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**OPENING THE BLACK BOX OF MOTIVATION: A CROSS-CULTURAL  
COMPARISON OF SWEDEN AND RUSSIA**

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## **Opening the Black Box of Motivation: A Cross-Cultural Comparison of Sweden and Russia**

### **ABSTRACT**

Based on a sample of 82 Swedish managers and 86 Russian managers, this study investigates whether the same factors motivate middle managers in Sweden and Russia. Hypotheses are formulated using our understanding of national culture differences and several popular theories of motivation: need theory, equity theory, goal-setting theory, and feedback theory. The study's results provide support for the fact that national culture plays an important role in determining what motivates people. In fact, totally different factors are shown to motivate Swedish and Russian middle managers. Russian managers, arguably at a lower level of the needs hierarchy, are best motivated by salary level and degree bonuses are used. In contrast, Swedish managers who have their basic needs met and are therefore further up in the needs hierarchy are better motivated by having a nice working environment. These results provide strong support for needs hierarchy theory. Swedish managers are also highly motivated by perceived equity with their peers. This appears to be less important for Russians who have been faced with much inequality in the past and have developed mechanisms to cope with inequity.

**Key Words:** Motivation, Cross-cultural comparison

## INTRODUCCION

Research suggests that the effective use of human capital, not physical capital, is likely the most important determinant of organizational performance (Adler, 1991). As a result, it is extremely important that firms understand how to motivate their employees to work to their full potential. Further, it has been suggested that people from different national cultures are likely to be motivated by different factors (Boyacigiller and Adler, 1991; Fisher and Yuan, 1998; Hofstede, 1980b; McClelland, 1961). However, much research has ignored even rudimentary cross-national differences when studying organizations (Steers and Sanchez-Runde, 2002). While much research has focused on motivation in the domestic US setting, only limited research has explicitly empirically tested motivation in cross-national settings (Erez, 1997). Obtaining a more thorough understanding of the degree that different factors work better to motivate people in different countries is especially critical now as it becomes more and more common that companies operate in multiple countries as information, people, and capital begin to flow more easily and frequently across borders. As Lester Thurow (1996, p. 115) writes in *The Future of Capitalism*, "For the first time in history, anything can be made anywhere and sold everywhere." However, it is important to remember that this internationalization can only be accomplished effectively when managers possess a clear understanding of the role that cultural differences play.

This study strives to make a small step in untangling the cross-national motivational puzzle by comparing the factors which best motivate Swedish and Russian middle managers. We choose middle managers since they are especially key to a firm's success and firms tend to use a wider variety of different motivational practices on middle managers than some other groups of employees. Russia and Sweden are useful countries to compare since, as will be shown in the next section, they arguably have very different national cultures. Further, Russia is interesting to investigate since so little research has been conducted on management issues in Russian and because many managers report motivation problems among the Russian workforce (Ivanovich, DeFrank, and Gregory, 1992; May, Young, and Ledgerwood, 1998). In fact, Ivanovich, Defrank, and Gregory (1992) found in a survey of heads of 1000 Russian enterprises that a majority felt they were unable to provide effective motivation.

There is considerable evidence that academic management has been overly parochial with the cultural values of the US fundamentally framing management research (Boyacigiller and Adler, 1991) and this is especially true with regard to motivation research (Muller and Clarke, 1998). Beginning with the pioneering work of Fayol (1949), the prevailing view (at least in the US where much management research has been conducted) has been that management theories and techniques have universal applicability (Welsh, Luthans, and Sommer, 1993). However, cross-cultural research such as the pioneering work of and Haire, Ghiselli, and Porter (1966) which among other things found systematic differences in strength of different managerial needs across cultures and the more well-known work conducted more recently by Hofstede (1980a, 1980b) and Adler (1991) have questioned the universalist assumption that what is good for Americans is also true for people in other countries. However, there is a significant need for more empirical support (Steers and Sanchez-Runde, 2002). The questioning of the universalist assumption has resulted in a debate in comparative management theory (e.g., Boyacigiller and Adler, 1991; Black, Mendenhall, and Oddou, 1991; Doktor, Tung, and Von Glinnow, 1991; Millman, Von Glinow, and Nathan, 1991) which this article strives to make a small contribution to.

## **RUSSIAN AND SWEDISH NATIONAL CULTURE**

### **NATIONAL CULTURE**

In order to understand the degree to which various factors motivate managers from different countries in different manners, we first briefly discuss Russia's and Sweden's national cultures. Not denying that it has some shortcomings, we use Hofstede's (1980a) framework, developed based on IBM employees world-wide, to assist in characterizing Russia's and Sweden's national cultures and highlight some differences between them. Hofstede's model identifies four important traits on which national cultures often differ (measured on a 100 point scale): power distance (the extent to which power is distributed unequally), uncertainty avoidance (the extent to which society feels threatened by uncertain and ambiguous situations), individualism (the extent to which an individual is primarily concerned with taking care of himself as opposed to the group),

and masculinity (society is task-oriented and feels they can influence their future as opposed to relationship-oriented and more deterministic).

Russia was not included in Hofstede's original (Hofstede, 1980a) study. However, Elenkov (1997) has subsequently conducted a study based on managers in Russia which we use here and compare to Sweden and the USA since much management theory originated in the USA (See Table below).

	<u>Elenkov(1997) Russia</u>	<u>Hofstede Sweden</u>	<u>Hofstede USA</u>
Individualism	40	71	91
Uncertainty Avoidance	87	29	46
Masculinity	50	5	62
Power Distance	89	31	40

Of course we must acknowledge that Russia is in a period of transformation and this includes to some degree even a slow transformation of values. Given the history of totalitarianism and tight control in Russia (Gorer and Rickman, 1962), it is not surprising to see that Russia scored high on the power distance index. For several hundred years Russians have been used to a strong regime. Prior to Communism, the tzars, orthodox church, and landowners had tight control. Russian leaders have traditionally been comfortable and even preferred to act unilaterally (Elenkov, 1998), a sign of Russia's large power distance. In contrast, a central principle upon which Sweden is built is that everyone should be as equal as possible and should be approachable and thus Sweden's low power distance score is to be expected. Further, the need to achieve consensus is also central to Swedish culture (Gould, 1993).

Russians scored high on uncertainty avoidance explaining perhaps why a Communist system was attractive to many Russians. The wish for increased security about their future was something commonly mentioned in interviews for the current study and suggested by other authors (Elenkov, 1997) indicating a high degree of uncertainty avoidance. Compared to Russians, Swedes score much lower on uncertainty avoidance.

Individual accomplishment in Russia has historically been closely associated with achieving the objectives of social collectivism (Ralston, *et al.*, 1997, Holt, *et al.*, 1993). Further, it is well-known that the basic building block of Communist society was the group. Traditionally, individuals in Russia who tried to make themselves better than the group were viewed with suspicion and contempt as individualistic traits were considered destructive to group harmony (Elenkov, 1998). Thus, it is not surprising that after many years of Communism, Russians continue to score low on individualism. Swedes in contrast score much higher on individualism since divergent views and actions are much more tolerated in Sweden than Russia.

Finally, after living for many years in a society where one had little ability to influence one's future, it is not surprising that Russians score low on Hofstede's masculinity dimension. However, Swede's rate themselves even more feminine.

It is important to complement our understanding of a culture obtained via indices which facilitate cross-national comparison with a more qualitative understanding. The first author of this article is not a Swede or a Russian, but he has lived in both countries for more than one year and thus hopefully can shed some light on these two cultures. For a Westerner, a striking aspect of Russian culture is the extremely important role that family continues to play for Russians throughout their adult life which is in keeping with Russians' values of solidarity, close personal relationships, and care for the weak (Conner, 1991). In contrast, Swedes are more individualistic. Russians and Swedes also have very different concepts of time. Swedes tend to be very punctual while it is socially acceptable for Russians to be late (perhaps because of the many legitimate obstacles that can arise in everyday life in Russia). In addition, time equals money in Sweden (and even more so in the USA), but generally other resources are more carefully evaluated in making decisions in Russia. Further, Swedes are perfectionists and like to do things the right way or prefer not to do them at all in contrast to Russians who are more concerned with having the experience than that the form is totally correct.

It is also useful to consider that Berglund and Löwstedt (1996) suggest four important points which characterize Swedish culture. They assert that Sweden has a fairly homogeneous population, Swedes have a strong focus on conflict avoidance,

Swedes are quite reserved, and Swedes have a rational orientation believing that planning can accomplish much. In contrast, Russia has a much more heterogeneous population than Sweden and willing to do things that may cause conflict.

Two studies on Russian management which deal with topics related to motivation are worth mentioning. Welsh, Luthans, and Sommer (1993) systematically observed the activities of 99 Russian managers at the Tver Cotton Mill. They tested several human resource management theories developed in the USA and found that extrinsic rewards and behavioral management increased worker performance, but that participative techniques resulted in decreased performance. While making an important contribution, this study only investigates a few specific items related to motivation as opposed to the concept in general as this study aims to do. In addition, Sheila Puffer, the most prolific writer on Russian management issues, conducted a study (Puffer, 1993) which provides anecdotal evidence about what motivates Russians. However, neither of the studies provides a thorough study of motivation or includes collecting data in another Western country for comparison purposes as part of the study. While there is an extensive literature on Swedish management, we have not been able to find any study explicitly studying motivation in the Swedish context which has been published.

## **THEORETICAL BACKGROUND**

Motivation has been examined from many perspectives including need-based (e.g., Alderfer, 1969; Maslow, 1954; McClelland, 1961); goal setting (e.g., Locke and Latham, 1990; Tubbs, 1986), equity (e.g., Adams, 1965, Mowday, 1987), and feedback (e.g., Ashford, 1986; Bandura & Cervone, 1983; Taylor et al., 1984). Arguments over the merits and drawbacks of each approach have been long and extensive (See, e.g., Klein, 1989, for a summary of some of these). Scholars have been pointed out that that the motivation field has many theories and that regrettably most of the time scholars pursue one theory, claiming it is universal and exclusive, at the exclusion of other theories. This focus on one theory is normally unnecessary since most motivation theories do not contradict each other and in fact normally complement each other (Klein, 1989; Landy and Becker, 1987). In addition, as Landy and Becker (1987: 25) wrote, "It should be obvious to even the casual observer of motivational theory and research that

there is little hope of identifying a universal theory of motivation.” To help address this fragmentation problem, this article will use need theory, goal theory, feedback theory, and equity theory (among the most popular motivation theories) in a complementary manner to formulate, with the help of our understanding of Swedish and Russian national culture, hypotheses about which factors motivate Swedish and Russian managers and how these factors differ between the two countries. Following Klein (1989: 150) we define motivation as “the set of psychological processes that cause the initiation, direction, intensity, and persistence of behavior.”

### *Need theory*

Despite falling somewhat out of style recently in part due to troubles in being empirically validated, one of the most discussed explanations for motivation is to see it as need-driven. The first attempt to classify needs was done by Murray (1938) who listed twenty needs that explained the behavior of an individual in work situations. However, scholars soon realized that one could develop an infinite number of needs as explanations for behaviors. In response to this problem, in the 1950’s, clinical psychologist Abraham Maslow (1954) developed a clear-cut hierarchical categorization of all needs that guided individual behavior:

1. Physiological needs--need for food, water, air etc.
2. Safety needs--need to feel safe and secure from potential evils
3. Social needs--need to feel accepted and loved
4. Esteem needs--need to feel successful and admired by others
5. Self-actualization--the desire to become all that one is capable of becoming

The basic idea of Maslow’s work is that lower level needs must be satisfied before higher level needs become an important motivating factor.

Some researchers have criticized Maslow’s hierarchy as being too finely divided making it difficult to distinguish between the different levels of needs. As a result of the above-mentioned criticisms, many later researchers have modified Maslow’s need hierarchy (e.g., Alderfer, 1969 and McClelland, 1961, See Lawler for an overview of different need hierarchies). Regardless of exactly how they are classified, all need theories follow the basic principal that there is a hierarchy of needs and more basic needs



must be satisfied before higher-level needs become an important motivating factor. It is this more general need theory that this research will test since we do not feel the differences between the different varieties of need theory are critical for our purposes.

Some research has tried to apply need theory in the international context. Probably the first cross-cultural application of Maslow's need hierarchy to the workplace was Haire, Ghiselli, and Porter (1961), who found systematic difference in managerial need strengths across cultures. Other later studies have found Maslow's need hierarchy to be similar, although not identical, in different countries such as India (Jaggi, 1979), Peru (Stephens, Kedia, and Eaell, 1979), and the Middle East (Badaway, 1979). However, Hofstede (1980b) convincingly argued that Maslow's need hierarchy is not universally applicable across cultures due to variations in national culture across countries. Blunt and Jones (1992) empirically support this conclusion. Further, Bhagat and McQuaid (1982:669) concluded that achievement motivation patterns likely "arise indifferent cultural contexts in different forms, stimulated by different situational cues and may be channeled towards accomplishing different types of goals." DeVos and Mizushima (1973) questioned the appropriateness of achievement motivation being conceptualized at the individual level in all cultures since a major aspect of achievement motivation in countries like Japan involves the need to belong. Steers and Sanchez-Runde (2002) noted that some progress has been made in testing need theories of motivation in international settings. However, they indicate that most of the extant research has focused on higher-order needs (e.g., achievement and self-actualization). However, much of the world's population, especially those people living in developing countries, most likely remains primarily concerned with trying to satisfy lower-order needs like safety and security. For example, Jones (1988), showed that Malawi managers attached greatest importance to security needs not higher-order needs. Our study will include both lower-order and higher-order needs to try and address the above problem. Further, it is important to remember that Muller and Clarke's (1998) assertion that there is little theoretical basis to support the position that merit-based reward systems can be applied universally and have the expected results. It is also worth noting that since the revolution, Russia has had an ongoing tension between egalitarian values stemming from a collectivist culture and the need for individual incentives to stimulate

productivity (Flakierski, 1992). Further, early attempts to institute equal pay led to poor productivity (Kirsch, 1972) which speaks for using bonuses in Russia. Also, Pennings (1993) showed that Western Europeans are averse to using bonuses and will rarely choose more than 10% of their compensation as bonus if given the choice.

Living conditions in Russia and Sweden differ tremendously. Most importantly, the social security system functions poorly in Russia today. Even though the middle managers this study focuses on have above-average salaries, they often have to share their salaries with less well-to-do relatives, especially retired parents and grandparents who receive very small pensions of about \$30/month on which one can not live on. Rich and poor Russians alike struggle to fulfill basic needs such as affording a nutritious diet, appropriate health care, and a decent standard of living--things that are taken for granted in a welfare state like Sweden. Thus, using need theory language, Russians are likely to be at a lower level of the need hierarchy than Swedes. To motivate employees, companies should therefore strive to meet different needs in the two countries.

Since salary is the main vehicle to achieve these basic needs for Russian middle managers, Russians are probably more interested in having a high salary than Swedes. Also, Russian middle managers should be more interested than Swedish middle managers in increasing their salary level, for instance through a bonus system. Especially given Swedes' focus on a good quality of life with adequate rest (Steers and Sanchez-Runde, 2002) and the high marginal tax rate in Sweden compared to Russia, Swedes are likely to be less motivated than Russians by bonuses. Russians should be willing to accept the fact that they will have to work harder to obtain a higher salary through a bonus system where as Swedes might prefer to have an easier time at work and a guaranteed salary. Thus, we arrive at the following hypotheses:

*Hypothesis 1: Salary level is a more important motivating factor for Russian middle managers than for Swedish managers.*

*Hypothesis 2: Russian middle managers are more motivated by having bonuses as part of their compensation than Swedish managers.*

With their lower-level needs satisfied, Swedes are likely to be more motivated by higher level needs than Russians. Thus, the extent to which the environment in which they work is nice, is likely to be a stronger motivating factor for Swedish middle

managers than for Russian middle managers. In this context a nice work environment means an environment where employees feel they are needed, their work is appreciated, and they enjoy working with their colleagues. As with a nice environment, since the Russians' lower order needs are not satisfied and thus Russians are focusing on satisfying them, need theory implies that Russians should be less concerned with higher-level needs, such as interesting job tasks, than Swedes. The concept of an interesting task is somewhat related to concepts of skill variety, task identity, and task significance posited to effect motivation in Hackman and Oldham's (1980) Job Characteristic Model which was developed in the Western context. Thus, further support is provided for interesting job tasks likely being an important motivating factor for Swedes. Therefore, we formulate the following hypotheses:

*Hypothesis 3: Swedish managers are more motivated by having a nice work environment than Russian managers.*

*Hypothesis 4: Swedish managers are more motivated by having interesting work tasks than Russian managers.*

#### *Equity theory*

In many cases, an individual's work motivation is also affected by how one perceives oneself to be treated by colleagues, superiors, and other people in his work environment. The major difference between equity theory and need theories such as those proposed by Alderfer (1969) and Maslow (1954) is that the latter explain work motivation by analyzing the situation of each person individually, while justice theorists emphasize relative situations within a group. Equity theory asserts that motivation is increased if the individual believes he receives fair treatment with respect to others. Further, it is important to note that perception, not reality, is key in equity theory. A person will not become less motivated because he *is* treated unfairly, but because he *believes* he was treated unfairly.

Equity theory was first developed by Adams (1965) and states that individuals compare themselves continuously to their peers. This comparison is done by monitoring how employee input (education, effort, loyalty etc.) to their employer is rewarded in the form of output (money, travel, vacation, career etc.). If an individual believes that he

receives less output compared to his input than is the case for his peers, he will be demotivated unless the inequality is resolved. There are several ways to resolve this inequity including paying the person more or having the person work less hard. It may also be possible to resolve the inequity by helping the person to understand that they are comparing themselves to the wrong person (referent other). In other words, it may be possible to logically explain why the other person deserves more pay.

Much research supports the fundamental principle of equity theory in the US setting. However, there is little support for the fact that the equity principle works universally in different cultures (Hofstede, 1980b). In fact, studies using equity theory in countries such as Korea (Chung, Lee, Jung, 1997) and Israel (Yuchtman, 1972) have shown that results are not always as predicted. Thus, equity theory has come under criticism because of questions about its generalizability (Huseman et al., 1987). To address this shortcoming, Huseman et al. (1987) developed the equity sensitivity construct which measures the degree people expect output to be equal to input. Mueller and Clarke (1998) showed that people in Central and Eastern Europe (Russia was not included but can be expected to have similar results) score high on equity sensitivity indicating that they feel it is equitable for them to get more output than they put in (an entitlement attitude).

According to equity theory, if an employee is unable to change the perceived inequality in a system, she can still be motivated if she finds an explanation for the inequality. However, many employees in Russia have become accustomed to a system in which rewards and punishments are not always equitable. The Swedish system, on the other hand, is based on equity. Thus, we can speculate that Russians have become better at explaining inequalities for themselves than Swedes and subsequently are able to accept a higher degree of inequality. Thus, based on the above we hypothesize:

*Hypothesis 5: Swedish middle managers are more motivated by having equality at work than their Russian counterparts*

#### *Goal Theory and Feedback Theory*

During the 1980s, motivational theory focused on the importance of setting goals for employees (See Locke and Latham, 1990 for a review of the goal setting literature).

According to the proponents of goal-oriented models, individuals feel more motivated if they are presented with explicit goals, such as a sales target to reach. Much research supports that people perform at a higher level when they have specific and challenging goals which they had some role in developing (Lock and Latham, 1990). Despite the large number of US-based studies, little goal theory research has been done in the international context (Erez, 1986). There are a few notable exceptions, however, including, Haire, Ghiselli, and Porter (1966) and Heller and Wilpert (1981) which show how organizational level practices impact on motivation in different cultures.

Much like providing goals, feedback can also help clarify for an employee what he must do. Feedback is information with the purpose of guiding the individual in various situations. Unlike in goal setting, feedback takes place during and after the behavior has taken place as opposed to goals, which are usually set before an activity is commenced. As Lawler (1973) points out, feedback is given either by the task itself or by some other person, such as a supervisor or a colleague. A large number of studies (e.g., Ashford, 1986; Bandura & Cervone, 1983; Taylor., 1984) have shown a positive correlation between feedback and work motivation. Feedback is also posited to effect motivation in Hackman and Oldham's Job Characteristic Model (1980). Several studies have shown that the extent that feedback is effective varies across cultures (e.g., Earley Gibson, and Chen, 1999; Earley and Stubblebine, 1989). Further, Welsh, Luthans, and Summer (1993) showed that positive feedback (praise and recognition for good work) can lead to increased job performance among Russian factory workers.

However, some of these studies, for instance Ashford (1986), argue that feedback is sought in order to understand the objective behind the work. Klein (1989) therefore asserted that goals and feedback are two units which are part of the same motivational process. He combined a discussion of goal setting with the concept of feedback to develop a control theory model in which the individual compares his current position with internalized goals or standards.

The high uncertainty avoidance in Russia compared to Sweden indicates that delegation to subordinates may make some Russians feel uncomfortable especially since some scholars (e.g, Bollinger, 1994) note that "initiative of subordinates should be kept under control [in Russia]". As a result, having clear goals provided for them may make

many Russians feel more comfortable. Swedes, in contrast, may find providing clear goals degrading.

Feedback is related to hierarchy and responsibility. The relatively high power distance in Russia implies that subordinates likely appreciate obtaining clear feedback helping them understand what is expected of them, whereas it is unlikely to be appreciated in a low power distance country like Sweden. In contrast, in flatter cultures (e.g., Sweden), where responsibility is spread more equally through members, feedback does not play as important a role as in hierarchical top-down managed cultures (e.g., Russia), where subordinates attain legitimacy by means of approval from superiors.

The reason we discuss goal setting and feedback in the same section is that they both fill the function of uncertainty reduction. People fearing uncertainty want frequent proof that their actions are legitimate or approved of. This can be attained either by receiving detailed goals or by receiving frequent and detailed feedback. Thus, based on goal and feedback theory, we arrive at the following hypotheses:

*H6) Provision of goals more strongly motivates Russian managers than Swedish managers.*

*H7 ) Provision of feedback more strongly motivates Russian managers than Swedish managers.*

## **METHODOLOGY**

As will be described below, the samples of Russian firms and Swedish firms were constructed so that they would be similar to each other. For the Russian sample, 275 firms which had at least 20 employees were randomly selected from a list of new (defined as firms formed since 1987—state-owned enterprises were not included in this sample to make it more homogeneous) Russian firms operating in Moscow and St. Petersburg (Russia's two largest cities) provided by the local governments. Based on past experience, it was decided mailing questionnaires would result in an unacceptably low response rate in Russia and thus attempts were made to personally deliver questionnaires to each of the firms by a researcher. Unfortunately, 56 of the firms had either moved or gone out of business. Despite significant attempts we could only find new contact information for 11 of these firms. Each of the 225 personally-contacted

firms was asked to select one middle manager (either in sales or production) to complete the questionnaire. When possible, the questionnaires were completed while a researcher was at the company. When this was not possible, a researcher returned to the company to pick up the questionnaire 1-2 weeks later. If the questionnaire was still not completed, one reminder telephone call and a final visit to the company were made. This procedure resulted in 86 complete questionnaires which represents a 31% response rate which is good for Russia.

In Sweden, questionnaires were mailed to two hundred twenty-five 100% Swedish-owned firms which were randomly selected from a list of 3067 firms operating in Stockholm and having more than 20 employees (Stockholm is Sweden's largest city). In Sweden as in Russia, companies were asked to select one middle manager either in sales or manufacturing to complete the questionnaire. After two weeks, non-respondents were sent a reminder postcard and then after an additional two weeks remaining non-respondents were sent a replacement copy of the questionnaire. This process resulted in 82 respondents or a 36% response rate which is quite good for a mail survey. In both Russia and Sweden respondents were required to be born in the country where the survey was being administered to avoid complications caused by multiple national cultures.

In both countries, no attempt was made to select for industry instead striving to have firms from a wide and random selection of industries. Information about industry membership was collected from firms based on modified 2-digit SIC codes which grouped firms into 19 different industry categories. Dummy variables representing industry membership were entered into both the overall regressions on motivation and separate regression equations for data from only one country. In all cases, none of the industry dummy variables were significant. As a result, industry dummy variables are omitted from the regression analyses reported in the paper to preserve degrees of freedom.

The average age for managers in both the Russian and the Swedish samples was between 30 and 35 years old (it was a categorical variable). 68% of Swedish managers in our sample were between 25 and 40 years old while 86% of the Russian sample were in this age range. 73% of the Russian sample consisted of men while 75% of the Swedish sample was male.

All scales were comprised of three to five Likert-type items with the anchors 1=completely disagree to 5=completely agree (See Appendix A for a complete list of items making up the scales and their Cronbach's Alphas). Possible items to make up the various scales were developed by the first author in conjunction with two other management scholars familiar with both Russia and Sweden who were recruited for the purpose. The three experts met in a group several times to develop the items. The scales were developed to try to be applicable in the national contexts of Sweden and Russia where the study took place. A wider number of items to measure each construct was discussed with five management researchers and five middle managers in each of Russia and Sweden and only the items that were consistently viewed to measure the construct in question were retained to form the final scales that were used in the study.

All scales except achievement salary, equity at work, and feedback had a Cronbach's Alpha over .70 which is Nunally's (1978) recommended cutoff for acceptable reliability. The three scales mentioned above which had Cronbach's Alphas less than .70 were all over .60. Many previous studies have used scales with Cronbach's alphas in the range of .60 to .70 and it is worth noting that Nunally's (1967) original book suggested .50 as a cutoff for acceptable reliability and all of our scales are above that. Analysis consisted of correlation and regression analysis.

In addition, several examples are used in the discussion section to help the reader to better understand Russian firms since many readers are likely not very familiar with Russia. These examples are taken from interviews conducted by the first author in Moscow and St. Petersburg between October 1998 and April 2000. Detailed notes were taken during the interviews and typed up in the evenings. The interviews were primarily conducted for another project.

## **RESULTS AND DISCUSSION**

Table 1 shows the means, standard deviations, and correlations for the variables used in our analysis. Our analysis examines the effect of various job design characteristics and associated country interaction terms on employee motivation level. Several control variables are also included in the analysis including manager age, years



working for the firm, sex, and whether the manager was a sales or manufacturing manager.

----- Insert Tables 1 and 2 about here -----

Table 2 presents the results of the OLS regression models on motivation. Model 1 included the control variables and job design characteristics. However, no interaction terms are included in model 1. The regression equation is highly significant with  $F=7.23$  which was significant at  $p<.001$ , and the equation explains much variance with an adjusted  $R^2$  of .31. None of the control variables were significant in the regression equation. However, several of the job design characteristics are significant (salary level, extent bonuses used, environment, interesting job, and extent feedback is provided). It is also interesting to note that the country dummy variable is not significant indicating that there is no significant difference in the level of motivation between Swedish and Russian managers.

However, we expect that Swedish and Russian managers may be motivated by characteristics of a given job differently. Thus, interaction terms between the country dummy and the various job design characteristics (e.g., extent of equity) were entered in the regression equation (model 2). The model is highly significant with  $F=8.17$  which was significant at  $p<.001$ , and the equation explains much variance with an adjusted  $R^2$  of .45. None of the control variables are significant. If an interaction term is significant, this suggests that Russian and Swedish managers are motivated by the given job characteristic factor (e.g., extent of equity) in different manners. As can be seen in model 2, the interaction effects of salary, bonus, environment, interesting work, and equity with country are all significant. In addition, the interaction term of feedback and country is nearly significant as it is at  $p<.10$ . Most of these main effects are also significant, but main effects become conditional when significant interactions exist (Aiken & West, 1991; Jaccard *et al.*, 1990). As a result, examination of the interaction effects is what provides the most insight into the study's results and is very interesting since they show us how (and how differently) Russian and Swedish managers are motivated.

Figure 1 shows the interaction between salary level and country. Results indicate that Russians are more motivated as salary increases than Swedes, providing support for hypothesis 1. However, it is somewhat surprising to note that Swedes experience a slight

decrease in motivation as salary increases. Perhaps this trend is because once Swedish managers have reached a certain salary level they feel they have enough money to live on and thus prefer to live a good life rather than to work hard so that they will be awarded a further salary increase. Evidence to this may be found in the fact that Swedes are known for taking long vacations-in fact, in addition to other vacations, almost nobody works in Sweden for all of July. Presumably, firms would need fewer employees and could thus pay each employee more if Swedes took less vacation (of course long vacations have now been socialized into the legal system, but laws can be changed and Swedish firms commonly allow more than what is mandated by law). Further, it is important to keep in mind that Sweden has very high marginal personal income taxes relative to Russians making the possibility of obtaining a higher salary in Sweden somewhat less of an incentive that would be the case in other countries. It is also worth noting that the Swedish concept of being *lagom* (the Swedish word for reasonable) is central to Swedish culture (Maccoby, 1991). Swedes are taught from an early age the value of not trying to get too much or too little, but to stay someplace in between. In contrast to the Swedish situation, our results show that Russians who are trying to fulfill lower level needs than Swedes and have lower personal income taxes are extremely motivated by salary increases. After all, increased salary is one of the key ways to provide for the lower level needs that most Russians need to have satisfied for both themselves and their families.

----- Insert Figure 1 about here -----

The interaction between the extent to which bonuses are used and country of operation is investigated in Figure 1. The results show that Swedish managers do not become more motivated when bonuses are used to a greater extent. In contrast, Russians are highly motivated by increasing the use of bonuses in their compensation package. Our finding that Russians are motivated by bonuses is supported by previous work by Lawrence and Vlachoutsicos (1990) and Welsh, Luthans, and Sommer (1993). Further, it is worth noting the central role that Lenin ascribed to work in communism. It was through work that Russians were taught that they could contribute to society. Thus, it is natural for Russians to work hard when given the proper incentive. In contrast, the Swedish model is built upon providing a good enjoyable life for all. Thus, it is not

surprising that Swedes may prefer to work somewhat less hard and forego their bonus in return for having a more enjoyable/better quality of life.

It is instructive to consider the experience of Tecknod,<sup>1</sup> a company employing 65 people and providing engineering services in Russia, in implementing a bonus system in Russia. Alexander Ropitsov, managing director of Tecknod, credits much of his ability to turn around Tecknod's business in Russia from a loss-making business to a very profitable business having over \$150,000/employee/year in revenue to his implementation of a bonus system as an important part of his employee's compensation system. Ropitsov recalls that initially none of the employees believed that he would pay out a bonus when targets were met. Thus, to make the point that he would stick to his word and make the bonuses visible he brought the money to be paid out in several suitcases filled with one rouble bills (at the time worth less than \$0.20 each). Vladimir Morodin, a sales engineer with Tecknod, confirms that Ropitsov's bonus system had a large impact on making employees work harder. Ropitsov, who has considerable experience working in different countries indicated, "You have to reward employees with what they want. In Italy employees want more free time, but in Russia employees want more money and are willing to work very hard to get it."

Our results for bonuses provide support for hypothesis 2 that Russians are more motivated than Swedes by using bonuses in their compensation package. This fact is not surprising since as we mentioned in the hypothesis development session, Russians are trying to provide for more basic (lower-level) needs than Swedes. Thus, Russians are likely more concerned about ways to get a higher salary even if it means more work, while Swedes are more concerned about higher-level needs like a nice work environment and an interesting job.

It is also useful to consider the graph of the interaction of interesting work tasks and country which is shown in Figure 1. The graph shows that the extent that managers are provided with interesting tasks positively affects Swedish manager motivation, but has little effect on Russian managers. These results are quite understandable since Russians are lower on Maslow's (1954) need hierarchy and thus they are more concerned with providing for more basic needs as discussed above. In contrast, Swedes

who are higher up on the need hierarchy are concerned about satisfying these higher-order needs and thus highly motivated by having them satisfied.

Figure 1 shows the interaction of work environment and country. The graph shows that as the extent to which the work environment is pleasant increases, Russian manager motivation remains stable. In contrast, providing a more pleasant work environment serves to increase Swedish managers' motivation. This is understandable since Swedes, who are at a higher level of the needs hierarchy and already have basic needs like food, clothing, and housing, provided for by a reasonable salary, are more concerned about taking care of higher-order needs like being appreciated by others and enjoying the company of those they work with. (See Figure 1). Thus, our study's results for salary level, bonuses, and interesting work, and work environment provide support for the appropriateness of the concept of a need hierarchy originally put forward by Maslow (1954).

Figure 1 shows the interaction between equity and country. Swedes are more motivated as they are exposed to more equitable environments since they are accustomed to and expect equality. In fact, equity is a core value upon which the Swedish Model is built (Childs, 1974). However, Russians are slightly less motivated by more equitable environments. This difference is likely a result of two factors: 1) Russians have developed mechanisms to deal with inequities since they have been exposed to many 2) Russians are used to a very hierarchical organization, but in more modern organizations many firms are creating more empowered organizations which Russian middle management often resent since they view this as dilution of the power to which they are entitled. The comments of a production manager in the spring of 2000 at Marblex<sup>1</sup>, a Russian furniture company, are instructive of the type of logic that may be motivating such results:

I worked hard to be promoted to production manager, but our new general director does not give me the power I deserve. He has been encouraging me to let managers reporting to me make more and more decisions. This is less efficient since it takes more time for several people to be involved in the process and due to my subordinates lack of experience we have made several bad decisions. Hopefully our general manager will learn from these mistakes soon.

While there is often some resentment about losing power due to empowerment in any country, a comment such as the one above is unlikely to have originated by a Swedish manager giving Swedes focus on equality, low power distance, and consensus decision making. In conclusion, our Swedish data provides support for traditional equity theory, but our Russian data indicates that perhaps equity theory needs to be modified to be applied to the Russian context. Thus, the data provide support for hypothesis 5 that Swedish managers will be more motivated by equitable environments than their Russian counterparts.

It is worth noting that the above results observed for Russia are similar to those obtained by Yuchtman (1972) for a Kibbutz in Israel. Yuchtman discovered that Kibbutz managers were not very satisfied with the situation due to it being such an egalitarian environment. Yuchtman (1972) suggested that this finding is likely a result the egalitarian work environment of the Kibbutz likely made people who had progressed to be managers feel that they were being under compensated compared to their value and effort to the organization or what managers not working in an egalitarian environment like a Kibbutz would receive. The Russian results for equity are also in keeping with Mueller and Clarke (1998) who, as mentioned above, showed that people in Croatia, Czech, Slovenia, Romania, and Poland score high on equity sensitivity indicating that they feel it is equitable when they get more output than they put in (an entitlement attitude).

The interaction between degree goal setting and country was not significant. This indicates that Russian and Swedish managers respond the same way to having goals provided to them. The extent to which goal setting was provided was positively associated with motivation, but not significant in models 1 and 2 in Table 2. Thus, we can not say anything conclusive about the relationship between the use of goal setting and performance. As a result, hypothesis 6, that the use of goal setting will be more associated with the motivation of Russian managers than Swedish managers, is not supported.

Figure 1 shows the interaction between the extent feedback is provided and country. While the interaction effect was not significant, it was nearly significant ( $p < .10$ ), thus we explore the differences between how feedback affects Swedish and

Russian managerial motivation. It is interesting to note that the extent feedback is provided appears to have a slight negative effect on Swedish managers' motivation. This may be because Swedish managers expect to be very empowered (recall Swede's low power distance score) and prefer a very flat organizational structure. They may view their bosses as trying to be hierarchical when they provide feedback. In addition, Swedes prefer to avoid confrontation and to some degree feedback is a type of confrontation which can make Swedes feel uncomfortable. In contrast, Russian managers' motivation increases as the degree of feedback increases. Russian managers, used to hierarchical organizations and high power distance appreciate receiving clear feedback from their superiors about how they are doing. Obtaining such feedback, makes Russians feel more confident about what they must do to perform better and thus they become more motivated because uncertainty is decreased. Thus, we see that Russians and Swedes respond very differently to feedback. However, because the interaction term for feedback was not significant in our regression equation we can not conclusively prove our hypothesis 7 that Russian managers are more motivated than their Swedish counterparts by feedback.

## CONCLUSIONS

The study's results are both interesting and believable. Russian managers, arguably at a lower level of the needs hierarchy, are best motivated by salary level and provision of bonus. In contrast, Swedish managers, who have their basic needs met and are therefore further up on the needs hierarchy, are better motivated by having a nice working environment. These results provide strong support for needs hierarchy theory. Swedish managers are also highly motivated by perceived equity with their peers concerning the ratio of inputs they exert and outputs they receive. This appears to be less important for Russians who have been faced with much inequality in the past and have developed mechanisms to cope with similar situation. Thus, our results question the extent that equity theory is transportable across national cultures. Our study did not provide support for goal-setting theory. However, our study does show that several motivation theories can be used to complement each other. We suggest this is a better way forward than trying to wage theoretical holy wars which have often occurred..

This study's results provide strong support for the fact that national culture plays an important role in determining the conditions for motivating people. It is impressive that largely opposite factors do the best job at motivating the Russian and Swedish sub-samples. This finding speaks to the importance of using extreme caution when transplanting the many western-developed motivation theories, and in fact management theories in general, to other national contexts.

### NOTES

1. The company is disguised to protect identity.

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**Table 1: Correlations**

	Mean	S.D.	1	2	3	4	5	6	7	8	9	10	11	12
1. Motivation	3.61	0.73	1											
2. Age	2.77	0.92	.053	1										
3. Work	3.30	1.25	.052	.307**	1									
4. Sex	1.26	0.44	.101	-.054	-.125	1								
5. Sales/Manufacturing	.51	0.50	-.057	.023	-.014	-.130	1							
6. Salary	3.32	0.67	.266**	.082	.016	.104	.012	1						
7. Performance salary	2.78	0.78	.067**	.105	.055	-.090	.302**	.337**	1					
8. Environment	3.71	0.63	.319**	.063	.087	-.090	.005	-.016	-.288**	1				
9. Interesting work	3.66	0.67	.412**	.041	.134	.039	-.106	.014	-.248**	.452**	1			
10. Equity	3.50	0.54	.327**	.093	.125	.108	.000	-.043	-.204**	.456**	.457**	1		
11. Instructions	2.66	0.69	-.197**	-.203**	-.274**	.056	-.019	.142	.265**	-.310**	-.464**	-.308**	1	
12. Feedback	3.08	0.63	-.387**	.069	-.086	.124	-.015	.212**	.144	.150*	.288**	.253**	.140	1
13. Country Dummy	0.51	0.50	.162*	.280**	-.252**	.022	.005	-.117	.105	-.095	-.204**	-.098	.575**	.203**

\*= p<.05, \*\* = p<.005

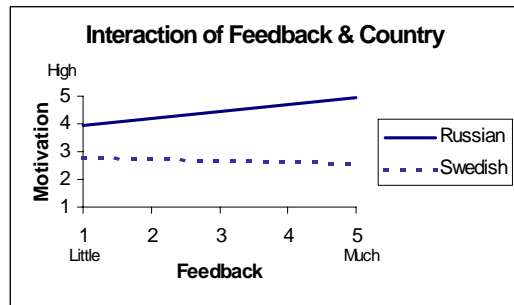
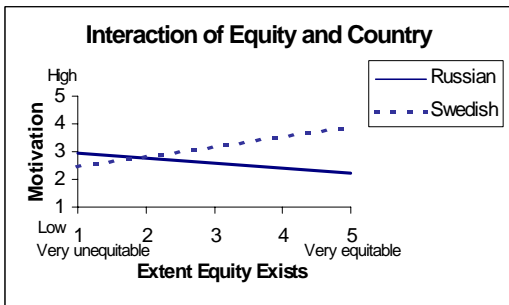
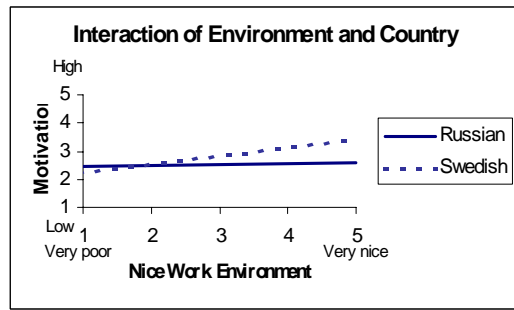
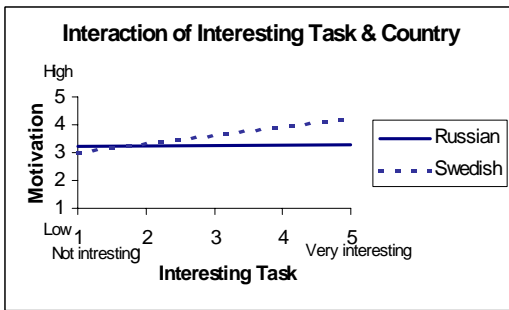
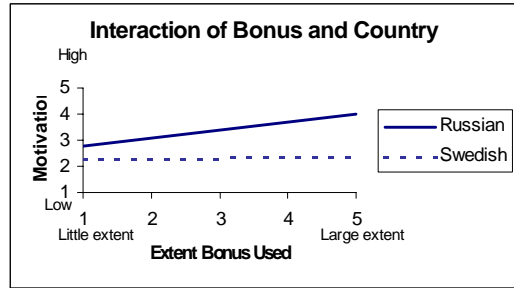
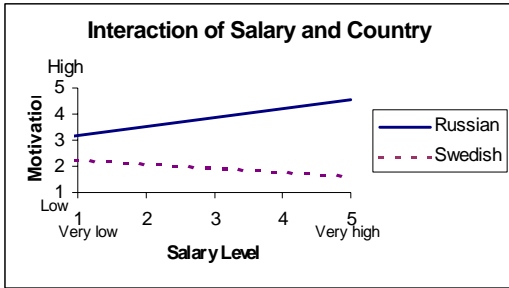
**Table 2: Regressions on Motivation for Sweden and Russia**

<b>Variable</b>	<b>Model 1 b</b>	<b>Model 1 Standard Error</b>	<b>Model 2 b</b>	<b>Model 2 Standard Error</b>
Constant	.17	.61	.50	1.08
Country dummy	-.17	.12	.88	1.31
Sales/manufacturing	-.10	.10	-.11	.09
Age of employee	-.01	.06	-.01	.06
Years worked for firm	-.01	.05	-.01	.04
Sex	.01	.11	.10	.10
Salary level	.18*	.08	-.15	.14
Extent bonuses used	.14*	.07	.01	.10
Environment	.19*	.09	.38**	.14
Interesting job	.21*	.10	.30*	.18
Equity at work	.14	.10	.29*	.13
Goals provided	-.07	.01	.13	.13
Feedback given	.20*	.09	-.05	.13
Salary x Country			.49***	.17
Bonus x Country			.25*	.13
Environ x Country			-.33*	.18
Interesting x Country			-.35*	.18
Equity x Country			-.41*	.20
Goals x Country			-.16	.21
Feedback x Country			.30+	.18
F	7.24****		8.17****	
R <sup>2</sup>	.36		.51	
Adjusted R <sup>2</sup>	.31		.45	
N	169		169	

Note: Dependent Variable = Motivation

+ = p < .10, \* = p < .05, \*\* = p < .01, \*\*\* = p < .005, \*\*\*\* = p < .001

**Figure 1: Interaction Diagrams**



## Appendix A: Items Comprising Scales

Scale Name / Cronbach's alpha	Item
Motivation .75	I am highly motivated I often work longer than I am required to I put in lots of effort at work I put in more effort at work than most of my colleagues I have a strong desire to work at my job
Salary.73	I am satisfied with my salary level My company pays me less than I deserve (R) My salary is completely unsatisfactory for the needs of me and my family(R)
Bonus Salary .60	My salary is linked to the results of my work I earn more when I work harder A large percentage of my salary consists of bonuses
Environment .76	My office/workspace is very nice physically My office/workspace is well designed My company has invested enough money in my office/workspace
Interesting job .80	Most of my work is interesting My job is monotonous (R) I develop as a person at work I can use my creativity at work
Equity at work .60	I am often treated unfairly at work (R) The results I have attained merit faster promotion than I have had(R) My boss(s) does not fully appreciate me (R) My salary level is fair when compared to my colleagues
Goals .79	I normally know what I must do because I am given clear goals My boss sets clear goals for me My boss frequently tells me his goals for me I know what our company's main goals are
Feedback .67	My boss often comments on the quality of my work My colleagues often comment on the quality of my work I regularly receive written feedback on my work

Note: All of the above items were rated on the scale 1=completely disagree to 5=completely agree.

(R) = item was reverse coded