How crises change the value structures of generations in German labour market: Implications for employer branding

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How crises change the value structures of generations in German labour market: Implications for employer branding

Abstract:

German labour market is rapidly changing. The so-called Baby Boomers will be leaving the labour market shortly to make way for Generation Z with its specific demands. Simultaneously, the Covid-19 pandemic has massively restricted the lives of everyone. Hence, employer branding must more than ever adapt their value propositions to the changing target group. This study aims to compare the value structures of employee generations and examine them for crisis-induced shifts. Based on a representative online survey of 1,020 German employees, MANOVAs and MANCOVAs show that the younger generations and especially Gen Z are more affected by the Covid-19 pandemic than Baby Boomers and that their value profile was strengthened, while it was weakened for Baby Boomers. The results demonstrate the compelling need for employer branding to formulate value propositions in a generation-specific way and to expect stronger value changes in the upcoming Gen Z in consequence to crises.

Keywords: Employer branding, Generation differences, Value shift

Track: Product and Brand Management

1. Relevance and Objectives of the Research

The German labour market is confronted with two parallel developments that have a massive impact on the content of employer branding: First, the so-called Baby Boomers will be leaving the labour market in the next 5 to 10 years (Klüsener, Loichinger, Schneider, and Sulak, 2019; OECD, 2014) to make way for Generation Z with its specific demands on the working environment (Racolța-Paina, and Irini, 2021). At the same time, most leaders in German companies belong to the Generations X or Y (Horst, and Friedrich, 2015) and, hence, must handle this generation shift in terms of communication focus and work processes. Second, multiple crises, particularly the Covid-19 pandemic, have massively restricted the lives of everyone (Dušan, Pajvančić-Cizelj, and Cikic, 2020). The Covid-19 pandemic in particular has penetrated the lives of all Germans due to the restrictions imposed by the German government (e.g. compulsory masks, curfews, visiting bans in hospitals, obligation to work from home in many industries) and has led to behavioural changes (changed media usage behaviour, changed purchasing behaviour, increase in anxiety disorders) (Ibrahim, Arumugam, Mello, and Mamor, 2022). For HR professionals, these developments make it necessary more than ever to adapt the value propositions of their employer branding to the changing target group (Gomes, Duarte, Marques, and Cunha, 2023). This study therefore aims to compare the value structures of the workforce generations and examine them for shifts caused by the Covid-19 pandemic. This should enable HR departments to formulate target group-specific value propositions and take into account the particularly changing values of different generations.

2. Theoretical Background, Research Questions and Hypotheses

2.1 Employer branding and its value proposition

The recognition that employees are a company's most important asset led to the development of employer branding in the 1990s (Ambler, and Barrow, 1996). The aim of employer branding is to create a unique image of the functional, economic and psychological advantages of a company as an employer in the minds of potential and existing employees (Ambler, and Barrow, 1996; Lievens, and Slaughter, 2016). In the context of external employer branding, i.e. directed at potential employees, the formulation of a value proposition is of particular importance in order to package core elements of the company's dealings with its employees in strong communicative messages (Lukić, and Lazarević, 2023; Ružić, and Benazić, 2023; Pawar, and Charak, 2016). However, for a value proposition to be optimally

effective, the needs of the target group addressed must be adequately met (Backhaus, and Ticko, 2004; Racolța-Paina, and Irini, 2021). This is particularly challenging when the labour market is facing a generational change.

2.2 Generations and their values

Generations describe large groups of people of similar age (Mannheim, 1970), that were raised under similar conditions when it comes to work, education, historical events and society as a whole and, hence, share a similar set of values (Azimi, Andonova, and Schewe, 2022). One generation comprises about 20 years of duration (Maloni, Hiatt, and Campbell, 2019), whereby the birth cohorts differ slightly between different studies. We understand Baby Boomers as those born between 1945 and 1964; Generation X as those born between 1965 and 1980; Generation Y as those born between 1981 and 1994; and Generation Z as those born between 1995 and 2010. Some studies show small, but meaningful and significant differences in the needs and values of the various generations (e.g. Hansen, and Leuty, 2012; Kowske, Rasch, and Wiley, 2010; Macky, Gardner, and Forsyth, 2008; Parry, and Urwin, 2011; Schullery, 2013, Stelling, 2023). Others neglect that there are differences at all (Costanza, Badger, Fraser, Severt, & Gade, 2012; Costanza & Finkelstein, 2015). When it comes to needs and values, we first need a delineation of definitions. Needs are states of deficiency that motivate an individual to satisfy them (Watkins, and Kavale, 2014). Values, on the other hand, are cultural responses to needs that are largely stable over time (Harari, Sela, and Bareket-Bojmel, 2022) and are oriented towards development and standardisation rather than deficit and deficiency (Becker, 2019). Many studies stress that individual values and values relevant to the working context should fit together (e.g. Ballout, 2007; Su, Murdock, and Rounds, 2015). Since crises like the covid 19-pandemic not only affect the working environment of individuals but all areas of their life, we will in the following focus on individual values rather than on working values when it comes to differences between generations. In general, it can be stated, that the Generation Z shows more self-enhancement, higher openness to change, a higher demand for flexibility and mobility in life as well as less loyalty (Francis, and Hoefel, 2018; Harari et al., 2022) as compared to older generations. We follow the assumption that there are inter-generational differences that are small (due to the continuous development between generations that do not start or end abruptly) but meaningful, especially regarding the edge generations, Generation Z and Baby Boomers.

Based on this, a first research question with two hypotheses can be formulated as follows:

RQ1: Are there differences in the value profiles between the generations of employees?

- H1a: Employees of different generations differ significantly in their value profile.
- H1b: The greatest differences exist between the edge generations, Gen Z and the Baby Boomers.

2.3 Crises and their impact on values

Values are a relatively stable normative framework that can nevertheless be changed by personal crises (Harari et al., 2022). Although many studies deal with the value profiles of generations (see above), studies analysing the impact of the recent Covid-19 pandemic on value structures are surprisingly rare. For example, a study by Harari et al. (2022) shows that resilience to personal crises in Generation Z is more dependent on the existence of an openness to new things and enhancement than in Generation X, but that resilience overall is less pronounced in the younger generation. A literature review by Gomes et al. (2023) makes clear that a change in human resources is needed to cope with crisis-induced values of the Gen Z. And Pataki-Bittó, and Kapusy (2021) suggest the permanent instalment of hybrid working spaces to meet Gen Z's expectations. What is lacking to our knowledge, however, is an analysis of the actual value shift in a generational comparison under the influence of a crisis, namely the covid 19-pandemic. This study therefore aims to answer the following research questions - initially without hypotheses due to the lack of data:

RQ2: How are the different generations of workers affected by the current crises?

RQ3: To what extent is the Covid-19 pandemic changing the value structures of different generations of workers?

3. Methodological Design

To answer these research questions, we conducted a quantitative online survey of potential employees in Germany in December 2022. The sample (N = 1.020) was 53.3 percent female and age ranged from 15 to 65 years (M = 49.1, SD = 14.1). About one third of the participants belonged to the Baby Boomers (38 percent), 28.2 percent to Generation X, 23.2 percent to Generation Y and 10.5 percent to Generation Z.

In line with the previous research results (Watzinger, Hilse, Köhler, Krüger, and Welzel, 2022), items were used that ask about the *values in general* in life in order of importance. The final values questionnaire consisted of 23 items (1 = *not important at all* to 5 = v*ery important*). To assess the relevance of crises according to values (*values in times of crisis*),

respondents were asked to indicate the extent to which the COVID-19 crisis strengthened or even weakened the 23 values in their importance (1 = *weakened*, 2 = *remained the same*, 3 = *increased*). To assess *crisis affectedness*, we asked the participants to rate how much they were affected by the COVID-19 crisis (1 = *not affected at all* to 5 = v*ery affected*).

4. Major Results

In order to structure the further analyses, we first summarized the values with a Principal Component Analysis (PCA) to extract the most important independent factors (KMO = .909, Bartlett's test of Sphericity significant with $p < .001$). Only factors with eigenvalues ≥ 1 were considered. Examination of Kaiser's criteria and the scree-plot yielded empirical justification for retaining five factors with eigenvalues exceeding 1 which accounted for 55.67 of the total variance. Among the factor solutions, the varimax-rotated five-factor solution yielded the most interpretable solution: Factor 1 "stability" (justice, honesty, health, reliability, trust, freedom, and personal safety), Factor 2 "altruism" (empathy, helpfulness, patience, tolerance, and environment), Factor 3 "ambition" (appreciation, success, rules, tradition, and responsibility), Factor 4 "hedonism" (humour, fun, friendship, and family) and Factor 5 "individualism" (self-fulfilment, and self-determination).

To investigate RQ1 with its hypotheses H1a and H1b, we used multivariate analyses of variance with generation as factor and values grouped by factors yielded from the PCA as dependent variables: MANOVAs revealed a significant main effect for generation on values (*factor 1* "*stability": F*(21, 2.901) = 6.25, $p < .001$, Wilk's Λ = .881; *factor 2 "altruism"*: *F*(15, 2.794) = 2.40, $p < .001$, Wilk's Λ = .881; *factor 3 "ambition"*: *F*(15, 2.794) = 5.10, $p < .001$, Wilk's Λ = .928; *factor 4 "hedonism": F*(12, 2.680) = 6.32, $p < .001$, Wilk's Λ = .929; *factor 5 "individualism"*: *F*(6, 1.990) = 4.71, $p < .001$, Wilk's Λ = .972). Univariate post-hoc tests showed that there was a significant difference between generations according to all values except for empathy, responsibility, humour, friendship, family. We can therefore summarize RQ1 by stating that value profiles differ significantly between the generations of employees and thus confirm H1a. Descriptive statistics show the greatest overall differences between these two generations: Values are on average more important to Baby Boomers than to Gen Z. The exceptions were self-fulfilment, appreciation, and success. In these cases, they were most important to Gen Z and least important to Baby Boomers. Only rules and fun are most important to Generation Y. Thus, H1b can be supported, the greatest differences are in general between Baby Boomers and Gen Z.

To answer RQ2, we conducted a one-way analysis of variance (ANOVA), with generation as the independent variable, and affectedness by the COVID-19 crisis as the dependent variable. The ANOVA revealed a significant effect of generation on crisis affectedness $F(3, 1.016) = 1.183$, $p = .040$. The level of crisis affectedness increased from Baby Boomers ($M = 2.70$, $SD = 1.08$), to Generation X ($M = 2.88$, $SD = 1.18$) and Generation Y ($M = 2.82$, $SD = 1.10$), to Generation Z ($M = 3.02$, $SD = 1.15$). Tukey post-hoc analysis revealed a significant difference ($p = .049$) between Baby boomer and Generation Z. There are no significant differences for the other groups. In summary, we can answer research question 2 as follows: of all the generations studied, there is only one significant difference between Baby Boomers and Generation Z in terms of how affected they are by the crisis. Generation Z is more affected by the crisis than Baby Boomers.

To investigate RQ3, we used multivariate analysis of covariance with generation as factor, values in times of crisis as dependent variables grouped by factors from the PCA, and affectedness by the COVID-19 crisis as covariate: MANCOVAs revealed a significant main effect for generation on values in times of crisis (*factor 1* "*stability": F*(21, 2.840) = 2.02, $p = .004$, Wilk's $\Lambda = .958$; *factor 2 "altruism"*: $F(15, 2.736) = 2.21$, $p = .005$, Wilk's $\Lambda = .967$; *factor 3 "ambition"*: $F(15, 2.736) = 2.52$, $p < .001$, Wilk's $\Lambda = .963$, *factor 4 "hedonism"*: $F(12, 2.625) = 3.84$, $p < .001$, Wilk's $\Lambda = .955$; *factor 5 "individualism"*: $F(6, 1.988) = 4.71$, $p < .001$, Wilk's $\Lambda = .972$). Only for *factor 3 "ambition"* the covariate crisis affectedness had a significant effect on values in times of crisis $F(5, 991) = 4.67$, $p < .001$, Wilk's $\Lambda = .977$. Univariate post-hoc tests showed, that value changes due to crisis differed between generations according to the following values: *factor 1 "stability"*: honesty ($p = .004$), health ($p = .049$), trust ($p = .010$), and personal safety ($p = .011$); *factor 2 "altruism":* on helping behaviour ($p = .008$), patience ($p = .010$), and tolerance ($p = .004$); *factor 3 "ambition"*: appreciation ($p < .001$), success ($p = .002$), and responsibility ($p = .016$); *factor 4 "hedonism"*: on humour ($p < .001$), fun ($p < .001$), and friendship ($p = .029$); *factor 5 "individualism"*: self-fulfilment ($p < .001$), and self-determination ($p = .029$). Furthermore, post-hoc tests revealed significant effects of our covariate crisis affectedness on health ($p = .040$), patience ($p = .043$), rules ($p = .006$), and responsibility ($p < .001$). To answer research question 3, descriptive statistics show that, in general, the importance of values of Baby Boomers was weakened by crisis, but strengthened for Gen Z. This holds true e.g. for tolerance, success, appreciation, self-fulfilment, patience, humour, or trust. Across all generations, responsibility, family, friendship, empathy and health gained in importance,

whereas tradition lost in importance. We can therefore conclude that values have lost or gained in importance as a result of the crisis and that for some values we see significant differences in the generations.

5. Implications

The study has provided clear evidence that the generations of employees are very different from one another in some respects. The following conclusions can be drawn for HR departments planning employer branding measures:

- Employer branding measures must be adapted to the value profile of the generations. Values aimed at stability and altruistic values should be addressed more strongly in the older and less in the younger generations, while ambitious values play a more important role in the younger generation. With increasing age and professional experience, self-determination in life also becomes more important.
- The results of the Covid-19 pandemic have been particularly strong, showing the greatest (and significant) differences between the edge generations, Baby Boomers and Gen Z. Hence, communication measures and work organisation in general should take into account the greater sensitivity of younger generations of employees to crises.
- The older the generations are, the less the value profiles change as a result of external influences such as crises. Conversely, this means that when dealing with Generation Z in particular, a constant exchange on expectations and values is necessary in order to be able to adapt internal and external employer branding measures and value propositions to the significant changes in the value profile.

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