



## Values of Chinese generation cohorts: Do they matter in the workplace?

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### ABSTRACT

Based on evolutionary modernization theory (Inglehart, 1997, in press), this study investigates generational differences in basic human values (Schwartz et al., 2012) in the Chinese workplace. A significant series of economic events was used to differentiate three generational cohorts: pre-reform, reform, and post-reform. Using a nationwide sample of employees ( $N = 2010$ ) from state-owned, private and foreign-invested companies, we explored intergenerational differences and similarities in basic human values. We found an increasing openness to change across cohorts, and a surprising upswing in conservation in the post-reform generation. However, we also found similarities in conservation, self-enhancement, and self-transcendence values between the pre-reform and post-reform generations. We also explored how the effects of values on employee behaviors changed across cohorts. The implications of these findings for theory and practice are discussed.

### 1. Introduction

Researchers have increasingly emphasized issues of generational difference, especially since the entry of members of the “millennial” generation, i.e., individuals born after 1980, into the workplace (Cogin, 2012; Howe & Strauss, 2000; Joshi, Dencker, & Franz, 2011; Joshi, Dencker, Franz, & Martocchio, 2010; Safer, 2007). It has been acknowledged that “every generation differs from the ones that came before it” (Levenson, 2010, p. 257). Based on evidence of intergenerational value differences in Western developed economies, Inglehart (1997, in press) proposed an evolutionary modernization theory, which posits that sustained economic growth drives changes in value priorities from materialism to post-materialism through generation replacement. Intergenerational value differences can affect people’s attitudes and behaviors in the workplace (Costanza, Badger, Fraser, Severt, & Gade, 2012; Joshi et al., 2010, 2011). For example, the contemporary American workplace has been described as a “psychological battlefield” featuring frequent conflicts between millennials and their “baby boomer” employers (Kowske, Rasch, & Wiley, 2010; Safer, 2007). Consequently, managers have been advised to make special provisions to retain their millennial employees (Smola & Sutton, 2002).

Although Inglehart (1997, in press) intended his evolutionary modernization theory to be universally applicable, he relied mostly on data from Western societies, an investigation of generational value differences and similarities in China would shed light on the generalizability of Inglehart’s theory. In contemporary China, the oldest workers were born in the 1950s, after the Communist Party of China

took power, and the youngest were born in the 1990s, when China made strides toward becoming a major global power (e.g., Leung, 2008; Liu, 2011; Lu, 1999; You, Sun, & Lei, 2013). The terms “post-1980 generation” and “new generation” are widely used in China to refer to individuals born after the social and economic reforms of the late 1970s (Li & Hou, 2012; Liu, Zheng, & Wu, 2012). According to the 2013 *China Population and Employment Statistics Yearbook*, members of the new generation (born after 1979) account for nearly 40% of the workforce, and those born after 1989 account for more than 12% of the workforce. The proportion of assembly-line workers born after 1989 is even larger (Rong, Ge, & Chen, 2013). The gap between China’s new and older generations is arguably wider than in Western societies because of China’s dramatic economic, political, and cultural transformations (e.g., Boisot & Child, 1996; Chen, 1995, 2007; Goodhart & Xu, 1996; Leung, 2008; Lu & Alon, 2004). As reported in the mass media, the new generation is both individualistic and creative, and it is actively engaged in the pursuit of self-achievement (e.g., Liu, 2011; Rong et al., 2013; You et al., 2013), a characteristic that contributes to its high turnover in the workplace (Li & Hou, 2012).

Despite the perceptions of the public and mass media reports on this issue (e.g., Li & Hou, 2012), there remains a lack of social scientific research on Chinese generational differences. Although earlier studies have examined Chinese generational value differences, they have primarily focused on the generations born before 1980 (Egri & Ralston, 2004), whereas recent studies have mostly conceptually discussed value differences between those born before 1980 and those born after 1980 (e.g., Liu et al., 2012). Empirical explorations, especially involving

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individuals born in the 1990s, are still needed. Moreover, similar to studies in the Western society (e.g., Costanza & Finkelstein, 2015; Lyons & Kuron, 2014; Lyons, Urlick, Kuron, & Schweitzer, 2015), studies on generational value differences in China have primarily explained those differences by describing the events or situations of a given era while omitting any theoretical framework that clarifies why and how social events lead to value changes among generations (e.g., Li & Hou, 2012; Li & Li, 2013; Liao & Zhang, 2007; Yang, 1994; You et al., 2013). To a large extent, this omission might explain why there is inconsistent understanding of generational value differences in China.

An additional understudied area in cohort research generally is whether cohort differences apply not just to what values are held, but whether there are generational differences in how strongly values influence behaviors. Studies have demonstrated that values have a direct influence on behaviors (e.g., Arthaud-Day, Rode, & Turnley, 2012; Bardi & Schwartz, 2003) but such relationship may also be influenced by the social environment (Meglino & Ravlin, 1998). It remains unknown how birth cohorts due to their common pre-adults' socialization (Inglehart, 1997) influence the relationship between people's values and workplace behavior.

For all of these reasons, this study aims to answer the following questions: (1) How do basic human values vary among Chinese generational cohorts in the workplace, including the post-1990 generation? (2) Does the relationship between basic human values and workplace behaviors vary among generational cohorts? In answering these questions, the study makes three important contributions. First, it presents a new classification of Chinese generational cohorts that includes the latest cohort born in the 1990s, thus enriching research on Chinese generational cohorts and providing new knowledge about generational value differences. Second, the present study provides insights how and why the evolutionary modernization theory may or may not apply to the Chinese context (Egri & Ralston, 2004; Inglehart, 1997, in press). Third, it deepens our knowledge of the effect of birth cohorts by exploring not only their main effect on value differences but also their moderation effect on values-behavior relationships at the workplace.

## 2. Literature review

### 2.1. Generational cohorts

A generational cohort is a group of people born at approximately the same time who have experienced similar distinctive social or historical life events during critical developmental periods (Mannheim, 1952). According to Giljeard (2004), a generation has two essential components: "a common location in historical time" and "a distinct consciousness of that historical position" (p. 108) and therefore shares collective memories (Joshi et al., 2011; Schuman & Scott, 1989). Specifically, experiences of key historical events that occurred during adolescence or young adulthood of a birth cohort form enduring collective memories that unify a distinct generation and distinguish one generation from another (Dencker, Joshi, & Martocchio, 2008; Joshi et al., 2011; Strauss & Howe, 1991).

#### 2.1.1. Generational cohorts in China

Studies of Chinese generational cohort divisions fall into two primary categories (Table 1). Most scholars have categorized generations by decade, such as the 1960s cohort (born 1960–1969), the 1970s (born 1970–1979), the 1980s (born 1980–1989), and the 1990s (born 1990–1999) (e.g., Liao & Zhang, 2007; Liu, 2011; Liu et al., 2012). Because these categories may not correspond well with significant historical experiences (Chen & Lian, 2011), other scholars have classified Chinese generations based on key historical events (e.g., Egri & Ralston, 2004; Huang, Gu, & Yim, 2007; Ralston, Egri, Stewart, Terpstra, & Yang, 1999). For example, Egri and Ralston (2004) used the end of the Qing Dynasty, the consolidation of the Communist Party, the Great Cultural Revolution, and China's social reforms to distinguish

generations: Republication (1911–1948), Communist Consolidation (1949–1965), Cultural Revolution (1966–1976), and Social Reform (1977–present), respectively. However, with changes in the generational composition of today's Chinese workplace, it has become necessary to include new generations (especially individuals born in 1990s) in generational comparisons. We adopted and updated the framework of Egri and Ralston (2004) to categorize Chinese generational cohorts in today's workplace.

#### 2.1.2. Three generational cohorts in the current Chinese workplace

The composition of the Chinese workforce has changed dramatically over the last few years, with a decreasing proportion of workers born before 1960 and an increasing proportion of workers born after 1989 (*China Population and Employment Statistics Yearbook, 2013*). China has undergone significant economic, political, and cultural changes over-time, and to obtain a consistent means of dividing generations, we identify generational cohorts based on key economic events as has been demonstrated by Inglehart (1997). Indeed, economic growth has been emphasized at almost every stage of China's modernization (e.g., Boisot & Child, 1996; Chen, 2007; *Encyclopedia of the People's Republic of China, 1998*; Goodhart & Xu, 1996; Guan, 2000; Lu & Alon, 2004). As a crucial impetus for transitions in China, economic events have great prominence and are closely related to China's cultural and political changes. Thus, economic events were chosen to differentiate generational cohorts although as can be seen below, the economic events often coincide with important social and political events.

The socioeconomic reforms initiated in 1978 marked a turning point in China's economic development (e.g., Cao, 2009; Xu, 2007; Zhou, 2009). China's closed system, which is characterized by centralization, a planned economy, egalitarianism, and collectivism (e.g., Chen, 2007; Ralston, Gustafson, Terpstra, & Holt, 1995; Whyte, Vogel, & Parish, 1977), was gradually replaced with a more open and market-driven economy that encouraged economic and technological development (Boisot & Child, 1996; Chen, 1995; Laaksonen, 1984; Lu & Alon, 2004; Yang, 1996). Accordingly, this year was regarded as the beginning of China's modernization (Goodhart & Xu, 1996; Lu & Alon, 2004).

1990 has also been considered an essential point in China's economic development (*Encyclopedia of the People's Republic of China, 1998*; Xu, 2000) because in this year the Shanghai and Shenzhen stock markets were founded, significantly accelerating China's modernization (Karmel, 1994). This boom in China's capital markets connected the country even more closely to global markets and stimulated the growth of both multinational companies (MNCs) and foreign direct investments (FDIs) (Xu, 2000).

Based on these two economic milestones, we identified three Chinese generational cohorts: pre-reform (born before 1978), reform (born in 1978–1989), and post-reform (born after 1989). This division is consistent with Chia et al. (2007) distinction of "Pre-industrial, Industrial and Post-industrial" cohorts (p. 308) and Inglehart's (1997) categorization of "Traditional, Modern, and Postmodern" cohorts (p. 76).

### 2.2. Basic human values

#### 2.2.1. Concepts and constructs

Values play a fundamental role in human character development, defining desirable ways of behaving or desirable outcomes of behavior (Schwartz, 1992, 1996). According to Schwartz and Bilsky (1987), values "1) are concepts or beliefs; 2) pertain to desirable end states or behaviors; 3) transcend specific situations; 4) guide selection or evaluation of behavior and events; and 5) are ordered by relative importance" (p. 551).

Recently, Schwartz et al. (2012) refined value theory by partitioning the motivational continuum of values into a more narrowly defined and distinct set of 19 values, clustering them into four "higher-order value" categories (p. 669). These values can be classified into two continuums.

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