



# Individualism–collectivism and tenure intent among knowledge workers in India and Bulgaria: Moderating effects of equity perceptions and task interdependence

Nagarajan Ramamoorthy <sup>a,1</sup>, Patrick C. Flood <sup>b,2</sup>, Subodh P. Kulkarni <sup>c,3</sup>, Amit Gupta <sup>d,4</sup>

<sup>a</sup> School of Business Administration, University of Houston–Victoria, 14000 University Boulevard, Sugar Land, TX 77479, USA

<sup>b</sup> Dublin City University Business School, Glasnevin, Dublin 9, Ireland

<sup>c</sup> School of Business, Howard University, 2600 Sixth Street, NW, Washington, D.C. 20059, USA

<sup>d</sup> Organizational Behavior, Management Development Institute, Mehrauli Road, Sukhrali, Gurgaon 122 007, India

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## ABSTRACT

In the present study, using a sample of 367 employees (219 from India and 148 from Bulgaria), we examined whether task interdependence and equity perceptions moderated the relationship between individualism–collectivism orientation and tenure intent. Results indicated that employees with a higher level of collectivism orientation tended to report greater intent to stay with the organization. Further, employees with a higher level of individualism orientation reported greater intent to stay with the organization when task interdependence was lower and equity perceptions were higher. Employees with a higher level of collectivism reported greater intent to stay with the organization when equity perceptions were higher regardless of whether tasks were interdependent or not. Finally, employees, regardless of their individualism or collectivism orientation, reported the lowest tenure intent when tasks were highly interdependent and equity perceptions were low. Implications for theory and practice are discussed.

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## 1. Introduction

In the organizational behavior and human resource management literature employee turnover and tenure intent have been studied rather extensively with a goal to understand the causes of employee turnover and design strategies to reduce employee turnover. In today's knowledge economy, attraction and retention of skilled employees are even more critical as knowledge assets and its retention within the organization can provide the organization with a sustainable competitive advantage (Flood, Turner, Ramamoorthy, & Pearson, 2001). Across industries there is evidence that nature of work is shifting from routine operational tasks to increasingly complex, analytical, problem solving, and production of knowledge (Fleming, Harley, & Sewell, 2004). Workers carrying out these tasks are often called as 'knowledge workers' and they are often mobile, prefer autonomy, and resist command and control. The knowledge they possess tend to be tacit, invisible, and reside in the individual (Staats, Brunner, & Upton, 2011) and stays and leaves with them. Additionally, knowledge workers and the knowledge they possess cannot be separated meaning that with the mobility of workers the knowledge that the organization controls is also gone. Thus, in an era of knowledge economy, organizations must strive to retain and motivate knowledge workers to obtain and sustain a competitive advantage.

E-mail addresses: [drnags@yahoo.com](mailto:drnags@yahoo.com) (N. Ramamoorthy), [Patrick.flood@dcu.ie](mailto:Patrick.flood@dcu.ie) (P.C. Flood), [skulkarni@howard.edu](mailto:skulkarni@howard.edu) (S.P. Kulkarni), [amit.gupta@mdi.ac.in](mailto:amit.gupta@mdi.ac.in) (A. Gupta).

<sup>1</sup> Tel.: +1 281 275 8857.

<sup>2</sup> Tel.: +353 1 7006943.

<sup>3</sup> Tel.: +1 202 806 1539.

<sup>4</sup> Tel.: +91 124 4560383; fax: +91 124 4560456.

With increased globalization and growth of multi-national corporations (MNCs), national culture may also play a critical role in the efficacy of organizational strategies to retain employees as organizational practices that may work in one culture may not be effective in another culture. Further, growth of technology and the fustiness of geographical boundaries have also resulted in increased use of teamwork and virtual teams to solve critical organizational problems. Thus, the design of jobs emphasizing interdependence and an appropriately designed organizational reward system to sustain the job design emphasizing teamwork and interdependence are critical to employee retention. One cultural level variable that may have a profound impact on job design and employee reactions towards reward systems is the individualism\collectivism (IC) variable first introduced to the cross-cultural management literature by Hofstede (1980). Several studies (e.g., Erez, 2010; Ramamoorthy & Carroll, 1998; Triandis, 1995) have shown that IC orientations are related to different distributive justice norms (equity vs equality) and job designs (individual-focused vs group-focused).

Equity theory is concerned with the fairness of the distribution of outcomes such as incentives, rewards, promotions, and pay based on one's contribution. One aspect of equity theory emphasizes pay for performance systems that strengthen the relationship between one's effort and job performance and rewards or outcomes received in return. A stronger pay for performance system is expected to result in greater perceived equity by the employees. Further, the evidence supporting the consequences of perceived equity on employee attitudes and behaviors such as organizational commitment, citizenship behavior, employee turnover, and tenure intent has been consistently strong as reported in two meta-analytic studies (Cohen-Charash & Spector, 2001; Colquitt, Conlon, Wesson, Porter, & Ng, 2001). In general, equity perceptions tend to result in greater employee retention which is a beneficial outcome for the organization.

Despite the support for equity theory in the literature, several studies on cross-cultural management and organizational behavior also suggest that norms of equity are more aligned with individualistic cultural values than collectivistic cultural values. That is, adherence to equity norms to reduce employee turnover may not be effective in collectivistic cultures. In a general sense, individualism focuses on an individual as the focal unit of analysis whereas collectivism focuses on the social entity or collective as the focal unit of analysis (Triandis, 1995). Individualism espouses values of self-interest, achievement, competition, self-reliance and independence; collectivism, on the other hand, espouses values of collective interest, affiliation and ascription, cooperation, relationships with the social entity and interdependence. Therefore, distributive justice norms of equity are more compatible with individualistic value systems than collectivist value systems that emphasize equality as supported in several studies (Gelfand, Erez, & Aycan, 2007; Kim, Park, & Suzuki, 1990; Kirkman & Shapiro, 2000; Ramamoorthy & Carroll, 1998).

A second but related issue revolves around the design of jobs and its compatibility with cultural values of IC. Ramamoorthy and Carroll (1998) reported that individualism was associated with a preference for working alone. Similarly, Erez (2010) suggests that design of jobs should be compatible with cultural values of individualism\collectivism such that individual focused jobs are more compatible with individualistic values and group-based job designs are more compatible with collectivistic value systems. Additionally, research has also established that task interdependence, a condition that is created as a result of working in teams or groups, influences employee attitudes and reactions such as team identity, conflict management, social loafing, team performance, effectiveness of team-based rewards, citizenship behavior, among others (e.g., Kirkman & Shapiro, 2000; Ramamoorthy & Flood, 2004; Roberson, 2006; Somech, Desivilya, & Lidogoster, 2009; Stark, Shaw, & Duffy, 2007).

The above discussions suggest that jobs designed around individuals with lesser or no interdependence and equitable reward systems might work well in individualistic cultures and jobs designed around groups and equality or need-based reward systems might work well in collectivistic cultures. Hofstede (1980) introduced IC as a cultural-level, bi-polar construct that distinguished cultures from one another. Subsequently, several studies (e.g., Triandis, 1995; Wagner, 1995) have treated IC as an individual difference variable, in addition to a cultural level variable. Consistent with this line of research, in this study we are treating IC as an individual difference variable. To our knowledge no study has examined the relationships between IC orientations and employee tenure intent as moderated by task interdependence and equity perceptions. One can reasonably suggest that lower task interdependence combined with higher equity perceptions would suit better with individualistic cultural values and hence, should strengthen the relationship between employee's individualism orientation and tenure intent. On the other hand, higher task interdependence with lesser emphasis on individual pay-for-performance (or lower equity perceptions) should strengthen the relationship between collectivism orientation and tenure intent. Therefore, the objective of the present study is to examine whether equity perceptions and task interdependence moderate the relationships between IC orientations and tenure intent.

The present research study is part of a larger research project comparing knowledge workers in the Indian and Bulgarian settings. We tested the hypotheses proposed in this study using a survey methodology with data collected from three-hundred-sixty-seven employees from comparable technical employees in the high technology sectors in India (Bangalore) and Bulgaria (Sofia). Both of these cities serve as the information technology centers in their respective countries. Because there is some evidence that occupational differences on value orientations exist, a comparable sample may rule out industry or occupational effects on the findings (Woldu, Budhwar, & Parkes, 2006). Although we collected data from India and Bulgaria, our primary interest in the present study is at the individual level treating IC as an individual difference variable. We next review the literature to develop our hypotheses.

## 2. Review of the literature

### 2.1. The nature of knowledge workers

Drucker (1999) suggests that knowledge work refers to the use of information as opposed to physical goods. By implication, knowledge workers are those that use knowledge to solve complex problems and/or produce new knowledge using information as the primary resource. Staats et al. (2011) bring out three important differences between traditional manufacturing workers that

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