

Global Talent Retention

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Global Talent Retention: Understanding Employee Turnover Around the World

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Global Talent Retention: Understanding Employee Turnover Around the World

David G. Allen and James M. Vardaman

Abstract

The flow of human capital into and out of organizations is a crucial aspect of organizational functioning, yet the bulk of the theory and research adopts a US-centric perspective. The purpose of this edited volume is for scholars embedded in contexts around the world to describe the relevance and implications (or lack thereof) of turnover theories in their particular context. We take a broad view of talent, focusing on the departure of human capital in general without necessarily restricting the analysis to those who disproportionately contribute to organizational success, and the authors focus on institutional contexts and culture because of their role in shaping employee norms and behaviors. We partnered with author teams embedded in countries and regions with a focus on capturing variance in contexts across the GLOBE clusters: Anglo (England), Confucian Asian (China; South Korea), Eastern European (Bulgaria), Germanic European (Germany), Latin American (Mexico), Latin European (Spain), Middle Eastern (Turkey), Nordic European (Denmark), Southern Asian (India), and Sub-Saharan African (South Africa). We provided each author team discretion to express their own voice, while also providing a common set of goals across chapters for consistency of contribution: a description of the institutional, legal, and cultural context as it relates to employee mobility, a review of context-specific research literature leading to a description of how the mechanisms and processes in prominent turnover theories may operate differently in a particular context, and implications for research and practice related to talent turnover and retention. Considering the contributions as a set, we identify important themes and overarching recommendations for scholars interested in studying employee retention and turnover around the globe.

Keywords: Turnover; retention; talent; global; international; cross-culture; human capital

The flow of human capital into and out of organizations is a crucial aspect of organizational functioning. Although extensive research explores and informs the understanding of why employees decide to leave or remain with organizations, the bulk of the theory and research adopts a US-centric perspective (Allen, Hancock, Vardaman, & Mckee, 2014). For instance, Rubenstein, Eberly, Lee, and Mitchell (2018) noted that the vast majority of studies they reviewed for their turnover meta-analysis were from Western countries, including 51 of the 55 studies on rewards pay and turnover and 35 of the 42 studies on leadership and turnover. Most of the prevailing turnover models that provide theoretical guidance do not account for the effects of national culture or other aspects of an increasingly global workforce. The unfolding model, for example, does not explicitly consider the cultural meaning of shocks (Lee & Mitchell, 1994), and the notion of job embeddedness does not consider varying embedding factors in different countries (Mitchell, Holtom, Lee, Sablynski, & Erez, 2001).

A lack of attention to cultural factors is problematic because the context, meaning, and mechanisms for changing jobs vary around the world. Most employees do not work for firms that are US owned or based. Consider that 96% of psychology behavioral science experiment subjects are from Western industrialized countries, which account for just 12% of the world's population, and individuals raised in Western, educated, industrialized, rich, and democratic (WEIRD) societies tend to be outliers in the way they perceive and react to the world (Henrich, Heine, & Norenzayan, 2010). In China, for example, the notion of *hukou* ties state benefits to the location where one is born making some quitting difficult. This raises the specter that what we know about talent retention is also "weird." Indeed, turnover theory and research similarly risks falling into this same trap, suggesting a need for greater consideration of global and cross-cultural perspectives on retention management (Allen & Vardaman, 2017).

As globalization has increased, the ways in which organizations retain talent internationally has gained interest among management scholars and practitioners alike, highlighting the importance of cultural-level influences and testing extant retention models across varying national contexts. Mobley's (1977) process model, for example, has underpinned turnover research for nearly five decades, yet cultural differences in how job dissatisfaction may become manifest in the turnover process has yet to be considered. Similarly, the core tenets of the unfolding model (Lee & Mitchell, 1994), job embeddedness (Mitchell et al., 2001), and the two-step model (Vardaman, Taylor, Allen, Gondo, & Amis, 2015) do not consider cultural context. Although these models have clearly provided insight into the broader turnover process, a unified understanding of the ways in which formal and informal institutions in country settings influence each model's turnover mechanisms is lacking. Thus, the purpose of this edited volume is for scholars embedded in contexts around the world to describe the relevance and implications (or lack thereof) of turnover theories in their particular context. We take a broad view of talent, focusing on the departure of human capital in general without necessarily restricting the analysis to those who disproportionately contribute to organizational success. Within each chapter, some of the work reviewed addresses more specific issues related to who is leaving, such as the departure of high performers or differences between permanent

and contract workers. However, the bulk of existing work addresses mobility more broadly; thus, we take an expansive view of talent while recognizing that some exits will be more damaging, some will be more difficult to prevent, and some leavers will be more difficult to replace than others.

An Institution-based View of Turnover

We focus on institutional contexts and culture because of their noted role in shaping employee norms and behaviors (Hofstede, 1991; Triandis, 1995). Institutional environments affecting individual job mobility include legal and regulatory environments, labor–management relationships, labor market characteristics, and social safety nets. Institutions are the “rules of the game” which govern the thoughts and behavior of economic actors within specific nation-states, typically firms and their employees (North, 1990). Examples include *formal* rules, such as laws and regulations, and more tacit *informal* rules, such as values and norms. The former are formally codified rules, enforced by actors with an officially sanctioned capacity to coerce (e.g., governments enforce legal institutions, organizations enforce company policies, etc.). The latter are emergent, socially shared rules that are typically self-enforcing (e.g., unwritten cultural norms, customs, taboos, and conventions whose conformation depends upon an actor’s desire to be perceived as legitimate by peers). In this way, institutions guide and direct the conduct of actors embedded within a social system.

Given their importance in other parts of organizational life, the formal and informal institutions in a national context should play a major role in turnover decisions. Consider the potential effects of governmental provision of retraining, job placement services, and replacement of a separated employee’s wages on decisions to stay or leave or a cultural norm of job hopping on the decision process of potential quitters. Such examples demonstrate how formal and informal institutions enable or conversely stifle turnover. Yet, institutional perspectives are uncommon in the turnover domain and prevailing turnover models rarely consider country-level institutional effects (Allen & Vardaman, 2017; Holtom, Mitchell, Lee, & Eberly, 2008; Rubenstein et al., 2018).

We focus on culture in terms of scripts and schema, collective programming, and societal memory that shape how people think, act, and behave, and that is rooted in common experiences transmitted across generations (Hofstede, 1991; House, Hanges, Javidan, Dorfman, & Gupta, 2004; Triandis, 1995). Culture is not isomorphic within nation or country, although it is often intertwined with national identities and institutions; nor is culture monolithic within countries. Nevertheless, most research in this domain operationalizes culture at the country level; therefore, we too focus on cross-cultural retention in terms of differences across countries, while recognizing the limitations of doing so. We organize our contributions by sampling the perspective of scholars embedded in the global cultural clusters identified in the GLOBE studies. GLOBE researchers divided the data from 62 countries into regional clusters. Table 1 identifies the 10 clusters, lists the countries classified in each cluster, and provides a brief description of the characteristics associated with each cluster (Chhokar, Brodbeck, & House, 2007). The GLOBE clusters provide a lens for analyzing similarities and differences between cultural

Table 1. GLOBE Clusters: Countries and Characteristics.

Cluster	Countries	Characteristics
Anglo	Australia; Canada; England; Ireland; New Zealand; South Africa (white sample); USA	Value competitiveness Tolerant of uncertainty
Confucian Asia	China; Hong Kong; Japan; Singapore; South Korea; Taiwan	Results oriented Encourage group goals over individual goals
Eastern Europe	Albania; Bulgaria; Georgia; Greece; Hungary; Poland; Russia; Slovenia	Value gender equality Supportive of co-workers
Germanic Europe	Austria; Germany; Netherlands; Switzerland (Swiss German-speaking sample)	Value competitiveness Results oriented
Latin America	Argentina; Bolivia; Brazil; Columbia; Costa Rica; Ecuador; El Salvador; Guatemala; Mexico; Venezuela	Group loyalty Devotion to family
Latin Europe	France; Israel; Italy; Spain; Portugal; Switzerland (French-speaking sample)	High-performance orientation Value individual autonomy
Middle East	Egypt; Kuwait; Morocco; Qatar; Turkey	Devotion and loyalty to in-groups Gender equality not a priority
Nordic Europe	Denmark; Finland; Sweden	Value long-term success Value gender equality
Southern Asia	Indonesia; India; Iran; Philippines; Malaysia; Thailand	Emphasis on family Concern for community
Sub-Saharan Africa	Namibia; Nigeria; South Africa (black sample); Zambia; Zimbabwe	Sensitivity to others Emphasis on family loyalty

Source: Author's own creation.

groups, make meaningful generalizations about culture and leadership, offer a convenient way to consider the effects of context on the study of retention.

We partnered with author teams embedded in countries and regions with a focus on capturing variance in contexts across the GLOBE clusters: Anglo (England), Confucian Asian (China; South Korea), Eastern European (Bulgaria), Germanic European (Germany), Latin American (Mexico), Latin European (Spain), Middle Eastern (Turkey), Nordic European (Denmark), Southern Asian (India), and Sub-Saharan African (South Africa). We asked authors to focus primarily on a specific cultural context, largely at the national level, while also grounding their discussion in the larger theoretical cluster where applicable.

We provided each author team discretion to express their own voice. At the same time, we provided a common set of goals across chapters for consistency of contribution: a description of the institutional, legal, and cultural context as it relates to employee mobility, a review of context-specific research literature leading to a description of how the mechanisms and processes in prominent turnover theories may operate differently in a particular context, and implications for research and practice related to employee turnover and retention.

In our 2017 entry in the *Annual Review of Organizational Psychology and Organizational Behavior*, we presented a framework in which culture is likely to influence employee turnover in at least three broad ways: through the adoption and implementation of turnover-related human resource management (HRM) practices by firms and by managers; through the interpretation of and reactions to conditions, cues, and experiences by employees; and through differences in the strength of cultural norms and expectations. Our review found that the majority of the work was rooted in establishing differences due to dimensions of national culture such as individualism, collectivism, power distance, and uncertainty avoidance. These studies have examined turnover directly by, for example, exploring the role of cultural dynamics in the turnover process. They have also examined cultural dimensions as a moderator of relationships between established turnover drivers and turnover behavior. In so doing, the literature has identified cultural contexts that strengthen and weaken these linkages.

Our *Annual Review* contribution also identified a significant body of studies that suggest turnover models generalize across many contexts, indicating that caution should be taken when considering culture's role. Although the research shows that cultural context often plays a role, assuming that culture has direct impact on the turnover process can lead to false conclusions. For instance, our review found evidence that individual attitudes can in some cases supersede cultural factors, giving credence to the generalizability of attitudinal models such as Mobley's (1977) intermediate linkages model (or at least aspects of those models). However, our review also suggests that turnover models relying on social dynamics may be more susceptible to the effects of culture. Frameworks such as Aquino, Griffeth, Allen, and Hom's (1997) referent cognitions model and Vardaman et al.'s (2015) two-step model are likely sensitive to cultural influence. As another example, subsequent meta-analysis has demonstrated the role of national culture in the translation of turnover intentions to turnover (Wong & Cheng, 2020).

Fig. 1 summarizes the results of our review. As the figure suggests, culture influences turnover via HRM systems, as culture influences the frequency and speed of practice adoption in organizations, as well as criteria used to assess current employees. Although this influence is indirect, it is easy to see how it might influence the turnover process. Culture directly influences employee expectations regarding working conditions and psychological contracts, as well as social relations. This influence has direct implications for the turnover process and the generalizability of extant turnover models. Culture strength also plays a role, as stronger and more novel cultures are, as one would expect, more impactful than weaker and more sanitized cultures. Finally, our review suggests that the cross-cultural study of turnover requires greater methodological diversity. Increased

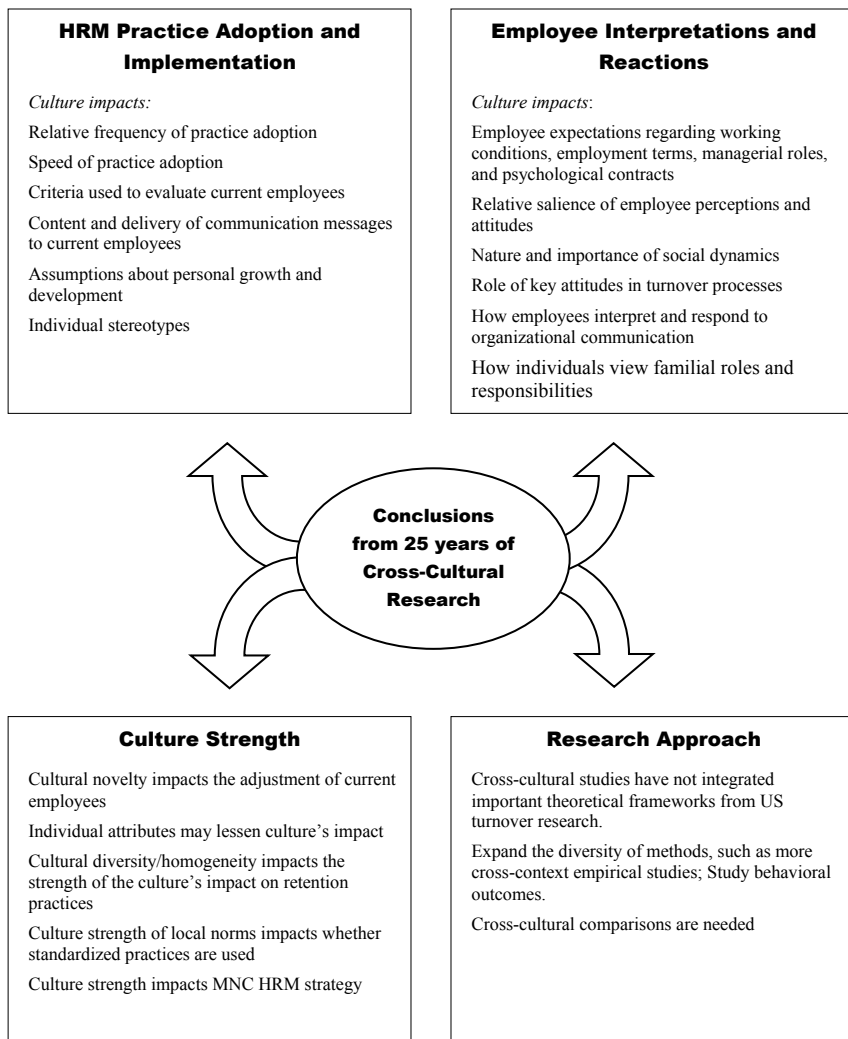


Fig. 1. Conclusions From 25 Years of Cross-cultural Turnover Research.
 Source: Allen and Vardaman (2017), <https://www.annualreviews.org/doi/abs/10.1146/annurev-orgpsych-032516-113100>

integration of extant turnover frameworks is needed, as is an examination of behavioral outcomes. Cross-cultural research has demonstrated an overreliance on turnover intentions as the outcome of interest rather than turnover behavior, which is problematic because the translation of intentions to turnover is often attenuated (Allen et al., 2005; Rubenstein et al., 2018; Vardaman, Allen, Renn, & Moffitt, 2008). A lack of cross-cultural comparison is also present, suggesting studies that directly compare contexts are needed.

Contributions in this Volume

This book's contributions in many ways reflect the findings from Fig. 1. The chapters broadly suggest the role of labor market conditions, cultural institutions, and various existing turnover models dominate the scholarly landscape across GLOBE clusters. These contributions are summarized alphabetically by the GLOBE cluster each contribution represents.

Shipton, Whysall, and Abe (this volume) highlight the cultural and institutional factors that drive turnover in the United Kingdom. The United Kingdom represents the Anglo GLOBE cluster. The authors structure their chapter around Allen, Bryant, and Vardaman's (2010) turnover model and build upon it by adding specific factors from the UK context. The chapter specifically explains the ways in which UK employment law drives turnover. For example, laws providing protection from unfair dismissal have played a role in the understanding of turnover in the UK context. A recurring theme in the chapter is also the role of Brexit, the United Kingdom's exit from the European Union (EU). The authors discuss how Brexit could upend laws and have effects on employee mobility. The chapter also explicitly considers the role of dimensions of the United Kingdom's national culture in the turnover process. The authors discuss how a preference for low uncertainty avoidance in the United Kingdom suggests that Human Resource systems reward creativity and flexibility, with the implications being that such practices may reduce voluntary turnover. The authors further suggest that factors in the UK context may have implications for the effect of shocks, such that shocks may have stronger effects in the United Kingdom due to the low uncertainty avoidance in the institutional context. The authors suggest future research would benefit from studying institutional factors that might trigger the decision to leave.

Zhang and Ma (2021) orient their contribution around the contextualization of employee retention research in China. One of the largest and most dynamic economies in the world, China is representative of the Confucian Asian GLOBE cluster. The authors describe three macro-level forces (the influence of the Communist Party of China (CCP), the transition from centralized planned economy to a more market-oriented system, and the cultural values and norms associated with Confucianism) and six indigenous phenomena (*hukou*, community, migrant workers, state-owned enterprises, family prioritization, and *guanxi*) that help contextualize employee turnover and retention. Their review uncovered an emphasis in Chinese turnover research on job embeddedness as a key underlying perspective, perhaps because the holistic and interdependent metaphor of a web of forces at the heart of embeddedness theorizing resonates with Chinese culture. The authors integrate these considerations to propose a set of research propositions for the Chinese context, such as considering the influence of CCP leadership in state-owned enterprises; how employees are embedded in state-owned enterprises (and even how to dis-embed them); and the interplay among community boundaries, *hukou*, migrant status, and family prioritization to more deeply conceptualize what it means to be embedded.

Choi, Park, and Oh (2021) focus their review of turnover in South Korea first on labor market effects and later on the application of extant turnover models

in this context. South Korea is representative of the Confucian Asian GLOBE cluster and has one of the freer market-oriented economies in Asia. The authors detail the dual structure of the labor market, with the primary sector offering job security and good working conditions in larger organizations, and the secondary market offering little security and often poor conditions for workers in small- and medium-sized enterprises. The secondary market constitutes a considerably larger section of workers and retention challenges are much greater. The authors point out that although South Korea's economy has significant Western influence, the relative strength of turnover drivers differs. Specifically, they note that counter to findings in Western samples, commitment is more important than job satisfaction in the South Korean context, highlighting the unique role of culture in South Korean employment relationships. The authors close by suggesting that although there is an extensive South Korean turnover literature, many studies rely on turnover intentions as the outcome variable. They suggest future research examine turnover behavior as the dependent variable.

Paunova and Blagoev (2021) make the case that the context in Bulgaria, illustrative of the Eastern European GLOBE cluster, suggests that existing turnover theories may not be well suited to understand mobility in the face of large-scale changes associated with globalization. The authors characterize the Bulgarian labor market as experiencing a rapidly aging and shrinking population coupled with significant emigration leading to a shortage of skilled and semi-skilled workers. Indeed, in April 2020, the Bulgarian Chamber of Commerce initiated a project specifically targeted at reducing employee turnover. Because of these dynamics, Paunova and Blagoev (2021) recommend a focus on collective turnover at the firm and higher levels of analysis. The authors further note that Bulgaria is an excellent context for considering the dynamics of changing institutions. For example, while the institutional context formally resembles a liberal market economy, the context is still rapidly changing in response to the transition from a planned economy and entry into the EU, resulting in a lack of trust in many institutions. On the informal side, some research suggests certain cultural norms may be evolving, such as a shift from a more collectivist to a more individualistic society. The authors additionally suggest future research on the effects of migration patterns and experiences, industry-level norms, and varieties of forms of capitalism.

Tichy and Weller (2021) consider why turnover research is a "stepchild" in the German context in the sense of being relatively understudied, at least at the level of individual turnover decisions. They contextualize the study of turnover in Germany, exemplar of the Germanic European GLOBE cluster, in terms of the importance of the "*Mittlestand*" firms whose economic power, relative independence from capital markets, small to medium size, regional significance, and community embeddedness result in stable labor markets and relatively low turnover, despite a shortage of skilled workers. Additional elements of the institutional environment, such as strong codetermination rights in the workplace and strong labor laws, have contributed to a focus on macro-level labor churn as opposed to voluntary separations at the individual or even firm level. Another example of the institutional environment is the widespread apprenticeship model that incentivizes early career focus on a particular profession, occupation, or industry, in