

Linking Rewards and Creative Performance: Mediating Role of Intrinsic & Extrinsic Motivation and Moderating Role of Rewards Attractiveness

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The present study examines the effects of tangible and intangible rewards on employee creative performance with two mediating variables of extrinsic motivation and intrinsic motivation. The study further finds the moderating effects of the valence of rewards, attractive rewards have greater effects on motivation resulting in an increase of creative performance by employees. Data was collected from 240 IT specialists and their 30 immediate supervisors working in the IT sector of Pakistan. Using a Partial Least Square Structural Equation Modelling (PLS-SEM), results revealed that both tangible and intangible rewards have a positive significant impact on creative performance. However, intangible is a better predictor to increase the creative performance. The results further reveal that both extrinsic and intrinsic motivation has a significant mediating effect between intangible rewards and creative performance, whereas intrinsic motivation does not mediate between tangible rewards and creative performance. The results also identify the individual perception on the valence rewards in such that the attractiveness of rewards significantly moderates the relationship between intangible rewards and intrinsic motivation. Moderating the effects of valence of rewards is found to be significant between intangible rewards and employee motivation. However, no moderation role is found between tangible rewards and motivation. The results have useful insights to design the rewards for employees. Limitations and Future Avenues of the study are discussed in the end of the paper.

Key words: *Tangible rewards, intangible rewards, valence of rewards, creative performance, intrinsic motivation, extrinsic motivation.*

Introduction

Employee creative performance has become one of the crucial parts for the success of any organization, and it is contingent with the rewards they are given for their efforts and commitment to their work. If the rewards are attractive, then they are motivated (Ibrar & Khan, 2015); (Shalley & Gilson, 2017). Prior researchers have identified that an employee's performance can be increased by increasing their intrinsic as well as extrinsic motivation. Employee empowerment and appreciation comes under intrinsic motivation, whereas financial benefits form the part of extrinsic motivation. Researches have also explained that intrinsic motivation is more important to boost the creativity of employees (Tyagi, 2015); (Delaney & Royal, 2017). Moreover, employees have a high inclination to continue with their job if they would be intrinsically motivated (Menges, Tussing, Wihler, & Grant, 2017);(Allen, Adomdza, & Meyer, 2015);(Karatepe, 2015); (De Vito, Brown, Bannister, Cianci, & Mujtaba, 2018). This is a manager's job and is also one of the challenging parts of their daily life to keep their employees motivated and working at a high standard. Practitioners believe that employees accept challenging tasks and perform creatively in the long run, when they are intrinsically motivated. In contrast Malik, Butt, and Choi (2015), explains that the intrinsic motivation may not decrease when employees get the promised rewards when the goals have been achieved, then it leads to positive reinforcement. It also balances the extrinsic motivation this process is called as performance contingent rewards. Resultantly, it improves the employees' creativity. H. J. Yoon, Sung, Choi, Lee, and Kim (2015); Mekler, Brühlmann, Tuch, and Opwis (2017), prove in their research that situational extrinsic motivation has a positive and direct relationship between both types of rewards and creative performances, extrinsic rewards are offered in order to control the behaviour of employees to perform a task.

Besides balancing the types of rewards, it is important to first identify the motivating factor, whether it is tangible or intangible rewards, which can motivate the employees more effectively (Sherrat & Johnston, 2017). Money is primary motivating factor, but sometimes it is a challenge for managers to increase the intrinsic motivation of their employees, this can be possible with the intangible rewards such as recognition, appreciation and empowerment. There is need to maintain the balance between a reward system and employee needs. The rewards need to be aligned with the individual's own desire level. The rewards need to be realistic, meaningful and relevant and work to motivate the employees and in turn improve their performance (Aguenza & Som, 2018);(Saqib, Abrar, Sabir, Bashir, & Baig, 2015); Qureshi, Zaman & Shah, 2010). Based on cognitive theory, researchers suggest that to enhance the creative performance of employees' a financial reward will not be necessary, as employees have focus on the incentive when they expect to be rewarded, rather than focusing on the level of task whether it was challenging to them or not (Putwain, Kearsley, & Symes, 2012). Another consideration while designing the rewards for employees is the valence of

rewards. It refers to the significance that a particular employee places towards a specific tangible and intangible reward (Noe, Hollenbeck, Gerhart, & Wright, 2017). Valence of rewards is the attractiveness of the rewards to the individual; Vroom (1964), explains in his study that individual behaviour can be influenced but only when offered rewards that would be valued by employees. Extrinsic rewards will be motivator to increase the creative performance only for those employees who perceive the extrinsic rewards as important (Eisenberger & Aselage, 2009). Based on prior findings, the present study investigates how tangible and intangible rewards impact an employee's creative performance. The study further finds the mediating role of intrinsic and extrinsic motivation between tangible and intangible rewards and creative performance. Moreover, it is also important to understand whether the attractiveness of rewards moderates the relation between rewards and motivation.

Research Contribution

According to Ibrar and Khan (2015); Menges et al. (2017); Mone and London (2018), irrespective of business nature, a reward system is beneficial to increase the job performance, which is dependent on motivation. Motivation can be increased if there would be a fair reward system and that the rewards given would be enough attractive for the employees to be valued by them. Moreover, managers also need to focus the rewards system to encourage the employee's creativity. Additionally, it is important to identify the types of rewards that increase the creativity and result in the competitive advantage (H. J. Yoon et al., 2015); (Kiruja & Mukuru, 2018). Furthermore, the fast-paced technological environment has heightened the competition in I.T industry. Therefore, it has become important to motivate employees to help the company remain competitive in this current scenario. The motivated employees help companies to achieve the goals and objectives of the corporation. Apart from this, there are a lack of studies associated to the rewards and performance factors. Therefore, the current study contributes in this respect to analyse the importance of rewards to progress the employee's performance.

Literature Review

As per Stringer, Didham, and Theivananthampillai (2011), there are many ways to boost the creativity of employees, which also helps them to manage the diverse workforce. Moreover, such challenges give emphasis to managers to implement and make obvious the effective role of leaders in organizational settings and eventually support the company's executive management being a workforce leader. In accordance with Santisi, Magnano, Hichy, and Ramaci (2014), the creation of effective performance management would be beneficial to increase the employee's performance, the initiative of this program is also help to find out the gaps between required and actual level of performance. Managers should identify the factors that are increasing or decreasing the employee's creative performance, otherwise they may

continue to face the same difficulties because of high turnover and absenteeism rates, which will badly affect the overall performance of the organization, so knowing the performance level gaps is most important function among all for managers (Karatepe, 2015). According to Quershi, Zaman & Shah (2010), the rewards play a significant role in the performance of employees. Organizations that offer financial incentives to their employees motivate personnel to achieve their tasks both effectively and efficiently. Additionally, the productivity of employees in Enterprise Resource Planning (ERP) increase as a result of appreciation. Companies that value the achievements of ERP personnel ultimately leads towards the positive performance. On the other hand, Carton (1996), stated that tangible rewards are not effective in enhancing intrinsic motivation. Financial rewards, bonuses, and prizes do not intrinsically motivate employees. However, intangible rewards such as praise have a constructive influence on employee performances.

According to Altfest (2014), as an organization has primary goal to achieve their targets and make profit for this, there should be a creative human resource who makes it possible for the firms. The results reveal that organizations who are unable to motivate their employees or do not focus on strategies to increase their employee's performance, can have negative impacts on the organizations overall productivity and success. According to Korschun, Bhattacharya, and Swain (2014) whether it is a small to large organization they must have the focus to increase the employees' motivation because these variables have a big role in making the organizations successful, not only in the short term increase employee's creative performance in the long term. There are different ways to motivate the employees; it can be a combination of different reward systems called a total reward system. Motivation is a drive to do or to achieve a task (Armstrong, 2010), there are two types of motivation (1) intrinsic motivation and (2) extrinsic motivation. Purcell and Hutchinson (2007); Ryan and Deci (2000), state that employees will be intrinsically motivated if they feel like the task/work that has been assigned to them will increase their self-achievement, enjoyment and autonomy in the workplace. Extrinsic motivation comes from outside/external rewards such as pay, bonus, promotion or other financial rewards as outcomes of high achievement. The current study has adopted the concept of Expectancy theory, developed by (Vroom, 1964). Vroom explains that when employees choose to achieve a goal in return they expect to receive certain rewards. Nel et al. (2004) also finds that the expectations of rewards are ultimately the reason for employees to perform the task, thus this theory also postulates that employees are rational decision makers. They first think about their actions and promised rewards that have been offered to attain a goal, whether the rewards are aligned with their needs and is the particular reward on offer valued or attractive enough to perform a task efficiently and effectively (Lawler, 2003).

Rewards and Employees' creative performance

Tangible rewards are financial rewards, when employee achieves a desired organizational goal, they expect some incentives such as a bonus, pay raise or another type of monetary benefit (Jeffrey & Adomdza, 2010). Intangible rewards are defined as the non-monetary rewards such as the employee expecting the acknowledgment, recognition, appreciation, empowerment or attention in return of their particular achievement (Peterson & Luthans, 2006). A reward system is a crucial part in determining organizational performance, and it also determines the employee's expectancy in terms of cash and non-cash payments (Zia ur Rehman, Khan, & Ali Lashari, 2010). Silverman (2004), explains that managers should maintain the balance between tangible and intangible rewards as it will lead to better performance from the employees. In contrast Al-Nsour (2012), argues that financial rewards have a greater impact on employee's motivation and performance, this is because employees feel their worth and value in an organization through the rate of rewards and recognition. According to Saqib et al. (2015), non-financial rewards have an impact on an employee's motivation, and employees who are satisfied with their jobs, perform their tasks in a better way and feel motivated, whereas de-motivated employees do not give their full efforts in achieving the overall goals. As defined by H. J. Yoon et al. (2015), in order to increase the employee's creative performance, managers should offer intangible rewards as it also increases the both intrinsic and extrinsic motivation. There is a negative relationship between tangible rewards and employee's creative performance. Zama (2011), explained that tangible rewards are quantities in nature such as bonuses, benefits and intangible rewards are qualitative in nature such as career development and responsibilities, he also revealed that creative performances can be increased by offering tangible rewards, but these rewards must relate with the employee's productivity.

H1: There is a significant association between tangible rewards and employee creative performance.

H2: There is a significant association between intangible rewards and employee creative performance.

Rewards and Motivation

Intrinsic motivation internally arises, engaging in an activity for their own sake rather than to achieve a goal for the external reward (Tyagi, 2015). Extrinsic motivation is when an individual is motivated to achieve a task in order to earn some incentive or to avoid punishment Yousaf, Yang, and Sanders (2015); Danish and Usman (2010), found that both types of reward systems i.e. tangible and intangible rewards have significant effects on overall employee motivation. If managers spend time with an employee, going out for

dinners, managers can provide the employee with positive recognition, ask for their opinion in making decisions for the company and then all of the extrinsic rewards such as bonuses and promotions should be justified. Most of the time tangible rewards become bias by which both manager and employees can get effected, leading to extrinsic rewards becoming demotivators instead of a tool to motivate the employees (Shanks, 2007); (Hafiza, Shah, Jamsheed, & Zaman, 2011). In today's world, employees get motivated through non-financial rewards, employees are not the cost but the main assets of the organization and help in the value enhancement of the organization. Carton, J. S. (1996). Mason (2001), conducted a survey in finance, human Resource Management and IT from over 50 companies, and it was revealed that employees get excited to perform a task when it seems to be challenging, increases work related skills, management behaviour and positive work environment. Schulz and Steyn (2003), explains that there are number of elements that can be defined as a best motivator, but intangible rewards are the best reward system to increase the overall motivation and performance of the employees.

H3a There is a significant association between tangible rewards and employee extrinsic motivation.

H3b There is a significant association between tangible rewards and employee intrinsic motivation.

H4a There is a significant association between intangible rewards and employee extrinsic motivation.

H4b There is a significant association between intangible rewards and employee intrinsic motivation.

Employee Motivation and Employee Performance

As per Hollet-Haudebert and Mulki (2015) survey, it reveals that more than 80% of the employees are either being terminated or replaced due to their poor work performance. In addition to this, many workers are leaving the organizations because of their de-motivation to perform in the workplace. According to Saqib et al. (2015), those non-financial rewards have an impact on employee's motivation, as employees who are satisfied with their jobs, perform their tasks in a better way and feel motivated, whereas de-motivated employees do not give their full efforts in achieving the overall goals. Furthermore, in this regard, employees voluntarily leave their workplaces without stating the reasons why, many practitioners have revealed that these types of employees have always experienced less motivation and participation in the decision-making processes (Tyagi, 2015). In contrast, Karatepe (2015) states there are many successful organizations that have established a proper system and management to ensure that employees remain motivated and satisfied in the long run with their work. They have also undertaken training and developmental programs that not only

address the job skills requirements, but also place emphasis on the development of professional skills and expertise in order to meet the future challenges.

H5 There is a significant association between extrinsic motivation and employee creative performance.

H6 There is a significant association between intrinsic motivation and employee creative performance.

Motivation as a mediator between rewards and creative performance

Creative performance is the way to apply a particular idea and resolve issues through innovative methods (Tierney & Farmer, 2002). It has been scientifically proven that rewards have a direct effect on creative performance, but different employees react differently to the same rewards because of the different psychological meanings for rewards (Ryan & Deci, 2000). From the past research by Aletraris (2010), it has been extracted that tangible rewards and creativity can be affected by both types of motivation i.e. Intrinsic and extrinsic. When employees are intrinsically motivated, they perform well because they feel the task itself is challenging and enjoyable to them, and they also do it also for internal satisfaction. When something has been achieved to get the monetary rewards or for social recognition, then employees are extrinsically motivated (Stajkovic & Luthans, 2001). Extrinsic motivation also works, like when an employees' creativity is required and is also recognized by the supervisor, then it may also enhance the creative performance of the employee (Diankenda, 2015). According to Baer (2012), intrinsic motivation has identified that it will be only positive and significant to the employees when an assigned task would be similar to a task that the employee already wants to do, in case they also need the useful support system to accomplish the goal (Grant & Berry, 2011). Thus, it has been argued by the author that intrinsic motivation can also be defined the best predictor between rewards and creativity (Dewett, 2007).

H7a Extrinsic motivation mediates the relationship between tangible rewards and creative performance.

H7b Extrinsic motivation mediates the relationship between intangible rewards and creative performance.

H8a Intrinsic motivation mediates the relationship between tangible rewards and creative performance.

H8b Intrinsic motivation mediates the relationship between intangible rewards and creative performance.

Valence of Rewards as Moderator between rewards and motivation

The valence of rewards is referred to as the significance that a particular employee places towards a specific tangible and intangible reward (Noe et al., 2017). Valence of rewards is the attractiveness of the rewards to the individual; Vroom (1964), explains in his study that individual behaviour can be influenced only when the individual is offered rewards would be valued by the employees. Malik et al. (2015), showed in their study the significant relationship between extrinsic rewards and creative performance depends on individual's values and their personality traits. He also highlighted that the presence of locus of control can enhance the intrinsic motivation through offering them extrinsic rewards (Gagné & Deci, 2005). Cooper and Jayatilaka (2006), states that an individual performs creatively to achieve a task when they feel like the task is enjoyable and satisfying enough to them, or in such a way where they perform for their own sake, because they are intrinsically motivated. If employees are achieving a goal for the sake of extrinsic rewards, then it can be said that the rewards are valuable to them. Employees depending on the value associates with rewards can vary the relationship from positive to negative between rewards and motivation (Choi, 2004). It has been argued that if the extrinsic rewards have been offered to the employees to enhance the creativity but employees do not consider them as important, then the employees motivation will drop, or if an increase in extrinsic rewards to increase the motivation will negatively affect the employee's performance (Burroughs, Dahl, Moreau, Chattopadhyay, & Gorn, 2011).

H9a Valence of intrinsic rewards moderates the relationship between intrinsic rewards and intrinsic motivation.

H9b Valence of extrinsic rewards moderates the relationship between extrinsic rewards and extrinsic motivation.

Research Model

The research model early developed by H. J. Yoon et al. (2015), the current study has modified and contributed as moderating effect of valence of intrinsic and extrinsic rewards.

Methodology

Measures

Tangible Rewards for Creativity: To get the clear view on how tangible rewards help to increase the employee creativity, these questions are adopted by (Malik et al., 2015); (H. J. Yoon et al., 2015). The four items are as follows: "In this company, creative performance has positive implications for promotion," "My Company offers substantial bonuses when

employees perform creatively," "If I perform creatively in my job, I receive additional financial incentives," and "Proposing creative ideas positively affects my income in this company."

Intangible Rewards for Creativity: Items used by Malik et al. (2015); H. J. Yoon et al. (2015); Baer, Oldham, and Cummings (2003) are adopted to measure intangible rewards for creativity. This scale includes these four items, "When I offer innovative ideas, my colleagues recognize and encourage me," "The more creative ideas I propose, the more my supervisor or co-workers show positive attitudes toward me," "If I perform creatively, I would receive positive feedback from my company", and "Creative performance is beneficial for my personal growth and I feel self-achievement when I suggest innovative ideas."

Extrinsic Motivation for Creativity: The measure used by Guay, Vallerand, and Blanchard (2000), is adopted to assess extrinsic motivation. Specifically, four items representing the external regulation of behaviour were used. The items include: "I usually work or engage in task activities in this company (a) for economic reasons, (b) to receive what I need, (c) because I can be offered incentives or bonuses, and (d) because this task will benefit me financially."

Intrinsic Motivation for Creativity: Intrinsic motivation is measured with four items adopted from Guay et al. (2000), "I usually work or engage in task activities in this company because (a) I think that the activity is interesting, (b) I think that the task activity is pleasant, (c) the activity is fun for me, and (d) I feel good when doing the activity."

Valence of Intrinsic Rewards: To measure the valence of intrinsic rewards, the following three items are adopted by H. J. Yoon et al. (2015), as enjoyment, autonomy, and self-achievement, that I can get from my creative performance (1) are quite meaningful for me, (2) are worthwhile for me to try hard to perform creatively, and (3) are so important that they influence me to change my task behaviours."

Valence of Extrinsic Rewards: The Valence of extrinsic rewards is measured by a three-item scale developed by (H. Yoon & Choi, 2010). A sample item is "Extrinsic rewards, such as financial incentives, promotions, and respect that I can obtain from my creative performance, are quite meaningful to me." "Worthwhile for me to try hard to perform creatively""important that they influence me to change my task behaviours."

Employee Creative Performance: To measure employee creativity, the four-item measurement of creative ideas developed by Janssen (2003); Scott and Bruce (1994) are used. The items include: "Employees come up with new and practical ideas to improve performance," "Employee exhibits creativity on the job when given the opportunity to do so,"

"Employee comes up with creative solutions to problems," and "Employee suggests new ways of performing work tasks."

Sample and Data Collection Method

The primary sources have been taken into account to gather the relevant data to attain the objectives of current research. The primary source is justified because it has provided first-hand knowledge with regards to the research questions of the existing research project. The number of participants who provided data for this research are 240 IT employees and their 30 immediate supervisors. Because the Information Technology (I.T) industry of Pakistan is growing rapidly, with a 100% growth of export earnings in the previous four years, so there is need to determine the factors which can increase employee creativity (Papanek, 2019). The structured questionnaire is developed to achieve the purpose of data collection. The major sections in questionnaire are Demographics, rewards for creativity, valence of intrinsic and extrinsic rewards, intrinsic and extrinsic motivation and creative performance. The convenience sampling technique has been employed in the current study to gather the data from a sample population. The easy availability and accessibility of the sample population to collect data have been motivated to adopt the convenience technique. Furthermore, the low budget and limited time are other factors that encouraged the use of the convenience technique.

Analysis Strategy

Partial Least Square Structural Equation Modelling PLS-SEM has been considered as the best tool in the present study to analyse the data by the means of smartPLS3 software (Ringle, Wende, & Will, 2005). For analysing the predictive research model such as used in this study, PLS-SEM is appropriate to use as compared to covariance-based SEM, since they are in the early stages of development of theory (Henseler, Hubona, & Ray, 2016); (Dijkstra & Henseler, 2015); (Henseler & Chin, 2010). The current study results are presented in two parts by using PLS-SEM, one is reliability and validity of the construct and another is the assessment of structural model (Chin, 1998).

Results

Demographic Profile

In this research the majority of participants were male i.e. 82.5%. Most of the respondents have master's degree i.e. 62.9%, 21.3% were bachelor's degree holders and remaining 15.8% had education regarded as higher than a master's degree.

Assessment of Measurement Model

According to Segars (1997), if the construct has a 0.7 composite reliability value then it is satisfactory. In the below table, all of the constructs all have all the composite value is above 0.7, which means that the constructs have internal consistency. Convergent validity of a construct would be confirmed when the AVE value of the constructs has a value greater than 0.5. As described by Chin (1998) that AVE measures the quantity of variance that a construct grabs from its items comparative to the quantity resulting from measurement error. The below table has all of the composite values as being is above 0.7, which means that the constructs have internal consistency. AVE values and outer loadings of each item is are above 0.5, which shows that the convergent validity of constructs is acceptable.

In the present study, Cross loadings and the Fornell-Larcker Criterion have been used to determine the discriminant validity. If the items value of cross loadings would be higher in their own construct compared to other constructs loadings, it means that discriminant validity is acceptable. This confirms that items are belonging to their own constructs only (Chin, 1998). The below table shows the cross loadings of different constructs, but it has referred that discriminant validity is acceptable because of the higher values of the items in their own constructs. For the better understanding values of items in their own constructs are bold.

To which extend one construct is different from the other construct can be explained by the Fornell-Larcker criterion, items of each construct must have a different value compared to the other construct. As recommended by Fornell and Larcker (1981), the value of constructs should be higher, checking related to the rows and columns in a diagonal line. This is basically the AVE's square root. The table shows the value of constructs is higher in their own rows and columns which mean the discriminant validity is significant.

Structural Model

The value adjusted R square shows that whether the regression model is fitted or not (Chin, 1998). The total explained variation by the regression model is mentioned in table 5.

Hypotheses Testing

Direct Effect

Table 6 shows the decisions of the hypothesis. In order to know the direct effects between the variables, the hypotheses have been tested using PLS-SEM. The result reveals that there is an association between both types of rewards i.e. tangible and intangible rewards on employee creative performance. Which means null hypotheses has been rejected. Furthermore, the study contributed to making it clear that tangible rewards can increase the employees'

extrinsic motivation, but extrinsic motivation cannot be explained through tangible rewards. Whereas, intangible rewards have been identified as the best predictor to develop intrinsic motivation but extrinsic motivation cannot be defined by offering intangible rewards which means that we fail to reject the null hypothesis (H4a). Moreover, the direct effect between the motivation and creative performance has also investigated. The outcome explains that the creative performance of employees would be enhanced when employees will be intrinsically motivated employees. When employees are extrinsically motivated, it will not increase their creative performance.

Mediating Effect

The current study ensures the mediating role of intrinsic and extrinsic motivation between tangible and intangible rewards and an employee's creative performance. All the above mediating hypotheses have failed to reject the null hypotheses except H8b, which explains that intrinsic motivation mediates the role between the intangible rewards and creative performance.

Moderating Effect

The above slope 2 shows that there is no need to make the extrinsic rewards attractive as they are attractive by default, so in order to increase the creative performance of employees, the intrinsic rewards must be attractive to them. This is because the attractiveness of intrinsic rewards mediates the role between intangible rewards and intrinsic rewards, which is clearly shown in the slope, the results also reveal that there is no mediating role of valence of extrinsic rewards between intangible rewards and extrinsic motivation.

Discussion

The main objective of the study was to analyse the effects between rewards and an employee creative performance. The effects of tangible rewards and creative performance were analysed, and the results recognized that an overall reward system, whether offering tangible rewards or intangible rewards can significantly affect the creative performance of employees. The results also supported the study from Silverman (2004), who discovered that there should be a balance between the tangible and intangible rewards, because both rewards have been considered as the best predictor in the creative performance of employees. The study conducted by Al-Nsour (2012), has a contrasted view with this study that tangible rewards do not affect the employee's creative performances. This is the only intangible reward which has a significant effect on creative performance because employees expect to be recognized on a daily basis, in this way they feel that they are a part of the organization and being valued as a high achieving member of the company. The end result of the study is supported by Zama

(2011), who found that that tangible rewards also increase the creative performance of employees, but the offered tangible rewards must be aligned with the employee's productivity. Besides the effects of intangible rewards on employee creative performance, the findings show that intangible rewards also increase the creative performance as described by H. J. Yoon et al. (2015), intangible rewards increase the employees motivation which leads to encourage the employees to work creatively and use their full efforts to achieve the assigned task efficiently and effectively. The mediating role of motivation between tangible rewards and creative performance has been identified that whether intrinsic motivation or extrinsic motivation both do not mediate the role between tangible rewards and creative performance. In contrast Aletraris (2010), found that by offering the tangible rewards it will increase the extrinsic as well intrinsic motivation of employees and explain their creative performance in a better way. Moreover, the mediating role of intrinsic and extrinsic motivation between intangible rewards and creativity were tested and explained that when employees are intrinsically motivated then intangible rewards for creativity would be better interpreted. As described by Stajkovic and Luthans (2001); Amabile (1997), people get intrinsically motivated and increase their creativity when they feel that the assigned task is enjoyable and challenging. In contrary, as explained by Doyle (2011), employees who are extrinsically motivated also perform creatively. There is a positive relation between intangible rewards and an employee's extrinsic motivation for creativity (H. J. Yoon et al., 2015).

Furthermore, the study found that valence of intrinsic rewards mediates the role of intangible rewards and intrinsic motivation. There is a significant association between the variables. Similar to this, Cooper and Jayatilaka (2006), explained that employees perform creatively for the task when they feel the task is enjoyable to them and they want to achieve the task for the sake of their intrinsic motivation. Opposing to the present research findings, intangible rewards are valued by employees when they are extrinsically motivated, but it depends on the attractiveness of the extrinsic rewards for the employees. Malik et al. (2015), notes that whether the rewards offered are financial or non-financial it doesn't matter but the rewards need to fit with purpose (Byron & Khazanchi, 2012). It has been examined that the attractiveness of extrinsic rewards has no relation with intangible rewards and employee's extrinsic motivation. In addition, Hollet-Haudebert and Mulki (2015), conducted research from two international sectors such as the financial and IT service industry of 385 employees, in his study it had been identified that employee engagement and loyalty play an important role in order to increase the employee's motivation.

Limitations and Directions of Future Study

This study is limited to the IT companies of only one city of Pakistan i.e. Karachi, so future research can be conducted on overall country level. The sample of current study included 240 respondents and the data was collected during a single time period, future research can focus



on a larger sample size and may also approach the different sectors of the country to gain a clearer view of the employee's behaviour towards the reward system. Direction for the future study is also suggested, it is suggested that the study carries out on comparative study, such as the comparison between two or more countries, because the meaning of the same rewards for different people may vary because of their cultural differences. So, this will help to distinguish between the variables for the employees who are associated with different cultures and have different individual values that effect on their creative performance by the rewards system of the organization. Future researchers can also explore the more mediating, moderating and also independent variables which are related to an organizational context that may have a link between rewards and performance.

Implications

The study is implied in the Information Technology (I.T) industry of Pakistan. The organizations can understand the importance of tangible and intangible rewards on the performance of personnel. I. T organizations in Pakistan can decide on the effective composition of the rewards system. The combination of salaries, appreciations and bonuses motivate employees to put in more effort towards the achievement of organizational goals.

The current study helps future research studies to understand the association of tangible and intangible rewards with creative performance. Along with that, the current study provides a detailed discussion regarding tangible and intangible rewards. Hence, it can enhance the knowledge regarding intrinsic and extrinsic motivation in future studies.

The study is useful for students of Human Resource Management (HRM) to examine the connection of financial and non-financial incentives with performance levels in the workplace.



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Figure1. Theoretical Framework.

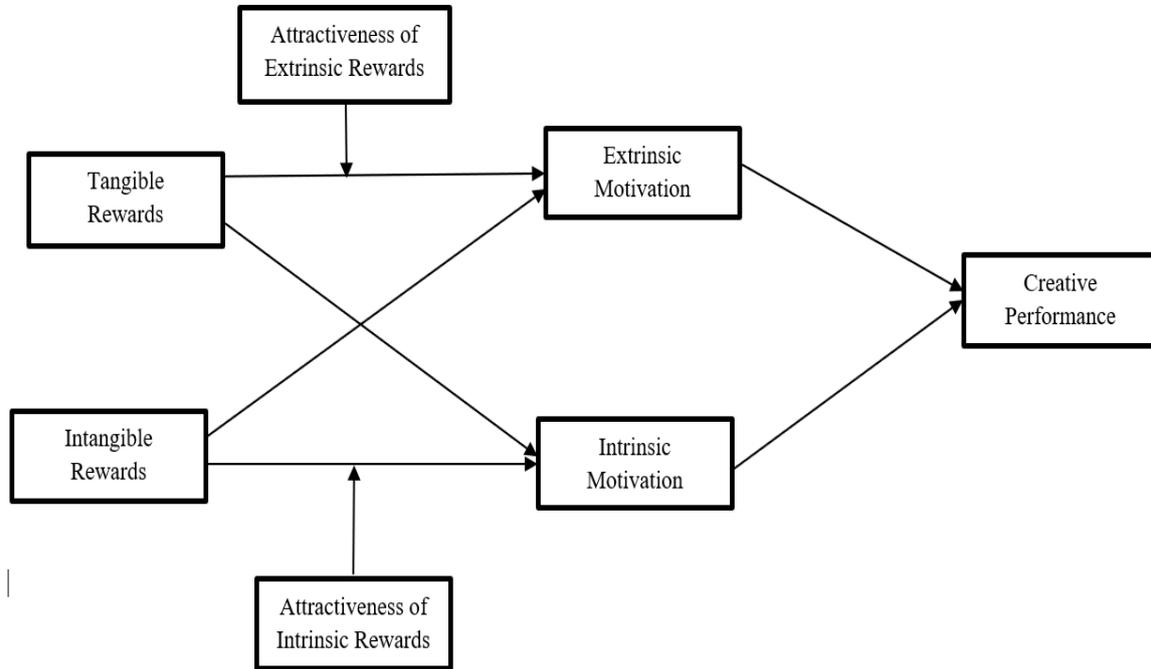


Table 1: Demographic Profile.

Profile	Categories	Percent
Gender	Male	82.5
	Female	17.5
Education	Bachelor's	21.3
	Masters	62.9
	Above Masters	15.8

Table 2: Factor loadings, composite reliability, and convergent validity.

Constructs	Loadings	CR	AVE
Creative Performance		0.958	0.852
CP1	0.930		
CP2	0.923		
CP3	0.931		
CP4	0.908		
Extrinsic Motivation		0.945	0.812
EM1	0.873		
EM2	0.920		
EM3	0.925		
EM4	0.885		

Intrinsic Motivation		0.951	0.828
IM1	0.880		
IM2	0.934		
IM3	0.921		
IM4	0.904		
Intangible Rewards		0.958	0.852
IR1	0.916		
IR2	0.922		
IR3	0.939		
IR4	0.913		
Tangible Rewards		0.957	0.846
TR1	0.888		
TR2	0.932		
TR3	0.934		
TR4	0.925		
Valence of Extrinsic Rewards		0.938	0.834
VE1	0.899		
VE2	0.937		
VE3	0.904		
Valence of Intrinsic Rewards		0.941	0.843
VI1	0.897		
VI2	0.938		
VI3	0.918		

Table 3: Cross loadings.

	CP	VE	EM	VI	IR	IM	TR
CP1	0.930	0.398	0.424	0.534	0.765	0.591	0.571
CP2	0.923	0.395	0.433	0.480	0.736	0.587	0.576
CP3	0.931	0.438	0.454	0.567	0.699	0.623	0.586
CP4	0.908	0.400	0.490	0.590	0.670	0.561	0.625
EM1	0.449	0.543	0.873	0.405	0.346	0.568	0.560
EM2	0.458	0.515	0.920	0.446	0.364	0.527	0.534
EM3	0.427	0.55	0.925	0.445	0.317	0.477	0.550

		2					
EM4	0.421	0.539	0.885	0.473	0.309	0.454	0.560
IM1	0.557	0.561	0.435	0.561	0.504	0.880	0.411
IM2	0.602	0.509	0.483	0.566	0.534	0.934	0.490
IM3	0.599	0.566	0.538	0.562	0.487	0.921	0.491
IM4	0.571	0.553	0.594	0.534	0.499	0.904	0.478
IR1	0.680	0.263	0.271	0.382	0.916	0.485	0.428
IR2	0.697	0.285	0.338	0.341	0.922	0.510	0.451
IR3	0.747	0.363	0.358	0.480	0.939	0.555	0.487
IR4	0.744	0.357	0.395	0.515	0.913	0.500	0.560
TR1	0.602	0.551	0.569	0.559	0.539	0.498	0.888
TR2	0.570	0.506	0.559	0.543	0.481	0.447	0.932
TR3	0.591	0.534	0.563	0.588	0.465	0.481	0.934
TR4	0.585	0.542	0.558	0.609	0.439	0.464	0.925
VE1	0.406	0.899	0.507	0.644	0.292	0.489	0.525
VE2	0.414	0.937	0.575	0.589	0.333	0.565	0.533
VE3	0.390	0.904	0.549	0.485	0.320	0.589	0.533
VI1	0.575	0.527	0.432	0.897	0.443	0.564	0.593
VI2	0.530	0.570	0.427	0.938	0.435	0.552	0.564
VI3	0.511	0.623	0.490	0.918	0.411	0.566	0.564

Table 4: Discriminant Validity: Fornell-Larcker Criterion.

	Creative Performance	Valence of Extrinsic Rewards	Extrinsic Motivation	Valence of Intrinsic Rewards	Intangible Rewards	Intrinsic Motivation	Tangible Rewards
Creative Performance	0.923						
Valence of Extrinsic Rewards	0.442	0.913					
Extrinsic Motivation	0.487	0.596	0.901				
Valence of Intrinsic Rewards	0.587	0.625	0.490	0.918			
Intangible Rewards	0.778	0.346	0.371	0.468	0.923		
Intrinsic Motivation	0.640	0.601	0.563	0.611	0.556	0.910	
Tangible Rewards	0.638	0.581	0.612	0.625	0.524	0.514	0.920

Table 5: R-Square Adjusted.

	R Square Adjusted
CREATIVE PERFORMANCE	0.705
Extrinsic Motivation	0.468
Intrinsic Motivation	0.486

Table 6: Direct effect.

Hypothesis	Mean	Standard Deviation	T Statistics	Decision
H1: Tangible Rewards -> Creative Performance	0.260	0.055	4.743	Supported
H2: Intangible Rewards -> Creative Performance	0.592	0.059	10.055	Supported
H3: Tangible Rewards -> Extrinsic Motivation	0.362	0.077	4.672	Supported
H3b: Tangible Rewards -> Intrinsic Motivation	0.058	0.071	0.813	Not supported
H4a: Intangible Rewards -> Extrinsic Motivation	0.029	0.069	0.428	Not supported
H4b: Intangible Rewards -> Intrinsic Motivation	0.307	0.063	4.843	Supported
H5: Extrinsic Motivation -> Creative Performance	0.029	0.061	0.479	Not supported
H6: Intrinsic Motivation -> Creative Performance	0.208	0.070	2.988	Supported

Table 7: Mediating Effect.

Hypothesis	Mean	Standard Deviation	T Statistics	Decision
H7a: Tangible Rewards -> Extrinsic Motivation -> Creative Performance	0.011	0.023	0.457	Not supported
H7b: Intangible Rewards -> Extrinsic Motivation -> Creative Performance	0.001	0.005	0.174	Not supported
H8a: Tangible Rewards -> Intrinsic Motivation -> Creative Performance	0.012	0.017	0.727	Not supported
H8b: Intangible Rewards -> Intrinsic Motivation -> Creative Performance	0.064	0.024	2.664	Supported

Figure 2. Structural Model.

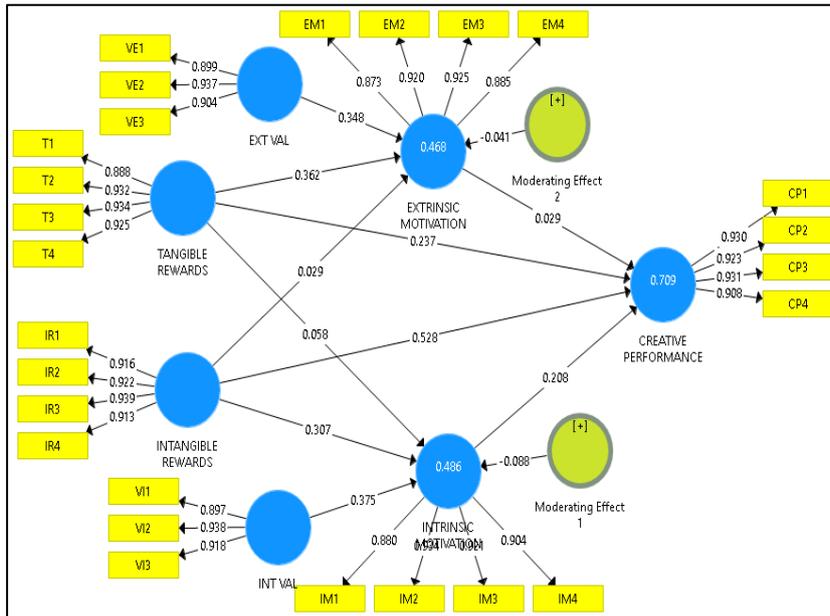


Table 7: Moderating Effect.

Hypothesis	Mean	Standard Deviation	T Statistics	Decision
H9a: Intangible Rewards -> Valence of Intrinsic Rewards -> Intrinsic Motivation	-0.088	0.038	2.309	Supported
H9b: Tangible Rewards -> Valence of Extrinsic Rewards -> Extrinsic Motivation	-0.041	0.035	1.145	Not supported

Figure 3: Moderating effect Slope for Intangible rewards.

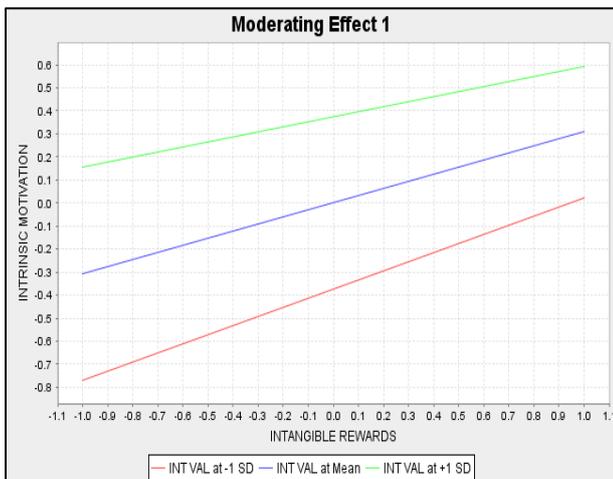


Figure 4: moderating Effect Slope for tangible rewards.

