human aspect of knowledge management." To put it another way, the concept of balance in knowledge management encompasses not only the leaders in their capacities as Knowledge Management and Community Program Managers, but also the culture of the company, the psychology and sociology of individuals and groups, interpersonal connections, and a great deal of other human components.

From the point of view of process balance, there is a general consensus regarding the components that make up knowledge management process categories. The vast majority of knowledge management practitioners are in agreement that the following are examples of KM processes: KM Community Program Managers, Organizational Network Analysis, Knowledge Spaces, and After Action Reviews in Community Management Programs. On the other side, practitioners from other fields might not agree with this statement; however, they might not be aware of these processes or might not know that they are associated with the knowledge management field. As a result, they might "discover" knowledge management

communities and comprehend them as independent processes. Even within the realm of knowledge management, there are practitioners who might take the example of KM Communities of Practice and argue that "the annual global Conference of the Parties (CoP) is not just a pure process; there is a balance between people and technology aspects that, in practice, make CoP very strong, impactful, and important for the KM discipline." Despite the fact that this is the case, if we are compelled to create three columns that each list a different aspect of knowledge management (KM) pertaining to people, processes, and technology, then we are obligated to place the Community of Practice (CoP) in the process column. This is because the primary purpose of the CoP is to foster a community in which individuals who share similar passions have the opportunity to cultivate their shared passion through the process or structure of the CoP. This perspective on the community of practice is open to discussion.

Research Method

In the undertaken research, a qualitative and narrative approach was adopted to understand the phenomena of international SMEs being studied. This method allows for an in-depth exploration of the relationships between various elements and the meanings behind the narrative experiences of SMEs. The following are the research steps conducted (1) Introduction and Context: Begin by introducing the research context and identifying the research questions to be answered; (2) Participant Selection: Choose participants relevant to the research topic on SMEs, focusing on the relationships and interactions among SMEs; (3) Data Collection Methods: Use observation and in-depth document analysis as methods of data collection; (4) Narrative Analysis: Analyze the narratives found in the data, identifying

patterns, themes, and conflicts that emerg; (5) **Researcher Reflection**: Reflect on the researcher's understanding of different perspectives and question interpretations, acknowledging ignorance, and seeking deeper understanding; (6) Coherent Narrative: Present the findings in a coherent and meaningful narrative, linking them to relevant theory and literature.

This method allows for a flexible research framework that considers complex human dimensions. The findings are expected to provide new insights into the topic of internationalization of HRM in SMEs.

Discussion

International HRM management in SMEs is significantly impacted by the formation of companies and the growth of globalization. Globalization has become the most progressive force in SMEs today, driving various advancements across all aspects of human life, including economic activities and others. The rapid development of small and medium enterprises through innovations has integrated SMEs into the practice of internationalization. This has spread rapidly through cross-country trade partnerships such as TPP, ASEAN, NAFTA (now USMCA), and the EU, under the joint efforts of the UN and WTO. Wilkinson (2022) acknowledges that since the 1980s, HRM literature and departments have emphasized the importance of HR SMEs team members as business managers. HR management activities in SMEs encompass several critical aspects, including: (1) Recruitment and Selection; (2) Training and Development; (3) Compensation; (4) Benefits; (5) Income and Social Taxes; (6) Legal Compliance and Regulation; (7) Health and Safety; and (8) Technology Management Impacting Employees and Jobs

Effectively managing these activities ensures that SMEs' HRM significantly contributes to achieving their strategic goals and supports long-term success. According to Mallick, Bag, and Aich (2023), with millennials entering the workforce, company and HR professionals focus on building future workplaces, resulting in cultural issues such as job security, job purpose, work integration, lifestyle balance, and similar concerns.

Dessler (2020) also emphasizes that rarely in international business does a day pass without the enforcement of the same laws in the workplace. Tarique et al. (2022) note that many companies, large and small, from all countries are global or in the process of becoming global. Current innovations, combined with digitalization and Internet access, have made these companies' innovative activities accessible to everyone. According to Dessler & Chhinzer (2020), understanding HRM starts with understanding what managers do. Kang and Shen (2017) present the Two-Dimensional International HRM model, which states that product, market, and technology factors, combined with sociocultural and political-legal factors, jointly influence SMEs' decision-making policies and practices. Miller-Meller (2022) highlights the importance of implementing new processes and procedures and making proposed changes in HRM decision-making. Schühly (2022) guides the strategic management process in HRM, and Troger (2022) sees current work phenomena as marking a turning point in HRM evolution.

Adapting to and understanding the dynamic changes in today's SME work environment, with a specific focus on global and multicultural HRM challenges, is crucial (Tarique, Briscoe, & Schuler, 2022). Clearly defining data science is difficult due to its unclear boundaries. In reality, many data

scientists work in various industries with diverse skills. Zhang (2021) discusses the fundamental role of information access and sharing in supporting sustainable practices beyond national jurisdictions in International HRM. Knowledge sharing (Tarique, Briscoe, & Schuler, 2022) can occur between different countries, influenced by global education, international trade, travel, the Internet, and the unrestricted exchange of ideas. The rapid growth of e-commerce has also become part of SME trade.

Reed (2022) categorizes HR roles into three interconnected areas: strategic, operational, and administrative. Administratively, HR must establish organized and secure data and knowledge management systems. Personnel files need to be well-managed, and HR information systems must be integrated with other company systems.

In designing organizations, SMEs face internationalization aspects requiring international HRM design (Tarique, Briscoe, & Schuler, 2022). York (2022) notes that with the establishment of higher education institutions for Human Resource Development (HRD), overseeing HRM practices in all foreign operations and managing employee movement between headquarters and local offices is essential, especially in IHRM contexts (Tarique, Briscoe, & Schuler, 2022). The complexities include hiring workers from different countries, cultures, and languages (new immigrants), who are likely to be born in different countries and now new citizens but still more familiar with their original language and culture; competing with foreign companies to meet customer and supplier needs; and dealing with capital from foreign companies or competing with other companies for resources, including workers.

One challenging aspect of internationalizing HRM in SMEs (Tarique, Briscoe, & Schuler, 2022) is the complexity due to local HR managers originating from headquarters or the company's home country. Hovell (2023) states that finding and maintaining balance in global international HRM is difficult. Developing a definition of balance between people, processes, and technology in international HRM, Knowledge Management (KM) practitioners have found various ways to understand the balance aspects within International HRM. The people aspect in KM balance often means "full-time employees with KM-related jobs.

Conclusion

From the above discussion, it can be concluded that human resource management (HRM) plays a significant role in SMEs. Globalization and Internationalization: SMEs are currently involved in cross-border trade and global partnerships. HRM must understand the dynamics of globalization and effectively manage human resources to support company growth and success. Furthermore, HR management activities involve various aspects, including recruitment, training, compensation, benefits, legal compliance, health, safety, and technology management. Effective management of all these aspects will help achieve the company's strategic goals.

Cultural Changes and Challenges: With the entry of the millennial generation into the workplace, HR management must address cultural issues, job security, integration, and lifestyle balance. Adapting to these changes is key.

Innovation and Digitalization: Innovation and digitalization have transformed business operations. HR management must

understand the role of technology and ensure that innovation is applied effectively.

Strategic Management: HR managers must guide the strategic management process in managing human resources. The current era can be seen as a turning point in the resurgence of HRM.

Global and Multicultural Challenges demand an understanding of dynamic changes in the workplace and facing challenges with appropriate adaptation.

Recommendation

By understanding and managing these aspects, SMEs can ensure that their HRM contributes positively to the long-term success of the company.

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