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THE IMPACT OF EXTRINSIC MOTIVATION ON EMPLOYEES' PERFORMANCE: A CASE STUDY OF TEXTILE INDUSTRIES IN SINDH, PAKISTAN

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Abstract

The purpose of present study is to examine the effects of external motivational factors on employees. Current study is employed Herzberg's two-factor theory to investigate the effects of extrinsic factors on employees' performance in textile industries of Sindh, Pakistan. Seven point Likert scale is used for survey purpose. Reliability test is conducted for knowing the internal consistency of extrinsic factors as independent variables and employees' performance as dependent variable. Pearson correlation, Analysis Of Variance (ANOVA), t test and multiple regression techniques are employed for data analysis. The results found that all extrinsic factors have positive and significant effects on employees. This study provides good amount of knowledge on the importance of extrinsic factors for improving the employees' performance.

1. Introduction

The aim of research is to determine the impact of extrinsic motivating factors on workers' performance. Existing study illuminates the relationship of extrinsic motivation with employees' performance because external variables are playing an imperious role for growing employees' performance. Therefore, present study exhibits the effects of extrinsic factors on employees' performance for their willingness.

According to Luthan (1998), desired goals are achieved by motivation as motivation is inner force that activates our inner feelings. Motivation is a way to encourage and inspire employees at workplace and force to push employees for goal accomplishment (Deci & Ryan, 2002). There are two types of motivation: intrinsic and extrinsic (Mc Cormick & Tiffin, 1979). According to Ryan and Deci (2002), intrinsic motivation motivates internally which causes happiness and pleasure during work. While the extrinsic motivation associated with external factors, which supports for upgrading the performance of employees. Present study emphases on two-factor theory of Herzberg to estimate the impact of external factors on employee performance. Extrinsic factors as hygiene factors contributes a major role to fulfill the basic needs of employees (Khan et al., 2013). According to Cannizzaro et al., (2017), good package of salaries with other extrinsic rewards enforce the employees to complete their tasks properly in time. Dahlqvist and Matsson (2013) affirmed that to retain and sustain employees at workplace is only possible by applying the extrinsic factors. According to Remi (2011), the organization's status and position is raised and enhanced the employees' performance through good working condition, security and positive relations among peers. Reliable company policies, flexible environment and positive relation of employees with their supervisors increase the reputation of organization (Emeka et al., 2015).

This paper cover introduction for the research followed by a detailed literature review, scope of the research, research gape, research objectives, research hypothesis & methodology. In the last, the results of this research work are complied followed by conclusion and come recommendations.

2. Literature Review

Some of previous studies which exhibited the insignificant impact of few external variables on workers' performances such as Field et al., (1974), Rahman et al., (2017), Kuvaas et al., (2017), Cannizzaro et al., (2017). While the other studies depicted the insignificant impact of all extrinsic factors on employees' performance such as Mulki et al., (2017), Houston (2010), Hyun S. (2009), Gain et al., (2017).

Many of studies brief the significant impact of all extrinsic factors on employees' performance such as Casey et al., (2012), Yuan and Woodman (2010), Stella (2013), Parker et al., (2017), Bear et al., (2017), Ghanbahadur (2014). Recent study has revealed that all extrinsic factors are essential for improving employees' performance. Hur, 2017; Chang and Teng, 2017; Sanjeev and Surya, 2016; Emeks et al., 2015; showed a positive and significant impact of hygiene factors for improving the employee satisfaction, talent and performance in the industry.

Emeka et al., (2015) asserted that all extrinsic factors improved the enthusiasm of employees which create a positive environment to perform well by means of increase productivity. Attrams (2013) noted that extrinsic factors such as monetary policy and good working relatives are key factors of every organization. Hong Tan and Waheed (2011) assumed the significance of hygiene factor like salary, company policy and working condition in retail industry in Malaysia. William (2010) enlightened that security of job increase the health of employees. Security is central point of every organization because it saves the lifes of human beings. Stella (2008) explicated that management can succeed their organization by increasing the motivation level and performance through good working condition, positive work relation, supervision and job security in Kitgum District Local Government.

3. Scope of the Study

Current thesis will help in many areas concerning hospitals, educational institutions and organizations. Present study will offer an awareness about upcoming route. Present thesis will also be supportive for academic's professionals to recognize the dynamic, helpful and supportive relationship amongst external factors with employees' performance.

4. Research Gap

Many studies referred that some of extrinsic factors have insignificant impact on workers' performance while others favored that all extrinsic factors have insignificant impact on workers' performance as there is mixed results portrayed concerning extrinsic motivating factors with employee performances. Existing thesis confirmations that all extrinsic factors have significant impact on workers' performance

5. Research Objectives

Current study considers subsequent objectives:

- I. To estimate the influence of extrinsic motivating factors on performance of employees.

Present objective is supplementary divided into subsequent sub-objectives:

- i. To estimate the effect of company policy on performance of employees.
- ii. To estimate the effect of work security on performance of employees.
- iii. To estimate the effect of supervision on performance of employees.
- iv. To estimate the effect of money on performance of employees.
- v. To estimate the effect of working condition on performance of employees.
- vi. To estimate the effect of relationship with peers on performance of employees.

6. Research Hypotheses

Current hypotheses are:

H1= The extrinsic motivating factors are significantly related with on performance of employees.

This hypothesis is further split into following sub-hypotheses:

- H1a: Company policy significantly related with performance of employees.
- H1b: Work security significantly related with performance of employees.
- H1c: Supervision significantly related with performance of employees.
- H1d: Money significantly related with performance of employees.
- H1e: Working condition significantly related with performance of employees.
- H1f: Relationship with peers significantly related with performance of employees.

7. Research Methodology

For collecting and analyzing data, research methodology is playing an important role. Quantitative approach has been employed in present thesis. The data was gathered through questionnaires. For this purpose, 416 copies of questionnaire were collected from textile industry. Reliability test was conducted through SPSS version 20.0. Descriptive statistics, Pearson correlation, Analysis Of Variance (ANOVA), t test and multiple regression techniques

were used for analysis of data. Random sampling technique was used in present study. The selected area is Hyderabad and Karachi Sindh.

8. Results and Discussions

8.1.1 Descriptive Statistics of Extrinsic Variables of Textile Industry

Descriptive statistics shows the mean and standard deviation of extrinsic factors as shown below. Each of the items shows its mean and standard deviations of responses in tables 1 and 2.

Table 1

Descriptive statistics of extrinsic variables of textile industry

	Company policy	Work security	Relationship with supervision	Money	Working condition	Relationship with peers
N	Valid	416	416	416	416	416
	Missing	0	0	0	0	0
Mean	5.5623	5.6548	5.54390	5.5231	5.4052	5.6027
Median	6.1000	5.5067	5.1667	5.6000	5.7000	6.6000
Std. Deviation	.72342	.64540	.72374	.86728	.86666	.68997
Minimum	1.00	1.00	1.00	1.00	1.00	1.00
Maximum	6.67	6.33	7.00	7.00	7.00	7.00

Table 1 represented that the total no of respondents of textile industry are 416 and the total items of extrinsic as independent variables are 16. Company policy, work security, relationship with supervision, money, working condition and relationship with peers have more than five degree of agreement that indicated the degree of agree level of scale.

8.2. Descriptive Statistics of Dependent Variables of Textile Industry

Descriptive statistics of employee performance is shown below:

Table 2

Descriptive statistics of dependent variable of textile industry

	Employee performance
N	Valid
	Missing
Mean	6.9829
Median	6.1000
Std. Deviation	.33968
Minimum	5.00
Maximum	6.50

Table 2 represented that the total items of dependent variables are 6. Employee performance has degree of agree level of scale. The employees of textile industries are taking interest in their work and fulfilled their responsibility with honesty and sincerely because facilities provided by their management.

8.3. Cronbach Alpha of Extrinsic Factors of Textile Industry

By using SPSS, the cronbach alpha of extrinsic factors is .945, which is excellent as shown in table 3. The total items of extrinsic factors are 16. The total no of respondents are 416.

Table 3

Cronbach alpha of extrinsic factors of textile industry

Cronbach's Alpha	N of Items
.945	16

8.4. Reliability Test of Dependent Variables

The cronbach alpha of employee performance is .754, which is acceptable as shown in table 4. The total items of employee performance are 6. The total no of respondents are 416.

Table 4

Reliability Statistics of dependent variables of textile industry

Cronbach's Alpha	N of Items
.754	6

8.5. Pearson Correlation of Extrinsic Factors with Employee Performance

The pearson correlation is used to expose if there is positive relationship between external motivational factors and employee performance. The dependent variable (employee performance) is closely related with (extrinsic as independent variable) to work security (.278) and then following relationship with supervision (.270), working condition (.268), company policy (.252), relationship with peers (.245), and is less closely related with money (.240). According to Pearson correlation effects in textile industry, all the extrinsic factors have small but definite association with employee performance.

8.6. Multiple Regression Of Extrinsic Variables with Dependent Variables

The regression analysis between extrinsic and employee performance is measured. Extrinsic have six factors i.e. company policy, work security, relationship with supervision, money, working condition and relationship with peers used as an independent variables. According to hypothesis 2, summarize results are given below:

Tables 5 of multiple regression of extrinsic variables with dependent variables

Table 5.1

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.753 ^a	.566	.566	.03375

a. Predictors: (Constant), rp, m, ws, cp, wc, rs

b. Dependent Variable: dep

Table 5.2

ANOVAa

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	6.290	6	1.048	920.304	.000 ^b
Residual	4.816	409	.001		
Total	11.106	415			

a. Dependent Variable: dep

b. Predictors: (Constant), rp, m, ws, cp, wc, rs

Table 5.3

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	.109	.018		6.050	.000		
Company policy	.029	.015	.025	1.880	.060	.565	1.769
Work security	.059	.015	.042	3.936	.000	.922	1.085
1 Relationship with supervision	.583	.019	.653	29.930	.000	.215	4.643
Money	.099	.009	.107	10.441	.000	.976	1.024
Working condition	.037	.015	.043	2.501	.012	.349	2.866
Relationship with peers	.056	.017	.066	3.226	.001	.246	4.060

a. Dependent Variable: dep

According to Model summary table 5.1, the correlation coefficient R is 75.3% large, showing strong positive correlated between extrinsic factors and employee performance. The coefficient of determination is mentioned by R square is 0.566. This model have explained the variance which described that five independent variables have explained 56.6% of variation in dependent variable. The results showed model is better fit which leads to less estimation error. The model summary shows adjusted R square, measured to "control for" overestimates of the population (Field, 2009). Adjusted R square is .566 means 56.6% of variance is explained by predictors in dependent variable. The 56.6% adjusted R square explained that all observed points are very close to the mean value.

By measuring through ANOVA as shown in table 5.2, the F-statistic 920.304 is 0.000 p value. The rule of thumb for significant p value is <0.05, results show model is best fit. As a result, the model has given a good description of association among explained and unexplained factors. F test having large value with less than p value (0.05), showed that H2 is accepted.

From the Coefficient's table 5.3, for extrinsic variable company policy, the value of *B coefficient* is 0.025, which has t value 1.880 and significance level is .060 indicating that company policy is significant element to employee performance. Therefore hypothesis 1st of this study (i.e. H1a: Company policy significantly related with performance of employees) supported.

For extrinsic variable work security, the value of *B coefficient* is 0.042, which has t value 3.936 and significance level is .000 indicating that work security is significant element to employee performance. Therefore hypothesis 1st of this study (i.e. H1b: Work security significantly related with performance of employees) supported.

For extrinsic variable relationship with supervision, the value of *B coefficient* is 0.653, which has t value 29.930 and significance level is .000 indicating that relationship with supervision is significant element to employee performance. Therefore hypothesis 1st of this study (i.e. H1c: Relationship with supervision significantly related with performance of employees) supported.

For extrinsic variable money, the value of *B coefficient* is 0.107, which has t value 10.441 and significance level is .000 indicating that money is significant element to employee performance. Therefore hypothesis 1st of this study (i.e. H1d: Money significantly related with performance of employees) supported..

For extrinsic variable working condition, the value of *B coefficient* is 0.043, which has t value 2.501 and significance level is .012 indicating that working condition is significant element to employee performance. Therefore hypothesis 1st of this study (i.e. H1e: Working condition significantly related with performance of employees) supported.

For extrinsic variable relationship with peers, the value of *B coefficient* is 0.066, which has t value 3.226 and significance level is .001 indicating that relationship with peers is significant element to employee performance. Therefore hypothesis 1st of this study (i.e. H1f: Relationship with peers significantly related with performance of employees) supported.

Furthermore, in order to test the multi-collinearity problem among independent variables of extrinsic factors of textile industry, the VIF and tolerance test has used. The results of VIF and tolerance test showed that VIF scores of all independent are below five indicating that no multi-collinearity problem incurred to that one model. Whereas the tolerance test values of extrinsic variables are above 0.20 level displaying no any problem affected by multi-collinearity.

9. Conclusion

Extrinsic factors increase the employees' interest in their work to achieve the industrial mission. Each variable of extrinsic gives its importance to employees' performance. Positive environment makes employees good and relax. Good relation among workers and supervisors keeps the employees to stay at organization for long period and make team spirit. Positive working condition creates the open communication through which employees feels its value and break the barriers incurred in organization levels. Good amount of salaries either it will be personal or corporate are essential for higher savings, which ultimately applied for investment and growth of economic. Extrinsic factors increases the employees confident and performance in textile industries.

10. Limitation

Due to careless of workers, cooperation from members side was less. In textile industries, staffs were fearing to provide information regarding the company due to action may be taken against them from management side. Actually there is depraved link amid employees and supervision that create the negative impact of company and employee's absenteeism.

11. Recommendations

Based on our results, certain recommendations are described here: Management should prominence the positive workplace and make relations good among supervisors with employees. To keep employees at their organization for long period and provide them extrinsic rewards. Top organization should reduce the strict company policies and belief on employees. Hygiene factors should properly employed and concentrated.

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