

Chapter 1- Introduction

1.1 Background of the study

Over the year, generation has changed, and new millennium has emerged. Generation has changed in the term of values related to what they have done and face in their life. Parents, media, world condition, education, life experiences could be the most relevance factors influences individuals on changing their values. People growing up at a particular time in a specific condition and seeing values and builds its characters. This also distinguish individuals who born and live in the different time.

For the first time in history, we see five generation working together in the same roof (KPMG, 2017). The old traditionalist has leaved work force and Baby Boomers prepares their retirement. In practice, four generation are working actively (Kapoor and Solomon, 2011). X generation moving slowly but surely replacing the spots and rising population of Millennial generations in the workplace are unbelievable. Yet, the most sophisticated generation, Gen Z, just around the corner, quickly to the office (Bresman & Rao, 2017; KPMG, 2017).

The way individual communicates among generation has significant different. Sophisticated technology has made people stay longer with internet and less socialize. Younger generation raised with technology much more than older generation. Comparing to older generation where they face more time to interact directly. This simple different in interaction could easily create open conflict and serious team problems.

Other than that, most probably, cultural dimension also plays big roles on creating individual's characteristic. People who works in the *multinational company* also facing additional barriers on adjusting the social relationship between workers with their own unique culture. Those problems arise

will impact management of the works. Workers could not integrate and working effectively as management will badly affected.

Along with multiple generation work within, organization acknowledges a workforce of women and men, many racial and ethnic groups; individuals with a variety of physical or psychological abilities; and people who differ in age and sexual orientation (Robbins & Judge, 2013). This, workforce diversity, presents great opportunities and poses challenges for the organizations. Lancaster & Stillman (2002) believed that the differences among generation potentially enhance rather than harm the organization. Managers are encouraged to deal with the generational differences that appear to exist among employees (Smola & Sutton, 2002), better understanding of the generations diversity in the workplace can lead to better recruitment, retention, succession management, communication, employee engagement and conflict resolution (Dencker, Joshi, & Martocchio, 2008) also are likely to be “employers of choice” in the future (Lancaster & Stillman 2002).

Failure to do so, conversely, organization will pay the negative outcomes, such as intergenerational workplace conflict, ineffective communication, negative attitudes toward colleagues, decrease in productivity, decrease in the morale, and a decrease in citizenship behavior (Bradford,1993; Dittman, 2005; Smola & Sutton, 2002). Precisely, misunderstanding the differences between generations can detrimentally affect employee performance and satisfaction (Smith and Nicols, 2015). As new generation enter the workforce, managers must learn more about their employees’ job satisfaction and organizational commitment levels which might differs to the older (Kaifi et al., 2012).

Lots of research has been conducted to investigate generational difference in the workplace. For example, Cennamo & Gardner (2008); Smola & Sutton (2002), their research supports the general stereotypes concerning generational differences in work values. As much researcher has observed they also find that generational differences are indeed exist, there are small to moderate generational

differences in work values (Twenge, Campbell, Hoffman, & Lance, 2010) yet mostly its more exaggeration than the fact (Hauw & Vos, 2010) .

Indonesian researcher also investigates this phenomenon in their study. Prameswari and Respati (2014) on her research to two hundred and seventy-three respondents. This research aims to investigate differences work values between generation X and generation Y. Prameswari has found that generation X places status of work values as the most important. They see independence and autonomy in their work as crucial thing. While generation Y believes less than generation X.

Other study regarding work values, Indriyana and Djastuti (2018), investigates the differences of work values among female and male workers in generation Y. Their study, among one hundred and thirty-seven Indonesian millennials workers, implies that there is significant different in work values between men and women workers. Extrinsic work values have significant difference between them. Male generation Y judges' salary is the second most important extrinsic of work and the first one is work life balance. It implies Indonesian culture that male is household leaders and family backbone. While female workers see job security as the most important extrinsic work values. Female workers rely on Indonesia working condition which is still having bad issues on gender equality. Thus, female workers ranked highest on job security as they face more challenge on the job.

Nindyati (2017) has investigate another phenomenon regarding generational differences in the workplace. The researcher studied workers loyalty among one hundred and eight generation X and Y. The study resulted how differs assumption towards loyalty. Generation X, whose 64% never move to another organization, while 60% of generation Y did it. High turnover intention in the study, mostly because both of generation X and Y wanted to improve their career development. Although they have same reason, but fundamentally significant different in the willingness to leave current organization. In conclusion, generation X thinks that the aims of their career development are the successfulness of the organization. However, generation Y is focusing on themselves.

Research trends about differentiation between generation indicates that this matter is challenging for any organization. Additionally, demographic bonus, projected on 2020 ends 2045, is currently happened in Indonesia (IDN, 2020). Stated in the same reports, Indonesia will have bigger productive workforce projected up to 63.5 million people. Those numbers are from millennials generation. Most of them are climbing up toward higher job position from total 179.1 million Indonesian productive workers.

Gaining the precious moment of the beginning demographic bonus, the researcher trying to investigate the phenomena of generational difference in PT. Kalbe Farma Tbk (Kalbe). Kalbe is the largest healthcare provider in Indonesia and the largest publicly-listed pharmaceutical company in Southeast Asia (Kalbe, 2020). The company has more than 17.000 employees and supported by expatriates across the world (Kalbe, 2020). As a leading pharmaceutical company, Kalbe, expands the business around South East Asia. Also, makes Nigeria and South Africa as their new entry market (Kalbe, 2020).

Kalbe consistently bringing their corporate values into every steps of company. The *Panca Sradha* is legacy of corporate values that being a code of conduct for all employees within the Kalbe Group (Kalbe, 2020). Those are trust is the glue of life, mindfulness is the foundation of our action, innovation is the key of our success, strive to be the best, and interconnectedness is a universal way of life. Five code of conduct reflected into vision and mission leads to a successful journey of Kalbe.

With their successful story in Indonesia, Kalbe expands their branches to south east region and even Africa. Thus, Kalbe has diverse workers from different countries and region. Most probably facing workforce diversity, the researcher is trying to investigate generational differences from four Kalbe branches; Indonesia, Myanmar, Philippine, and Cambodia. This could be the best representative of generational diversity among its employees.

1.2 Research Problem and Research Questions

thesis is to investigate the generational differences in the work value and its association toward work outcome (job satisfaction and intention to leave). While generational differences have been portrayed as major gap in the workplace, yet the empirical evidence says not. Thus, this research is aiming to:

1. Find out the influence of work experiences toward work outcome between Generation X and Generation Y among Kalbe employees
2. Find out the influence of work values toward work outcome between Generation X and Generation Y among Kalbe employees
3. Find out the influence of different cultural dimension towards work values between Generation X and Generation Y among Kalbe employees
4. Find out the influence of different cultural dimension towards work experiences between Generation X and Generation Y in Kalbe employees

This research seeks to address the following four research questions:

1. Does work experiences affect work outcome between Generation X and Generation Y among Kalbe employees?
2. Does work values affect work outcome between Generation X and Generation Y among Kalbe employees?
3. Does cultural dimension affect work values between Generation X and Generation Y among Kalbe employees?
4. Does cultural dimension affect work experiences between Generation X and Generation Y among Kalbe employees?

1.3 Justification for the research

Managerial implications – This study suggest an important practical implication for management to handle the diversity of workers. Most importantly, the researcher encourages the management to explore more on the diversity rather than prejudge them. Gaining better knowledge on how generation X and generation Y differs, could also preparing better settlement for each generation. The result of study provides better understanding on how generations differs in the workplace.

This paper also provides comparison between two generation on how they see work values and work outcome. It could be used to set up the strategies on attract, engage, and retain younger workers and offers better deals for older worker to sustain in their job. Those perfectly matched solution leads to a happier workforce which produce a more effective workforce and gaining more revenues for the company.

1.4 Methodology

In order to scope the research problems, the researcher applying quantitative research to investigate the relationship between different work values and work outcome among two generations. The additional cultural dimension appeal in a cross-cultural study to validate the influence different cultural background. Respondents are worker from two different generation, Xers and Millennials, who work for Kalbe. The construct measurement of the variable has validated by previous researcher, in practice this study adopted them.

Partial Least Square (PLS) is used for analyzing the relationship between variables on hypotheses. PLS also used because of the sample size in this research. However, this study will not test the differences of the findings among countries statistically. The difference will be analyzed qualitatively.

1.5 The scope and key assumptions of the study

The study scopes three aspects. First, concerning the differences on work values, work outcome, and cultural dimension and its relations. Secondly, it is precisely conducted in PT. Kalbe Farma Tbk, which is including four branches, Cambodia, Indonesia, Myanmar, and the Philippine. Lastly, the study focusing on two generation, generation X and generation Y, whose being judged to have significant differences in the workplace.

Lots of research's about generational differences in the workplace has been conducted in many countries. Study conducted by Cennamo and Gardner (2008) has conclude that Auckland workers provides some differences in work values but fewer than expected. In their research they add Person-Organization values fit to see how the work outcome might also differs among generation. While this research also investigates the work values and work outcome, that might differs, interestingly also add cultural dimension to see the national culture might influence the workplace as well.

The study has involved specific participants. Generation X and generation Y from Kalbe company. The researcher compares two generation to attest the stereotype among them. Kalbe company has selected as institution which has diversity in the workforce. Most importantly having branches outside the country to get perspective from different culture in the workplace.

1.6 Outline of the Report

This paper breaks down into six chapters. Introduction, the first chapter, begins the study with research background, research problems, scope of the study, and structures of the thesis. Introducing how important the research topic is, proposing the research questions and outlines the purpose of the study. The second chapters, reviewing the previous and fundamental research concerning generational differences in the workplace. Begins the chapter with defining generation, work values, work outcomes, and cultural dimension. Furthermore, the elaboration of the theories would be comprehensive to build a

robust conceptual of the research. While the development of hypotheses to be investigated in the research ends chapter two.

The third chapter explains research methodology, flowing the process of research, from sampling data collection, measurements to data analysis. The next chapter is data analysis, where the data is mainly analyzed, and all the findings is being explained in this chapter. Furthermore, the discussion of data analysis and its finding has concluded in the same chapter, chapter five. While the last chapter provides the summary of the finding, recommendation for future research, and identify research limitation.

1.7 Conclusion

First chapter of the research has explained basic knowledge on why this research matters and how it would be performed. Research problem and research question has proposed and through a quantitative research method would be answered. Implication of the research mentioned to outline the important of the research finding toward practical life. Hence, company would be more aware on how to understand better the diversity of workforce. And explore them more rather than obeying the stereotype.

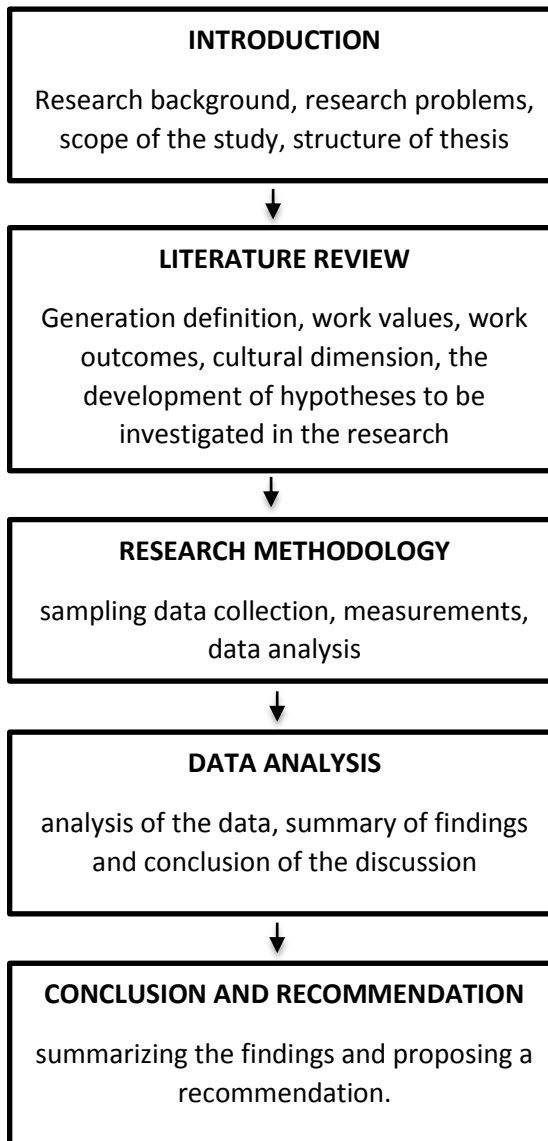


Figure 1 Structure of Thesis