

# SME TALENT MANAGEMENT: THE LOGIC OF PARADOX

Small and medium-sized enterprises (SMEs) navigate “Institutional Logics”—socially constructed pressures—through creative workarounds, often creating paradoxical tensions between organizational needs and social legitimacy.

## STATE LOGIC: REGULATORY & FISCAL PRESSURE

Rigid labor laws and high social contributions force SMEs into minimal formal compliance and informal workarounds.

## UNION LOGIC: EGALITARIAN & COLLECTIVE PRESSURE

Collective agreements and cultural norms favor uniform treatment, making strategic talent differentiation organizationally risky.

## MARKET LOGIC: EFFICIENCY & CREDIBILITY SIGNALING

Intense competition for resources drives SMEs to imitate large-firm practices to appear professional to external stakeholders.

## FLEXIBILITY VS. SECURITY

Using temporary contracts for agility undermines long-term capability development and employee commitment.

## EFFECTIVENESS VS. LEGITIMACY

Strategic differentiation of high-performers often violates social norms of fairness, damaging local reputation.

## AUTHENTICITY VS. CONFORMITY

Imitating “best practice” facades often displaces the authentic, relational strengths that give SMEs their competitive edge.