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### **INFLUENCE OF WORK MOTIVATION ON FORMAL AND INFORMAL LABOUR PRACTICES: THE GERMAN AND GEORGIAN EXPERIENCES**

*В статье рассматривается анализ структуры мотивации субъектов трудовой деятельности, а также факторы, которые влияют на формальные и неформальные практики трудового поведения в Германии и Грузии. Рассматриваются мотивы, способствующие или препятствующие распространению неформальных трудовых практик, а также социальные условия, влияющие на формирование таких мотивов у немецких и грузинских работников. Анализируется, как трудовая мотивация влияет на типы интеграции в данное общество, и какие формы трудовой активности поощряются в обществе и почему. Сделана попытка сравнения моделей трудовой активности сформировавшихся в Грузии и Германии. Анализ проведен на основе данных собранных автором в Германии и Грузии в рамках исследовательского гранта предоставленного Boell Foundation Scholarship Program.*

The market-process oriented reforms that have been instituted in Georgia since the first half of the 1990's have intensified the preexisting problem of popular adaptation to the drastic changes in the sphere of labor. As a result of these reforms, new types of socio-economic behavior have emerged. Labor has been transformed from a social obligation into a right. The range of possible forms of employment, and of the types of occupations available to the population, has grown substantially. The types of socially sanctioned motives of labor organizations have change considerably. An ideology emphasizing individual wealth and private property has returned. Drastic changes in the prevailing attitude to private property have led to the gradual formation of a new hierarchy of labor values and priorities. This change in labor values has, in turn, led to the gradual formation of new models of socio-labor behavior and precipitated many of the problems currently connected with the of motivational activities of laborers in by placing them in a qualitatively different socio-economic situation. Problems of adaptation, throughout the different corporate groups and social strata of Georgian society, can be traced to these substantial changes in the values and "motivational orientations" in the Georgian socio-economic structure.

Of all the possible types of social activities, labor activities generally have the biggest impact on everyday life. Labor activity, as one of the most basic social processes, helps a society to realize its fullest potential. A study of the problems associated with the adaptation processes in the sphere of labor currently existing in Georgia illustrates the shortcomings of this model to the requirements of a market economy and a democratic society. Labor behaviors and the labor relation skills acquired by laborers under a socialist economy, with all the advantages and disadvantages associated with them, turn out to be inadequate under the new patterns in social and labor relations. We must take into consideration that countries with developed market economies have achieved their maturity through many years of different schemes, models and patterns of labor relations. In order to understand and analyze the models of adaptation in the "sphere of labor" that have developed in Georgia it is important to compare them to the models existing in countries with well formed market systems like Germany.

This article is an attempt to analyze the **underlying structure behind that motivates the subjects in the labor-relations field, and to analyze them as factors that are affecting formal and informal practices of "Labor behavior" in the nations of Georgia and Germany.** It is important to understand what kind of labor motives promote or prevent the spreading of informal labor practices, and which social conditions influence the formation of such these motives in German and Georgian Laborers. It is important to understand how labor motivation influences the types of integration into these respective societies, and to understand which forms of labor activity are encouraged by the society and why. It is important to understand the respective models of labor activity that have formed in Georgia and Germany based on these different labor motives and the factors associated with them.

This analysis of the labor experiences in Georgia and Germany was made possible through the comparison of data acquired by the author during "on-site" study while in the nations of Georgia and Germany and was completed within the framework of the Boell Foundation Scholarship Program.

#### **Informal Labor Relations as a Form of Integration into Georgian Society**

## **Розділ 2. Соціологічні дослідження проблем сучасного суспільства**

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The tasks achieved in this part of the article include the study of functional characteristics of informal relations and the definition of a "values and norms" structure found in the Georgian society supporting professional activities of a Georgian laborer.

The regulating factor of social behavior in any socio-cultural environment is a typical complex involving the patterns of behavior that direct an individual. These patterns include his or her professional activities. Any professional activity is inherently determined by the functions of that profession, that is to say, every profession requires individuals to have certain behavior qualities in order to be proficient in that career choice. Professional activities are, therefore, determined by an active behavioral regulator that forms a typical behavioral image of professional activities. The absence of qualities corresponding to the requirements of the market economy, when found in laborers, can considerably hinder their process of further adaptation to the new situations in the sphere of labor. This, in turn, can become one of the main precipitating factors in the development of informal labor relations in the employment sphere.

Informal labor relations, in this context, include any relations emerging at work beyond the traditional, formal relationships usually associated with the workplace. Examples of informal relations include labor relations that are based more on personal contacts such as friendship, nepotism, patronage, and good relationships with the management, rather than the formal rules or contractual agreements. Conversely, formal relations include those relationships established by formal documentation such as instructions, orders, contracts, legal regulations and statutes.

The results of the authors research<sup>1</sup> reveal that, even though the type of laborer characterized by inertness and an absence of urge towards professional growth prevailed, a great number of laborers still hoped to succeed in the new economic conditions without acquiring these professional qualities. Instead, these laborers believed in employing old forms of goal achievement; in the soviet period this was often done through patronage, influence, and nepotism.

*"The whole Soviet society was formed by asocial persons. On the one hand, there was a legal system, on the other- an informal system of relations that was latently spread in our society as a new Soviet system of values"* (an Expert)

In Georgian society, group decisions are preferred to decisions by individuals. In terms of the interaction between individuals, personal relationships and other relationships built on mutual trust, tend to prevail over more formal relationships. This informal relationship, and the confidence in these relationships, permits loosely defined functional obligations for each individual involved. This results in an absence of standard controls over the quality of whatever product or service the laborer is obligated to provide. This absence of control, and the development of informal relationships in the labor sphere, has caused public institutions to lapse in their function of satisfying public requirements. These institutions have become ineffective due to being oriented towards the realization of personal or group (clan) interests instead of fulfilling their intended function.

*"Labourers identify themselves with a group, they are devoted to 'their group' and work for its benefit and not for the benefit of the society but often against it"* (a respondent)

The informal norms that define individual behavior precipitate the emergence of "group interaction ethics" (morals) capable of regulating group interaction. These result from the public necessity to regulate human behavior and form behavioral stereotypes. However, because informal norms are a type of social regulator, they need to rely on the social institutions necessary for their realization. These informal norms require a reference group, a family, church, school, and other institutions of the kind in order to be successfully implemented.

Informal relations, in terms of group interests, function as a social regulator. They influence the motives, goals, and means and actions available to people through social institutions. Small groups tend to form a rather complicated system of norms. The main principle of a group is to "be like the others", in this case, the community or collective, negatively impacts any inclination of an individual to "stand out" from the community itself. It disapproves of, or even tries to eliminate, the qualities that would differentiate one individual from another.

According to the research carried out by the author in Germany, informal relationships in the above sense exist there as well, but are not as widespread as in Georgia.

*"Sure, nepotism is widely spread, and patronage as well. Without contacts you might not be able to find a good job, which means you have to behave according to the informal rules and codes"* (a respondent)

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<sup>1</sup> Charkviani T. Informal labour relations in Governmental institutions. Collection of articles: South Caucasus: Spaces. Histories. People. 2006, p.234

*"The contacts are usually based on informal relations. For instance, a young man might arrive in Berlin and know that one of his relatives owns a restaurant. He can easily start working in the place without even having formal job permission. Sometimes it's enough to just be from the same origin to get a job. There are certain fields taken by people from a certain origin. Turkish people in the foodstuffs field, Georgian girls as babysitter, Georgian men as construction workers, etc. ( a respondent).*

As the importance of professionalism and more regulated labor relationships prevail over most of the informal relations in Germany, Germans have begun to disapprove of informal labor relations being used in high positions.

*"Organized labor is weak in Germany, so it might be difficult to introduce laws safeguarding people, so that you are not a victim of informal arrangements at the workplace. It would be fair to give people a chance, meaning that in highly competitive areas such as science, public administration, and state agencies, employment should not be based on personal relationship. I guess that could be implemented by law" (a respondent)*

Ultimately, Germans appreciate professional qualities over informal relationships. German perspective is largely oriented towards high quality of work results, since the quality of their work determines how they are evaluated by society. As such, in order to be a candidate for employment or promotion in Germany, at least according to respondents, a person must have certain professional qualities.

*"First, one has to make a good presentation of oneself; ie. Prove that one is capable of carrying out the work at the required level of quality. Acquaintance, patronage, and other informal relationships cannot compensate for his or her lack of skill." (a respondent)*

### **The Essence of Labor Motivation**

In post-Soviet countries, the change of the economic system, and in the types of property, have determined institutional changes in the sphere of labor. This, in part, has changed the **motivation characteristics of labor activity**. First, it is necessary to specify the concept of "labor motivation", to discuss its basic tenets. Later we will define its role in the social adaptation of laborers to these new conditions and discuss the attitude of the society towards these changes. Any human activity is determined practically, by existing needs. People strive either to achieve something positive or to avoid something negative. In a narrow sense, the phrase "motivated activity"- represents free, internally motivated human actions, aimed at achieving goals and realizing interests. In motivated activities, a laborer independently determines the extent of his or her actions depending on internal motivation and the conditions of the environment.

**Labor Motivation-** is the urge of a laborer to satisfy his or her needs (gain welfare) by means of labor activity. The structure of labor motives involve: a **necessity**, which the laborer strives to satisfy; **welfare**, capable of satisfying this necessity; **labor activity**, which is necessary for the gaining of welfare; and **price**, seen as the material and moral cost connected with the realization of the laborer activity. In the formation of labor motivation, the characters of norms and values adopted by the individual, which give both meaning and help in determining their way of life, is of the utmost importance. The norms and rules of labor life that are adopted in the process can have a dramatic impact. A person often starts his or her professional labor activity having already formed an understand of values. He or she knows what interests he or she would like to realize by means of labor. A specific labor environment forces him or her to modify their value orientations in order to make them more realistic. This process is how the second, practical layer of labor consciousness is formed, by determining both the value orientations of the person and the specific circumstances of professional labor life. Practical demands to work determine specific motivation, which, unlike value consciousness, predetermines both the choices and methods available for the realization of goals held by the laborer.

Labor motivation is one of the most important factors in determining the effectiveness of labor. It represents the basis of a laborers potential and all the qualities influencing production activity..Labor potential consists of the psycho-physiological potential, such as the abilities and inclinations of a person, his or her health, the capacity for work, stamina, and the type of nervous system the laborer possesses. It also consists of personal or motivational potential. Motivational potential acts as a catalyst by determining the abilities that the laborer is going to develop and use in the process of labor activity, and to what extent. Obviously, the connection of motivation to the results of labor is mediated by the natural abilities and acquired labor skills of the laborer, but it is motivation that serves as a prime factor in the labor activities of a person.

## **Розділ 2. Соціологічні дослідження проблем сучасного суспільства**

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Labor motivation is different across different cultures. It is impossible to influence representatives of different cultures in the same way using the same motivational stimuli. The labor motivations of a Georgian, a German, a Russian and an America person would all be different. It is necessary to use different stimuli to motivate them since and the same stimuli cannot motivationally influence them all in the same way.

In order to better understand the differences in reaction between representatives of various cultures to the same stimulus, we will give the following example: *A German management specialist, having read AI Turgenev's short story "Mumu" came up with an interesting response: 'I cannot understand. Why choose both of two evils? - The landowner's wife gives Gerasim a simple, clear stimulus: if you want to live in the estate, drown the dog; if you love the dog, take it and leave for the village. Any German would choose one of these options. Gerasim chose neither. His action is paradoxical- he carries out the order and rejects the award. Gerasim doesn't understand simple, clear stimuli and reacts unexpectedly!'*

In this maxim, and the surprise of the German specialist, lie the answers for the solution of the problem- why do representatives of post-Soviet countries, Russians as well as Georgians, differ from the Germans? And how does their motivation differ? The key to answering these questions is to find a "clear stimulus". A German, having received a "simple stimulus" will be "clearly motivated". In other words, a rational stimulus induces, or motivates, a rational action. German stimulation is rationally *individualistic* since the culture itself directs laborers towards *individualistic* values which he or she *rationaly* perceives. *Rational stimulation* involves clear objectives and calculated, well-grounded, ways in which they can be achieved. *Individual stimulation* is based on the principles guiding the laborers' devotion. It enables the laborer to choose the way to make his or her living, this in turn, corresponds to his or her level of professionalism and devotion to his or her labor independently, not being directed by other laborers. The laborer carries a full personal responsibility for the quality of work being carried out. A Georgian laborer, on the contrary, can be characterized as *irrational* and *un-individualistic*. This differentiates the Georgians from people raised in western cultures, since the former react "ambiguously" to "clear" stimuli. In this context, a rationally organized stimulus induces irrational motivation, that is to say, it produces unexpected or unpredicted behavioral results for the researcher administering the stimuli. It is irrational, or *attractive* (from the Latin. *Attractio*- meaning attraction or inclination). It is important to note that irrational, when used in this context, does not mean "not thinking" or "not reasoning". Rationality is just one form of human thinking, there is another- attractiveness. Attractive thinking has specific quality, the lack of calculation, since calculation is a characteristic of a choice based on a rational objective, not an attractive ideal. Attractive motivation does not exclude an urge towards material profit. The urge, in *attractive* decision making is simply irrational, uncalculated and based on faith or other irrational decision-making techniques. The power of a dogmatic, attractive, irrational urge towards an ideal is immeasurably bigger than a rational, phased movement towards that same aim. An irrational ideal has two characteristics. First, an irrational ideal cannot involve a plan of movement towards its realization. Second, the realization of attractive energy by an individual can, in this scenario, only be impulsive in nature.

Labor stimulation may contain the qualities of aimed-rational and/or value-rational stimulation. In aimed-rational stimulation, the use of rational stimuli is increased, this, in turn, decreases the effectiveness of the attractive stimuli.

According to the results of the study<sup>1</sup>, Georgians are more attractively motivated. They are directed to act "in the name of..." values. However, it is important to note that rational stimulation can only define rational objectives such as career or wealth, and not attractive values. For an individual acting rationally, wealth and career goals are not values, instead they are objectives, the achievement of which are generally defined by specific regulations. Conversely, for the impulsive individual, whose decisions are based on the principles of attraction (when there are either no valid regulations or there is an impossibility to follow them), an urge towards wealth and positive career choices are regarded as "values". This type of "urge" usually evolves into passion, which is an attractive but socially uncontrollable inclination.

### **Comparative Analysis of the Attitude towards Labor in Georgia and Germany**

On the whole, the regulation of social behavior of Georgian laborers is cardinally different from the regulation of social behavior by Western individuals. The typical behavior of Western individuals is

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<sup>1</sup> Ibid.

based on individuals responsibility and on an individuals rational elaboration upon the instrumental strategies that the individuals uses to achieve those responsibilities. On the contrary, the algorithm of Georgian behavior is based on *collective conviction*- on acting *together, conjointly*.

Analysis of Georgian behavior, in comparison to the western type, shows the difference characterized by M. Weber as the difference between aimed-rational and value-rational (attractive) social actions. Individuals who are attraction-oriented value general norms and ideals higher than their own, personal aims. Hence, in interaction, Georgians adopt the priority of those norms that reflect collective interests.

This, once again, emphasizes the contrast between the two populations in this study. The aimed-rational actions that are based on individualism and pedantry, and are generally held by western people, formulate the principle of rational decision-making by an individual with the goal of obtaining an individual result, since everyone relies only on oneself. Conversely, the *attractivism* adopted by Georgians proceeds from impulsiveness and collectivism. A system where it is the collective that determines the status of an individual. A Georgian who is independent of the collective finds himself or herself marginalized. This latter system is based on an industrious laborer who is oriented towards the collective responsibility, and inclined toward conservative forms of labor activities. He or she does not connect his or her social status with their achievements in the field of labor and passes responsibility for his or her personal welfare "to the top".

Hence, the motivation of an employee in Georgia under modern conditions has acquired a specific form of motivation- that of *attractive* motivation. In Georgian society "dependency" on the collective and the dictum "be like others" prevails. Because of this principle, the Georgian collective does not value individual labor. It instead values labor that promotes a synergistic effect in the interaction of the collective. Because of this value structure, evaluations of labor that quantitatively or rationally evaluate the individual violates the social norm that states: "do not stand out". However, in order to achieve a synergistic effect is necessary to activate a separate individual. This is made possible by encouraging the individual to realize his or her "personal objective". This motivational mechanism is an attempt to coordinate the objectives of an individual with the aims of the collective.

Analysis of the functions of the main social regulators illustrates that in Georgian collectives, the actions of individuals are directed by attractive motivation or an emotional feeling of complicity with one another. Georgians are assisted here by instrumental principles such as "be like others" and "follow the leader". A separate individual strives to gain a collective evaluation as an acknowledgment of following the main principles espoused by the Georgian collective. Consequently, the motive of a Georgian individual can be defined as an urge towards gaining the leader's recognition. Georgians do not "earn" like Germans, they "deserve". Such evaluation of an individuals merit is expressed in informal benefits and liberties. Georgian collectivism emphasizes leader orientation, an urge to *deserve* benefits, and accordingly, a position or status in the collective, these characteristics represents the principle of "*office devotion*".

"*Office devotion*" is the general principle of self-actualization of a Georgian individual. A German laborer "earns, a Georgian "deserves". "Earning" is a rational-individualistic form of **motivation** for a German laborer, who is stimulated, mainly, by a pecuniary form of compensation for his **labor**. For a German, the most typical form of **initiative** is *private* or personal and is predetermined by "earning". For a Georgian, the most typical form of initiative is that of *servicing office devotion*, devotion to the organization and its fair, understand leader. In this context, a leader is "fair" when he or she can, in certain cases, deviate from the regulations and come to meet the laborers needs. A good boss is one who *understands* what his or her subordinates need. The leader's authority is based on the giving of liberties to the members of the collective. He or she can follow the "unwritten rule" and deviate from the *lawful* regulations (deviations from regulations in Georgia are probably more common than enforcement of the regulations themselves). These deviations from the regulations take the form of informal benefits or liberties, which, in our culture, represent a traditional mechanism for motivating individuals and, at the same time, serve as an essential instrument for any hierarchical organization.

*"Informal liberties are essential for any administrative structure in Georgia. Benefits and liberties in our culture are the basic instruments of stimulation of individuals"*( a respondent)

## **Розділ 2. Соціологічні дослідження проблем сучасного суспільства**

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From the point of view of the market-economy professional, behavior of an employee requires aimed rational behavior. It is this behavior that, according to experts<sup>1</sup>, guarantees the normal functioning of social institutions. Further, the motivation of an employee involves value-rational character, that is to say, it has to be based on the principle of: "in the name of...". But, in order to complete this statement into "in the name of...the state or public interests" and not "in the name of...the family friends, acquaintances, the clan, etc" it has to be rationally organized. A rationally organized stimulation must encourage the value motivation of individuals.

*"Effectively functioning economics require a different kind of laborer, one who is oriented on the maximal achievements in labor, initiative, and taking responsibility, not only for his/her fate, but for the success of the common work, well informed of hi/her rights and counting first of all on his/her own abilities. A laborer of the kind strives towards the improvement of his/ her qualifications, as with these he/she associates his/her possibility in labor. He/she is capable of innovative activities"* (a respondent)

In Western society "office devotion" is functionally correlated with "private initiative". Both guarantee the organization of the energy of individuals towards achieving social aims through their achievement of their personal objectives. The end function of both is to ensure further social integration of labor into society. Both devotion and private initiative are forms of organization of the social energy of individuals and serve as a way for their self-actualization.

*"Human ambitiousness, an urge towards career development, differs. In Georgia there are probably more passive people than in other countries. However, I would not start criticizing national qualities. In Germany, they say, people live to work. While in other countries they work to live"* (a respondent)

Apart from other factors, a Georgian must have a certain set of behavioral qualities that are considered essential for the realization of his or her personal activities. The most important quality of professional activities, necessary for an official, is aimed-rationalism. This quality is characterizes as a systematic action, stimulated by *rationally conscious motives*.

On the whole, according to the experts, the behavior of an employee must be: *"Systematic, as a way of behavior, which implies setting aims and tasks, defining the methods of action for the achievement of these aims and tasks; controlling the correspondence of the procedures performed with the plan parameters; finally, it must include technological discipline, the following of regulations and clear norms describing the procedures essential in labor activities"* ( a respondent)

### **Conclusion**

These problems connected with labor motivation are currently of great importance in Georgia. Unlike Germany, labor relations in Georgia produce problems when private interests and employees start to unite under "clan" principles. What is being developed is not a juristic state, but a conglomerate of small communities which put group interests and norms, such as the leader's authority, above public interests. In Georgian collectives, and unlike their German counterparts, the labor actions of individuals are directed by attractive motivation and the emotional feeling of complicity with one another, hence, in Georgia, informal procedures effectively hinder labor activity. Systems, resembling the archetype described by Weber, begin to precipitate a large number of ways in which informal actions supersede formal ones. Partly this has been caused by the fact that a lack of flexibility can be overcome by means of informal attitude towards formal rules and regulations. People involved in such contacts may be more interested in satisfying their own interest or protecting their own rights rather than fighting for the best interests of the State.

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<sup>1</sup> Charkviani T. Informal labour relations in Governmental institutions. Collection of articles: South Caucasus: Spaces. Histories. People. 2006, p.234