

The Impact of Extrinsic Motivation on Employees' Performance: A Case Study of Food Industries in Sindh, Pakistan

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Abstract

Existing study examines the sound effects of external factors related to Herzberg's two-factor theory on employees of food industries. For this purpose seven point Likert scale is employed. The test of reliability is accompanied for realizing the consistency level of extrinsic factors as independent variables and employees' performance as dependent variable. Further, Pearson correlation, Analysis Of Variance (ANOVA), t test and multiple regression techniques are conducted for analysis. The results found that all extrinsic factors have positive and significant effects on employees. This study delivers huge amount of information on the significance of extrinsic factors for enlightening the employees' performance.

Keywords: Employee performance; Extrinsic factors; Food industry; Motivation .

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1. Introduction

The aim of research is to define the impact of extrinsic factors on employees' working performance. Current study illustrates the association of extrinsic motivation with employees' performance because the factors of extrinsic are playing an imperative role for increasing workers' performance. Therefore, present study demonstrates the effects of extrinsic factors on employees' performance for their goodwill. The author in [20] concluded that motivation is playing a centralization role at place of work to accomplish the desired goals. According to authors in [29], motivation means to be encouraged and activated towards an end. Motivation is a force to push employees for completion of their tasks. Motivation is associated with every step of life e.g. drinking is motivate by thirst [28]. Intrinsic and extrinsic are two types of motivation [22]. According to authors [27], intrinsic motivation related to happiness occurred internally after completion of certain desired tasks. Whereas extrinsic motivation related to external factors of job itself, which is helpful for improving performance of employees. This study focuses on two-factor theory of Herzberg to evaluate impact of external factors on employee performance. Hygiene factors work as extrinsic factors and contribute a major role to fulfill the basic needs of employees [18]. The author in [4] noted that once an organization wants to accomplish a task from workers, they will offer financial rewards along with extrinsic rewards. Organization makes sure to their employees for providing extrinsic rewards when job is properly done [26]. The authors in [7] asserted that motivation is a vital tool for increasing the performance of employees and retaining them for longer period in organization. High performance increases the firm's status and position. Extrinsic motivation boosts the employees' performance through good working condition, noble policies, security and reliable relations among peers [8]. According to authors [12], the employees are highly motivated and performed well when they feel interest and pleasure in their job. Security, effective supervision and reliable association among peers in the place of work are approved as important factors that play vital role in boosting performance of the organization. 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

Mixed results have portrayed in earlier studies regarding extrinsic motivation and their influence on employee performance. Some previous studies displayed the insignificant impact of few extrinsic factors on workers' performances such as authors [9, 17, 19]. Whereas other studies portrayed the insignificant impact of all extrinsic factors on employees' performance such as authors [15, 23, 10]. While other studies summarized the significant impact of all extrinsic factors on employees' performance such as authors [3, 5, 11, 16, 25, 24, 31, 33]. Recent study has revealed that all extrinsic factors are essential for improving employees' performance. The authors in [6, 14, 30] represented their results that create positive and significant impact of hygiene factors for improving the employee satisfaction, talent and performance in the industry. The author in [1] asserted that all extrinsic factors enhanced the motivation of employees which ultimately influenced positively to performance of workers in terms of productivity. According to author [2], extrinsic factors were playing a major role for increasing the employee

performance in public and private sectors e.g. monetary policy and good working relatives. The authors in [13, 21] believed that hygiene factors were more prominence as compared to intrinsic factors in retail industry by applying Herzberg two-factor theory in Malaysia. Their study had more focused on salary then gives importance to company policy and working condition among all extrinsic factors.

The author in [32] explained that employees were motivated by extrinsic motivation to achieve their high performance in organization.

The author in [31] explained that high motivation and high performance for successful organization can be achieved by numerous variables such as working condition, work relation, supervision and job security in Kitgum District Local Government to carry out good resultant.

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

Mixed results have portrayed regarding extrinsic motivating factors and their influence on employee performances still modern world. They determined that amongst all extrinsic factors, some factors presented insignificant impact on performances of workers. Current thesis shows that all extrinsic factors are playing a vital role for boost employees' performances.

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 influence of company policy on performance of employees.
- ii. To estimate the influence of work security on performance of employees.
- iii. To estimate the influence of supervision on performance of employees.
- iv. To estimate the influence of money on performance of employees.
- v. To estimate the influence of working condition on performance of employees.
- vi. To estimate the influence 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, 346 copies of questionnaire were collected from food 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 Descriptive statistics of extrinsic variables

Descriptive statistics shows the mean and standard deviation of extrinsic factors as shown below. Each of the items portrays its mean and standard deviations of responses in tables. The total no of respondents of food industry are 346 and the total items of extrinsic as independent variables are 16. Descriptive statistics have tested for this research for individual variable and for all variables as well.

There are 16 items of extrinsic variables and 6 items of employee performance. The individual and overall mean of all items are above 5 and near to 6 which represent that all items are close to agree level of degree to statements but item 30 is agree level of degree

Table 1: Descriptive statistics of extrinsic variables of food industry

	Company policy	Work security	Relationship with supervision	with Money	Working condition	Relationship with peers
Valid N	346	346	346	346	346	346
Missing	0	0	0	0	0	0
Mean	5.6454	5.9858	5.9038	5.5743	5.8957	5.8741
Median	6.1200	5.5567	5.5667	5.6700	5.7800	6.2300
Std. Deviation	.81336	.86941	.97885	.98771	.98995	.76591
Minimum	1.00	1.00	1.00	1.00	1.00	1.00
Maximum	6.67	6.33	6.67	7.00	7.00	7.00

8.2 Descriptive statistics of dependent variable

Descriptive statistics shows the mean and standard deviation of employee performance as shown below:

Table 2: Descriptive statistics of dependent variable of food industry

	Employee performance
Valid N	346
Missing	0
Mean	5.7693
Median	5.7667
Std. Deviation	.78783
Minimum	1.50
Maximum	10.00

8.3 Cronbach Alpha of All Extrinsic Factors of Food Industry

According to hypothesis 2, the reliability test is portray below:

By using SPSS, the cronbach alpha of extrinsic factors is .978, which is excellent. The total items of extrinsic factors are 16. The total no of respondents are 346.

Table 3: Cronbach alpha of extrinsic factors of food industry

Variables	Company policy	Work security	Relationship with supervision	Money	Working condition	Relationship with peers
Cronbach alpha individual factors	.87	.78	.89	.84	.88	.96

Table 4: Cronbach alpha of individual extrinsic factors of food industry

Cronbach's Alpha	N of Items
.978	16

Company policy as extrinsic variable of food industry shows good result where as work security, relationship with supervision, money and working condition shows good results while relationship with peers shows excellent result.

8.4 Reliability test of dependent variable

The cronbach alpha of employee performance is .889, which is good. The total items of employee performance are 6. The total no of respondents are 346.

Table 5: Cronbach alpha of dependent variables of food industry

Cronbach's Alpha	N of Items
.889	6

8.5 Pearson correlation of extrinsic factors with employee performance of food industry

The Pearson correlation is used to expose if there is positive relationship between motivational factors and employee performance. According to hypothesis 2, Pearson correlation result is described below: As the correlation shows all positive values in food industry, so the result shows that all the extrinsic variables as independent variables effects positively to employee performance as dependent variable. The dependent variable is associated with working condition (.587) and then following relationship with peers (.584), company policy (.554), relationship with supervision (.532), money (.489) and is less linked with work security (.478). According to Pearson correlation effects in food industry, relationship with supervision, working condition, company policy, relationship with peers have moderate relation with employee performance while money and work security have small but definite relation with employee performance. In food industry, company policy is highly interrelated with work security at 78.2% at

the significant p value .000 showed high association than other variables. Work security is highly interrelated with relationship with supervision at 88.8% at the significant p value .000 showed high link than other variables. Relationship with supervision is highly interrelated with working condition at 88.7% at the significant p value .000 showed high relationship than other variables. Money is highly interrelated with working condition at 93.2% at the significant p value .000 showed high affiliation than other variables. Working condition is highly interrelated with relationship with peers at 55.5% at the significant p value .000 showed moderate connection than other variables.

8.6 Multiple regression of extrinsic variables with dependent variables of food industry

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 6 Multiple regression extrinsic variables and employee performance of food industry

Table 6.1: Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.758 ^a	.575	.575	.03337

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

b. Dependent Variable: dep

Table 6.2: ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	6.541	6	1.090	978.760	.000 ^b
1 Residual	4.831	339	.001		
Total	11.372	345			

a. Dependent Variable: dep b. Predictors: (Constant), rp, m, ws, cp, wc, rs

Table 6.3: Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
	(Constant)	.103	.017				5.937
Company policy	.030	.015	.026	1.958	.050	.567	1.764
Work security	.057	.015	.040	3.892	.000	.931	1.074
Relationship with supervision	.587	.019	.656	30.668	.000	.214	4.673
Money	.103	.009	.112	11.172	.000	.975	1.025
Working condition	.033	.014	.038	2.284	.022	.359	2.783
Relationship with peers	.061	.017	.071	3.541	.000	.244	4.098

According to Model summary, the R-value, correlation coefficient is 75.8% large, showing strong positive connection between extrinsic factors and employee performance. The coefficient of determination R square is 0.575. This model have enlightened the variance which described that five independent variables have illuminated 57.5% of variation in dependent variable. The results showed any error in model with representing Adjusted R square is .575 means 57.5% of variance is clarified by interpreters in dependent variable. By measuring through ANOVA table, the F-statistic 978.760 is 0.000 p value. From the rule of thumb, F test having large value with less than p value (0.05), showed model is good and having no error so that H2 is accepted. According to Krawthol and Anderson (2001), the unstandardized coefficient beta weights and the standardized beta weights have applied to know the statistical significance and relative importance of each predictive variable. Moreover, to test the multi-collinearity error amongst independent variables of extrinsic factors of food industry, the two important test such as VIF and tolerance test has used. The VIF values below five and tolerance test above 0.20 level viewing no any serious problem incurred by multi-collinearity.

From the Coefficient’s table, for extrinsic variable company policy, the value of *B coefficient* is 0.026, which has t value 1.958 and significance level is .050 indicating that company policy is significant element to employee performance. Therefore hypothesis 2nd of this study (i.e. H2a: Company policy significantly related with performance of employees) supported. For extrinsic variable work security, the value of *B coefficient* is 0.040, which has t value 3.892 and significance level is .000 indicating that work security is significant element to employee performance. Therefore hypothesis 2nd of this study (i.e. H2b: Work security significantly related with performance of employees) supported. For extrinsic variable relationship with supervision, the value of *B coefficient* is 0.656, which has t value 30.668 and significance level is .000 indicating that relationship with supervision is

significant element to employee performance. Therefore hypothesis 2nd of this study (i.e. H2c: Relationship with supervision significantly related with performance of employees) supported. For extrinsic variable money, the value of *B coefficient* is 0.112, which has t value 11.172 and significance level is .000 indicating that money is significant element to employee performance. Therefore hypothesis 2nd of this study (i.e. H2d: Money significantly related with performance of employees) supported. For extrinsic variable working condition, the value of *B coefficient* is 0.038, which has t value 2.284 and significance level is .022 indicating that working condition is significant element to employee performance. Therefore hypothesis 2nd of this study (i.e. H2e: Working condition significantly related with performance of employees) supported. For extrinsic variable relationship with peers, the value of *B coefficient* is 0.071, which has t value 3.541 and significance level is .000 indicating that relationship with peers is significant element to employee performance. Therefore hypothesis 2nd of this study (i.e. H2f: Relationship with peers significantly related with performance of employees) supported.

9. Conclusion

It is concluded that extrinsic factors are key tools within the organization. Food industries enhances and improves the employee's performance by facilitating with training opportunities through which they will increase their status, confidence, style of communication and manage the industrial matters.

The result demonstrated that performance of employees is extremely motivated by hygiene factors which created an affirmative link amongst extrinsic factors and employee performance along with good future impact on performance of industries. Present thesis shows the first impression in food industries of Sindh. There is no any its type that measures the impact of extrinsic factors on employee performance of food industries in Kotri, Mitiari and Karachi. Current study recognises at what degree extrinsic factors are influenced. The results suggested that extrinsic factors in food industries provided the opportunities to take an interest in the job and create effective leadership. The employee turnover rate is much lower due to proper and flexible environment. Food industries saves money, make effective products and high profit by concentrating on employees' satisfaction and performance.

10. Limitation

Jobs were inattentive for workers, so cooperation from respondents side was less due to terror of organization that action would be taken against by them. In food industries, teams were facing trouble to provide information regarding the company. In food industries, there is immoral association among employees and administration, which will create loss of company and employee's turn over that create negative impact to industrial employees.

11. Recommendations

Based on our results, certain recommendations are described here: Administration should put emphasis on creating the workplace helpful and favorable so that supervisor have good relations with employees. Employees will take more interest in work, if their jobs will be on permanent base, which will ultimately benefit to organization. Top

management should relax the company policy and trust employees. Employee dissatisfaction can be eliminated by applying hygiene factors, so managers should concentrate on it. Extrinsic motivation make the employees more energetic and enthusiasm as far more effective and productive, which ultimately boost the performances of workforce.

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