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Generational reward preferences of employees in different cultural contexts

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Abstract

Title: Generational reward preferences of employees in different cultural contexts

Keywords: Reward, Xers, Baby Boomers, work expectations, Taiwan.

Category of paper: Research paper

Purpose of the research: Western research on generational groups has indicated that different generations have different reward preferences. The objective of this study was to investigate if western research in regard to generational reward preferences applies equally to generational groups in Taiwan's workplaces, specifically in the higher education sector and manufacturing industry.

Methodology: Quantitative using surveys.

Findings: The research results generally support the literature and found that generational groups in Taiwan's manufacturing industry have different reward preferences while there were no differences in reward preferences for generation groups in the education sector.

Implications for practice: The findings will have implications for human resource policies and practices in global organisations.

Value of the paper: The paper will be of interest to academics, line managers and human resource practitioners.

Number of pages: 12

Number of tables/figures: 6

Section headings: Abstract, Introduction, Theoretical models of motivation and reward and their application, Reward preferences of baby boomers and xers, Cultural factors, Methodology, Results and discussion, Conclusions

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Introduction

Diversity is a fact of life in modern workplaces. One of the factors contributing to this diversity is the generation gap as younger workers are playing greater roles in modern workplaces. Today's workforce can be divided into three distinct generational groups of people. There are the Baby Boomers, X Generations (Xers) and Y Generation (Dot come generation). Baby Boomers are people who were born between the years of 1945-1964, a cohort that has been the source of many important cultural and economic changes. The Xers are people who were born between 1965 and 1980. Some researchers refer to them as 'baby busters', due to the drop-off or 'bust' in births following the Baby Boomer generation after World War II. The Y Generation or the 'dot com' generation are people who were born after 1980 (Solomon 1992). Y Generation workers are only just entering the workplace and therefore their influence at this time is still emerging. Modern workplaces are typically diverse with all three generational groups represented.

Literature review

This section reviews the literature relevant to the research.

Theoretical models of motivation and reward and their application

There are different theories in the literature that apply to motivation and rewards for employees. Most scholars comment that motivation is the result of three different types of expectation or beliefs that people have. These are valence, expectancy, and instrumentality (Greenberg & Barson 1995).

- Valence refers to one's preference for receiving a reward;
- Expectancy is one's belief that effort will result in a good performance; and
- Instrumentality represents one's belief that performance will bring a reward.

Greenberg & Barson (1995, p.33) consider that Expectancy theory:

recognises that motivation is one of several important determinants of job performance. The theory assumes that motivation combined with personal skills and abilities, people's role perceptions, and opportunities have a great influence on job performance.

Expectancy theory assumes that motivation is a multiplicative function of three type components: Expectancy (effort will result in performance) x instrumentality (performance will result in reward) x Valence of rewards (the perceived value of the rewards expected). This means, a higher level of motivation will result if people believe that putting in a great effort will lead to a good performance and that performance will bring a reward if those so-called rewards have a high valence.

Three aspects have been suggested as to the application of expectation theory to managers. These include trying to maximise work expectancies, instrumentalities and valences that support the organisation's production purpose (Bailey et al. 1991).

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Lastly, managers can influence valence by being sensitive to individual needs and adjusting available rewards to match employee needs. Many experts suggest a Cafeteria-style benefit plans – incentive systems allowing employees to select their desired benefits from a menu of available alternatives as a strategy that will improve their employee's motivation behaviour (Ehitehill 1992)

Reward preferences of baby boomers and xers

Recent research has showed that motivation across age groups is found to vary widely, due to the different age groups having different sets of needs and motivations. The research suggests that to understand this concept and to structure different rewards for each worker is crucial to overall job satisfaction motivation and high retention (Niemic 2000).

In contrast, Rabey (2001) stated that you cannot motivate anyone – you can only create a situation to which people will respond because they choose to. Therefore, in a generationally diverse workplace consisting of both generational groups, how does a leader create a situation where both Baby Boomers and Xer employees can be equally motivated? So far there have been no definitive answers. The motivation of these generational groups is one of the greatest human resource challenges of modern diverse workplace.

One of the foundational theories of work motivation is Abraham Maslow's need hierarchy theory. However, researchers have indicated that today's Xers do not follow the traditional needs rule (Shu 1998), as the lower level needs of food, shelter and so on are assumed as met by Xers and their immediate attention is focused on the higher order needs. Therefore, a key challenge for managers is to motivate Xers who increasingly expect to have concern shown for their attitudes and feelings, as well as to receive rewards.

Levin (2001) suggests leaders should be aware of different ways to give recognition rewards to both Xer and Baby Boomer employees. For Xer employees, while recognition does not necessarily have to be a certificate or a plaque at an awards banquet, there needs to be some acknowledgment of their contribution.

In regard to attitude on social status, Xers have a different set of priorities than the Baby Boomers that preceded them and are not concerned with social status (Niemic 2000). Xers are highly educated, were raised on the cusp of technology, seek leadership roles and hear the power of their own voices. Social status is therefore less of a concern.

Many experts believe that while incentives are always a good way to get people to perform better, training is a much more effective tool. Training can keep personal skills sharp which meet the needs of Xers demand for learning (Nagle 2001).

Losyk (1997) believes training is a key motivator. In fact, Xer employees expect training to be a strong component of their career development (Niemic 2000). Xers look upon training as a way to learn a new skill or behaviour that makes them more marketable. In particular, Xers have a strong desire to learn leading-edge technology that will increase their worth. For this demand of training, many researchers suggest employers should find out what areas the Xers need development in and what their career plans are and target training to those areas (Armour 1997; Losyk 1997; Tulgan 1996).

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'Instant return on investment' summarises many Xers expectations of work. Xers act and catch on to things quickly, partly because Xers have grown up with electronic devices such as video games (Richie 1995). Xers believe it is their given right to speed their step forward, due to Xers having a 'you owe me' attitude (Zemke, Raines & Filipczak 1999). Many managers complain that Xers do not play by the rules as some Xer workers who are just out of school feel they are ready for promotion after a month.

In regard to authority, Xers seek task ownership thus they need freedom to make some basic decisions without approval. Tulgan (1996) indicates even though 'they work for their employer, technically they are in business for themselves'.

Understanding this concept and structuring different rewards for different generational groups is a crucial issue to overall job satisfaction in each generation. Table I summarised the main differences between Baby Boomers and Xers in terms of work motivation and reward preference.

Table 1: The different motivations and reward preferences of baby boomers and xers

Baby Boomer	X Generation
Money & recognition Reward	Educational reward
Job security	Job challenged
Liberal	Pragmatic
Sense of entitlement	Entrepreneurial
Highly competitive	Extreme individuality
Step by step promotion	Quick promotion
Authority	Flexible/Freedom
Employee	Ownership

Source: Developed for this research

Although the literature reviewed for this research has shown there is a substantial difference between the work expectations and reward preferences of Baby Boomers and Xers, there is still much uncertainty about the transferability of these findings, which are drawn from western studies, to other non western countries.

Therefore, questions arise about the generalisability of these findings to other than western cultures. It was therefore proposed to investigate if the reward preferences of generational workers in Taiwan are as western researchers have concluded. Thus, it was the objective of this study to investigate if the conclusions on generational reward preferences drawn from western research apply equally to generational groups in Taiwan's workplace. To guide the research, an appropriate hypothesis was posited.

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Hypothesis 1: There is a significant difference in the mean scores of constructs measuring reward preference between Xer and Baby Boomer workers in Taiwan.

Cultural factors

According to Hofstede's framework, a national culture has a major impact on employees' work-related values and expectations (Robbins 1998). Therefore, 'cultural' issues in eastern countries may have an impact on the work values and attitudes of the generational groups in a way that differentiates results and conclusions drawn from western research. Many conclusions about the Xers have been drawn from research conducted in the United States. It will be the objective of this research to investigate if these conclusions apply equally in Taiwan's workplace.

In general, the traditional Chinese culture in Taiwan results from the crossing of three doctrines. These are Buddhism, Taoism and Confucianism (Haber & Mandelbaum 1996). They were first of all affected by the evolution of Chinese thought and government policy. These three doctrines have common points. For example, belief in an order based on two complementary forces, Yin and Yang, and a world of perpetual change. Table II summarises the main characteristics of Chinese business style that is influenced by the Buddhism, Taoism and Confucianism.

Table 2: The main characteristics of Chinese business style influenced by the three doctrines

	Buddhism	Taoism	Confucianism
Business style	Obey Trust Morals and stable mentality	Control Collectivism Hierarchy	Friendship Network Loyalty

Source: Developed for this research

It is important to note that, as Taiwan is going through a process of westernisation and modernisation, it is unavoidable for Taiwanese to be not exposed to western management concepts. Lee (1996) indicates that the social trend toward 'westernisation' led to a more 'individualistic' and 'goals and results' orientation for eastern employees.

Traditional Chinese management is embedded in a collective society which individuals can expect others to look after them in exchange for unquestioning loyalty. In moving toward a

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more individualistic society, more emphasis is placed on individual rights, reward-performance and individual achievement. Moreover, traditional Chinese management attributes such as modesty and caring for the weak have been challenged with the arrival in workplaces of a younger generation where performance and competition are among the young generation's values. As a result of these influences, it is postulated that a dilemma is occurring in Taiwanese organisations between traditional and western leadership styles influenced by different perspectives held by two generations (Baby Boomers and Xers) about how an organisation should be managed.

Taiwan's is a country that has built itself in America's image, economically and politically (Thomas 2001). Today, the impact of American culture on Taiwanese society is growing. This can be seen from a range of evidence. For example, high-ranking government officials and university professors in Taiwan usually choose to study in the U.S. (DGBAS 2000). As the population was educated in the Japanese language before World War 11, this has now seen a major decline in the percentage of Japanese books imported to Taiwan. (Ishii 1999).

From a management perspective, researchers believe the challenge of integrating western styles of leadership with the traditional eastern work characteristics is now confronting Taiwan society. Hofstede (1991) believes that people bring their national values into organisations. This is because people build organisations according to their values, and societies are composed of institutions and organisations that reflect the dominant values of their culture.

Therefore, this research will investigate whether the differences in generational work motivations and reward preferences reported in the western literature apply equally to the same generational groups in Taiwan where there is a different cultural history.

Methodology

In order to select a sample of generational workers in Taiwan the target population was set as Baby Boomers and Xers in all public and private higher educational institutions in the Taipei region and all registered, private machinery manufacturing SMEs in Kaohsiung region of Taiwan.

A total of 20 higher education institutions in the Taipei region and 148 manufacturing SMEs in machinery manufacturing in Kaohsiung county were identified. Using systematic sampling techniques, every 3rd higher education institution and every 15th name from the manufacturing SMEs was drawn from the overall list of organisations. In order to avoid the periodicity

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problem, the lists were checked and compared with government publications to ensure random arrangement of elements on the list so that there was no systematic pattern.

Operational definitions were developed for each construct and are summarised in Table 3.

Table 3: Operational concept

Concept	Conceptional definition	Operational definition
Reward preference	This concept reflects the degree on respondents reward preference	Shows how strong their beliefs are on each statement. For example, the importance of social recognition, power and prestige.

Source: Developed for this research

A questionnaire was developed and used as a data collection technique. The questionnaire was divided into two sections. Section (A) consisted of five questions regarding the respondent's demographic background. Section (B) consisted of questions relating reward preferences drawn from previous studies in the literature.

Questions were rated on a five point Likert scale with 1 = strongly agree and 5 = strong disagree.

A pilot study was conducted with selected workers from the target population in each education institution and manufacturing organisation. The questionnaire was directly delivered to the respondents in order to get direct feedback on any potential problems. Several changes were made to the questionnaire in response to the feedback from the pilot study. All questionnaires were written in Chinese and back translated into English.

After data had been processed through editing, coding and tabulation, a statistical technique was selected where the hypothesis test could be conducted. In order to test construct validity, factor analysis was also performed. Multivariate analysis of variance (MANOVA) was conducted to test for any significant differences between the variables under investigation.

Results and discussion

This section presents the results of the data analysis related to the research hypothesis developed earlier.

In the educational sector, the majority of the respondents (65.1 percent) were between the ages

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of 35-55 years and 23% were between the ages of 25-35 years. Very few were in the category of over 55 years and between the ages of 20-25 years (5.6 percent and 6.2 percent respectively). There were no respondents in the age of under 20 years.

Therefore, it can be concluded that most of the respondents from the education industry are aged between 35-55 years and are therefore classified as Baby Boomers.

In contrast, in the manufacturing industry the largest group (39.4 percent) of the respondents were those between the ages of 25 and 35 years. The second largest group (24.7 percent) consisted of respondents who were between the ages of 35 and 45 years. There were 17.8 percent in the age bracket of 20-25. Moreover, 14.7 percent of the respondents fell within the age of 45-55 years, and only 3.5 percent were in the age group of over 55 years. There were no respondents less than 20 years old. Table 4 details the demographics of the respondents.

Table 4: Demographics of respondents

Industry status	Generational group	Frequency	Percent
Education sector	Xers	52	29.2
	Baby Boomers	126	70.8
	Total	178	100.0
Manufacturing industry	Xers	148	57.1
	Baby Boomers	111	42.9
	Total	259	100.0

Source: Developed for this research

Table 4 indicates that, in the education industry, approximately 29.2 percent of the respondents were Xers and 70.8 percent Baby Boomers. In the manufacturing industry the majority of the respondents (57.1 percent) were Xers and 42.9 percent Baby Boomers.

These demographic statistics are in accordance with the population. The education sector consists mostly of staff over the age of 35, while the manufacturing industry mostly consists of staff of a much younger age.

In addition, all factors achieved the minimum 0.5 level (Nunnally 1978). It can therefore be concluded that the constructs are reliable for exploratory research purposes. Table 5 summaries the results of the factor analysis and reliability tests undertaken.

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Table 5: The factor analysis and reliability test results

Construct	Factor	Initial Eigenvalues	Explained Variance %	Alpha Value(P)
Reward Preference	Social recognition	1.81	36.170	0.65
	Power/Prestige	1.41	28.210	0.73

Source: Developed for this research Significant when $P < .05$

Chinese social culture also regards people who hold positions as a teacher with high social status. Accordingly, as the position of teacher is already held by society in high regard, teachers may be less concerned about these issues than might apply in western societies.

Conclusion

Western research has shown the existence of differences in workplace reward preferences between Baby Boomers and Xers. However, since national culture plays an important role in determining people's values in the workplace, it was considered that eastern cultural influences might have an impact on the applicability of western research on workplace reward preferences in Taiwan workplaces.

This research found significant differences between Baby Boomers and Xers in aspects of reward preference in the Taiwan manufacturing industry. In this case, the results seem to mirror the research findings in western literature. However the research also found that the differences between the two generations were not exactly the same as the western literature. The differences between two generations in the manufacturing industry only focus on 'social recognition'. On the other hand, the issues about power and prestige remain the same between the two generations in both higher education industry and manufacturing industry.

Despite some of the limitations mentioned above, the results of this research still provide direction for leaders and researchers. Leaders should recognise the different reward preferences between generational groups and apply rewards that will positively contribute to employee motivation. Changes to job design, the system of rewards, and organisation structure might also result. Management decisions based on valid models of reward preferences are much more

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likely to achieve success than those based on wrong or inappropriate assumptions (Stone 1998).

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