# Socio-cultural Change and Generational Diversity in the Post-Soviet Workforce

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## ABSTRACT

*In times of increased retirement age and senior employees staying in workforce longer, successfully managing generational differences in the workforce forms an increasingly important challenge for modern day management. In many ways, generations may vary in attitudes and approaches, reflecting deeper differences in their core values. This might be particularly true for the Post-Soviet countries, where earlier generations were educated and started their careers within a completely different socio-economic system.*

*In this study we explore differences in approaches towards values and attitudes amongst four generations of retail sector employees – starting from those, who were still to great extent exposed to pre-Soviet values, continuing with employees, who started their careers during the Soviet times, and ending with those, who were educated and entered the workforce after the collapse of the Soviet Union.*

*208 Latvian service employees were surveyed to assess their personal values and likelihood of dishonest and unethical behavior from four generations currently active in the workforce - Post-War generation, Early Gen X, Transition generation and Millennials.*

*We confirmed that despite dual morality and ambiguous ethics in the Soviet Union, older generations reported higher likelihood of honest behavior than younger generations. And Post-War and Early Generation X also rated honesty and responsibility higher as their personal values. We also found significant differences between Early Generation X and the Transition generation in a post-Soviet context.*

**KEYWORDS** *Socio-cultural Change, Values, Generational Diversity, Post-Soviet Workforce*

**JEL CLASSIFICATION** *M14*

## 1. INTRODUCTION

In times of increased retirement age and senior employees staying in workforce longer, successfully managing generational differences in the workforce forms an increasingly important challenge for modern day management. In many ways, generations may differ in attitudes and approaches, reflecting deeper differences in their core values. This might be particularly true for the Eastern European countries, where earlier generations were educated and started their careers within a completely different socio-economic system.

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While communism in theory envisaged equality and honest cooperation, dual morale and informal links often dominated business environment in the Soviet times, and bribery and corruption were broadly accepted in the society. Thus some researchers assumed that under communism, people demonstrated less moral maturity (Riha, 1994). It was practically tested by Smith, Šumilo and Karnups in 2009, concluding that Americans showed higher levels of moral judgment and moral development than Latvians (Smith, Šumilo and Karnups, 2009). Also Hisrich et al. (2003) concluded that Russian business people had the lowest level of business ethics. At the same time, countries took different paths after the collapse of the Soviet Union, and those, where the Soviet system was mainly perceived as oppressive, did not share Soviet work culture and dual morality to that same extent (Rees, Miazhevich, 2008).

Differences between the centrally-planned and marked-driven economies where particularly significant in the retail sector. Shortage of commodities and consistent excessive demand for them ensured a privileged status for retail employees. In a market economy, the power tilted towards the demand.

In this research paper, we looked at values and behaviors of four different generations currently active in the retail workforce. The purpose of the paper is to assess, whether older generations rate honesty higher as a personal value and report higher likelihood of honest behavior than younger generations despite being educated in and having more career exposure to the Soviet system. In order to reach this aim, the objectives of the paper are to define generations in a Post-Soviet workforce, to assess the rating of honesty as a personal value amongst various generations and to assess the likelihood of reporting honest behavior amongst various generations.

## 2. DEFINING GENERATIONS IN POST-SOVIET CONTEXT

From a sociological standpoint, generations include people born within a certain span of time and shaped by certain sets of events and processes during this time – thus, generations can be characterized by a certain pattern of attitudes, values and beliefs (Strauss and Howe, 1997). Wyatt suggested six causes of a generation: (1) a traumatic or formative event, (2) a dramatic shift in demography influencing resource distribution in society, (3) a certain major economic cycle, (4) a creation of sacred space to sustain collective memory, (5) mentors and (6) work and cooperation of people, who know each other (Wyatt, 1993).

Generations form a set of those events and its members share common attitudes, beliefs and culture. People share certain lifestyles that are not merely a function of age (Strauss and Howe, 1997).

Generations have been segmented and named in many different ways in Western literature. Most of work defining generations has been done in the United States of America. For instance, Smith and Clurman divided generations into three groups – Matures (born 1909 – 1945), Baby Boomers (born 1946 – 1964) and the Generation X (born 1965 – 1978) – this study was primarily concerned with spending patterns and concluded that Matures are financially conservative, while Baby Boomers – more focused on spending (Smith and Clurman, 1997). Meredith and Schewe defined the Depression generation, Baby Boomer generations I and II, and the Generation X (Meredith and Schewe, 1994).

Zemke developed one of the most commonly used generation frameworks, dividing workforce into the Veterans (also called the Silent Generation, born 1922-1943), Baby

Boomers (born 1944-1960), Generation X (Xers, born 1961-1980) and Generation Y (also named Nexters, Echo Boomers, Millennials, Internet Generation, born 1981-2000) (Zemke et al., 2000). This framework has been extensively used for segmenting generations in the Western societies, slightly adjusting the start and end years for the context of the particular society.

The mainstream West model, however, did not sufficiently address the key events that affected societies in the post-Soviet context. Thus, focusing primarily on the part of the society currently active in the workforce, we defined a special generation model. We considered several events and processes in this framework. Firstly, the end of the Second World War in 1944-45 that marked the beginning of decades long communist period in Latvia and many other Easter European countries. Secondly, the end of the Stalin era in 1953 and industrial development and labor immigration from other Soviet states in 1960s. Thirdly, gradual influence of the Western culture and values from the late Brezhnev era in 1970s. Fourthly, the beginning of Gorbachev era in 1985. Then collapse of the Soviet Union and the restoration of independence in 1990-91. And, finally, joining the European Union and the North Atlantic Treaty Organization in 2004.

According to our framework, the earliest generation which is still active in the workforce is the **Post-War generation**. Born in the period from the end of the Second World War till roughly 1960, this generation broadly corresponds to the Baby Boomer generation in the Zemke framework. The Post-War generation is born in families of the Veteran generation, thus arguably influenced by values from pre-communist times, as well as by interpersonal attitudes developed throughout the war years.

The Post-war generation is followed by **Generation X**. In Zemke framework, this generation consists of people born from 1961 till 1980. Yet, considering the specific conditions in the Post-Soviet context, we have divided this generation in two parts – **Early Gen X** (born 1961 – 1970) and the **Transition generation** (born from 1971 till roughly 1985-1987). In difference to the gradually developing environment in the United States, the disruptive system change that affected the late Gen X as young adults could have resulted in different values, attitudes and behaviors in comparison to the early Gen X.

Finally, our **Millennial generation** starts from roughly 1985. This generation is educated and starts working in market economy, and alike their counterparts in other Western cultures, are influenced by globalization and the rapid development of information technologies.

Previous research has provided evidence concerning intergenerational differences in various work-based variables, including work values (Lyons, S. et al., 2015), and has found that ethics is positively related to age and experience (Hollinger, 1986; Trevino, 1992; Coscarella, 2005; Deshpande, 1997; Abeler et al., 2014), suggesting that older cohorts will exhibit more honest behavior in comparison with the younger ones. On the other hand, older generations might be less flexible towards change in workplace (Barabaschi, 2015), and, in context of our study, Millennial generation has grown up without the dual morality and centrally planned system. Thus it could be that younger employees have higher career aspirations and, are therefore, more concerned about their reputation and honesty (Mackevicius, Giriünas, 2013).

## 3. METHOD AND SAMPLE

A questionnaire was developed for service retail employees. We used the Rokeach Value scale to assess their perception of values. This scale was developed as values classification system through a 36 item questionnaire by social psychologist Milton Rokeach in 1973. The system consists of terminal values, which describe the desirable end-states of existence, and instrumental values that operationalize the terminal values and describe preferable ways of behavior (Rokeach, 1973). Each respondent received 18 tags with Rokeach instrumental values – cheerfulness, ambition, love, cleanliness, self-control, capability, courage, politeness, honesty, imagination, independence, intellect, broad-mindedness, logic, obedience, helpfulness, responsibility and forgiveness. Each value was written on one tag; in addition, a colored tag was included to check that the participant has actually answered the question.

Respondents were asked to place the value tags in order of personal importance. They were asked to the leave the colored tag to the end so that it would be next to the value tag that is of least importance to the respondent (in the original pile, it was placed in the middle). The rank for a certain value equaled the position of this tag in the pile – 1st position indicated the most important and 18th the least important place among instrumental values. In case the colored tag was left in the middle of the pile, it was treated as a missing value.

Then service employees were asked to play the role of a floor manager of ten employees in a fictitious service organization. They were provided with a realistic description of the organization – the organization was described as a relatively known retailer that has been on the market for almost twenty years, was affiliated with an international corporation and aimed to become a market leader in its field. The retailer had stores open seven days a week in major cities in Latvia. Respondents had to assess the likelihood of certain unethical behaviors of their hypothetical employees using a 7-point Likert scale ranging from 1 – unlikely, to 7 – very likely.

Nine broad forms of unethical and dishonest behaviors were evaluated. Firstly, cheating - shirking, misuse of facilities, hiding relevant information from the employer and lying to the customer. Secondly, stealing property from the employer and stealing from the customer. Thirdly, damaging the employer's property. Fourthly, negative behavior - behaving disloyally, impairing the reputation of the enterprise and impolite behavior towards the customers.

By establishing a hypothetical circumstance and evaluation of the behaviors of others instead of oneself, bears several assumptions. First, as honesty is a socially constructed (Somanathan, Rubin, 2004, Vadi, Jaakson, 2011) phenomenon, we assumed that the main basis for forming an opinion would be respondents' prior experiences on their own and colleagues' actual behavior. Secondly, as employee dishonest behavior is a sensitive issue engaging social desirability bias, respondents' confidentiality and the fictitious organization's explicit difference from the employing company had to be ensured.

Questionnaires were provided in Latvian and, if needed, in Russian depending on the national composition of the store. They were placed in a sealed envelope and the administration of those to service employees was the responsibility of store managers. Store managers themselves did not take part in the survey. The methodology is explained in Fig. 1.

The questionnaires were distributed to three retail chains in Latvia – an international department store, a national bookstore and a specialized store selling IT equipment. The first store had shops just in the capital, the other two stores – also in smaller towns. 573 surveys were distributed and 250 or 44% completed forms received back. The specialized IT store had the highest rate of responses – 87.87% of the questionnaires were returned. On contrary, in the general department store just 24.8% of the questionnaires were returned.

Out of the received questionnaires, 208 were included in the final analysis, which is a sufficient size to conduct quantitative statistical analysis.
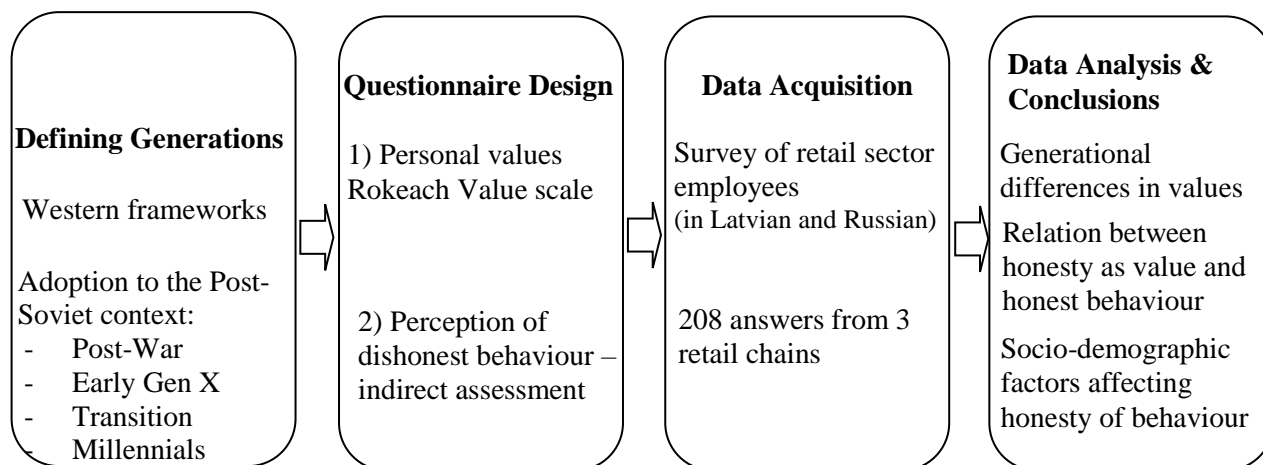


**Figure 1. Methodology**
*Source*: authors' model

76% of the respondents were female – it could be explained by the higher number of female employees in the retail sector, but also by higher responsiveness by female employees to participate in research. Most of the respondents – 43% - had higher education, 28% - professional education, 27% general secondary education and 2% incomplete secondary education.

On average respondents were 36.2 years old - the youngest respondent was 18 at the time of completing the questionnaire, the oldest – 64. Respondents represented four different generations using the framework defined in the previous section (Table 1). They had been working on average 3.9 years in their respective store.

**Table 1. Sample characteristics of generations**

|  | **Birth years of generation** | **Percent of sample** |
|---|---|---|
| Post-War | 1945 – 1960 | 9.10 |
| Early Gen X | 1961 – 1970 | 19.30 |
| Transition | 1971 - 1984 | 30.50 |
| Millennials | 1985 - 2000 | 41.10 |

*Source*: compiled by the authors

While we could observe retailer level differences, generations were broadly divided amongst all three companies.

## 4. RESULTS

Looking at the overall results, we could conclude that honest behaviour is more prevalent than dishonest and unethical behaviour. Various forms of dishonest and unethical behavior were measured in a Likert Scale, ranging from 1 to 7; the lower the indicator, the more unlikely the behavior. And on average all forms were rated lower than 4 (this number would imply an equal likelihood of dishonest and the corresponding honest actions).

Assessing nine forms of dishonest behaviour, we found that damaging employer property, cheating the customer financially and stealing from the employer were the least likely forms of dishonest behaviour, while shirking and misuse of facilities were more commonly reported. Values of shirking and misusing facilities were more equally distributed, with half of participants (52% - 56%) considering honest behaviour more likely, while third of respondents (34% - 35%) considering dishonest behaviour more likely. Around 70% of participants considered that their hypothetical subordinates will behave rather honestly for hiding information and behaving disloyally, while 11% - 16% of respondents would consider rather dishonest behaviour in those categories. Stealing from the employer, cheating the customer financially and damaging property were amongst the least likely forms of dishonest behaviour – over 50% of respondents considered dishonest behaviour in these ways very unlikely and just 4% - 9% more likely than unlikely (see distribution analysis in Fig. 2).



**Figure 2. Likelihood of unethical and dishonest behavior**
*Source*: authors' calculations

Due to the ordinal nature of the Liker Scale used to assess the level of the predicted dishonest and unethical behaviors, we applied non-parametric statistical techniques in the further analysis. In particular, we used Spearman Correlation Coefficient – an association measurement between two ordinal variables, and Kendall Tau Correlation Coefficient - another way to calculate the correlation coefficient for ordinal variables, by comparing pairs of values of both dependent and independent variables, instead of ranking them individually.

Firstly, we found that perception of dishonest and unethical behavior amongst various actions was slightly related - respondents considered equal level of honesty or dishonesty across various forms of behavior.

As suggested by the earlier research, we were able to confirm that age and generation is positively related to reporting of honest behavior. Using Kendall's tau_b and Spearman's rho coefficients for non-parametric correlations, we found generations statistically significantly correlated with all nine researched forms of dishonest behaviour (Appendix I).

Thus our results confirmed that despite the dual morality of communism, older generations - the Post-War and Early X generations - reported more ethical behavior in all categories (Figure 3).
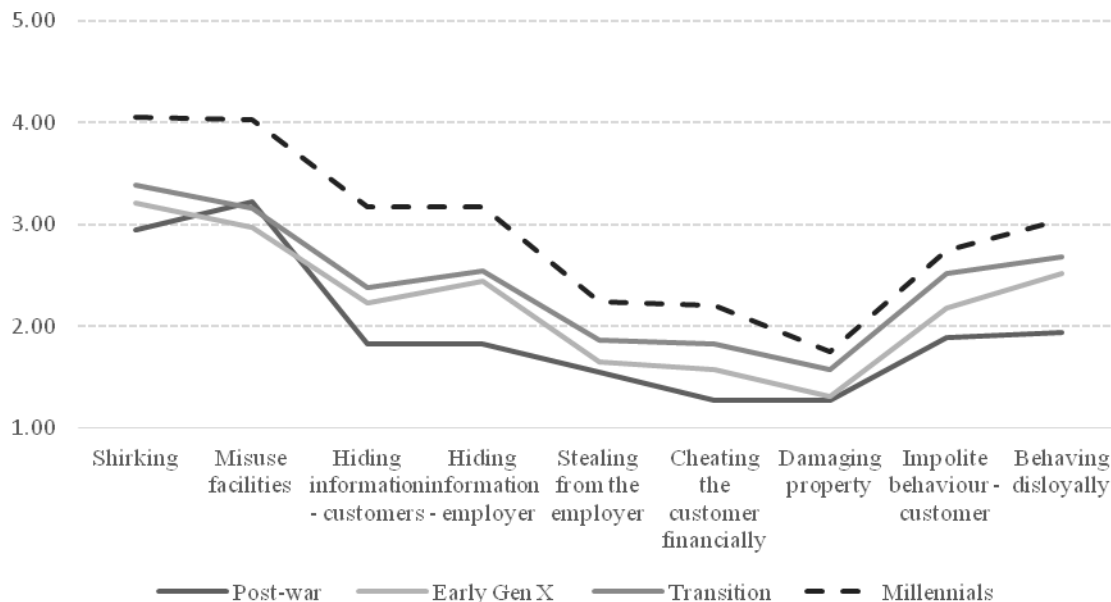


**Figure 3. Generational differences in unethical and dishonest behavior**
*Source*: authors' calculations

The differences were particularly significant for hiding information – Post-War generation rated likelihood of hiding information as much less probable, in comparison to Millennials. Similarly, there were significant differences for shirking and misuse of facilities, which Millennials reported on average neither likely, nor unlikely, while older generations – on average unlikely.

We also found rather significant generational differences in values (full calculations in Appendix II). Post-War and Early X generations on tended to rank honesty, responsibility and capability (competence, effectiveness) higher than their following generations. Millennials, on the other hand, ranked helpfulness (working for the welfare of others), love (affection, tenderness) and cheerfulness (being light-hearted and joyful) higher (Fig. 4).

All four generations ranked honesty and responsibility amongst the most important values. Post-War, Early Gen X and the Transition generations ranked honesty the highest amongst all instrumental values, while Millennials ranked responsibility the highest, followed by honesty as the second most important.

We also found that values were related to honesty of behavior. Honesty as an instrumental value was associated with lower likelihood of shirking, misuse of facilities, hiding information from employer and customers, stealing from the employer and behaving disloyally. And responsibility related to less stealing from the employer, less cheating the customer financially, less damaging property, as well as more loyal behavior.
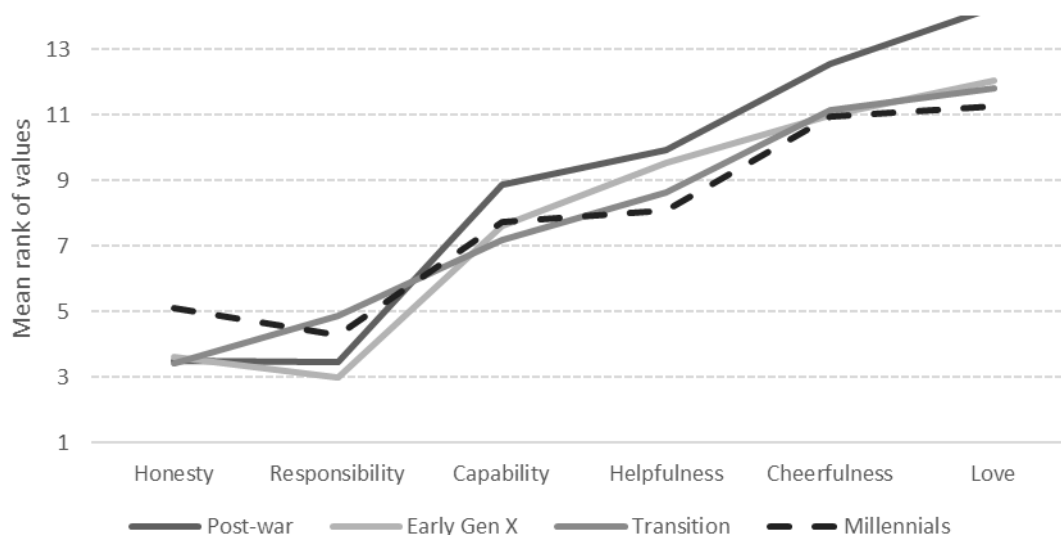
**Figure 4. Generational differences in personal values**
*Source:* authors' calculations

## 5. CONCLUSIONS

We can conclude that generational differences exist towards honesty as both – perception of behaviour and intrinsic personal value.

Despite dual morality and ambiguous ethics in the Soviet Union, older generations reported greater likelihood of ethical behaviour in comparison to younger generations, even though earlier generations had been more exposed to the Soviet system.

In terms of values, Post-War, Early Gen X and the Transition generations ranked honesty the highest amongst all instrumental values, while Millennials ranked responsibility the highest, followed by honesty as the second most important. Moreover, preference for honesty as the most significant value was much clearer for the older generations. We also confirmed that honesty as a value was associated with predicting more honest behavior in a hypothetical scenario.

Finally, we found significant differences between early and late Generation X in post-Soviet context. This issue and differences of the so-called Transition generation could be explored in further research.

These findings open a related question, whether honest behaviour is more a function of generation or a function of age. Previous literature has suggested generations' attitudes as life-long effects (Arsenault, 2004), thus implying that generational effects should be the dominant, yet one could also consider that the external consequences and tendency to reduce risk at the workplace for older employees could play a role towards more honest behaviour for Post-war and Early Gen X.

The broad preference for honest behaviour across the generations also question the extent of communism system in past over values and attitudes in the Baltic States today. Given that the Soviet Union lasted slightly more than a generation and that this system was considered as oppressive in the Baltic States, one could argue that older generations were still influenced by values of pre-Soviet generations and that Soviet work values and dual morality was not

upheld after gaining independence (Rees, Miazhevich, 2009). Additionally, Western values started to impact the socio-cultural identities since 1970s again.

A much broader question is, whether generations share certain values and worldviews across different systems. Generation X has been strongly associated with honesty in the Western research. Could we conclude, that the pre-communist factors and incoming influences from the West world shaped Early Gen X tendency towards honesty also in in the Soviet system?

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## Appendix I

*Generations and dishonest behaviour – non parametric correlations*

| | | Kendall's tau_b | Spearman's rho |
|---|---|---|---|
| Shirking | Correlation Coefficient | -.181** | -.221** |
| | Sig. (2-tailed) | 0.001879 | 0.001795 |
| Misuse facilities | Correlation Coefficient | -.162** | -.198** |
| | Sig. (2-tailed) | 0.005471 | 0.005382 |
| Hiding information - customers | Correlation Coefficient | -.220** | -.262** |
| | Sig. (2-tailed) | 0.000208 | 0.0002 |
| Hiding information - employer | Correlation Coefficient | -.215** | -.256** |
| | Sig. (2-tailed) | 0.00029 | 0.000281 |
| Stealing from the employer | Correlation Coefficient | -.148* | -.173* |
| | Sig. (2-tailed) | 0.016104 | 0.015186 |
| Cheating the customer financially | Correlation Coefficient | -.205** | -.237** |
| | Sig. (2-tailed) | 0.00092 | 0.000795 |
| Damaging property | Correlation Coefficient | -.147* | -.167* |
| | Sig. (2-tailed) | 0.020472 | 0.019002 |
| Impolite behaviour - customer | Correlation Coefficient | -.150* | -.179* |
| | Sig. (2-tailed) | 0.012244 | 0.0119 |
| Behaving disloyally | Correlation Coefficient | -.141* | -.170* |
| | Sig. (2-tailed) | 0.017078 | 0.016606 |

## Appendix II

*Generations and mean rankings of instrumental values*

| | Post-War | Early Gen X | Transition | Millennials |
|---|---|---|---|---|
| Honesty | 3.50 | 3.61 | 3.40 | 5.09 |
| Responsibility | 3.44 | 3.00 | 4.88 | 4.30 |
| Politeness | 7.33 | 6.74 | 6.75 | 6.98 |
| Ambition | 6.89 | 8.11 | 7.48 | 8.35 |
| Capability | 8.89 | 7.63 | 7.17 | 7.74 |
| Cleanliness | 8.11 | 8.97 | 8.83 | 9.44 |
| Logic | 7.78 | 9.45 | 9.95 | 8.52 |
| Helpfulness | 9.94 | 9.55 | 8.63 | 8.10 |
| Intellect | 7.83 | 8.63 | 10.05 | 10.59 |
| Self-Control | 7.83 | 9.68 | 10.23 | 10.11 |
| Imagination | 9.89 | 10.00 | 9.82 | 10.20 |
| Courage | 10.44 | 11.39 | 10.70 | 10.83 |
| Independence | 11.11 | 12.05 | 11.27 | 10.70 |
| Cheerfulness | 12.56 | 10.97 | 11.17 | 10.95 |
| Love | 14.28 | 12.05 | 11.82 | 11.28 |
| Forgiveness | 13.67 | 12.16 | 12.02 | 12.41 |
| Broad-mindedness | 12.94 | 13.21 | 12.75 | 12.19 |
| Obedience | 14.50 | 13.82 | 14.08 | 13.11 |