

Impact of Intrinsic and Extrinsic Reward on Employee's Motivation in Banking Sector of Pakistan (Case Study of Leading Commercial Banks)

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Abstract

The study is conducted to measure the effect of rewards (Intrinsic and Extrinsic) on employee's motivation. The experiences and personal opinions of employees working in different banks were analyzed through questionnaires in the city of Karachi. The key objective of the study was to find that the rewards affect the motivation of an employee. Statistical package (SPSS) is used for our study of descriptive analysis. Employees were randomly chosen from different banks. The focus of this study was to distribute the adequate level of incentives to the employees and create balance in distribution of rewards so that every employee contributes his efforts for the growth of the banks. This study also focuses on two major rewards, intrinsic and extrinsic rewards. Rewards plays a motivational role in the personality of an employee and urge them to produce loyalty and show good performance; the results of the study shows that there is a strong relationship between both type of rewards and on employee motivation. Concluding, this study has verified further research opportunities that can enhance the understanding of rewards and employee's motivation.

Keywords: Intrinsic Rewards, Extrinsic Rewards, Motivation, Commercial Banks.

1. Introduction:

It is realized in every part of the world that for higher and up to the mark performance the human resource must be highly motivated. Motivation is the compound of many more things like reward system, organizational climate, relationship with peers and boss etc, but this study will focus on two type of reward system extrinsic (financial) and intrinsic (non-financial). The target area of this study was leading commercial banks of Pakistan which provides financial assistance for public and act as a trustee for public funds. There are more than 22 commercial banks in Pakistan (Allied Bank Limited, Askari Bank, Bank Alfalah, Bank Al Habib, Habib Bank Limited, JS Bank, MCB Bank Limited, National Bank of Pakistan, Silk bank Limited, Soneri Bank Summit Bank, and United Bank Limited etc.) and many branches in Pakistan as well as in overseas. National bank acts as an agent to the State Bank of Pakistan wherever the State Bank did not have its own branch.

The bank helps the customer at large scale like micro financing for agriculture, business and industry, loans for students, public transport scheme. The bank also sponsors sports.

Any type of organization in the world requires highly motivated employees to achieve up to the mark performance and productivity. De-motivated employees result in low performance and in very cases employees even quit the job for better opportunity if the employee is not motivated

with his work, then it results in high turnover ratio which increase the company's cost for recruiting new employee. On the other hand, employees who are highly motivated and satisfied with their job are more conscientious, passionate, and devoted which ensure the employee motivation which result in high level of performance in both present and future. Many studies proved that reward have strong relationship with employee motivation.

It is found that motivation is an inner state of commitment which can be achieved through both the combination of extrinsic and intrinsic reward and those rewards should be provided according to their perception because every employee has different perception according to their designation. The organization should provide them opportunity to utilize their skills. It is very necessary to keep the employee motivated by giving them different opportunities' otherwise they get bored from routine bare work (Honore,2009).

The organization can achieve its goal and objective only by one way if its employees are highly motivated with their work. The results and findings of this study will be helpful for the HR managers of commercial banks while compensating the employees and he or she can more accurately align the objective of employees with organizational.

1.1 Objectives of the Study:

1. To know whether intrinsic and extrinsic reward both are necessary for employee.
2. To know whether the employees prefer intrinsic reward who perform complex job.
3. To know whether the employees get more motivated from personal development and performance recognition as compared to extrinsic reward.
4. To know whether the employees motivated by getting their preferred rewards.

1.2 Purpose of the study:

1. The purpose of this study is to find out employee's perception about extrinsic and intrinsic rewards and find out its impact on employee's motivation.
2. Another most important purpose of this study is to suggest effective reward system which motivates the employees.

1.3 Problem Statement:

In this era of competition, the competitive advantage can only gain with highly motivated employees. The retention and engagement of employees are the main issues of today's organizations. The traditional reward system is being followed by almost every bank in Pakistan, which de-motivates the employees. The investigation will be conducted on employee perception of extrinsic and intrinsic to find their preferred reward and provide that reward to motivate them for their performance and ultimately the performance of the organization.

1.4 Research Questions:

1. Are intrinsic rewards and extrinsic rewards necessary for the employees of the commercial banks of Karachi region?
2. Do the employees of commercial banks of Karachi region prefer intrinsic rewards whose jobs are complex?

3. Do the employees of commercial banks of Karachi region get motivation from personal development and performance recognition as compared to extrinsic rewards?
4. Do the employees of commercial banks of Karachi region become more motivated if the organization gives the preferred reward?

2. Literature Review:

The organization's reward system must be designed by combining both financial and non-financial rewards. Extrinsic and intrinsic reward has strong relation with employee motivation. Intrinsic motivation works when the pay increases at a certain level. The main theme of Herzberg's theory also elaborates such thing that there are two factors that play a vital role in motivating employees those are (hygiene factor and motivating factor), hygiene factor includes pay, bonuses, and organizational climate and the motivator factor includes recognition, respect, and appreciation. So, the implementation of these rewards ensures motivation (Fuhrmann, 2006). Maslow, claim that an individual has different needs, and one can be motivated if his need is Fulfilled Maslow's arrange this need in a hierarchy according to their importance like Physiological needs, Safety Needs, Social Needs, Esteem Needs, and Need for Self- actualization. According to Maslow's human need is unlimited once a particular need is fulfill then another need will generate (Maslow, 1943).

(Akintoye 2000) Argued that money is one of the topmost motivators but only money is not an approval certificate of job satisfaction and motivate motivation, money could motivate employees extrinsically or we can say economically but to intrinsically motivate the employee intrinsic motivators must be needed. (Schwab & Cummings, 1974). When the organization linked up the performance with pay then it will definitely increase productivity but not insure motivation and job satisfaction.

To motivate and satisfy employees intrinsic and extrinsic rewards play a key role and maximize employee retention level and job satisfaction levels. Satisfaction is an inner feeling which drives a person to put his ultimate effort to achieve the goal so once the employee is motivated and satisfied with his job then the employee gives up on the mark performance (Ajmal, 2015).

Motivation and satisfaction have a positive relationship with intrinsic rewards which affect the level of performance. It is very beneficial if the organization gives reward to its employees for their best efforts and appreciate them in front of their colleagues for the work done it is not only motivating for that employee but also motivating for other employees because if the employees know they have been rewarded for their effort than every employee get motivated and put their ultimate effort. No doubt extrinsic rewards have a strong influence on employee's motivation, but the researcher found after his study that intrinsic rewards are also important in motivating employees (Ali, 2015).

Recognition is known as the real intrinsic reward, infect intrinsic motivation is all about recognition it may be verbal or oral like written thank you or thanks in person from the employer or appreciation him in private or publicly. Recognition must be given only for the work which is outstanding. Appreciation and recognition for everything can de-value the importance of that reward if the employer doesn't make the difference between the competent and non-competent person then it will demotivate the employees. To make the reward more charming the employer

should be specifying the reward on it for those who really deserve to it, for assurance the employer must create a positive completion among employees and set rewards for high performers like employee of the week or month this will intrinsically innovate the employee. The employee gets motivation when he receives feedback from the organization about his performance if he knows that his effort will be recognized and the employee knows that the work is just accordingly to the organizational directives then this feedback will more motivate them. Employees will motivate if their boss appreciates them in front of their colleagues for their work, the employee feels proud if the management gives value to them for creativity and innovations, organizational climate and friendly relation with a colleague are the most important factors which keep an employee motivated (Farooq-E-Azam Cheema, 2013).

Reward, incentives, and appreciation is something which is as necessary as the blood in the human body these factors are very necessary to motivate employees, and motivation leads to employee loyalty. Training and development are also a big factor or motivator because in this contemporary world, employees are looking for advancement in their career, and employees desire to be a part of an organization in which they learn new things (Arshad, 2012).

The researcher found that intrinsic motivator works in both situations if there is the existence of bonuses or not in the organization's reward system in both situations intrinsic motivators motivate the employees. The researcher concludes that extrinsic motivators really work but not as much as the classical agency theory suggests (Kluver,2009).

Motivation can be influenced by different elements like perception, belief, and mindset these factors can strongly affect employee motivation, motivation generate through expectations and employees expect his reward according to his designation and effort so the organization can motivate its employees if the reward system is according to the employee perception (Nida Zafar, 2014).

The researcher found that intrinsic rewards directly affect the motivation of employees while the other hand extrinsic reward does not that much directly effect on employee motivation. After the results, the researcher suggests that organizations should appreciate the employees for their work done and there should be a fair promotion system that really deserves and a Part from extrinsic rewards he suggests that the employees should compensate for the overtime that is really necessary to keep the employee motivated (Ozutkua, 2012).

Researchers found that intrinsic motivator and extrinsic motivators are both necessary for job satisfaction, but the extrinsic motivator have a direct influence on job satisfaction of employees. The researcher found that there is a difference between gender and intrinsic and extrinsic motivators but there is no difference between age and intrinsic and extrinsic motivation (Sen, 2013).

Motivation and satisfaction have a positive relationship with intrinsic rewards which affect the level of performance. It is very beneficial if the organization gives reward to its employees for their best efforts and appreciate them in front of their colleagues for the work done it is not only motivating for that employee but also motivating for other employees because if the employees know they have been rewarded for their effort, then every employee gets motivated and put their ultimate effort. No doubt extrinsic rewards have a strong influence on employee motivation, but the researcher found after his study that intrinsic rewards are also important in motivating employees (Ali 2015).

A reward must be a dozen of appreciation and recognition. Employee motivation is stuck with recognition and appreciation, employee get motivated and committed if there is the hope of recognition and appreciation from the subordinates for their work done this feeling of being Appreciation gives them motivation. They get motivated if their reward is linked with performance (Fox, 2012).

The reward must be appropriate because if reward is distributed in biased manner, then it will create a hostile environment, and which results in unhealthy competition that became a harmful for organizational goals. The reward must be given to every employee according to his effort (Doyle & Shawn, 2004).

In 2002, Watson Wyatt an international consulting organization firm concluded after a comprehensive survey which is conducted in the USA, 12750 employees of almost all levels are involved in this survey to find out that what thing will give them ultimate motivation and shape their attitude towards their workplace and their boss. The results of that survey concluded that recognition is the prime thing that every level of employee needs to get motivated, they want that their boss must appreciate them for their work done which gives motivation and shape their attitude towards the organization and boss (Bidisha Lahkar Dahl, 2013).

(Dzuaranin, 2012) Many companies think that extrinsic reward is the key motivator and doesn't give that much importance to intrinsic reward, but he argued in his study that these companies must focus on intrinsic reward too if they want to fully motivate their employees and need high performance.

Recognition of one job is a great motivating factor and a retention strategy the organization can easily implement this reward system in their reward system. It is found that recognizing the effort of employees has a great impact on employee motivation (Mason & S, 2001).

Additionally, work environment and organizational climate is also a motivating factor many research support this factor that employees get motivated also by good working condition. (Buzzle, 2010).

Employee need peace of mind and comfort in their working area, the more the working condition will be comfortable the more they become motivated (Enotes, 2010).

Moreover, the existence of a proper career development system in an organization will strongly ensure motivation among employees. They feel valued if the organization gives them chance to groom their skills. The development programs enhance skills that will not only motivate employees but also increase performance (Armstrong, 2001).

3. Theoretical Framework:

No doubt human resource is the ultimate resource from other resources; there is no substitute for this resource. The competitive edge is only possible if this resource is highly motivated with his work; the performance of this multidimensional resource can be increased direct according to the company's desire through different tools, but the reward is considered the most important tool for motivating this resource (Carragher, Gibson, & Buckley, 2006).

Following are the two types of rewards.

1. Extrinsic rewards
2. Intrinsic reward

Table 1
Intrinsic and Extrinsic reward.

Intrinsic Reward	Extrinsic Reward
personal development	Salary
Good working environment	Retirement benefit
performance recognition	Individual performance-based pay
feedback	Group-based reward
Career opportunities	Organization-based reward
challenging leadership	Stable employment security

Source: adapted from (Alexander Dahlqvist & Andreason Matsson, 2013)

3.1 Variables:

Variables which are decided to select in this study are extrinsic reward, intrinsic rewards, and motivation. Here motivation is the dependent variable because the level of motivation is depending on the remuneration that the employee receives against his effort while extrinsic and intrinsic rewards are independent variables.

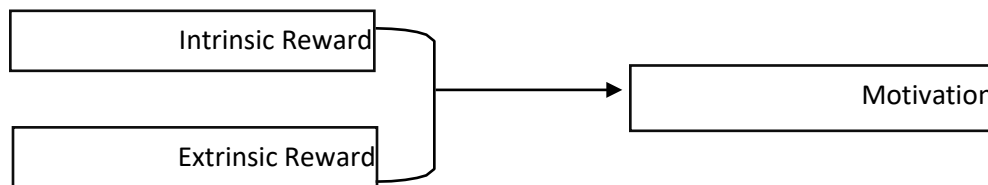


Figure 1: theoretical framework model

3.2 Description of framework:

Rewards are the most indispensable element of any organization which strongly motivates the employees, these elements are interconnected with each other if any one element is missing in the compensation policy of the organization, then it will never make the employee motivated. Motivation level is dependent on the remuneration, but the remuneration is just related to the desire of employees then it will increase the level of motivation. Both intrinsic and extrinsic rewards are necessary for employees because after a certain increment of pay intrinsic reward works. According to Maslow's hierarchy of Needs when the basic need is fulfilled then other types of need will generate like love and belonging, prestige self-esteem etc. So, to fulfill these needs are intrinsic rewards must require.

(Yousuf, Latif, Aslam, Saddique 2014) found that the importance of monetary rewards like pay, salary, bonuses, health and life insurance and all those financial rewards that motivate and attract value-able employees is no doubt acceptable but the nonfinancial rewards are also have their own importance these two rewards system are inter connected to motivate the employees because in this time and age people not needs only money they need recognition and appreciation for the work they done, no doubt the monetary reward fulfill all needs but still there will be the deficiency of self-esteem so the author suggests that the reward system should consist both monetary and non-monetary reward because monetary reward fulfill their physical need and non-monetary fulfill their self-esteem.

Intrinsic motivation:

Intrinsic motivation is motivation in which a person has inside in him. Such type of motivation is fulfilled by the satisfaction that an employee achieves by fulfilling a particular task. There are some factors that affect intrinsic motivation including responsibility, recognition, and appreciation. liberty to act, the opportunity to perform attractive work, and opportunities for growth and development as shown in Table 1. These are the main, motivators that have a strong effect on the quality of work life and these motivators have long-lasting effects on employee performance and such types of motivators are in different shapes according to the personality and it vary from person to person, and these are inherited (Armstrong, 1977).

Extrinsic motivation:

Extrinsic motivation generates through factors outside an individual, such as money, grade, bonuses, salary, and retirement benefit as shown in table 1. These rewards provide satisfaction and pleasure that the task itself might not provide. An extrinsically motivated person might work on a task even when they have little interest in it. This type of motivation usually has an immediate and powerful effect; however, it does not tend to last for long (Armstrong, 1977).

Many theorists and behavioral scientist categorize human needs into intrinsic and extrinsic needs. Extrinsic needs drive human behavior to accomplish a particular task (Sansone & Harackiewicz, 2000). Extrinsic motivation comes when a person wants to fulfill tangible needs by showing better performance through achieving organizational goals (Osterloh & Frey, 2000). While on the other hand, intrinsic needs arise when the individual strives for nontangible or innate needs by receiving recognition and praise for their work done (Ryan & Deci, 2000). Intrinsic motivation arises for personal satisfaction not for a materialistic reward such type of motivation arises for self-fulfillment (Van Yperen & Hagedorn, 2003).

Motivation:

Motivation is basically derived from 'mover' which means to act in the desired way (Shafiq, Mariam, & Raza, 2011).

Motivation is a driving force that moves a person to perform or avoid something (Broussard & Garrison, 2004).

Selection of the best choice from many alternatives due to the attractiveness of that task and putting the ultimate and continuous effort into performing that task, the whole process is called motivation (Garris et al., 2002).

4. Research Methodology:

The selected industry in this study was the commercial Banks of Pakistan, Karachi region.

4.1 Research Design:

Deductive approach was used in this study. Deductive way of thinking works from the more universal to the more precise. Informally it is also called "Funnel" approach; therefore, a case study is an appropriate research design.

Different motivational theories regarding reward and their impact on motivation was tested, to check the effect of different rewards over motivation so the design of this study was explanatory because it is aiming to find cause-and-effect relationships.

4.2 Data collection method:

Through survey approach primary data is collected through an adapted questionnaire and Secondary data was collected from well-known published articles, books, and thesis.

4.3 Sample Design:

The target population of this study was the employees of the Commercial Bank of Pakistan Karachi region. An up to the date list of employees is collected from their regional offices. Probability sampling with its stratified random technique was used to select the sample unit. Total population for this study consists of approximately 120 employees of the commercial Banks of Pakistan, Karachi region. Sample size was 103, for the calculation of sample size the standard deviation was 52, corresponding to Z score of confidence the interval at 95% is 1.96 and the standard error was 10. The assistance of various branch managers will be required for the data collection.

4.4 Data Collection Tools:

Questioners were used as a tool to collect data from the sample. Questionnaires are the most suitable tool because the study is deductive/ quantitative in nature and for quantitative research, the questionnaire is a widely used tool. There are three segments in the questioner. The first part measures employee’s perception related to different rewards. Part two is about the complexity of the organizational tasks, while the last section is designed to ask general questions about motivation.

4.5 Fieldwork/Data Collection:

Data was collected by using two contact methods that are personal contact and mail contact.

4.6 Data Processing & Analysis:

Statistical package for social science (SPSS) was used to analyze the data. After the fieldwork, the questionnaire was coded, and data was punched into SPSS. Missing values were handled before the test of the normality of the data. The normality of each part of questioners (reward, task complexity, and motivation) was tested through Kolmogorov-Smirnov and Shapiro-Wilk test, Reliability was checked through Cronbach Alpha, and Validity was checked through factor analysis. After the test it was concluded that the data was not normal, but data was reliable except for task complexity because the questions were of formative nature and data was valid for all variables.

**Reliability of Intrinsic and Extrinsic Reward:
Reliability Standards.**

Cronbach’s Alpha	N of Items
.688	13

table 4.9 showing that data is reliable because the value of Cronbach alpha is greater than 0.5.

Table 3.
Correlations:

		Intrinsic Reward	Task Complexity
Spearman's rho	Intrinsic Reward	Correlation Coefficient	1.000
		Sig. (2-tailed)	.319**
		N	103
Task Complexity		Correlation Coefficient	.310**
		Sig. (2-tailed)	.001
		N	103

Correlation is significant at the 0.01 level (2-tailed)

Table 3 depicts the result of hypothesis 02 which is about task complexity result is concluded through spearman's rank-order correlation to measure the relationship between task complexity and intrinsic reward. There was a positive correlation between task complexity and intrinsic reward. So, we conclude that employees who think their job task more difficult they will prefer intrinsic reward.

Test for Hypothesis:

Hypothesis 1: Is tested with frequency distribution (descriptive statistics).

Hypothesis 2: Is tested with Pearson's correlation, to find the correlation between organizational work complexity questions and the intrinsic reward questions.

Hypothesis 3: Is tested with Wilcoxon's signed rank test to find relationship among personal development, performance recognition with extrinsic rewards.

Hypothesis 4: Is tested with Spearman's rank order correlation find relationship between employee's preferred rewards with their motivation level.

5. Result and Discussion

Demographic:

This portion of the questionnaire consist of information about different factor related respondent likes to age, gender, total experience, experience in the current department, grade, and salary all these data will be collected to authenticate the findings of the study.

a) Figure 5: Age of respondents.

Age	Percentage
18-28	17%
29-38	55%
39-48	23%
49-58	4%
59- above	1%

As it is shown in Figure 5 that there were 17, respondents between 18-28 years of age. 55% of respondents were between 29-38 years of age. There were 23% of respondents were between 39-48 age, while there were 4% of respondents were between 49-58 age and only 1% of respondents, were aged 59 and above.

On average, most of the respondents were in between 29-38 years, which represents 44% of the sample.

b) Figure 6: Gender of respondents.

Gender	Percentage
Male	99%
Female	1%

Figure 6 is show that most of the respondents that is 99% were male and only 1% was female.

c) Figure 7: Classification of Employee Grades:

Grades	Percentage
OG-1	7%
OG-2	29%
OG-3	60%
AVP	4%

Figure 7 is explaining that 4% of the sample were AVP, 7% were OG-1, while 29% were OG-2 and 60% respondents were working on the post of OG-3.

c) Figure 8: Total Experience of Employees.

Percentage	Years of Experience
53%	1-5
24%	6-10
11%	11-15
07%	16-20
05%	More then 20

Figure 8 is indicating that, 53% respondents are working from 1 to 5 years, while 24% are working from 6 to 10 years. 11% of the respondents indicated that they are working with the organization from 11 to 15 years. 7% indicated that they are working with this company from 16 to 20 years. further 5% indicated that they are working from above 20 years with the company.

d) Figure 9: Salaries of Employees.

Salary of Employee	Percentage
20,000-40,000	15%
41,000-60,000	57%
61,000-80,000	15%
81,000-100,000	7%
101,000-120,000	1%

Figure 9 is showing that, 15% were receiving 20,000-40,000 per month, 57% employees were getting 41,000-60,000 thousand, 15% were receiving 61,000 to 80,000 thousand. 7% were receiving 81,000- 100,000, 1% were receiving 101,000 to 120,000.

Hypothesis Testing and interpretation:

IR: Intrinsic Reward

ER: Extrinsic Reward

a) **Hypothesis 1: Intrinsic reward and extrinsic reward both are necessary for the employees.**

b)

Table 2.1 Statistics.

	Intrinsic Reward	Extrinsic Reward
N → { Valid Missing	103	103
	0	0
Mean	23.9612	25.3981
Variance	8.489	8.360
Range	13.00	15.00
Minimum	17.00	17.00
Maximum	30.00	32.00
Sum	2468.00	2616.00

Table 2.2
Statistics:

Source: Self-developed table

	Personal Development	IR2	Salary	IR4	ER5	IR6	IR7	ER8	IR9	ER10	ER11	ER12	ER13
N Valid	103	103	103	103	103	103	103	103	103	103	103	103	103
Missing	0	0	0	0	0	0	0	0	0	0	0	0	0
Mean	4.3010	4.3204	4.4563	4.3104	4.3981	4.4078	3.3883	3.9126	3.2330	3.3204	4.3204	2.4951	2.4951
Median	5.0000	4.0000	5.0000	4.0000	5.0000	5.0000	3.0000	4.0000	3.0000	3.0000	5.0000	2.0000	2.0000
Mode	5.00	4.00	5.00	5.00	5.00	5.00	3.00	5.00	3.00	4.00	5.00	2.00	2.00
Sum	443.00	445.00	459.00	444.00	453.00	454.00	349.00	403.00	333.00	342.00	445.00	257.00	257.00

Table 2 and graph 01 above reveals that extrinsic rewards are more important than intrinsic rewards and in extrinsic rewards salary has the highest importance among the respondents, so we are rejecting our hypothesis that Intrinsic rewards and Extrinsic rewards have equal importance for the employees.

The result of the hypothesis is supporting (Ali, 2015) argumentation that no doubt extrinsic rewards have a strong influence on employee motivation, but the researcher found after his study that intrinsic rewards are also important in motivating employees.

And the result is not supporting the findings of (Ozutkua, 2012) intrinsic reward directly affects the motivation of employees. while on the other hand, the extrinsic reward does not have that direct effect on employee motivation.

So, with the help of the result, it can be concluded, that extrinsic reward is a preferable reward for employees, but it does not mean intrinsic rewards have no impact on motivation, there is a slide difference in results between intrinsic and intrinsic reward effect over motivation the effect of extrinsic is little greater than intrinsic reward.

c) Hypothesis 02: Employee who think their job task more difficult they will prefer intrinsic reward.

Table 3.

Correlations:

		Intrinsic Reward	Task Complexity
Spearman's rho	Intrinsic Reward	Correlation Coefficient 1.000	.319"
		Sig. (2-tailed) .	.001
		N 103	103
Task Complexity		Correlation Coefficient .310"	1.000
		Sig. (2-tailed) .001	.
		N 103	103

Correlation is significant at the 0.01 level (2-tailed)

Table 3 depicts the result of hypothesis 02 which is about task complexity result is concluded through spearman’s rank-order correlation to measure the relationship between task complexity and intrinsic reward. There was a positive correlation between task complexity and intrinsic reward.

So, we conclude that employees who think their job task more difficult they will prefer intrinsic reward.

d) Hypothesis 3: Employee will get motivation from personal development and performance recognition as compared to extrinsic reward.

1. Personal development and extrinsic reward

Table 4.1 Ranks

		N	Mean Rank	Sum of Ranks
Extrinsic Personal Development	Negative Ranks	0 ^a	.00	.00
	Positive Ranks	103 ^b	52.00	5356.00
	Ties	0 ^c		
	Total	103		

- a) Extrinsic reward < personal development.
- b) Extrinsic reward > personal development.
- c) Extrinsic reward = personal development.

**Table 4.2
Test Statistics^a**

	Extrinsic Reward- Personal Development
Z	-8.834 ^b
Asymp. Sig. (2-tailed)	.000

- a. Wilcoxon Signed Ranks Test
- b. Based on negative ranks.

**Table 4.3
Descriptive Statistics:**

	N	Mean	Std. Deviation	Minimum	Maximum
Personal Development	103	4.3010	.80239	3.00	5.00
Extrinsic Reward	103	25.3981	2.89130	17.00	32.00

Table 4 reveals p value .000 which is significant. This demonstrates that respondents are being motivated differently by the two variables extrinsic reward and personal development. The table 3.3 elaborate that extrinsic reward has more mean vales 25.3981 than personal development 4.3010 which posed that respondent are getting more motivation by extrinsic reward than personal development. Hence in conclusion, the result is not supporting the proposed

hypothesis of the study but it support (Komaki, 1996) In incentives money stands on first, the primary necessities of life can only be achieved by spending money that’s why employee get motivated by financial reward.

2. Performance recognition and Extrinsic Reward.

Table 5.1 Ranks

		N	Mean Rank	Sum of Ranks
Extrinsic performance Recognition	Reward-	Negative Ranks	.00	.00
		Positive Ranks	103 ^b	5356.00
		Ties	0 ^c	
		Total	103	

Table 5.2 Test Statistic^a

	Extrinsic Reward- Performance recognition
Z	-8.834 ^b
Asymp. Sig. (2-tailed)	.000

- a. Wilcoxon Signed Ranks Test
- b. Based on negative ranks.

**Table 5.3
Descriptive Statistics:**

	N	Mean	Std. Deviation	Minimum	Maximum
Performance Recognition	103	4.3107	.75445	2.00	5.00
Extrinsic Reward	103	25.3981	2.89130	17.00	32.00

Table 5 reveals p value .000 which is significant. This depicts that respondents are being motivated differently by the two variables extrinsic reward and performance recognition.

It can be seen from table 3.6 that extrinsic reward has more meaningful value of 25.3981 than performance recognition of 4.3107 which indicates that respondents are getting more motivation by extrinsic reward than performance recognition.

So above result depicted that the employee needs extrinsic reward rather than performance recognition, so the result is not supporting the findings of (Wruck & M.C, 1998) found money is not a good motivator, especially in team tasks.

(d) Hypothesis 4: The more the employees get their preferred reward, the more it has a significant impact on their motivation.

To test hypothesis 4, the author has calculated a variable IA _IB by multiplying questions IA (how motivating employees to perceive different rewards) and IB (how much these reward they receive from their organization) in the study.

This interaction between IA and IB will create a variable that identified how much an employee is getting rewards that they are motivated by.

Table 6: Correlations.

			Motivation	IA_IB
sSpearman's rho	Satisfaction	Correlation Coefficient	1.000	.420''
		Sig. (2-tailed)	.	.000
		N	103	103
IA_IB	IA_IB	Correlation Coefficient	.420''	1.000
		Sig. (2-tailed)	.000	.
		N	103	103

Hypothesis 4 was tested via Spearman's non-parametric test and finds the correlation between Satisfaction and the new variable IA_IB.

Table 6 expresses the correlation between the two variables Satisfaction and IA_IB posed a significant p-value of .000. it has been proved via Spearman's non-parametric test that "The more the employee gets their preferred reward the more they become motivated" and confirmed that employees' motivation is positively linked with the reward they are receiving if the organization gives the employees their preferred reward, then they will be motivated. It will support the expectancy theory, expectancy theory proposed that for good performance and productivity, the readiness of employees must be over there so the readiness is a product of motivation that comes from a reward that may be intrinsic or extrinsic, but the reward should be designed in that way which is very according to the employees needs and wants. The desired performance will be achieved. when the organization provides the preferred reward on the other hand performance will be poor if the employees are not motivated and not happy with the reward system (Alvesson & Sveningsson, 2008).

6. Conclusion and Recommendation:

6.1 Conclusion:

This study posed that extrinsic reward is the preferable reward for the employees rather than intrinsic reward. This thesis has examined the effect of intrinsic and extrinsic reward over motivation, on the bases of the findings of this study, it has been drawn that different reward has different effect and have their own importance but on the ranking bases, extrinsic reward was on the top motivator for employee motivation of Commercial Banks of Pakistan, Karachi region. No doubt extrinsic rewards have a strong influence on employee motivation, but the researcher found after his study that intrinsic rewards are also important in motivating employees (Ali 2015).

It can be portrayed on the bases of the results that the employee could give up on the mark performance and could fetch good results once the employee is extrinsically happy then he or she could be ready to perform the task intrinsically. (Akintoye 2000) Argued that money is one of the topmost motivators but only money is not an approval certificate of job satisfaction and motivation, money could motivate employees extrinsically or we can say economically but to intrinsically motivate the employee intrinsic motivators must need.

6.2 Recommendations:

In the light of results and findings the author concluded some factors which will be helpful for the Commercial banks of Pakistan to keep their employee motivated. The data which were collected from employees, clearly shows that the organization does not compensate the employees according to their perception. After the findings it can be concluded that the key five motivators which the employees strongly recommend being motivated are the following.

1. Salary.
2. Career opportunity.
3. Stable employment security.
4. Good working environment.
5. Individual performance-based pay.

So, the end of the day if the Commercial Banks of Pakistan, Karachi region needs productivity and output from its employees then it will focus on these five key factors to highly motivate the employees.

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