Article can be accessed online at http://www.publishingindia.com

OFFERED REWARDS VS. PERCEIVED REWARDS: A CRUCIAL GAP IN MOTIVATION PROCESS

Surabhi Singhal*, Amit Singhal**

Abstract *One of the persistent challenges faced by organisations is to motivate their workforce. Employee motivational programmes are initiated, reviewed, and modified continually for achieving a high motivation score. For this purpose, organisations offer rewards to employees that are of value to such employees. When organisations offer valuable rewards, such rewards may be perceived by the employees in different ways. The offered rewards may not be perceived by employees in the same way as meant to be. If it is so, then such rewards may fail to act as motivators. The purpose of this paper is to find out the gap in rewards as perceived by employees and the actual rewards offered in an organisation. If such a gap exists then its impact on motivation level needs to be studied. This would help the organisations in improving the effectiveness of their employee motivational programmes.*

Keywords: *Motivation, Corporate Career Rewards, Expectancy, Hospitality Industry*

INTRODUCTION

One of the most important tasks of a human resource manager in an organisation is to design and execute programmes aimed at increasing the motivation level of employees. Employee motivational programmes are initiated, reviewed, and modified continually for this purpose. In big organisations, the managers at different operative levels have to motivate their team members. These managers would be able to contribute their best if they are themselves motivated to do so. Thus, it becomes important to motivate the managers along with the others. Hospitality sector, being a service-sector industry, has an increased role of motivation. Human resource plays a central role in the services sector. A primary reason for this is that the services are seen as inseparable from their provider (Nadiri & Tanova, 2010). Services can be best provided if the person is motivated to do so. The importance of employee motivation is recognised by both management and employees in a hotel and both will benefit from its better understanding (Chiang & Jang, 2008).

A motivational programme is initiated with identification of the motivators. For this purpose, the human resource manager needs to find - 'What motivates the target workforce?' Most of the studies focus on the factors that motivate employees (Simons & Enz, 1995). This is a basic requirement for motivation and is explained by several content theories. Such theories help to identify rewards that have importance for employees depending on their needs. Identification of such rewards is in itself a challenging task. However, after such rewards have been identified after careful assessment, we need to answer a question that whether such rewards, when offered, would result in the desired motivation or not. This may not be always so. Employee reactions are divergent to the same incentive programme (Yang & Hung, 2017). This may be because of various other aspects of human behaviour relevant in the process of motivation. The perception of managers and the reasons for viewing work as they do leads to the emergence of constructs and consequently an informed understanding of their needs and drives to succeed (Analoui, 2000). Therefore, we need to understand the process of motivation.

Researchers focus on the motivation process of employees along with the rewards that individuals find motivating. Key sources of motivation in countries like Iran, Indonesia, Malaysia, and Singapore have been found by applying expectancy elements of expectancy theory in order to be used for motivating employees (Memary & Wong, 2009). Expectancy theory has been applied to improve employee motivation in the hotel setting and confirm its validity (Chiang & Jang, 2008). According to the expectancy theory (Nadler & Lawler, 1977), a person's motivation is a function of effort-to-performance expectancy (E-P expectancy), performance-to-outcome expectancy (P-O expectancy), and valence of outcomes.

* Assistant Professor, Department of Commerce, Ramjas College, Delhi University, Delhi, India. Email: dr.surabhisinghal@yahoo.com

** Assistant Professor, Department of Commerce, Ramjas College, Delhi University, Delhi, India. Email: ca.dr.amit@gmail.com

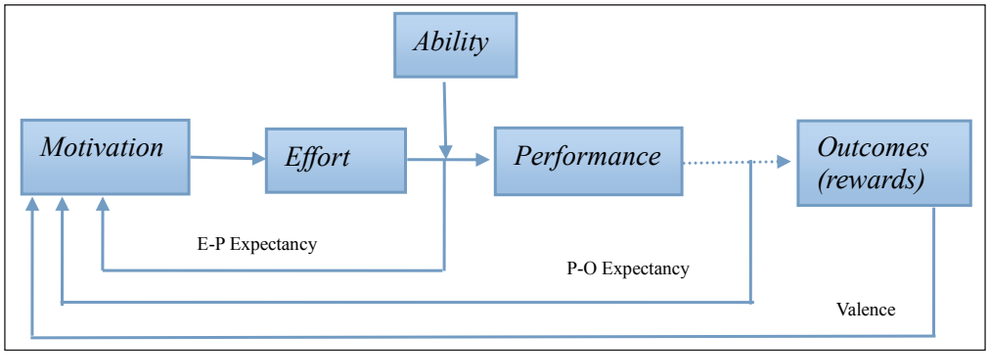

Fig. 1: Model of Expectancy Theory

Fig. 1 shows that motivation is the force which pushes an individual to make an effort. This effort leads to performance. However, besides effort, performance is also determined by an individual's ability. Once a performance is attained, an individual would get certain outcomes or rewards. The relationship between performance and outcomes is shown in dotted lines as sometimes performance may lead to expected outcomes and sometimes it may not. This is the process how motivation leads to performance and finally getting of rewards by an individual for that performance. To initiate this process, motivation is required. How is this motivation achieved? Why will an individual make an effort?

An individual will make an effort when he perceives that his effort would lead to performance. According to Lawler, a person's perception of the probability that a given amount of effort will result in achieving an intended level of performance is the effort-performance expectancy (E-P expectancy). It is based on the perception of an employee about one's abilities and capabilities.

An individual will make an effort when he perceives that his performance would lead to certain outcomes or rewards. According to Lawler, the person's perception of the probability that a given level of performance will actually lead to a particular need-related outcome is the performance-outcome expectancy (P-O expectancy). It is based on the employee's past experiences and such employee's perception about the organisation.

An individual will make an effort when he perceives that the reward or outcome expected out of performance is valuable for him. According to Lawler, the future anticipated value, worth or attractiveness of a specific outcome to a particular individual is the valence. It is based on the employee's needs and liking.

An employee will be motivated when all the three components, viz. E-P expectancy, P-O expectancy, and valence are present. If any one of them is absent, there will be no motivation. Vroom (1964) also asserts, "intensity of work effort depends on the perception that an individual's effort will result in a desired outcome". So the motivation level will be the highest when an individual believes that if he makes an effort, he would be able to perform at the desired level (highest effort-performance expectancy) and that performance would lead to desirable outcomes (highest performance-outcome expectancy) and these outcomes are the one most valuable for him (highest valence).

Studies have shown that valence, instrumentality, and role perceptions are significantly related to performance, while ability is not (Heneman & Schwab, 1972). An individual's expectancy, instrumentality and valence and therefore motivation, may be influenced or moderated by culturally-biased perceptions (Emery & Oertel, 2006). This brings forth the role of perception in motivation. Studies have been done on analysing the impact of rewards on motivation and job satisfaction in the Indian context (Misra, Jain, & Sood, 2013). But, research on the impact of the gap between rewards offered by employers and rewards perceived by employees on motivation level has not been done. The objective of the present study is to see if a gap exists between actual rewards offered to an executive and the rewards perceived by him. If such a gap exists, the study aims to find whether there is any relationship between motivation and this gap and if a relationship exists between motivation and this gap, then what is the type of that relationship. If a relationship is established, then the said gap would be taken as an independent variable on which the motivation level of managers would depend. This is so because effort invested in a task may be moderated by the perception of the nature of reward offered (Lansdown & Saunders, 2012) and perceptual differences are a factor in organisational performance (Inamori, Analoui & Kakabadse, 2012).

The study is based on twenty-one five star hotels in Delhi. The sample of managers taken for the study consists of at least thirty per cent of the total managers working in a particular hotel at operative level. A sample of 383 executives was selected randomly out of a total of 1177 executives working in these hotels (Table 1). For each of these 383 executives,

motivation score and gap in perceived rewards and actual rewards offered were computed. All the information required for the study was collected with the help of questionnaires and the study is based on primary data only.

Table 1: The Sample of the Managers Selected for the Study Along with the Total Managerial Staff Available in Each of the Hotel

Name of the Hotel	Total No. of Managers	Sample of Managers
1. Ambassador Hotel	25	8
2. Ashok Hotel	82	27
3. Centaur Hotel	59	18
4. Claridges Hotel	50	15
5. Crowne Plaza Surya	76	23
6. Grand Hotel	19	6
7. Hyatt Regency	99	30
8. Imperial Hotel	111	34
9. Intercontinental Park Royal	31	10
10. Jaypee Siddharth Hotel	45	15
11. Jaypee Vasant Continental	11	11
12. Le Meridien Hotel	96	30
13. Maurya Shereton Hotel	68	29
14. Metropolitan Hotel Nikko	25	8
15. Oberoi Hotel	85	26
16. Park Hotel	62	20
17. Qutub Hotel	16	6
18. Radisson Hotel	82	25
19. Samrat Hotel	30	10
20. Taj Mahal Hotel	40	12
21. Taj Palace Hotel	65	20
Total	1177	383

RESEARCH METHODS

The first step in the present work would be to find a score for the level of motivation for each of the sampled executives. According to Lawler, the motivation level or the 'motivational force to perform' or the 'effort expended at work' can be measured in quantitative terms using the formula: $E(\text{Effort}) = (E\text{-}P) \times S[(P\text{-}O) \times V]$; where

E-P is the effort-performance expectancy,
P-O is the performance-outcome expectancy,
V is the valence of outcome.

The expectancy questionnaire (Nadler & Lawler, 1977) has been designed to compute the motivation level of an individual using the above-mentioned formula. This questionnaire has been used in the study to compute the motivation level of executives. The questionnaire has three questions. Question 1 finds out a measure of P-O expectancy by asking 'what the individual perceives to get when he performs especially well'. The eleven possible outcomes listed in the question are to be rated in a scale of 1 to 7 where 1 represents "not at all likely" and 7 represents "extremely likely". Question 2 finds out a measure of valence by asking 'how important is each outcome to that individual'. The same eleven outcomes are listed in this question as in Question 1 and are to be rated in a scale of 1 to 7 where 1 represents "less important" and 7 represents "extremely important". Question 3 finds out a measure of E-P expectancy by asking 'how often hard work leads to higher productivity or good job performance'. Again it has to be rated in a scale of 1 to 7 where 1 represents "never" and 7 represents "almost always". The score of motivation for each individual is computed by the product of E-P expectancy i.e. score of Q3 and the average score of the product of P-O expectancy (Q1) and valence (Q2) for each of 11 outcomes. The score of motivation could range from 1 to 343(1x1x1 and 7x7x7).

The next step is to compute the 'gap in perceived rewards and actual rewards offered to an executive'. This is done by comparing 'what the executives perceive to get' and 'what they are actually offered by the hotel'. To know 'what the executives perceive to get', Question 1 of the above-mentioned motivation questionnaire has been used. This question asks the executives for the likelihood of their getting different outcomes if they perform especially well. To know 'what executives are actually offered', the HRD manager of each hotel was asked in a separate questionnaire about the likelihood that he would offer the particular outcomes to the executives if they perform especially well. The value of the gap in perceived rewards and actual rewards offered to an executive could range from 0 to 30 as the questionnaire had 5 outcomes and gap in each outcome could have a minimum value of 0 and a maximum value of 6. The total gap of all 5 outcomes together has been taken as the gap for that individual.

Chi-square test has been applied to test whether the two variables: motivation and gap in perceived rewards and actual rewards offered to an executive are independent or dependent. To perform the chi-square test of independence, null hypothesis and alternate hypothesis have been framed:

H_o: Motivation and gap in perceived rewards and actual rewards offered to an executive are independent.

H_a: Motivation and gap in perceived rewards and actual rewards offered to an executive are not independent.

Level of significance a: 0.1

Degrees of freedom: 2

If chi-square test shows that a relationship exists between motivation and gap in perceived rewards and actual rewards offered to an executive, regression and correlation analysis can be performed to determine both the nature and strength of the relationship.

RESULTS AND DISCUSSION

Motivation scores and gap in perceived rewards and actual rewards were calculated and tabulated, arranging random motivation scores into ascending order. To summarise data, motivation scores were grouped into two categories: low motivation (scores ≤ 125) and high motivation (scores between 125 and 343) and gap was grouped into four categories (i.e. 0-5, 6-10, 11-15 and 16-20). Table 2 having 2 rows and 4 columns, gives the observed frequencies of sampled executives.

Table 2: Contingency Table Giving Observed Frequencies

Gap → / Motivation ↓	0-5	6-10	11-15	16-20	Total
Low	16	69	36	3	124
High	177	74	7	1	259
Total	193	143	43	4	383

To calculate the chi-square value, expected frequency (f_e) of each cell in the contingency table is calculated using the formula

f_e = (Row total * Column total) / Total number of observations.

Table 3 calculates the value of expected frequencies.

Table 3: Contingency Table Giving Expected Frequencies

Row	Column	Row total (Rt)	Column total (Ct)	Rt*Ct	(Rt*Ct)/383
1	1	124	193	23932	62.49
1	2	124	143	17732	46.30
1	3	124	43	5332	13.92
1	4	124	4	496	1.30
2	1	259	193	49987	130.51
2	2	259	143	37037	96.70
2	3	259	43	11137	29.08
2	4	259	4	1036	2.70

As in column 4, both cells have expected frequencies of less than 5, a corrective action has to be taken whereby column 4 is merged with column 3. The new contingency table having two rows and three columns is shown in Table 4.

Table 4: Revised Contingency Table Giving Expected Frequencies

Gap → / Motivation ↓	0-5	6-10	>10	Total
Low	16	69	39	124
High	177	74	8	259
Total	193	143	47	383

The value of chi-square statistic is calculated using the following formula:

$\chi^2 = \sum (f_o - f_e)^2 / f_e$

where χ^2 = chi-square statistic

f_o = observed frequency

f_e= expected frequency

The chi-square statistic from the observed frequencies and the revised expected frequencies is calculated in Table 5.

Table 5: Calculation of Chi-Square Statistic

f_o	f_e	$f_o - f_e$	$(f_o - f_e)^2$	$(f_o - f_e)^2 / f_e$
16	62.5	-46.5	2162.25	34.60
69	46.3	22.7	515.29	11.13
39	15.2	23.8	566.44	37.27
177	130.5	46.5	2162.25	16.57
74	96.7	-22.7	515.29	5.33
8	31.8	-23.8	566.44	17.81
Total				122.70

The value of chi-square statistic at 0.1 level of significance and 2 degrees of freedom is 4.605. The calculated value for chi-square i.e. 122.70 does not lie within the acceptance region and thus, null hypothesis is rejected and it is accepted that motivation and gap in perceived rewards and actual rewards offered to an executive are not independent.

As the motivation and gap in perceived rewards and actual rewards offered to an executive are not independent, a scatter diagram was made to visualise the pattern of relationship between the said two variables. It showed that the relationship between motivation and gap in perceived rewards and actual rewards offered to an executive is a linear relationship. It also reveals that the relationship is inverse in nature. To find out how the two variables are associated, a regression analysis was performed and an estimating equation was developed. It is important to note that the relation between two variables is of association and not necessarily of cause and effect but as association is there, the value of dependent variable can be estimated using the value of independent variable.

The regression line has been estimated considering motivation level as a dependent variable and the said gap as an independent variable. The estimated regression line showing the relationship between the motivation scores and the said gap using the method of least squares is as follows:

$Ye = 219.81 – 9.67X$

where,

Ye = estimated value of motivation,

Y-intercept = 219.81,

Slope of the line = -9.67,

X = gap in perceived rewards and actual rewards offered to an executive

Here Y-intercept of 219.81 shows that the motivation level of executives can reach to a maximum level of 219.81, when the gap between perceived rewards and actual rewards offered to an executive is minimised to zero. As the motivation level as per expectancy questionnaire can have a maximum value of 373, it implies that there may be other factors that affect motivation. Slope of line is -9.67 and it has two implications. The negative slope shows that the relation between the two variables is inverse that is, when the independent variable (or the gap in perceived rewards and actual rewards offered to an executive) increases, the dependent variable (or the motivation level) decreases. The value of the slope represents the ratio in which a unit change of independent variable (gap in perceived rewards and actual rewards offered to an executive) changes the dependent variable (the motivation level).

The standard error of estimate (s_e) for the regression line is 46.34. This measures the scatter or variability of observed values around the regression line. If the data points are close to regression line, it shows a high degree of association between the two variables. A zero scatter means a perfect regression line. More the scatter, less will be the reliability in estimating through the regression line. Assuming that the observed points are normally distributed around the regression line, we can expect to find 68% of the points within ± 46.34 (i.e. $\pm 1s_e$); 95.5% of the points within ± 92.68 (i.e. $\pm 2s_e$); and 99.7% of the points within ± 139.02 (i.e. $\pm 3s_e$). These intervals around the estimated value are called the approximate prediction intervals. In other words we are roughly 68% confident that the actual motivation level will be within ± 46.34 (i.e. $\pm 1s_e$) from estimated motivation level. Similarly we are 95.5% confident that the actual motivation level will be within ± 92.68 (i.e. $\pm 2s_e$) from estimated motivation level and 99.7% confident that the actual motivation level will be within ± 139.02 (i.e. $\pm 3s_e$) of the estimated motivation level.

Coefficient of correlation (r) was calculated between motivation and gap in perceived rewards and actual rewards offered to an executive to know their degree of association. Coefficient of correlation came out to be (–) 0.63. As the value of coefficient of correlation is negative, it again implies an inverse relationship between motivation and gap in perceived rewards and actual rewards offered to an executive. To find whether the coefficient of correlation is significant or not, its probable error was calculated. Probable error came out to be 0.02. This implies that the value of coefficient of correlation is significant because six times its probable error (i.e. 0.125) is lower than the value of coefficient of correlation (i.e. 0.63). The coefficient of determination (r^2) was calculated to 0.4. This implies that 40% of the total variation in motivation is explained by the gap in perceived rewards and actual rewards offered to an executive.

The findings are consistent with those of the existing studies. Satisfaction with reward outcomes has been found to be differentially related to individuals' expectations that performance results in the attainment of particular outcomes (Arvey & Mussio, 1973). This differential relation could be explained by a person's perception. Research indicates that a major contributor of motivation is a person's perception of the organisational policies (Andre, Owens, & Harvey, 2003). This may also hold true for organisational policies regarding rewards offered to employees. An employee may perceive the offered rewards differently than what they were meant to be. The systematic comparison of consciously communicated rewards and unconscious reward perception is an important endeavour, because it can improve our understanding and examination of how to improve human performance through rewards (Zedelius *et al*., 2014). The findings regarding the gap between the offered rewards and the perceived rewards in the present study help explain why

previous empirical results on reward-motivation relationship were sometimes inconsistent. It also adds the importance of employee perception of offered rewards to the existing understanding of the process of motivation.

CONCLUSION

The expectancy theory of motivation clearly predicts that beliefs about the outcomes (and not the actual outcomes) are associated with performance because expectancies are the critical causes of performance. People are motivated by their conscious expectations of what will happen if they do certain things, and not by the true position.

The organisations decide about the outcomes or rewards to be offered to employees after careful assessment and try to offer those rewards which are most valued by the employees. If the reward that the organisation is offering is not perceived so by an employee, the perceived reward may be different from the actual reward offered. This would generate the said gap. To understand the impact of this gap, we may try to answer a question that if an employee expects that his effort would lead to performance (i.e. high E-P expectancy), his performance would lead to a reward (i.e. high P-O expectancy), and the reward has high future anticipated value, will the employee get motivated to the desired level? The answer will not always be in affirmation. Why? The reason lies in valence. Valence is the future anticipated value, worth, or attractiveness of a specific outcome to a particular individual. It is important to note what these specific outcomes or rewards are. These specific outcomes are the outcomes that the particular individual perceives to get. The motivation of the employee will be affected by the future anticipated value of the reward he perceives to get and not by the future anticipated value of the reward actually being offered by the organisation.

If there is a gap in perceived rewards and actual rewards offered, motivation would depend on the valence of perceived rewards that could be lower than that of carefully assessed rewards actually being offered by the organisation. Lower valence of perceived rewards (as compared to the offered rewards) would reduce the level of motivation and hence the gap adversely affects the motivation. If the gap in perceived rewards and actual rewards offered to an executive would be high, the level of motivation would be low. To achieve a higher level of motivation, the said gap has to be reduced to minimum. It may be concluded that even the best of the rewarding policies of an organisation would not be able to motivate employees to the desired level, if these policies are not perceived by the employees in the same way as they are being offered to them by the organisation.

REFERENCES

Analoui, F. (2000). What motivates senior managers? The case of Romania. *Journal of Managerial Psychology*, *15*(4), 324-340.

Andre, J., Owens, D. A., & Harvey, L. O. (2003). *Visual perception*. Washington D.C.: American Psychological Association.

Arvey, R. D., & Mussio, S. J. (1973). A test of expectancy theory in a field setting using female clerical employees. *Journal of Vocational Behavior*, *3*(4), 421-432.

Chiang, C., & Jang, S. (2008). An expectancy theory model for hotel employee motivation. *International Journal of Hospitality Management*, *27*(2), 313-322.

Emery, C. R., & Oertel, S. (2006). An examination of employee culture-based perceptions as a predictor of motivation. *Journal of Organisational Culture, Communication and Conflict*, *10*(2), 13-29.

Heneman, H. G., & Schwab, D. P. (1972). Evaluation of research on expectancy theory predictions of employee performance. *Psychological Bulletin*, *78*(1), 1-9.

Inamori, T., Analoui F., & Kakabadse, N. (2012). Can perceptual differences account for managerial success? The case of Japanese aid workers. *Management Research Review*, *35*(1), 32-51.

Lansdown, T. C., & Saunders, S. J. (2012). Driver performance, rewards and motivation: A simulator study. *Transportation Research: Part F*, *15*(1), 65-74.

Lawler, III. E. E. (1971). *Pay and organizational effectiveness*. New York: McGraw-Hill.

Leavitt, H. J., Pondy, L. R., & Boje, D. M. (1989). *Readings in managerial psychology* (4th ed.). Chicago and London: The University of Chicago Press.

Levin, R. I., & Rubin, D. S. (1996). *Statistics for management* (6th ed.). India: Prentice-Hall of India.

Memary, R., & Wong, K. Y. (2009). An investigation of the expectancy theory elements for motivating employees. Paper presented at the 2009 International Association of Computer Science and Information Technology - Spring Conference, IACSIT-SC 2009, 286-290.

Misra, P., Jain, S., & Sood, A. (2013). Compensation: impact of rewards and organisational justice on turnover intentions and the role of motivation and job satisfaction: a study of retail store operations in NCR. *International Journal of Human Resources Development & Management*, *13*(2-3), 136-152.

Nadiri, H., & Tanova, C. (2010). An investigation of the role of justice in turnover intentions, job satisfaction, and organizational citizenship behavior in hospitality industry. *International Journal of Hospitality Management*, *29,* 33-41.

Nadler, D. A., Cammann, C., Jenkins, G. D., & Lawler, E. E. (1975). *The Michigan organisational assessment package (progress report II)*. Ann Arbor: Survey Research Center.

Nadler, D. A., & Lawler, E. E. (1977). *Motivation: A diagnostic approach*. New York: OR&C, Organisational Research and Consultation.

Reinharth, L., & Wahba, M. A. (1975). Expectancy theory as a predictor of work motivation, effort, expenditure, and job performance. *Academy of Management Journal*, *18*(3), 520-537.

Simons, T., & Enz, C. A. (1995). Motivating hotel employees. *The Cornell Hotel and Restaurant Administration Quarterly*, *36*(1), 20-27.

Vroom, V. H. (1964). *Work and motivation*. New York: John Wiley and Sons.

Yang, J., & Hung, H. V. (2017). Happy workers value effort, sad workers value reward. *International Journal of Human Resource Management*, *28*(11), 1591-1624.

Zedelius, C. M., Veling, H., Custers, R., Bijleveld, E., Chiew, K. S., & Aarts, H. (2014). A new perspective on human reward research: How consciously and unconsciously perceived reward information influences performance. *Cognitive, Affective, & Behavioral Neuroscience*, *14*(2), 493-508.