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*Why Do People Work If They Are Not Paid? An Example  
from Eastern Europe*

*by Irina L. Zinovieva*

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**Comments Welcome**

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**Why do people work if they are not paid?**  
**An example from Eastern Europe**

Irina L. Zinovieva  
Sofia University 'St. Kliment Ohridsky', Bulgaria

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## Abstract

The phenomenon of non-paid work on a massive scale is discussed. Research is done in a textile firm in Eastern Europe, which withheld payment for the performed work for more than a half a year. The following questions were studied: (a) what are the perceptions of work and work results in this highly unusual situation, (b) what kind of other incentives are available to substitute for lack of payment, (c) how do people explain their behaviour under such circumstances.

Results show that lack of payment is not a barrier for a high level of effort spent in work, relatively good performance, and organizational commitment. The reasons lie mainly in a high level of need for sense, i.e. tendency to search for the meaning of one's actions and the meaning of life, as well as in perceptions of the work situation as opportunities to satisfy higher order (Maslow type of) needs (self-actualization, esteem from others, and belongingness).

## 1. Introduction

Organizations are special entities designed to converge peoples' needs and wants in order to reach common goals that provide benefit to the whole as well as to the individual. People invest competencies, efforts, personal resources and get in return income, opportunities to apply their abilities, recognition, and status. Income as a reason for working has been viewed upon in very different ways, ranging from the only work incentive in the early literature (Taylor, 1911) to a mere hygienic factor which has to be present in order to avoid dissatisfaction, yet, without any power to increase satisfaction (Herzberg et al., 1959). An extreme example of the first view is well-documented in research on 'the affluent worker' (Blauner, 1964) for whom getting money is a sufficient incentive in the work process. An alternative, more humanistic view is represented by proponents of intrinsic motivation in the work process (Deci, 1975; Deci & Rayn, 1980; Kohn, 1993 a; b; Staw, 1976, a). Kohn, for instance, argues that cutting payment in half might devastate morale and productivity while doubling pay would not necessarily result in better work (Kohn, 1993 a; b). The positive effect of pay increase on performance may be temporary (Vecchio, 1995).

Different views on compensation as a factor determining the outcomes such as satisfaction, and performance do not, however, question the basic role pay plays in the work process. Research on incentive plans (Lawler III, 1981), dynamic incentives (Meyer & Vickers, 1997), different compensation systems (Kanungo & Mendonca, 1992; Thierry, 1992) has revealed several ways of productively tying rewards to performance. It has also been shown that people may develop alternative forms of action to get higher payment with less effort. For instance, workers on wage incentive plans may pressure their co-workers to hold down production to an informal standard (Vroom, 1964). When observed by time-study consultants, people may produce at very low rate (Vecchio, 1995). Other forms of effort reduction to get the same or higher compensation are theft in response to underpayment inequity (Greenberg, 1990), unionization and collective bargaining.

In spite of the existing diversity of views on the functions of payment, its role as a factor to make people work seems quite obvious. It is hard to imagine an employee who gets a very low payment, not sufficient to cover basic living expenses - as is the case in Eastern Europe during the period of transformation - or who has not even received payment at all for several months, and still works hard and gets satisfaction from the work. It is not clear why

people would work if they did not receive payment for their effort, especially when considering large groups of people rather than isolated individuals. Perhaps people could switch to intrinsic rewards if alternative sources of income are present. However, when no payment is provided for a considerable period of time and no additional income is available the researcher has the opportunity to conduct an ultimate test of the centrality of payment.

A number of well known theories such as the expectancy theory, equity theory, and intrinsic motivation theory deal with the importance of payment in the work process. However, they are based mostly on experiments with college students who have alternative ways of supporting themselves, and do not consider the situation of non-payment for a long time as real-life situation. In field studies the payment can vary but is present and usually sufficient to cover the basic needs. The situation we are investigating is unique in its extremity: it combines lack of payment, lack of alternative income, and drastically reduced alternatives for employment elsewhere. This paper is mostly interested in the reasons for working in this situation, it is not intended to test the theories in detail. Yet, the results themselves could provide additional feed-back for further theory development.

The dramatic economic crisis in a number of Central and Eastern European countries made it possible to witness the phenomenon of large groups of people working without any payment for months. The media, for instance, has repeatedly announced that Russian workers from European to Far East provinces insisted on getting their payment, which has been withheld for several months. Similar protests took place in companies in very poor economic condition in Ukraine, Romania, Lithuania etc. as well as in Bulgaria in the period 1993 - 1996. It is most interesting to know what made these people work if they were not paid, how they earned their living, what could have substituted payment in its role of a basic incentive to work.

One would need some kind of explanation here. Is this rational behaviour or is there a defense mechanism involved? Is it a matter of fear, of inertia, of escalating commitment to a chosen course of action (Staw, 1976, b), or rather a way of understanding the lack of opportunities and the need to work hard and create them? Such questions can be answered only by an empirical study since the situation poses itself and theory is not yet sufficiently developed to answer them. The answers, however, are essential not only for social science per se, but also as information for the public opinion in the West which might facilitate understanding and evaluating the behaviour of people in the countries involved in these painful reforms.

## 2. Aim and design of the study

The study addresses three main questions: a) **how** do people work if they are not paid for a long time?; b) **what** makes them work, are there other incentives involved?; c) **how** do people reason in such a situation, i.e. what explanations are adopted? The answer to the first question is sought by exploring the characteristics of the situation at work as well as some personal variables which may define important motivational and behavioural outcomes of work, i.e. organizational commitment, performance, overall job satisfaction, effort spent on work, and tendency to leave the company under the conditions of prolonged non-payment (Fig. 1).

Here Figure 1.

Facets of the analyzed work situation fall into three groups: job characteristics, organizational characteristics, and opportunities provided by the work place to satisfy needs. Job characteristics have been based on the concepts of Hackman and Oldham (1980), i.e. task identity, task significance, skill variety, autonomy in executing the work tasks, feedback from the work itself. Organizational characteristics are: leadership (socio-emotional and stimulating leadership), information sharing (about daily matters and long-term policy), participative decision-making about daily matters and policy issues, income, career opportunities, and physical conditions of work. The studied opportunities to satisfy needs in the work situation concern need for growth, for esteem by others, for belongingness, for security (both job security and predictability), and need for good physical conditions (Maslow, 1954). The personal characteristics examined are gender, age, qualifications, strengths of (Maslow type) needs, need for sense, tendency for social desirability, and individual socio-economic well-being. The need for sense is specific for this study (Zinovieva, 1997) and is defined as the

need to understand the reasons of one's activity, to be aware of one's future, and of the sense of one's life. (A list of all variables can be found in Table 5.)

The second question, i.e. what makes people work under the described conditions is answered by path analysis of the theoretical model. The third question concerns the psychological mechanisms functioning in a situation of non-payment work. To answer the latter question we rely on narrative reports illustrating how people reason when solving such an existential problem as non-payment. We also use individual and group interviews, and structured observations. Most of the data come from a case study<sup>1</sup> conducted in a firm in poor economic condition, known to be withholding payment for several months.

### **3. Method**

#### **Description of the firm from the case study**

This case study was conducted in a medium-sized textile firm with 1000 employees, producing goods mainly for former COMECON markets. After the changes in 1989 the firm experienced considerable market shrinkage and, consequently, downsized to less than 350 people. For a few years the situation in the firm was disastrous: technology was out-dated, working conditions were very poor, workers did not receive any payment for months, two thirds of them lost their job, large parts of the small-size equipment was stolen. Partially due to this circumstances, the managing director was dismissed. His successor tried a major restructuring reform but it failed. However, he succeeded in finding some new markets, though not reliable. Now and again, the firm got small-scale contracts, mostly as a co-producer for a western firm. These successes, however, were insufficient to meet the demand for regular debt repay.

#### **Instruments**

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<sup>1</sup> This case study consists a part of a Joint European Research Project on Work Motivation and Quality of Working Life supported by the COPERNICUS PROGRAMME of the European Commission, contract CIPA-CT-93-0256. It had the form of a consultancy project applying of the method for organizational consultancy, developed within the same framework.

The data from the case study was collected by means of a questionnaire which had previously been standardized on a national representative sample. A detailed description of the questionnaire is presented elsewhere (Roe et al., 1997). All scales used discriminate well and have Cronbach alphas higher than .60, most above .80. Some 10 individual interviews with top and middle management, staff and workers were carried out. A large number of observations were made during the whole investigation which took over four months. The results from the analysis of the questionnaire data, interviews and systematic observations were integrated in a report. It was later discussed at several feed-back sessions with groups of up to 15 employees from all departments (more than 100 people altogether). The participants in the feedback sessions confirmed the results as adequately reflecting the reality in the firm.

Additional data about the financial situation and market position of the company was obtained in interviews with the managing director and his deputies as well as in interviews with shop-floor employees.

### **Data analysis**

The data analysis comprised descriptive statistics such as means and standard deviations for all scales, analysis of variance of specific variables using data from the case study as well as from the national sample. The analyses were done by SPSS for Windows. Linear structural relations of the situational and work outcome variables were established by LISREL 8.2 (Joreskog & Sorbom, 1993). Data from the interviews and group sessions was subjected to content-analysis.

### **Sample**

The questionnaire was handed to 193 people from all departments at all levels in the firm hierarchy. A large part of the respondents (69%) were women. The investigation was made in January - April 1996. The response rate was rather high: all departments were represented, with over 70 percent of the employees responding, with the exception of one where about 60 percent of the employees filled out the questionnaire. Several employees held positions that do not allow them to be absent from the work place for more than half an hour, which is the minimum time needed to fill out the questionnaire. Working on the questionnaire



in the work place was not recommended for safety reasons. A large number of individuals were on short- or long-term leave for medical reasons or maternity. Thus, practically all people available actually filled out the questionnaire, and the sample could be seen to represent the reality in the firm.

Part of the data from the case study was compared with a national representative sample from an empirical study conducted in Bulgaria in late 1995. The sample is described in the chapter by Roe et al. in this volume.

#### **4. Results and discussion**

##### **A. How do people work without pay: description of the work situation and work results**

###### **The economic position of the employees**

In order to get an impression of the firm's general economic position, it was compared with the national sample with respect to the variables economic condition of the firm, worker's perception of the payment, and individual socio-economic well-being (Table 1). On all three indicators respondents in the firm scored considerably lower than those in the country as a whole. The differences are highly significant. The individual economic situation can be described as follows: 12% hold an additional job, and 67% have a person in the family who earns more than they do. At the same time, 88 % of the respondents cannot cover the daily expenses for food, beverages etc. Going out and having a holiday seems to be an absolute luxury since only 12 % of the respondents report such an opportunity. This situation clearly shows that even while working in this factory people lived far below the poverty line. If this is the case, why do they work at all?

Here Table 1.

One straightforward answer to the problem of non-payment is offered by the social comparison hypothesis: in a country where the average income level is very low and

everybody gets nearly the same, it is possible to accept even non-payment as a temporary alternative. This explanation does not seem satisfactory, however, for at least three reasons. First, non-payment is exceptional, not at all a typical situation for the country. Second, individual socio-economic well-being is dramatically low which does not allow accepting non-payment, certainly not for a long time (in this case longer than half a year?!). Third, getting another job might not have been an impossible alternative. The unemployment rate in the time when the survey was conducted was high but not extremely high (11 %) and even has shown a slight tendency to diminish. The region where the studied firm is situated was known to have even lower unemployment rate (Bulgarian National Bank, Annual Report 1996). The dramatic economic situation of the respondents may have affected the perception of opportunities present outside the firm, but it is not sufficient to explain the phenomenon in question. If the reasons to work had been only negative, people might simply have stopped working. If they continued working for such a long time, there should be a positive reason as well, which could be, for example, that they had reasons to hope for better times.

#### **How does the work look in the eyes of the employees?**

The working conditions are perceived as bad and health threatening. In the production area where over 80 % of the employees are engaged, working conditions are seen as highly stressful: workers are exposed to a high level of humidity, high or low temperatures, high level of air pollution - chemicals or cotton dust, vibration, loud noises, draughts. For most people the work is monotonous and highly standardized (Table 2 - for all means 1 is minimum, 10 is maximum value), although the work in the factory is not unskilled. A considerable variety of skills is needed, the mastering of which takes a long time and requires a special effort. The employees consider their work to be significant for the factory and also for the community. The jobs give a clear feedback on how well they are performed since detailed performance standards are available. The individuals from all levels are expected to apply the standards on themselves. Formal quality inspections take place only rarely. The autonomy in executing the tasks is quite high. While being at the work place and doing their work people feel free. They like to stress this in the interviews and in informal conversations with the researchers. As far as work contacts with managers are concerned, things change considerably, though, since those relations are mostly distant, tense, and emotionally demanding.

Here Table 2.

Leadership practices are diverse and depend on the manager's personality, rather than on a shared organizational culture. There are units where the supervisors are friendly to their subordinates, consult them and enjoy their support, while in other units supervisors are rude to their subordinates. A certain fear of the managers could be observed. People are reluctant to share problems and ideas concerning improvements of the work process with others. This situation is observed most often in those units, where relationships between supervisors and subordinates are neutral or bad. A kind of self-censorship seems to exist due to the concern that an outspoken idea for improvement would be considered as a personal criticism of the manager.

The managers' role concentrates on the correction of poor performance. They urge people to meet the deadlines and comply with the standards. This feedback is not given, however, on a regular basis, but it happens now and again, and is accompanied by the expression of negative emotions. Usually, managers give feedback about the quality of performance when an important mistake has been made. However, when a worker does her/his duties and works better than the others, she/he is not encouraged. In the departments where no piece-rate pay scheme is applied, rewards for better outcomes are not foreseen at all. Additional work would be the only reward for good performance. The likelihood of promotion is estimated as low. Only a few persons, mostly managers, perceive to have career opportunities.

The formal communication channels provide the necessary minimum information to keep things going. Workers and staff are only informed about their current work: task distribution, speed, technical quality criteria. Other issues, especially concerning medium and long-term policies for the units and for the factory as a whole, as well as HRM policies that directly concern everyone in the firm, hardly ever reach the employees. Team-members are only involved in decision-making as far as task distribution is concerned. The participants in the administrative units do not have a say on any short- or mid-term policy matters. These are reserved for the group of directors and shop managers. Only the managing director is involved in long-term planning, the others might be consulted once in a while.

It is interesting to analyze the employees' perception of the opportunities to satisfy Maslow type of needs in the above work situation. At the time of the study no job reductions

were expected. The financial situation of the firm, however, was perceived as a threat to job security. The opportunity for job security was not salient, though, since in a long-term perspective the employees did not perceive their jobs as stable. This situation is reflected in a moderate level of perceived opportunity for job security (4.82).

Of the Maslow type of needs, the opportunity for belongingness was the greatest (8.48). People get on well together. A large part of them have been working together for years, and know what they can expect from each other. They do have some interpersonal problems, but these are viewed as relatively unimportant. Everyone has colleagues to rely on, who actually help in difficult situations. In the informal groups people support each other. The formal groups, however, are not based on unity and mutual aid. The relationships in administrative entities rest on emotionally based competition, rather than on cooperation.

Most people think they get esteem from their colleagues (8.02). This tendency is weaker in the shops where piece-rate pay scheme is applied. Although the opportunities for personal growth are not perceived as high as the ones for belongingness and esteem from others, they still are rather high (7.64), especially under the conditions described. The factory is certainly perceived as providing an opportunity to apply professional skills, and to get a sense of self-actualization.

This is an important result. Even under the very bad working conditions of standardized and monotonous work, with little room for participation in decision-making the employees perceive their work as providing quite good opportunities to satisfy higher order (Maslow-type of) needs. The organization gives one a chance to use and develop one's potential. It gives opportunities for social contacts and the feeling of being important. Working in the factory allows people to have their own place in society, to enjoy social status. In this respect the factory seems to be of high value to the employees. These are powerful resources the organization has at its disposal to keep its employees.

Another interesting finding addresses the personal characteristics of the respondents. They have a high need for sense (8.43 - Table 3). This applies to all levels in the hierarchy: from workers to top management. This means that people in the factory have a strong tendency to search for reasons for their activity. They like to know what their work actually means to others, and what the prospects are for the future of what they are doing today.

Here Table 3.

### **Work results in the factory where the salaries have not been paid for months**

Quite understandably, overall job satisfaction is relatively low (6.18), but people insist on keeping their jobs. There are no serious intentions of leaving the company (4.50), but if someone were to get an offer for a higher paid job with another employer, it is quite likely it would be accepted.

Given the aforementioned one would not expect the personnel to put a lot of effort in their work. 'On the assumption that money is positively valent ... level of performance increases as the expected relationship between performance and wages increases. ... this effect is greatest to workers who report that money is relatively important to them.' (Vroom, 1964, p. 260). In our study, where individual economic well-being is below the poverty line, money is highly positively valent but one would expect no relationship between performance and wages (the latter would not be paid at all). What should be expected in this case the theory does not predict explicitly but the whole spirit of the same theory suggests negative expectations for performance. As the data reveals (Table 4), however, the largest part of the people report spending a lot of effort in their work (8.57)! At the same time, they admit that task fulfillment is considerably lower (6.98) than it should be, when so much effort is spent on the work. One explanation to this contrast could be the ineffectiveness of the work organization. From our standardized observations it appeared that much effort is put into the work but it is not well coordinated. The impression is that everybody takes care only of what he or she is personally in charge of. The large variety of functions, requiring group cooperation are not present.

Here Table 4.

Another explanation of the results discussed so far can be a possible tendency for social desirability. The examination of the related variable, however, shows a moderate level (7.20) which can be interpreted more in terms of self-acceptance, rather than as a tendency towards highly positive self-presentation. At the same time, it serves as a control variable in identifying response tendencies. As shown (Table 5), social desirability has significant correlations with a small number of variables: corrective leadership, tendency to leave, organizational commitment, and the strength of the security need. These variables should be

treated with caution. This evidence provides good reason to reject the social desirability hypothesis as an explanation of the results.

Here Table 5.

In conclusion, the analysis of the variables' means has shown a striking phenomenon: in a situation characterized by very low payment followed by lack of payment for several consecutive months, and very bad working conditions in a firm, one finds a high level of effort spent on the work, moderate levels of organizational commitment and overall job satisfaction, and quite an acceptable level of performance. A reasonable alternative would be the search for a better work place. Yet, the observed tendency to leave the company is quite weak. An attempt for an explanation of these results could be sought in path analysis of work input - outcome relations.

### **B. Structural relations: what makes people work?**

The theoretical model (Fig. 1) has been subjected to path analysis. The major question is what are the determinants of such important variables as effort spent on work, overall job satisfaction, tendency to leave the company, commitment to the organization, and performance. The results are presented in Figure 2. Surprisingly enough, most influential are the need for sense and opportunities to satisfy the need for personal growth. The need for sense has quite a strong influence on two of the outcome variables: expenditure of effort (.33) and organizational commitment (.29). This means that people who tend to look for explanations and reasons for their actions, are interested in the long-term perspective of their activity, and search for the meaning of life they also tend to put (more) effort in their work, and be (more) committed to the organization. The effort spent in work also depends on the degree to which the work situation is perceived as giving opportunities for personal growth (.40). The organizational commitment contributes positively to the work effort as well (.24). The opportunities for belongingness to a group at the work place, however, have an adverse impact, they diminish the effort expenditure (-.18).

Here Figure 2.

The most peculiar configuration of determinants in the linear structural model is shown by organizational commitment. The organizational commitment depends on the need for sense (.29) and (positively !?) on the payment (.26), in this case, lack of payment. Naturally, the tendency to leave strongly reduces the organizational commitment (-.53), however, in this particular case it reaches quite a modest level. This allows commitment to be kept at an acceptable level for the organization. The moderate level of organizational commitment could be a result of the combination of a low tendency to leave the factory and a high level of need for sense, which successfully balances the lack of payment. These factors account for a large part of the commitment variance (73%).

The satisfaction is determined by three equally influential input variables: opportunities for esteem from others, stimulating leadership, and career opportunities. Even a high level of opportunities for esteem from others in the factory does not seem sufficient to substitute for the lacking career opportunities, and the rare attempts for a stimulating leadership. As a result the overall job satisfaction is moderate.

As seen from the path model, the tendency to leave could be prevented through overall job satisfaction and stimulating leadership. Moderate levels of stimulating leadership and job satisfaction could have produced a relatively strong tendency to leave the company, however, these variables account for 54% of the variance. Other, mostly environmental factors such as the high level of unemployment serve as an impediment to leave the company .

Performance depends on effort expenditure, task variety, and payment. Effort has the strongest impact (.43) followed by variety (.31). Finally, the impact of payment on performance has a negative value (-.22), which is understandable for lack of payment. Remarkably enough, it is quite less strong predictor of performance than task variety, and (indirectly – through effort expenditure) perceived opportunities for personal growth, and need for sense.

There are some difficulties in the interpretation of these results. For instance, it is hard to imagine how is it possible that lack of payment could have a sound positive relation with organizational commitment. Even if this would be an effect of social desirability, such a fact has to have some reasons behind, people should reflect it somehow, whatever absurd their understanding might be. Or, why is the performance higher than should be expected? What does it mean in real terms that need for sense is so important? To answer these questions

further observations and interviews were conducted. They revealed some special coping mechanisms and strategies, which are described below.

### **C. Coping mechanisms and strategies in the situation of non-paid work**

A report containing the foregoing analysis was presented to the employees who were invited to participate in a discussion on the findings. In each administrative unit subordinates and supervisors attended separate sessions. At the feedback sessions people were asked to comment on the validity of the conclusions in the research report, to give explanations and reasons for the observed behaviour (including the above-mentioned 'difficult questions'). They were also encouraged to provide examples of the habits and ways they have to cope with the situation.

The relationship between payment and performance has attracted much attention in all feed-back sessions. Three types of answers were given: a) one has to forget payment otherwise it is not possible to work?! ( An example answer: 'Please, do not speak of payment, if I had started to think of the payment I would not have been able to work at all. '); b) there is no other choice - it is difficult to find another job, thus, one has to work here. (Typical answer: 'What can I do, where can I go in these times of high unemployment?'). It is interesting that nobody has ever mentioned living on social benefits, this is not considered as an alternative; c) building on one's skills and actual competence is preferred to starting something new and uncertain. (Most of the answers were of the following type: 'What I can do I do here,... to start a new job? First, one has to find it, where does one find it? Then where can I learn the necessary skills, and how can I be sure that I'll be good enough?' 'Here I know the people, they know me') The solution sounds constructive: 'Here is our place, we must restore this firm again...'

The constructive approach appeared even stronger when discussing the question whether the employees have ever considered the option to stop working when not being paid. The following answers were expressed and strongly supported by others: ' We wanted to go on strike... but what can a strike change? It would only make the things deteriorate further'. 'We may lose a new market.' 'Yes, new markets, this is what is needed, nothing else can solve the problem...' 'We cannot find them, we are not good at this .. they [the managers] have to



find them...'. While discussing the firm's future most people seemed deeply concerned, and also skeptical, because they did not trust their managers' good will. This type of reasoning goes back to the frustration of the mature personality described by C. Argyris (1964), and called Homo Oeconomicus Maturus by B. Fray (1997). We have witnessed people who endure hardship caused by their firm. They are unable to influence its future. And yet, they think of possible solutions and strategies. They perceive the firm as something that belongs to them, and they have a kind of mission in it. It seems that the firm provides an important meaning to their lives (which is reflected in the role of need for sense shown in the structural model).

The profound economic crisis accompanying the transformation from state-controlled to market economy in the former 'socialist' countries reduced the employment opportunities for a large number of people since their professional skills were not in demand any more. The latter were given the option to keep the job they have, or be unemployed for a long time. It might be that in times of economic crisis, when the short-term prospects are adverse, people may turn to long-term perspectives and be more receptive to postponement of need gratification and collective effort than in 'normal' times. Their approach to the reality may seem as collectivism to the outsiders, but it is a mere reflection of a different situation and represents a rational approach to real-life problem solving. This attitude could be treated as a coping strategy, rather than as a defense mechanism because it could lead to the creation of opportunities for a large number of people and, as such, be productive. In this case, the employees are ready to invest effort for free in order to restore the firm as a way to secure their future. However, if such attitudes operate in sense-making and value systems, it is yet to be found to what degree and under what conditions they become part of the behaviour.

Another much debated issue was: 'Why is performance relatively low if people spend so much effort'. The answers can be grouped in two categories: quality of raw materials and the organization of work. The organization of work was described as poor: there are several unexpected breaks, the maintenance is not done properly, the supply of raw materials is not regular.

The organization of work is connected to one of the most striking phenomena in the firm: the application of the standards of performance. A large number of technical standards exist and are supposed to be clear, directly measurable, and obligatory. In the case of a mistake, sanctions are foreseen. But what actually happens in the case of violating the standards? It depends on the work place, but in most cases nothing special or nothing at all

will happen! As a rule, the payment is not connected to the quality except for the extreme cases of ignorance. This makes room for individual standards of performance to substitute the formal ones. For instance, the rule 'one should not make any mistake' can be transformed into the belief that 'I cannot make mistakes most of the time'. People apply the standard on their own and can adapt the standard to their individual perception as they rarely obtain evaluation from outside and hardly ever get an overall performance appraisal. There is no need to look for approval from the co-workers or managers, or to compare one's work with the work of others. This is a kind of **freedom** which is important to the employees in the firm, they specially mentioned it in the informal conversations with the researchers.

It seems that the people in the firm find their way to substitute the payment for other valuable incentives - freedom to choose their activity and autonomy in judging the quality of their performance. This way the organization seems to have a special personal function for the employees. This explanation is consistent with the high level of need for sense associated with work and the high value of opportunities for personal growth offered by the organization. People from our case study are centered on intrinsic rewards: opportunities for growth and esteem, and need for sense created by the job. Leadership is valued if it has a stimulating direction, i.e. encourages new ideas and new ways of working. The organization also provides opportunities for social contacts, creates meaning in the employee's life and feeling of being important. Leaving the company means losing these valuable rewards as well.

### **Conclusion**

Not paying for the work performed might be considered as eliminating the basis of a psychological and legal contract between the company and the employee. In such a situation one would expect break of the contract, ceasing the activity, or an overt conflict between the parties involved. In a case study of a firm which had not paid salaries for several months no such tendencies were observed. The results were strikingly in opposition to the expectations: one witnesses a high level of effort spent on work, a moderate level of satisfaction, organizational commitment, performance, and a tendency to stay rather than to leave the company. The researcher is fascinated to see the firm operating, as nothing special had happened. The analysis of structural relations reveals the predictors of these outcomes to be the need for sense. i.e. to understand the reasons of one's behaviour as well as the future directions

of it, and the opportunities provided by the work situation to satisfy Maslow type of needs, notably the need for personal growth and for esteem from others. The other important situational variables are closely related to the first ones: stimulating leadership in the direction of trying new ideas and ways of doing things at work, variety, and career opportunities.

This pattern clearly shows that in the highly unusual situation studied here, the work shows a number of ideosyncrasies. Neither the extrinsic, nor the intrinsic characteristics of the work are crucial. It is not the content of the work per se which makes people work, as the job they have to perform is too simple and too old-fashioned for this, and is performed under highly stressing working conditions. The work has a special personal function, i.e. that of self-development and self-actualization, as well as a social function, i.e. the job as a key to social contacts providing prestige in the eyes of others. People seek to apply their capacities to a meaningful activity, and by doing this they gain their place in society, social status, and some, at least, symbolic recognition for their participation. This is what can substitute the core traditional work incentives.

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**SITUATIONAL  
CHARACTERISTICS**

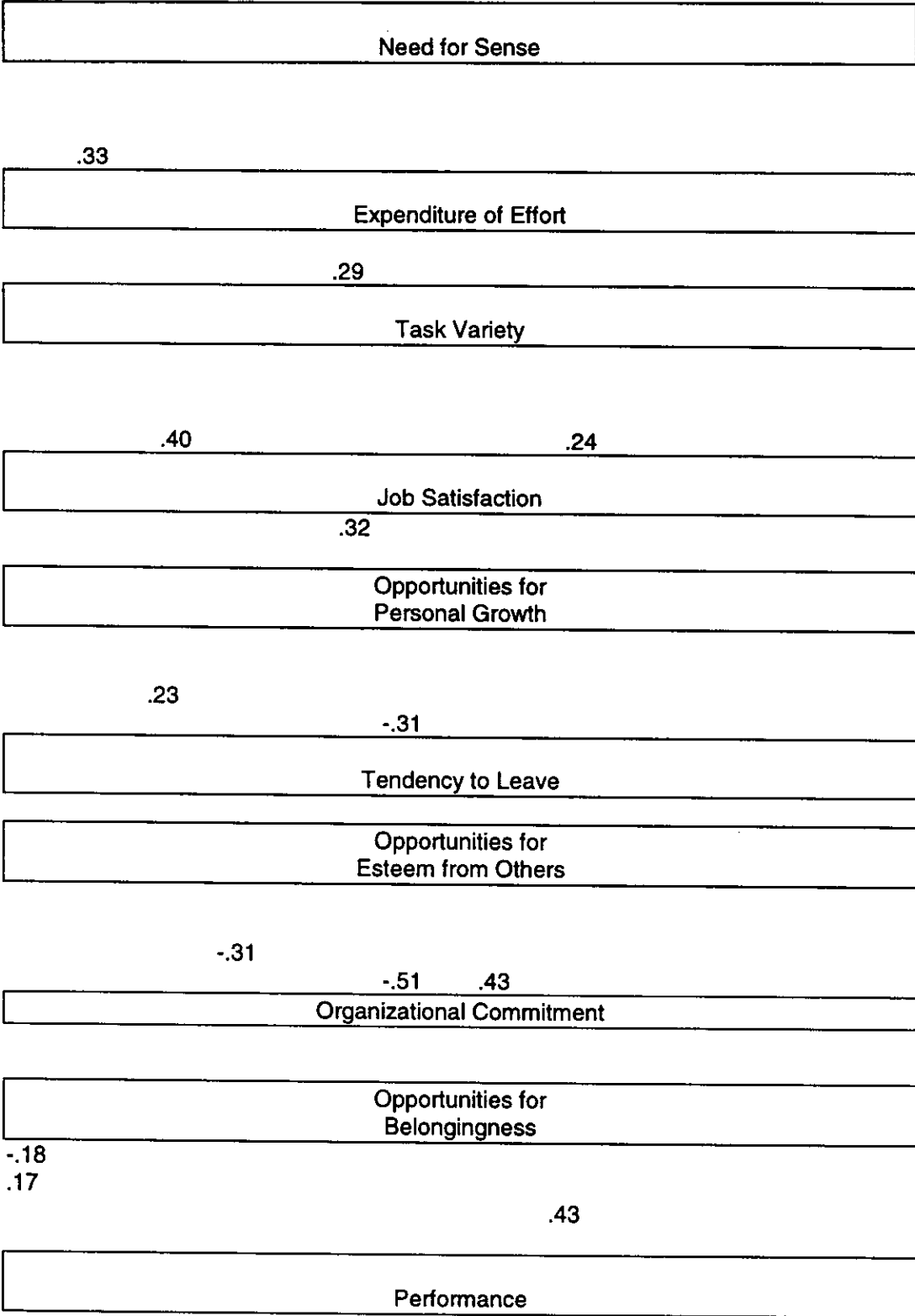
**SOCIETAL  
(FIRM)  
OUTCOMES**

**ACTIVITY**

**PERSONAL  
CHARACTERISTICS**

**PERSONAL  
OUTCOMES**

**Figure 1. Interactive Model of Work Activity**



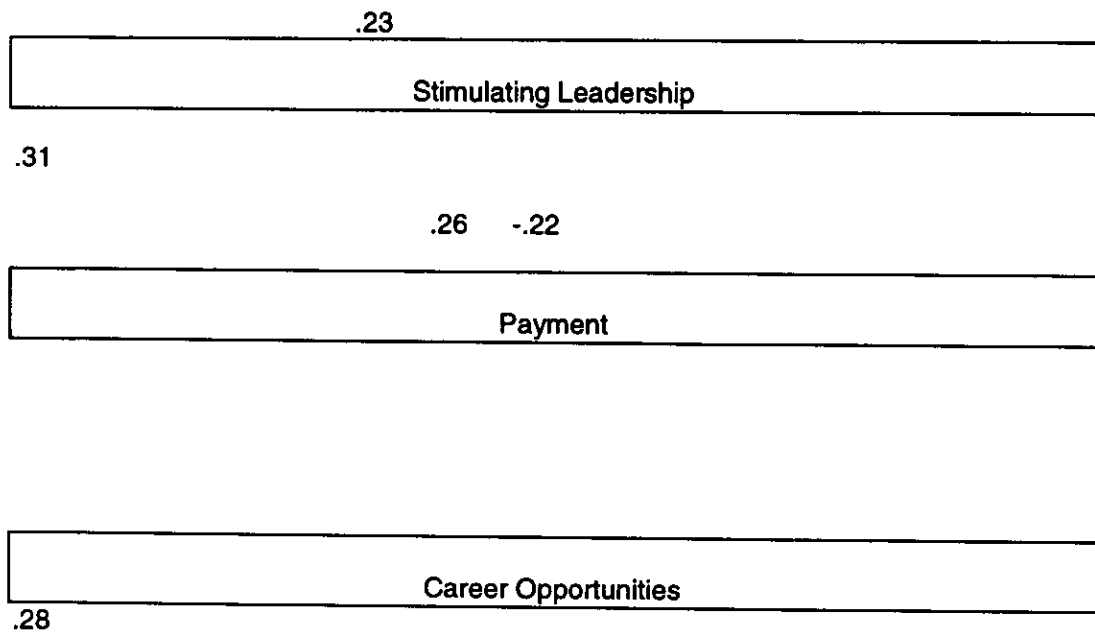


Figure 2. Path Analysis of Situational and Personal Characteristics with Work Outcomes in a Textile Firm, N=164. GFI=.95; AGFI=.87; RMR=.046

**Table 1. Comparison between the National Representative Sample and the Textile Firm.**

Variables	National sample	Textile firm	Significance level
	Mean	Mean	
Economic Condition of the Firm	2.54	1.1	**
Individual Well-being	3.36	2.2	**
Payment	4.50	2.81	**

\* -  $p < .01$

\*\* -  $p < .001$



**Table 2. Means and Standard Deviations of Work Situation Variables in a Textile Firm.**

Variables	Mean	St. Dev.
Variety	7.02	2.3
Feedback from Work	8.63	1.6
Task Significance	7.97	2.0
Autonomy	7.56	2.1
Task Identity	7.24	1.91
Standardization	7.36	1.9
Corrective Leadership	7.75	1.4
Stimulating Leadership	6.81	2.2
Information on daily matters	7.02	3.2
Information on Policy matters	3.93	3.1
Decision-making on daily Matters	6.31	2.7
Decision-making on Policy Matters	3.50	2.7
Physical Conditions at Work	4.83	2.4
Career Opportunities	3.60	2.3
Opportunities for Personal Growth	7.64	2.7
Opportunities for Esteem from Others	8.02	2.1
Opportunities for Belongingness	8.48	1.7
Opportunities for Predictability	8.69	1.6
Opportunities for Job Security	4.82	2.4
Opportunities to satisfy Physiological Needs	5.01	2.2

Note: 1 = minimum ; 10 = maximum

Table 3. Means and Standard Deviations of Personal Characteristics of the Employees in a Textile Firm.

Variables	Mean	St. Dev.
Need for Personal Growth	6.40	2.0
Need for Esteem	5.94	2.0
Need for Belongingness	6.18	2.0
Need for Security	6.18	2.1
Physiological Needs	5.68	1.8
Need for Sense	8.43	1.36
Social desirability	7.26	1.08

Note: 1 = minimum  
10 = maximum

**Table 4. Means and Standard Deviations of Work Outcomes in a Textile Firm.**

Variables	Mean	St. Dev.
Organizational Commitment	6.88	1.7
Expenditure of Effort	8.57	1.5
Performance	6.89	1.7
Satisfaction	6.18	1.6
Tendency to Leave	4.50	1.9

Note: 1 = minimum  
10 = maximum

**Table 5. Correlations of All Variables with Social Desirability.**

Variables	Correlation	Variables	Correlation	Variables	Correlation
Variety	-.18	Decision-making on Daily matters	.17	Need for Growth	.05
Task Identity	-.08	Decision-making on Policy Matters	-.01	Need for Esteem	.13
Task Significance	.09	Career Opportunities	.03	Need for Belongingness	.23
Autonomy	.02	Physical Conditions	.05	Need for Security	.32*
Feedback from Work	.05	Opportunities for Personal Growth	.12	Physiological Needs	.04
Standardization	.15	Opportunities for Esteem	-.01	Need for Sense	.13
Corrective Leadership	.30*	Opportunities for Belongingness	.00	Organizational Commitment	.33*
Stimulating Leadership	.18	Opportunities for Predictability	.10	Expenditure of Effort	.24
Information on Daily Matters	.17	Opportunities for Job Security	-.12	Performance	.00
Information on Policy Matters	-.01	Tendency to Leave	-.28*	Satisfaction	.09

\* -  $p < .01$

\*\* -  $p < .001$