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Motivational methods in China: a study across public and private sector

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*Ai miei genitori,
per avermi insegnato
a credere in me stessa.*

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INTRODUCTION

The purpose of this research is to analyze the motivational methods applied in China by observing how culture can influence the choice of the applied methods.

The intent is to find out how the culture of an individual can be predictive of his desires and needs and how all this can be reflected in the workplace in order to define what can motivate the individual to achieve the set goals and maintain a good work performance.

What will be observed is how the HRM in China is evolving from a motivational point of view by analyzing how the Chinese public and private sectors are moving in the field of motivation in order to attract and retain human capital. This will be analyzed with the purpose of bringing to light an issue of great interest in China in recent years. Many researches show that among young Chinese people there is the tendency of preferring a public employment rather than a private one; this tendency can result counterintuitive since private sector in China, like in many other world economies, plays a major role in the country's economic growth. The purpose is to find out what motivates young Chinese people and which motivational factors drive them to choose one sector rather than the other.

In this regard, Chinese public and private sectors will be analyzed focusing on the main HRM features that characterize the two sectors and focusing on the main motivational methods applied.

The precise problematic of this study is: "What are the reasons why young Chinese people are more motivated to work for the public sector than for the private sector?" The choice of this topic was dictated in part by the attention that has received this topic in Chinese public opinion and in part by the existence of a lack of understanding concerning the causes of the current situation and a hypothetical future evolution of this phenomenon.

In the first chapter of this thesis the main traditional motivational theories will be analyzed in order to understand if the motivational methods that have had greater success in Western countries can be applied to the Chinese context that presents completely different cultural characteristics; with this end, the limitations of these

theories will be analyzed and will be illustrated the main Chinese cultural values that contribute to the formation of the main Chinese work values. Finally, will be analyzed the factors influencing Chinese employee's motivation observing the results of some of the researches and surveys made in the last years in order to provide a concrete picture of the elements that, nowadays, most influence workplace motivation in China.

In the second chapter of this paper will follow an analysis of the Chinese public and private sectors illustrating the evolutions that the Human Resources Management has had in the two sectors, providing both a historical background and an analysis of the current situation. Following, the effective motivational methods adopted by both sectors will be identified.

In the last part of this chapter the main focus of this thesis will be illustrated analyzing, through the consultation of newspaper articles by the major Chinese newspapers, the phenomenon already mentioned, paying attention to how this phenomenon is perceived by public opinion and which are the main causes according to scholars' point of view.

In the third and last chapter of this thesis, the theory will leave room for the practice, trying to reply to the aforementioned question through the results collected via an *ad-hoc* questionnaire administered to 40 Chinese university students.

the questionnaire will be presented, focusing on the purpose of the research, the methodology used and the sample surveyed. Before concentrating on the data analysis and the conclusions, the limitations and delimitations of the research will be described.

前言

本研究的目的是分析在中国应用的动机方法也是分析一个国家的文化如何影响动机方法。

动机方法是企业中非常重要的因素，这是因为当员工有良好的积极性时，他们能够在工作的过程当中表现得良好也可以达到所想要的目标。

本研究分析中国人力资源管理和动机方法的发展，具体而言，本文重点关注公共部门和私营部门的人力资源管理和动机方法的发展以了解这两个部门如何吸引和保持人力资本。

分析这些要素的原因是了解一个现在在中国非常重要的问题，也就是说，按照一些研究在这几年来，大部分刚毕业的学生更喜欢在公共部门而不是私营部门工作。这种趋势，看起来是一个矛盾，因为中国的私营部门，跟许多其他世界经济体系一样，从该国的经济增长的来看扮演一个很重要的角色。

目标是发觉促动中国年轻人是什么，以及哪些动机因素促使他们选择一个部门而不是另一个部门。关于这个方面，作者深刻地分析中国公共和私营部门的人力资源管理的主要特征，并强调所应用的主要动机方法。这项研究的具体问题是：“为什么年轻的中国人更倾向于为公共部门工作而不是私营部门？”

这一主题的选择取决于中国公众舆论对此主题的关注，并且对这种趋势还缺少足够的了解和探究，这种情况未来的发展也不明确。

在本文的第一章中，作者分析主要的传统动机理论，这个是为了了解在西方国家取得更大成功的动机方法是否适合一个有完全不同的文化的国家：中国。为此，将分

析这一些理论的局限性并且将证明影响中国工作价值观的主要中国传统文化的价值
观。最后，通过对近年来一些研究和调查结果的观察，作者证明影响中国员工动机
的因素，以便提供当前影响中国职场动机的因素具体的画面。

在本文的第二章作者探究中国公共和私营部门，这个析将通过证明人力资源管理在
这两个部门中的变化来完成。本章还会强调 历史背景和当前情况。接下来，作者
描述两个部门运用的有效动机方法。

在本章的最后部分，将阐述本文的主要焦点。通过中国主要报纸对报纸文章的咨询，
描述了年轻人喜欢为公共部门工作的现象。除了对现象和一些数据的描述外，
还有很多关于学者和记者的意见。这是一个非常重要的部分，有助于理解当代中国
社会如何看待这种现象。

在本文的第三章和最后一章当中，用实践替代理论。作者设计了一份调查问卷，通
过收集到的 40 名中国学生的答案来试图回答上述的问题。

最后，对问卷调查的目的、所采用的方法和标本进行了说明。此外，在对数据分析和
结论进行深入研究之前，还对本文的局限性和划界进行了描述。

CHAPTER 1

MOTIVATIONAL METHODS IN CHINA

1.1 THE CONCEPT OF MOTIVATION IN HRM

The term “Motive” is designed as a desire or need that brings a person to act. Thus, the term “motivation” is defined as “the act or process of providing a motive that causes a person to take some action”¹.

Motivation is the inner drive that directs an individual’s behavior toward the achievement of goals. It can be defined as a psychological process which directs and sustains human behaviors. In Human Resources Management the term refers to a person’s desire to do the best possible job or to make the maximum effort to perform an assigned task.

Many researchers believe that low employees’ satisfaction and poor motivation can have a negative effect on the daily operations of the enterprise. This is the reason why motivation plays a fundamental role in Human Resources Management. Motivation in organizational behavior studies can be traced back to the 50^s or even earlier. A lot of research has been conducted in order to understand many of the difficult aspects of motivation in an organization. These studies indicate that discovering which factors enhance employee’s motivation is one of the major management issues.² Improving employee’s motivation means improving employee’s performance; if environmental factors in the organization do not change, the performance of the employee will depend on the level of motivation that the organization gives to him/her. For this reason, it is important for the organization to take appropriate methods to stimulate the enthusiasm of employees during their work improving, this way, their performance.

¹ N.H.SHANKS, “*Management and Motivation*”, p.24-25

² Y.CHAN, H.MA, “*The perceived effective motivation methods in China’s creative industries: The managerial perspective*”, p.135-136

More and more companies nowadays are starting to understand that what is really important for their profit is the human capital more than the financial capital they try to multiply in their everyday activities and that, to some extent, employee motivation can improve the competitiveness of the enterprise. Nowadays, talents are the key elements of the organization's resources; nowadays, competition among enterprises means competition of talents. What is important for entrepreneurs to understand is that motivating their employees in an efficient way is fundamental to attract talents and keep them within the organization; this can bring a lot of benefits to the organization. Once employees are efficiently motivated, this can lead to many positive effects like the increase in production, a lower turnover and a great improvement of the overall performance of the organization including improving customer's satisfaction.³

1.2 MOTIVATIONAL METHODS

The drivers of motivation can be of two types: Intrinsic/internal motivation drivers and Extrinsic/external motivation drivers.

Intrinsic motivation comes from within the individual, it is self-generated and influences the individual to assume a certain behavior. It comes from the need of the individual of satisfying their own necessities, to feel self-determination in the environment, to reach self-actualization.

Extrinsic motivation comes from the outside. Individual's behavior is influenced by the external environment and by values and benefits of an action in the form of compensation, incentive plans, promotions or sanctions.⁴

The motivational theories explain how a certain behavior can be generated and sustained, how it can be driven in a certain direction and how it can be stopped when it is considered no longer useful for the fulfillment of a certain assignment.

³ Y.LI, "Suggestions on how to improve employee motivation in Chinese small and medium-sized private enterprises", p.16-17

⁴ TORRINGTON, DEREK and HALL, LAURA, "Personnel management – A new approach", p.299

Work-motivation theories can be divided into two theoretical bodies of knowledge that can be applied to design the employee motivation programs. The two theoretical bodies are Content Theories and Process Theories.⁵

Content theories explain work motivation focusing on “what” arouses, energizes or initiates employee behavior.⁶ It is based on specific needs that motivate people.

Process theories explain “how” employee behavior can be energized, sustained or stopped.

In order to have a clear perception of what motivation process consists of, it is necessary to provide a brief illustration of the motivational theories that have received the greatest amount of attention. As for the Content Theories, Maslow’s *Hierarchy of Needs* theory, Herzberg’s *Two-factor theory* and McClelland’s *Achievement Motivation* theory will be analyzed.

As for the Process theories, Adam’s *Equity* theory, Locke and Latham’s *Goal Settings* theory and Vroom’s *Expectancy* theory will be illustrated.

⁵ R.STOTZ,B.BOLGER, “*Content and process theories of motivation*”, p.1

⁶ A.PONTIGGIA, “*International organizational design and human resources management to China*”, p.320-321

1.2.1 MASLOW'S *HIERARCHY OF NEEDS* THEORY:

Maslow (1954) postulated a hierarchy of five needs which come in a specific order. This being: physiological needs, safety and security needs, love and belonging needs, esteem needs, self-actualization.

Figure 1.1 *Maslow's pyramid*



Physiological needs: They are the most basic needs and are related to water, food, rest etc. According to Maslow, these needs are the first that have to be satisfied in order to satisfy any other type of need. In the context of work motivation, these needs are satisfied through wage, salaries, breaks, free lunch etc.

Safety and security needs: These are the needs of stability and security. In the workplace these needs are satisfied through healthy and safe work environment, medical insurance, pension plans and similar benefits.

Love and belonging needs: These are needs of social contact, interaction, friendship, affection and support. In the workplace these needs can be satisfied through social or group activities, encouraging employee's relationships (both formal and informal) etc.⁷

⁷ N.H.SHANKS, "Management and Motivation", p. 24-25

Esteem needs: these are needs for appreciation, power and status and can be satisfied through promotions, awards and feedbacks.⁸

Self-actualization: these needs are concerned with the desire to reach one's full potential. The individual wants to achieve personal growth, development and autonomy. In the work environment these needs can be satisfied through performance opportunities, encouraging creativity, giving to the employee the possibility of setting and achieving his/her own goals.

According to Maslow, the importance of a need is related to the position it occupies in the pyramid. In this way, the superior needs do not appear until the inferior needs are satisfied. The five-tier pyramid can be divided into two categories; deficiency needs and growth needs. The first four stages in the pyramid are identified as deficiency needs while the fifth is recognized as growth need. Furthermore, deficiency needs motivate individuals when targets have not been met.⁹

1.2.2 HERZBERG'S *TWO-FACTORS* THEORY:

The theorist Frederick Herzberg formulated the *Two-factors* theory in 2003. This theory consolidated the Maslow's need hierarchy by focusing on two sets of factors that influence job satisfaction: hygiene factors and motivators.

Hygiene factors have effect through the lack of negative work conditions. These factors related to the job context can be salary, job security, organization's administration and policy, interpersonal relationships etc. These factors also refer to the lower part of Maslow's pyramid.

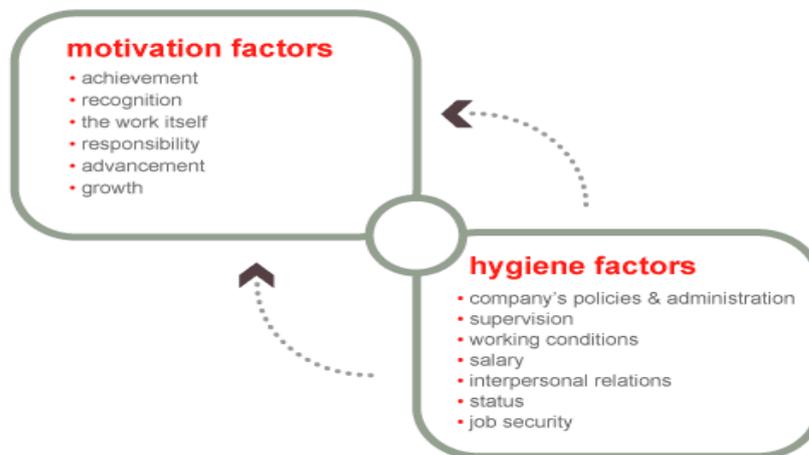
Motivators are factors that, if positive, can effectively contribute to job satisfaction and productivity. Motivators factors are related to the higher level of Maslow's hierarchy including conditions such as appreciation, achievement, personal growth and possibility of development.¹⁰

⁸ A.PONTIGGIA, "*International organizational design and human resources management to China*", p.323

⁹ K.MASON, "*The impact of HR practices on employee motivation and performance*", p. 13-14

¹⁰ K.MASON, "*The impact of HR practices on employee motivation and performance*", p. 16-17

Figure 1.2 Herzberg's graph



According to this theory, hygiene factors can cause dissatisfaction if deficient, however, they are not effectively cause of satisfaction. Only when motivators are present there will be satisfaction. In other words, hygiene factors can prevent dissatisfaction while motivators lead to satisfaction.

Many managers are partial to this approach since they think employees could be satisfied and motivated in a financial way reducing the efforts re-evaluating organization's policies by increasing wages. This behavior is considered inefficient considering this theory.

1.2.3 McCLELLAND'S *ACHIEVEMENT MOTIVATION* THEORY:

The psychologist David McClelland (1985) postulated a theory based on the fact that individuals have the need to reach goals and attain success. The idea is that needs are not innate but are acquired through experiences in one's life.

According to this theory, high achievers can be identified through particular characteristics such as the willingness to take personal responsibilities, moderation in taking risks, the interest in receiving concrete feedback on their performance. High

achievers tend to be very individualistic persons, they are not keen on forming warm relationships, they tend to be loners and feel more comfortable working alone than in team. In relation to what was stated before, the achievement need is not something innate but it can be acquired; for this reason studies have been conducted to understand which methods could make individuals develop this need, these methods involve teaching people to obtain feedback on performance and use this information to modify their actions, emulate people who achieve their goals, think positively by picturing oneself as successful in the achievement of their own goals.¹¹

1.2.4 ADAM'S *EQUITY* THEORY:

J. Stacy Adams (1960) formulated this theory explaining that a great contribution in job performance and satisfaction is given by the degree of equity perceived by the employees in the workplace. Consequently, job dissatisfaction occurs when the employee perceives inequality in the workplace. "Inequality is present when a person perceives that the ratio of his/her outcomes to inputs and a ratio of a relevant other's outcomes to inputs are unequal."

1.2.5 LOCKE AND LATHAM'S *GOAL-SETTING* THEORY:

This theory is based on Edwin A. Locke and Gary Latham's studies which state that by establishing goals the individual is motivated to work in order to achieve that goal.¹² According to the theory, in order to get the maximum motivation from the individual the goal must be "S.M.A.R.T."

-Specific: it means that the goal must be expressed in a very clear way without any possible misunderstanding and must be concrete.

¹¹ A.PONTIGGIA, "*International organizational design and human resources management to China*", p.333

¹² N.H.SHANKS, "*Management and motivation*", p. 28

-Measurable: the goal must be measured from a qualitative and quantitative point of view because it is necessary to establish in which degree the objective has been fulfilled.

-Achievable: the goal must not be impossible to reach.

-Realistic: it means that the goal can be reached given the current resources.

-Time-bound: the goal should have a clear deadline until which it must be fulfilled.

1.2.6 VROOM'S *EXPECTANCY* THEORY:

Victor H. Vroom formulated this theory in 1964. It is based on three elements: expectancy, instrumentality and valence.

The expectancy consists in the belief that individual's effort will lead to performance; the instrumentality is the belief that the performance will lead to an outcome; valence is the belief that the outcome will be of value for the individual.

These three elements all together create motivation in the individual, the lack of one element will result in lack of motivation.

1.3 LIMITATION TO THEORIES

The theories mentioned above are some of the studies that arose during the 90's due to the necessity of better understanding and improving motivational processes in the organization.

With the progress of research, it has been found that the satisfaction of wants and needs of an employee is strictly related to the values and the culture of a person. For this reason, one complication of these first theories is that they were formulated in the West, more specifically in U.S.A. and Great Britain, they were then based on Western cultural situations that could not be applied to other cultures. Therefore, these theories have boundaries. The boundaries of these theories are even more

evident if applied to countries whose culture is very different from the Western one as the Eastern countries and the country examined in this study, China.

Since the aim of this thesis is to analyze which motivational methods could be more efficient in Chinese organizations and what influences the choices of Chinese employees, it is necessary to deeply understand some of the Chinese cultural values that influence Chinese people's choices at work and in everyday life. A first step could be made by observing what are the cultural boundaries that these theories have encountered following the attempt to apply them in China and which theories fitted well to the Chinese cultural background.

For what concerns the first theory analyzed, Maslow's *Hierarchy of needs* theory, this had encountered many limitations when applied to the Chinese context. One of the biggest limitations is that since the theory is based on Western culture and values, the hierarchy of need's pyramid reflects the needs of an individualistic culture while Chinese culture emphasizes the need of collectivism and society. The psychologist Edwin C. Nevis revisited Maslow's theory in order to contextualize it to Chinese culture. Nevis reinvented Maslow's pyramid suggesting a different need hierarchy according to a collectivist and social dimension instead of an individualistic and egocentric one. Nevis stated that a Chinese hierarchy of needs would have had four levels, starting from the lowest to the highest would be:

- Belonging (social)
- Physiological
- Safety
- Self-actualization in the service of society.

The important role played by the need of belongingness in Chinese cultural values resulted in the Chinese assumption of collectivism that being a good member of society and giving priority to team goals instead of the individual ones should govern all practices; group loyalty and national unity need to be addressed even before psychological needs. Other assumptions are equal rewards regardless output differences, importance of common property and emphasis of group forces as source of motivation. It is therefore easy to deduce that self-actualization and ego needs in

general are not relevant concept in a collectivist country like China where the concept of “face” is more related to belongingness rather than to individual recognition.¹³

With regard to Herzberg’s *two factors* theory it is possible to assert that this theory of motivation resulted valid and applicable in China thanks to various tests carried out in different Chinese work environment. The academic Ju-Chun Chien conducted a study regarding the applicability of *Two factors* theory in Chinese working contexts for the “International Journal of Economics and Management Engineering” (2013). Chien tested the validity of the theory in an empirical way by surveying 2372 chemical fiber employees. From the result of the tests came out that the degree of overall job satisfaction was more than moderate. The components of job satisfaction to which more value has been given were “corporate image”, “collaborative working atmosphere” and “supervisor’s expertise” while the component that was valued less than the others was “Job rotation and promotion”. The top three job retention options outlaid by the employees who participated to the test were “good image of the enterprise”, “good compensation” and “workplace is close to my residence”. The general evaluation of the degree of work facilitation reached almost to “mostly agree”. Most of the participants chose at least one motivator as their job retentions options while only a minority part of them chose only hygiene factors as their job retentions options. Therefore, Herzberg’s theory found validity in Chinese culture.¹⁴

Regarding McClelland’s *Achievement Motivation* theory, it can be asserted that the theory seems to present some limitations and that it did not find the same positive outcome as the Herzberg’s theory in a country like China. One of the greatest concerns is that *Achievement Motivation* theory seems to be tailored for a type of person characterized by strong individualism but in many countries mutual support and maintain social harmony is much more important than individual achievements.¹⁵ Because of the huge distance between middle and high ranks, the power motive may not be very strong in China. Reaching high ranks is so arduous that advancing in the middle levels does not bring increased power in any significant way. On the other

¹³ T.JACKSON, “*Foreign companies and Chinese workers: employee motivation in the People’s Republic of China*”, p. 284

¹⁴ J.C.CHIEN, “*Examining Herzberg’s two factors theory in a large Chinese chemical fiber company*”, p. 1680-1682

¹⁵ A.PONTIGGIA, “*International organizational design and human resources management to China*”, p. 335

hand, affiliation in China has always played a fundamental role through work units in urban areas and production brigades in the rural ones. These units and brigades took care of providing a house, education for the children and also marriages; This social aspect in job motivation within the Chinese context may therefore be very significant. It is so deducible that the approach adopted by McClelland while formulating his theory is strongly ethnocentric and it ignored situational and contextual factors since, in Chinese culture, affiliation is considered to be a fundamental component to achieve success. In addition, uncertainty avoidance is very high in China and it heavily affects productivity. The fear of being punished for making a mistake is a typical Chinese thought identified as “learned helplessness”. Because of their passed inadequacies, a person is convinced that he/she can not succeed in the future. A senior manager who is victim of learned helplessness does not have any expectations on the middle managers. This leads to passivity in the work place and to difficulty in achieving goals since taking risks is avoided.¹⁶

Some limitations have been also found in Adam’s *Equity* theory. There are two types of equity, gender equity and comparable worth. Gender equity could represent a limitation to the global applicability of this theory since in some cultures like the Latin American and the Asian culture gender inequality is a concept that still be present in these cultures. Consequently, it is considered acceptable to receive different salaries according to gender differences, therefore, this type of inequality should not represent a source of job dissatisfaction. Moreover, in many cultures, especially Asian cultures, inequitable treatment is tolerated in order to preserve group harmony.

Shortcomings were also found analyzing Locke and Latham’s *Goal Setting* theory. Collectivism is a component that affects in a negative way the process explained in the theory since it doesn’t take into consideration this cultural value that is deeply rooted in some cultures like the Chinese culture.

Concerning the last theory examined, Vroom’s *Expectancy* theory; the deficiency consists in the fact that this theory is based on employees that have a certain control over their environment and that can be able to manage their activities. In countries

¹⁶ T.JACKSON, “*Foreign companies and Chinese workers: employee motivation in the People’s Republic of China*”, p. 285-286

like China where power distance is very high and where there is the belief that not everything that happens to a person can be controlled, this theory has less value.¹⁷

1.4 CHINESE CULTURAL VALUES

Through the limitation of these theories it has been demonstrated that some values and concepts that are not considered “important” in Western culture are fundamental in the Chinese culture; these values like collectivism, affiliation, respect for hierarchy etc. are some of the pillars of Chinese way of thinking. These concepts greatly influence the choices and behavior of Chinese people in their everyday life and, as a consequence, in the workplace. As a result of the great economic growth of China, more and more interest has been placed in understanding how Chinese human capital can be exploited in the most efficient way. For this reason, the improvement of researches and studies in the field of HRM and motivational studies in China has begun. Since, as reported above, the pillars of Chinese cultural values are very far from the Western mindset it is necessary to deepen some of the fundamental values in Chinese culture.

Traditional Chinese society was, for the majority part, rural and built around the family. Confucianism, that was the dominant cultural belief, highlighted the importance of social connections. As a matter of fact, Chinese society is built around collectivism, a concept that is very far from the concept of individualism around which the Western culture is built. Collectivism has relevance in any type of Chinese relationship in familiar, social and professional context. This concept is recognized as 关系 (guanxi).

Business and societal relationships are more based on networks of trust and mutual obligations than on codified laws, this is the reason why guanxi are fundamental in order to guarantee social harmony and maintain peaceful relations with others. In the workplace guanxi assure a peaceful working environment among colleagues and can

¹⁷ A.PONTIGGIA, “*International organizational design and human resources management to China*”, p. 338

make business agreements easier to achieve. The word “guanxi” is loosely translated as “personal connections”, “relationships” or “social networks” but it rather concerns mutual obligations between the parties and trust in the personal, familial, social, professional and political sphere. Having a good or bad guanxi or not having guanxi in general heavily influences the ability of the individual of getting things done.¹⁸

Another important sociological concept that deserves to be explained is that of 面子 (mianzi), face. This is something that is emotionally invested and that can be lost, maintained or enhanced. Chinese people give great importance to reputation and social image in public and inside the group. David Chao, a venture capitalist who works in Beijing and Tokyo, during an interview for “Stanford Business Magazine” stated that the “underlying Chinese culture is very unforgiving to people who fail”. It is so deducible that the importance of this concept is also given by the fear of failing and losing one’s face. This is a powerful emotion that could lead people to take choices that can be considered “irrational” from a Western point of view like quitting a well paid job over a personal embarrassment.

Another important value that comes from the Confucian thought is that of respect for the hierarchy. The Confucian doctrine is based on five cardinal relations, known as 五伦 (wulun), between father and son, husband and wife, older brother and younger brother, emperor and subject and between friends. These relations testify the importance of hierarchy in the doctrine. The principles of rectitude, ritual behavior, witness and trust are fundamental too since, if applied, they perfectly shape the portrait of the Confucian man.

Confucius preached, above all, the principle of harmony that had to be the essential basis for the good functioning of society. Confucian harmony has permeated Chinese society in all its components since individuals follow this principle in their everyday life influencing their behavior in social life and in the business world as well. Therefore, in China the manager and employee try to act in the most harmonious way, trying not to put the other party in difficulty and working in a harmonious environment, choosing cooperation more than competition. All this happens because of the great respect that Chinese people have towards hierarchies, deriving from the

¹⁸ M.C.WENDEROTH, “How a better understanding of guanxi can improve your business in China”, p.2-3

Confucian cultural heritage, promoter of respect for the ancestors and, therefore, for the superiors. It is very rare for a worker to express his/her opinion about the work of a manager or that he/she is indulged in performing tasks that go beyond the tasks originally assigned to him/her. The pursuit of this hierarchical order could, however, have a negative impact on companies in the decision-making process: in fact, workers are often victims of the respect that they have for the hierarchy and remain frozen in their roles, which could compromise their professional growth.

1.5 HOFSTEDE'S CULTURAL FRAMEWORK APPLIED TO CHINA

As in all countries with an important cultural background like China, the ancient values are reflected in the contemporary way of thinking. Nevertheless, the values and norms of a culture do not born already defined. They evolve over time, shaped by a number of factors including political, economic and educational philosophies.

One of the greatest studies on cultural values has been conducted by Geert Hofstede. Hofstede stated that "Culture is the collective programming of the mind which distinguishes the members of one category of people from another". Hofstede's framework is composed by four dimensions of culture and measures the impact of cultural values in the workplace behavior and how much the cultural values and attitudes may influence people at work.¹⁹ In 1987 the "Chinese Cultural Connection" brought Hofstede's work up to date, the theory was then implemented by a fifth dimension specifically related to China. These dimensions are: collectivism-individualism, power distance, uncertainty avoidance, masculinity-femininity, long-term/short-term (Confucian dynamism). These dimensions have relevance in Chinese context and can help to understand the aspects of motivation that are related to work values.

As mentioned above, China is very high in power distance because the respect for authority and hierarchy is well rooted in Confucian doctrine together with regard for

¹⁹ P.JUNEJA, "Hofstede's cultural framework as applied to China", p.1

age as a source of authority which is a concept quite unknown in Western cultures. High power distance is also powered by the unattainability of high ranks but with the distance between middle managers, supervisors and employees being quite smaller.²⁰ If a person begins as a worker and advances in the system until he becomes a middle manager, he will approximately gain little power influence, this can sometimes bring dissatisfaction and lack of motivation.

Regarding uncertainty avoidance, Chinese situation is not so clear. Uncertainty avoidance is considered the intolerance toward ambiguity and the need for official rules. China is a country that is relatively free from a highly detailed legal code. This way, China has always been ruled more by men (power distance) than by rules (uncertainty avoidance).²¹ Nevertheless, some recent works underline the need for Chinese people to avoid uncertainty and the desire to keep social order. But Hofstede in his late work (1991) argues that uncertainty avoidance is not such a relevant element for Chinese people because of a different way of considering the concept of "truth". Truth is not relevant in the Eastern thinking as in the Western one. Managers could be more interested in saving the "face" and tell other people what they want to hear rather than telling the truth.

The dimension of masculinity-femininity relates to how much the society reinforces the masculine model of work that is associated with traditionalism. It means that the society is driven by competition, achievement and success while a feminine model is related to caring for others and quality of life. Since China is a success-oriented society it has a higher score in masculine dimension, this can be proved by the fact that many Chinese people tend to sacrifice many leisure priorities to work.

As one can expect, China is a highly collectivist country where people act in the interest of the group more than of themselves. In-group considerations can affect hiring and promotions. In-group relationships are very strong and there is a great degree of cooperation. Team success is more important than individual success.

²⁰ M. LOCKET, "China's special economic zones: the cultural and managerial challenges", *Journal of General Management* pp.21-31

²¹ T. JACKSON, "Foreign companies and Chinese workers: Employee's motivation in the People's Republic of China", pp. 287-288

For what concerns long-term/short-term orientation, China is characterized by a long-term perspective. Chinese people are more long-term achievers rather than short-term achievers like Western people. This attitude comes from ancient Chinese long-term values like thrift and perseverance. Confucianism has always encouraged people to pursue long-term benefits (perseverance) and to suffer short-term loss (thrift). This means that it stresses the values of assiduity and devotion and dedication to achieve long-term benefits and goals. Many Western management studies suggest “quick fix” approaches to keep employees motivated; taking into consideration this Chinese cultural value, it is clear that such approach could not work for Chinese employees. Because of completely different perspectives on time between China and Western countries, the perception of objective also has dissimilarities. The achievement of short-term objectives, that are usually recognized with individual rewards, could not be appropriated in a collectivistic country like China. The studies done have generally focused on a positive connection between long-term orientation and Chinese economic growth; the tendency to think big and think ahead contributed to the national economic development. Another factor that stresses the tendency to long-term orientation is the idea Chinese people have about control. Chinese people have a “fatalistic view of destiny”. The carrying out of cause and effect is more likely to be attributed to something external to men’s decisional power, in other words, it can not be controlled by men.²²

1.6 PERCEIVED EFFECTIVE MOTIVATIONAL METHODS

After a deeper understanding of what Chinese culture and Chinese work values are, it is possible to begin to analyze what are the factors that most motivate Chinese personnel. In order to put the theory into practice it is important to take into account the fact that motivation is fed by different factors such as the system itself, the surrounding environment and other factors that can be external or internal to the individual. Here below will be analyzed both internal and external environment

²² T.JACKSON, “*Foreign companies and Chinese workers: Employee’s motivation in the People’s Republic on China*”, pp. 286-288

influencing Chinese employee's motivation and will be illustrated the results of some of the researches and tests made in the last years in order to provide a concrete picture of the elements that, nowadays, most influence workplace motivation in China.

1.6.1 INTERNAL ENVIRONMENT

The internal environment is related to the employees themselves and it comprises all the factors influencing motivation that come from within the individual. These factors depend on the individual's character and attitude towards work as well as a cultural and social component. These factors include individual's own achievement motivation, self-efficacy, self-motivation etc.

Achievement motivation: This concept is something similar with what McClelland asserts in his Achievement Motivation theory (1967). Achievement motivation alludes to specific activities that the individual does in society that are inner-driven and the individual's strive to reach goals and be successful.

Self-efficacy: People's lives are influenced by specific standards that individuals define by themselves for their own lives. Believe in self-efficacy regulates feelings and behaviors of people. Self-efficacy has a lot of influence on how people works, for example, people that have a positive attitude towards work will be more committed in their job and will be so more competent, in this way, they will also be more efficient at work performing tasks in a successful way. On the other hand, when people's self-efficacy is low, they tend to not believe in their own capabilities, they will have a negative attitude toward work and this will lead to not working in an efficient way.

Self-motivation: Self-motivation plays a fundamental role when setbacks and failures occur at work. Lack of success at work could lead to lower achievement motivation, for this reason it is very important that keeping self-motivation high in order to maintain self- efficacy.

1.6.2 EXTERNAL ENVIRONMENT

Everything that concerns work atmosphere can be considered external environment, including superiors, colleagues, work incentives, the characteristics of the job and so on.

Superiors: The superiors are those who, more than anybody else, judge and evaluate the performance of the workers. Since this is one of the aspects that could cause a lot of pressure and negativity for the employees, the communication and interaction between superiors and employees play a very important part in a company or at work in general. If superior's supervision is carried on in a good way, this will have positive effects for the employees. Besides, recognition by superiors is one of the elements that can let employee's motivation grow.

Colleagues: This aspect is related to the respect for each other and the interpersonal communication between colleagues that is fundamental to keep a peaceful and relaxed environment at work that helps employees performing their tasks staying focused and having a positive attitude.

Work incentives: It is certain that the appropriate incentives can help to improve the efficiency at work. Incentives can be of different types, first they can be divided into two dimensions, incentives and penalties; secondly, incentives can be material or spiritual. Choosing the right type of incentive is a difficult challenge that can influence in a significative way motivation at work. Obviously, incentives can encourage employees to work better and go further to overcome increasingly difficult goals while penalties can help employee to pay attention on the mistakes done and do not make it again in the future. Material incentives can comprehend promotions, rewards, benefits etc. while spiritual incentives can include praise, vacation etc.

Job characteristics: The nature of the job is one of the biggest sources of motivation. The characteristics of job itself that influence motivation are various: the variety of skills needed, the nature and the importance of the tasks assigned, employee's autonomy, feedbacks etc. In fact, the same job can be seen in different ways according to different levels of achievement motivation and self-efficacy. For this reason, managers have to be able to distinguish the work according to staff orientation and to

distribute the tasks in an appropriate way in order to make the employees keep a positive attitude toward work and effectively arouse enthusiasm toward work.²³

It will be here reported some data and some test's results that has been conducted in the last years in different Chinese companies in order to obtain not only theoretical but also practical feedback on what are the most motivational methods in China nowadays. It will be presented a picture of all the factors in a as complete and clear as possible way by following the just illustrated division between internal and external environment.

1.6.3 INTERNAL ENVIRONMENT PRACTICAL FACTORS

Job achievement: Self-motivation and job achievement are some of the most important factors that enhance motivation since the desire of achievement is something that is part of human nature. According to Chinese culture, sense of achievement is related to the feeling of success and the feeling of happiness that people obtain by completing an activity or doing something. This way, job achievement refers to the feeling of success that people have by making their job. In a study about motivation in Chinese Nokia's industrial plants conducted by the "Arcada university of applies sciences" of Helsinki and directed by Li Qin (2010), it has been found that, out of 224 respondents, 180 (74%) consider job achievement very important as a motivational factor. It has also been noticed that there is a difference between the East and the West respondents since the East employees account for 119 which corresponds to 81.5% of total East participants while the West employees account for 61, so the 78.2% of total West participants. It demonstrates that East employees consider this aspect of motivation more important than West employees.

A possible explanation of this result can be connected by historical facts; a big source of internalized motivation in China was built through a political indoctrination and campaigns of emulation of the Soviet system during Chinese communism, trying to follow the pattern of Soviet countries where workers were encouraged to become "work heroes". This happened because, in an extremely egalitarian society like China,

²³ L.QIN, "Employee motivation in cross-cultural organization", pp. 14-16

people felt (and it lasts nowadays too) inhibited to perform in an exemplary manner risking to appear superior to others.²⁴

Job responsibility: Job responsibility is meant as giving to employees the responsibility for achieving something and the authority to do it the way that they consider the most appropriate. It lets employees feel useful in the organization and will encourage them to work in a more efficient way. Moreover, in the long term, it could help develop a stronger loyalty of employees toward the organization. For this reason, responsibility is one of the crucial motivation factors. In Chinese Nokia plant's test it has been reported that, once again, job responsibility was scored very high for Chinese employees while was considered slightly less relevant by western employees (26% east employees, 23% west employees). The reason for this is that, as already mentioned in the theoretical part, eastern people have a higher power distance and they are expected to assume all the responsibilities for the mistakes done, for this reason, they take responsibility more seriously than the western people do.²⁵

1.6.4 EXTERNAL ENVIRONMENT PRACTICAL FACTORS

Job recognition from superiors: It is very common that employees want to receive recognition for the work done from superiors when they think they deserve it. The most common way of recognizing subordinate's work is praise. If a boss expresses with words that the employee worked in a good way, then the employee feels more competent in what he/she does and will develop their potential ability. On the other hand, if the boss states that the employee is not good in doing his/her job, this would affect the work initiatives in a negative way. From researches it comes out that the importance of recognition cannot be disregarded, especially for the eastern employees. It is hard to believe it, since a lot of studies affirm that recognition is something not so important in China because of Chinese superior's attitude of playing down and denying the contribution of employees. Nevis stated that a very important value in China after 1949 was "the avoidance of personal credit for accomplishment".

²⁴ T.JACKSON, "*Foreign companies and Chinese workers: Employee's motivation in the People's Republic on China*", p.289

²⁵ L.QIN, "*Employee motivation in cross-cultural organization*", pp. 27-28

According to this value, employees tended to hesitate in accepting compliments from colleagues or superiors answering with expressions like “this is just my job” or “it is my duty”. This strong cultural value of opposition to individual glorification suggests that Chinese subordinates were not so interested in job recognition and did not see it as an important source of motivation.²⁶ Things are changing today. The results of a test conducted by the Hong Kong Polytechnic University on motivation in Chinese creative industries (2017) demonstrated that recognition is the second most effective motivation methods perceived by managers. Managers adapted verbal praising to a collectivistic background trying to put emphasis on group recognition more than individual praising; although this adaptation, it demonstrates anyway that recognition is perceived as an effective way for motivating employees and it is so the demonstration that this aspect of Chinese culture is changing. The reason of this change may be linked to the China’s one-child policy that started in 1982. Today’s managers and working class belong to that generation and they grew up in a more self-centered society which make them less inclined to consider collectivism as important as before. For this reason, recognition is considered an important factor for motivation in China.²⁷

Sympathetic help with personal problems and team spirit: A good team could bring a lot of benefits not only for the employees but also for the company in general, it will increase work efficiency. It has been written a lot about Chinese collectivistic orientation and the importance of relationships in Chinese society. In the workplace, it plays an important role both between managers and subordinates in the form of managerial paternalism and between colleagues by building warm relationships that sometimes overcome the work relations developing also personal relationships. The obligations that incur through good treatment and doing favors ensure that employees will cooperate in forms that goes above the formal system.²⁸ The tests conducted by the Helsinki university demonstrates that team spirit in China is scored very highly since in the East culture, characterized by high uncertainty avoidance

²⁶ C.D.Fisher, A. Xue Ya Yan, “*What motivates employees? A comparison of US and Chinese responses*”, p.519

²⁷ Y.CHAN, H.MA, “*The perceived effective motivation methods in China’s creative industries: The managerial perspective*”, p.138

²⁸ C.D.Fisher, A. Xue Ya Yan, “*What motivates employees? A comparison of US and Chinese responses*”, p.519

people are more willing to work in group rather than by themselves in order to avoid the risk of making mistakes.²⁹

Money related incentives: It is very easy to deduce that money incentives and a high salary can represent a big source of motivation. This concept seems to work in every part of the world as well as in eastern cultures and in China. Nevertheless, This issue can be considered intriguing since in China, 25 years ago, performance-based rewards were quite unavailable and differences in salary were very small. During the cultural revolution, it existed an egalitarian wage policy that tended to gradually disappear the years after. In fact, in 1978, performance-based bonuses became always more accepted and the government started to promote the idea that “it is glorious to be rich”.³⁰

Today, material incentives are used in China in order to stimulate performances, thus money is an important motivator for Chinese employees. However, there is still a tendency to keep a low differentiation of pay in order to minimize competition and keep harmony in the workplace. Where big pay differentials exist, they are based on length of service and age differences. Anyway, the Helsinki university’s test results demonstrate that East employees care money related incentives more than West employees. It is reasonable because eastern culture is scored high in masculinity so people care about material success. In China it is very important not only monetary incentive but also other types of benefits. In Chinese society, there is the expectation that government and enterprises will take care of employees providing housing and other social benefits that guarantee a strong loyalty effect.³¹

Job security: Security of the employment plays a fundamental role for employees. A job is not only a source of income but also a guarantee of respectability and a place in society. People who work hard obviously want to keep their job, especially if world economy is experiencing a slowdown. That is also because job security has a lot to do with economic situation. Eastern people are very concerned about job security; firstly because of the cultural value of “face”. Loosing job can be seen as a failure and can

²⁹ L.QIN, “*Employee motivation in cross-cultural organization*”, p.31

³⁰ C.D.Fisher, A. Xue Ya Yan, “*What motivates employees? A comparison of US and Chinese responses*”, p.519

³¹ T.JACKSON, “*Foreign companies and Chinese workers: Employee’s motivation in the People’s Republic on China*”, p.288

consequently lead to a loss of face and credibility in society. Moreover, in eastern culture with high uncertainty avoidance, people do not like so much changes in their lives, they would rather keep on working hard in order to keep their job.

Promotion and growth: Speaking of promotion and growth at work it refers to employees obtaining a higher position as a reward for the good job done. This can represent a high source of motivation for employees because it might change the way people behave at work. Many studies show that in China the majority of employees that do not have a managerial role are not really interested in reaching higher levels in the work setting. Anyway, many organizational researches state that things are changing very fast and that work values can change very fast according to the economic changes. It also may happen that things are going to change because of the new generation that is always less steeped into traditional social and economic preferences.

Job itself and being “in on things”: Studies conducted by managers in China suggest that managers use to keep their intentions and working plans mostly secrete and that they share little information with employees this is obviously linked with the concept of high-power distance for this reason it is deducible that employees are not expected to be involved in the job itself and being “in on things”.³²

³² C.D.Fisher, A. Xue Ya Yan, “*What motivates employees? A comparison of US and Chinese responses*” pp.520-522

CHAPTER 2

MOTIVATIONAL METHODS IN PUBLIC AND PRIVATE SECTOR

As explained in the previous chapter, culture is what defines people's values and attitudes in the workplace; knowing the culture of a country helps the company to adopt the appropriate working policy and to create a work-environment that makes employees feel at ease and that is able to motivate him/her to achieve his/her work-goals by tapping the right keys.

China is a country where culture and traditions are deeply rooted in people and, as demonstrated in the previous chapter, very old concepts and values still influence the work choices of contemporary Chinese today.

After clarifying which are the most important parameters for the satisfaction of Chinese employees at work, it is possible to go to the heart of our topic.

Nowadays in the economies of all developed and developing countries, the private sector plays a fundamental role. Private companies are the ones that increase the income of these countries and that contribute most to the welfare of the country itself. Entrepreneurship is the area of greatest development for several countries, China is no exception to this. Despite this, many studies show that in China, for many young people, public employment is instead seen as a source of greater prestige than private employment. The aim of this study is to understand the reason behind this phenomenon. From a motivational point of view, what is important to understand is: imagining the moment of entry of these young people into the world of work and in the market, what is the reason why young people still look at public employment as a strongly positive element in the face of an economy that, on the contrary, presents a huge growth especially in the private sector? Why there is this concept of public sector in a country where SOEs still face different problems and where the greatest growth is given by the private sector and where entrepreneurial initiative plays a fundamental role for the economic growth of the country?

The answer to these questions will be provided analyzing this phenomenon from different points of view. A first step will be made clarifying what the idea of public sector and private sector in China consists of from a HRM point of view. Public and private sector in China have a completely different nature and development that is important to clarify in order to better understand the factors that differentiate one sector from the other and that influence Chinese young people choices.

Following, the phenomenon will be analyzed from the public opinion point of view. Many articles of the main Chinese newspapers dealing with this topic will be cited, in order to understand how this phenomenon is felt in Chinese society and what are the opinions of the experts and of those directly involved, young Chinese people. Finally, in the last chapter of this dissertation, will be analyzed the data of questionnaires conducted in China to university students thanks to which it will be possible to have, finally, a concrete idea of what drives young people to chose the public rather than the private sector and vice versa and what are the elements that most influence this choice giving the idea of greater satisfaction in the work-place.

2.1 CHINESE PUBLIC SECTOR, THE HISTORICAL BACKGROUND

The historical and institutional context is fundamental to understand public service motivation. In order to obtain a clearer image of the content of public service motivation in China, it is necessary to trace the origins of public sector in China and describe the key characteristics of the most important reforms that changed the image of public sector as it is important to understand public ethos and ethics.

The public sector and the management of human resources have undergone several transformations over the years due to the deep historical and social changes that happened in China starting from the 50s until now.

During the “opening” process of the nation that started, to some extent, with Mao Zedong and continued by Deng Xiaoping, it seemed necessary to update the economic plans and the personnel management system that began to be used in the Maoist era in order to relate to the Western powers and be able to compete with them even if the latter were present in the global scene for much longer than China.

The first phase of Mao leadership was characterized by a series of reforms that had as one of the goals to create a working-task with the aim of building a heavy industrial base. With this purpose, after the “Liberation”, the employment situation in China was characterized by a system of unified job allocations, a job guaranteed for life, and a cradle-to-grave welfare depicted with the name of “iron rice bowl” (铁饭碗; tiefanwan) policy.³³

One of the distinctive traits of Maoist organizational reforms was the antihierarchical component: the abolition of any type of hierarchy. The abolition of every hierarchy should have led to the creation of an absolute egalitarianism able to push the masses to perceive no social difference. In this equalitarian atmosphere, most often apparent, the people should have actively engaged in achieving the goals set by the party, aware that the benefits deriving from development would be shared fairly. The sectoral specialization of the workforce was not necessary in the proposed management models: the “experts”, besides not enjoying favorable treatments, were even discriminated. The division of labor was considered important but the fact that the workers knew how to do all kinds of jobs was essential: those who worked in the offices had to be able to perform manual work, and it was also necessary that the opposite occurred.

The old Maoist system was called “the three irons” (九三铁 jiusantie) and it was composed by: the “iron rice bowl”, the system that guaranteed a job-for-life to the workers; the “iron salary” (铁工资 tiegongzi), that guaranteed fixed salaries and the “iron chair” (铁交椅 tiejiaoyi), the system through which the occupational positions enjoyed by Maoist managers were never threatened.³⁴

The iron rice bowl system was inspired to the soviet system and to the past Japanese experience in Manchuria, called the “golden rice bowl” (金饭碗, jinfanwan). In the early 1950s, China transformed privately-owned industrial and commercial enterprises into state-owned and public-owned enterprises creating a unified job allocation (socialist transformation 1950-1956). In that period, Chinese economy was facing various problems for the employment situation and the shortage of skilled

³³ D. Z. Ding, M. Warner, *“China’s labour-management system reforms: breaking the three old irons”*, pp. 316-317

³⁴ Byung-Joon Ahn, *“The political economy of people’s commune in China: changes and continuities”*, pp. 631-633

workers. The government labor administrative agencies started to place a large number of workers in many sectors that was expanding very rapidly: transportation, constructions etc. The placement of urban labor force into the heavy industrial sector seemed to curb the problem. By 1956, almost 4 million unemployed workers had been assigned to a job.

Urban Chinese workers in the SOEs enjoyed job securities during all their lifetime as one of the benefits of socialism since “unemployment” was considered to be a capitalist element. For this reason, the government prohibited enterprises to fire employees, this way, a worker would have never lost his job except for the case in which the worker violated the law or caused serious damages to the work-unit (单位, danwei). The performance of the worker was not considered relevant with regards to the permanence of the worker into the work-unit. In case of misconduct, the worker was simply suspended but he still was payed a basic wage, the most rigid punishment was reeducation through labor. The enterprises also covered a wide range of benefits from children facilities to retirement houses for the workers. Employees were attached to work-units in many different ways, for example, the permission to marry was given by the work-unit. Job transfer were almost impossible to occur since the labor mobility was limited by a big number of bureaucratic barriers like the hukou (户口, hukou), a household registration system that prohibited people to move from one city to another.³⁵

The “iron rice bowl” system brought many problems at organizational levels of the industries. The workers, aware of the fact that their job was safe and aware that they were guaranteed a welfare package including benefits on housing, health care costs and school fees, were demotivated and poorly competitive. Absenteeism and the weak, almost non-existent, propensity to improve their work skills became an ordinary phenomenon. The employees were in surplus and often their position in the labor market was economically meaningless.

Another important stage in organization of human resources of Chinese public sector was that of Deng Xiaoping reforms during the 70s. The policies of Deng, which pushed Chinese to establish a growing number of economic relations with Westerners, led to

³⁵ D. Z. Ding, M. Warner, *“China’s labour-management system reforms: breaking the three old irons”*, pp. 324-328

a huge increase in business partnerships between China and the West, resulting in the explosion of the JV, the WFOE and foreign invested enterprises (FIE, 外商投资企业, wàishāng tóuzī qǐyè). The SOE employees were too many and not all of them were useful since, as we will see later, the Maoist system tried in every way to ensure full employment without worrying about how this goal could be achieved or about the poor wages that the workers received because of this policy. The fact that SOEs did not constitute themselves as legal entities meant that the state assumed the burden of the deficits of these companies: managers were therefore increasingly indifferent to company performance and did not bother to increase the efficiency of production processes, allocation of resources or management methods.

The first forms of contracts were launched experimentally in the Special Economic Zones - Xiamen, Shantou, Shenzhen, Zhuhai, Hainan – that were the areas used to attract foreign investment and designed to conduct "economic experiments", insofar as they were territorially and economically isolated from rest of the nation. The contracts included both the regulation of the relations between companies and the state (state contract system) and that of the relations between companies and workers (internal contracting system) and spread starting from the 80s in the individual form (个人合同, gèrén hétong) and in the collective one (集体合同, jí tǐ hétong).

Between 1981 and 1984, the experiments ended up spreading from the SEZ to the nation, even if the polemics were not few: the fact that the companies took on an indefinite term led to a decisive detachment from the "iron rice bowl" and the workers hardly accepted all this. Employees enrolled by contract were often more competitive and skilled than colleagues hired permanently, so that at the time emerged the saying "hetonggong gan, gudinggong kan" (合同工干, 固定工看, hétonggōng gān, gùdìnggōng kàn) - "the workers with contract work while those with permanent contracts look".

After the 1986 Employment Contract System, in 1992 the "Reform of the Three Systems" (三改革, Sāngǎigé) established that in the state enterprises the contracts should had been applied, that the wages were paid on the basis of the performances and that the welfare system was relieved, since workers were invited to contribute to social expenses.

The contract reform was, in any case, completed with the Labor Law of 1994 that determined an increase in the management autonomy of the companies that, having equipped themselves with methods of personnel management more projected towards efficiency, appeared definitely readier to move in a market-oriented system. The salaries of the workers also underwent transformations after the abandonment of the “three reforms” system: the latter provided that the wages were fixed over time by indicators established by the state but the characteristic immobility of this measure seemed increasingly less suitable in a socialist economy of market. “Gejinsuoneng, anlaofenpei” (各尽所能, 按劳分配, gèjìnsuǒnéng, ànláofēnpèi) - “a person gains accordingly to his/her efforts and accordingly to the work done” - became a very common saying given that the companies started to pay their workers based on their performance. The fixed wages typical of the “iron rice bowl” appeared every day more and more unsuitable because in the new economy the role of the market was fundamental to adapt to the laws, avoiding, for example, to pay the wage to workers that the companies could not afford, it was essential for not increasing the debts of companies and for increasing their competitiveness.³⁶

2.2 CHINESE PUBLIC SECTOR, HRM AND MOTIVATIONAL METHODS APPLIED

The organizational reforms of the public sector reported above are some of the reforms that deserve, at least, to be mentioned since they had a major impact on Chinese society and on how public sector jobs are seen by people.

Despite the changes and modernizations that made the Chinese public sector readier to compete with that of other countries, some beliefs and habits of the old system continue to be rooted in the minds of Chinese people: in the older people, who have fully lived through these changes, and in the minds of the new generation (as will be demonstrated in the next paragraphs).

³⁶ Samarani, *“La Cina del novecento, dalla fine dell’impero ad oggi”*, pp. 55-56

Although nowadays the situation is completely different, the idea of public sector in China continues to inspire a certain sense of security and stability. This is due to many benefits and securities that are still enjoyed by public sector employees today.

One of the security reforms currently in place in the Chinese public sector which appear to have a strong impact on the motivation of young Chinese people is the “five insurance and one gold” (五險一金, wuxianyijin).

2.2.1 “FIVE INSURANCE AND ONE GOLD”

The so-called “five insurance and one gold” guarantees five types of insurance, including endowment insurance, medical insurance, unemployment insurance, employment injury insurance and maternity insurance. “One gold” refers to the Housing Provident Fund.

Among them, pension insurance, medical insurance and unemployment insurance are the premiums jointly paid by enterprises and individuals. Work injury insurance and maternity insurance are entirely borne by government. Individuals do not need to pay. It should be noted here that the “five risks” are undertaken by law, and “one gold” is not.

Article 73 of Chapter IX of the Labor Law of the People's Republic of China stipulates that “laborers shall enjoy social insurance benefits according to law in the following circumstances: 1. Retirement; 2. Being sick or injured; 3. Being disabled due to work or suffering from occupational diseases; 4, unemployment; 5, childbearing. Therefore, the “five risks” include pension insurance, medical insurance, work injury insurance, unemployment insurance and maternity insurance, including pension insurance, medical insurance and unemployment insurance. These three types of insurance are jointly paid by employers and individuals, work injury insurance and birth insurance. Insurance is entirely borne by the employer and individuals are not required to pay. “One gold” refers to the housing provident fund. The first article of the “Decision of the State Council on Amending the Regulations on the Management of Housing Provident Funds” defines the housing accumulation fund as “state organs, state-owned enterprises, urban collective enterprises, foreign-invested enterprises, urban private enterprises and other urban enterprises, institutions, private non-

governmental organizations." The long-term housing deposits paid by enterprise units, social organizations and their employees, the housing provident fund is paid by employers and individuals. Therefore, the sayings of "four insurances and one gold" and "three insurances and one gold" are not comprehensive enough.

At present, the proportion of Beijing old-age insurance contributions: 20% (17% of which is included in the pooled fund, 3% is included in the personal account), 8% (all are included in the personal account); medical insurance contribution ratio: 10%, personal 2% +3 yuan.

Unemployment insurance contribution ratio: 1.5%, personal 0.5%; work injury insurance according to the industry scope of the unit to determine its work injury rate; maternity insurance contribution ratio: 0.8%, the individual does not pay.

Proportion of contribution to the provident fund: According to the actual situation of the enterprise, choose the proportion of the housing provident fund contribution. However, in principle, the maximum contribution shall not exceed 10% of the average wage of 300% of Beijing employees.

The overall fund is: in the process of the transition from the state-unit system to the state-social system, the state pension system needs to be coordinated by the state to solve the problems of imbalanced economic development and population aging.

- (1) Establishing a social pooling fund based on corporate contributions;
- (2) Establishing a personal account based on contributions from employees and enterprises;
- (3) The government's administrative expenses for the endowment insurance fund.

This semi-fund system combining social pooling and individual accounts is conducive to coping with the crisis of China's population aging, gradually diversifying the cost of transition from the old system to the new system, and gradually transforming from the enterprise pension insurance system to the individual pension insurance system. The payment amount of the five insurance and one gold is different in each region, and the base is based on the total salary. Some enterprises have basic wages when they are issued, and some subsidies are related. However, some enterprises pay only

basic wages when they pay, which is in violation of the law. The specific proportion should be consulted by the local labor department.

The withdrawal of pension insurance, unemployment insurance and medical insurance is only possible if it is legally permitted. It is issued by the social security registration department. For example, "endowment insurance must be at the legal age, and the unemployment insurance premium is also to have the conditions, for example, if you go to the street office where your account is located to apply for a jobless certificate and also apply for a job permit, it means that you must have the willingness to apply for a job after you are unemployed.

If you don't want to work after losing your job, you can't pay you insurance. In addition, pensions and unemployment benefits cannot be enjoyed at the same time.

Pension insurance benefits:

Accumulated pension insurance for more than 15 years, and reached the statutory retirement age, it is possible to enjoy the pension insurance treatment:

1. Receive the basic pension calculated according to the regulations on a monthly basis until death.

The basic pension is calculated as follows:

Basic pension = basic pension + personal account pension + transitional pension = the average monthly salary of the city's employees in the year before retirement × 20% (15% of the payment period less than 15 years) + personal account principal and interest and ÷ 120 + index Average monthly payment of wages × payment period before the end of 1997 × 1.4%.

2. Death treatment. (1) Funeral expenses (2) One-time pension (3) The living allowance for immediate family members who meet the conditions for support shall be paid monthly until the death of the immediate family members.

On January 14, 2015, the State Council issued the "Decision on the Reform of the Pension Insurance System for Staff and Institutions", and proposed a basic pension insurance system that combines social pooling with individual accounts. The basic pension insurance premium is shared by the unit and the individual. The unit pays the proportion of 20% of the total wages of the unit, and the proportion of personal contributions is 8% of the wages paid by the individual, which is withheld by the unit.

In addition, the basic pension insurance personal account is established at the amount of 8% of the salary paid by the individual, and all are formed by individual contributions. If the personal salary exceeds 300% of the average salary of the local employees in the previous year, it will not be included in the individual contribution salary base; if it is lower than the average salary of 60% of the local employees in the previous year, the individual contribution salary shall be calculated according to 60% of the average salary of the local employees.

2.2.2 MEDICAL INSURANCE BENEFITS

1. Emergency medical expenses. During the annual employee's annual (January 1st to December 31st), the medical expenses that meet the scope of the basic medical insurance are more than 2,000 yuan;

2. Settlement ratio. During the contract period, the dispatched personnel will be reimbursed for 50% of the 2,000 yuan or more, and the individual will pay 50%; the maximum amount of dispatched personnel and emergency reimbursement will be 20,000 yuan in one year.

3. Insured personnel should properly keep outpatient medical records (including receipts, prescriptions, etc.) of the following parts of the designated hospitals as medical expenses reimbursement certificates;

4. Three special diseases outpatient treatment: insured personnel suffering from malignant tumor radiation therapy and chemotherapy, kidney dialysis, kidney transplant after taking anti-rejection drugs need to be in the outpatient clinic, the insured person to seek medical treatment of the second and third level The hospital issued the "Disease Diagnosis Certificate" and filled out the "Beijing Medical Insurance Special Diseases Declaration and Approval Form", and reported it to the District Medical Insurance Center for examination and approval. The outpatient clinics and medications for these three special diseases are limited to designated hospitals that are approved for treatment, and cannot be purchased at designated retail pharmacies.

If the medical expenses incurred meet the scope of the special disease regulations for outpatients, the settlement shall be made with reference to the hospitalization.

5. Hospitalization deposit: Insured personnel who meet the hospitalization conditions. When the insured person is hospitalized, the hospital collects a partial deposit from the insured person. The amount of the deposit is determined by the hospital according to the condition. If the dispatched personnel and the insured person fail to pay the medical insurance premiums in full and on time, the hospital deposit shall be paid in full by the dispatched personnel.

Settlement period: Insured person hospitalization is a settlement period every 90 days: no more than 90 days, each hospitalization is a settlement period.

Medical expenses for patients with malignant tumors who are treated with radiotherapy and chemotherapy in the outpatient department, renal dialysis, anti-rejection after renal transplantation, and hospitalization for patients with psychiatric illness are a billing cycle every 360 days.

The medical expenses incurred by the insured in the family bed treatment of the designated community health service center (station) are a settlement period every 90 days.

When the insured person is discharged from the hospital or at the end of the stage of treatment, the dispatched personnel shall first settle the expenses that should be paid by the dispatched personnel at their own expense and at their own expense, and the medical expenses that should be paid by the basic medical insurance pooling fund and the large amount of medical mutual aid funds. The hospital will report to the medical insurance center for review and settlement.

The insured person is hospitalized, meets the medical insurance fee settlement within the scope of the basic medical insurance regulations, and sets the basic medical care fund payment deductible line and the maximum payment amount.

The first hospitalization of the deductible line is 1,300 yuan, and the hospitalization is 650 yuan, the maximum payment limit is 50,000 yuan; the maximum payment limit (excluding the threshold of the payment and the personal burden of the dispatched personnel) exceeds the maximum payment limit.

The funds are paid 70%, and the dispatched personnel are 30% personally. Pay up to 100,000 yuan in one year. The settlement standard for hospitalization expenses is to

adopt a method of segmentation calculation and accumulative payment according to the hospital grade and the amount of expenses in one settlement cycle.

Unemployment insurance benefits:

If unemployment insurance has been paid for more than one year, it is possible to enjoy unemployment insurance benefits.

1. Unemployment insurance premium: refers to the basic living expenses of the unemployed people who are paid by the unemployment insurance agency according to regulations. It is the most important unemployment insurance treatment. The unemployment insurance benefits in Beijing are implemented in accordance with relevant documents in Beijing. Other municipalities directly under the Central Government, provinces and autonomous regions shall occupy of the implementation of the “Regulations on Unemployment Insurance”.

2. Medical subsidy during the period of receiving unemployment insurance benefits: refers to the subsidy paid to the unemployed during the period of receiving unemployment insurance benefits. Implemented in accordance with relevant Beijing policies and regulations.

3. The funeral allowance for unemployed persons who died during the period of receiving unemployment insurance benefits and the pensions of their dependent spouses and immediate family members shall be implemented in accordance with relevant regulations.

Treatment for work injury insurance:

According to the provisions of Chapter 5 of the Regulations on Industrial Injury Insurance, “Work Injury Insurance Benefits”, the types of work injury insurance are as follows:

1. Medical rehabilitation treatment

Medical rehabilitation benefits include work injury treatment and related subsidies, rehabilitation treatment, installation and configuration of auxiliary devices such as artificial organs and orthoses.

2. interruption of work and pay period treatment

In case of work stoppage and wages, the original wages and benefits of the injured workers will remain unchanged, and the units will pay monthly. If the workers who are unable to take care of themselves are in need of care during the period of suspension of work, the employer is responsible.

3. disability treatment

Workers with work-related injuries are entitled to one-time disability benefits, disability allowances, disability employment grants, and living care expenses, depending on the level of disability. There are both one-time and long-term treatment.

4. work and death treatment

Employees' death from work, and their immediate family members can receive funeral grants, dependent family pensions, and one-time workers' death benefits.

The above composition of various types of treatment and payment channels fully reflects the combination of treatment, economic compensation and vocational rehabilitation, as well as the requirements for the risk of work-related injuries in scattered employers.

Maternity insurance benefits

Reimbursement for birth-related expenses. The scope of reimbursement includes maternity allowance, maternity medical expenses, family planning surgery medical expenses, and other birth-related expenses prescribed by the State and this Municipality.

The maternity allowance is calculated by dividing the payment base of the female employee's birth for the month by 30 and multiplying by the number of days of

maternity leave. The maternity allowance is the wage during the maternity leave of female employees. If the maternity allowance is lower than the salary standard of the individual, the difference will be partially covered by the enterprise.

The cost of maternity medical expenses includes medical examination fees, birth expenses, surgery fees, hospitalization fees and medicines for female employees due to pregnancy and childbirth. Family planning surgery medical expenses include medical expenses incurred by employees due to family planning. Now it is required that the medical insurance will be paid for 20 years, and the old-age pension will be enough for 15 years to qualify for the pension and enjoy the medical insurance reimbursement after retirement.³⁷

2.2.3 HOUSEHOLD REGISTRATION (户口, hukou)

The household registration is one of the significant pull factors for apply a public service job. A government employee, after a number of years of work, can receive a hukou for the city he/she works in. This represents a great advantage for people who come from second-tier of third-tier cities and want to move to first-tier cities like Beijing or Shanghai.

The hukou gives people access to the city's social services, it allows them to send their kids to a public school, by properties, a car and getting a local license plate. It also give them the access to healthcare and pension.³⁸

The household registration is a legal document produced by the Household Administration of the Public Security Organ to record and retain the basic information of the resident population.

China's household registration system can be traced back to the Spring and Autumn Period and the Warring States Period more than 2,000 years ago. At that time, the countries were fighting, and the population became the most important resource. Taxes, husbands, and soldiers were all out of the population. After the entrance of human being into the information age, people's free activities are more extensive and more frequent. The basic information of households provided by household

³⁷ MBA *Global Professional Chinese Management Encyclopedia*

³⁸ K. Buchenbacher, "Does China's younger generation prefer stability or personal fulfillment in their career?"

registration started an indispensable information foundation for people's activities and life, social service management, and national administrative justice. Hukou management has become the most important public information management system in modern society. Even though in the past it was used to control population and not let people moving from a city to another without government permission, today, its restrictions and even repression functions are completely disappearing, while coordination and service functions continue to increase.

The hukou is a method of population management unique to China. After a Chinese is born, he is required to choose the household registration of one of his parents as his or her household registration; in the school, employment, etc., the household registration can also be transferred, but sometimes the local government will limit the number of migrations and impose high urban expansion fees; for reasons such as the excess of births, there are also a large number of people without hukou.

The Civil Affairs Department of the Civil Administration registers the books of local residents on a household basis. The resident police of the police station is responsible for registering and recording various information such as the name, gender, age, occupation, address of each member.

The citizens can get three different types of hukou. After marriage or adoption and everything that concerns "blood relationships", people get a standard hukou. A different type of hukou will be given to people who get a hukou registration but have not "blood unions". Is called "collective hukou" the registration for people who work in an institution, school, enterprise or people who live in public dormitories.³⁹

Since the founding of the People's Republic of China, the changes in China's household registration management system can be roughly divided into three stages: the first stage, before 1958, is a free migration period; the second stage, from 1958 to 1978, is a strict control period; the third stage, 1978 Later, half-open period.

Before 1958, China did not have a strict household registration management system, and people were free to migrate. On January 9, 1958, after discussion and approval by the Standing Committee of the National People's Congress, Mao Zedong signed the No. 1 Presidential Decree, promulgating the New China's first household registration

³⁹ MBA *Global Professional Chinese Management Encyclopedia*

system, the People's Republic of China Registration Regulations, and establishing a more complete household registration system. It includes seven population registration systems including permanent residence, temporary residence, birth, death, immigration, migration, and change of city. This regulation strictly restricts farmers from entering the city by law, restricts the flow of people between cities, and builds a high wall between the city and the countryside. The "dual economic model" of urban and rural separation is thus generated.

However, with the development of social economy, the negative effects brought about by the old household registration system have become increasingly apparent. At the same time, with the development of the market economy, the "big pot rice" and "iron rice bowl" under the planned economic system were broken, and a large number of highly educated or skilled professionals joined the mobile army. According to the Ministry of Public Security and relevant experts, In 1997, the country's floating population (people with no hukou) reached 110 million. Today, with the gradual formation of a market economy, the rational flow of the population has become an irresistible trend, which has impacted the 40-year-old household registration system. On July 22, 1998, the State Council issued the "Opinions on Resolving Several Outstanding Issues in Current Account Management" by the Ministry of Public Security. The document has "four reforms" to the current account management:

1. Implement a policy by which mother and father can make a volunteer agreement for the infants' registration place. For minors born in the past and required to settle in the city with their parents, they can gradually solve the problems in urban settlements, and preschool children should give priority to solving them.

2. Widen the restrictions of the household registration policy to solve the problem of separation between husband and wife. Citizens who have lived in the city where the spouse still stay for a certain period of time shall be allowed to settle in the city on a voluntary basis.

3. A citizen who is over 60 years old and a woman over 55 years old, who has no children to go to the city to join nephews, can settle in the city where the children are located;

4. Citizens who invest in cities, set up factories, purchase commercial houses, and their immediate family members who live together, have legally fixed residences, legally stable occupations or sources of life in the city, have lived for a certain number of years and comply with the relevant regulations of the local government. Can be granted to settle in the city.

Some reforms and opening-up policies in Shanghai, Shenzhen, Guangzhou, Xiamen, and Hainan have implemented the “Blue Seal Account” long before the “four” reform measures were announced. Shanghai Municipality implemented the “Provisional Regulations on the Administration of Blueprint Accounts in Shanghai” in February 1994. The document stipulates that: investing RMB 1 million (or USD 200,000) in Shanghai or above, or purchasing a certain area of commercial housing, or fixed in Shanghai. Both the residence and the legally stable workers can apply for the Shanghai Blue Seal Account, which can be converted into a permanent residence after a certain period of time. The Shenzhen City has implemented the “Blue Seal Account” policy on January 1, 1996, as of the end of March 1998. Shenzhen has handled more than 37,000 blue-printed accounts, and has changed from a blue-printed account to a permanent residence of 7,000. In March 1998, Guangzhou also launched a “blue-printed account”. Other provinces and cities have also implemented special account policies within a certain range. For example, Suzhou City implements “blue-printed accounts” in four categories (employment, purchase, tax, and investment) in Suzhou Industrial Park. Due to the special capital status of Beijing, the reform of the household registration system is relatively cautious. However, Beijing also launched the “Jetgage Permit” in June 1999. All foreign personnel working in Beijing high-tech enterprises or multinational headquarters and R&D centers, under certain conditions, can have the possibility that the enterprise itself manage their account, and the “Beijing City Work Permit” can be applied. The holder of the certificate enjoys the treatment of Beijing citizens in the aspects of purchasing a house, enrolling children, entering primary and secondary schools, and holding a residence permit for three years. Applying and reporting to the Municipal Personnel Bureau for approval can be transferred to an official Beijing account.

The business of account management generally consists of three parts: premise business, main business, and sub-attribute business: place name management,

administrative division management (the above two are in charge of the civil affairs department in China), household jurisdiction and account responsibility area, Resident house number management, etc., is the premise business of account management. Account registration, account statistics, household registration, household registration file management, resident identity document management, resident population management, temporary resident population management, etc., is the household registration management in its specificity. Population migration regulation, community public safety management, etc., is a sub-attribute business of account management.

The Hukou management has a strong hierarchical division and caused class oppression in ancient times, so it has a clear feudal autocracy. However, the hukou management in the modern world concerns the fields of civic life, public service, government administration, national justice, etc. It is a sign that the state recognizes and protects the lawful rights and interests of the registered person according to law. The statutory certification and information service provided by it is an indispensable prerequisite and basis for the normal activities and contacts of citizens. It represents the necessary foundations for households, population-related municipal management and other administrative management, and their identification of identity, rights and responsibilities, and support for jurisdictional divisions are essential foundations for judicial activities in all countries; It is not only a negativity thing because of the psychological pressure of “being watched”, but may be beneficial to the maintenance of public safety. It is also powerful in various ways such as personal identification, verification, time and space control, promotion of neighborhood relations, and organization of residents' self-defense. It supports various public utilities, public services, public administration and public safety work.⁴⁰

In July 2014, the government announced its latest reform plans for this system that is allowing private and foreign firms to provide hukou registrations for their employees. Nevertheless, the restrictions won't disappear overnight since many private and foreign firms are not able to arrange a hukou transfer for their employees because of the lack of political connections.⁴¹

⁴⁰ MBA Global Professional Chinese Management Encyclopedia

⁴¹ China Economic Review, “*Chinese graduates prefer to work for SOEs and that could be bad for the economy*”

2.4 PUBLIC SERVICE MOTIVATION IN CHINA

A part from a sense of stability that public sector could represent in Chinese people life through the provision of social benefits and security it is important to underline another social factor linked to the idea of “working into the public sector” from an ethical and cultural point of view.

In the last years, many studies have been conducted about the psychological satisfaction and gratification that people can feel by working for the public. It has been ascertained that people who work in public sector find the major source of motivation in the idea of helping others and give a concrete contribution for the welfare of the society they live in.

It has been defined Public Service Motivation as “the belief, values and attitudes that go beyond self-interests, that concern the interest of a political entity and that motivate individuals to act according whenever appropriate”.⁴²

According to the study conducted by Perry and Wise (1996), the Public Service Motivation is composed by different aspects such as: attraction to policy making, commitment to public interest, compassion and self-sacrifice.

The standard motivation of PSM is reflected in the commitment to public interest and the willingness to help others; it therefore includes the desire to serve public interest and society, maintaining social justice and being loyal to one’s society by emphasizing the sense of responsibility of the individual to the society and the government through public service. The commitment to public interest is also expressed through the willingness on community service, benefiting community, being devote to social welfare and interest to social service.

Willingness to help others underlines the attention to welfare programs of others and it is characterized by a more introspective shade since it is strictly related to personal feelings.

Self-sacrifice and compassion represent the emotional part of PSM since they include individual emotional feelings to public services and faith to government programs that have important responsibilities on society. The aspect of self-sacrifice

⁴² J.L. Perry, L.R. Wise, *“The motivational basis of public service”*, pp. 367-370

emphasizes the behavior of helping others selfless or strive for other people's rights; it consists in sacrifice personal interest for public interest.

The "compassion" aspect is in line with patriotism and the sense of belongingness to the country.⁴³

Perry and Wise defined PSM as a predisposition towards issues grounded primarily or uniquely in public institutions and public organizations. They also identified three theoretical bases of Public Service Motivation: rational, norm-based and affective.

Rational motive concerns improving and maximizing individual utility; norm-based motive concern the desire to serve public interest; the affective motive is rooted into human emotions and the willingness to help others.⁴⁴

People with strong public service motivation are more inclined to serve public welfare and to act by focusing on the intrinsic and social value of the issue. It is more important for them to devote themselves entirely to the public interest even if it means sacrificing their own interests. This type of people finds major job satisfaction by working in the public sector which aim is to provide public good and working for the interests of the public. In contrast, this type of people finds low job satisfaction by working into the private sector since it is focused on the interest of company owners.

Public sector, that broadly benefits the social, attracts many people with a high PSM. Consequently, public sector employees often devote themselves to public affairs and usually find a sense of accomplishment, job satisfaction and enjoyment of their daily routine by the fact that they work in public organizations.⁴⁵

In China this concept is amplified because of historical factors and cultural values that still condition Chinese people mindset.

The needs for power and honor are fundamental human needs. In China these are very important cultural values like the worship of officialdom. To Chinese society, the

⁴³ C. Zhu, C. Wu, M. Yan, *"Evidence of Public Service Motivation and Job Satisfaction of Public Sector Employees in China"*, pp.36-37

⁴⁴ B. Liu, N. Tang, *"Public service motivation and job satisfaction in China: an investigation of generalizability and instrumentality"*, pp. 687-688

⁴⁵ C. Zhu, C. Wu, M. Yan, *"Evidence of Public Service Motivation and Job Satisfaction of Public Sector Employees in China"*, pp 45-46

one who makes public policy is seen as representative of government and it holds great power and respectability.

They also have a great sense of nationalism so being part of the public sector satisfies the Chinese desire to serve the country and help it being more successful.

According to traditional Chinese culture, public policy making is an assertion of power. As already reported in the preview chapter, Chinese culture is characterized by traditionalism and hierarchical relationships related to power distance.

All staff members in public sector are part of cadres in which people responsibilities and power are well distinguished and defined.

Moreover, commitment to public interest and self-sacrifice in Chinese administrative attitudes, ethics and behaviors derive from Confucian principles of self-discipline, unselfishness, impartiality and fairness.⁴⁶

2.5 CHINESE PRIVATE SECTOR

The growth of Chinese private sector started from the scratch since the 1990s.

“The reform” officially started between 1970s and 1980s; at that time, privatization was not allowed yet under the Communist rules, in fact, the private sector represented the 0% of the Chinese GDP.

The reform agenda had a gradual transformation; in 2002 and 2004, the CPC Constitution and the state Constitution has been amended. The aim of these amendments was establishing the “Three Represents” theory, invented by Jiang Zemin, the party general secretary since 1989 to 2002. The essence of the theory was that the CPC should have continued to represent the advanced social productive forces of the country, the advanced culture and the major interest of Chinese society. Representing advanced social society was a priority among all three, in particular,

⁴⁶ B. Liu, N. Tang, *“Public service motivation and job satisfaction in China: an investigation of generalizability and instrumentality”*, pp. 685

non-public sector and owners of private firms were recognized as one of the three major sources of social productive forces.

From that moment on, party members were encouraged to become private entrepreneurs and entrepreneurs were encouraged to join the party.

Private firms started to be supported by the party and started to grow in the 90s during a period in which the state sector was facing deep troubles and privately-owned firms did not have any jury right. Private sector was firstly seen as a “supplement” to state sector. It was allowed to fill the gaps lefts in the economy, in particular in fields like retailing, handicrafts, food and consumer services.⁴⁷ Private sector took off rapidly starting from 1997 when de facto privatization got the official permission.

From 1998 to 2005, private sector increased its outputs by 20 times and its share in the total GDP of the country grew up from 2.5% in 1998 to 50% in 2009 becoming the most powerful and productive sector in China.

Before the 2002 and 2004 Constitution amendments, private enterprises were heavily discriminated against State Owned Enterprises that were supported through bank loans and the provision of many resources. Becoming an entrepreneur before the amendments was very risky from an economic and a political point of view, while the advantages and the profits of being entrepreneur became real after the Constitutions amendments. The bank loans issued for private businesses increased by 2.2 times from RMB 65.46 billion in 2000 to RMB 208.1 billion. However, in contrast to the great growth of account of private sector in the Chinese GDP, bank loans that went to private sector were only the 4.9% of the total short-run bank loans in the same year of growth of private sector in the GDP (2009). In other words, bank loans allocation to the private sector disproportionally lagged behind the growth of private enterprises in China during the last decade.⁴⁸

It is important to make a distinction between two types of private enterprises that grew up in China during the transformation of private sector. The one that grew the faster was the private sector of the private enterprises called “green-field” or “raw

⁴⁷ G. Zhang, Z.Qin, *“The Development of Private Businesses in China: 1978-2004”*, pp.8-10

⁴⁸ D. Guo, K. Jiang, B.Y. Kim, C. Xu, *“The Political Economy of Private Firms in China”*, pp 2-3

entrepreneurship” who included two types of enterprises: *geti gongshanghu* (个体工商户), private firms employing no more than eight people and *siying qiye* (私营企业), privately-run enterprises employing more than eight people.

The rest of private sector was made by private firms that previously was SOEs. Although the total number of privately-run enterprises is inferior to that of individual businesses, registered capital of privately-run enterprises surpassed that of individual businesses by 1994, and their employees also surpassed in number that of individual businesses by 2004.

Private firm’s improvement was overall due to the entrance of China into the World Trade Organization in 2002. Chinese government modernized the economy of the country opening its doors to import-export exchanges with other countries. After the entrance into WTO, a huge number of private firms and foreign-owned enterprises entered Chinese market while the number of SOEs drastically decreased from 2024 to 476, hence, while the share of private domestic firms rose from 54% to 63%, the share of SOEs fell from 16% to 4%.⁴⁹

As well as the economy in general, Chinese HRM mindset also had to change. China had to deal with a market-oriented and socialist economy as well as with the requirements of global competition and pressures as a member of WTO. For this reason, private companies found new approaches to HRM. These new approaches not only had to help employees to keep their level of performance but also to help them overcome some inefficiencies and uncertainty and stress present in private firms at that time. In this period, HR methods in China became more and more similar to the western ones, taking a more flexible approach that could cope with the two different situations i.e. the socialist government and the global market.⁵⁰

⁴⁹ R. Wakasugi, “How did China’s WTO entry affect its companies?”

⁵⁰ F. Luthans, J.B. Avey, R.C. Smith, W.Li, “More evidence on the value of Chinese worker’s psychological capital: A potentially unlimited competitive resource?”, pp. 820-821

2.6 CHINESE PRIVATE SECTOR, HRM AND MOTIVATIONAL METHODS APPLIED

Consequent to the entrance into WTO, Chinese HRM of private industries had to face the introduction of Western management ideologies.

The result of this “modernization” was the rise of a more individualistic attitude in contrast with the collectivistic organization that has always been characteristic of Chinese organizations. With the increasing entrance of US enterprises into the Chinese market, the export of American organizational technics flourished.

One feature of management culture in private sector at that time, as it is still today, is the willingness to anticipate the changes and grasp opportunities, in this way the organization at all levels tend to be more “proactive” in contrast with the passivity of SOEs and public sector in general. Because the profits in private firms is accrued directly to them, entrepreneurial incentive to take risks is significantly higher than managers of public counterpart.

Moreover, in this type of environment there is the need of being more tolerant towards ambiguity and more comfortable in a complex environment characterized by innovative strategies.

From a private sector employee’s point of view, goal accomplishment is not given by uniformity, stability and predictability but it is given by complexity, dynamism and hostility. Private sector employee is keener on problem solving and is more optimistic in analyzing environment information even if they are relatively unfamiliar with the problem. In this type of environment, a higher motivation is predicated by a short-term goal; a concept completely unrelated to the traditional way of thinking.⁵¹

It is easy to deduce that this new type of approach and organization attracts a certain type of people with a completely different mindset from that of public sector employees. As the profile of people is different, so are the motivational methods applied.

⁵¹ Y. Fang, C. Hall, “*Chinese Managers and Motivation for Change: the challenges and a framework*”, pp. 10-16

Since this is a quite recent problem for Chinese HRM, studies and researches about the topic are still very few.

The results of some quantitative and qualitative studies for this issue express that the common problems in the motivation field that are present in Chinese private enterprises are mostly shortcomings in terms of fairness, communication, welfare system and training programs. The majority of private firms invest a lot on recruitment, internal staff and employee management, time and attendance, payroll system and mobilization. But some other aspects like training, employee's motivation are not well developed yet.

Anyway, according to the researches, salary and recognition seem to be the major factors of motivation as well as promotion opportunities and training that are aspects that lack in public sector because of the strict hierarchical structure.

Western motivational practices have been brought into China the compensation system, replacing fixed wages with a reward system that includes higher wages differentials and a new wage system including basic wages, position wages and subsidies. Performance-based pay led to the introduction of cash bonuses and promotion opportunities.

A research conducted by Randy Ki-Kwan Chiu, professor at Hong Kong Baptist university, and Thomas Li-Ping Tang, from Jones College of Business MTSU, explored the five most important compensation factors to attract and motivate employees in Hong Kong and PRC's private company. From the results of the samples emerged that, both in Hong Kong and PRC, base salary, year-end bonus, merit pay, housing provision and annual leave are the most important components. Take home cash ranked very high confirming the "cash mentality" typical of private sector employees.

Base salary is the most important component that motivate employees to chose and work in private firms.

For Hong Kong employees, merit pay scored higher than year-end pay while for PRC employees year-end pay scored higher. This because year-end bonus is not related to the individual performance at work but to the performance of the organization, in Chinese private firms, it consists in a one-month extra pay at the end of the year. Both based salary and year-end pay are cash.

Merit pay is a commonly used approach to reward a good performance at work. From the research emerged that employee appreciate this performance-related bonus, especially that of Hong Kong firms. It is very appreciated for two reasons, first, because of Chinese traditional cultural values: Chinese workers in Hong Kong are known to be very positive at work and are also known to give importance to work ethics. Second, because Chinese workers tend to firmly believe in the connection between performance and reward.

Annual leave is important for Hong Kong workers both for attracting as well as motivating them. For PRC workers, annual leave is important only for attracting them. In Hong Kong, annual leave is offered to almost every employee since it is stipulated in the "Hong Kong Employment Ordinances"; for this reason, to every employer is imposed by law to provide this benefit. In general, Hong Kong people is better off financially than PRC people, therefore, PRC people probably consider money more important than annual leave. It is probable that PRC people, after perceiving that they have enough money, annual leave could be important to them, but not before money. Mortgage loans for Hong Kong people are very important as much as it is important for PRC people housing provisions. These two components are not only important for attracting people but also for retaining them and creating a sense of loyalty for the organization. A low interest rate mortgage let people think not to leave the organization. Some Hong Kong employers provide 3% to 6% per year, while the standard is 6% to 10%. About 66.4% of the respondents said that they live in their own houses while only the 11.7% of the respondents still leave in rented houses.

Respondents who live in rental properties are most of all young, not married and work in lower positions. These people have not yet enough savings to pay the property house they would like to live in.

The situation is similar for PRC employees, since, in the past, housing was provided by the government with very low rent. Today, many big cities have been rebuilding house complexes and apartments, so many citizens are encouraged to buy their own houses. For this reason, housing provision is a very important aspect of a firm's compensation system.

Finally, individual bonus is a very important factor for PRC people. Individual bonus is not a permanent pay and is different from merit pay. It is directly related to subjective measures of individual's performance.⁵²

2.7 THE "PUBLIC EXAM FEVER"

From the analysis of the various benefits and advantages provided by public and private sector it is quite clear that the two sectors attract two different profile of people. The first attracts and retains people focusing on the provision of stability and many social benefits (like hukou and insurances) while the latter focus more on cash benefits and opportunities to grow inside the organization.

From the analysis also emerged that, considering the traditional Chinese cultural values, public sector's characteristics are more in line with the typical Chinese idea of job satisfaction.

Below will be reported several newspaper's articles from the most important Chinese newspapers that describe the phenomenon already mentioned for which young Chinese people seem to be more attracted to public sector jobs rather than the private sector ones. This is a very unique phenomenon since in the global scenario the opposite seems to occur.

This phenomenon is so strong that in China has been called "the public exam fever" (公考热, gongkao re), that is to say a spasmodic research by young Chinese people for public employment.

The "national civil service examination fever" has become a very prominent phenomenon in recent years. The "public examination army" includes a large number of recent graduates and other members of the society. It has become commonplace to approach the civil service examinations. The data shows that since 2000, the number of people who try the national civil service examinations has increased year by year, surpassing 1.3 million in 2011, and has remained at around 1 million. Through open recruitment, on the one hand, it is conducive to improving the quality of civil servants

⁵² R.K. Kwan-Chiu, T.L.P. Tang, *"Hong Kong and China: the cash mentality revisited"* pp. 65-69

and selecting outstanding talents; on the other hand, there has also been a phenomenon in which thousands of people compete for a single work place.⁵³

Statistics show that from 2011 to 2013, the number of people enrolled in civil servants and passed the qualification examinations by the central government agencies was 1.305 million, 1.234 million and 1.383 million, respectively, which basically maintained the "on a hundred pick one" heat.⁵⁴

In 2017, the National Civil Service Examination's number of applicants was 2.115 million. A total of 1.36 million people was approved.

Compared with 2006, the number of recruits was 10,282, and the number of recruits in 2017 was 27,061. The growth of candidates was far more than the growth of job places. It is estimated that the enrollment ratio in 2017 is similar to that in 2016, about 33:1, which is equivalent to 2005. It seems that it can be said that the civil servant fever that has lasted for nearly 10 years has not ebbed yet.

The causes of this phenomenon can be attributed to different factors that influence young people's working choice.

The most important thing for young Chinese people is "cost performance". The reporter attended a job fair organized by the Guangzhou University where many companies from the public and private sector presented their company, collected cv and held interviews with the fresh graduates. The reporter stated that the average level of salary provided by most of the companies present at the fair was about 4.500-6.000 yuan and the initial salary of many companies was about 2.500 yuan. Many fresh graduates interviewed declared that the level of "acceptable salary" is around 4.500 yuan: "I will not set the goal too high, I am willing to accept 4.500 yuan". This because students don't put the salary in first position as the most important things at work, the important thing is that the job is suitable for themselves and that can bring them benefits.

Xiao Li, an international trade professional, told reporters that among the nearly 200 companies on the scene, state-owned enterprises such as Guangzhou Pharmaceutical,

⁵³ 国家公务员考试网, "公考热"不只是盲目跟风也有理性的回归"

⁵⁴ 刘楷固, "体制外部来考了, 名校生不想来, 公务员考试热真降温了?"

Guangbai and Friendship are the most popular, and there are long queues in front of the recruitment booths. The journalist has discovered that there are also several educational institutions that have paid a salary of 8,000 to 12,000 yuan, and the requirements for the profession were very large, but the candidates refused. In response, the interviewed students stated that "the work is very hard and the price is not high". Many internship students have said that they are more concerned about the "price-performance ratio" of work and some jobs have a very high salary but the pressure at work is too high and working hours are exhausting. For this reason, they prefer a 5000 yuan salary job that can permit leisure time to "live life" and a more peaceful working environment.⁵⁵

Behind all kinds of personal choices, the underlying cause of the civil service fever phenomenon is first of all institutional arrangements. The institutional arrangement of a society is to encourage the creation of social wealth or the distribution of social wealth, which will have different impacts on social and economic development. With the improvement of the market system, the competition of enterprises has become more and more fierce, and entrepreneurial activities or companies have become more rigid. In contrast, the work of the public sector is more advantageous. The second is the structure of compensation, that is, the formal compensation system (opportunity and cost) and the informal compensation system (belief and culture). When the sum of formal and informal remuneration for civil servants is much higher than in most industries, it is not surprising that civil servants' number is higher than private employees.⁵⁶

One of the points of strength of public sector is for sure the sense of stability that it inspires to young Chinese people.

After the examination, the treatment and occupational protection can be described as a "good investment" with high returns, low threshold and zero risk.

In public organizations, it is often seen that the newly recruited graduates have been seconded to the institution. After two years of work, they immediately became official civil servants through the national examination. The place where they went to work has not changed and their status has changed.⁵⁷ Moreover, a job in public sector gives

⁵⁵ 人民日报, "95 后温工最青睐国企年轻人找工作看重性价比"

⁵⁶ 国家公务员考试网, "2018 年国家公务员考试深度解读: 怎样看待公务员考试热?"

⁵⁷ 刘楷固, "体制外部来考了, 名校生不想来, 公务员考试热真降温了?"

the opportunity of welfare housing, public medical care, and excellent pensions. There is no danger of layoffs and dismissal. In the mind of many applicants, becoming a civil servant is equivalent to entering in a safe box. Civil servants can be said to be the only "iron rice bowl" occupation today.

Yin Weimin, Minister of Human Resources and Social Security and Director of the National Civil Service Bureau, believes that there are three reasons. First, the employment pressure is high. Every year, more than 6 million college graduates need employment, and jobs often fail to meet the needs. Second, the examinations for civil servants is transparent (with no corruption) and people can see what happens; The profession of civil servants is relatively stable, and professional prestige and welfare benefits are relatively good.

Ma Qingyu, a professor at the National School of Administration, pointed out that in the current social transition period, many professions are becoming more competitive and riskier, and the civil service profession is more attractive because of its high stability and high welfare.

Becoming a civil servant can give people a head start. A large number of people in the "public examination army" are college students. People who enter the public sector after graduation reduce a lot of psychological burden and seize the opportunity. When their classmates change jobs frequently and even have no jobs, they can spend the holidays with peace of mind; when their classmates are worried about buying a car, they can rely on a stable salary and different loans from their work unit to buy their favorite car.⁵⁸

Another important reason is the residence registration system. Today, in Beijing, Shanghai, Guangzhou and many other cities, the "hukou" still have a meaningful importance for many everyday life aspects like housing and children's education. These things have a huge impact on people's psyche.⁵⁹

A lot of people keep on striving for a square meter in a first tier city that costs more than 10 thousand yuan, many people snapped up, 3,000 yuan a square meter behind the county town to rack their brains to stock.⁶⁰

⁵⁸ 国家公务员考试网“公考热”不只是盲目跟风也有理性的回归”

⁵⁹ 刘昕“中国创新能力不足别赖年亲人”

⁶⁰ 刘楷固，“体制外部来考了， 名校生不想来， 公务员考试热真降温了？”

A part from the concrete benefits of working in the public sector, there is a cultural background that plays an important role.

Civil servants have become a profession widely recognized by society. Whether or not a profession is respected is not in one's opinion, but depends on the views of the whole society. This is particularly evident in the profession of civil servants. "the four class" is ranked first, and the Chinese common sayings that have been handed down from "a good scholar can become an official" indicate that civil servants have been sought after in the past. Nowadays, although for all trades and professions is the era of talented people, there has never been a fundamental change in the concept of "a good scholar can become an official". Therefore, choosing a publicly recognized profession can improve one's status.⁶¹

Moreover, many people think that young people in developed countries are all entering the enterprises, and the civil service positions are taking care of the disadvantaged groups. This is true for grassroots posts in the United States. However, in Japan, South Korea and other countries, most of the positions of the central state organs are given to graduates of top universities such as the University of Tokyo and the French National School of Administration. China's national governance system is more similar to the Japanese and Korean laws. The government has stronger policy direction and influence, and the requirements for civil servants are higher.

Thus, it is not a rare thing the fact that many young people apply to civil servant examinations for a matter of ideals, to serve the country. Some applicants want to join the government, to serve the community, there are even people who enter the official career to feel more part of traditional Chinese society.⁶²

The other side of the coin is represented by the various disadvantages that the private sector seems to have according to the young Chinese people. Private sector is seen as too risky and the work environment full of pressure because of the high competition of the private market. Private business is regarded as a game of adventurers. People who choose to work for private sector give up the original stable income and various guarantees, and it is not suitable for everyone to find uncertain income opportunities

⁶¹ 国家公务员考试网, "公考热"不只是盲目跟风也有理性的回归"

⁶² 人民日报"公务员热背后改编命题"

in the market. From the perspective of institutional arrangements, it is easier to understand the underlying reasons behind the public test fever.⁶³

Another point of view is that fresh graduates are not able to withstand the financial burden of a business failure, unless their family circumstances are well off. Even more important is that their work and social experience is still too little. There is no objective and complete assessment of the problems that entrepreneurs must solve and the difficulties they may encounter. There are many deviations in the entrepreneurial process and the probability of failure is extremely high.

An innovation and entrepreneurship should come from people who have funds, skills and experience and not from young people who are still lacking in these things. moreover, job opportunities in the market that can replace public employment are not so abundant.

This situation is closely linked to the speed with which the economy of the country has grown, the economic structure and the disequilibrium in the development of the various regions. That is, the current stage of economic development and the level of development of some cities is not sufficient to provide jobs of sufficient quality, especially in 2°,3°,4° tier cities, there are no big promising companies or good job opportunities, they are few and sometimes there are no opportunities at all, in this case, for young people, applying for public employment is a passive choice.⁶⁴ However, for areas where the economic situation has been sluggish, civil servants are still the best choice for young people to choose their jobs locally. To solve this problem, the key is not in the civil servants themselves, but to get the economy up, and to have more high-paying jobs in the society is the right way.

⁶³ 国家公务员考试网, “2018 年国家公务员考试深度解读: 怎样看待公务员考试热?”

⁶⁴ 刘昕 “中国创新能力不足别赖年亲人”

CHAPTER 3

THE SURVEY

3.1 QUESTIONNAIRES PRESENTATION

3.1.2 PURPOSE OF THE RESEARCH

As mentioned before, the purpose of this research is that of finding the reasons that push young Chinese people to prefer to work for the public sector rather than the private sector from a motivational point of view. Why in a developing country like China, the greatest desire for people is to work for the state? Why does public employment seem to be seen as more prestigious than the private employment? From a motivational point of view, why public employment is still seen as a strongly positive element in an era where the economy mostly grows with the private sector?

Even though motivational methods studies in Chinese workplace are still developing, many are the researches and the samples carried out by many scholars.

Regarding the phenomenon of the “public exam fever”, many scholars and reporters are mobilizing to get deep into the issue but the researches are very few.

These are the reasons that pushed me to analyze the situation, trying to understand which are the motivational factors that push young Chinese people to prefer working in public sector rather than in the private one.

I consider important to find out what makes them feel more secure and satisfied in a public sector workplace and what are the elements that lack in the private sector and that could make them feel as motivated to work in the private sector as it happens in the private one.

3.2.2 METHODOLOGY

During my overseas period in Tianjin, I realized and administrated a questionnaire to Chinese university students in order to conduct a qualitative and quantitative research to analyze the phenomenon before mentioned.

The data was collected in May and June 2018, both through paper surveys and through the creation of an online questionnaire realized on the most used Chinese social platform *WeChat*.

The questionnaire consists of five open questions about the issue.

I chose to create open questions rather than multiple choice questions in order to better understand, through the answers of the candidates, the different motivations and perceptions that push the candidates to take one choice rather than the other.

The questions present in the questionnaire provide both a direct answer (yes or not) and an explanation of the direct answer in order to better catch candidate's point of view.

The questions have been created in order to collect information regarding the reasons of candidate's choices both from a practical and a cultural point of view.

I considered important to understand not only the concrete benefit that candidates could enjoy choosing a sector rather than the other but also the cultural and psychological issues that could influence their choice.

3.2.3 THE SAMPLE

Given the importance that the sample has in this research, it is necessary to analyze it first, focusing on the part of the questionnaire regarding people's information and explaining the reasons underpinning this choice.

The questionnaire has been administered to a total of 40 Chinese students, currently leaving in mainland China. The people who took part to the survey are both men and women: among them 19 are males, representing the 47.5% of the respondents and 21 are females, representing the 52.5% of the respondents.

The respondents of survey's age is distributed from 20 to 26 years old. Since the phenomenon concerns people of the so-called *Millennial Generation*, or *Generation Y*, who are the people born from 1981 and 1996, this specific age range has been selected since it has been considered the most significant for the purpose of this research.

The results show that most of the respondents are aged 22, 23 and 24 with respectively 7, 9 and 8 answers, representing 17.5%, 22.5% and 20% of the respondents.

The following table summarizes and shows the respondent's answers in order to provide a comprehensive vision of the results.

Figure 3.1 Age of the survey's respondents.

Respondent's age	Number of respondents
20	5
21	4
22	7
23	9
24	8
25	6
26	1
	Tot. 40

All the students are currently living in China they are all living in Tianjin and Beijing, with respectively 36 and 4 answers.

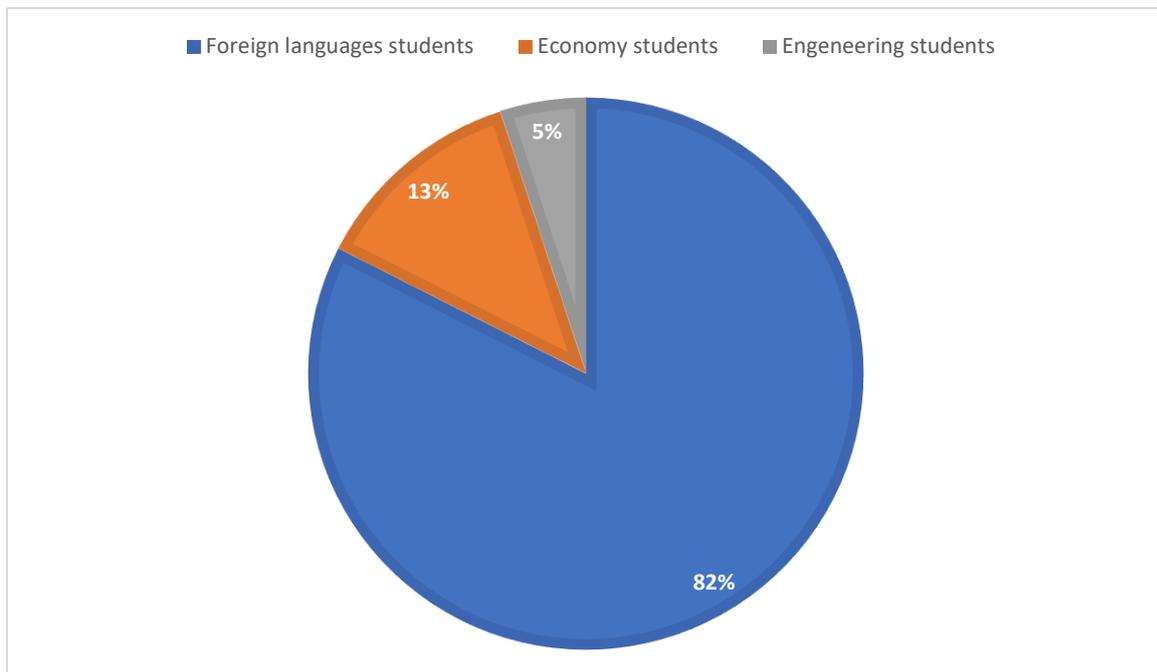
Figure 3.2 Top 2 areas of respondents.



All the respondents are currently students who will get their Bachelor's or Master's degree in the following years. The majority of the respondents are foreign languages students while the minority part are economy and engineering students with respectively 33, 5 and 2 answers representing 82.5%, 12.5% and 5% of the respondents.

A visual representation of the respondents is provided by the following graph.

Figure 3.3 Course of study of the survey's respondents.



3.2.4 LIMITATIONS AND DELIMITATIONS

The study is limited to students who are not yet graduated and therefore to people who have not yet entered the labor market so they have not yet had a concrete experience in the world of work. This could be considered both an advantage, since the selection of the respondents considered in the survey is the result of a rational choice motivated by the purpose of developing a focused study, and a disadvantage, since it could not be generalized to the totality of young Chinese people entering the labor market.

Another limitation is that the respondents are all people attending university, therefore it is not possible to analyze the remaining part of young people entering the labor market without continuing their studies. This could also represent an advantage since those directly involved in the phenomenon are young freshly graduates people who decide to try the public examinations.

Moreover, the respondents that has been taken into account are all living in 1° tier cities, therefore it is not possible to analyze the choices of people who come from less developed cities whose conditions could influence the choice of employment.

The newspaper's articles examined above mention many benefits provided by public employment that, above all, benefit people who not live in 1° and 2° tier cities.

Lastly, the time constrains have affected the study, since the questionnaire have been administrated in just one month, from May 2018 to June 2018, when my overseas period in China ended. Because of the limited period of time, it was not possible to collect a broader range of results.

3.3 DATA ANALYSIS

As already mentioned, the questionnaire designed to conduct this research is composed by five open questions with the purpose of find out and analyze the different reasons that push to choose one work sector rather than the other.

The first question is the most general one, it provides a direct response in order to identify the two macro-areas, respondents who prefer public sector and respondents who prefer private sector.

The second question aims to understand which sector is perceived more attainable and in which sector the possibility to find a job is higher.

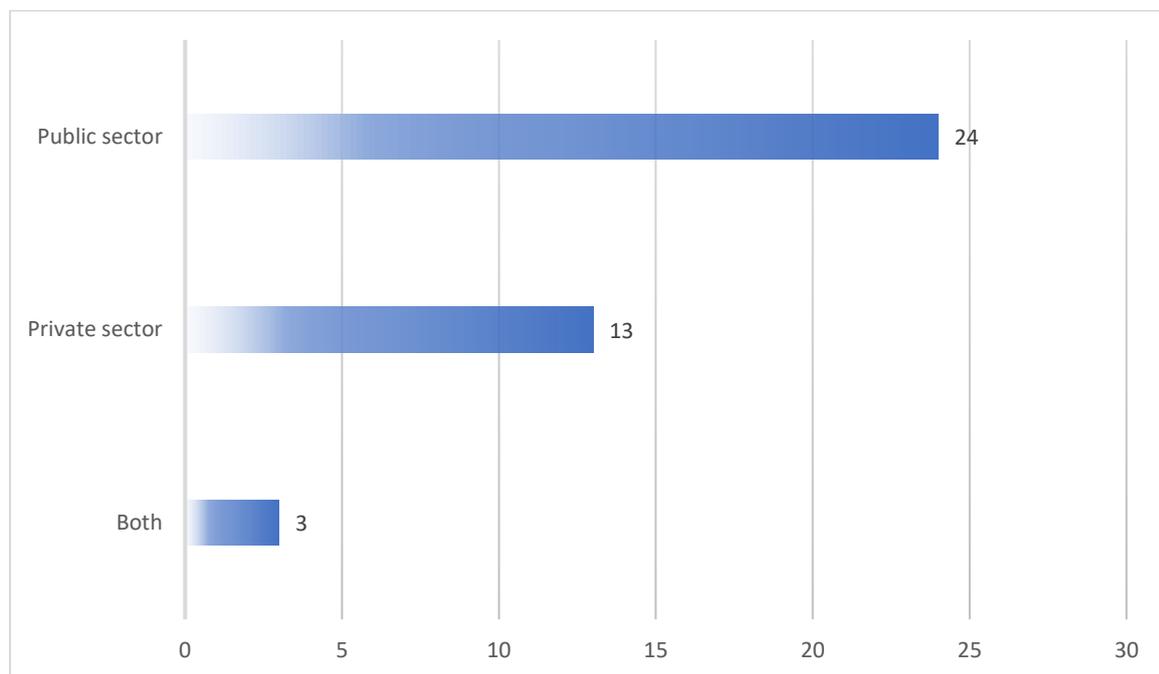
The third question aims to understand which are the benefits and the advantages of the sector chosen by the respondents in the first question; the answers to this question are also useful to understand what not only attracts people but also retains them in the workplace.

The fourth question has the purpose to analyze the possibility of growth career in both sectors. The answers to this question can also give hint on which sector is more advanced in the country.

The fifth question aims to analyze how both sectors are perceived in the society and how traditional Chinese culture and work values can affect respondent's choice.

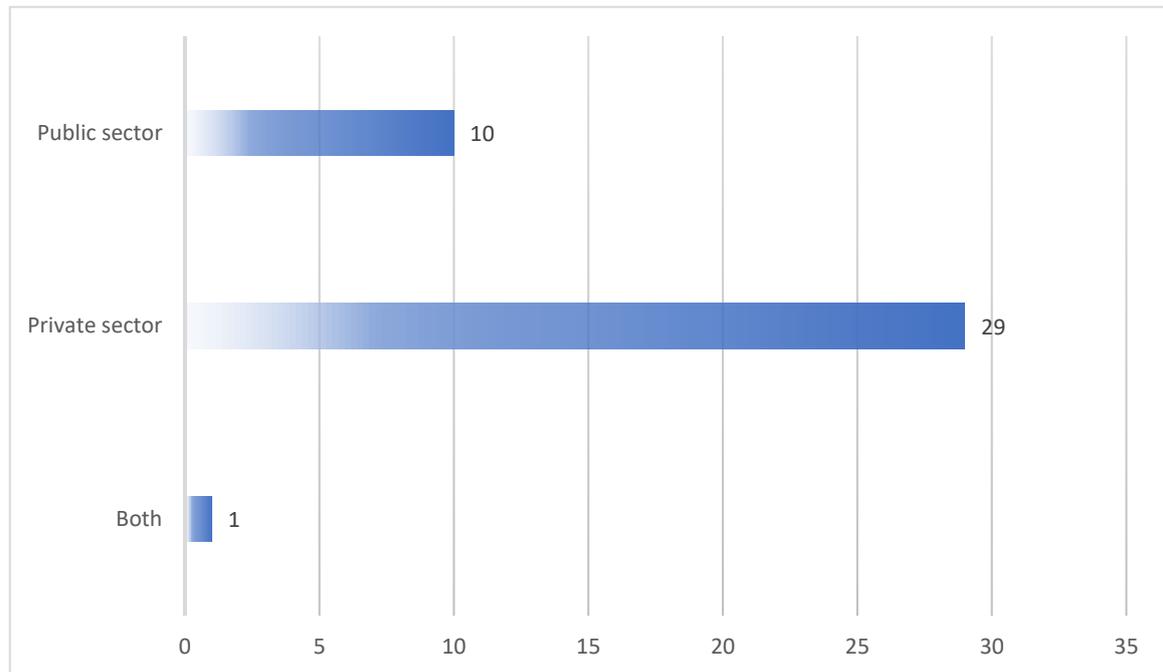
The majority of respondents (60%) declared that they would prefer to work for the public sector with 24 answers against 13 answers of respondents that declare that they would prefer to work for the private sector (32.5%).

Figure 3.4 *Once you are graduated, would you rather work in the public sector or in the private sector?*



As for the frequency, 24 respondents on 40 declare to prefer the public sector, representing the 60% of the answers. 13 respondents declare to prefer private sector, representing the 32.5% of the answers. Only 3 respondents declare to not have a preference representing the 7.5% of the answers.

Figure 3.5 *Nowadays, which is the sector in which it would be easier to find a job? Why?*



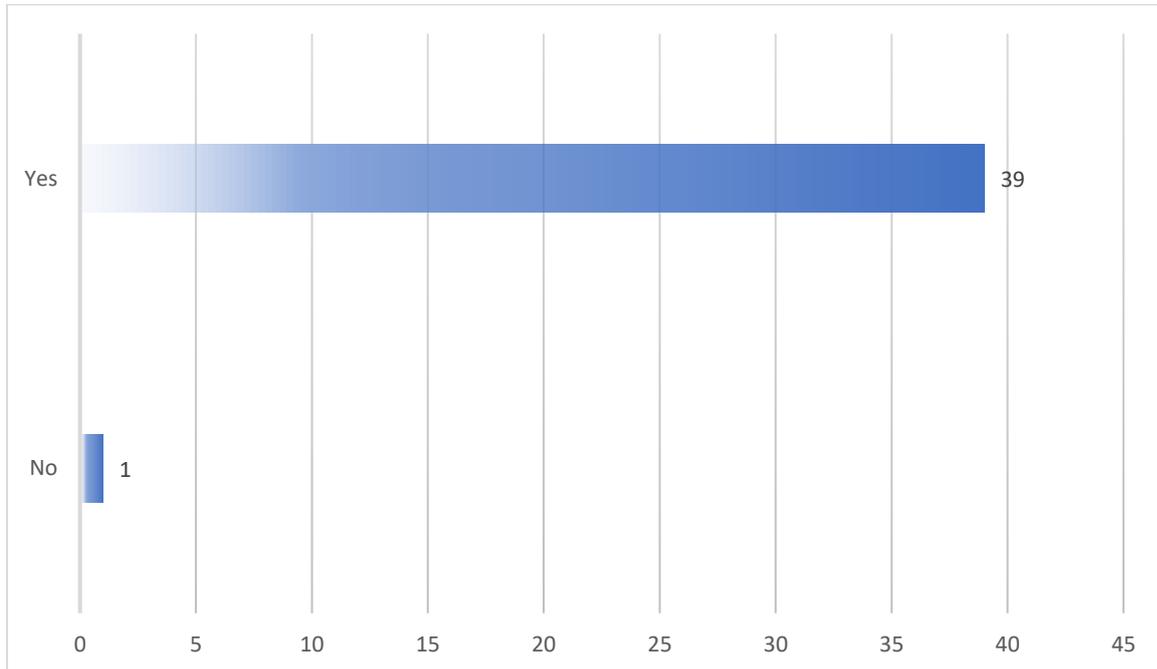
As reported in the graph, 29 respondents declare that nowadays the sector in which it is easier to find a job is the private sector, representing the 72.5% of the answers. 10 respondents declare that the sector in which it is easier to find a job is the public sector, representing the 25% of the answers and just 1 respondent declare that there is not a sector in which it is easier to find a job but the situation is the same in both sectors, representing the 2.5% of the answers.

Analyzing the answers, it is possible to underline some main reasons underpinning the choices.

Respondents who consider easier to find a job in the public sector motivate the choice by answering that, since the public sector is regulated by government, it is a more transparent environment. Moreover, many of the respondents refer to the recruiting plans that the government is carrying on in the last years.

Respondents who consider easier to find a job in the private sector, who are also the majority of the respondents, motivate the choice by answering that the demand in the private sector is higher and the competition is lower since the majority of people is willing to work in the public sector. Many respondents also refer to the fact that public exam is very hard to pass while, as for the private sector, it is easy to have connections with people inside the system.

Figure 3.6 *In your opinion, could public employment give you more guarantees and stability? (if the answer is yes) Which are the guarantees?*



It is very interesting to observe that almost the totality of respondents (39) representing the 97.5% of the answers, consider that public sector could give them more guarantees and stability than the private sector.

The respondents declare that the public sector gives more stability to people for three main reasons:

Firstly, the job itself is more secure. Public sector can not collapse and the risks of fraud or bankruptcy are very low.

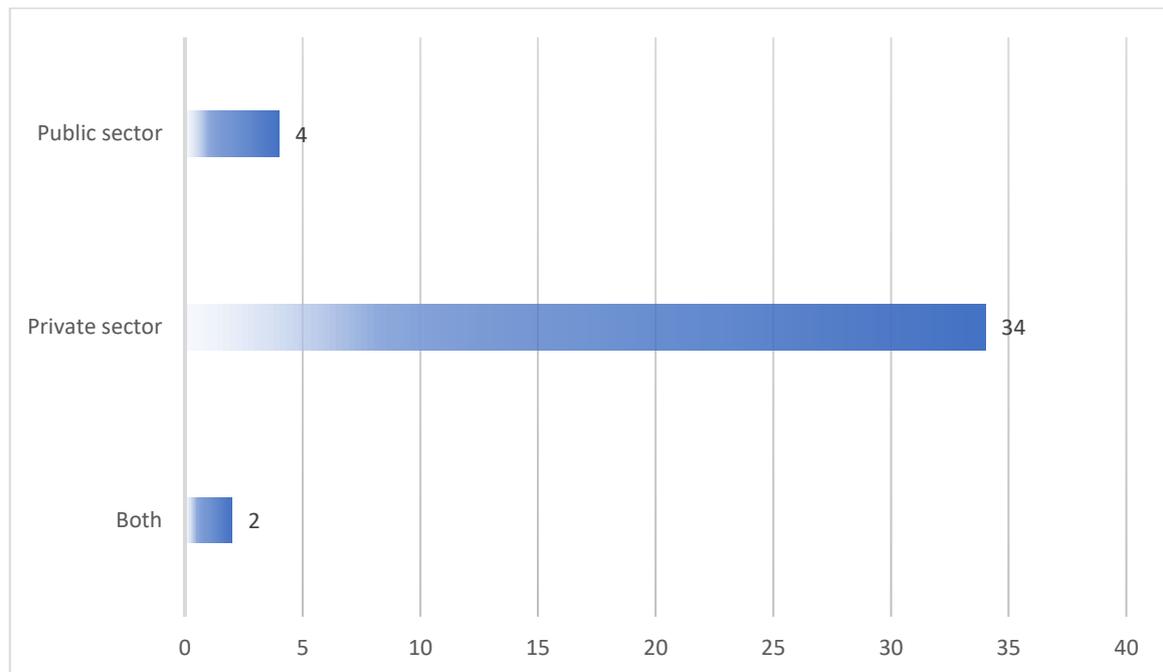
Secondly, jobs in public sector are very stable. The employment is long term oriented and there are no risks of being fired; once you get the job there are no possibilities to lose it, unless a very serious mistake is done.

Thirdly, the social security system in the public sector is better than the private sector. The respondents mentioned many guarantees and benefits that have been widely addressed in the second chapter of this thesis like the *Five insurances and one gold*, the *Hukou*, retirement pensions, holydays, housing etc.

The only respondent who states that the public sector is not more secure and stable than the private one, representing the 2.5% of the answers, affirms that this perception of stability is largely influenced by the traditional way of considering public employment:

“I don’t think public sector is more stable or gives more guarantees. This point of view is very common just because this thought has cultural bases.”

Figure 3.7 *“From your point of view, which is the sector presenting higher margin of career growth?”*



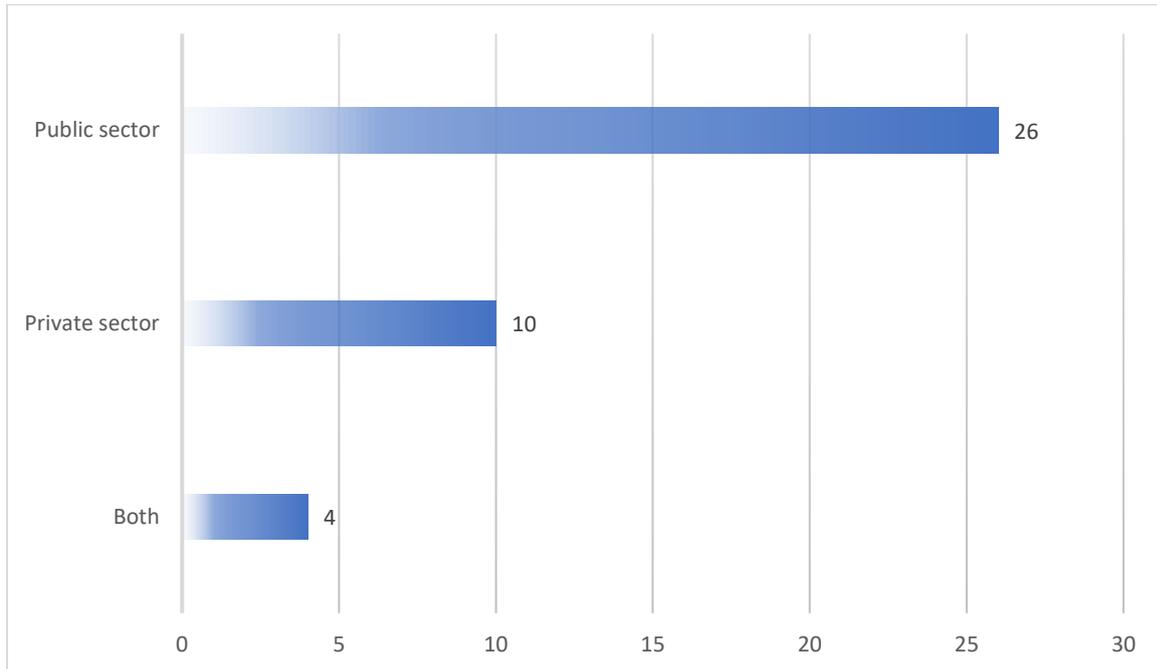
As for the frequency, 34 respondents declare that the sector presenting a higher margin of career growth is the private sector, representing the 85% of the answers. Only 4 respondents declare that the sector presenting a higher margin of career growth is the public sector, representing the 10% of the answers.

The motivation given by the respondents that answered the private sector focus on the fact that, for private sector jobs, the margin of growth is strictly related to the employee’s performance. If employee performs well, he/she will, with no doubt, grow into the company and his/her wage also will increase.

Respondents declaring that the public sector is the sector presenting a higher margin of career growth motivate their choice affirming that public sector is developing very fast and this will make public sector’s employees grow with it.

The remaining 2 respondents declare that both in public and private sector there is the possibility of career growth, representing the 5% of the answers. The answers focus on the fact that career growth depends on the performance and the skills of the employee no matter the sector he/she works in.

Figure 3.8 *“According to your values and your way of thinking, is a public employment more prestigious than a private one? Why?”*



As reported in the graph, more than half of the respondents declare that, according to their values and way of thinking, the more prestigious sector to work in is the public one; the respondents are 26, representing the 65% of the answers.

The motivation provided for this answer are many. According to many respondents, public examinations are very hard to pass, for this reason more knowledge is required. Consequently, public employment is more prestigious since only talented people succeed in getting a public job. Moreover, public sector is controlled directly by the state, this let the environment to be perceived as more transparent and fairer, it gives to public employment more credibility. Many respondents also stated that working for public sector is synonym of “connection to the state”; this is also the reason why this type of employment is perceived as more prestigious than the private one. For the same reason, the respondents affirmed that families also influence their working choice since relatives consider public employment more prestigious.

Lastly, it is important also the aspect of the public service motivation, many respondents consider working for public sector as working for the society and helping the country.

The respondents that consider the private sector more prestigious are 10, representing the 25% of the respondents.

In this case, the prestige of the employment is strictly related to the capabilities of the employee. The employment is considered more prestigious because employees in private sector and free lancers have more responsibilities at work rather than public sector counterparts. To be successful at work people can only rely on their own skills and capabilities, this gives more credibility to private employment.

As for the remaining 4 respondents, both public and private employment could be considered as prestigious since the credibility and respectability of a job is given by the way people perform it. Every job could be prestigious it is performed with professionalism and seriousness.

3.4 CONCLUSIONS

The present research has tried to answer to the question: “Why young Chinese people prefer to work in the public sector rather than in the private sector?”

To this end, a quantitative survey was conducted through the use of a questionnaire, spread both physically and online, in order to analyze the preferences, the points of view and the work values of university students and fresh graduated people that are about to find a job.

This questionnaire has been distributed to a total 40 people, focusing on a sample comprehending Chinese university students.

The results of the surveys have shown that more than half of the respondents, precisely the 60% of the answers collected, would prefer to work for the public sector while the remaining part showed a preference for the private sector or did not show a preference between the 2 sectors at all.

From the answers of the respondents who chose the public sector it is clear that, from a motivational point of view, the public sector is perceived more attractive for young people for three main reasons:

-The public sector is considered more stable. The respondents see the public sector as a pillar of the economy of the country, far from any risk of fraud or bankruptcy.

While as for the private sector the risk is perceived as an inner characteristic of the sector itself, the public sector is perceived as totally secure. This perception is also alimented by the fact that it is almost impossible to be fired or, generally, to lose job once obtained a public employment.

-The public sector employment provides a large number of benefits and facilities that greatly improve the lives of employees. As already mentioned above, the public sector provides a wide range of insurance (health insurance, pension plan, etc.) as well as providing housing and relief plans for the education of employees' children. It also provides the *hukou* to all employees who, coming from lower tier cities, transfer for work in 1st and 2nd tier cities obtaining the status of citizenship.

-The public sector, today as in the past, is still seen as a work place of great prestige.

This vision has its foundations in traditional Chinese culture in which the officers were scholars who, thanks to their knowledge and their virtues, obtained a job that was actually a social status. Even today the idea of public employment conveys closeness to the government. Public employees are seen as those who serve the country and offer a service to society. It could be said that public employment is perceived as the maximum expression of collectivism, a fundamental value of Chinese society.

Regarding the answers of the respondents who chose the private sector it has been possible to extrapolate three main reasons that attract people to private employment:

-According to many respondents, nowadays it is much easier to find work in the private sector than in the public sector. It is clear that the demand is much lower in the private sector than in the public and that consequently competition is lower. In addition, the talents and skills of people are judged and then selected with much more relaxed procedures than the public exam that is considered extremely difficult to pass.

-In the private sector there is a greater possibility of growth and career development. From the results of the survey it is clear that all respondents, regardless of job preferences expressed, all agree that in the public sector the career growth is something very difficult or even impossible to achieve; on the contrary, in the private sector the opportunity to demonstrate their ability and to be rewarded after a good performance is much wider. It is clear that the private sector, in terms of growth and rewarding system, has adopted motivational methods that are much more similar to Western methods.

-The professions of the private sector are seen as more dynamic. This characteristic involves more employees and let them feel protagonists of the work and not just executors. This element is fundamental for improving employee's inner motivation.

Taking into consideration the characteristics of the two sectors emerged from the results of the survey, it is easily deducible that the two sectors attract two different profile of people that naturally have two different ways of thinking and two different

range of values. People attracted by public employment seem to be more long-term oriented people. They are people that seek stability in the present as in the future, they are not risk lovers and definitely prefer a stable and harmonious life style.

People attracted by private sector seem to be more short-term oriented, people who look for success opportunities and prefer to achieve immediate goals that could let them take a step forward in their career. They are risk takers and prefer a more dynamic life style.

If we compare these two profiles of people with what was previously stated in the literary part of this thesis, it is possible to notice that the first profile of person is much more in conformity with the cultural profile defined by Hofstede and has many characteristics typical of traditional Chinese culture. Hence, it is clear enough that motivational methods present in the public sector are more in keeping with the idea of Chinese motivation and are able to influence the psychology of Chinese employees in a more positive way.

To sum up, in order to answer the precise problematic of this study it is important to consider that:

- *the motivational methods that take more root for Chinese job satisfaction are still strongly linked to the classical vision of work according to traditional Chinese culture.* Despite the evolution that the Chinese economy and culture are having in recent years following the opening of the country and globalization, the Chinese mentality continues to follow, for the most part, the ancient canons typical of traditional Chinese society, which inevitably prevails over the idea of ideal work.
- *The public sector in China continues to be seen as a strongly positive element.* This positive perception that Chinese people have of the public sector seems to be fueled by the aftermath of all that has represented the public sector in the past of the Chinese economy, it made a huge contribution to the development of the country since the Maoist reforms onwards.
- *The private sector does not yet have, from a motivational point of view, the characteristics necessary to attract and retain Chinese employees.*

The Chinese private sector, although in great development, is not yet able to transmit the idea of stability and security which are fundamental values for Chinese people in view of achieving an ideal lifestyle. Private companies are characterized by a western imprint that is not fully in line with the Chinese mentality.

For this reason, although in most world economies private companies represent the most sought-after sector by young people looking for a job, public employment in China continues today to be successful and continues to represent a very prestigious position and a very positive element in the Chinese collective imagination.

Nevertheless, it is important to keep in mind that this research has focused exclusively on a limited range of young Chinese people with an age range that goes from 20 to 26 years old. The respondents are also all university students and that age professions or levels of education have not been taken into consideration. If other age groups and other educational profiles were also taken into consideration, the results could vary. For this reason, no general or absolutely objective statement can be made about the preferences and opinions of young Chinese people, and therefore it is not possible to elaborate a single theory valid for every possible case.

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APPENDIX A

Questionnaire (original version in Chinese)

1. 毕业后，你更愿意在公共部门还是私营部门找工作？
2. 现在，在以上两个部门中的哪个部门更容易找到工作？为什么？
3. 你认为公共部门的工作更有保障，更稳定吗？有什么保障？
4. 对你来说，在哪个部门有更大的升职机会或职业发展？
5. 根据你的价值观和你的想法，你认为更有信誉的职业是公共职业人员还是自由职业者？为什么？

APPENDIX B

Questionnaire (English version)

- 1- Once you are graduated, would you rather work in private or public sector?
- 2- Nowadays, which is the sector in which it would be easier to find a job? Why?
- 3- In your opinion, could public employment give you more guarantees and stability? Which are the guarantees?
- 4- From your point of view, which is the sector presenting higher margin of career growth?
- 5- According to your values and your way of thinking, is a public employment more prestigious than a private one? Why?

1)

1 Once I'm graduated I prefer working for the public sector because it is a stable sector and the salary is good.

2 It is easier to find a job in the private sector because the threshold is low and there are few candidates. Everybody is looking for a public job.

3 I think it is more secure and more stable and organized, the wages are stable and will not go bankrupt.

4 Private enterprises will have more opportunities and space for promotion and salary increase. Because there are many private enterprise positions, competitive pressure and fierce competition, everybody will strive for improve themselves.

5 More reputable is the public employment, because most of people working there are excellent talent selected at a national level, which is more representative of quality.

2)

1 Private sector

2 In the public sector, the private sector has higher requirements for people's capabilities.

3 It is more secure and more stable, the wage is good, they can give you a house and a lot of guarantees.

4 Private sector, the marketing department, the sales can improve the performance.

5 Freelancer, many public jobs are very rigid while a freelancer can express his/her capabilities and offer a good service.

3)

1 Private sector

2 I think that in private sector it is easier to find a job because there are a lot of private companies but the demand is quite low.

3 The public sector has more guarantees, for example "the 3 guarantees", pension insurance etc.

4 In private sector there are more promotion opportunities.

5 Public employment is more prestigious because it gives you more guarantees but, of course, private sector is not bad since you can freely manage your time.

4)

1 Public sector

2 Private sector, because you just need to rely on your abilities during the interview to get the job.

3 Yes, the work in public sector is more secure, pension, subsidy etc...

4 private sector

5 private employment, because you are more free to manage your job, you have more responsibilities so it has more reputation.

5)

1 Private sector

2 The private sector, it has a higher demand for people who can speak Italian

3 Yes, the work in public sector is more secure, pension, subsidy etc...

4 Private sector

5 Private employment, because you have more responsibilities, beside I think that public sector's jobs are not helpful for personal profit and interest, there are a lot of inefficiencies.

6)

1 Public sector.

2 The public sector because it is regulated by the state.

3 Yes because it is more stable and it is more secure for the retirement pension.

4 Private sector

5 Employment in public sector , because it is public so it needs competent people to enhance its prestige.

7)

1 Public sector

2 Public sector, because there is a high demand for personnel.

3 It is more stable and secure.

4 Private sector.

5 Private employment, because there is a high competition level, you can work better.

8)

1 Private sector

2 Private sector gives you more opportunities.

3 it is true, public enterprises are quite stable.

4 Private sector

5 Private employment.

9)

1 Private sector

2 It is easier to find a job in the private sector, because there is more competition and those who are better than the others will have success.

3 Yes, because the public sector is controlled by the government. As long as you don't make a big mistake you won't be fired.

4 Private sector, because the competition is very high so you have to do your best, you can not be lazy.

5 Private employment, because I think you can live more experiences, I think that, in order to work in private sector, you need to be a resolute and visionary person.

10)

1 I'd rather work in the sector where I should receive a higher salary.

2 Private companies, there is a lower demand.

3 Yes, Public sector's employees have the "5 guarantees" and the business unit is more stable.

4 I think the marketing department would give you more opportunities.

5 Freelancers, because private sector is more unstable than public enterprises to it is more reputable.

11)

1 I prefer to find a job in the private sector.

2 Nowadays it is easier to find a job in the public sector because government has a plan for recruiting students every year.

3 The public sector is more secure because government gives a lot of guarantees and it is very difficult to be fired.

4 The private sector gives you more opportunities for promotion and career development.

5 Public employment is more reputable.

12)

1 I'd prefer working for the public sector.

2 Public sector, because now there is a job vacancy.

3 Yes, including long term employment, stable wages etc...

4 The chances for promotion would be higher in private sector.

5 Public employment, because private employment profits are subject to limitations because they depend on the market.

13)

1 Private sector

2 Private sector, In order to work in state-owned enterprises you need to have a certain network of social relations.

3 Public sector is more stable, it guarantees fixed salaries, vacations, pensions etc...

4 Private enterprises are better, the wages are established according to your abilities, the possibility for promotions are a lot and you can manage your free time.

5 I think both are reputable.

14)

1 Private sector

2 Private sector

3 Yes, the risk of fraud and bankruptcy is lower.

4 Private sector

5 Public employment, freelancers have less restrictions while in public sector there are not strong restrictions, secondly, the level of knowledge required in the public sector is higher than in the private sector and it can be considered that a high level of culture and knowledge is requested also for improving individual's ethical characteristics.

15)

1 Private sector

2 private sector, because there are more companies in this sector.

3 Yes, because of the five guarantees.

4 Private sector

5 Public employment, because of the selection process.

16)

1 Public sector

2 The private sector, because it is developing rapidly and the labor demand is increasing

3 The private sector gives you more chances of growth career.

4 Freelancers, because its necessary honesty and integrity in order to survive in the market.

5 Private employment because it is based on the market so you have to be honest.

17)

1 Public sector

2 Public sector

3 It is more secure and more stable, I do not know which are the guarantees but it has very low risks.

4 Private sector

5 Public employment is more reputable.

18)

1 Public sector

2 Private sector, the demand is pretty high.

3 Public sector is more secure because of the guarantees.

4 Private sector.

5 Public employment, because the government guarantees for the companies so the company's reputation and image have more credibility.

19)

1 Private sector

2 Private sector, because there are more opportunities, the demand for new talents is very high.

3 Yes it is more stable because of the five guarantees, medical insurance etc...

4 I think private sector would give more chances for career growth (but in the recent years the public sector is getting better and better so it is hard to say)

5 I think reputation and prestige only depends on how a person works.

20)

1 Both of them

2 I think it is easy to find a job in both sectors, it depends on you.

3 I think the public sector is more stable because It is less influenced by world economy. Public sector gives you a lot of guarantees but also private sector can give you a good protection.

4 It depends on your abilities

5 I do not know.

21)

1 Private sector

2 It is easier to find a job in the private sector because the demand is higher and the competition is not fierce as in the public sector.

3 Yes, there is welfare in the public sector, various subsidies, holydays, provident funds etc...

4 The public sector, for sure.

5 Generally speaking, the public employment, because it offers a service to the people more than the private one. Private sector is mainly based on profits and freelancers only think about their own interests but it depends on the specific individual I can not simply generalize.

22)

1 Both are ok.

2 The private sector, in order to work in the public sector it is necessary to pass a series of exams.

3 Yes, it is more stable. First, the job itself is more secure, second, the public sector will not collapse, third, the social security system in the public sector is better than in the private sector.

4 Is not so clear, I think that if you are strong enough you can grown in both the sectors.

5 Public employment, the recognition by society is higher.

23)

1 Public sector.

2 It is easier to find a job in the private sector because in order to get a job in the public sector you need to pass a lot of exams while for the private sector it is not necessary.

3 Yes, I think public sector is more stable and it has more guarantees, including the five guarantees. As regards the private sector, it is necessary to consider the operational problems of the enterprise and may need to worry about whether the job will last.

4 Private sector, because in this sector everything depends on your own abilities and how much value you can create for the enterprise. In the public sectors, qualifications are more important than personal abilities.

5 Society recognition for people who work in the public sector is greater, especially for the family.

24)

1 Public sector

2 The private sector, first of all, a lot of people want to work in the public sector so the jobs are few, the salary is good and there is a lot a competition, for these reasons I think it is easier to find a job in private sector.

3 Yes, it is more secure, the salary is very good and it also give holydays and guarantees.

4 Public sector.

5 In my opinion public employment is more prestigious. The arbitrariness of private employment is relatively large and credibility of individuals is not so high.

25)

1 Public sector.

2 Private sector because there is a higher demand for job in this sector.

3 Public sector.

4 Public sector.

5 Public employment have a complete management system, private employment has no restriction and they work in a sloppy way

26)

1 Private sector.

2 In private sector it is easier to establish relationships.

3 Yes, because of the five guarantees.

4 Private sector.

5 The private employment has no restrictions.

27)

1 Public sector.

2 Private small and medium enterprises adopted a support policy

3 Yes, the state's economic system has public ownership as the main body

4 Public sector

5 Public employment, because of the guarantee system of the state's supervision law.

28)

1 Public sector

2 I think private sector, because public sector's examinations are very difficult to pass

3 Public sector, because you can not be fired

4 Private sector

5 Public employment, public sector is more open, both internally and externally, even with supervisions. Freelancers only show to the public what they want to show

29)

1 Public sector

2 Private sector, competition in public sector is very high

3 Public sector is more stable, it gives to employees medical insurance, holydays etc.

4 Private sector

5 Public employment, public employees have a relatively stable source of income and it let the be more reputable

30)

1 Public sector

2 Private sector, the opportunities in this sector are increasing daily

3 Yes, once someone enters the public sector, it is very difficult to lose the job

4 Private sector

5 Public employment, because it is very stable and there are not so many risks

31)

1 Private

2 In the private sector it is easier to find job, because from a traditional point of view, public sector is seen as more stable (Chinese culture is based on stability and regularity) so the majority of people prefer working for public sector, for this reason competition is high.

3 I don't think public sector is more stable or gives more guarantees. This point of view is very common just because this thought has cultural bases.

4 Because of my temperament I think that private sector could let me grow and develop my skills.

5 Public employment is more prestigious because of political reasons. If an employee has problems, public employment can help him to find a solution better then private sector.

32)

1 Once I'm graduated, I prefer working for the public sector because it is more stable

2 Private sector because you rely on your ability and experience

3 yes, because it provides pension, stable salary and less risks.

4 private sector

5 public employment is less prestigious because there are less possibilities to grow, but it is more stable and secure, without the risk of bankruptcy

33)

1 public sector

2 public sector, because there is less competition and everything is regulated by the state

3 yes, it is more secure and more stable, the wage is good, they also provide accommodations and other guarantees.

4 private sector

5 public employment is more prestigious because it gives you more guarantees, but in the private sector you have more possibilities to grow

34)

1 public sector

2 public sector, because the demand of workers is higher

3 yes, because the public sector is controlled by the government and there are less risks to lose the job. As long as you don't make a big mistake you won't be fired.

4 private sector

5 public employment is better because once you have the job is really difficult to lose it, it is a more secure and stable environment

35)

1 public sector

2 it is easier to find a job in the public sector because the government has a plan for recruiting a certain amount of students every year.

3 yes, the public sector is more stable and secure, it guarantees fixed salaries, vacations, pensions, accommodation in certain cases

4 private sector

5 Public employment, because the government is involved and guarantees for the companies' reputation and they have more credibility.

36)

1 Once I graduate I prefer working for public sector

2 It is easy to find a job in the private sector because the job request is less high than the public.

3 yes, because there is no corruption and a lot of guaranties and insurances.

4 private sector

5 public employment, because in this way you serve the country and help society.

37)

1 public sector

2 public sector, because if you study hard you will have no problems to pass the public examinations

3 yes, once you get the job is not possible to be fired and it gives you more guarantes, five insurance and one gold etc.

4 private sector, it is a more dynamic work.

5 public employment, my parents always wanted me to work into the public sector because it is more prestigious.

38)

1 Once I graduate I prefer working in the public sector

2 I think private sector, because a lot of people prefer working for the public.

3 yes, medical insurance, hukou, housing and holidays.

4 private sector

5 public employment is more prestigious because it is connected to government.

39)

1 Public sector

2 Private sector, competition is less high

3 yes, five insurance and one gold etc.

4 private sector

5 public employment, you are more connected with the government

40)

1 Public sector

2 I think private sector because public examinations are very hard to pass

3 yes, it is more stable because you can not be fired and it gives you more guarantees

4 private sector

5 public employment, it is more transparent and there is less corruption because it is controlled by government.

