

Muhammad Akram<sup>1</sup>, Imtiaz Hussain<sup>2</sup>, Ali Raza<sup>3</sup>

## CONSEQUENCES OF PERFORMANCE-CONTINGENT REWARD ON PERCEIVED SELF-DETERMINATION AND INTRINSIC MOTIVATION OF EMPLOYEES IN PAKISTAN

*Organizations need to identify the factors in order to achieve organizational objectives along with the increase in employees' performance. The purpose of this study is to explore the relationship between the determined factors of performance-contingent reward, perceived self-determination and intrinsic motivation of the employees, and to identify which factor is highly important in the eyes of the employees during their job. The results found that the factors of performance-contingent reward are positively and significantly correlated with the factors of perceived self-determination and intrinsic motivation, but no significance exists between the factors of perceived self-determination and intrinsic motivation. The study suggests that organizations should consider their reward system to motivate their employees and to increase their performance. No prior study has been conducted in Pakistan in this field.*

*Keywords:* performance-contingent reward; perceived self-determination; intrinsic motivation; Pakistan.

Мухаммад Акрам, Імтіяз Хуссейн, Алі Раза

## ВПЛИВ ОПЛАТИ ЗА РЕЗУЛЬТАТАМИ РОБОТИ НА САМОВИЗНАЧЕННЯ ТА ВНУТРІШНЮ МОТИВАЦІЮ ПЕРСОНАЛУ В ПАКИСТАНІ

*У статті доведено, що всім організаціям необхідно знати чинники успіху при досягненні своїх цілей та підвищенні продуктивності персоналу. Вивчено взаємозв'язок оплати праці за результатами, самовизначення та мотивації персоналу, а також який із даних чинників є найважливішим для персоналу. Результати дослідження показали, що оплата за результатами суттєво позитивно корелює із самовизначенням, і з мотивацією. У той же час кореляція між самовизначенням і мотивацією не простежується. Рекомендовано організаціям переглянути свої системи оплат для підвищення мотивації і відповідно продуктивності персоналу. Це перше дослідження такого роду, проведене в Пакистані.*

*Ключові слова:* оплата за результатами роботи, самовизначення, внутрішня мотивація, Пакистан.

*Рис. 1. Табл. 4. Літ. 16.*

Мухаммад Акрам, Имтияз Хуссейн, Али Раза

## ВЛИЯНИЕ ОПЛАТЫ ПО РЕЗУЛЬТАТАМ РАБОТЫ НА САМООПРЕДЕЛЕНИЕ И ВНУТРЕННЮЮ МОТИВАЦИЮ ПЕРСОНАЛА В ПАКИСТАНЕ

*В статье показано, что всем организациям необходимо знать факторы успеха в достижении своих целей и повышении продуктивности персонала. Изучена взаимосвязь оплаты труда по результатам, самоопределения и мотивации персонала, а также определено, какой из данных факторов является важнейшим для персонала. Результаты исследования показали, что оплата по результатам существенно позитивно коррелирует и с самоопределением, и с мотивацией. В то же время корреляция между самоопределением и мотивацией не прослеживается. Рекомендовано организациям*

<sup>1</sup> Lecturer, Hailey College of Commerce, University of Punjab, Lahore, Pakistan.

<sup>2</sup> Lecturer, Head of Department of Management Sciences, University of Education, Okara Campus, Pakistan.

<sup>3</sup> Hailey College of Commerce, University of Punjab, Lahore, Pakistan.

*пересмотреть свои системы оплат для повышения мотивации и соответственно продуктивности персонала. Это первое исследование подобного рода, проведенное в Пакистане.*

*Ключевые слова: оплата по результатам работы, самоопределение, внутренняя мотивация, Пакистан.*

**Introduction.** Organization is an autonomous body and an "artificial person" regulated and operated by employees. Employees play a vital role in success and failure of any organization. This success and failure depends upon their performance. Performance is not an independent factor. Many factors such as motivation, rewards and appraisal of employees, salary, workload, training, job security, job satisfaction, job commitment, supervisor behavior, working conditions etc. affect performance of the employees. Organizations only can remain successful if the employees are committed to their work as well as to the organization, and set their self-determination to attain the goals of the organization.

This study is only concerned with the factors such as performance contingent reward, perceived self-destination, and intrinsic motivation. Employees are more committed with organizations when they feel that an organization appreciates their abilities and reward them in return. Reward can be of monetary shape (bonus or increment in salary), employees' recognition, and motivation. Performance of employees highly matters while achieving performance-contingent reward and as based on normative values. Motivation has a strong influence on how well you do your job. It is a driving force for all of our actions and gives direction, excitement etc. (Franken, 1994). It is quite true that "you can do anything you want to do" because wants of people make necessary work easy and intrinsic motivation is a motivation that exists within an individual, such as enjoyment and interest in a task itself.

Performance-contingent rewards are widely used in everyday life. In Pakistan no prior study has investigated the relationship between the determined factors of performance-contingent reward, perceived self-determination, and intrinsic motivation. Therefore, this study is purported to the relationship between the determined factors of performance-contingent reward, perceived self-determination and intrinsic motivation of the employees, and more preferred factors by employees are also identified. In order to accomplish the research objects, this study is hypothesized as: there is a significant positive relationship between the factors of performance contingent, perceived self-determination, and intrinsic motivation. The remaining study is organized as: the literature survey is gives in section 2, the research objectives are clarified in section 3, the theoretical framework is demonstrated in section 4, the research methodology is exhibited in section 5, the findings are described in section 6, and the conclusions are discussed in section 7.

**Literature Review.** Harackiewicz et al. (1997) stated that our ambition in life, aspiration, needs and desires influence our behavior. Individualistic views of human nature and social-cognitive theories of motivation agree that every individual wants to engage in those activities in which they can show their unique potentialities and show resistance when restrictions are imposed on their freedom of actions. Jean Jacques Rousseau (1712–1778) was an influential proponent of individualism and believed it is necessary for every individual to achieve self-actualization without any constraint

on their thoughts and actions and always ready to gain new experience. He also explored the short-term whim and long-term avocation as fundamentals of human development, and strongly objected to imposing restrictions on how people conduct their lives. In the same manner, Ford (1992) stated that this theory explains the natural motives for autonomy or self-determination, involving "a sense of freedom to act or make choices, avoiding the feeling of being pressured, constrained, or coerced". Deci and Ryan's (1985; 1987) cognitive evaluation theory (CET) further explains the concepts related to the assumptions having far-reaching theoretical and empirical implications and reported that tangible rewards can be used as a aversive of social control which can reduce the perceived self-determination which leads to a reduction in intrinsic motivation.

Some studies such as Freedman and Phillips (1985) & Overskeid and Svartdal (1998) investigated the effects of tangible rewards on perceived self-determination and rewarded task participation or completion. The results found that rewards have incremental effects on perceived self-determination rather than the decrease in perceived self-determination as said by the cognitive evaluation theory (CET) when the performance objectives are given to the employees.

Deci and Ryan (1987) argued that "rewards tend to be experienced as controlling, this statement make some sense because in everyday life rewards are mostly used to persuade or pressure people to act in such a way that is different from what they would like to do freely" and stressed on motivational primacy of controlling whether and how activities are carried out and explained that when people serve as autonomous then employees choose flexible regulations without any pressure, select the desired outcomes, and choose how to achieve these outcomes on the basis of their experiences. In contrast, when rigid control is adopted then employees make decisions on the actions of others. Moreover, they reported that various means can be used for intrinsic motivation, reduce self-determination, including setting performance objective for each employee and performance-contingent rewards can be offered for achieving those objectives. One important point is that required performance standard should be described in detail and clearly defined. Unambiguous required performance standards tend to decrease in self-determination. Similarly, Eisenberger and Cameron (1996) suggested that when a specific reward is given to employees to achieve a performance objective which is previously unavailable to him, greater self-determination is perceived.

Deci and Ryan (1987) stated correctly that in everyday life reward is mostly used to persuade desired performance. Such use of reward does not convey social control but only restricts freedom of employees' actions. Organizations which give performance-contingent rewards have high control over performance of their employees but some threats come into being that if rewards will decrease, performance and self-determination will also decrease. Pryor (1985) suggested that "if we have information about how to get the environment to reinforce us, then we control our environment; we are no longer at its mercy". So the subjects like to learn through reinforcement not for obvious reason (to get food or other rewards) but because they actually get some control over what is happening.

**Research Objectives.** The purpose of this study is to explore the relationship between the determined factors of performance-contingent reward, perceived self-

determination and intrinsic motivation of the employees, and to identify which factor is highly important in the eyes of the employees during their job.

**Theoretical Framework.** This study is hypothesized as:

H1: *A significant positive correlation exists between the factors of performance-contingent reward and self-determination.*

H2: *A significant positive correlation exists between the factors of performance-contingent reward and intrinsic motivation.*

H3: *A significant positive correlation exists between the factors of self-determination and intrinsic motivation.*

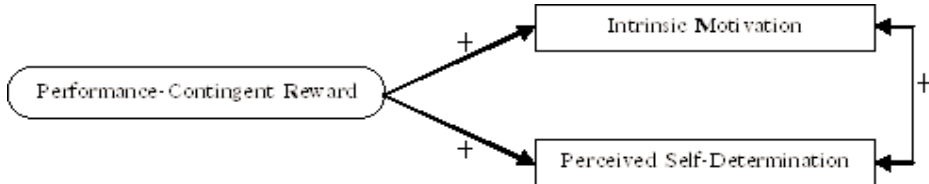


Figure 1. Theoretical Framework

**Research Methodology:**

**1. Sample Data Collection Process.** After the literature review, a survey was conducted on 100 employees at different organization located in Okara city and a questionnaire was developed for this. Some questions were adapted from the study of Ronen et al. (1979). Conference rooms were established in each organization and questions were asked to the employees. In order to get accurate responses, the employees were guaranteed confidentiality. The questionnaire was divided into two parts. The demographic information was asked in part one, questions about variables was asked in part two and a five-point Likert scale was used. Subsequently, prime variables were computed through compute variable technique. Cronbach's alpha of the questions was 0.710. In this study, the factors of performance-contingent reward were taken as independent variable, and the factors of perceived self-determination and intrinsic motivation were taken as dependent variables.

**2. Analysis Tools.** In order to reduce the questions, the factor analysis was used and the variables were computed through compute variable technique. The demographic information was collected from the employees and the respondents' profile was developed through descriptive statistics. Arithmetic mean was calculated to rank the variables. Lastly, correlation technique was applied to explore the relationship between the variables.

**Findings:**

**1. Respondents' Profile.** Table 1 was developed from the asked information from the employees. The first part of Table 1 concerns the gender of the respondents. In this study, out of 100 respondents 81% were male and 19% – female. The second part of the table was related to the age of the respondents. The age group was divided into 5 categories. 23% of the respondents were within 21–25 years, 44% of the respondents were within 26–30 years, 26% of the respondents were 31–35 years, 22% – 36–40 years, and 6% of the respondents were more than 40.

**2. Ranking of Determinant Factors.** In this section, the determinant factors and their rankings are described. According to Table 3, the employees give ample impor-

tance to the factors explaining that rewards increase their performance and motivation. However, it can be concluded from this ranking that rewards play a vital role in the success of an organization because performance and motivation of the employees is directly related to reward system.

Table 1. Respondents' Demographics

Demographics		N	Percentage (%)
Gender	Male	81	81
	Female	19	19
Total		100	100%
Age	21-25	23	23
	26-30	44	44
	31-35	26	26
	36-40	22	22
	More than 40	6	6
Total		100	100%

Table 2. Determinant Factors

No	Determinant Factors
	Performance Contingent Reward
1	Rewards Increase Performance.
	Perceived Self-Determination
2	Job Involvement.
3	Freedom of Adopting any Method.
	Intrinsic Motivation
4	Rewards Increase Motivation.
5	Organizational Support and Encouragement.

Table 3. Ranking of Factors

Determinant Factors	N	Mean	Rank
Rewards Increase Performance.	100	4.78	1
Rewards Increase Motivation.	100	4.73	2
Job Involvement.	100	4.12	3
Freedom of Adopting any Method.	100	4.09	4
Organizational Support and Encouragement.	100	3.85	5

Table 4. Pearson Correlation Matrix of Variables

		Rewards Increase Performance	Job Involvement	Freedom of Adopting any Method	Rewards Increase Motivation	Organizational Support and Encouragement
Rewards Increase Performance	Pearson Correlation	1	.484**	.392**	.670**	.508**
	Sig. (2-tailed)		.000	.000	.000	.000
Job Involvement	Pearson Correlation	.484**	1	.421**	.337**	.716**
	Sig. (2-tailed)	.000		.000	.001	.000
Freedom of Adopting any Method	Pearson Correlation	.392**	.421**	1	.164	.495**
	Sig. (2-tailed)	.000	.000		.103	.000
Rewards Increase Motivation	Pearson Correlation	.670**	.337**	.164	1	.392**
	Sig. (2-tailed)	.000	.001	.103		.000
Organizational Support and Encouragement	Pearson Correlation	.508**	.716**	.495**	.392**	1
	Sig. (2-tailed)	.000	.000	.000	.000	

\*\* Correlation is significant at 0.01 levels (2-tailed).

**3. Testing the Hypotheses.** In order to test the hypothesis of this study, Pearson correlation matrix was developed. Table 4 shows the correlation results. In testing H1, it can be concluded that H1 is accepted because values shown in Table 4 depict that the factors of performance-contingent reward are highly positively correlated with the factors of perceived self-determination. Similarly, in testing H2, it can be concluded that H2 is accepted because values shown in Table 4 depict that the factors of performance-contingent reward are highly positively correlated with the factors of intrinsic motivation. Meanwhile, H3 is rejected because values shown in Table 4 depict that the factors of perceived self-determinations are positively correlated with the factors of intrinsic motivation but significance is not observed.

**Conclusions.** The most important dimensions of this study were the theoretical contribution and practical implications. Very few studies were conducted on this before in the world but no prior study has been conducted in Pakistan. We fill this gap in the existing literature. Practically, we provide guidance to organizations to achieve their objectives along with the increase in employees' performance.

The main purpose of this study was to explore the relationship between the determined factors of performance-contingent reward, perceived self-determination and intrinsic motivation of the employees, and to identify which factor is highly important in the eyes of the employees during their job. The results conclude: the employees believe that rewards are the most important in increasing the performance of the employees and motivating them. H1 and H2 were accepted while H3 was rejected because the factors of performance-contingent reward are highly positively correlated with the factors of perceived self-determinations and intrinsic motivation, whereas the factors of perceived self-determinations are not significantly correlated with the factors of intrinsic motivation.

In this study, much emphasis was given to overcoming the limitations. But still some limitations remain. The results of this study were depending only upon the responses of the employees in the region of Okara city. An increase in the number of respondents along with the number of regions needs to be in further study. These results cannot be generalized all over Pakistan because cultural values are different.

#### References:

- Deci, E.L., Ryan, R.M.* (1985). *Intrinsic motivation and self-determination in human behavior*. New York: Plenum Press.
- Deci, E.L., Ryan, R.M.* (1987). The support of autonomy and the control of behavior. *Journal of Personality and Social Psychology*, 53: 1024–1037.
- Deci, E.L.* (1995). *Why we do what we do: The dynamics of personal autonomy*. New York: G. P. Putnam's Sons.
- Deci, E.L., Connell, J.P., Ryan, R.M.* (1989). Self-determination in a work organization. *Journal of Applied Psychology*, 74: 580–590.
- Eisenberger, R., Cameron, J.* (1996). The detrimental effects of reward: Myth or reality? *American Psychologist*, 51: 1153–1166.
- Ford, M.E.* (1992). *Motivating humans: Goals, emotions, and personal agency beliefs*. Newbury Park, CA: Sage.
- Franken, R.* (1994). *Human motivation*. 3rd ed. Pacific Grove, CA: Brooks/Cole Publishing Co.
- Freedman, S.M., Phillips, J.S.* (1985). The effects of situational performance constraints on intrinsic motivation and satisfaction: The role of perceived competence and self-determination. *Organizational Behavior and Human Decision Processes*, 35: 397–416.
- Harackiewicz, J.M., Barron, K.E., Carter, S.M., Lehto, A.T., Elliot, A.J.* (1997). Predictors and consequences of achievement goals in the college classroom: Maintaining interest and making the grade. *Journal of Personality and Social Psychology*, 73: 1284–1295.

*Overskeid, G., Svartdal, F.* (1998). Effect of reward on subjective autonomy and interest when initial interest is low. *Psychological Record*, 46: 319–331.

*Phillips, J.S., Freedman, S.M.* (1985). Contingent pay and intrinsic task interest: Moderating effects of work values. *Journal of Applied Psychology*, 70: 306–313.

*Pryor, K.* (1985). *Don't shoot the dog! The new art of teaching and training*. New York: Bantam.

*Ronen, S., Kraut, A.I., Lingoos, J.C., Aranya, N.* (1979). A nonmetric scaling approach to taxonomies of employee work motivation. *Multivariate Behavioral Research*, 14: 387–401.

Стаття надійшла до редакції 22.10.2011.