

Fitting Talent Management Strategy into National Culture

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Fitting Talent Management Strategy into National Culture

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Abstract

In the face of globalization, organizations are concerned with how to design the talent management strategy that fits the national context. Based on an extensive literature review, the paper presents a systematic review of the literature on the role of talent management strategy, and Hofstede's cultural dimensions in creative sense of justice among employees. The paper examines the effectiveness of inclusive and exclusive talent management strategy using the Hofstede's cultural dimensions theory. The paper investigates the association between organizational justice and talent management strategy in different cultural conditions.

Introduction

Despite the implementation of possibly fairest talent management strategy possible, employees report a high sense of injustice in the organization and accuse management of not being fair. There are multiple contextual factors which influence the perceived organizational justice, and one such factor is a culture of the country in which an organization is operating. Organizational justice refers to the degree to which an employee perceives that he or she is being treated fairly. Organizational justice has three components: distributive justice, procedural justice, and interactional justice. Distributive justice refers to the fairness associated with the distribution of resources (Adams, 1965). Procedural justice refers to the perception of fairness regarding the processes leading to outcomes (Leventhal, 1980). Interactional justice refers to the degree to which the employee is treated with respect and dignity and the extent to which relevant information about the processes and outcomes is shared with employees (Colquitt, 2001).

There are primarily two strategies in defining talent in the literature, exclusive TM strategy and inclusive TM strategy (Gallardo-Gallardo, Dries, & González-Cruz, 2013). Under the inclusive strategy, the ‘talent’ of all the employees is developed, whereas, in an exclusive strategy, only a selected group of ‘talented’ employees is included (CIPD, 2006; Stahl et. al., 2012). The exclusive strategy makes a distinction between talent as characteristics of employees (object approach).

Talent management strategy and national culture

Culture is defined as consciously and unconsciously held assumptions, beliefs, norms, and values (Schein, 1985). It is a system of values and norms learned through experience and passed on from one generation to the next (Robock & Simmonds, 1989). The conceptualization and understanding of national cultures help managers to better understand business problems and identify the solutions in a cultural context. Hofstede developed a national culture dimensions along four bipolar dimensions: power distance, individualism–collectivism, masculinity–femininity, and uncertainty avoidance (Hofstede, 1980a, 1983, 1984b) and later added a fifth dimension, labeled as short-term versus long-term orientation (Hofstede & Bond, 1988).

Cross-cultural studies have suggested that preferences for HR practices are culturally bound (Budhwar and Sparrow, 1998; Hofstede, 1980a; Pennings, 1993). The nature of HRM is

known to be 'context specific' and 'socially constructed' (Boxall, 1995). TM practices need to be aligned to the national cultures (Adler et. al., 1986; Redding, 1994). As culture influences the value attached to HR practices. Hofstede's original four cultural dimensions are discussed in the following subsections:

Collective-individualistic cultures

Collectivism refers to 'a society in which people from birth onward are integrated into strong, cohesive in-groups, which throughout people's lives continue to protect them in exchange for unquestioning loyalty' (Hofstede, Hofstede, & Minkov, 2010, p. 515). In collective societies, individuals from childhood onward are assimilated into strong cohesive groups, and group goals are considered more important than individual goals. Further, the welfare of groups takes precedence over the individual's well-being, and there is strong group orientation and kinship. In collective societies, groups expect permanent loyalty because of the protection offered by the group (Hofstede, 1998). In individualistic cultures, individuals are accountable for themselves and their families. In such cultures, greater emphasis is placed on individual desires, needs, ambitions, and success. In the workplace, employees in individualistic societies value the freedom to make their own decisions and place an emphasis on personal liberties.

Inclusive TM strategy will be more effective in countries with a high score on collectivism because the collective approach in countries with a high score on collectivism results in greater synergies and better performance (Rijamampianina & Carmichael, 2005), and team work is highly emphasized in such societies (Triandis et. al., 1993). In contrast, in individualistic cultures, employees will perform in relation to their direct benefits. In these cultures, employees are supposed to act as 'economic men,' whereas in collectivist cultures they are more likely to act in the interest of their in-group rather than their own self-interest (Hofstede, 2001, p. 244). Therefore, the exclusive strategy in collective societies is less likely to work. Identifying a few employees as good could disturb harmony in the organization high in collectivism. The exclusive strategy is also unlikely to work in collective societies because, in collective societies, it is hard for an individual to distance him-/herself from the norms of the group in which he/she is a member (Vitell et. al., 1993). Employees in collective societies will not appreciate positive feedback from the boss because in collective cultures positive feedback is expected to come from the outside and any positive feedback from supervisor to a subordinate is perceived as self-serving (Triandis, 1994). Bailey et al. (1997) also revealed

that seeking feedback on individual performance is perceived as ‘vulgar and self-centeredness’ in Japan and China (Bailey et al., 1997: 611). Individualistic societies emphasize personal achievements, encourage self-serving motives, and have a tendency to differentiate people. Therefore, individualistic cultures will be more compatible with differential-based treatment (Beer & Katz, 1998; Gomez-Mejia & Welbourne, 1991). The exclusive strategy is likely to be more effective in individualistic societies in comparison to collective societies, which emphasize harmony, belongingness, and social relationships (Hofstede, 1980a) and have high tendency to punish the non-performer. In collective societies, group achievements are more desirable; therefore, the exclusive TM strategy will not be effective. Based on the above arguments, we offer the following hypothesis:

Proposition 1: Employees in individualistic cultures are less likely to perceive organizational injustice under exclusive TM strategy in comparison to collective cultures.

Masculinity- femininity (M-F) cultures

Masculinity is defined as ‘a society in which emotional gender roles overlap: both men and women are supposed to be modest, tender, and concerned with the quality of life’ (Hofstede, Hofstede, & Minkov, 2010, p.517). In masculine societies, roles between men and women are differentiated. Men are supposed to be firm and driven to material success, a dimension that has a profound impact on the roles of males and females at the work place. In high M-F cultures, greater emphasis is placed on toughness, heroism, assertiveness, getting the job done, and competitiveness versus modesty and caring in low M-F cultures.

Masculine cultures favor acquiring money and material gain (Gomez-Mejia & Welbourne, 1991; Hofstede, 1980b). Masculine cultures place a high value on money, wealth, admiration, recognition, and high-level advancement (Hofstede, Hofstede, & Minkov, 2010), competition, assertiveness, valor, and material gain, meritocracy, decisiveness, and strong leadership (Mercado et. al., 2004). Differential treatment on the basis of performance is attuned with achievement-oriented and self-oriented cultures (Lawler, 1988), and masculine culture (Newman & Nollen, 1996). In contrast, feminine cultures attach greater importance to social needs, personal relationships, caring for the weak, work–life balance, harmony, nurturing, and quality of relationship (William & Zinkin, 2008). The exclusive strategy is linked to money, recognition, admiration, benefits, and personal achievement. Therefore, on the basis of above arguments, the authors propose that

Proposition 2: Employees in masculine societies are less likely to perceive organizational injustice under exclusive TM strategy in comparison to low masculine societies.

Power-Distance

Power distance (PD) is ‘the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally’ (Hofstede, Hofstede, & Minkov, 2010, p.521). Participative HR practices are ineffective in high power distance organizations and might be perceived as poor management (Kirkman & Shapiro, 1997). Organizations with high PD cultures are characterized by hierarchies, and subordinates refrain from questioning authority. In high power distance societies, individuals expect and accept hierarchy and an unequal distribution of valued resources. In high PD cultures, differential inequalities are based on pre-determined but non-performance-based criteria like age, seniority, status, etc. In high power distance cultures, managers are expected to have authority, whereas in the exclusive strategy greater emphasis is placed on performance than on authority. The exclusive TM strategy sets performance as a base for differentiation, which will not be compatible with high PD cultures. The exclusive TM strategy requires the monitoring of behavior, which can disrupt harmony at the workplace in high power distance cultures. Moreover, in high power distance cultures, performance feedback is perceived as unscrupulous and retributive rather than supportive and guiding (Ryan et. al., 2000). Therefore, on the basis of above arguments, we propose that:

Proposition 3: Employees in high PD cultures are less likely to perceive organizational injustice under inclusive TM strategy in comparison to low PD cultures.

Uncertainty avoidance

Uncertainty avoidance (UA) is ‘the extent to which the members of a culture feel threatened by ambiguous or unknown situations (Hofstede, Hofstede, & Minkov, 2010, p. 522). Vitell et al. (1993) stated that uncertainty avoidance refers to the degree to which individuals experience anxiety in experiencing amorphous, ambiguous, vague, uncertain, and volatile situations. Individuals in high UA cultures prefer rules, norms, and rituals that provide stability and predictability. High UA cultures are associated with intolerance for ambiguity. Cultures scoring high on the uncertainty avoidance index avoid risk-taking and refrain from amorphous, ambiguous, vague task (Hofstede, 1980, 1998). Employees high in UA distrust

new ideas and behaviors and are emotionally resistant to change (Hofstede, 1980, 1998). In contrast; the individual in low UA countries takes more risks and experiences less anxiety and nervousness in face of organizational change.

Employees in low UA countries are more tolerant of ambiguity and uncertainty than those in high UA societies (Hofstede, 1980a). The exclusive strategy is associated with uncertainty and risks as it does not provide security and certainty. In contrast, the inclusive process is stable where everyone is certain to be treated similarly irrespective of their contribution. Therefore, in low UA cultures employee will prefer the exclusive TM strategy, while it will not be effective in high UA cultures. On the basis of above arguments, we propose that:

Proposition 4: Employees in low UA cultures are less likely to perceive organizational injustice under exclusive TM strategy in comparison to high UA cultures.

Summary and implications

Pervious theory and research on talent management strategy acknowledge the role of societal culture and TM strategy. Our proposed framework argues that employee's sense of justice will depend on the societal culture and TM strategy fit.

The proposed framework provides a challenging and yet fruitful foundation for the future research. Future research must consider the examination of the effectiveness of both inclusive and exclusive TM strategy in different national culture settings. Organization is a complex system that interacts with both internal and external factors.

The implications for the HR professionals working in organizations operating in different cultural settings are significant. Some strategies will not be effective in certain cultural setting irrespective of their egalitarian nature. Mere a design of right strategy is not enough; HR professionals must implement them effectively to create a sense of justice among employees.

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