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A Longitudinal Study of Changing
Work Values During Economic Adversity

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A LONGITUDINAL STUDY OF CHANGING WORK VALUES DURING ECONOMIC ADVERSITY

Jan Selmer & Romie F. Littrell*

Abstract

Most work value studies have been performed without consideration of a variable of potential critical importance, the varying economic environment of the employee. Based on Maslow's classical theory of hierarchical needs, marginally adapted to a Chinese cultural context, this paper discusses the results of a longitudinal study of Hong Kong managers' work values during a period of deteriorating economic conditions in the territory. Results showed that as economic conditions declined, the importance of work values associated with lower-level needs, such as physiological needs, were unaffected or declined while work values related to safety/security needs increased in importance. On the other hand, the importance of work values associated with higher-order needs in the Maslow hierarchy, such as cognitive, aesthetic, self-actualization and transcendence, all decreased. The importance of work values linked to intermediate needs in the hierarchy, such as belongingness and esteem, were all unaffected by the deteriorating economic environment. Theoretical and practical implications of these fundamental findings are discussed in detail.

Introduction

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The vast majority of studies on work values of employees have been performed, analyzed, and interpreted in a vacuum, in isolation from consideration of a variable of potential critical importance, the current, historical, and expected future economic environment of the employee. It is unfortunate that the possibility that work values may change due to environmental circumstances has not been considered very often. This could be a fundamental shortcoming, as studies, rather than dealing with constant values, may be measuring values that are different in significance due to different economic situations. This study considers expressed work values by managers in Hong Kong, measured at three points over six years, during changing economic conditions, including some dramatic swings in Gross Domestic Product growth rates.

The major contribution of this paper is the findings of statistically significant changes in the importance to individuals of work values during the deterioration of external economic conditions. These results have potentially crucial implications for the management of business firms and their human resources. Secondly, we also demonstrate that Maslow's hierarchy of needs, marginally adjusted for a Chinese cultural context as in this case, provides an appropriate and adequate theoretical framework for the shifting importance of work values resulting from changing local economic conditions. The paper is structured as follows. In the next section, the Hong Kong environmental context is delineated, then a selection of literature is reviewed concerning values in the context of work and the relationships between values and theories of motivation. Methods and analysis are detailed, results are reported and discussed and conclusions are drawn.

THE HONG KONG ENVIRONMENTAL CONTEXT

The Hong Kong Special Administrative Region (HKSAR) covers an area of 1,075 square

kilometres south of the mainland of the People's Republic of China. Hong Kong is a modern, mostly urban metropolis that epitomizes a prosperous capitalist society. Currently it has a population of 6.7 million, predominantly comprised of the Cantonese dialect group who originated from the adjacent province of Guangdong in mainland China (Cheung & Chow, 1999; Roberts, 1992; Westlake, 2001).

The Successful Years

Economic Prosperity. The industrialization of Hong Kong began in the late 1960s, as manufacturing concentrated first on textiles/clothing and later on electronics, watches, clocks and plastic goods. Beginning in the 1980s, many of these industries moved across the border to take advantage of the lower costs in mainland China. Since the decline of manufacturing, the most important sectors of the Hong Kong economy have been financial services, regional trade services, and tourism (Westlake, 2001). Hong Kong business comprised mostly of the operations in the adjacent Guangdong Province, whose production output was destined almost entirely for export to third countries through Hong Kong. The large-scale transfer of the manufacturing base to the mainland created new opportunities for other related activities in the Hong Kong service sector; e.g., shipping and banking. As Hong Kong returned to its historical role as an entrepot, manufacturing accounted for less than 13% of GDP (Carney & Davies, 2000).

Political Stability. More than 150 years as a British colony provided Hong Kong with some political constancy. Traditionally, the colonial government neither sought to engage the local population in political process nor civic responsibilities. A *laissez faire* approach was consistently pursued, adopting a stance of 'positive non-intervention'. As a prime example of free market capitalism, Hong Kong had an extremely open economic system. The fiscal system may be

described as minimalist, with most trade, financial and labour market activities only weakly regulated (Westlake, 2001). The pre-1997 era was characterized by the absence of a political regime and the administrative bureaucracy was virtually running the state at will (Cheung, 2000).

Dramatic Events in the late 1990s

The Handover. As agreed in December 1984, the British government returned the whole territory of Hong Kong to Chinese sovereignty on June 30, 1997. Under the last British governor, Chris Patten, relations between China and Britain over Hong Kong seriously deteriorated with British attempts to institute democratic reforms. A shipping magnate whose family originated from Shanghai, Tung Chee-Hwa, became the first chief executive of the HKSAR in 1997 (Westlake, 2001). After the handover in 1997, there were clear signs of growing government interventionism (Cheung, 2000). The intervention in the stock market in August 1998, when the Hong Kong government eventually ended up with stocks to a total value of some HK\$ 118 billion, has been mentioned as evidence of a departure from laissez-faire. Also, indications of new interventionist policies emerged in the areas of housing, education and industrial development (Cheung, 2000).

The Asian Financial Crisis. With the collapse of the Thailand's baht on July 2, 1997, a chain reaction started Asia's economic turmoil to become known as the Asian financial crisis (Wolf, 1999). Hong Kong was less affected at first by this crisis, but less than a year after the establishment of the HKSAR, the economy had negative growth, unemployment had risen to a 15-year record of 4.5 per cent and property prices had collapsed an average of 40 per cent and the Hang Seng stock market index crashed from a high of more than 16,000 at its peak the previous year to below 7,000 (Ingram, 1998; Leung & Hayashibara, 1998). In 1998, Hong Kong experienced its first budget deficit which increased even further in 1999 (Economist, 2000). Tourism, one of the foundations of

the Hong Kong economy, was hit. Being one of the few Asian economies not to devalue its currency, Hong Kong become one of the most expensive places in Asia (Economist, 1998).

Figure 1 provides quarterly economic data of the percentage change in GDP and unemployment rate for the studied period and a few years before. The figure summarizes some economic consequences of the discussion above. From a stable strong growth pattern and a low unemployment rate before 1995, the GDP figures became slightly more unstable during the period up to 1998, when an abrupt change sent the Hong Kong economy into recession that lasted well into 1999. This trend change was accompanied by a steadily rising unemployment rate settling at a much higher level than before. Towards 1999, the economy started to rebound, shortly followed by a new fall in GDP figures entering recession again in the latter half of 2001. However, this short economic upswing did not bring much improvement in the unemployment figures that remained at a relative high level to rise even further with the onset of the recession in 2001. These trends continued in 2002.

Insert Figure 1 about here

These data are generally available to the working population since they are reported quarterly by the government and by news media. The data indicate that GDP growth is significantly negatively related to growth in unemployment, $r = -0.29$, $p < 0.05$ (1-tailed). Due to the negative relationship between GDP growth and unemployment rate, we can infer that as GDP growth decreases, feelings of job insecurity are likely to increase. As job insecurity increases, it is reasonable to expect that what employees report as being valued conditions in their work

environment may change. Hence, it is likely that as economic conditions change the values that employees espouse may also change.

VALUES IN THE CONTEXT OF WORK

Work plays a key role in life, not only as the primary source of income, but also as a base for social participation, social status, consumption, health, family life, and so on. As such it is inextricably related to values. Roe and Ester (1999) have provided an extensive review of the literature concerning values and work. In the literature a distinction is made between general values, or general life values, and values concerning specific life domains. As work is considered to be such a domain, work values by implication have a more specific meaning than general values. The relationships between general values and work values are being conceived in different ways. One view is that values have a particular cognitive structure that produces a structural similarity between general values and work values. This view is represented and empirically corroborated by Elizur and Sagie (1999). Another view is that general values produce work values; for example, that work values emerge from the projection of general values onto the domain of work (Roe and Ester, 1999, pp. 4-5). Most researchers seem to assume that work values do somehow derive from general values, but they are not very explicit about the causal nature of this process. Many studies have found general values to correlate with work values of a similar content (e.g. Kinnane & Gaubinger, 1963; Schwartz, 1999, and Ros, Schwartz, and Surkiss, 1999), which is in agreement with this assumption.

Concepts of Work Values

Numerous studies have examined work values, rewards, and their relationships with other

work-related organizational behaviors, such as work commitment and job satisfaction (Kalleberg, 1977; Kanchier and Wally, 1989; Loscocco, 1989; Mottaz, 1986, 1988; Pinfield, 1984; Walker et al., 1982; Wong and Chung, 2003; Wood et al., 2000). Before proceeding to review the concept of work values, it is necessary to give some initial attention to the meaning of values.

One of the most prominent and influential writers on values and value systems is Rokeach (1973) who defines a value as "an enduring belief". Central to these definitions is the fact that values and value systems are thought of in relative terms; values in terms of preferences for behaviors or end-states relative to their converses and value systems in terms of the relative importance of any given value relative to others in the system. Work values have subtle but powerful influence on work life (Hofstede and Bond, 1984).

Work Values of Chinese Employees

Reviewing studies of Hong Kong workers' work values, including Chau (1977), Lai and Lam (1986), Siu *et al.* (1997), Mok and Finley (1986), Mok, Pine and Pizam (1998), Siu (2002), and Wong and Chung (2003), the top five values, in alphabetical order, were:

- Good co-operation with superiors and peers,
- Good wages.
- Opportunities for advancement and development,
- Secure Employment/Company loyalty to employees,
- Pleasant physical working conditions.

The ranking of the values reported in the various surveys, when considered in light of the

date the data were collected, seem to change in the face of changing environmental circumstances, for example, due to changes in the local economic conditions.

VALUES AND MOTIVATION

We are interested in values as they affect employees in a particular job over time in a changing, primarily deteriorating economic environment in Hong Kong. It is difficult to disentangle values and motivation. What we value, we are motivated to obtain or retain. Western theories of motivation form the basis of many of the practices of employee management globally, and of many worldwide management-training programs. We consider a major, traditional theorist, Abraham Maslow and discuss how his theory might apply in the Hong Kong context.

Of particular interest in this study is Maslow's (1954, 1970, 1987) linking of satisfaction of human needs to motivation. Maslow attempted to synthesize a large body of research related to human motivation generally focused separately on such factors as biology, achievement, or power to explain what energizes, directs, and sustains human behaviour. Maslow posited a hierarchy of human needs. The lower needs are called deficiency needs where each need must be met before moving to the next higher level. The first four levels are:

- 1) Physiological: hunger, thirst, bodily comforts, etc.;
- 2) Safety/security: out of danger;
- 3) Belongingness and Love: affiliate with others, be accepted; and
- 4) Esteem: to achieve, be competent, gain approval and recognition.

According to Maslow, an individual is ready to act upon the higher growth needs if and only

if the deficiency needs are met. Maslow's initial conceptualization included only one growth need--self-actualization. Maslow later differentiated the growth need of self-actualization, specifically naming two lower-level growth needs prior to the general level of self-actualization (Maslow & Lowery, 1998) and one beyond that level (Maslow, 1971). They are:

- 5) Cognitive: to know, to understand, and explore;
- 6) Aesthetic: symmetry, order, and beauty;
- 7) Self-actualization: to find self-fulfillment and realize one's potential; and
- 8) Self-transcendence: to connect to something beyond the ego or to help others find self-fulfillment and realize their potential.

However, Maslow's hierarchy of needs has been criticized as reflecting a particular individualist view of the world (Hofstede, 1980) with self-actualization and self-transcendence being at the top of the pyramid. Nevis (1983) suggested a revision of the hierarchy in the Chinese situation to reflect group loyalty and national unity which may need to be addressed even before physiological needs, where self actualization is in the service of the community; where individual esteem (achievement, independence, reputation and prestige) may not be a relevant concept in a highly collectivist society; and, where "face" is more related to "belongingness" rather than to individual esteem.

Noting this criticism, we can conceive of a hierarchy of needs for a Chinese culture context with minimal rephrasing, as in Table 1.

Insert Table 1 about here

Maintaining Face is in fact related to esteem, self-esteem and esteem from others. Hu (1944) published the pioneering investigation of “face”, and identified two basic categories of face in Chinese culture: *lian* and *mianzi*. A person’s *lian* face can be preserved by faithful compliance with ritual and social norms. One gains *lian* by demonstrating moral character. From Hu, *mianzi* represents a more Western conception of “face”, a reputation achieved through success in life and frequently through ostentatious display of wealth (luxury automobile brands, conspicuous consumption, wanton waste) or some other desirable trait (education, position). Belongingness corresponds to *lian* face, while Esteem corresponds to *mianzi* face, in the hierarchy.

Many observers have emphasized the importance of face and the in-group in collectivist cultures (Hu 1944, Ho 1986). Moral persons behave as their roles, in-group members, and society stipulate. If the individual deviates from such ideal behavior, there is loss of face, not only for the individual, but also for the whole in-group. In many collectivist cultures morality consists of doing what the in-group expects. When interacting with the out-group, it is sometimes considered "moral" to exploit and deceive. In other words, morality is applicable to only some members of one's social environment. Similarly, people in collectivist cultures may even show a generosity rule when exchanging with in-group members. Hence, in a Chinese society, maintaining in-group membership and good in-group relationships would appear to be of critical importance to the individual, especially in periods of increasing job insecurity.

HYPOTHESES

Given the expectation that work values may change in response to local economic

conditions, adopting Maslow's hierarchy of needs as our theoretical foundation, we can generally postulate that as economic conditions worsen, the importance of work values associated with needs lower in the hierarchy will increase, with a decrease in the importance of those related to higher-order needs. The tenets of the theory are that if the lower level needs are not satisfied, their intensity increases. The intensity of the higher needs decreases but the higher level needs do not disappear. However, this is dependent upon the level of satisfaction of the lower needs (Maslow, 1954, 1970, 1987).

In the developed economy of Hong Kong, most physiological needs are normally satisfied. Work values that would be related to physiological needs could be those depicting the material outcomes of an employment. In a situation of economic decline, such rewards may be reduced by the employer. Although a minimum amount to meet the physiological needs is necessary, the lowest level is not really threatened. In Hong Kong, although lacking unemployment insurance, an elementary social assistance system is in effect, providing life sustaining resources for the unemployed and poor alike (Tang, 1996, 2000).

Hypothesis 1. As economic conditions decline, the relative importance of work values associated with physiological needs will not change.

Safety/security needs are highly relevant in relationship to work. For example, the importance to employees of job security and of having a permanent job may increase considerably during times of economic decline, when down-sizing and lay-offs become commonplace.

Hypothesis 2 As economic conditions decline, the importance of work values associated with safety/security needs will increase.

Belongingness, which means affiliating with others and being accepted, is also highly relevant to a workplace setting. This need may be related to feelings of safety/security, especially in the Chinese culture. With no in-group memberships, life and even the mental health condition could be under threat in Chinese societies (Jackson and Bak, 1998). That means, the need for a collectivistic way of life could be independent of the economic environment in Chinese culture. Therefore, the significance of employees' work values related to belongingness would not be affected by changes in the economy.

Hypothesis 3. As economic conditions decline, the importance of work values associated with belongingness needs will not change.

Also needs of esteem; to achieve, be competent, gain approval and recognition; are highly relevant to an employment situation. As discussed above, the Chinese notion of maintaining face may be related to esteem, including both self-esteem and esteem from others (Hu, 1944). Since this would be a general cultural norm, it could also be independent of varying economic conditions. Proposing that esteem is a significant factor in the critically important Chinese value of "face", the importance of work values associated with needs of esteem would also be unaffected by the economic environment.

Hypothesis 4 As economic conditions decline, the importance of work values associated with needs of esteem will not change.

During periods of economic decline, employees may focus their attention on lower level needs of the Maslow hierarchy, especially safety/security needs which may not be fully satisfied or

come under threat. Therefore, the satisfaction of higher needs may become less of a priority in a deteriorating economic context. So, the significance of work values associated with the higher levels of Maslow's hierarchy of needs such as cognitive, aesthetic, self-actualization, and self-transcendence needs will assume less importance for employees.

Hypothesis 5: As economic conditions decline, the importance of work values associated with cognitive, aesthetic, self-actualization and self-transcendence needs will decrease.

METHOD

Data Collection

The data used in this study was excerpted from a larger investigation involving a longitudinal three-panel, cross-cultural design. However, the current data set only includes ethnic Hong Kong Chinese managers employed by local companies. A *prospective* longitudinal panel design was used. The same individuals were measured at three points in time, using the same instrument. The three measurements were scheduled approximately three years apart, comprising a total measurement period of six years. The first measurement was administered in 1995, the second in 1998, and the third in 2001. This constitutes a true longitudinal panel design, fulfilling the minimum requirements for longitudinal research (Menard, 1991: 4). Although the relatively long period of three years between measurements would have reduced potential problems with panel conditioning (*ibid.*, 1991: 38-39), to further lessen such possible bias the work value items were re-randomized before the

measurements took place in 1998 and 2001. To limit non-response and response errors, all measurements were carried out through personal appointments, during which the questionnaire was filled-in, while a research associate waited to collect the completed instrument.

Sample

Despite the fact that 115 managers were included in the initial panel, panel attrition over the measurement period reduced that number to only 31. During the difficult times in Hong Kong, many companies had a high staff turnover rate. A consistent reason for dropping out of the panel was that the respondents had left their initial employment, voluntarily or involuntarily, and could not be traced.

As measured in 2001, the panel members had a mean age of 37.55 years ($SD=7.13$) and an average tenure with their firms of 11.73 years ($SD=8.55$). As displayed by Table 2, the majority of the local managers in the panel was male (67.7%), middle managers (54.8%), and had a university degree (71.0%).

Insert Table 2 about here

Instrument

The questionnaire used the 24-item instrument on general work values developed by Elizur (1984), which has been thoroughly tested in various cultural contexts (Borg, 1986; Elizur et.al, 1991) and is therefore appropriate for the this study. The scale was administered to all respondents in its original English version. See Table 4 “Work Values” column for a listing of the items. The scale

range is from 1 to 7 (1 = very unimportant; 7 = very important). The reliability for the scale in this study was acceptable. For the first measurement (1995), the reliability score is $\alpha = .87$, for the second measurement (1998), $\alpha = .93$, and for the third measurement (2001), $\alpha = .92$.

Elizur's (e.g., Elizur, 1996, p. 26; Elizur and Kowslowsky, 2001, p. 594) theory of general work values include three categories. These categories may be interpreted as a collapsed version of Maslow's categories.

- 1) **Instrumental**, that is, values that have some material return or outcome, such as pay and benefits. Elizur states that these are "more salient" values. These values are associated with Maslow's Physiological/Safety/Security needs.
- 2) **Affective** values that deal with interpersonal relationships, which are less salient than the instrumental needs, and relate to Maslow's interpersonal need categories of Belongingness, Love, and Esteem.
- 3) **Cognitive** values include interest, achievement, personal growth, responsibility, independence, contribution to society, and use some of the same descriptive words and concepts as Maslow's level 5 – Cognitive, 6 – Aesthetic, 7 - Self-actualization, and 8 - Self-transcendence.

These correspondences are detailed in Table 3

Insert Table 3 about here

RESULTS

The hypotheses were formally tested by means of Multivariate Analysis of Variance (MANOVA) and Analysis of Variance (ANOVA). As shown in Table 4, the MANOVA indicated an overall significant difference in work values in terms of the three measurements ($F=5.17$; $p<.01$).

Insert Table 4 about here

ANOVAs of specific work values revealed twelve (12/24=50%) statistically significant differences among the mean importance of the work values over time. All differences occurred among the *cognitive* work values (9/14=64%) and the *instrumental* work values (3/5=60%), but no changes were registered for the *affective* work values. All nine of the *cognitive* work value changes indicated a reduced importance over time: *advancement, changes for promotion* ($F=4.34$; $p<.05$); *job status* ($F=5.19$; $p<.01$), *achievement, in work* ($F=4.85$; $p<.01$); *meaningful work* ($F=5.92$; $p<.01$); *opportunity for personal growth* ($F=9.49$; $p<.001$); *use of ability and knowledge in your work* ($F=7.09$; $p<.001$); *responsibility* ($F=6.89$; $p<.01$); *contribution to society* ($F=4.42$; $p<.01$); and *influence in work* ($F=3.17$; $p<.05$). Two of the three changed *instrumental* work values also displayed a reduced importance over time: *benefits, vacation/ sick leave, pension, insurance, etc.* ($F=4.02$; $p<.05$) and *convenient hours of work* ($F=5.52$; $p<.01$). However, not surprisingly, *job security, permanent job* ($F=5.60$; $p<.01$) showed an increased importance over time.

Multiple Range Tests (LSD) were applied to locate the statistically significant differences among the time-related mean importance of the work values. Interestingly, all changes in work values, except in one case, did not occur during the first three-year measurement period. Apart from the work value *job status*, it took a period of six years for the work values to change.

Tests of Hypotheses

Hypothesis 1 (H1): As economic conditions decline, the importance of work values associated with physiological needs will not change. Outcome: both *benefits, vacation, sick leave, pension, insurance, etc.* ($p < .05$) and *convenient hours of work* ($p < .01$) indicated a significant decrease in importance. On the other hand, *pay, the amount of money you receive* as well as *work conditions, comfortable and clean* did not display any significant change in importance. Hence, H1 was partly rejected/partly supported.

H2: As economic conditions decline, the importance of work values associated with safety/security needs will increase. Outcome: *job security, permanent job* ($p < .001$) showed a significant increase in importance; H2 was supported.

H3: As economic conditions decline, the importance of work values associated with belongingness needs will not change. Outcome: no changes were registered for any of the associated *affective* work values; H3 was supported.

H4: As economic conditions decline, the importance of work values associated with needs

of esteem will not change. Outcome: no changes were detected for any of the related *affective* work values; H4 was supported.

H5: As economic conditions decline, the importance of work values associated with cognitive, aesthetic, self-actualization and self-transcendence needs will decrease. Outcome: There were changes in nine of the fourteen *cognitive* work values associated with these higher-level needs of Maslow's hierarchy and all these changes indicated a reduced importance over time. Hence, H5 was partly supported.

DISCUSSION

Based on Maslow's classical theory of hierarchical needs, marginally adapted to a Chinese cultural context, this paper discussed the results of a longitudinal study of Hong Kong managers' work values during a period of deteriorating economic conditions in the territory. The concept being evaluated in this study is changes in work values in response to changing economic conditions. Specifically, we postulated that some work values will change in response to declining local economic conditions in Hong Kong.

Concerning the mixed results of the importance of work values associated with physiological needs when economic conditions decline, benefit packages and convenient working hours are not direct material rewards and therefore could become less important in times of economic adversity as they can be traded off for job security. Additionally, the pay of a manager in Hong Kong far exceeds the amounts necessary for survival. For employees at this level in the organisation, these lower level needs are not expected to be a primary consideration.

In support of safety/security as one of the lowest, most influential level of motivation in Maslow's hierarchy, the most important element of job satisfaction according to Khaleque and Chowdhury (1983) is that of job security. Job security relates to the extent to which an organization is perceived to provide steady employment for employees (Herzberg, 1968). Job security has also been defined by Greenhalgh and Rosenblatt (1984) and Borg and Elizur (1992) as an employee's expectations about continuity in their job, as well as concerns over a loss of enviable job features, promotion opportunities, present working conditions and long-term career opportunities. It is considered also that the understanding of the perception of an employee's job security has increased over the past decade, due to employee reactions to major organizational change such as the situational uncertainty of employees' jobs resulting from globalization, downsizing, takeovers and or mergers (Brockner, DeWitt, Grover and Reed, 1990).

In accordance with the expectation of Hong Kong being a society of high collectivism/low individualism, and from the importance of maintaining face in Chinese societies, the importance of *esteem* and *belongingness* were demonstrated to have no significant change as economic conditions deteriorated. Most affective work values were consistently high, that is, Maslow's levels of *belongingness* and *esteem* were the constant primary focus of these managers, in good as well as in bad times. The need for belongingness in a collective society is necessary for maintaining the *guanxi* and *ren qing* networks both within the current work organisation to protect the job, and to provide a job-seeking support system in case of job loss. Since self-esteem and esteem from others may associated with the Chinese notion of maintaining face (Hu, 1944), the need for preserving one's face is still there, even in an economically harsh environment.

The decrease in importance of higher level needs, cognitive values in Elizur's theory, is to be

expected. These needs are “less salient”, and return no material value to the manager when considered in comparison to potential job loss.

However, the failure to consider contingencies in the “traditional” interpretations of Maslow’s hierarchical theory may require a qualification of our findings. It can be speculated that the structure of the levels can be expected to differ between low-paid, non-tenured workers for which the job is in fact a health and safety factor in their life, compared to well-paid middle managers who have savings, perhaps a paid-up home, and resources to weather an extended search for another job. While managers may value the middle levels of the theoretical constructs, those endowed with extreme wealth, possessing some sense of social responsibility rather than self-indulgence could operate in the higher levels of the theory constructs.

Limitations

As usual, the results of this study may have some potential shortcomings affecting their interpretation and generality. Firstly, the small sample size due to panel attrition, associated with the difficult economic times in Hong Kong, may have had some impact on the results. Despite the frequently observed significant changes, it is likely that the findings represent a conservative estimate of work value changes during the period of study. Similar to most statistical tests, the results of multivariate tests is contingent upon, among other things, the sample size. It has been claimed, that it could be quite problematic to identify effects, if they actually exist, in smaller sample sizes than 50 (Hair *et.al.*, 1995). Secondly, the uniqueness of the location of the study may impose some limitations in the generality of our results. Although Hong Kong is a modern, mostly urban metropolis that epitomizes a prosperous capitalist society, as stated above, it is also part of a cultural context distant from those of many Western locations of a similar size and character.

Acknowledging this, some of the theoretical basis of this study was tailored to reflect that fact. Hence, while the findings may have some relevance for locations with a similar cultural environment, as for example other places in Asia, it may be less appropriate to generalize these findings to other areas. Last, but not least, although this study has attempted to examine the effect of economic conditions on work values, we were not able to separate economic effects from the impact of other societal changes during the period under study. Hence, for example, it is not possible to determine to what degree the changing political situation in Hong Kong, due to the handover from British to Chinese rule, also have influenced the results.

Implications

Human resource management (HRM) theory and research has generally omitted external economic conditions from consideration. The results of this study indicate that these conditions are critical issues for employees and may significantly change their motivational factors and values. Without a planned HRM response to changing economies, applied practices will become increasingly ineffective as conditions change more dramatically, perhaps leading to the loss of valuable, critical employees, reduced productivity, and eventually strategic and financial failure.

Many commonly adopted HRM policies seem to be derived from studies of the important motivations and values of employees with the implicit assumption of prosperous times, when the desire is to retain employees who might have other job opportunities. This study has added the missing dimension, the fact that times are not always prosperous, and that employers especially need to retain desirable employees during difficult economic conditions. In the context of Elizur's three-category theory, in Hong Kong, the *cognitive* values diminished in importance with deteriorating economic conditions. The *affective* values remained unchanged, perhaps due to the fact that the data were collected in a collective society. Most *instrumental* values decreased in importance, with

the exception of pay and a comfortable and clean working environment.

Importantly, appropriate HRM policies in prosperous times may be fundamentally different from those that firms are advised to apply during economic recession. During an economic environment in decline, when cost-cutting is necessary, such things as benefits, vacation, sick leave, pension, insurance, and convenient hours of work may perhaps be reduced without significant affect on employee retention. Similarly, costs associated with work values related to Maslow's higher need categories can also be reduced. For example, promotions may be held back and efforts of job enrichment can be postponed without much harm being done. However, the high importance of pay did not diminish, suggesting that pay cuts should only be the last resort of attempted cost savings.

The study may have to be replicated in a Western cultural context to test the generalizability of our results. As discussed above, the specific location for this study may impose a limitation in this case. Also, the research approach can be extended to involve other motivational theoretical paradigms and associated work values to cover a wider area of the work value domain. Future research may also try to examine the complementary proposition, if work values also change in response to improving economic conditions? Furthermore, any future longitudinal studies addressing this topic may also try to exert more effort in reducing panel attrition. Maybe that shortcoming is easier to control when the economic conditions are getting better? Finally, future research may want to try to separate the effect of various environmental changes on work values. However, this may be an extremely complicated task, especially in a longitudinal study.

Conclusions

Most research on work values have been performed, analyzed, and interpreted in a vacuum. Introducing a variable of potential critical importance, the economic environment of the employee, suggests that, contrary to popular belief, work values are not necessarily stable over time. Results show that they may change according to changing circumstances, especially in response to shifting economic conditions. This is a fundamental finding. Furthermore, we demonstrated that Maslow's hierarchy of needs, interpreted appropriately for a Chinese society in this case, provides an appropriate and adequate theoretical framework for the shifting importance of work values resulting from changing local economic conditions. We found support for the derived expectations that as economic conditions decline, the importance of work values associated with some lower needs in the Maslow hierarchy will increase, with a decrease in the importance of those related to higher-order needs. Values linked to intermediate needs in the hierarchy, which can be interpreted as being general cultural norms in a Chinese cultural setting, also as predicted, were unaffected by the local economic decline.

Implications for HRM policies during deteriorating economic conditions may be different from those recommended for prosperous economic environments, implying that research outcomes based upon studies that do not consider external economic conditions when investigating work values and motivations might be of limited applicability.

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FIGURE 1. Hong Kong GDP Growth and Unemployment Rate, 1993 – 2002

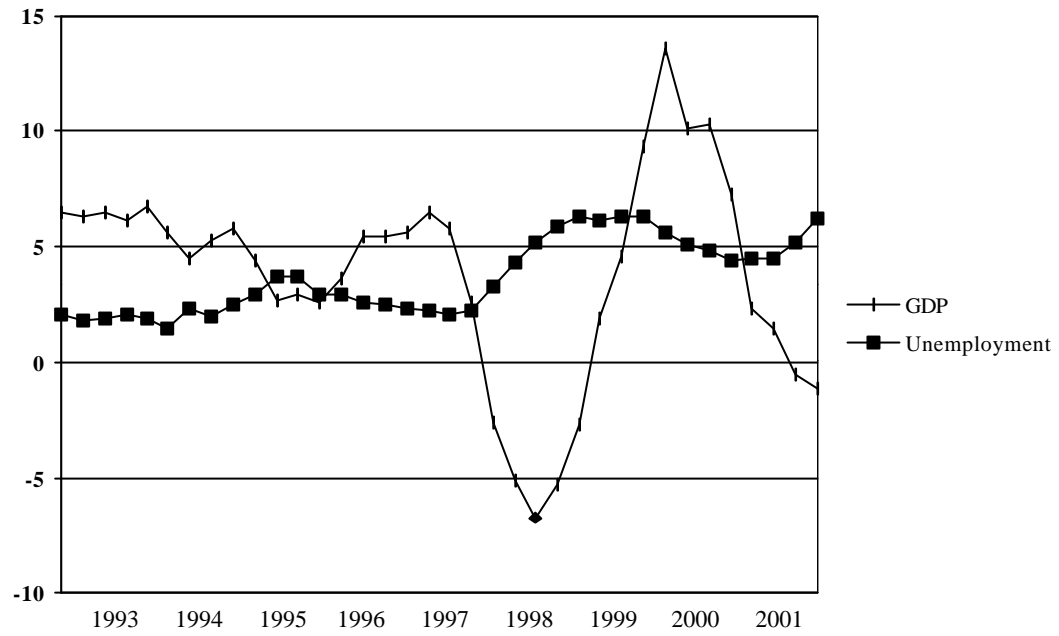


TABLE 1: Maslow's Hierarchy of Needs Tailored for Chinese Culture

Original Descriptions	Tailored for Chinese Culture
1) Physiological: hunger, thirst, bodily comforts, etc.	1) Physiological: hunger, thirst, bodily comforts, etc.
2) Safety/security: out of danger;	2) Safety/security: out of danger
3) Belongingness and Love: affiliate with others, be accepted	3) Belongingness and Love: affiliate with others, be accepted; this need is indeed highly related to safety/security, being out of danger; with no in-group memberships, life and mental health are precarious in Chinese societies (Jackson and Bak, 1998)
4) Esteem: to achieve, be competent, gain approval and recognition.	4) Esteem (Maintaining Face): to achieve, be competent, gain approval and recognition
5) Cognitive: to know, to understand, and explore	5) Cognitive: to know, to understand, and explore
6) Aesthetic: symmetry, order, and beauty	6) Aesthetic: symmetry, order, and beauty
7) Self-actualization: to find self-fulfillment and realize one's potential	7) Self-actualization: to find self-fulfillment and realize one's potential within one's in-groups
8) Self-transcendence: to connect to something beyond the ego or to help others find self-fulfillment and realize their potential	8) Self-transcendence: to connect to something beyond the ego or to help others find self-fulfillment and realize their potential (perhaps a description of the transcendent person in a collective society)

TABLE 2: Background of the Sample ¹

Background Variables	Frequency	Percent
Gender:		
Male	21	67.7
Female	10	32.3
Position:		
First Level Management	9	29.0
Middle Level Management	17	54.8
Top Level Management	5	16.1
Education:		
Other	5	16.1
Professional Qualification	4	12.9
University Degree	22	16.1

¹ Measured in 2001; n = 31

TABLE 3: Maslow's Hierarchy of Needs and Elizur's General Work Values

Maslow's Hierarchy of Needs Tailored for Chinese Culture	Elizur's General Work Values
1) Physiological: hunger, thirst, bodily comforts, etc.	Instrumental <ul style="list-style-type: none"> ▪ Pay, the amount of money you receive ▪ Benefits, vacation, sick leave, pension, insurance, etc. ▪ Work conditions, safe, comfortable and clean
2) Safety/security: out of danger;	Instrumental <ul style="list-style-type: none"> • Job security, permanent job
3) Belongingness and Love: affiliate with others, be accepted; this need is indeed highly related to safety/security, being out of danger; with no in-group memberships, life and mental health are precarious in Chinese societies;	Affective <ul style="list-style-type: none"> ▪ Co-workers, fellow workers who are pleasant and agreeable ▪ Opportunity to meet people and interact with them
4) Esteem (Maintaining Face): to achieve, be competent, gain approval and recognition.	Affective <ul style="list-style-type: none"> ▪ Recognition for doing a good job ▪ Esteem, that you are valued as a person

Maslow's Hierarchy of Needs Tailored for Chinese Culture	Elizur's General Work Values
<p>5) Cognitive: to know, to understand, and explore;</p> <p>6) Aesthetic: symmetry, order, and beauty;</p> <p>7) Self-actualization: to find self-fulfillment and realize one's potential within one's in-groups; and,</p> <p>8) Self-transcendence: to connect to something beyond the ego or to help others find self-fulfillment and realize their potential (perhaps a description of the transcendent person in a collective society).</p>	<p>Cognitive</p> <ul style="list-style-type: none"> ▪ Advancement, chances for promotion ▪ Feedback, concerning the results of your work ▪ Job status (Elizur places this item in the Cognitive category; for a collectivist culture that values Face, it is proposed that job status is an Affective item.) ▪ Achievement, in work ▪ Job interest, to do work which is interesting to you ▪ Meaningful work ▪ Opportunity for personal growth ▪ Use of ability, and knowledge in your work ▪ Responsibility ▪ Contribution to society ▪ Independence in work ▪ Company, to be employed by a company for which you are proud to work ▪ Influence in work ▪ Influence in the organization

TABLE 4: MANOVA and ANOVA for Work Values by Time of Measurement ($n = 31$)

Work Values	1995 Mean ¹ (SD)	1998 Mean ¹ (SD)	2001 Mean ¹ (SD)	Multi- variate Effect	Uni- variate F- Ratios
Cognitive				5.17**	
Advancement, chances for promotion	5.90 ^a (1.01)	5.90 ^a (.79)	5.32 ^b (.87)		4.34*
Feedback, concerning the results of your work	6.00 (.86)	5.77 (.96)	5.68 (.75)		1.16
Job status	5.87 ^a (.56)	5.42 ^b (.56)	5.42 ^b (.76)		5.19**
Achievement, in work	6.29 ^a (.53)	6.03 ^{ab} (.80)	5.74 ^b (.73)		4.85**
Job interest, to do work which is interesting to you	6.10 (.75)	5.84 (.86)	5.58 (1.03)		2.64
Meaningful work	6.10 ^a (.70)	5.77 ^{ab} (1.02)	5.35 ^b (.80)		5.92**
Opportunity for personal growth	6.13 ^a (.62)	6.03 ^a (.71)	5.39 ^b (.84)		9.49***
Use of ability, and knowledge in your work	6.23 ^a (.62)	5.94 ^a (.68)	5.48 ^b (1.00)		7.09***
Responsibility	6.13 ^a (.50)	6.06 ^a (.57)	5.55 ^b (.89)		6.89**
Contribution to society	5.65 ^a (1.20)	5.42 ^a (.85)	4.87 ^b (1.09)		4.42**
Independence in work	5.65 (1.05)	5.81 (.83)	5.39 (.99)		1.50
Company, to be employed by a company for which you are proud to work	5.52 (.89)	5.52 (.89)	5.06 (1.06)		2.33
Influence in work	5.65 ^a	5.58 ^a	5.16 ^b		3.17*

	(.91)	(.76)	(.78)	
Influence in the organization	5.42 (.99)	5.32 (.87)	5.03 (.95)	1.43
Affective				
Recognition for doing a good job	6.00 (.63)	5.97 (.80)	5.68 (.87)	1.64
Co-workers, fellow workers who are pleasant and agreeable	5.61 (1.05)	5.42 (.89)	5.45 (.62)	.44
Esteem, that you are valued as a person	6.19 (.83)	5.97 (.87)	5.68 (.75)	3.08
Opportunity to meet people and interact with them	5.35 (1.43)	5.58 (.81)	5.23 (.76)	.92
Supervisor, a fair and considerate boss	5.97 (1.05)	5.71 (.82)	5.65 (1.02)	.96
Instrumental				
Pay, the amount of money you receive	5.45 (.68)	5.55 (.68)	5.74 (.63)	1.55
Benefits, vacation, sick leave, pension, insurance, etc.	5.52 ^a (.96)	5.61 ^a (.76)	4.97 ^b (1.14)	4.02*
Job security, permanent job	5.61 ^a (1.23)	5.55 ^a (1.18)	6.35 ^b (.66)	5.60**
Convenient hours of work	5.16 ^a (1.13)	4.87 ^a (1.34)	4.10 ^b (1.42)	5.54**
Work conditions, comfortable and clean	5.45 (1.12)	5.45 (.93)	5.23 (.80)	.57

¹ Means with totally different superscripts differ significantly at $p < .05$ (Multiple Range Tests: LSD)
* $p < .05$, ** $p < .01$, *** $p < .001$