

**THE EFFECT OF COVID-19 PANDEMIC AND
INTERNATIONAL HUMAN RESOURCE
MANAGEMENT PRACTICES ON
MULTINATIONAL CORPORATION'S
PERFORMANCE: A MEDIATOR OF IT-BASED
CHALLENGES**

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UNIVERSITI SAINS MALAYSIA

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by

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TABLE OF CONTENTS

ACKNOWLEDGEMENT	ii
TABLE OF CONTENTS	iv
LIST OF TABLES	ix
LIST OF FIGURES	xi
LIST OF ABBREVIATIONS	xii
LIST OF APPENDICES	xiii
ABSTRAK	xiv
ABSTRACT	xvi
CHAPTER 1 INTRODUCTION	1
1.1 Introduction	1
1.2 Background of Study.....	1
1.2.1 Multinational Corporations (MNCs) in Malaysia	5
1.2.2 The COVID-19 Pandemic	10
1.3 Problem Statement	11
1.4 Research Questions	18
1.5 Research Objectives	19
1.6 Significance of Present Study	19
1.7 Scope of Study	21
1.8 Definition of Key Terms	22
1.9 Structure of Study.....	23
CHAPTER 2 LITERATURE REVIEW	26
2.1 Introduction	26
2.2 Characteristics of Multinationals Corporations (MNCs)	26
2.2.1 Globalization and Development of Multinational Corporations (MNCs).....	28

2.2.2	Development of MNCs in Malaysia	30
2.3	Dimensions of MNCs Performance.....	33
2.3.1	COVID-19 Pandemic and MNCs' Performance in Malaysia	37
2.4	Fundamental of Human Resource Management (HRM)	41
2.5	Definition of International Human Resource Management (IHRM)	43
2.5.1	Significance of IHRM in MNCs	45
2.5.2	International Human Resource Management (IHRM) in Malaysian MNCs.....	47
2.6	International Human Resource Management Practices.....	49
2.6.1	Selection of Training and Development (T&D)	54
2.6.1(a)	Cross-cultural and Cross-border Training	56
2.6.2	Staffing	57
2.6.2(a)	Recruitment (Attraction and Selection).....	58
2.6.2(b)	Employee Retention.....	59
2.6.3	Compensation (Reward-based policy)	60
2.7	IHRM Practices and MNCs Performance	61
2.7.1	The COVID-19 Pandemic and IHRM Practices	68
2.8	The Role of Information Technology in IHRM Functions	71
2.8.1	Pandemic and IT-based Challenges at Organization Level in MNCs	72
2.8.1(a)	Remote Work.....	74
2.8.2	Electronic Human Resource Management (e-HRM).....	77
2.9	Underpinning Theory	79
2.10	Research Gaps	85
2.11	Developing of Research Framework and Hypotheses	88
2.12	Relationship between Variables	90
2.12.1	Relationship between the COVID-19 Impact, IHRM Practices and MNCs' Performance.....	90

2.12.2	Relationship between the COVID-19 pandemic, IT-based Challenges, and MNCs' performance	91
2.12.3	Relationship between IHRM Practices and IT-based challenges	93
2.12.4	IHRM practice and IT-based Challenges as a Mediator between the COVID-19 pandemic impact and MNCs' Performance	94
2.12.5	IT-based challenges as a Mediator between the IHRM practices and MNCs' Performance	97
2.13	Chapter Summary	99
CHAPTER3 METHODOLOGY		100
3.1	Introduction	100
3.2	Research Design	96
3.3	Study Population and Respondents	102
3.4	Sampling Design and Sample Size.....	104
3.5	Survey Method and Development of Survey Instrument.....	107
3.5.1	Research Approach	108
3.6	Research Item Generation	108
3.6.1	The COVID-19 Pandemic Impact.....	110
3.6.2	IHRM Practice.....	110
3.6.2(a)	Training & Development (TD).....	110
3.6.2(b)	Staffing	111
3.6.2(c)	Compensation (Reward-based Policy)	112
3.6.3	IT-based Challenges	113
3.6.4	MNCs' Performance	115
3.7	Pre-test and Validation of Research	116
3.8	Pilot Study	117
3.9	Data Collection Procedure.....	119
3.10	Data Analysis	119

3.10.1	Partial Least Squares (PLS).....	121
3.10.2	Descriptive Analysis	122
3.11	Chapter Summary	122
CHAPTER 4 DATA ANALYSIS AND RESULTS.....		124
4.1	Introduction	124
4.2	Preparing collected data for the Analysis.....	124
4.2.1	Data Coding and Editing	124
4.2.2	Data Screening and Missing Values	126
4.3	Response Rate	127
4.4	Descriptive Analysis of Demographic Profile of Respondents.....	127
4.5	Multicollinearity Test	130
4.6	Common Method Variance	131
4.7	The PLS-SEM Model Evaluation	132
4.7.1	Construct Validity.	133
4.7.1(a)	Convergent Validity.....	133
4.7.1(b)	Discriminant Validity.	135
4.8	Composite Reliability Test.....	138
4.9	Model Assessment (Structural Equation Modelling Result).....	139
4.9.1	Collinearity Assessment.....	139
4.9.2	Structural Model Path Coefficients	139
4.9.3	Coefficient of Determination (R ²)	140
4.9.4	Testing Direct Effects.....	141
4.10	Testing for Mediation Effects	143
4.11	Effect Size f^2	147
4.12	Predictive Relevance (Q ²).....	147
4.13	Hypotheses Testing Results	148
4.14	Chapter Summary	151

CHAPTER 5 CONCLUSION AND FUTURE RECOMMENDATIONS.....	153
5.1 Introduction	153
5.2 Recapitulation of the Study	153
5.3 Discussion of Findings	154
5.3.1 Relationship between the COVID-19 Pandemic, IHRM Practices and MNCs' Performance	155
5.3.2 Relationship between the COVID-19 pandemic, IT-based Challenges, and MNCs' performance	157
5.3.3 Relationship between IHRM Practices and IT-based Challenges	159
5.3.4 Mediating Effect of IHRM Practices between the COVID-19 Pandemic and MNC' Performance	161
5.3.5 Mediating Effect of IT-based Challenges between the COVID-19 pandemic and MNCs' Performance	162
5.3.6 Mediating Effect of IT-based Challenges between the IHRM practices and MNCs' Performance	163
5.4 Chapter Summary.....	165
 CHAPTER 6 CONCLUSION AND FUTURE RECOMMENDATIONS.....	 167
6.1 Introduction	167
6.2 Contribution of the Study	168
6.2.1 Theoretical Contribution	168
6.2.2 Practical Contribution	169
6.3 Limitation of the Study	171
6.4 Recommendation for Future Research.....	173
6.5 Conclusion.....	174
REFERENCES.....	178
APPENDICES	213

LIST OF TABLES

		Page
Table 2.1	Examples of MNCs in Malaysia from Different Sectors	31
Table 2.2	IHRM Practices Components.....	53
Table 3.1	Quantitative Method.....	107
Table 3.2	Research Items to Measure	109
Table 3.3	Dimensions of the COVID-19 Pandemic Impact	110
Table 3.4	Dimensions of IHRM Practices	111
Table 3.5	Dimensions of Staffing in IHRM Practices	112
Table 3.6	Dimensions of Compensation in IHRM Practices	113
Table 3.7	Dimensions of IT-based Challenges	114
Table 3.8	Dimensions of MNCs’ Performance.....	115
Table 3.9	Reliability Test Results.	118
Table 4.1	Codes of Scale Items.....	125
Table 4.2	Response Rate for the Questionnaire Survey.....	127
Table 4.3	Respondents Demographic Profile.....	128
Table 4.4	Occupational Sector in MNCs.	130
Table 4.5	Multicollinearity between Main Variables.....	131
Table 4.6	Measurement Model and Outer Loading after Adjustment	134
Table 4.7	Discriminant Validity of Construct (Fornell-Larcker Criterion).	136
Table 4.8	Discriminant Validity of Construct (Cross Loading of all items)....	137
Table 4.9	Results of Heterotrait–Monotrait ratio (HTMT).....	138
Table 4.10	Square and R Square Adjusted Values.	141
Table 4.11	Assessment of Structural Model (Test of direct Effect).....	142
Table 4.12	Presents the Mediation Analysis... ..	145

Table 4.13	Predictive Relevance based on Q2.....	148
Table 4.14	The Summary of the Hypotheses Tested.	149

LIST OF FIGURES

	Page
Figure 2.1	FDI Net Inflows (BoP) (2015-2020).....32
Figure 2.2	Compare FDI inflows and FDI positions in Malaysia (2001-2020) ..39
Figure 2.3	Summary of Research Gaps87
Figure 2.4	Developed Research Theoretical Framework89
Figure 3.1	Research Design Process..... 101
Figure 3.2	Sample method Steps 106
Figure 4.1	Measurement Model Results..... 135
Figure 4.2	Results of Structural Model 146

LIST OF ABBREVIATIONS

E-HRM	Electronic Human Resource Management
F2F	Face to Face
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
HR	Human Resource
HRD	Human Resource Development
HRM	Human Resource Management
IHRM	International Human Resource Management
IT	Information Technology
MCO	Movement Control Order
MIDA	Malaysian Investment Development Authority
MITI	Ministry of International Trade and Industry
MNCs	Multinational Corporations
T&D	Training and Development
UBCTAD	United Nations Conference on Trade and Development
WFH	Work from Home

LIST OF APPENDICES

Appendix A	English Version of Questionnaire
Appendix B	Ethical Consent Form
Appendix C	SPSS Output Result
Appendix D	PLS Output Results
Appendix E	Summary of Literature Studied on Employees' Performance

**KESAN COVID-19 TERHADAP AMALAN PENGURUSAN SUMBER
MANUSIA ANTARABANGSA DAN PRESTASI MNC: PERANAN
PENGANTARA CABARAN BERASASKAN IT**

ABSTRAK

Wabak COVID-19 telah memberi kesan yang signifikan terhadap pelbagai aspek masyarakat, termasuk ekonomi, penjagaan kesihatan, reka bentuk pekerjaan, keselamatan pekerjaan, dan persekitaran perniagaan global, terutamanya memberi impak kepada syarikat-syarikat multinasional (MNC). Pandemik ini telah mencetuskan perubahan yang belum pernah terjadi sebelum ini dalam jabatan sumber manusia dan amalan-amalan, yang mendorong MNC untuk menyesuaikan dan mengubah strategi Pengurusan Sumber Manusia Antarabangsa (IHRM) mereka, seperti latihan dan pembangunan, pengambilan pekerja, dan dasar pampasan. Selain itu, peningkatan bergantung kepada Teknologi Maklumat (IT) dan cabaran-cabaran yang berkaitan dengan kerja dari jauh dan Pengurusan Sumber Manusia Elektronik (e-HRM) juga merupakan aspek penting dalam perubahan ini. Tesis ini bertujuan untuk menyiasat hubungan langsung dan tidak langsung antara wabak COVID-19, amalan IHRM, cabaran-cabaran berbaserkan IT, dan prestasi MNC yang beroperasi dalam pelbagai sektor di Malaysia. Satu kajian tinjauan soal selidik telah dijalankan untuk mengumpul data dari 172 profesional sumber manusia yang bekerja di MNC. Teknik Partial Least Squares–Structural Equation Modeling (PLS-SEM) digunakan untuk menganalisis data yang dikumpulkan. Keputusan kajian menunjukkan bahawa wabak COVID-19 mempunyai kesan langsung terhadap amalan IHRM, termasuk latihan dan pembangunan, pengambilan pekerja, dan dasar pampasan. Walau bagaimanapun, tidak terdapat hubungan langsung dan signifikan antara pandemik ini dengan prestasi

keseluruhan MNC. Hanya pengambilan pekerja dari amalan IHRM yang mempunyai kesan langsung dan signifikan terhadap prestasi MNC. Tambahan pula, pandemik ini secara langsung mempengaruhi kerja dari jauh sebagai cabaran berbaserkan IT, tetapi tiada hubungan signifikan ditemui antara kesan pandemik dan e-HRM. Selain itu, kerja dari jauh dan e-HRM sebagai cabaran berbaserkan IT telah menunjukkan pengaruh langsung dan signifikan terhadap prestasi MNC. Faktor pampasan dari amalan IHRM mempunyai kesan langsung terhadap kedua-dua kerja dari jauh dan e-HRM. Berkenaan dengan kesan mediasi, pengambilan pekerja dari amalan IHRM dan kerja dari jauh daripada cabaran-cabaran berbaserkan IT berperanan sebagai penengah antara wabak COVID-19 dan prestasi MNC. Selain itu, kerja dari jauh dan e-HRM berperanan sebagai penengah antara pampasan dan prestasi MNC. Kajian ini memberikan sumbangan praktikal dan teoretikal dengan menekankan peranan penting amalan IHRM dan cabaran-cabaran berbaserkan IT dalam membentuk prestasi MNC semasa pandemik. Keputusan ini memberikan panduan berguna kepada jabatan sumber manusia mengenai prestasi keseluruhan syarikat-syarikat multinasional di Malaysia, membantu mereka menangani cabaran yang timbul akibat pandemik ini.

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ABSTRACT

The outbreak of COVID-19 has significantly affected various aspects of society, including the economy, healthcare, job design, job security, and the global business environment, particularly impacting multinational companies (MNCs). This pandemic has triggered unprecedented changes in human resource departments and practices, leading MNCs to adapt and modify their International Human Resource Management (IHRM) strategies, such as training and development, staffing, and compensation policies. Furthermore, the increased reliance on Information Technology (IT) and challenges related to remote work and Electronic Human Resource Management (e-HRM) have been noteworthy aspects of this transformation. This thesis aims to investigate the direct and indirect relationships between the COVID-19 pandemic, IHRM practices, IT-based challenges, and the performance of MNCs operating in various sectors in Malaysia. A questionnaire survey was conducted, gathering data from 172 HR professionals working in MNCs. The Partial Least Squares–Structural Equation Modelling (PLS-SEM) technique was employed to analyze the collected data. The study's findings indicate that the COVID-19 pandemic has a direct impact on IHRM practices, including training and development, staffing, and compensation policies. However, there is no direct and significant relationship between the pandemic and MNCs' overall performance. Only staffing from IHRM practices has a significant, direct effect on MNCs' performance. Additionally, the

pandemic has directly influenced remote work as an IT-based challenge, but no significant relationship was found between the pandemic impact and e-HRM. Furthermore, remote work and e-HRM as IT-based challenges demonstrated a direct and significant influence on MNCs' performance. The compensation factor from IHRM practices has a direct effect on both remote work and e-HRM. As for mediating effects, staffing from IHRM practices and remote work from IT-based challenges serve as mediators between the COVID-19 pandemic and MNCs' performance. Additionally, remote work and e-HRM have a mediating role between compensation and MNCs' performance. This study makes valuable practical and theoretical contributions by highlighting the significant roles of IHRM practices and IT-based challenges in shaping the performance of MNCs during the pandemic. The findings offer useful insights to HR departments concerning the overall performance of multinational companies in Malaysia, aiding them in navigating the challenges brought forth by the pandemic.

CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter covers the research topic, the background of the study, problem statement, research questions, and research objective. The significance and scope of the study are discussed in detail respectively. The contribution and significance of the study explain forward. The chapter concludes with the definition of keywords and the Structure of this study.

1.2 Background of Study

Over the past decades, the demand for multinational enterprises is inevitable as a competitor in the global market. The international business environment and globalization of companies contribute to the competitive advantages as well as new challenges. The internationalization of business has increased flexibility of labour across geographic borders which is leading to numerous styles of managing people in a challenging multicultural environment.

The multinational corporations (MNCs) can be defined as a company and enterprises that engage in Foreign Direct Investment (FDI) and control value-added activities in different countries (Mayrhofer & Prange, 2015). MNCs are categorized in variety forms, ranging from small companies who invest abroad to the range of large business groups that manage owned subsidiaries in other countries and embedded in multiple networks (Dunning & Lundan, 2008). During the past decade, following the globalization, world economy has been dominated by multinational corporations typically from three different nations, North America, Western Europe, and Japan

(Mayrhofer & Prange, 2015). These types of MNCs located the majority of their activities in their home country or developing countries such as Malaysia.

Managers of multinational companies face significance challenges in order to achieve a balance between the often-conflicting pressures for global integration and local responsiveness. Multinational Corporations (MNCs) with cross-bordering of knowledge are typically distressed with many challenges in management style (Gaur et al., 2019). MNCs Company shows that optimizing the components of Human Resource Management (HRM) is a distinctive feature through the selected range of local practices and global best practices (Chung et al., 2012). In other words, professional Human Resources (HR) is supposed to balance how to align and enhance procedures with international business strategy and build the global corporate culture to lead employees (Farndale & Paauwe, 2007). Simply put, globalization has resulted in many specific challenges, and many trends have been changing from the traditional HRM to the current state of International Human Resource Management (IHRM). The future of MNCs' effectiveness in the competitive global market depends on corporations' abilities to adopt resources strategically to broaden into the global and digital field. Besides, international business strategies, which MNCs employ to maintain effectiveness and competitiveness, should be developed in relationship with the HR department and their practices and policies (Lengnick-Hall & Lengnick-Hall, 1988; Caligiuri & Stroh, 1995; Harrison & Bazzy, 2017; SADAT, 2018).

Employees are a MNCs' most significant asset. However, they also represent the most challenging resource for an organization to manage, especially in relatively low-tech, labour-intensive industries (Mullins, 2018). Therefore, IHRM must have the potential to eliminate more risks to release a significant number of products and

services in the relevant industry. Yeo (2014) defines IHRM as a hybrid between HRM and International Management (IM). Poole (1990) explained the IHRM as a worldwide management of employees in the international enterprise. According to the Brewster et al. (2016), the subject matters of IHRM in MNCs covered under the following considerations, (i) comparative human resource management, (ii) international human resource management, and (iii) cross-cultural management. All issue related to the management of the employees in international context including HR issues facing MNCs in different departments of their organization could be compared in different countries (Björkman & Lervik, 2007). Some general changes, such as rapid growth in the internationalization of MNCs (Briscoe et al., 2012), which is followed by the emergence of multicultural environment and globalization in international trade that is supported by regional integration (Dimitratos et al., 2003), are intensified realizations among MNCs and advanced their business operation validity (Morley et al., 2006; Gbur, 2016). Therefore, how MNCs' international coherence can be responsive to manage its employees in all countries with assumption of IHRM functions are considerable.

The gained experiences and knowledge exchanges result in the HRM adaption to external factors with creative abilities in the greater conditions to operate in a globalized environment. Without any major changes, the company stays the same, not global, to increase the possibility for a smooth operation in the host country. Therefore, the demand for different management requirements will be change due to the new conditions (Zisk et al., 2015). It is noticeable that MNCs Company requires to consider selecting the key managerial level and HR manager to better controlling its operation and performance.

MNCs companies usually work in the countries where national cultural distance, such as different value and norms. Beside cultural differences, investing in foreign markets also had its own challenges (Nilsson & Nithenius, 2016). HRM changes usually were brought about by the workplace environment and are evolutionary in nature of the organization. (Morgan & Bottrall, 1988). In existing case studies and literature, multicultural society is considered as a set of challenging characteristics that influence the IHRM practices in Malaysia. Therefore, reverse diffusion and forward of IHRM in MNCs are both the facilitators to explain how globalization can operate in the contemporary global era (Kamoche, 2011; Feng, 2017).

By comparing two different business environments in the United States and Australia, Morgan and Bottrall (1988) defined some IHRM trends within environmental, government, and commerce. For instance, Local/National employee expectations, reduces and balanced mobility of expatriates, increased interest in IHRM at the operational level, and non-cash compensation. There is a piece of evidence from the previous scholar that shows the traditional HRM model is not adequate as a point of reference model for IHRM operations (Dowling, 1986; HANDA, 2014; Samson & Agrawal, 2020). Therefore, to maintain the effectiveness of IHRM practices in global competition, MNCs are required to be globally standardized and stay competitive with a strong capacity for knowledge exchange (Sparrow & Brewster, 2006; Feng, 2017).

Malaysia, as an important trading partner of the developing countries, comparatively influenced by the impact of digitalization. With regards to the IHRM and HRM studies, there are discussions on comparing the strategic HR and digital human resource management or e-HRM as recent HRM trends (Braun & Veresne

Valentinyi, 2019; Chyhryn et al., 2019; Meister, 2019). With exploring the IHRM and HRM trends at the beginning of the 21st century, digital HR is a noticeable part of the changes, which means the transform of the HR function from paper-based and face to face (F2F) to digital (Braun & Veresne Valentinyi, 2019). On the other hand, strategic HR is another side of HRM, which deals with predicting organization needs and ensure of enough qualified employees to reach the company's goal (Mahadevan & Schmitz, 2020). Therefore, the rapid technological advancement such as Information Technology (IT) in the globalized environment in Malaysia has been increasing the digitalization changes in all aspects as a buzzword in the global business world, even as a new IHRM trend (Halid et al., 2020).

Since early 2020, Malaysia, like other countries, has been impacted by the COVID-19 pandemic, which greatly affects the IHRM practices in the MNCs that come from home country or different cultures. This study is timely conducted to focus on the impact of the COVID-19 pandemic impact on IHRM practices of MNCs. The below section will discuss the current challenges of the COVID-19 pandemic and opportunities moment that, provide for HR management to turn them into actionable insights to support MNCs in tackling the greatest challenges in today's global business environment. The following subsection will discuss the background and development of MNCs in Malaysia.

1.2.1 Multinational Corporations (MNCs) in Malaysia

During the past decade, the Malaysian government has been working with increasing the numbers of MNCs and make it easy for international investors to expand their businesses in this region. According to the Malaysian Investment Development Authority (MIDA), in 2020, Malaysia has recorded RM 164 Billion of approved investment in economic sectors like primary sectors, manufacturing, and services,

which are involved in 2935 projects (MIDA, 2021a). MIDA official reports also show foreign (FDI) direct investment in Malaysia remains 39.1%, with RM64.2 in 2020. The first nine months of 2021 in implementing various investment program revealed that FDI contributed RM106.1 billion and accounting for almost 60% of the total approved investment in Malaysia (MIDA, 2021b). However, MIDA's chief executive officer is optimistic for good investment during 2022, but it would be challenging to beat 2021.

On the other hand, the MNCs in Malaysia is growing rapidly in different industries (Abdul Wahab, 2016). Malaysia in the middle of south-east Asia is considered one of the most important business hubs in this region due to the well-developed infrastructure, educated workforce with wide usage of English as a business language, and strong transport connectivity. Taking it into MNCs companies in Malaysia industries, various factors contribute to being one of the developing business hubs in the Asian region. Being a multilingual, multi-ethnic, multicultural society makes Malaysia one of the friendliest and high rankings for doing business.

Furthermore, Malaysia is considered a top location for offshore service-based operations and manufacturing, hence no surprise that MNCs from all across the world are interested in investing in Malaysia. Therefore, MNCs from more than 40 firms all around the world are invested in over 5000 companies (OECD, 2020). According to Malaysia MNCs official report in 2021, there are 4699 awarded MNC companies, which is followed by 2794 active status as of December 2020 in Malaysia (MDEC, 2021). In other words, established by the Malaysian government, the MNCs provide businesses with a wide range of intensives and privileges to accelerate continued growth. Malaysia also being a main supply chain hub in this region to encouragers different type of industries such as, automotive industry, electronic and tech,

Photovoltaic (PV) industry, and manufacturing as well (New Straits Times, 2021). For instance, the Digital Global Business Service (GBS) is one of the largest contributors to Malaysia's digital economy and Penang aims to set up larger spaces to become one stop centre for MNCs by the end of 2024 (MIDA, 2021c). InvestKL also attracted seven MNCs to invest almost RM2 billion (RM1.92 Billion) in first six months 2021 and create 1200 regional jobs (Straits Times, 2021).

Malaysia has benefited from openness to international trade, while like other countries around the globe, Malaysia also faced serious challenges due to the COVID-19 pandemic. However, according to the MDEC (2021) official report, RM588 Billion revenue and 184,030 numbers of jobs were created by MNCs in Malaysia as of December 2020. Malaysia attracted a fair share of MNCs including, US global Fortune 500 companies and suppliers in high-technology and high-end industries (New Straits Times, 2021). All these industries have chosen Malaysia to expand their global footprint by establishing advanced technology and production facilities. Besides, existing MNCs also prefer continuing reinvestment in Malaysia, which illustrates Malaysia's continued value proposition to the investors. Notable MNCs' projects were approved during last year consist of in industries that are recently established their operations in Malaysia, especially in the three sectors, electrical and electronics (E&E), chemical and medical, machinery and equipment on 38.6% (RM35.2 Billion) of the total approved investment on manufacturing (MIDA, 2021a). In 2020, Selangor was the largest recipient of investment with RM18.4 Billion in the manufacturing sector, followed by Sarawak with RM12.0 Billion, Penang with RM14.1 Billion, Sabah, and Johor with RM12.0 and RM6.0 Billion, respectively.

However, country faced third wave of COVID-19 crisis at the end of 2020 which led government to strike a balance between livelihood and preserving lives. Against the challenges amongst the pandemic, new project investment in Malaysia still 66.9% of manufacturing projects were successfully approved and secured in 2020. Moreover, the Ministry of International Trade and Industry (MITI) tends to ensure friendly business policies to enable foreign investors and giving them the confidence to establish a multinational corporation in the country (MIDA, 2019, 2021a). In United Nations Conference on Trade and Development (UNCTAD) report, the net FDI for the year 2020 that flows into Malaysia is estimated at approximately RM10.1 Billion while shows a decrease of 68% from the year 2019 performance (UNCTAD, 2021a). Therefore, this was typically reflected in loan repayments and inter-company loans in MNCs companies and their operations. Accordingly, investment activities abroad by MNEs from developing countries show a 10% decline due to the financial crisis of pandemic (UNCTAD, 2021b). Simply put, the COVID-19 pandemic works as supply, demand, and policy shock for FDI and MNCs all around the globe, not only in Malaysia.

In the context of HR in the industry, it will help the industry to run towards globalization much deliberately. IHRM involves many personal and interpersonal interactions which were guided by cultural values, expectations, and attitudes. Some values transcend cultural boundaries and are mutually reinforcing. Besides, foreign workers are hired by companies in Malaysian industries, which is increasing managing the workers and bringing into the line IHRM strategy. Through understanding globalization's impacts on IHRM will help HR managers to equip more appropriately their organizations to face the rapidly progressive global business (Kapoor, 2011).

HRM in MNCs tends to adopt four types of practices and policies to international staffing, such the polycentric approach, ethnocentric and geocentric (Mayrhofer & Brewster, 1996), or mixed methods of being polycentric and ethnocentric as well as expatriates (Kang & Shen, 2013). Typically, MNCs remain in line with their present system of handling activities by choosing ethnocentric staffing strategies for managerial staff to fill the key positions. Also, they consider a core mechanism for combining and coordinating international activities (Brewster, 2012). The ethnocentric staffing model typically refers to the strategy of multinational companies to employ their managers the key positions from the headquarters instead of hiring from local. This approach helps the MNCs for better regulation, cultural familiarity with parent corporations (Bader et al., 2021). While, polycentric-what is this? as the second staffing strategy adopt in recruitment and selection practices to fill the positions of subsidiaries in the countries of operation (Lakshman et al., 2017). Adopting a polycentric approach can bridge the gap between the headquarter country culture and the host country. It means, polycentric approaches seek the best people for key positions regardless of the nationality.

Depending on the size of MNCs they may have several subsidiaries and branches in multiple nations (Vaidya, 2021). Therefore, developing practices for promoting collaboration among diverse workers and communicating values and policies across countries will be ethnically important to driving success within global organizations (Absar & Mahmood, 2011). Cultural diversity is also frequently seen and educates HRM on how to take advantage of the multicultural workforce, which results in more creative and innovative problem-solving skills with a unique perspective (Kang et al., 2017; Kang & Shen, 2018).

1.2.2 The COVID-19 Pandemic

The COVID-19 pandemic has caused considerable impacts on human life, economy, and businesses that also have generated an immense demand for quick transition to cope with any damages (He et al., 2021). Pandemic revealed the urgent need to redesign the workplace structure and job designs. Over the past two years and during the COVID-19 pandemic, both IHRM and employees have had different experiences. The demand to understand the impact of the COVID-19 pandemic on workplace policies is essential to investigate. The HRM challenges after the pandemic should be prepared to deal with any changes. Thus, the HRM practices will get changed or revised (Ghewari et al., 2021). The pandemic effects have been presented in social and business circumstances as an important issue to consider, the concern to remain effective and competitive (Gómez et al., 2020).

Shen et al. (2020) findings shows that the COVID-19 pandemic has significant negative impact on corporate performance. At the firm level, pandemic may affect the stock market, performance in manufacturing and energy industry, and other aspects (Fu & Shen, 2020; Liu et al., 2020). According to Shen et al. (2020), the pandemic has negative effects on operation, production, and sales of multinational corporations firms, which is eventually reflected in negative return rate along with sending negative signals to the managers and HRM system of the firms. From another point of view, He et al. (2021) believed that the COVID-19 pandemic raised opportunities to adopt advanced technology-based solutions in response to unforeseen circumstances. Khatib and Nour (2021) findings demonstrated the COVID-19 pandemic has affected all firms' characteristics, firms' performance, corporate governance structure but not at the significant level as the differences between pre and post-pandemic. However, there

are few reasons to believe the COVID-19 pandemic impact on organizational life and performance will be finished soon, and the long-term implication of the pandemic is currently unknown (Carnevale & Hatak, 2020).

Therefore, pandemic can impact seriously on the HR practices and policies and staffing sock such as recruitment that HRM needs to deal and handle with this rapid changes in workplace. The main function of IHRM among HRM systems in MNCs and their practices play important role to navigate employees in this extraordinary situation.

1.3 Problem Statement

In recent years, there has been an increased interest in international management studies and specialized aspects such as IHRM challenges and the importance of think of the necessity globally. Due to the ongoing challenges and central role of international HR managers is to enhance MNCs' capabilities, IHRM practices, policies, and issues received attention as an area of importance among both academics and practitioners (Björkman & Lervik, 2007; Li & Tallman, 2011; Björkman & Welch, 2015; Bos-Nehles et al., 2017). In addition, IHRM has witnessed expansion in the research scope in recent literature. The growth of IHRM importance as a scholarly field is in conjunction with the continuous development of IHRM as professional practices, which is accountable to several external and internal shaper and barriers factors in a globalized business context such as MNCs. However, the challenges that are arising during the COVID-19 pandemic require investigation in detail, especially in developing countries and the ASEAN region such as Malaysia. Moreover, the sudden shift in the workplace due to the pandemic brings new challenges in working status and security systems which are all considered as a part of

IT-based challenges. The research before pandemic shows that only few sectors were leading in remote work policies (Felstead et al., 2002; Arlinghaus & Nachreiner, 2014; Bloom, 2014; Bick et al., 2020; Bloom, 2020), but due the pandemic and movement control order (MCO) almost all sectors in MNCs companies are rushing to build work from home (WFH) strategies with highest level of IT challenges and security.

IHRM academicians have had a tough time understanding the major issues for practice in IHRM and elucidate current developments and directions for this field. Effective IHRM is being recognized as a considerable determinant of success or failure in international business especially in MNCs (Chew, 2004). With the recent outbreak of COVID-19, MNCs face a grand challenge of unparalleled proportions, one that forces them to dive into and directly manage unprecedented territory as they alter their employees in technical, physical and socio-psychological ways not seen before. The COVID-19 pandemic also has created a particularly challenging environment for IHRM (Carnevale & Hatak, 2020). However, some significant limitations are recognized in IHRM studies.

A comprehensive review of IHRM studies with relatively new scholarly field, suggested that IHRM in MNCs in Malaysia has faced major challenges in terms of collective definitions and theory development (Anwar & Abdullah, 2021; Azizi et al., 2021). The strategic link between varied IHRM practices to MNCs performance does not include individual activities as much as internally consistent and interrelated practices. There is an argument that performance improvements are related to the use of several practices within those associated with cognitive and skill recruitment, reward-based policies, or training (Cooke et al., 2020). Critically, based on the current situation, few details have been provided in existing studies to the precise issues and

practices by which IHRM activities take effect during specific situation such as the COVID-19 pandemic (Shen et al., 2020; Ghewari et al., 2021). The research is expected to find out the challenges due to the pandemic, which will affect the MNCs' HR management to maintain the effectiveness and competitiveness in productivity and also decrease turnover of employees by reviewing previous findings (Wheeler et al., 2010; Hurn, 2014; Yeo, 2014). Therefore, this research explores the HR managers faced by the COVID-19 pandemic impact and analyses the method and skills required to enhance IHR in the MNCs in Malaysia, which operating multinational in such an unforeseen circumstance (Kalogiannidis, 2021). Majority of researchers such as Shen et al. (2020), only discussed the negative impact of pandemic on firm's performance. However, the main problem addressed by this research is to identify how the impacts of a pandemic could be more considerable to handle and cope in Malaysian industries and what could be the suggestion given for foundation for sustainable businesses in chaotic situation.

There are numerous and different theme in IHRM research to define HRM role and practices in MNCs beyond a narrow context (Lapiņa et al., 2014; Muscalu, 2015; Gbur, 2016; Mullins, 2018; SADAT, 2018; Singh et al., 2021). In the early days of IHRM research, many MNCs combined their international activities in an international division which also was responsible for the control of foreign subsidiaries. As such the focus of IHRM was very much on expatriation not practices and policies. Initially, the selection of IHRM practices stood in the foreground, a research topic to which subsequently other functions such as training, performance appraisal and compensation were added (Pudelko et al., 2015). The underlying research question was mainly limited to how expatriates could best adapt and adjust to their local

environments to overcome their liability of foreignness with following the practices such as, training and development, reward-based policy, and job design.

However, there is a lack of agreement on how IHRM practices in MNCs companies in Malaysia focus on standardization versus localization. On the other hand, there are some arguments on global integration in MNCs versus local responsiveness that are considerable in such a modern global environment of Malaysia (Zakariya et al., 2019). Most of the IHRM studies focused on China or Japan MNCs with strict Asian cultures and business models that have operated in other Western or even African environments (Chung et al., 2012; Zhou et al., 2012; Aktar & Khan, 2016; Furusawa & Brewster, 2016; Feng, 2017; Horwitz, 2017). In developing country like Malaysia, employee adjustment and adaptability to the host country for MNCs is a controversial in IHRM context. Zakariya et al. (2019) argued that once expatriates adapt to the new culture, norms, and values of the new work environment, it could affect their effectiveness and job performance within MNCs' operation in Malaysia. Few studies tried to illustrate the challenges of HR professional and their challenges and perceptions during the post-pandemic (Gigauri, 2020; Kalogiannidis, 2021). However, there is little attention in research and a lack of evidence to support the claim on the IHRM practices in MNCs' service sector such as education sectors during the COVID-19 pandemic which applied to Malaysia as an affected multicultural country (Tasnim, 2021).

The COVID-19 pandemic and its impact are considered as a new and controversial topic in most of the current studies. Majority of the existing literature focused on how MNCs transfer their practices, technologies, and their strategy to the host-country and organizational sustainability performance (Fazal, 2019; Sivathanu &

Pillai, 2019). However, the IT-based challenges and trends like remote work (Gurova, 2020; Kaufman et al., 2020) in general, electronic and digital HRM systems (El Ouizgani et al., 2018), especially the challenges regarding the pandemic have been received less attention. Information Technology (IT) and knowledge sharing is vital for any globalized business environment. Technology transfer is considered as one of the controversial topics in most of the current studies (Berry, 2018; Ho & Oh, 2022). There are some critical reviews of the IT usage in MNCs how they have been reformed discussed in previous literature (Prasanna et al., 2019; Le Nguyen & Larimo, 2021; Ochieng & Nyanga'u, 2021). However, the lack of study and investigation of the direct effect of IT-based challenges on MNCs' performance in Malaysia encourages this research to look deeply into these current issues. Moreover, considerable evidence is not available to review how IT usage and its challenges could mediate the relationship between the COVID-19 impact and MNCs' performance in Malaysia as a host country.

A new generation of IHRM systems is enhanced by internet-based strategies to set up effective practices (Huu, 2022). Given the emphasis on classic HR functions, most IHRM research was conducted by scholars with a traditional HR scholarly background. Boundaries existed primarily with regards to the areas of non-international or domestic HRM and comparative HRM, but also with cross-cultural management. Of course, mainstream HR scholars still feature prominently in the field (Pudelko et al., 2015). The willingness and ability of HR managers of MNCs to adopt practices that rely on security in their systems may cause some organizational-level challenges. According to the existing findings before pandemic, the greater e-HRM and remote work capability are both directly related to the strategic HR involvement (Alshibly, 2014; Marler & Parry, 2016; Bondarouk et al., 2017; Caligiuri et al., 2020). For instance, Bondarouk and Brewster (2016) addressed the between new technology

and HRM. His observations show that IT have changed HRM practices by introducing e-training, e-recruitment, and e-competence. Taken together, changes in technology usage and HRM practices, organizations can offer their employees new job design such as remote work and virtual team (Stone & Deadrick, 2015). However, this is still questionable during and post-pandemic to what extent is the interface between IHRM practices on new job design in MNCs and technology challenges? Therefore, technology and its challenges should be investigated since it can potentially cut expenses, change the policy and practices that connected with various elements of recruiting, including selection, training, performance evaluation, and incentives.

Generally, IHRM addresses broader criteria and concerns of stakeholders that include investors, society, employees, suppliers, customers, and the organization itself (Briscoe et al., 2012). Moreover, IHRM includes a wider range of HR practices, such as staffing, compensation (reward-based policy), job safety, training, and development (T&D). Among the IHRM practices that may shape the specific challenges of MNCs' demand for competitive advantage components has been discussed in the literature in the field of MNCs' performance. The relationship between IHRM practices and MNCs' performance also has had evidences in previous studies (Abdullah et al., 2009; Edwards et al., 2013; Brookes et al., 2017; Moustaghfir et al., 2020; Anwar & Abdullah, 2021). However, the appropriate HRM approach and mediating role of IHRM practices, especially during the pandemic in multinational companies in Malaysia, has not been elaborated clearly. Specifically, there is a lack of evidence in existing research that confirms which IHRM practices could be more efficient during the pandemic and indirectly influence MNCs' performance.

Like other area that influenced by technological advancement and transformation, HRM practices also has been progressively affected with wide range of technological growth during the COVID-19 pandemic (Gigauri, 2020). The finding emerging from the existing studies revealed the outcomes of adopting digital skills in the purpose of HRM to enhance efficiency convenient T&D, and achieve dynamic growth (Bondarouk et al., 2017; Basu, 2019; Ibrahim, 2021). Therefore, it could say, this is the next trend that HR will be in the 21st century easier to work remotely, especially in the current pandemic moment (Yusliza & Ramayah, 2012; Yusoff & Ramayah, 2012; Shahreki, 2019). The huge range of IT usage and perceived security due to the remote work during the pandemic is another challenge that is highly required to consider. The limited studies investigated the overcoming security risks on HRM practices (Malecki, 2020), and increasing the work from home (WFH) (Kawaguchi & Motegi, 2021), its advantages and disadvantages (Gurova, 2020; Kalogiannidis, 2021). However, following the objective of the new IHRM trend in MNCs such as, e-HRM besides improve service quality, reduce cost, and provide a higher level of effectiveness and competitiveness during and post-pandemic, there is a gap to evaluate the indirect effect of IT challenges on how IHRM in MNCs in Malaysia enhance their performance from cross-country perspectives, specifically in a crucial moment during and post-pandemic.

This research has been drawn upon Institutional Theory (Merlot et al., 2006) and Resource Dependence Theory (Hannon & Jaw, 1995; Hudson & Bielefeld, 1997; Merlot et al., 2006) for two reasons, first, it considered how shapers and barriers of pandemic might influence IHRM, and, second, the study was concerned with IHRM standard practices and their challenges on MNCs' performance, especially in some unforeseen circumstances like COVID-19 pandemic with indirect effect of IT

challenges. Given the gap, the framework is proposed to classify different strategies of IHRM and its practices that require to be developed. The pandemic is a wake-up call for all MNCs around the globe to be innovative to the capacity of their organization leasers, technological competencies, security system, and HRM practices and policies to excel their effectiveness (Ojo et al., 2021). Therefore, the employees' mental health support and wellbeing, and their confidents to the job status and position during and post-pandemic are noticeable challenges to investigate under the HR department, which HR managers have not been equipped with this type of knowledge before the pandemic.

1.4 Research Questions

The research questions concentrate on the study of the relationship between the COVID-19 pandemic impact, the mediating role of international human resource management (IHRM) practices, and better understanding of the indirect effect of IT-based challenges in the concept of MNCs' performance in Malaysia. Below are the research questions to be determined for the finding based on the research objectives and problem situation:

RQ1: What is the relationship between the COVID-19 pandemic impact, the IHRM practices and MNCs' performance in Malaysia?

RQ2: Are there any significant direct relationships among the COVID-19 pandemic, IT-based challenges, and MNCs' performance?

RO3: Is there any direct effect from the IHRM practices on IT-based challenges?

RO4: Do the IHRM practices and IT-based challenges mediate the relationship between the COVID-19 impact and MNCs' performance?

RO5: Do the IT-based challenges mediate the relationship between the IHRM practices and MNCs' performance?

1.5 Research Objectives

This study's objectives are consequences of the COVID-19 pandemic impact for managing International Human Resources practices and IT challenges among MNCs' performance in Malaysian industries. The objectives for this study are described as follows:

RO1: To examine the relationship between the COVID-19 pandemic impact, the IHRM practices and MNCs' performance in Malaysia

RO2: To examine the relationship between the COVID-19 pandemic impact, IT-based challenges and MNCs performance.

RO3: To examine the relationship between IHRM practices and IT-based challenges.

RO4: To assess multiple intervening of IHRM practices and IT based challenges on the relationship between the COVID-19 impact and MNCs' performance.

RO5: To examine the indirect effect of IT-based challenges between IHRM practices and MNCs' performance.

1.6 Significance of Present Study

The contribution in this study aims to sort out the body of knowledge relating the COVID-19 pandemic impacts on IHRM practices among MNCs' performance, plus the mediating role of IHRM practices and IT usage and challenges on the

effectiveness and competitiveness of MNCs in Malaysian industries by relying on theoretically valeted frameworks. This study contributes to the Institutional theory.

Theoretically, this present study theorizes the similar IHRM practices experienced during the pandemic and crisis on the performance of multinational companies. The research findings ideally provide a broader perspective of an institutional frame structure that can shape MNCs in Malaysia. Another significant theoretical contribution of this research is to suggest the mediator role of training and development (T&D), staffing, and compensation as selected IHRM practices. The relationship between pandemic impact, IT-based challenges, and MNCs' performance is also theorized with a specific focus on remote work (work from home) and Electronic human resource management (e-HRM) as an internal resource. Therefore, IT-based challenges are the second mediator that may have significant indirect effect between the COVID-19 pandemic impact and MNCs' performance.

Practically, reveals the significance of the IHRM practices, the effect of remote work and e-HRM on the relationship between the COVID-19 pandemic and MNCs' performance. This research emphasizes the different IHRM system with efficient practices that involved in multinational companies in Malaysia. The findings also justify the need for more effective HR management and supervision skills to navigate the transformation and enable companies bring more flexible practices, digital working, and remote-friendly norms. Moreover, this research attempts to demonstrate the importance of management in an unanticipated situation like a pandemic in MNCs. Although technology adoption is essential, the significance of its effect and challenges on MNCs' performance relies on IHRM practices which is more efficient.

This study will help both academia and multinational organizations' management to understand the operation of the international HR managers with diverse workforces in MNCs in Malaysia. The findings of this study will be the insight to determine the direction that can guide the effective implementation of IHRM practices in both manufacturing and services sectors. This study also proposes recommendations for the future to know more about the innovative strategies and outline HRM practices effectively.

1.7 Scope of Study

The scope of this study was confined to the Multinational Corporations (MNCs) in Malaysia. The focus of this present research is to examine the relationship between the of the COVID-19 pandemic impact, International Human Resource Management practices, besides IT-based challenges in multinational companies in Malaysia. The direct effect of IHRM practices such as Training and Development (T&D), staffing practices, and compensation (reward-based policy) on IT usage and challenges also have been discussed based on the MNCs performance from different sectors such as, manufacturing, service sectors such as, education, banking, telecommunication, hospitality, and tourism.

Data was collected through sending online questionnaire to the HRM department of multinational companies and the respondents of from who have supervisory role from senior manager to the non-executive. The MNCs list in this research was collected according to the Malaysian Investment Development Authority (MIDA) reports 2021 (MIDA, 2021a), InvestKL list as an investment promotion agency which is under the International Trade and Industry Ministry (InvestKL, 2020),

and Ministry of International Trade and Industry (MITI) official online portal (MITI, 2021).

According to the nature of the quantitative research, the research approach relies on the proposed framework and hypothesis testing. This study contributes to both theory and practice by discussing the direct effect the COVID-19 pandemic impact on MNCs' performance in Malaysia and examined mediating role of International Human Resource Management (IHRM) practices and Information Technology (IT-based) challenges (IT-based). Moreover, this research examine the direct effect of IHRM practices on IT-based challenges.

1.8 Definition of Key Terms

Human Resource Management (HRM): Nasir (2017) defined Human Resource Management as multidisciplinary managerial functions that display assumptions from different fields such as psychology, sociology, and economic besides management.

International Human Resource Management (IHRM): Yeo (2014) defined IHRM as a hybrid between HRM and international management that has critical role in enabling managers to adapt management practices and policies abroad.

IHRM practices: IHRM refers to the practices that influence employees' attitudes and performance by determining HR needs such as Training and development (T&D), recruitment, job security, job design, and compensation (reward-based policy) (Osman et al., 2011).

Multinational Corporations (MNCs): MNCs are defied as an enterprises and the companies that operate their business in their home country as well as in other countries with engaging in Foreign Direct Investment (FDI) (Mayrhofer & Prange, 2015).

Performance: The definition of performance is focused on the ability and capability of the organization as a particular result obtained in management that gives efficiency, competitiveness, and effectiveness (Taouab & Issor, 2019).

COVID-19 pandemic: The most recent pandemic is due to the viral disease with severe respiratory syndromes, globally known as the COVID-19 pandemic, and imposed massive health and economic impacts on the world (Abhari et al., 2021).

Information Technology (IT): IT functions are positions in the fields of computer software, hardware, data storage, and computer support and refers to everything that businesses use computers for (Alam, 2021).

IT-based Challenges: As a result of IT development, significant challenges in work structure take place as follows, connecting system to the IT system, connecting data, connecting people with IT infrastructures and enhanced collaborative tools (He et al., 2021).

E-HRM: Electronic Human Resource Management (e-HRM) applies IT for supporting and networking both individual and collective acts in its performing of HRM activities (Alshibly, 2014).

Remote work (Work from home): Olson (1983) defined remote work defines as the organizational work and activities that perform outside of the normal workplace and organizational confines of time and space.

1.9 Structure of the Study

This section focuses on the organization of the study, adding understanding and clarity of the thesis structure more deeply. This research is structured as follows in five chapters: The introduction part in Chapter 1 describes the background of the study, research topic, problem statement, objectives of the research, and research questions to elaborate the contribution.

Chapter 2 outlines a comprehensive review of the previous scholars pertaining to the same fields and gives overview of the COVID-19 pandemic as a key concern by explaining the important concept of IHRM practices in details and MNCs performance. This is followed by explanation of IT-based challenges and two determinants, remote work and e-HRM. The literature review in this chapter discusses the previous findings, theoretical perspectives, and the gaps of the study that found relating to the subjects matter. The proposed conceptual framework and hypotheses for this study is also presented in this chapter.

Research methodology is justified in Chapter 3, in order of research design, sampling process, and survey generation, all present in the same chapter. This chapter aims to present different approaches of the method that employed in this study to collect data. The chapter introduces the different types of sampling methods to frame the suitable research sample, sample size. The survey instrument is presented based on the generation and observation of the item in relation to other previous works.

Chapter 4 focuses on data analysis and discussed the results and findings based on the data analysis. The chapter presents the results of the measurement model testing, validity of the items as measured for each construct. The overview of the demographic characteristics of respondents discussed at the beginning of this chapter. This is followed by the discussions on final model testing by using Structural Equation Modelling (SEM) to examine the direct and indirect effects of the variables.

Chapter 5 discusses the details of the findings to present the relationship which have been tested. This chapter summarizes the thesis by illustrating the main findings in relation to the available literature.