Study of Organizational Environment, Incentives and Promotion and its Effect on Employee’s Motivation

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Abstract 
Motivation is an important factor for organizational growth. This study was undertaken with two primary goals in mind. Our first objective was to address the need for a quantitative review of the relationships between psychological climate and individual-level outcomes. This was accomplished using meta-analytic procedures to generate a correlation matrix among the five psychological climate categories and the outcome variables that have been researched in prior psychological climate studies. Our second goal was to examine alternative structural models that describe the effects of psychological climate perceptions on employee attitudes (such as satisfaction, commitment, and job involvement), motivation, and performance. The study tells that motivation is the force that characterized people’s determination and efforts at work. We also examined the relationship between employee motivation with the organizational environment, wages, incentive & benefits and promotion. For this purpose, four independent variables of organizational environment, wages, incentive & benefits and promotion were used. We see their impact on employee motivation, for this purpose different statistical tools and techniques were applied that includes sampling, data collection techniques and methods. With the help of questionnaire and SPSS software, we found the impact of independent variables on dependent variable. Motivation plays a vital role in the organization to retain its employees with work and company. Manager can increase the job satisfaction of employees by motivating them with these factors. 

Key words 
Employee Motivation, organizational environment, wages, incentives & benefits and promotion 

1. Introduction and literature review 
Huang, Chen, Krauss, & Rogers (2004) investigated the relationship between corporate safety policies with Quality of safety polices, Supervisor safety support, Employee safety control, Injury incidence, Injury risk, Satisfaction with the company. The goals of this study were to examine the presumed benefits of organizational safety-related policies and the roles of two organizational variables (supervisor safety support and employee safety control) on both safety outcomes and satisfaction with the company. Overall, findings suggest that perceptions of organizational safety policies, supervisor safety support, and employee safety control play critical roles in predicting both injury incidence and satisfaction with the company. Davis & Wilson (2009) investigated the relationship between principals’ empowering behavior and motivation, job satisfaction and job stress. Result showed that principle empowering behavior centering on intrinsic or personal power of teachers explained 14% of the variability in teacher motivation. Rasouli, Banimahd, & Royaee (2015) used Schwartz (1992) model to examine the influence of culture on professionalism of an accountant (using Gray model to detect professionalism) and found that professionalism of account is affected by motivational values and security from motivational values can put influence on professionalism. Falkenberg (1987) concluded that there is an effect on employee fitness program by the stress, mental health, performance, productivity, absenteeism, commitment and turnover. The model presented here provides a framework upon which to generate future research. In particular, more experimental research is
needed on the relationship between physical fitness and the ability to maintain high levels of cognitive functioning during an eight-hour day. Also, the immediate effects of physical exercise on mood, attitudes, and the ability to relax, particularly after cognitive work, should be examined. Applied research should be directed at analyzing differences in stress symptoms, absenteeism, and productivity between fit and nonfit individuals, and the impact of employee fitness programs have on commitment, turnover, and absenteeism should be examined.

Sharma, Borna, & Stearns (2009) see the effect of Commitment Performance fairness: the role of perception on corporate ethical values. This study tells that for two decades, research and theory assumed a direct relationship between CEVs and employee commitment and performance. This normative view is appealing for many obvious reasons. We remain confident that a direct relationship exists but argue that it is moderated by at least one and maybe more variables, resulting in both theoretical and applied implications. Practitioners should be sensitive to the subtleties of these relationships and not be naive about employee commitment and performance, and how they are related to organizational values and ethics. Igalens & Roussel (1999) investigated the relationship of work motivation with Work Satisfaction, Job Satisfaction and motivational Process with Pay Compensation. This study applied the theoretical framework based on expectancy and discrepancy theories to examine how the elements of total compensation might nuance work motivation and job satisfaction. The principal dimensions of total compensation that give rise to distinct reactions among employees were examined. Two samples of employees, 269 exempt employees and 297 nonexempt employees were studied separately in order to identify the differences of reaction between these two groups. The relationships between the elements of total compensation, work motivation and job satisfaction were analyzed by a structural equations model with LISREL VII. Proposals were developed to predict the conditions of compensation efficiency on work motivation and job satisfaction in the cultural context of employment in France. The three Principal conclusions of the study were: (1) under certain conditions, individualized Compensation of exempt employees can be a factor of work motivation; (2) exile pay of nonexempt employees neither motivates nor increases job satisfaction; (3) benefits of exempt and nonexempt employees neither motivate nor increase job satisfaction.

X. Huang, Iun, Liu, & Gong (2010) see the effect of participative leadership on work performance, Empowerment, trust. This study examined whether participative leadership behavior is associated with improved work performance through a motivational process or an exchange-based process. Based on data collected from 527 employees from a Fortune 500 company, we found that the link between superiors’ participative leadership behaviors and subordinates’ task performance and organizational citizenship behavior toward organizations (OCBO) was mediated by psychological empowerment (motivational mediator) for managerial subordinates. Yet, for non-managerial subordinates such as supporting and front-line employees, the impact of participative leadership on task performance and OCBO was mediated by trust-in-supervisor (exchange-based mediator). Implications for theories and practices are discussed. Parker et al. (2003) investigated the relationship between psychological climate perceptions and Job Satisfaction, Job Commitment, Job Performance, Motivation. This study was undertaken with two primary goals in mind. Our first objective was to address the need for a quantitative review of the relationships between psychological climate and individual-level outcomes. This was accomplished using meta-analytic procedures to generate a correlation matrix among the five psychological climate categories defined by Jones & James (1979) and the outcome variables that have been researched in prior psychological climate studies.

Our second goal was to examine alternative structural models that describe the effects of psychological climate perceptions on employee attitudes (such as satisfaction, commitment, and job involvement), motivation, and performance. Younis, Barhem, & Younis (2008) examined the relationship between Motivation and Reward & Recognition System, Salary, health Services, health care system. A reward and recognition (RR) system is a tool widely applied by organizations to motivate their employees. Outstanding employees expect their effort to be acknowledged by the organization. However, the variety of rewards and recognitions systems used by organizations may be perceived differently by different employees. This research studied how medical sector employees in the private and public health sector view the RR systems in the UAE. Two lists, comprising 26 major approaches to RR, were prepared and its items prioritized by taking inputs from 250 employees working in more than 30 varied public and private
health care organizations in the UAE. The findings of the research are expected to provide guidelines for developing appropriate RR systems for organizations in general, and UAE health care organizations in particular.

Kuvaas (2006) explains the findings that there is a relation exist between Work performance, work motivation, employee outcomes and Pay administration, pay level. The purpose of this study was to investigate employee attitudes and behaviors among Knowledge workers under different forms of pay administration and pay levels. To examine these issues, data was collected from two business units in a large Norwegian multinational company with pay plans combining individual and collective performance and behaviors as the foundations for individual bonuses; one with two collective components (profit and behavior of the unit and the organization) and one with an individual component in addition to the two collective components. After controlling for organizational tenure, education, gender, perceived unit support, perceptions of distributive and procedural justice, and type of pay plan, the key findings are that the base pay level, but not bonus level, was positively related to both self-reported work performance and affective unit commitment, and that these relationships were partly mediated by intrinsic motivation.

Welbourne, Andrews, & Andrews (2005) develop a relationship between Satisfaction, Motivation with employee energy, Turnover and job performance. This research for a new way to approach motivation at work led authors to consider the sports physiology literature. The analogy they drew based on the key findings of that area of research, proved useful for examining the link between motivation, directed human energy, and employee performance outcomes (including turnover). The paper showed that there is a conceptual bridge between the understanding of the human body from a physiological viewpoint and ways of thinking about the social behaviors of human beings, particularly in the workplace. Code & Langan-Fox (2001) explored the relationship between Motivation and health, well-being, stress–strain, Personality integration. This is problematic for two reasons. First, within the current, prevailing integrative view of personality there are three main elements: motivation, cognitions, and traits (Code & Langan-Fox, 2001). The second problem is that there are two branches that together define personality psychology as a discipline: (a) the homothetic or ‘individual difference’ approach; and (b) the ‘ideographic’ approach, that is the structure and organization of personality at the individual level (Epstein, 1994), yet trait theory—and especially the ‘Big Five’ model—have paid little attention to the latter, a trend that is also evident in the occupational stress literature. The central thesis of the current paper is that motivation, cognitions and traits should contribute more variance to the stress–strain relationship than trait personality alone. A preliminary model is presented and recommendations for future research are provided.

Gagné & Deci (2005) examined the relationship between work motivation and rewards, Autonomy and Basic psychological needs. It is well established that use of salient extrinsic rewards to motivate work behavior can be deleterious to intrinsic motivation and can thus have negative consequences for psychological adjustment, performance on interesting and personally important activities, and citizenship behavior. However, research also clarifies ways in which tangible rewards can be used so as not to be detrimental to intrinsic motivation. Furthermore, self-determination theory has detailed the processes through which extrinsic motivation can become autonomous, and research suggests that intrinsic motivation (based in interest) and autonomous extrinsic motivation (based in importance) are both related to performance, satisfaction, trust, and well-being in the workplace.

Egan, Yang, & Bartlett (2004) justify the relationship of Organizational Learning Culture with the Motivation to transfer learning, Turnover and Job Satisfaction. This study developed and tested a conceptual model of the joint effects of organizational learning culture and job satisfaction on two outcome variables: motivation to transfer learning and turnover intention. Overall, the results of structural equation modeling analyses were consistent with the hypotheses. Organizational learning culture is a valid construct in predicting job satisfaction and two outcome variables: motivation to transfer learning and turnover intention. By testing two structural models, we developed a detailed understanding of how learning culture and job satisfaction may directly or indirectly influence these two outcome variables. This study suggests that job satisfaction is associated with organizational learning culture and that although these constructs are highly correlated; they tend to be conceptually distinct. The discriminate validity of these two concepts is evident. Associated measurement items have adequately loaded on their respective constructs, and the correlation between the two constructs tends to be moderately high. The findings of this study suggest that
organizational learning culture and job satisfaction are important in determining employees’ motivation to transfer learning and turnover intention. Houran & Kefgen (2007) concluded that a relationship exists between Motivation and Materialism, Money, Respect and Financial Incentives. The available research makes it clear that a monetary incentive is simply one piece of a larger mosaic of issues.

Savvy organizations delve into those other issues. Employee surveys and interviews can help organizations identify what type of monetary incentives are the most motivating to a given employee base, and, naturally, those incentives must be feasible for the organization to implement. Subsequently, companies must balance financial considerations with other non-financial reinforcements to maximize job quantity and quality. The best rule of thumb stems from Stajkovic & Luthans (2001) (influential meta-analysis) which concluded that feedback combined with money and social recognition produced the strongest effect on job performance. We further recommend that performance feedback should be structured to maximize its benefit both to the employee and the company. For example, many employees respond well to coaching or mentoring. And there are many tools, such as the 20/20 Skills™ assessment, that can streamline goal-setting for individual employees or even entire departments. Goal-setting is an important aspect to enhancing job performance, although it is not always an obvious one to managers. For instance, one review discovered that, while monetary incentives influence performance, the relationship is not mediated by goal-setting. That is, goal-setting and monetary incentives independently influence job performance. Holton (2001) showed Job Attitudes effects Perceived availability, Helpfulness, new employee development, and socialization. The descriptive results in this study for availability differ significantly from previous research which reported high levels of availability (Louis, Posner, & Powell, 1983; Nelson & Quick, 1991). These results that newcomers perceive the tactics to be available in only limited amounts, on average, and to vary widely in availability. Some valuable development tactics (such as formal training programs, mentoring and programs to teach new employees, the informal systems of the organization) showed alarmingly low levels of availability. In most instances, a large percentage of respondents reported that development tactics commonly thought to be available, were not actually available at all. The general picture that emerges from these results is that while new employees can expect to find some amount of these tactics available, it is likely to be perceived as a low amount. It appears that organizations are devoting less effort.

Shinnar, Young, & Meana (2005) explained that there is a relation between the Motivation and Employee referrals, Organizational outcomes, Self-persuasion, and Attitude. A replication of this study in an organizational setting would be beneficial in overcoming some of the limitations of a laboratory-type experiment. We believe that measuring the effects of employment referrals on employee recommenders in the work setting is likely to show stronger effects than in a simulation situation. This would also allow the comparison of group differences among individuals with positive and negative or neutral work attitudes.

2. Methodology of research
2.1. Theoretical framework

The organizational environment is one of the key factors which influence the employee motivation. The reason is that when there is a healthy environment in organization the employees get motivated. Wages also affect employees’ motivation, when incentives and benefits are given to employees it increase motivation. At last, promotion in organization also acts as an employee motivator.

![Organizational Environment](image1.png)

**Figure 1.** Relationship between motivation of employees with organizational environment, wages, incentives & benefit, promotion
2.2. Variables explanation

2.2.1. Employees Motivation

Egan et al. (2004), Gagné & Deci (2005), Kuvaas (2006), Parker et al. (2003), Shinnar et al. (2005), Welbourne et al. (2005), Younies et al. (2008), Code & Langan-Fox (2001), Houran & Kefgen (2007) and Igalens & Roussel (1999) are among those researchers who have worked on motivation (taking employee motivation as dependent variable in their respective studies).

2.2.2. Organizational Environment

The independent variable Organizational environment has three dimensions i.e. Friendly, Strict and Normal. The elements of 1st dimensions are cooperative, supportive and sociable, the elements of 2nd dimension are severe, harsh and hard, the elements of 3rd dimension are typical, usual and average. Egan et al. (2004), Holton (2001) X. Huang et al. (2010) and Shinnar et al. (2005) used the variable in their research.

2.2.3. Wages

The independent variable “Wage” has three dimensions i.e. efficient, Skilled and commission. The elements of 1st dimensions are competent, professional and capable; the elements of 2nd dimension are talent, expertise and ability, the elements of 3rd dimension are no. of unit sold, no of customers and timely. There is an effect of wages on motivation of employee which was also analyzed by Gagné & Deci (2005), Houran & Kefgen (2007), Igalens & Roussel (1999), Kuvaas (2006), Younies et al. (2008).

2.2.4. Incentives & Benefits

The independent variable Incentive & Benefit has three dimensions i.e. health allowance, Bonuses and transportation. The elements of 1st dimensions are monthly checkup, medication, major disease recovery, the elements of 2nd dimension are profit sharing, pay increment, overtime paid, and the elements of 3rd dimension are pick and drop, off-job tours and vehicle fuel. Incentive and benefit plays vital role in employee motivation examined by Younies et al. (2008) and Sharon et al. (2001).

2.2.5. Promotion

The independent variable promotion has three dimensions i.e. work performance, less absenteeism and personal skills. The elements of 1st dimensions are on time task completion, participative behavior and less usage of resources, the elements of 2nd dimension are minimum usage of yearly vacations, minimum short leaves and punctuality, the elements of 3rd dimension are interactive, social and excellent communication. On time Promotion helps organizations to retain their employees. This promotion can be performance based and the effects were studied by Falkenberg (1987), Igalens & Roussel (1999), Parker et al. (2003) and Welbourne et al. (2005).

2.3. Hypothesis

This research study has been conducted on the basis of the following hypothesis:

**Ho:** There is a relationship between Employee Motivation with Organizational environment, Wages, Incentives &Benefits, and Promotion.

**Ha:** There is no relationship between Employee Motivation with Organizational environment, Wages, Incentives &Benefits, and Promotion.

2.4. Sampling

2.4.1. Sample Size

For this research study the data was collected from a sample of two hundred people as n=200 (Sekaran).
2.4.2. Sampling Technique

This research study has been conducted on the basis of non-probability sampling in which convenience sampling was used. Convenience sampling refers to the collection of information from members of the population who are conveniently available to provide it.

The reason behind selecting convenience sampling was that because in this the most easily accessible members are chosen as subjects of research and it is the most quick, convenient and less expensive technique used whereas the other techniques have some drawbacks like non-generalizability to the entire population, time taking, and less efficient than convenience sampling.

2.5. Data Collection

For this research the data was collected from about two hundred people through questionnaires using age group (18-25, 26-30, 31-35, 36-40, 41-45, 46-50 and Above 50) and Job Position (Executive, Middle Management, Supervisor, Administrator, Technical and Others) as nominal scale. The number of respondents against each age group and educational level are given in table form as follows:

Table 1. Data collection on basis of Age Group

<table>
<thead>
<tr>
<th>Age (years)</th>
<th>18 - 25</th>
<th>26 - 30</th>
<th>31 - 35</th>
<th>36 - 40</th>
<th>41 - 45</th>
<th>46 – 50</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>52</td>
<td>48</td>
<td>37</td>
<td>33</td>
<td>17</td>
<td>13</td>
</tr>
</tbody>
</table>

In the data collection of this research four age groups were focused from whom the data was collected. The maximum number of respondents was of age group 18-25 years followed by 26-30.

Table 2. Data collection on basis of Job Position

<table>
<thead>
<tr>
<th>Job Position</th>
<th>Executives</th>
<th>Middle Management</th>
<th>Supervisors</th>
<th>Technical’s</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>16</td>
<td>54</td>
<td>67</td>
<td>43</td>
<td>30</td>
</tr>
</tbody>
</table>

5 levels of Job Position were focused in this research study as mentioned above in the table 2. Most of the respondents belonged from Supervisors level followed by middle management and technical.

3. Data Analysis and Interpretation

For this research study the data collected was analyzed on SPSS (Version-12). Different tests were applied on the data such as reliability test, descriptive statistics, regression and correlation coefficients in order to analyze the data, interpret it and check its effectiveness. Reliability of each question was calculated and provided.

For the data collection the measurement scale used was the interval scale having five intervals. Like strongly disagree, disagree, neutral, agree and strongly agree. All these were given weight-age as 1, 2, 3, 4 and 5 respectively. This scale was selected because it allows the respondents to stay neutral too if they do not know the answer or they either do not want to respond to any of the questions. It tells us the degree to which the respondents will responds to the question asked.

Table 3. Data analysis

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cronbach’s Alpha</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Correlation</th>
<th>Beta</th>
<th>t</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages</td>
<td>.714</td>
<td>3.7296</td>
<td>.81388</td>
<td>.374</td>
<td>.150</td>
<td>2.993</td>
<td>.048</td>
</tr>
<tr>
<td>Incentive benefit</td>
<td>.684</td>
<td>3.7466</td>
<td>.80869</td>
<td>.255</td>
<td>.116</td>
<td>2.703</td>
<td>.090</td>
</tr>
<tr>
<td>Promotion</td>
<td>.740</td>
<td>3.4235</td>
<td>.69046</td>
<td>.478</td>
<td>.379</td>
<td>5.431</td>
<td>.000</td>
</tr>
<tr>
<td>Motivation</td>
<td>.638</td>
<td>4.3240</td>
<td>.80281</td>
<td>1.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Org Env</td>
<td>.691</td>
<td>3.0510</td>
<td>.62425</td>
<td>.056</td>
<td>.025</td>
<td>1.407</td>
<td>.685</td>
</tr>
<tr>
<td>Constant</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4.465</td>
<td>.000</td>
</tr>
</tbody>
</table>
3.1. Reliability for Variables
Motivation, incentive & benefit, promotion, wages and organizational environment were checked for reliability and all were accepted. But, some variables reliability was more than others. Like, reliability of wages and promotion was more than all the other variables and in good range. The reliability of variable organizational environment was acceptable. The acceptability of incentive & benefit was less as compared to others.

3.2. Descriptive Statistics
With the help of this descriptive analysis the researcher can acquire the feel for the data by checking the central tendency and the dispersion. The mean, the range, the standard deviation, and the variance in the data will give the researcher a good idea of how the respondents have reacted to the items in the questionnaire and how good the items and measures are.

3.3. Correlation Coefficient
For the data analysis we have used Pearson’s correlation. As this table shows that there exists a positive relationship between Motivation and promotion, Motivation and Wages, Motivation and incentive & Benefit, Motivation and Organization environment. But the positive relation between promotion and wages is stronger. The correlation is partially positive in incentive & benefit and there is a weak positive relationship with organizational environment as compared to other variables.

3.4. Coefficients
The t-value tells us the relationship between dependent and independent variables. It shows that how much is the impact of independent variables on the Motivation (that is the dependent variable). In this research study as the value of t is greater for Promotion (which is significant at 0.00 level) so it’s impact will be more on Motivation. The t-value for Wages is more than Incentive & Benefit, so after promotion these two will have more impact on Employee Motivation. The t-value for Organizational environment is less than others and also less than 2 which means it will have very rare impact on Motivation (less than other variables). Variables with greater t-value also have high beta (rate of change) value which means that those variables bring a greater change in the dependent variable.

3.5. Model Summary
Table 4. Employee motivation, Wages, Incentives Benefits, Organizational Environment, Promotion

<table>
<thead>
<tr>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>.743</td>
<td>.579</td>
<td>.556</td>
</tr>
</tbody>
</table>

To test the hypothesis of this research we have used multiple regression analysis. The results of regressing the four independent variables can be seen in the above table. R is the correlation of four independent variables with personality. R-square is the variance.

This model summary shows that there is 57.9% relationship among Employee motivation, Wages, Incentives Benefits, Organizational Environment and Promotion.

3.6. Variance Analysis
Table 5. Variance analysis (ANOVA)

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>33.405</td>
<td>4</td>
<td>8.351</td>
<td>17.287</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>92.272</td>
<td>191</td>
<td>.483</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>125.677</td>
<td>195</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
For this research the F-value came out to be 17.287% which shows fitness of the model. The value of F must be more than 12% for the model to be fitted. This value was significant (at 0.000 significance level) and it was signified by F-value being more than 12%.

4. Conclusions
The purpose of this study was to find out the relationship between employee motivation with the organizational environment, wages, incentive & benefits and promotion. For this purpose we use four independent variables organizational environment, wages, incentive & benefits and promotion. We see their impact on employee motivation, for this purpose we applied different statistical tools and techniques that include sampling, data collection techniques and methods. With the help of questionnaire and SPSS software, we found the impact of independent variables on dependent variable.

By the use of coefficient correlation test for variables, we find that there is a strong impact of all the promotion and wages on employee motivation then others, so our hypothesis (Ho: There is a relationship between Employee Motivation with Organizational environment, Wages, Incentives &Benefits, and Promotion) is accepted.

References


