

How to Increase Employee Performance: Investigating the Impact of Incentive Motivators and Organization-Based Self-Esteem in a Pakistani Perspective

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Abstract: This research makes contribution by developing a model explaining the association between incentive motivators, organization-based self-esteem and employee performance. Whereas these associations were empirically examined in private banking sector of Pakistan. The outcomes reveal positive and significant impact of incentive motivators and organization based self-esteem on employee performance. Furthermore, the organization based self-esteem was also found to perform a mediating role in the association among incentive motivators and employee performance. Practical implications and future research were also discussed.

Key words: Incentive Motivators • Organization-based self-esteem • Employee performance • Pakistan

INTRODUCTION

Today organizations consider its employees as their top most priority. A large effort is put in order to attain, retain and motivate them. The conventional role of employees is no more effective and the organizations are finding new ways of working. The key to organizational success is the competitive workforce [1, 2]. The organizations strive hard to align organizational strategies and objectives with employee's behaviors in order to stay competitive [3, 4]. The ways in which individuals attain goals set by the organizations and relate their interpersonal behaviors to the organizational norms can be named as employee performance [5].

A number of previous researches have been dedicated towards the concept of employee performance. Employee performance was found to be related to a number of factors including openness to experience, agreeableness and emotional stability and conscientiousness [6]. A majority of the past research on the affects of incentive motivators on employees' behaviors and attitudes that has focused on how incentives are implemented [7]. One of the general traits of incentives is the amount of overall direct compensation, that every individual have received in exchange for

his/her labor. There are many factors that effects level of incentives that an individual receives such as, past performance, working environment and job tenure within the organization [7, 8]. It remains an empirical issue as to whether salary and change in individual's incentives affect the subsequent individual's performance. Mostly compensation managers indirectly presume that high incentives are perform a key role to sustain and improve the future performance of employees [9].

Most of the existing research was conduct to investigate the motivational affects of incentives on performance. Number of past studies provides practical suggestions that incentive motivators, has direct and positive effect on performance and such times moderated by other variables like self-esteem [10]. Quite further indications that the positive results, followed by the performance, easier to improve when a raise in incentives are made contingent on better performance than the magnitude of the pay rate is enhances that not dependent on performance [7]. A previous study shows there is consistently higher performers received high incentives than their colleagues in the low performance. Equity Theory [11] in this case, high-rewards characterize high-performance results should encourage employees to enhance their performance there is quite a lot of empirical

evidence to support the standard of reciprocity screening the positive benefits to improve positive attitudes, beliefs and behaviors [12]. According to past research about this study, the research suggested, more incentives which organizations provide to their individual employees' than these employees' was respond by performing at superior level. Over the time, such exchanges should be extended, especially when both sides of the exchange rate is fair [13]. The significance of incentives it is a the big expenses, the level of compensate self-esteem and pay for performance represents to the majority of organizations understanding about how and why incentives affects the behavior of individual's in organizations, provide important practical and theoretical understandings [14]. If the organizations want to motivate their employees' for attaining high performance outcomes, than it must attach rewards. Different protruding scholars of organization behavior [15] support this common sense view. The literature explains that use of several incentive motivators might cause several performance outcomes, because the resulting practical informative content and the instruments used to control people's actions [16]. Incentive motivators consist of monetary incentives, Social-recognition and performance feedback.

The theoretical bases of incentives are beginning to receive attention [17]. Although incentives can take different forms such as cash payments, tangible prizes paid vocations, social-recognition and positive performance feedback to employees' have been used by organizations as the most prevalent generalized incentive motivators [18]. The prizes and other tangible rewards motivating organization's potential from the actual contents the organization provide, the outcome value of incentives eventually lead to some form of substantial pay [16]. The previous study suggests that the incentive value of the currency was based on the exchange function; it can carry out the majority of the transactions of goods and services [19]. Linking pay with performance, employers are increasingly seeking to accomplish things, job and performance related pay (PRP) to get the attention of workers with greater capacity, causing workers to provide greater efforts [20]. In current years, to support the goals of the organization, a discernible trend, especially in the private sector linkage reward with employee performance [21]. They think it reflects the skills and capabilities of their personal values as well as training and education they have obtained. However, the managers analyze the compensation in two perspectives: as a foremost sacrifice there is a probable impact on employee attitudes and behavior through incentive-based

compensation strategy. This possible impact of workers behavior and attitudes consequently, the productivity and efficiency of the organization is another cause why number of people think that the remuneration decision can become a source of competitive advantage [22].

Literature Review: The research shows that a remarkable collection of individual level tournament compensation to improve the performance of employees a raise dissemination of pay [23]. Connect employees' incentives and salary distribution to the results of the needs of organization involved to justice embodied consideration [24]. There are number of hypothetical perspective support parameters of wage dispersion motivational enhancement, consequences in a greater level of employees' performance however, these objectives are accompanied by the employ the employee incentives. Social-recognition can be defined of the excellent work done gratitude, personal attention, verbal expression of interest through ratified [25]. At the same time, there is no direct financial cost recognized by society or organizations, compensation managers "efforts" interpersonal skills and time. Social approval is to expand the utility of its consequences and its critical value, rather than from the social reaction [16]. Most of the expected results followed by tightening reaction of social recognition, others expected that return to become appropriate forecast, thus becoming the incentive program. In this way, individuals engaged in personal behavior, social acknowledgment and to avoid such behavior directly to the dissatisfaction by others [25].

H1: The incentive motivators perception would lead to high employee performance.

In the research author suggested that incentives to improve the efforts of the employees and they attract a higher labor capacity and reduce the wear performance for better jobs elsewhere [26]. These parameters are assumed to disperse justified and attaches great importance to the human capital to get a higher salary than the rare value of human capital. However, when the wage distribution in an improper reason, it is not possible to get these rewards. In order to improve the role of clear performance feedback required it must conveyed in positive manner, it clearly conveyed as an external intervention and it must be specific and immediate [18]. Organization based self-esteem (OBSE) is expressed as the degree to which an individual's believes that he / she is to be capable, valuable and significant members as an organization is to

what extent. [27] Indicate that people have very strong OBSE have sense of satisfaction of their requirements through their organizational roles. OBSE is less plasticity than the specific task of self-esteem, but more plasticity than global. The tenure of every individual's with an organization, the balance-sheet entities outside the conceptualization of the self-esteem the same country, reflecting the instability of the self-feelings [28].

H2: Incentive motivators has an positive impact on organization based self-esteem.

Individuals who come to think efficient and capable, from my own experience (for example, the success of a project completed) and to maintain their positive image. Generally, an organization of successful experience will strengthen the individual's OBSE and the failure experience will have the reverse effect. [29] Authors believe that the impact of self-belief of past performance (for example, the success/failure) depends on the person's interpretation, performance attribution. An individual who have a successful understanding and attributes their success is greater chances of experience to increased self-efficacy over time, which in turn affect organization based self-esteem [30]. In addition, they seek recognition and approval from compatible behavior and attitudes. Predictions from behavioral plasticity position self-esteem as an essential individual's differences variable moderating the association among work environmental conditions (for example, under conditions of poor role) and the attitude of the staff, an significant individual difference variable easing of the association among motivation and behavior prediction. The findings affirm for the theory that increase the difficulty of work, individuals, through a team-based system that leads to enhance the self-esteem in employees, which in turn lead to enhance the team commitment and job satisfaction [31]. In the study, the author explores the association among pay levels and employee performance.

H3: Organization based self-esteem is related to employee performance.

The theory, emphasis on individual's pay levels is a form of communication, signal staff on the extent to which organizations [32]. According to the author factors influenced dissent OBSE is ascertained by environment, relationships and individual variables [33]. The author confirmed that organizational structures, managerial respect, job difficulty and task consistency are determined

through OBSE [32]. The study also investigates that OBSE significantly influences job performance, intrinsic motivation, organizational citizenship, job commitment and job satisfaction. The research indicate that individual with higher OBSE distinguish themselves as important, competent, significant and valuable employees within their organization [32]. According to this theory, individuals that have low self-esteem they may be weaker performance rather than high self-esteem individuals, it shows feedback is not meet their required needs than their self-esteem, because these people have a strong need for self-improvement. Low self-esteem individuals will make a strong reaction to positive; because employee's high self-esteem will probably experience the largest self-enhancement as a consequence of positive feedback results. The author suggested that the negative behavior of low self-esteem employees rated as significantly more positive personal action. Intuitively, low self-esteem individuals may be in a pessimistic environment of life [34].

H4: Organization based self-esteem mediates the relationship among incentive motivators and employee performance.

MATERIALS AND METHODS

A purposive sample of 274 employee of private banking sector of twin cities Rawalpindi and Islamabad (Pakistan). About 43.1 percent of respondents of female and 56.9 percent were male. Most of the respondents were belongs to age group of 30 to 35 years. Mostly respondent's education level was bachelors and above. Pilot study was also conducted to test the reliability of adapted questionnaires on a sample of 80 respondents.

Research Instruments

Monetary Incentives and Social-recognition Questionnaire: The instrument of incentive motivators and Social-recognition was adopted from the previous study of [35]. It comprised the seven items to be responded on 5 point likrt scale that was ranging from 1 (Strongly disagree) to 5 (Strongly Agree.)

Performance Feedback Questionnaire: The questionnaire of performance feedback was adopted from the past study of [35]. It comprised the nine questions that to be responded on 5 point likert scale that was ranging from being 1 strongly disagree to 5 being Strongly Agree.

Organization Based Self-Esteem Questionnaire: The Organization based self-esteem questionnaire was adopted from previous research of [32]. It comprised the 10 items that to be responded on 5 point likert scale that was ranging from 1 (Strongly disagree) to 5 (Strongly Agree.).

Employee Performance Questionnaire: The questionnaire of employee performance was adopted from previous study of [32]. The Instrument comprised the seven items that to be responded on 5 point likert scale 5- Always, 4- Almost Always, 3- Most of the time, 2- Occasionally, 1- Never.

RESULTS

Table 1 exhibits the correlation matrix of all the variables of present research. The outcomes represents that employee performance is significantly positively correlates with incentive motivators ($r=.65$, $p<.01$) and organization based self-esteem ($r=.68$, $p<.01$). Incentive motivators are also significantly and positively correlates with organization based self-esteem ($r=.70$, $p<.01$). The values of cronbach’s alpha coefficient for all the three scales used in this study are also exhibited in above table. The reliabilities of all scales exceeded the 0.70 recommended by [36]. Cronbach’s alpha of 0.87, 0.84 and 0.76 for incentive motivators, organization based self-esteem and employee respectively, were significantly high for research use.

In this study uses the procedure explained in literature [37, 38] to examine the role of variable among the interpreter and outcome variable [37]. This practice consists of several steps to observe the partial or full mediation. First, the direct effect of the predictor to the outcome variable is to be examined. Secondly, the predictor variable’s indirect effect to the outcome variable is to be examined by mediating variable. If the forecaster variable to the outcome variable is significant by mediating variable, it indicates full mediation.

Table 1: Descriptive statistics, Reliability and correlation matrix of all variables (N=274)

Scales	Mean	S.D	I	II	III
I Incentive Motivators	3.53	0.62	(0.87)		
II Organization based self-esteem	3.10	0.64	0.704*	(0.84)	
III Employee Performance	3.63	0.72	0.658*	0.687*	(0.76)

* $P<0.01$, (Parenthesis Represents Comback Alpha Reliability Values of Variable)

Table 2: Mediating Effect of Organization Based self-esteem

Models	
MODEL1	
Incentive motivators	
• Employee performance	0.70*
MODEL2	
Incentive Motivators	
• Organization based Self-esteem	
• Employee performance	0.33

If the forecaster variable to the outcome variable is still significant and path declines, it is the evidence of partial mediation [37, 38]. For both partial and full mediation, the mediating variable must be significantly related to predictor as well as outcome variable in the model with indirect effect [39, 40]. Table 2 represents the impact of incentive motivators on employee performance by using two models direct and indirect model. These models are described in detail below.

Figure 1 describes the association among incentive motivators and employee performance without mediating variable. Incentive motivators is significantly and positively related to employee performance ($*=0.70$, $P<0.01$). Incentive motivators explain 49% of the variance in employee performance.

Fig. 2 explains the mediating role of organization based self-esteem in the association among incentive motivators and employee performance. Incentive motivators is significantly and positively employee performance ($*=0.33$, $P>0.01$) with the inclusion of

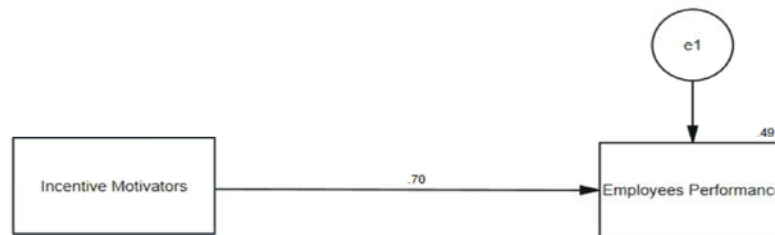


Fig. 1: Structural equation model showing the association among Incentive motivators and employee performance without mediation.

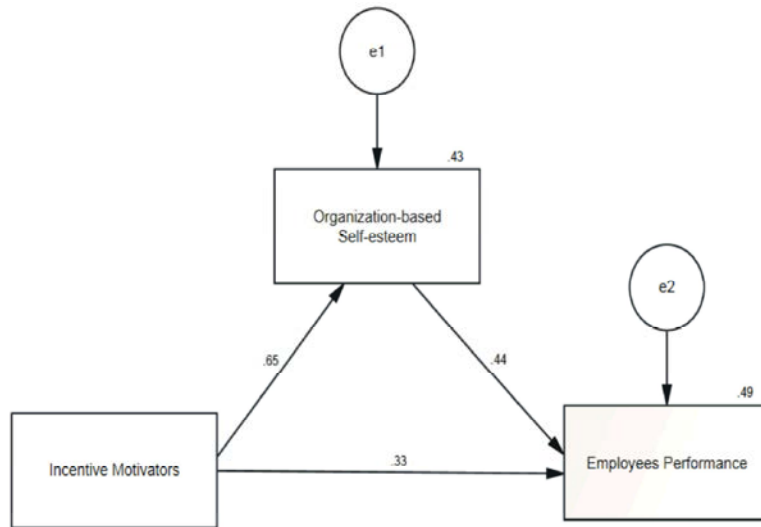


Fig. 2: Structural equation model showing the association among incentive motivators and employee performance organization based self-esteem as mediating variable.

organization based self-esteem as mediating variable in the model. Organization based self-esteem is significantly correlated to both the incentive motivators and employee performance ($P < 0.01$).

Incentive motivators explain 43% variance in the organization based self-esteem. Incentive motivators and employee performance and organization based self-esteem explains 49% variance in employee performance. The significant and positive association among incentive motivators and employee performance with organization based self-esteem as mediating variables indicates the relationship among incentive motivators and employee performance.

DISCUSSION

Employee performance is the focus of the attention of the practitioners and academicians since number of years. Organizations in order to attain competitive advantage and achieve success give top priority to the employee performance. As employees are the key for organization's success, new ways are needed to search to get maximum performance from them [1, 2]. Previous literature is evident of the correlation among incentive motivators, organization based self-esteem and employee performance.

The aim of the current research was twofold: to determine the effect of incentive motivators and organization based self-esteem on employee performance and to investigate the role of organization based self-esteem as a mediator among incentive motivators and

employee performance. Results based on 274 employees from private banking sector of twin cities Rawalpindi and Islamabad support out proposition that incentive motivators have significant and positive impact on employee performance. The outcomes found support through the previous literature revealing positive and significant impact on employee performance [30]. The results show that the hypothesis impact of incentive motivators on organization based self esteem was also supported. Incentive motivators were found to influence organization based self-esteem [30]. The findings also supported the preposition anticipating the effect of organization based self-esteem on employee performance. The findings are also line with the past investigations claiming the effect of organization based self-esteem on employee performance [32].

The hypothesized mediating role of organization based self-esteem in association among incentive motivators and employee performance was partially supported. It interprets that incentive motivators is directly as well as indirectly associated to employee performance. The previous research is evident of a limited research exploring the effect of incentive motivators on performance through some contextual factors [30]. The research was limited due to its cross-sectional research design. Nevertheless, such type of relationships may need a longitudinal analysis so, the future studies must determine this association over a long period of time. The findings were also limited to the uni-dimensional analysis of the variable whereas; the future studies may treat these variables as multi-dimensional i.e.

using their facets instead of the whole variable. The research was conducted in the private banking sector limiting its scope. The future studies might examine the association in other sectors and may compare several sectors as well.

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