



Organisational Reward Strategies and Performance of Front Line Managers: Analysis of Pakistani Textile Industry.

Muhammad Shahid Tufail

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ORGANISATIONAL REWARD STRATEGIES AND
PERFORMANCE OF FRONT LINE MANAGERS:
ANALYSIS OF PAKISTANI TEXTILE INDUSTRY

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ORGANISATIONAL REWARD STRATEGIES AND
PERFORMANCE OF FRONT LINE MANAGERS: ANALYSIS
OF PAKISTANI TEXTILE INDUSTRY

by

MUHAMMAD SHAHID TUFAIL

A thesis submitted to the University of Bedfordshire in partial fulfilment of
the requirements for the degree of Doctor of Philosophy

November 2014

Dedication

I dedicate this to my loving parents, in particular my father Muhammad Tufail Farooqi shaping me what I am today and being on my side always unconditionally

ORGANISATIONAL REWARD STRATEGIES AND PERFORMANCE OF FRONT LINE MANAGERS: ANALYSIS OF PAKISTANI TEXTILE INDUSTRY

Muhammad Shahid Tufail

Abstract

The current study seeks to contribute specifically to the literature on reward management and managerial performance. In doing so, it aims to address certain gaps in the existing literature; particularly a noticeable lack of research in rewards and individual performance relationships in a developing country, Pakistan. This study has sought to examine the relationship of extrinsic rewards comprising of pay, bonuses, opportunities for promotion and intrinsic rewards such as sense of recognition, job characteristics with individual performance measured as task and contextual performance including citizenship behaviour. Furthermore, the study has sought to examine the mediation role of organisational justice elements such as procedural and distributive justice in reward performance relationships. The study aims at identifying different rewards being offered in textile organisations and their relationships with performance of front line managers in textile sector organisations. The study focuses primarily on key research questions:

1. What is the relationship between extrinsic rewards such as pay and bonus based incentives with the performance of front line managers?
2. How do opportunities for promotion relate with performance of front line managers in textile industry?

3. What is the relationship of intrinsic rewards such as sense of recognition and job characteristics with the performance of front line managers?
4. How does procedural and distributive justice influence the reward performance relationships for front line managers in textile industry?

Being deductive in nature, the current study revolves around the premises of positivist philosophy. Being cross section in nature, a survey based design is selected and a quantitative strategy is used in this study for data collection and analysis. The study is facilitated by random stratified sampling for data collection and structural equation modelling technique to draw results of direct and mediation effects of study constructs. The results portray significant relationships of rewards and individual performance with relatively strong emphasis on task performance in comparison to contextual performance. The results further highlight the mediation of procedural and distributive justice particularly in extrinsic rewards and task performance relationships for front line managers.

The study seeks to contribute to existing theoretical knowledge and practices in developing economies and is pioneering in its examination of rewards-individual performance relationships in Pakistan. In examining organisational rewards with task and contextual performance for front line managers in private manufacturing sector, the study tends to address the gap in existing literature on reward and performance management. Moreover, the current study further seeks to examine the mediation effects of procedural and distributive justice in reward performance relationships discovering this field of theoretical knowledge as existing literature does not reflect upon this gap. The study intends to offer help and support to concerned stakeholders in better understanding, developing and modifying rewards-performance relationships particularly for textile industry in Pakistan.

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Declaration

I declare that this thesis is my own unaided work. It is being submitted for the degree of PhD at the University of Bedfordshire.

It has not been submitted before for any degree or examination in any other University

Name of candidate: **Muhammad Shahid Tufail**

Signature:

Date: **November 2014**

Conference Presentations

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List of Abbreviations

| | |
|--------------|--|
| APTMA | All Pakistan Textile Manufacturing Association |
| AVE | Average Variance Extracted |
| CFA | Confirmatory Factor Analysis |
| EFA | Exploratory Factor Analysis |
| HRMP | Human Resource Management Practices |
| SEM | Structural Equation Modelling |
| SPSS | Statistical Package for Social Science |
| WDQ | Work Development Questionnaire |
| SAS | Statistical Analysis System |
| AMOS | Analysis moment system |

Chapter 1 Organisational Rewards and Performance

1.1 Introduction

This chapter presents the overall introduction of the intended research work and highlights the human resource management practices particularly organisational reward strategies and employee performance in manufacturing organisations. The background of the study is discussed with particular focus on human resource management practices in Pakistani context. Besides, the next section discusses the sample textile sector industry, role and importance of front line managers as sample respondents and highlights the justifications accordingly. The rationale of the study is discussed in view of potential gaps in literature along with the significance. Next section introduces aim of the study with relevant research objectives and further discusses research questions of this study. In later part, the comprehensive structure of the thesis is discussed comprehensively. This scheme of thesis writing is followed by concluding words for this chapter; positing the view about next chapter on literature review.

1.2 Human Resource Management Practices: Organisational Rewards and Employee Performance

Human resource management practices (HRMP) are widely explained and extensively researched in diversified cultures and contexts around the globe. These HRMP such as rewards, job security, training and leadership have been examined with different organisational outcomes such as employee commitment, job satisfaction and performance both in service and manufacturing sector organisations (Teseema and Soeters, 2006; Yasmin, 2008; Edwards et al., 2008; Ali and Ahmad, 2009; Ismail et

al., 2011; Mensah and Dogbe, 2011). The human resource management practices are found to be having statistically significant relationships with employee satisfaction (Edwards et al., 2008) and employee performance particularly in manufacturing sector organisations (Yasmin, 2008). These HRMP specifically reward management facilitate organisations in better attraction and retention of the employees (Boxall, 1996, Lawler, 2000; Armstrong, 2005).

The compensation is considered to be one of the core and important component of human resource management in organisations (Armstrong, 2005; Milkovich and Newman, 2010). Organisational rewards such as pay and promotions attract the attention of skilled employees if planned and executed effectively (Boxall, 1996; Lawler, 2000; Yasmin, 2008; Edwards et al., 2008). Organisational rewards are classified into extrinsic rewards and intrinsic rewards. The extrinsic rewards are tangible cash or non-cash based incentives being offered to the employees (Milkovich and Newman, 2010). The examples of extrinsic rewards are pay, bonuses, promotions, trainings etc. Whereas the intrinsic rewards are intangible and non-monetary in nature like feelings of achievement, sense of recognition and work life balance (Milkovich and Newman, 2010). Both extrinsic and intrinsic rewards are significantly related to employee satisfaction and employee performance (Gerhart and Milkovich, 1990; Lawler, 2000; Teseema and Soeters, 2006; Edwards et al., 2008; Yasmin, 2008; Ali and Ahmad, 2009; Danish and Usman, 2010).

Performance management and evaluation is another crucial aspect of human resource management practices. The existing field of literature in performance evaluation revolves around the discussion of employee performance which is measured as overall performance (Yasmin, 2008; Ali and Ahmad, 2009; Aktar, Sachu and Ali, 2012). It is quite important to find out individual employee performance to better understand the employees' behaviour and designing of some effective rewards for them (Lawler, 2000). There are different dimensions of individual performance and most

commonly discussed are task performance and contextual performance as suggested by literature (Borman and Motowidlo, 1993, 1997; Van Scotter, Motowidlo and Cross, 2000; Edwards et al., 2008).

The other dimensions are adaptive performance and counterproductive work behaviour (Sackett et al., 2006) and limited evidences of these dimensions are there in social science research. The organisational citizenship behaviour (OCB) is another aspect of employee performance which has been discussed separately as independent performance measure (Organ, 1997; Vey and Campbell, 2004). The counterproductive work behaviour dimension is considered to be the negative aspect of OCB and is generally examined along with organisational citizenship behaviour (Sackett et al., 2006). Van Scotter, Motowidlo and Cross (2000) has discussed and examined the contextual performance including citizenship behaviour elements. However, the task performance and contextual performance have been more commonly used performance dimensions to measure the individual performance of the employees (Borman and Van Scotter, 1997; Edwards et al., 2008; Poon, 2012).

The extrinsic and intrinsic rewards have statistically significant relationships with both task and contextual performance in the field of reward-performance relationships in diversified contexts (Edwards, et al., 2008; Poon, 2012). Extrinsic cash based rewards such as pay, bonuses and non-cash based rewards such as job security, training are significantly associated with employee performance as reported in existing studies (Perry, Debra and Laurie, 2006; Butt, Rehman and Safwan, 2007; Yasmin, 2008; Dencker, 2009; Mensah and Dogbe, 2011; Ederhof, 2011). Whereas, the intrinsic rewards such as social recognition and job characteristics have significant relationships with performance of the employees working in both service and manufacturing sectors (Stajkovic and Luthans, 2003; Long and Shield, 2010; Shantz et al., 2013). However, the extrinsic rewards are supposed to be undermining the intrinsic

motivation for employees for longer period of times specifically (Gagne and Deci, 2005). These rewards are not linked with dissatisfaction but do not bring about satisfaction on part of the employees (Herzberg, 1967) and sometimes, employees tend to perceive extrinsic rewards less motivating and derive dissatisfaction as the time progresses in different cultural contexts (Lawler, 2000; Stringer, 2006; Perry, Engbers and Jun, 2009).

Keeping in view direct relationships, there are evidences of statistically significant relationships of extrinsic rewards with employee performance (Tessema and Soeters, 2006; Yasmin, 2008) and with dimensions of individual performance as task and contextual performance in advanced (Edwards et al., 2008; Poon, 2012) and developing countries (Yasmin, 2008; Ali and Ahmad, 2009; Danish and Usman, 2010; Ismail et al., 2011; Mensah and Dogbe, 2011). Most of these studies have been conducted with overall sample of employees comprising of managerial and labour cadres. Besides, there is limited evidence of investigating direct relationships of extrinsic and intrinsic rewards with individual dimension as task and contextual performance particularly in developing countries and for junior management (front line) employees (Danish and Usman, 2010; Jawahar and Ferris, 2011).

In reference to reward-performance relationships, the existing research highlights the findings for overall labour employees working in the selected organisations. The management level employees specifically the front line managers play vital role in modern organisations and they are directly responsible for implementing plans and decision made at the top management level (Purcell and Hutchinson, 2007). As the front line managers are responsible for execution of these plans, it is quite important to take them on board before designing organisational policies and procedures. There is visible evidence that effective role of front line managers lead towards better implementation of human resource management practices in organisations (Purcell and Hutchinson, 2007). There are limited evidences of research works for front line management

employees in reward-performance field of literature and there is need of some dedicated research work focusing on the reward-performance relationships particularly in developing countries (Danish and Usman, 2010; Jawahar and Ferris, 2011).

Along with testing the direct effects of rewards-performance relationships, there is possibility of investigating mediating effects of some specific human resource factors like employee commitment, organisational justice and trust in supervision. The fair and unbiased organisational policies and procedures are considered to be effective in implementing good reward systems and enhancing employee motivation as well as performance (Colquitt et al., 2001). There is no evidence of testing organisational justice as potential mediator in rewards-performance relationships and the current study intends to address this potential gap in this field of literature and testing the assumptions of social exchange theory (Blau, 1964) and equity theory (Adams, 1965) in local context as well.

1.3 Background of the Study

1.3.1 Human Resource Management Practices in Pakistan

Pakistan is a developing country and human resource management practices are in early and developing stages (Khilji, 2001). The organisations are keen to identify and understand the concepts and applications of human resource management practices. In recent years, the organisations have started designing and implementing human resource management practices particularly in manufacturing sector organisations (Yasmin, 2008). The research culture in human resource management has shown promising progress over the last few years in local context and many qualified researchers have emerged in the scene with quality research works in the field of human resource management as suggested by existing literature (Yasmin, 2008; Ali and Ahmad, 2009; Danish and Usman, 2010; Khan, Farooq and Ullah, 2010; Khan et al.,

2013; Saleem and Khurshid, 2014). The core areas of HRM like recruitment and selection, training and development, compensation management and performance management and evaluation have been identified and examined in relation to different HRM practices and employee attitudes/ behaviour as outcomes. Compensations management is one of core and important field of human resource management (Armstrong, 2005). The organisations are keen to design effective compensation policies and programs as these help in attracting and keeping the skilled employees within organisations over a long period (Milkovich and Newman, 2010). Employees derive motivation internally when they are offered with effectively and efficiently designed reward systems in exchange of improved/ enhanced performance at work place (Blau, 1964; Lawler, 2000; Gerhart and Rynes, 2003).

There is extensive work done in the field of reward-performance relationships in Pakistan in recent years. Yasmin (2008) has examined the different human resource management practices like leadership, training and development and job security and their significant relationships with employee performance in manufacturing sector in Pakistan. Butt et al. (2007) discuss the significant relationships of pay, promotions and job security with employee satisfaction for service sector industry in local context. Ali and Ahmad (2009) have reported the positive and significant rewards, recognition and motivation of the employees in local context. The direct relationships of work motivation and rewards like pay, promotions have been examined by Khan, Farooq and Ullah (2010) and they discuss their findings in view of banking industry of Pakistan. Qureshi, Zaman and Shah (2010) have examined the reward-performance relationships for service sector organisations and find significant positive relationships of extrinsic and intrinsic rewards with overall employee performance. Danish and Usman (2010) report positive and significant relationships between rewards and employee motivation in a research done by using sample of diversified organisations in Pakistan. Most recently, the human resource management practices have been examined with overall employee

performance in banking sector and significant relationships are reported between HRMP and employee performance (Saleem and Khurshid, 2014).

Almost all the research works are conducted keeping in view the overall employee performance measured as single composite variable. Moreover, the samples selected in these research works comprise of both managerial and labour employees. There is no study highlighting the dimension of individual managerial performance such as task performance and contextual performance in the local context. Hence, there is a need of some exclusive research work examining the extrinsic and intrinsic rewards and their relationships with task and contextual performance of the management level employees (Tessema and Soeters, 2006) particularly front line management (Danish and Usman, 2010). As rewards and performance both are linked with different factors like employee commitment, organisational justice, trust in supervisor; so there is need of exploring some potential mediator factor in reward-performance relationships. Zhang and Agarwal (2009) has emphasised the need of investigating the organisational justice role as mediator in extrinsic/ intrinsic rewards and their relationships with task and contextual performance particularly in Asian countries context.

As a matter of fact, the textile organisations are using both extrinsic and intrinsic rewards to motivate and boost the morale of the employees in Pakistan. However, these organisations are facing issues such as poor employee performance, high turnover rates, low job satisfaction and motivation on part of employees (Yasmin, 2008). The stakeholders of these textile organisations in local context are very keen to know the underlying facts of reward-performance relationships as they want to understand this properly. They want to offer rewards to the employees which should motivate them and encourage them to perform better at work place. The current study intends to find the answer of this problem faced by textile industry stakeholders in Pakistan.

1.3.2 Introduction of Textile Sector Industry

Pakistan is a developing country with rich agricultural sector and textile sector is one of the leading industries as it contributes around 57 percent of the total exports of the country. Overall, Pakistan is the 8th largest exporter of textile products in Asia and 4th largest producer of cotton in the world. It constitutes 46 percent of the total manufacturing sector in Pakistan with employment of 39 percent of total work force in the country and a significant 8.5 percent contribution to GDP of Pakistan (Ministry of Textiles, Pakistan). The industry is exporting products to USA and European countries with diversified product mix comprising of yarn, grey cloth, made-ups, bed linen and large variety of garments. A separate ministry has been established in 2004 to cater to the needs of this vital industry effectively and provide a platform to industry stakeholders to discuss matters with governmental authorities.

Moreover, there is another platform for textile industry which is All Pakistan Textile Manufacturers Association (APTMA). All textile organisations with large headcount are registered with this association and this association provides all stakeholders a visible platform to raise their voices/ or highlight issues/problems faced by textile industry. Currently, Textile industry is comprised of 1, 221 small ginning units, 442 small spinning units, 124 composite spinning organisations and 425 organisations producing variety of textile products in the country. Most of the small units have workforce less than 10 employees comprising of skilled, semi-skilled and unskilled labour. Most of these units are not registered with APTMA and there is no data available regarding employee recruitment and performance management and evaluation. The registered organisations data have shown the figures as 102 processing units, 59 spinning/ginning units and 41 garments units and these organisations have been considered as total population to derive the sample through suitable sampling technique in the current study.

The textile industry is quite famous for its best practices which are considered as benchmark for other manufacturing sector industries in Pakistan (Ministry of Textiles, Pakistan). The industry is currently facing very dynamic competition in terms of competitive prices and better quality products around the globe. However, the textile industry is facing different problems such as energy crisis (both power and gas supplies) in the country, inflation factor increasing cost of raw materials, human resources and tough competition from competing countries. The stakeholders in textile industry fully understand the importance of human resource development and they are very keen to explore and implement plans to train and develop the skilled and semi-skilled work force. Human resource departments are being established in all organisations to design and execute the plans for recruitment and selection of skilled personnel both managerial and labour cadres (Yasmin, 2008). The organisations with large employee headcount are registered with APTMA and these have formal documentation of the processes and procedures being implemented inside the organisations. The current study has accounted for such registered organisations as sample population for this research because of availability and accessibility of data.

In order to be competitive, the stakeholders of textile industry have taken certain measures as well as initiatives particularly for human resource development. The owners firmly believe in the fact that without skilled work force, it would be difficult for them to lead the global competition from the front. In spite of financial problems, the textile industry is offering variety of financial and non-financial incentives to its employees. The organisations are taking visible steps to attract and retain the workforce by offering lucrative packages and career developmental opportunities. Even though, all these efforts have been in place, still most of the organisations are facing problems of low productivity (low employee performance at work place), low employee job satisfaction and high turnover figures. The management of textile organisations fully understand the critical nature of this issue and are keen to find out the reasons so that

some remedial actions could have been taken accordingly. They want to understand what employees (front line management in particular) are looking for and how their needs could be addressed to motivate and retain them with high satisfaction as well as performance for longer period of time. Hence, the current research work is aimed at exploring these issues particularly in the field of reward-performance relationship for management level employees and to offer some valuable suggestions based on findings to address this problem effectively and efficiently.

1.3.3 Front Line Managers as Sample Respondents

Management is generally classified into top, middle and front line management. The front line management comprises of first layer of management that are involved in technically implementing the organisational policies and decisions by managing their own spans and dealing with customers. They are responsible of their own work and their subordinates' work towards overall organisational performance (Purcell and Hutchinson, 2007). Human resource practices are linked with role of front line managers. Effective roles played by front line managers lead towards proper execution of human resource practices in organisations. According to Purcell and Hutchinson (2007), "The role of front line managers in people management, enacting HR practices and engaging leadership behaviours means that they have to be included in any causal chain seeking to explain and measure the relationship between HRM and organisational performance" (p-6). It is important that policies and procedures should be planned keeping in view the roles and responsibilities of front line managers as they are involved in the effective implementation of this policies at work places. Nevertheless, the front line managers require explicitly designed policies and plans to manage their own spans to achieve organisational objectives efficiently (Purcell and Hutchinson, 2007).

In textile industry in Pakistan, the front line managers are playing very vital role as they are directly involved in customer contact and

management of subordinates. They work in almost all departments of organisations particularly in core departments like marketing, production and quality control. These core departments are important functions of the manufacturing organisations that are engaged in exporting goods to other countries. In textile organisations, the front line managers greatly vary in terms of their age and experience and during data collection; wide ranges of both age and experience have been observed in this industry. The management and owners of the textile organisations are very keen to talk about the roles and responsibilities of these front line managers and quite often, they are fully involved in policy making processes to make things better at workplace.

On the other hand, the front line managers tend to perceive their performance linked with how organisations treat them in terms of rewards and incentives, the planning and allocation of resources and distribution of these incentives. It is quite important to know what these front line managers expect from their organisations as they are not fully satisfied with existing scenario. Nevertheless, the organisations are keen to explore the factors why existing compensation programs particularly reward systems do not motivate and satisfy these managers fully. Upon identification and realisation of these reasons, the organisations would be able to design and offer reward programs/ incentives in order to better motivate and satisfy these front line managers. Thus, there is need of a dedicated research work addressing this issue in local context as suggested by Danish and Usman (2010). Therefore, this study intends to undertake this matter by focusing on front line managers exclusively and how they perceive about rewards being offered to them in textile industry.

1.4 Rational of the Study

Compensation management is an integral and crucial aspect of human resource management in organisations (Armstrong, 2005). The organisations offer rewards to their employees to motivate and satisfy

them as this motivation urges them to perform better at work place (Lawler, 2000). Wei and Rowley (2009) emphasise “a need to study the neglected area of reward strategies, in terms of what they deliver” (p-501) and further highlight the importance of role of management and implementation of rewards. The rewards are significantly related to employee performance as well as employee satisfaction. The reward-performance relationships have been extensively researched and investigated in diversified contexts (Perry, Debra and Laurie, 2006; Edwards et al., 2008; Dencker, 2009; Long and Shield, 2010; Mensah and Dogbe, 2011). There are few evidences of research works in developing countries contexts (Tessema and Soeters, 2006; Ali and Ahmad, 2009, Poon, 2012). Most of the existing research works in developing countries aim at exploring reward-performance relationships taking in account of overall employee performance.

On the other hand, the current study revolves around testing/confirming different motivational theories with particular focus on social exchange theory (Blau, 1964), equity theory (Adams, 1965), two factor theory (Herzberg, 1966), job characteristic theory (Hackman and Oldham, 1976) and self-determination theory (Gagne and Deci, 2005). The social exchange theory and two factor theory posit the view that human resource management practices such as rewards are considered to be motivators by employees and in turn, the employees tend to show good performance at work place. This research intends to test/ or extend the social exchange theory, two factor theory and job characteristic theory by examining the extrinsic and intrinsic rewards such as pay, bonuses, promotional opportunities, sense of recognition and job characteristics with individual performance of the management level employees. The findings of this research would help to some extent in building these theories further by testing reward-performance relationships particularly in view of developing economies as emphasised by Tessema and Soeters (2006). Besides, Edwards et al. (2008) test the social exchange theory by examining the individual performance with employee job satisfaction. However, the

theory needs to be tested or confirmed in view of rewards and their relationships with individual performance of management level employees. The current research aims at confirming or extending the social exchange theory and two factor theory by examining individual performance and its relationship with extrinsic and intrinsic rewards for front line managers.

In relation to job characteristics theory, the effectively designed jobs are considered to be the motivators (Herzberg, 1976; Lawler, 2000). The importance of job characteristics needs to be examined with individual performance of management level employees. The current research aims at testing/ or building the job characteristics theory by investigating the relationships of job characteristics and task and contextual performance including citizenship behaviour. Moreover, if employees perceive the fairness in organisational processes/ procedures (organisational justice), they derive intrinsic motivation and tend to enhance their performance level with satisfaction (Colquitt et al, 2001; Zhang and Agarwal, 2009; Poon, 2012) as explained by equity theory (Adams, 1965) and self-determination theory (Gagne and Deci, 2005). The fairness of processes/procedures (procedural justice) and allocation/distribution of resources (distributive justice) is important in predicting the impact of human resource management practices such as rewards with employee performance as evident by existing literature (Colquitt et al., 2001; Poon, 2012; Khan et al, 2013) and extending the premises of equity theory in diversified contexts. This study aims at testing/ building these theories by examining the potential mediation role of organisational justice in reward-performance relationships generally and in developing economies particularly.

Similarly, the individual managerial performance which is measured as task and contextual performance has not been extensively researched in relation to extrinsic and intrinsic rewards specifically in Pakistani context which is the third largest country (population wise) in Asia. Moreover, the mediation effects of some mediators like organisational justice in reward-

performance relationships have not been investigated as any evidence of such research work is not available. It is important to explore some potential mediators like organisational justice in extrinsic/intrinsic rewards and their relationships with individual performance of employees in organisational contexts. Wang, Ma and Zhang (2014) report the mediation of organisational justice in transformational leadership and employee commitment relationship and suggest the need of testing this mediation role with other “work attitudes and work behaviour such as in-role performance and organisational citizenship behaviour” (p-34). This aspect further facilitates the testing of assumptions of equity theory (Adams, 1965) and social exchange theory (Blau, 1964) and aims at extending these theories in relation to developing economies context such as Pakistan.

In local context, the textile sector is providing employment to around 39 per cent of the whole country and is leading industry as it constitutes around 46 per cent of the overall manufacturing sector in Pakistan according to annual report (FY 2012) of ministry of textiles. Being the leading industry, textile sector is serving as benchmark industry for best practices to other manufacturing industries in Pakistan (Ministry of Textiles, Pakistan). There is limited evidence of any exclusive research work done in the field of reward-performance relationships for management level employees particularly in developing countries (Tessema and Soeters, 2006). Khan et al. (2013) emphasise the need of such dedicated research work positing the view as “future studies may focus on the influence of rewards on employee performance in other sectors” (p-291).

Moreover, the current study aims at conducting a dedicated research for textile sector as sample industry. Rewards-performance relationships need to be investigated in private sector manufacturing organisations where reward decisions are made explicitly on merit. Edwards et al. (2008) suggest “potential avenue for future research would

be to test these relationships in an organisational setting which rewards employees with pay raises and promotions based more on merit rather than seniority” (p-460) and the current study intends to examine this matter to address this potential gap. Moreover, there is dire need of some research work focusing on the role of front line managers in manufacturing organisations as existing literature has limited evidence regarding this aspect. Danish and Usman (2010) urge the need of study with “focus on collecting the data from different managerial level i.e. top, middle and low level of management so that a true picture may be depicted what motivates employees at different managerial levels” (p-164). By saying low level of management, they mean to address front line management employees in local context. No doubt, the findings of this research would not only help the stakeholders in textile sector to plan effectively for their employees but offer substantial theoretical (testing/building relevant theories) contribution in generalising the findings to other manufacturing organisations in local context.

1.4.1 Significance of the Study

The current study aims at examination of rewards-performance relationships for management level employees in private manufacturing sector in Pakistan. The study portrays specific aspects in terms of significance and its potential contribution towards existing field of literature in rewards-performance relationships. The factors highlighting significance have been elaborated in detail.

First, the current research aims at investigating the extrinsic/intrinsic rewards and their relationships with employee performance in private sector manufacturing industry. The existing literature highlights the need of such dedicated study examining the rewards-performance relationships in private sector and in developing countries contexts (Tessema and Soeters, 2006; Edwards et al., 2008). The study intends to address this issue by examining the organisational rewards such as pay, bonuses, promotional opportunities, sense of recognition and job

characteristics with employee performance in textile industry in Pakistan. There is limited evidence of any such exclusive research work focusing on rewards-performance relationships for manufacturing sector; hence this point explicitly adds towards the significance of this study and aims at testing/ or extending the premises of social exchange theory, two-factor theory and job characteristic theory in view of developing economies.

Second, the existing literature in the field of rewards-performance relationships focuses on employee performance as an overall construct (Tessema and Soeters, 2006; Yasmin, 2008) especially with rewards (Ali and Ahmad, 2009; Khan et al., 2013). However, the individual performance in terms of task performance and contextual performance has been examined and researched in different research works in diversified contexts (Van Scotter, Motowidlo and Cross, 2000; Edwards et al., 2008; Jawahar and Ferris, 2011; Poon, 2012). There is no evidence of individual performance examination for management level employees in local context. The current study intends to address this potential gap and the individual employee performance as task and contextual performance including citizenship behaviour are investigated in relation to extrinsic and intrinsic rewards.

Third, the front line managers play pivotal role in the success of any organisation and there is a visible relationship between human resource management practices and role of front line managers in effective implementation of these practices (Purcell and Hutchinson, 2007). There is limited evidence of research works in the field of rewards- performance relationships particularly focusing on front line managers in existing literature and the need of such dedicated research work has been reiterated (Danish and Usman, 2010). The current study is exclusively focusing on front line managers as key sample respondents and their responses have been obtained to explore and examine their perceptions regarding rewards-performance relationships. Hence, this aspect enlightens the potential significance of current study.

Fourth, the responses have been obtained from front line managers by using self-completion questionnaire and performance has been measured as task and contextual performance including citizenship behaviour in this research. Moreover, the responses from respective supervisors of all respondents (front line managers) have also been obtained by using same performance scales. This helps in cross-validation of responses based on self-perception and has been evident in past studies as well (Edwards et al., 2008). The direct relationships of extrinsic and intrinsic rewards with task and contextual performance including citizenship behaviour both self-rated and boss-rated are examined and this marks another point of significance on part of current study.

Fifth, the current study is investigating the direct relationships of rewards and performance of management level employees. The need of some research work investigating the role of organisational justice as potential mediator in organisational practices like rewards and outcomes such as performance has been emphasised in existing literature (Zhang and Agarwal, 2009). The organisational justice dimensions as procedural and distributive justice have significant relationships with employee performance (Suliman and Kathairi, 2012; Poon, 2012). The current study intends to test the potential mediation effects of organisational justice in organisational rewards and individual performance relationships for front line managers particularly in local context to address this gap and this aspect further highlights the significance of current study.

1.5 Aim/ Objectives of the Study

The aim of this study is;

“To identify various rewards strategies being offered by the organisations and examine their relationships with individual performance of the front line managers in textile industry in Pakistan”

1.5.1 Research Objectives

The following research objectives have been established for this study;

1. To analyse empirically the relationships of extrinsic rewards such as pay and bonus based incentives with performance of the front line managers in textile industry in Pakistan.
2. To examine the relationship of opportunities for promotion with individual performance of front line managers.
3. To analyse the relationships of intrinsic rewards such as sense of recognition and job characteristics with individual performance of first line managers in the Pakistani textile sector.
4. To investigate the role of some potential mediating factors between reward practices and employee performance in the textile sector.

1.6 Research Questions of the Study

Keeping in view the research objectives, following research questions have been proposed for the current study as;

1. What is the relationship between extrinsic rewards such as pay and bonus based incentives with the performance of front line managers?
2. How do opportunities for promotion relate with performance of front line managers in textile industry?
3. What is the relationship of intrinsic rewards such as sense of recognition and job characteristics with the performance of front line managers?
4. How does procedural and distributive justice influence the reward performance relationships for front line managers in textile industry?

1.7 Research Process

It is imperative to identify and understand the overall research process of any study in order to achieve the core objectives significantly (Saunders, Lewis and Thornhill, 2012). There are different stages in research process and each stage has its unique importance and contribution towards overall research work.

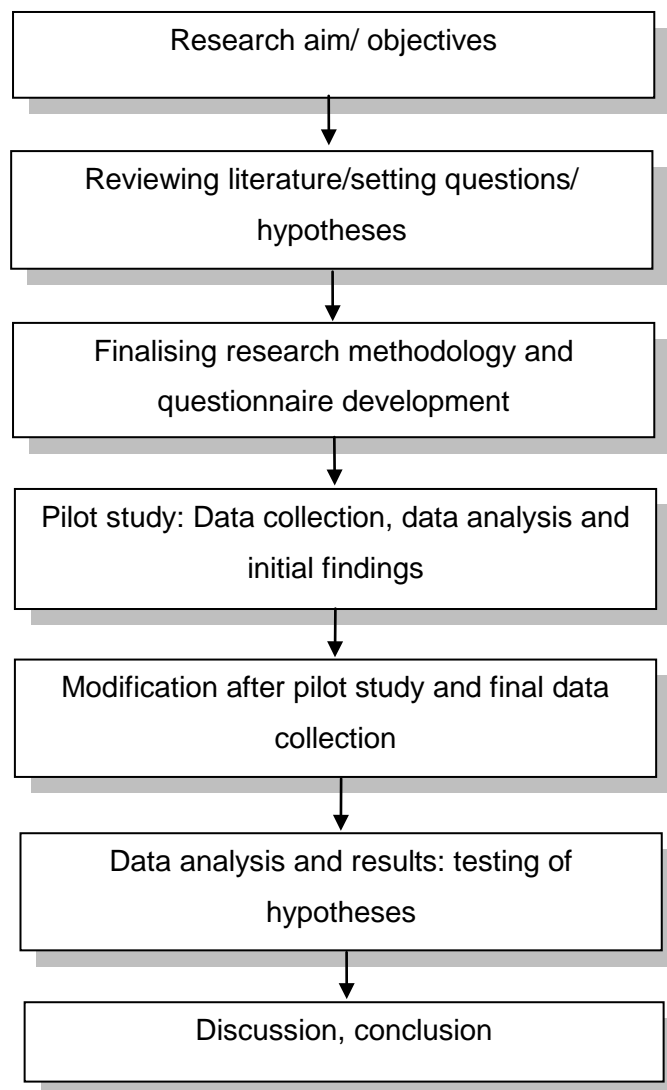


Figure 1 Research Process of Study

An effectively and efficiently designed research process enables researchers to track the progression of the research work at any point of time and potential obstacles can be highlighted earlier and some corrective action can be developed in order to accomplish the study aim/

objectives (Saunders, Lewis and Thornhill, 2012). The overall research process is presented in figure 1. The aim/objectives of the current study are developed after careful consideration of study background and to address problems faced by the concerned stakeholders in the sample textile industry in Pakistan. The organisations are keen to identify and understand the rewards-performance relationships for management level employees.

The literature review is important and existing studies in rewards-performance relationships have been explained and critically discussed to highlight the pros and cons of the research work. The literature review enables the researcher to confirm study constructs and develop some study hypotheses to test the assumed rewards-performance relationships among study constructs like pay, bonus based incentives, opportunities for promotion, sense of recognition and job characteristics with task and contextual performance including citizenship behaviour. In the next stage, the choice of relevant methodology suitable for testing research hypotheses have been explained and discussed. The appropriate quantitative methods for data analysis have been identified and their choice has been justified with the help of existing literature.

The pilot study has been conducted to check the reliability and workability of research instrument as self-completion questionnaire. The pilot study has shown satisfactory results confirming the reliability and validity of research instrument particularly in local context. After making slight modification, the research instrument is ready for final data collection. After final data collection, the data has been fed into system to analyse and for this SPSS and Amos version 19.0 have been used in the current study. The data have been analysed with the help of quantitative techniques like correlation and structure equation modelling to test the study hypotheses. After wards, the results have been discussed in relation to acceptance or rejection of the main frame hypotheses and the findings have been explained in relation to endorsing the theoretical considerations

and existing knowledge empirically. The conclusion highlighting study contributions, limitations, and future opportunities for further research is discussed and some recommendations based on study findings are developed at the end.

1.8 Structure of the Thesis

The structure of the thesis comprises of seven chapters covering all aspects of overall research process. The detail of structure has been explained in this section.

Chapter one introduces and elaborates the aim/ objectives of the current study. The comprehensive introduction of human resource management practices have been provided and discussed in this chapter. The human resource management practices in local contexts have been identified and relevant research works have been explained. The background of the current research have been discussed along with brief and precise introduction of the problem statement, introduction of sample textile industry and key sample respondents as front line managers. The rational of the intended research work has been elaborated and justified in relation to existing research works in rewards-performance field of literature. The aim/objectives of the current study have been developed. Moreover, research questions based on study objectives have been designed in order to test the relationships of study variables. The significance of study has been highlighted and discussed in detail. Some potential limitations have been identified as well. The overall research process has been sketched and the structure of thesis has been elaborated taking into account the contents of each chapter briefly.

Second chapter revolves around the premises of literature review and a critical review of existing literature in the field of rewards management and employee performance has been done and reported in this section significantly. The human resource management practices globally and in local context have been identified and relevant literature

has been discussed and critically reviewed in terms of scope, methodology, findings and contribution to theory and practice. The motivational theories have been explained and discussed in terms of their applications and implications as evolved over the time. The reward theory has been elaborated and extrinsic rewards such as pay, bonus based incentive, opportunities for promotion along with intrinsic rewards such as sense of recognition and job characteristics have been discussed critically in view of existing literature. Besides, the individual performance as task performance and contextual performance including citizenship has been introduced and relevant research works have been identified and a critical discussion has been done highlighting the potential contribution of existing research works and possible gaps in this field of literature. The organisations justice dimensions as procedural justice and distributive justice have been explained and their role as potential mediators in different human resource practices have been identified and reviewed critically. At the end, a precise and comprehensive summary of literature review have been developed to facilitate the quick and proper understanding of chapter contents.

Third chapter posits the view about study framework and main frame hypotheses based on literature reviewed in previous chapter. The study intends to test the extrinsic rewards such as pay, bonus based incentives, opportunities for promotion and intrinsic rewards such as sense of recognition and job characteristics as independent variables. The individual performance as task and contextual performance including citizenship behaviour are dependent variables in this study. The age and experience variables have been introduced as control variables and procedural and distributive justice has been introduced as potential mediators in rewards-performance relationships for front line managers in this study. Besides, the study hypotheses testing the direct effects of rewards and individual performance and indirect effects testing the mediation effects of justice dimensions have been developed and stated in this chapter.

Fourth chapter focuses on appropriate research methodology deemed suitable for testing study hypotheses developed in previous chapter. The research philosophies, approaches and strategies have been identified, explained and discussed in order to facilitate their understanding and underlying concepts. The choice of survey based cross-sectional research design for the current study has been discussed and justified accordingly. The data collection instruments have been explained and self-completion questionnaire has been chosen for the current study with justification. The items of the questionnaire adopted from existing research works have been explained in detail with reliability values. The pilot study has been done and comprehensive information regarding study sample, data collection and initial results have been reported confirming the reliability and workability of research instrument. The sampling concepts have been explained and choice of stratified random sampling for the current study has been justified. The features of population, sample size and related aspects have been explained and discussed in relation to textile sector industry in Pakistan. The final data collection is done and different ethical considerations are explained. The data analysis has been explained after the discussion of data screening and exploration phases and choices of Pearson's correlation and structural equation modelling (SEM) are explained and justified in particular nature of the study.

Fifth chapter posits the view about data analysis and results as the suitable methodologies have been finalised in previous chapter. The descriptive statistics have been used to report the demographic features of the data. The data screening process has been conducted and assumptions like outliers, missing values, normality, linearity and multicollinearity have been met and results have been reported accordingly. The exploratory factor analysis (EFA) has been conducted and factor loadings with mean and SD have been reported for each item used in the questionnaire. The Pearson's correlation has been used to test the association among study variables and coefficient of correlation values have been used to test the study hypotheses. The confirmatory factor

analysis (CFA) has been done and revised model with acceptable fit indices has been identified and used for further analysis. The structural equation modelling has been used to test the direct effects as well as mediation effects of the study constructs. The model has been developed and revised in order to achieve the good fit indices (like CFI, GFI, TLI and RMSEA). The mediation effects have been examined by using Barron and Kenny (1986) approach and the indirect effects have been found by using bootstrap technique in SEM with the help of Amos version 19. The mediation results have been reported highlighting the direct effects, direct effects with mediator and indirect effects. At the end, the summary of hypotheses testing showing acceptance or rejection is developed to facilitate quick review and understanding.

Sixth chapter revolves around the discussion of the results/findings of the current research and the discussion of findings has done in relation to relevant hypotheses, specific theories testing, existing literature and experiences about the nature and context of current study. The results are compared to existing studies and relevant theories have been tested and endorsed in this research work. The possible reasons or factors influencing the results either positively or negatively are identified and discussed comprehensively to draw a holistic and meaningful view of findings. The mediation effects of procedural and distributive justice are discussed and explained in rewards-performance relationships.

Seventh chapter posits the view about conclusion of the study. The research questions focusing on direct relationships of rewards-performance relationships for front line managers in textile sector are discussed and concluded accordingly. Besides, the mediation effects of organisational justice dimensions in view of study questions have been explained and comprehensively concluded in the current study. The contribution of the study focusing on certain aspects has been identified and explained accordingly. The key limitations of the study are highlighted and discussed in view of their nature and remedial actions planned in the

current study. The opportunities for future research are identified and presented to quench the thirst for more dedicated research in this field. At the end, some recommendations based on the findings of the current study are developed offering valuable information /support to concerned stakeholders in textile industry.

1.9 Conclusion

This chapter presents the preface of the intended study and a comprehensive introduction of the overall research problem and related aspects have been identified, explained and discussed with proper literature and theoretical support and evidence. The discussion of human resource management practices particularly in local context is done. The background of the sample industry and front line managers focusing on research problem is highlighted and discussed. Besides, the chapter discusses the rational of the current study which is followed by significance highlighting the potential gaps in the field of rewards-performance relationships. The aim/objectives and research questions are developed and explained in this section. The overall research process is developed and the discussion of each step has been done. The structure of the current thesis introduces the contents of each chapter precisely. After introduction, the comprehensive review of literature has been done to facilitate the emergence and finalisation of current study framework effectively in next chapter.

Chapter 2

Review of Literature

2.1 Introduction

This chapter explores and discusses the comprehensive literature available in the field of human resource management practices and performance of the employees in organisations. The different human resource management practices (HRMP) are identified and discussed in relation to their relationships with overall employee performances for both service and manufacturing sector organisations in different cultural contexts. Furthermore, the human resource management practices in particular relation to Pakistani context are discussed in detail. The motivation theories are briefly discussed highlighting their features and relevant theories are critically reviewed in view of existing literature and current study. This chapter discusses organisational rewards as extrinsic rewards and intrinsic rewards and explains these rewards in view of literature available in reward-performance discipline. The existing literature is critically analysed in terms of scope, methodologies, findings and potential contribution to existing theory or knowledge in reward-performance discipline.

Moreover, the individual managerial performance in terms of task performance and contextual performance including citizenship behaviour is identified and discussed. The organisational justice is discussed as potential mediator in reward-performance relationship and the relationships of procedural as well as distributive justice with employee performance are identified and discussed critically in this section. The justice dimensions are critically discussed as mediators in relationships between human resource management practices and different

organisational outcomes. The final section highlights the potential gaps in existing literature, discusses the emergence of study constructs and their justification accordingly.

2.2 Human Resource Management Practices

This section discusses different Human Resource Management Practices (HRMP) and their relationships with organisational and employee performances in different contexts around the globe. Human Resource Management Practices (HRMP) are significantly related with different outcomes and behaviours of employees in organisations. The compensation is one of core and critical element of HRM (Armstrong, 2005). There is some extensive work done in the field of HRM both in western and eastern contexts. HR policies concerning employment, career progression, training and development are designed to initiate and maintain long term relationship with the employees (Stroh et al., 1996). One important part of the HR practices is the reward management as it helps in attracting and retaining employees (Boxall, 1996, Lawler, 2000, Armstrong, 2005). According to Boxall (1996), the properly designed reward management programs serve as source of attraction for the employees and help them in staying longer with the organizations. Moreover, the rewards programs help organisations to achieve better employee performance at all levels within organisations (Rowley and Jackson, 2011).

According to Collins and Amabile (1999), rewarding people improperly reduces intrinsic motivation which in turn leads to poor performance at the workplace. Moreover, the changes in the reward management system result significantly in the change of employee satisfaction and motivation (Edwards et al., 2008; Ali and Ahmad, 2009). Kessler (2007) uses the term of total rewards as organizational efforts regarding compensation for attracting and retaining employees. Effective reward systems ensure enhanced motivation and increased productivity

resulting in improved organizational performance (Deeprise, 1994; Lawler, 2000; Edwards et al., 2008). Effective rewards such as Pay structures (Lodge and Walton, 1989; Mensah and Dogbe, 2011), Bonuses (Kahn and Sherer, 1990; Long and Sheild, 2010), Benefits (Gerhart and Milkovich, 1990), and Recognition (Flynn, 1988) have significant relationships with satisfaction and performance of both managerial and non-managerial employees in organisations. Rowley and Jackson (2011) posit the view that effective incentive programs are critical for organisations as these rewards facilitate the organisations to motivate the employees effectively. They further highlight that this motivation has visible evidence of encouraging employees to show better performance at individual, group and organisational level. Regardless of the nature of rewards, the modern organisations are keen to understand the reward-performance relationships to motivate and boost the employee performance around the globe.

On the other hand, organisations have used combination of pay strategies to minimize the risk while capitalizing on the benefits (Gerhart, Trevor and Graham, 1996). Even in developed countries, the incentives like monetary, non-monetary and intangible incentives have found to be significantly related to work performance of employees (Gibbs, 1995; Perry et al., 2006; Edwards et al., 2008). Furthermore, Condly, Clark and Stolovitch (2003) conduct a meta-analytic research work and find specific studies highlighting the strong positive relationships between incentives and work performance, provided that the incentives should be implemented properly and carefully. The need of examining work performance before and during the introduction of the incentives for employees has been quite important according to authors. They mention about the organisations in the studies which have gained more than 22 per cent (mean value) financial benefits once there has been an increase in employee work performance after introduction of incentives particularly the monetary incentives. The study is important in explaining the incentive-performance relationships as employees tend to show their inclination

towards cash based financial incentives in particular. However, the monetary reward needs to be planned keeping in view employees skills and potential in order to motivate them better (Lawler, 2000). It is important to mention that financial rewards such as pay and bonuses can be distracting in relation to employee performance over longer period of times as employees tend to drop their motivation level (Perry, Gerhart and Parks, 2005). However, Condly, Clark and Stolovitch (2003) further suggest the need of some dedicated studies in other contexts focusing on incentive-performance relationships particularly focusing on extrinsic as well as intrinsic rewards.

Employees in organisations tend to perceive fairness in procedures and processes available in organisations and in case of fair treatment; they show their satisfaction and encouragement to perform better at work places (Poon, 2012). Matsumura and Shin (2006) posit the view that incentive plans are significantly and positively related to financial performance after introducing some relative performance measures. In a study conducted for 214 stores of postal service organisation in Korea, they further explain that effect of incentive plan diminishes when employees tend to perceive high degree of unfairness. The fairness in procedures and processes for designing and implementing incentive plans has been quite important and should be considered by the organisations. However, the authors do not explicitly highlight the importance of equity theory (Adams, 1965) in explaining potential influence of fair organisational processes and procedures over employee performance. Matsumura and Shin, 2006 further suggest that incentive-performance relationships need to be explored in more depth in reference to perceived fairness like justice in organisational contexts. It is important to mention that role of organisational justice elements has not been examined particularly in rewards-performance relationships and there is need of investigating their potential influence particularly in developing economies (Zhang and Agarwal, 2009).

Human Resource Management practices (HRMP) are well studied and researched in western (advanced countries) contexts and have been found significantly related to overall performance of the employees in organisations (Huselid, 1995; Paauwe, 1998; Ahmad and Schroeder, 2003; Den Harting and Verburg, 2004). There has been growing trend for studies exploring HRM practices-performance relationships particularly in developing countries contexts (Yasmin, 2008). Tessema and Soeters (2006) conduct an interesting study keeping in view of an African developing country, Eritrea which focuses on different HRM practices like recruitment and selection, placement, training, compensation, employee's performance evaluation, promotions, grievance procedures and pension/social security programs. The study tends to examine the HRM practices and their relationships with employee performance in developing countries' contexts. Besides, authors intend to test the HR outcomes as potential mediator in HRM practices- performance relationships. The data have been collected through using questionnaire and interviews are conducted to get responses for the study. This is a cross-sectional, survey based research and total of 313 respondents have been finalised for data analysis out of 400 questionnaire distributed. It is worth mentioning that all respondents come from governmental organisations in selected sample country and there is no evidence of participation of private sector organisations or respondents in this study.

The results show that all HRM practices are positively and significantly correlated with employee performance and correlation values range from $r = .41$ (compensation practices) to $r = .63$ (training practices) in this study. The regression models have been run to do further analysis and testing of mediation role of HR outcomes in HRM practices-performance relationships. The model predicting HR outcomes as dependent variables explains 54 per cent of the variance in HR outcomes ($R^2 = .54$) against HRM practices as independent variables. Moreover, the second model predicting employee performance explains 63 percent of variance in dependent variable ($R^2 = .63$) against HR outcomes in this

study. There is no visible change in R^2 highlighting the significant mediation role of HR outcomes; however, authors report the mediation of HR outcomes in HRM practices and performance in relationships in this study. The authors could have been applied some specific approaches for testing mediation effects such as Barron and Kenny (1986) approach. Besides, the direct effects and mediation effects could have explained in more detail to elaborate any mediation of HR outcomes in HRM practices and employee performance in that specific context.

Furthermore, Tessema and Soeters (2006) are keen to highlight some limitations in the study as responses are based on self-reporting (common method bias), relatively small sample size and cross section nature of research (problems with generalisation). Interestingly, the HR outcomes used in this study have not been explained in terms of some specific variables/constructs like satisfaction, commitment or motivation. The performance is measured in this study as overall employee performance rather than focusing on individual elements. The results could have been more interesting if the dimensions of individual performance as task, contextual, OCB are examined against different HR practices in this study. However, the study is good in explaining HRM practices-performance relationships in developing economies and authors have recommended further research works focusing on exclusive HRM practices-performance relationships particularly in other developing economies.

2.2.1 Human Resource Management Practices in Pakistani Context

This section identifies and discusses the important studies highlighting rewards-performance relationships particularly in Pakistani context. Yasmin (2008) posits the view that “Although there are a large number of literature and research on the link between HRM and performance, these are mostly related to developed countries such as USA and UK; whereas, research on HRM systems of developing countries such as Pakistan is scarce” (p-48). She further explains that there is

significant impact of strategic HRM practices on overall performance of organisations in the Pakistani manufacturing industries. Human Resource Management (HRM) practices like participative leadership, training and development and job security are linked significantly with performance in terms of quality, profit and revenue of organisations. The study has examined the relationships in two ways as direct relationships between HRM practices and overall performance and indirect relationship in presence of some HR outcomes like job satisfaction and work motivation. The study has been done with a sample of around 200 organisations from manufacturing sector and most of these organisations are small with employee head count up to 50. The questionnaires were distributed to get responses from the employees working in sample organisations.

Yasmin (2008) makes use of correlations, hierarchical regression models to analyse data for the said study. Results show that HRM practices like participative leadership ($r = .43, p < .01$), training and development ($r = .44, p < .01$) have positive correlations with overall performance measured in terms of quality, profit and revenue of sample organisations. Job security has no relationship with performance in this study. She further explains that HR outcomes like job satisfaction and work motivation mediate the relationship between HRM practices and overall performance ($R^2 = .42, \Delta R^2 = .155$ and $F = 48.85, p < .001$) by using hierarchical regression models. Interestingly, the model explaining this mediation explains the higher value for regression coefficient for HR outcomes ($\beta = .52, p < .001$) in comparison to individual HRM practices. It is important to mention that she has made use of structural equation modelling to test the mediation effects of HR outcomes in relationships of HR practices and performances in this study. Furthermore, the mediation model is tested in terms of fit indices such as GFI, CFI, RMSEA and Normed Chi-square.

Overall, Yasmin's (2008) work seeks to offer valuable findings in the context of developing economies such as Pakistan. Moreover, the study

tends to highlight the human resource management practices and performance relationships in manufacturing sector. However, she further points out the limitations of the study such as based on self-reporting, lacking external validity and responses coming from variety of respondents in the sample organisations. Besides, the performance has been measured holistically by means of financial and quantitative data regarding overall organisation. The HRM practices could be linked with individual performance of employees to better explore the HRM practices-performance relationships. Anyhow, this study is important in explaining HRM practices and performance relationships in the manufacturing sector and in context of developing countries such as Pakistan.

Keeping in view the HR practices and performance literature, Butt, Rehman and Safwan (2007) discuss the effect of the Human Resource practices like pay, promotion and training on job satisfaction of the employees in the service sector organisations in Pakistan. They find that all these reward efforts result in increased motivation to the employees and help them achieving better job satisfaction. The rewards influence significantly on employee motivation and performance. Ali and Ahmad (2009) statistically prove the positive relationship between rewards, recognition and motivation of employees. They have taken the operations based business organization for the study and found significant relationships between reward efforts with motivation as well as satisfaction of employees for that particular organisation in local context. According to study (Saleem, Mahmood and Mahmood, 2010), the work motivation has found to be significantly related to job satisfaction of employees working in service sector organisations in Pakistan. The sample size for this study is comprised of only two telecom sector organisations and the findings can't be generalised. However, the study is helpful in identifying rewards-motivation-performance relationships in service sector organisations in Pakistan. All these studies do tend to emphasise the significant relationships of organisational rewards, motivation and satisfaction of employees belonging to managerial and labour cadres. It is further

highlighted that this satisfaction urges employees to perform better at work place for both service and manufacturing sector industries particularly in local context.

The performance tends to lead towards rewards and in turn rewards tend to lead to satisfaction (Van Scotter, Motowidlo and Cross, 2000), however, rewards have direct significant relationship with work motivation and employee performance (Khan, Farooq and Ullah, 2010). Khan, Farooq and Ullah (2010) test the direct relationship between work motivation and rewards like payment, promotion, recognition and benefits in a study done in banking industry in Pakistan. The respondents come from both managerial and labour cadres of banks and authors make use of both questionnaire and interviews methods for data collection, however, the choice of these two methods for data collection has not been properly justified in the study. Results show a statistically positive correlation between work motivation and payment ($r = .78, p < .01$), promotion ($r = .86, p < .01$), recognition ($r = .65, p < .01$) and benefits ($r = .74, p < .01$). They conclude that there has been direct significant relationship between work motivation and rewards like pay and promotions and this motivation tends to encourage employees to perform better at work place (Lawler, 2000; Robert, 2005). They further suggest that rewards should be planned carefully to result in motivation and increased performance particularly when employees feel fairness in rewards (Adams, 1965, Lawler, 2000).

Qureshi, Zaman and Shah (2010) examine the relationship between rewards and employee performance and find a significantly significant relationship between extrinsic and intrinsic rewards and employee performance in manufacturing industry in Pakistan. However, the employee performance has been measured as composite variable rather than focusing on dimensions like task, contextual or citizenship behaviour of individual performance. Danish and Usman (2010) find positive relationship between reward, recognition and motivation of employees of the diversified organisations in local context. They also

recommend the future research work in this field by taking sample of managerial level employees with particular focus on junior level managers. Purcell and Hutchinson (2007) highlight the role of front line managers as key players to implement the organisational policies in an effective way. They further discuss about the growing importance of front line managers and their relationships with supervisors as well as subordinates and emphasise the need of further research work focusing on front line managers in modern day organisations.

Saleem and Khurshid (2014) find positive relationships between different HR practices like recruitment and selection, performance based compensation, organisational commitment, training and development and employee performance. The study has been conducted in Banking sector of Pakistan by taking a sample of 92 branches and a total of 310 questionnaires have been finalised for data analysis with a response rate as 60 %. The different tests for checking assumptions of missing values, normality, outliers, homoscedasticity and multicollinearity have been done. The confirmatory factor analysis has been done to check the model fit for the study as well. The data has been analysed by using Pearson's correlation and results show that employee performance has been positively and significantly related to recruitment and selection ($r = .58, p < .01$), training and development ($r = .65, p < .01$), organisational commitment ($r = .33, p < .01$) and compensation ($r = .80, p < .01$). However, the analysis could have been done by using some more advanced techniques such as regression models or structural equation modelling to find out more accurate and comprehensive picture of the relationships under investigation.

Surprisingly, performance based compensation has high significant and positive correlation with employee performance. However, the strengths of the correlations do not match with past studies done in similar context. Besides, the employee performance is measured as a single construct rather than focusing on dimensions of employees' individual

performance such as task performance and contextual performance. They further suggest the need of some dedicated research work in the field of HR practices and employee performance in manufacturing sectors like textiles and taking sample from management level employees. It is important to note that most of the existing studies revolve around the organisational performance and employee performance which is measured holistically. The direct relationships of organisations practices such as rewards with individual performance dimensions such as task and contextual performance have limited evidence in existing literature particularly in developing economies. Furthermore, the research has found no study examining the individual performance of managerial level employees in terms of task performance and contextual performance including citizenship behaviour with organisational rewards specifically in Pakistani context.

Keeping in view reward-performance relationships, the importance of relevant motivational theories is very critical. It is imperative to identify variety of motivational theories in order to better understand the reward-performance relationships. The role of organisational incentives is very critical in terms of their influence on motivation and employee performance at all levels (Rowley and Jackson, 2011). The next section seeks to identify important motivational theories used in this research and discusses their features along with empirical implications.

2.3 Motivational Theories

The work motivation theories are important in studying reward-performance relationship for employees in almost all cultural and geographical contexts. The current research revolves around some relevant theories discussed in the following sections.

2.3.1 Social Exchange Theory (Homans, 1961; Blau, 1964)

In view of theoretical considerations, Homans (1961) proposes the concept of social exchange theory which is further refined by Blau (1964)

and Emerson (1976) in later years. The theory posits the view that employees tend to compare their efforts, work done (performance) at respective jobs with the resources (rewards) offered by the organisations in exchange. The employees are keen to see fair treatment regarding availability and distribution of resources or rewards within the organisation. If employees perceive fairness in organisational procedures and distribution of resources, they show satisfaction and are keen to perform better at work in exchange (Adams, 1965; Lawler, 2000; Edwards et al., 2008). On the other hand, if they perceive inequity or unfair treatment, they tend to show resentment by decreasing the level of their efforts in exchange resulting in poor performance (Adams, 1965, Edwards et al., 2008, Poon, 2012).

Social exchange theory highlights the stimulus-response relationship between employees and organisations. It posits the view that employees once perceive desirable treatment from organisations (stimulus) tend to show good behaviour or performance (response) in exchange (Blau, 1964; Lawler, 2000; Poon, 2012). Similarly, in case of unfair or biased treatment, the employees tend to show frustration in exchange leading to some undesirable actions or behaviours. However, this theory does not account for personal goals or inspiration along with deficiencies and the importance of situational contingency factors particularly in organisational contexts (Perkins and White, 2011).

Regardless of the implications of social exchange theory, the current research intends to test the assumptions of social exchange theory particularly in reward-performance relationships. If organisations develop reward programs keeping in view individual performance of employees, this derives intrinsic motivation in employees and they further attempt to improve their performance in response to organisational efforts. This is also endorsed by existing literature testing this theory (Lawler, 2000; Edwards et al., 2008; Poon, 2012) in different contexts. The current research aims at extending or building this theory as existing literature

does not reflect upon the application of social exchange theory in HRM-Performance and reward management relationships particularly in developing economies.

2.3.2 Equity Theory (Adam, 1965)

Equity theory posits the view that employees are keen to compare their own efforts which are being exerted for offered/available rewards with other employees' efforts and offered rewards. If the rewards are not compatible with efforts, employees perceive inequity and tend to show resentment (Adams, 1965). In order to maintain the equity in organisations, high performers should be differentiated from low performance employees. Moreover, this theory reflects upon the argument that the rewards should be equitable with the individual performance of the specific employee (s) to motivate them within organisations. However, the core implication of equity theory relates to lack of empirical exercise as it seems more like a laboratory study and the exact measurement of input/outcome (in terms of magnitude) have not been considered well (Perkins and White, 2011).

However, the equity theory holds good place in explaining rewards-performance relationships in organisations particularly manufacturing concerns (Edwards et al., 2008). The employees compare the rewards such as pay and promotions being offered to them with other employees in same department or organisation and develop their perceptions either of fairness/ equity or of inequity/ unfairness in allocations and distributions of these rewards. Edwards et al. (2008) posit the view that in case of inequity, the employees tend to show dissatisfaction as inequity causes stress or tension to them. They reflect their dissatisfaction by decreasing the level of their involvement at job. Whereas, in case of fairness or equity based treatment, the employees tend to show satisfaction and are encouraged to perform better at work place. Edwards et al. (2008) further explain that employees having fair perception about allocation and distribution of rewards in comparison to their efforts are keen to show high

motivation resulting in enhanced task and contextual performance in manufacturing organisations. The current research aims at testing/confirming the equity theory considerations by examining the direct effects of rewards-performance relationships and potential mediation role of organisational justice in rewards-performance relationships. The existing literature does not reflect upon these relationships and findings would add value towards extending/ building this theory specifically in view of HRM-Performance and reward management field of literature.

2.3.3 Two-factor Theory (Herzberg, 1966)

Two factor theory accounts for the motivators and hygiene factors and is based on the classical work of hierarchy of need theory (Maslow, 1943). According to this theory, the motivators bring about satisfaction and are termed as satisfiers as good supervision, nice working conditions and compatible incentive plans. On the other hand, hygiene factors bring about dissatisfaction and termed as dis-satisfiers such as insufficient pay, non-supportive peers, and strict organisational policies. Consequently, the motivators help employees to derive motivation and they tend to stay in the organisation; whereas the hygiene factors tend to create dissatisfaction at first which may lead to de-motivation resulting in increased intentions to quit (Lee et al., 2010).

Moreover, the motivators bring about satisfaction whereas; the hygiene factors bring about dissatisfaction. The theory posits the view that motivators as achievement, recognition and work itself, responsibilities, career advancement and growth help employees to stay in the company and encourage them to perform better at work, whereas, the hygiene factors as salary, poor supervision, company policies, working conditions, boss-subordinate relationships, peers relationships tend to create dissatisfaction in employees leading to poor performance. The two factor theory holds a good place in explaining human resource management practices and their relationships with employees' performance in developing countries (Khan et al., 2013).

Like other classical theories, two factor theory lacks empirical support as it has not been evolved over the time. Furthermore, it tends to ignore the situational factors like contingency and exchange phenomena and ignore the idea of personal goal setting and importance of goals for personal development. Interestingly, Herzberg terms money as hygiene factor as it is associated more with leading to dissatisfaction rather than satisfaction. He further explains that money is extrinsic motivator and tends to create motivation but not up to the level of intrinsic motivation that comes from job itself. Although, he believes that money is more about creating or decreasing dissatisfaction rather than supporting or encouraging employees towards satisfaction or motivation in organisations. However, in developing countries contexts, money still is considered to be motivators particularly for young employees (Lawler, 2000). Besides, all hygiene factors if planned well, can turn into motivators and help employees to stay at their jobs with motivation and satisfaction over a longer period of times (Lawler, 2000; Edwards et al., 2008). This study aims at testing/extending the two-factor theory by examining the HRM-Performance relationships particularly in developing economies such as Pakistan.

2.3.4 Job Characteristic Theory (Hackman and Oldham, 1980)

The job characteristics theory posits the view that the individuals (employees) can be better motivated if provided with effectively designed jobs at work place (Gagne and Deci, 2005). In this theory, there are five dimensions of the job which are identified as task identity, task significance, skill variety, autonomy and feedback. The motivating potential score is calculated by using scores of each dimension mentioned above. Jobs with high motivation potential score tend to motivate the employees at these respective jobs as they are keen to perform better by using required skills and potentials (Lawler, 2000). However, there are some implications of job characteristics theory as the theory does not account for the style and importance of supervisors or supervision. Besides, it discusses the internal source of motivation and does not

explore the external motivational sources in terms of trade-off between types of sources (Gagne and Deci, 2005). Furthermore, the theory does not address other situational factors in the organisation like social characteristic and work context (Morgeson and Humphrey, 2006). The current research aims at extending the premises of job characteristic theory in terms of testing job characteristics as reward with performance of management level employees as current literature in HRM-Performance field does not address these relationships.

2.3.5 Self-Determination Theory (Deci and Ryan, 2000; Gagne and Deci, 2005)

Self-determination theory posits the view how “extrinsic motivation can become autonomous and research suggest that intrinsic motivation (based in interest) and autonomous extrinsic motivation (based in importance) are both related to performance, satisfaction, trust and wellbeing in the work place” (Gagne and Deci, 2005, p-356). This theory tends to explore interaction of intrinsic and extrinsic motivation in the contexts of effective organisational behaviours. This theory is considered to be précised extension of cognitive evaluation theory. Though based on empirical research, still the process of evaluation for self-determination theory is on.

Consequently, extrinsic rewards such as pay have been termed as ‘Hygiene’ factors (Herzberg, 1966) which often causes dissatisfaction rather than satisfaction. There is need to plan the extrinsic rewards carefully to be a source of motivation for the employees. The self-determination theory (Gagne and Deci, 2005) posits the view that tangible rewards have an overall negative effect on intrinsic motivation which discourages the employees to exert more efforts regarding performance at work place. For rewards to be effective, it is important to know the interpersonal relationships within which these rewards are being offered or administrated in organisations. If the organisational context is supporting autonomy in work or job related aspects on part of employees, the

employees tend to derive intrinsic motivation and this encourages them to perform better with enhanced efforts (Ryan, Mims and Koestner, 1983). It is interesting to note that there is evidence of significant but negative relationship of promotional opportunities with employee performance of manufacturing sector organisation in USA (Edwards et al., 2008). The cash based rewards seem to be having more influence on employees' perception in comparison to non-cash based rewards such as promotional opportunities.

Besides, the reward efforts must be equitable in nature and application to be effective (Adams, 1965). The employees derive intrinsic motivation once they perceive rewards offered by organisations, as fair and equitable (Colquitt, 2001; Greenberg and Colquitt, 2005; Poon, 2012). Whereas, self-determination theory (Gagne and Deci, 2005) discusses the extrinsic motivation in terms of autonomous motivation and explores ways how it can be controlled or manipulated in relation to internalisation. After carefully managing, the extrinsic rewards can be used to promote intrinsic motivation on part of employees which tends to provide them satisfaction and encourages them toward enhanced performance (Lawler, 2000).

The extrinsic rewards lead towards extrinsic motivation and intrinsic rewards lead towards intrinsic motivation. The self-determination theory explains extrinsic motivation can be made as autonomous which is based on importance and intrinsic motivation which is based on interest, are related to performance and satisfaction (Gagne and Deci, 2005). It is important to note that existing literature does not test/confirm the self-determination theory assumptions in view of investigating rewards with individual performance dimensions such as task and contextual performance including citizenship behaviour particularly in developing economies (Tessema and Soeters, 2006).

The motivational theories facilitate researchers to examine or analyse the different human resource management practices and their

relationships with variety of outcomes such as performance, commitment and satisfaction.

Table 1 Motivational Theories

| | Theory | Features | Implications |
|---|--|---|--|
| 1 | Social Exchange Theory (Homans, 1961; Blau, 1964) | Employees once perceive desirable treatment from organisations tend to show good performance in exchange | Does not account for personal goals, no consideration of situational contingency |
| 2 | Equity Theory (Adam, 1965) | Employees are keen to compare their own efforts with other employees' efforts and offered rewards and perceive equity or inequity. | The core implication relates to lack of empirical evidence. The concept of personal bias is present. |
| 3 | Two-factor Theory (Herzberg, 1966) | Highlights the motivators and hygiene factors, motivators bring about satisfaction and hygiene factors bring about dissatisfaction | Tends to ignore the situational factors like contingency and exchange phenomena, |
| 4 | Job Characteristic Theory (Hackman and Oldham, 1980) | Jobs with high motivation potential score (based on task identity, skill variety, task significance, autonomy, feedback) tend to motivate the employees | No consideration of style and importance of supervision, external sources of motivation and situational factors such as social characteristic and work context |
| 5 | Self-Determination Theory (Deci and Ryan, 2000; Gagne and Deci, 2005) | Self-determination theory tends to explore interaction of intrinsic and extrinsic motivation in the contexts of effective organisational behaviours | Is considered to be précised extension of cognitive evaluation theory, evolution is based on empirical research. |

These motivational theories play an important instrumental role in organisational practices and outcomes precisely. The current research tends to apply all above mentioned theories in order to confirm, endorse or extend the theoretical knowledge in the field of HRM-performance and reward management particularly in relation to developing economics such as Pakistan. A summary of these theories is presented in Table 1. After understanding the motivational theories, next section analyses and discusses the organisational rewards such as extrinsic rewards and intrinsic rewards which are followed by critical discussion of existing literature in the field of reward management and performance.

2.4 Organisational Rewards – Concept and Types

This section highlights the conceptual understanding about rewards, their types and discusses the research done on exploring rewards-performance relationships. Rewards are financial or non-financial incentives offered by the organisations to its employees in promise of showing improved performance or meeting organisational standards at work place (Milkovich and Newman, 2004). Rewards can be tangible or intangible based on its nature and types. Tangible rewards are often cash based and termed as 'Extrinsic' rewards like pay, promotion opportunities, cash incentives etc. On the other hand, intangible rewards are termed as 'Intrinsic' rewards like sense of affiliation, sense of recognition, job autonomy etc.

If the organisations plan their rewards systems carefully in view of employees' skills and knowledge, there is greater possibility as these rewards reflect intrinsic motivation and encourage employees to perform better at respective jobs (Lawler, 2000). Furthermore, Rowley and Jackson (2011) posits the view that "in spite of the comments of critics of incentive rewards, most organisational reward specialists, along with academic researchers, understand that establishing incentive schemes is a critical part of motivating employees to achieve high individual, group and

organisational performance” (p-149). Moreover, the equity theory holds significant application in developing countries where tangible rewards are effective and greater possibilities for injustice or unfairness (Khan et al., 2013). The rewards are generally classified into two types as extrinsic rewards and intrinsic rewards. The next section seeks to expand on these types of rewards in view of existing literature.

2.4.1 Extrinsic Rewards

Extrinsic rewards are tangible cash based or non-cash based incentives offered to employees at work place (Milkovich and Newman, 2010). The extrinsic rewards based on external sources which are explicit. The cash based extrinsic rewards such as pay, bonuses and benefits are pivotal part of organisational reward systems. The extrinsic rewards serve as good source of motivation for both management and labour cadre employees. The rewards can be non-cashed based such as promotional opportunities, company maintained cars, health insurance being offered to employees (Milkovich and Newman, 2004). The extrinsic rewards help labour based employees in particular to derive extrinsic motivation that in turn, encourages them to perform better at work place (Lawler, 2000). However, for managerial level employees, past research works favour this argument only. The contemporary research; however, highlights the non-effectiveness of extrinsic rewards particular in longer run (Ryan and Deci, 2005; Perry, Engbers and Jun, 2009). The researchers posit the view that extrinsic rewards such as pay, bonuses should be planned carefully to be a source of motivation (Perry, Engbers and Jun, 2009) and should be compatible with employees’ knowledge and skills (Lawler, 2000).

2.4.2 Intrinsic Rewards

On the other hand, intrinsic rewards are intangible rewards which are mainly related to work and job related activities. The intrinsic rewards result from intrinsic motivation which employees derive directly from work and employment related aspects like job task, supervision, recognition (Milkovich and Newman, 2004). Past studies highlight the cost effective

nature of intrinsic rewards; however, the contemporary researchers tend to perceive the difficulty in managing intrinsic rewards in modern organisations. As a matter of fact, the organisational trend of using intrinsic rewards such as sense of recognition, affiliations, work life balance is getting relatively popular in comparison to extrinsic rewards (Long and Shields, 2010). The factors such as role of supervisor, work environment, peer behaviour and personal preferences play critical role in both intrinsic rewards and intrinsic motivation. However, keeping in view above mentioned factors, carefully designed intrinsic rewards can be of great use for modern organisations as these rewards tend to attract the employees and motivate them to perform better at work place (Lawler, 2000; Perkins and White, 2011). On the other hand, the variety in job tasks, significance and variety of tasks help employees to derive intrinsic motivation out of work and this supports them to get higher job satisfaction and show improved performance at job. The both types of rewards are discussed keeping in view of existing literature in the field of rewards-performance relationships.

2.5 Extrinsic Rewards and Performance

This section identifies and discusses extrinsic rewards and their relationship with organisational and employee performances. The extrinsic rewards such as pay, bonuses, promotional opportunities and training have been found significantly related to overall employee performance in different contextual backgrounds. However, the contemporary research works emphasise the non-effectiveness of extrinsic rewards particularly for a longer period of time (Gagne and Deci, 2005; Perry, Engbers and Jun, 2009).

2.5.1 Pay and Performance

Rewards are divided into two types as Extrinsic and Intrinsic rewards. Extrinsic rewards can be both financial and non-financial and organisations plan for these rewards as cost factor is involved. Extrinsic

rewards such as pay and promotions boost the overall self-efficacy of the employees towards performance (Johns et al., 1992). Keeping in view the compensation and rewards, pay is often termed as more crucial one as it is perceived to be having significant relationship with some sort of desirable consequences from out of employees (Perry et al, 2006). Milkovich and Newman (2010) and Terpstra and Honoree (2008) have discussed the importance of compensation and pay for performance strategies for the organisations in the contemporary era as well. Lawler, Ledford and Mohrman (1989) and O'Dell (1987) describe two approaches as Incentive pay and Merit pay concerning pay for performance keeping in view the theoretical context. Both approaches can be effective if fit in the situation and are properly administrated (Heneman, 1984; Lawler, 1990; Kopelman, Rovenpor and Cayer, 1991). It depends a lot on the organisations as how these are going to manipulate pay rewards keeping in view the overall organisational objectives. Pay differentiation on the basis of individual performance may help in retaining high performance employees (Weiss, 1987) as it provides the individuals an opportunity to capitalise upon their potential well.

Lawler (2000) posits the view that pay can be a motivator if there is visible direct relationship between pay and behaviour. He explains the diminishing nature of merit pay systems being based on poor standards and non-flexible compensation. That is why; it fails to create some sort of motivational impact on employees. However, pay remains one of the important aspects of organisational reward system as this provides these organisations the real opportunity to satisfy employees and help them perform better. Lawler (2000) further explains that rewarding individuals reflects strong motivational impact in comparison to rewarding groups provided if planned carefully (Perry, Debra and Laurie, 2006). Holistically, the effectively designed pay systems based on individual knowledge and skills; tend to encourage employees work better and motivate them to perform better as they derive intrinsic motivation out of this. The effective organisational rewards strategy should be based on person based

compensation, variable pay options rather simple pay, and individualised reward system to encourage employees to perform better at work place (Lawler, 2000).

There are studies highlighting the theoretical perspectives of the relationship between pay and performance (Pearce and Perry, 1983; Perry, Debra and Laurie, 2006) revolving around the concept of the Expectancy theory. Besides, it is further believed that the individual employees are considered to be displaying high/ or improved performance if the outcomes of the improved performance yield some sort of desirable results (Van Eerde and Thierry, 1996). Moreover, researchers believe that the concept of pay can be predicted as an indicator to produce desirable outcomes/behaviours if it matches with the individual interests/ or desires of the employees (Perry, Debra and Laurie, 2006). This belief that by paying as per desire, will always result in high performance, needs to be re-addressed as performance related incentives especially pay, are often seen as distracting the managerial attention in the longer perspective (Perry, Gerhart and Parks, 2005; Stringer, 2006). That is why organisations keep on exploring and designing other reward practices like promotions to keep them motivated and satisfied for a longer period of time.

There is dichotomy of employee behaviour towards extrinsic rewards particularly pay as it is considered as 'hygiene' factor (Herzberg, 1966), causing dissatisfaction over a longer period of time (Perry, Gerhart and Parks, 2005), even though it is considered to be top motivator factor in developing countries particularly for young employees (Butt, Rehman and Safwan, 2007; Ali and Ahmad, 2009; Ismail et al., 2011). Human resource practices like pay, promotion and training has significant impact on overall job satisfaction of employees working in service sector organisations in Pakistan. Butt, Rehman and Safwan (2007) conduct this study by taking a sample size of 150 respondents from different service sector organisations. The sample respondents come from both managerial and

labour cadre in this study. The authors test the variables by using correlation and regression models and results show that pay has significant correlation ($r = .62$, $p < .01$) with job satisfaction and predict around 40 per cent variance in dependent variable as job satisfaction ($B = .402$, $SEB = .06$, with $F = 47.00$, $p < .01$). Whereas, promotion has positive strong correlation ($r = .56$, $p < .01$) with job satisfaction in this study. The other variable as training also has positive significant relationship with job satisfaction ($r = .32$, $p < .01$). The job satisfaction tend to motivate employees to show improvement in performance, however, the findings of this study are difficult to generalise because of small sample size ($N = 150$). The discussion about the matter that satisfied employees are productive employees still remains in question and this study emphasises the need to further research by taking more variables like job design, job security and relative large sample sizes particularly in Asian context.

Perry, Engbers and Jun (2009) highlight the critical importance of pay systems and moderating nature of different contextual factors like trust, rewards adequacy and professionalism in pay and performance relationships in organisations. They further explain the importance of individualised pay systems focusing on individual knowledge and skills to encourage them to perform better (Lawler, 2000). The non-flexible pay setting standards and poor implementation of pay plans have been identified as core reasons for weak pay-performance relationships in organisations (Lawler, 2000; Perry, Engbers and Jun, 2009). The basis for pay setting needs to be flexible and should be in commensuration with superior performances by the employees. When pay systems does not have this flexibility, these systems tend to create dissatisfaction in employees who in exchange, reduce their level of efforts at work places (Perry, Engbers and Jun, 2009). Lawler (2000) emphasises the importance of setting pay in comparison to employee knowledge and skills, if organisations want to have desired performances from employees.

Ali and Ahmad (2009) explore the impact of rewards as work payment, promotion, recognition, work benefits on satisfaction of the employees working in a service sector organisation in Pakistan. They conduct a survey based research and collect the data by using an adopted and tested questionnaire for the study. They find significant correlations among study variables as payment ($r = .86$), promotional opportunities ($r = .74$), recognition ($r = .92$) and benefits ($r = .65$) with work motivation and satisfaction of the employees in some particular organizations. It is quite interesting that they find quite high correlation between pay and work motivation and recognition and work motivation in this study. Although it was supposed to be a survey based research but they managed to get the responses from only one organisation in the service sector. Moreover, the sample size as 80 respondents and responses are based on self-perception can be the critical points in the said study. Anyhow, the findings explain some proper contribution in the field of reward-motivation literature with particular focus on Pakistani context. Ismail et al. (2011) statistically prove the significant relationship between job satisfaction and performance based pay in the Malaysian context.

Armstrong (2005) posits the view that manufacturing organisations are trying to link pay with individual and group organisational performance. Reinforcement theory highlights the direct relationship between pay (as consequences) and performance (as target behaviour) as improved performance tends to influence individual behaviour positively at work place (Perry, Debra and Laurie, 2006). Merit pay is important as it should be commensurate with individual compensation (Mensah and Dogbe, 2011). Mensah and Dogbe (2011) conduct a study focusing on the importance of merit pay and performance based pay and they explain that opting for desirable pay packages may not necessarily result in high productivity; however, it tends to keep employees well satisfied. They further emphasise the importance of proper performance appraisal systems to enable organisations in enjoying the benefits of merit pay. The authors indirectly suggest the need for specific variables like justice in

setting pay packages for employees in order to influence the performance individually and at organisational level.

Keeping in view of financial performance of organisations, surprisingly the extrinsic rewards have been negatively linked with organisational performance; whereas, the intrinsic rewards are positively related to financial performance of the organisations in Malaysia (Ong and Teh, 2012). Despite some surprising results, the study tends to emphasise the importance of intrinsic rewards for modern day organisations. On the other hand, in developing countries, it is believed that extrinsic rewards such as pay still motivate the employees and encourage them to show improved performance at their respective jobs (Ali and Ahamd, 2009; Danish and Usman, 2010; Ismail et al., 2011). However, the direct relationships with pay and task and contextual performance have not been examined particularly in developing countries context.

2.5.2 Bonus based Incentives and Performance

Bonuses are another important aspect of compensation management as these are quite often easier to design and implement; whereas involving lower costs in comparison to promotions. (Dencker, 2009). Moreover, the bonuses can be used to trigger some sort of healthy competition among the management level employees with lower costs in comparison to promotion based incentives (Baker, Jensen, and Murphy, 1988). At the same time, it is very difficult task for the firms to keep on creating opportunities for promotion for all the employees all the time (Dencker, 2009) and that is the very reason of growing importance of the bonuses. It is important to identify the impact of bonuses both in terms of frequency and intensity on the performance of managerial level employees. Like pay, the bonus based incentives are considered significantly related to satisfaction as well as performance of the employees. The existing literature does not address the importance of bonus based incentives specifically for front line managers in developing

economies. It is interesting to find out the perceptions of these front line managers regarding bonus based incentives being offered to them.

The intensity of bonus based incentives play very critical role in exploring its impact on satisfaction and performance of the employees in modern organizations. Pouliakas (2010) conduct a comprehensive research study examining bonus based intensity and its potential impact on job satisfaction of employees. High job satisfaction is linked with increase in performance for employees both individually and as a whole (Petty, Mcgee and Cavender, 1984; Allen and Rush, 1998; Harrison, Newman and Roth, 2006; Edwards et al., 2008). The respondents of the study are paid employees and the data are collected by using the British Household Panel Survey for the particular years from 1998 to 2007. The author uses econometric models to analyse the data and find a positive relationship between intensity of bonus based incentives and job satisfaction of the sample employees.

If bonus are planned in small quantity, there is no significant impact on the satisfaction of the employees; whereas, the impact increases with marked difference with increase in bonus intensity. He further explores that better job satisfaction show improvements in performance and utility on part of sample employees in the research. Interestingly, small amount of bonuses have negative impact on the performance as well as satisfaction of the employees. He further discusses the possibilities of other factors like firm characteristics to influence bonus based incentives and its relationship with satisfaction and performance. That is why the present study is intended to examine the moderating role of organizational justice between bonus based incentives and individual performance of front line managers in the developing countries context.

There has been evidence of stronger influence of bonus based incentives for top and middle level management employees in modern day organisations (Gibbs, 1995; Ederhof, 2011). Ederhof, 2011 discusses the influence of explicit incentive based programs on performance of middle

level managers in a study done for Multinational Corporation in USA. The results show that bonus plan incentives are effective for managers positioned at top places in organisations and receive weak implicit incentives for getting promoted to next levels in sample organisations. The study supports the theoretical literature highlighting that explicit incentives are effective significantly in comparison to weaker incentives being offered in organisations (Gibbs, 1995). Ederhof (2011) highlights the stronger impact of bonus based incentive on performance of top and middle management employees, however, the front line managers are playing important and key role in organisations (Purcell and Hutchinson, 2007) and it is interesting to explore the effect of bonus based incentives on individual performance of these front line managers in textile sector in Pakistan (Danish and Usman, 2010).

2.5.3 Promotional Opportunities and Performance

Robbins (2001) describes promotions as opportunity for more personal growth and social standing. Promotion based incentive are often linked with lowering absenteeism even at the managerial levels in the organisations (Lam and Schubroeck, 2000). Moreover, promotions tend to motivate the individuals by giving some sort of sense of achievement. Promotions and other forms of financial incentives help in establishing a link between employees' interests and overall objectives of the organisations. Besides, the behaviour modifications have been observed theoretically as promotional plans tend to motivate the management level employees (Asch, 1990; Ehrenbert and Bognanno, 1990; Prendergast, 1999). "Promotion systems promise future rewards to ensure that managers remain attached to a firm for the duration of their careers and put forth the effort the firm seeks" (Dencker, 2009, p-456). Shirom and Rosenblatt (2006) conduct a comprehensive study in the school systems and find out positive impact of promotional programs on performance of the promoted teachers. Promotion based programs often provide the employees a considerable reason to stay in touch with the company for longer durations.

It is important that employee should feel or perceive fairness in organisational procedures and distribution of rewards. In case if the employees perceive unfairness or inequity in organisational behaviour towards allocation and distribution of rewards, they show resentments and down their level of performance by decreasing efforts (Adams, 1965; Emerson, 1976; Colquitt, 2001; Poon, 2012). Takahashi (2006) conducted a comprehensive study in Japanese manufacturing sector focusing on effects of wages and promotion decisions with employee motivation. They find that both wages and promotions tend to encourage employees to put more efforts and perform better at work place. They explain that promotion systems based on fairness are strong motivators as compared to wages particularly in Japanese manufacturing sector. The monetary incentives are important in creating motivation especially for younger employees who feel more attraction towards monetary incentives in comparison to promotions systems. This research work tends to explore the relationships of wages systems and promotions on motivation of employees in advanced countries context. Fair promotion systems are linked with motivation and performance of employees and monetary incentives are suggested to be of good value for younger employees and even for others if designed in view of employees' knowledge and skill levels. However, in European context, Schottner and Thiele (2010) have empirically found that promotion based incentives influence employee performance significantly.

A recent study in Taiwan highlights significant improvement in performance of the store management employees soon after the introduction of managerial promotional plans (Chu and Liu, 2008). The authors discuss the concept of tournament theory and how it is used to predict the promotion-motivation relationship to improve employee performance (Asch, 1990, Prendergast, 1999). The data have been collected from a chain of 70 stores in Taiwan and a total of 490 observations have been used for data analysis. The authors analyse the data analysis with the help of correlation models and advanced regression methods like Tobit regression models to measure the efficiency of the

sample stores. Results show that promotion based plans results in increased performance of the employees in sample stores and thus enhance the profitability of stores as well. This study posits a case study approach focusing on one chain of stores and authors explain the less likelihood of generalisations of the study findings and suggest the need for further research exploring the promotion-performance relationships in compact industries and diversified contexts.

In any social system like organisations employees are keen to compare their efforts being put on at jobs with the rewards, they receive in exchange from organisation. If rewards are planned carefully keeping in view employee knowledge and skills, these create intrinsic motivation and encourage employees to perform better (Lawler, 2000; Edwards et al., 2008; Mensah and Dogbe, 2011). Ali and Ahamd (2009) explore a positive significant relationship between promotional opportunities and work motivation and satisfaction of the service sector employees in Pakistan. They find high correlation ($r = .74$) between these variables in this study, however, the respondents are based in one selected organisation in service sector. Hence, there can be issues for generalizing the results of the said study in even local context. Promotions opportunities have significant relationships with motivation and performance of the employees and it is assumed that opportunities for promotion have significant relationships with task and contextual performance of front line managers in the study in hand.

2.6 Intrinsic Rewards and Performance

This section discusses the intrinsic rewards and their relationships with employee performance in organisations. The intrinsic rewards are intangible rewards which are not cost based. These rewards are mainly based on ideas emerging directly from job and work environment. Intrinsic rewards such as sense of recognition and job characteristics have been identified and discussed in relation to employee performance in this study.

2.6.1 Sense of Recognition and Performance

The recognition is one of the important non-cash based intrinsic reward used in the modern day organisations. The study in hand makes use of sense of recognition as an example of intrinsic rewards as locus of control for this intrinsic factor is internal. Even though, monetary rewards like pay and promotions have significant relationship with performance improvement as well as motivation of the employees in the organisation, yet the importance of intrinsic rewards cannot be ignored specifically at times of recession when money matters become critical and organisations tend to be cost effective (Stajkovic and Luthans, 2003). Intrinsic rewards are derived from within the job or work itself and are generally used more frequently in comparison to extrinsic rewards. Intrinsic rewards like sense of recognition are often considered to be effective in inducing the desired performance outcomes/ behaviours among employees (Barton, 2002). There are certain theoretical evidences of the recognition as effective motivation tool both behaviour wise and need based (Maslow, 1943; Skinner, 1969; Bandura, 1969; Herzberg, 1966; Cherrington, 1991; Stajkovic and Luthans, 1997 & 2003).

Organisations use variety of recognition programs for the employees keeping in view their overall objectives and strategies in practice (Brun and Dugas, 2008). Brun and Dugas (2008) further explain that the employee behaviour can be manipulated by the proper usage of reward practices in terms of recognition. One of the important empirical research works conducted by Stajkovic and Luthans (2003) highlight the significant relationship between the social recognition plans and employee performance. In this study, performance improvement is observed up to an average of 17 per cent after the introduction of recognition programs. The non-financial rewards are equally effective as compared to financial rewards whereas there is an added advantage of less cost involved in case of intrinsic rewards (Peterson and Luthans, 2006). Obviously, the cost factor is one of the core reasons of increasing popularity of intrinsic rewards particularly social recognition for both managerial as well as non-

managerial employees. Long and Shields (2010) explain the fact that cash based rewards are always preferred by the employees, however, non-cash based incentives are having relative importance as well. They conduct a comparative study focusing on non-cash based recognition programs in Australian and Canadian Organisations. They further suggest that intrinsic rewards and motivation are gaining importance and there is dire need of further exclusive research works regarding intrinsic rewards and motivation in different cultural context to find some suitable alternatives for monetary or extrinsic rewards for organisations.

The intrinsic rewards have significant relationships with both satisfaction and performance. Most of the existed studies have tested this reward with overall employee performance particularly in local context. Keeping in view local context, the recognition has been found highly correlated with work motivation and satisfaction ($r = .92, p < .01$) in a study conducted by Ali and Ahmad (2009) in developing countries context. However, the self-reported responses with small sample size as 85 respondents can be the critical issue with this study as it raises the questions for external validity in research. Sense of recognition as intrinsic reward has not been examined yet in existing research as there is no evidence available in reward-performance relationships contexts.

2.6.2 Job Characteristics and Performance

The nature of job is very important factor as it helps employees to seek intrinsic motivation within the work and inducing them to show improved performance. In this way, the job itself becomes the source of intrinsic motivation. Job activities or contents full of pleasure and satisfaction not only motivate the employees but increase the chances of learned skills usage to improve the performance (Kuvaas, 2006). Hackman and Oldham (1976) propose the job characteristic model comprising of five factors as Task Identity, Task Significance, Skill Variety, Autonomy and Feedback. According to this model, the motivating potential of work characteristics is linked with performance, thus showing indirectly

the relationship between intrinsic motivation and work performance (Fried and Ferris, 1987). The Skill Variety, Task Identity and Task Significance are linked altogether with the meaningfulness of job and organisations often work on these factors to help employees extract intrinsic motivation out of job which in turn yields enhanced performance at the individual level. Lawler (2000) posits the view that employees feel motivation if jobs are planned effectively keeping in view their potential and skills. The employees tend to feel pleasure in doing such jobs which are designed according to their skill levels and this further urges them to perform better at work place.

The job characteristics model explains the classical version of job characteristic theory proposed by Hackman and Oldham (1980). The research goes on deep in this domain as Morgeson and Humphery (2006) present the work development questionnaire (WDQ) which is based on different work motivation dimensions as task characteristics, knowledge characteristics, social characteristics and contextual characteristics. They discuss the predictive and discriminate validity of the new instrument named as WDQ. As the new instrument is in development process and authors suggest the need of testing this instrument in other cultural contexts and possible identification of potential moderating variables in job characteristics-satisfaction relationship. The jobs if designed effectively in view of individual knowledge and skills result in intrinsic motivation and this encourages employees to perform better at work (Fried and Ferris, 1987).

Recently, Shantz et al. (2013) find the significant relationship between job designs (job characteristics) with task performance in a study done in private sector organisations in UK. The measures used for job design has been adopted from work development questionnaire (WDQ) which is developed by Morgeson and Humphery (2006). They have discussed some significant relationship between job characteristics and employee performance and further explain the mediating role of work

engagement in the job design-performance relationship in this study. They conclude the view that better job characteristics lead toward better employee engagement which in turn urges employee to show improved performance at work. This study is important in explaining the critical role of job characteristics and its influence on employee performance. The findings tend to confirm the assumptions of job characteristic theory particularly in western context such as UK. However, the researcher has found no study examining the job characteristics as intrinsic reward in rewards-performance relationships for management level employees.

2.7 Individual Employee Performance

This section highlights the dimension of individual performance as task and contextual performance including citizenship behaviour and discusses the reward-performance relationships in diversified contexts. Performance measurement is an important component of the Human Resource practices as it helps the organisation in planning reward strategies. The individual performance measurement is often comprised of aspects like Task performance, Contextual performance and Adoptability. For the proposed research work, only two aspects as Task performance and Contextual performance (including Citizenship behaviour) will be considered for measuring individual performance (Edwards et al, 2008). It is important to note that majority of sample respondents do not have adoptability issues as they start their career from that particular organisation as management trainees. Besides, both performance measures make independent contributions to employee's efforts to get rewards like pay and promotions (Van Scotter and Motowidlo, 1996). There is one study (Ang, Van Dyne and Begely, 2003) that has empirically established the comparison of job satisfaction with both task and contextual performance. They have done this study comparing satisfaction with citizenship behaviour, task performance and justice perceptions of Chinese workers in an organisation in Singapore.

On the other hand, self-reported performance measures have been classified as task performance and contextual performance (Borman and Motowidlo, 1993; Borman and Van Scotter, 1997). The contextual performance has been redefined and the elements of citizenship behaviour have been added to it (Van Scotter, Motowidlo and Cross, 2000). The organisational citizenship behaviour (OCB) has been discussed and explained as separate construct (Organ, 1997; Podsakoff et al., 1997) and how it is different from task performance (Vey and Campbell, 2004). The negative aspects of OCB are termed as counter productive work behaviour (CWB) in studies (Kelloway et al., 2002; Sackett et al., 2006). The discussion on whether OCB and CWB are separate or related constructs still attracts the attention of modern researchers. However, there is a research work that shows negative correlation between OCB and CWB (Sackett et al., 2006). Furthermore, the current study revolves around examination of the individual performance measures as task performance and contextual performance including citizenship behaviour (Borman and Motowidlo, 1993; Borman and Van Scotter, 1997, Edwards et al., 2008).

Aktar, Sachu and Ali (2012) conduct a study exploring the relationships of rewards with employee performance in the banking sector industry in Bangladesh. A sample size of 180 employees from 12 listed banks in Bangladesh has been collected and finalised for data analysis. The data have been collected by using questionnaire in this study. The statistical methods like correlation and regression models have been used to analyse data. Results show the significant relationship between employee performance and extrinsic rewards ($r = .549$) and intrinsic rewards ($r = .496$). The regression models have been used for further analysis and the first model with intrinsic rewards predicted the variance in dependent variable ($R^2 = .987$) as employee performance more as compared to second model with both extrinsic and intrinsic rewards ($R^2 = .702$). The study shows extrinsic rewards as comprising of pay and bonus whereas, the intrinsic rewards cover recognition, learning opportunity,

career advancement and challenging work, however, there has not been any evidence of some individual measures or analysis based on these individual constructs in the study. Besides, the employee performance has been measured as composite construct rather than focusing on individual dimension of performance.

Khan et al. (2013) examine the extrinsic and intrinsic rewards with employee performance and report significant direct relationships between different rewards and employee performance. The study has been conducted in banking sector with a sample size of 120 employees (response rate = 60 per cent). Results show positive significant correlations between extrinsic rewards like security ($r = .80$), ability utilisation ($r = .67$), social service ($r = .56$), variety ($r = .31$), activity ($r = .44$) moral values ($r = .31$) and authority ($r = .18$) and employee performance in this study. Moreover, the intrinsic rewards have positive significant correlations with employee performance as recognition ($r = .64$). Advancement ($r = .33$) and co-worker ($r = .28$). The authors further suggest the need of some focused study examining rewards-performance relationships particularly in developing countries contexts.

2.8 Task Performance and Contextual Performance (including Citizenship Behaviour)

Task performance is defined as “the effectiveness with which job incumbents perform activities that contribute to the organisation’s technical core either directly by implementing a part of its technological process, or indirectly by providing it with needed materials or services” (Borman and Motowidlo, 1997, p-99). In other words, task performance includes the implementation of formal components of one’s job which in turn benefit the organisation directly and differentiates one’s job from other jobs significantly (Borman and Motowidlo, 1993). Reading text books, preparing the lesson plans, working out students’ activities are the features of task performance of a school teacher’s job. Besides, the core aspects of

managerial task performance revolve around the premises of job related tasks. The core tasks of sales manager's job are product knowledge, selling skills, knowledge about organisation profile and product mix and understanding of competition in that specific market.

On the other hand, the contextual performance (including citizenship performance) revolves around various activities that provide support in terms of organisational, social and psychological contexts to task performance. Some examples can be willingly doing tasks not formally part of own job, putting extra effort and dedication to work, helping others on work place, obeying formal rules and regulations and trying to promote the organisation by supporting and defending it (Borman and Motowidlo, 1993). Kiker and Motowidlo (1999) posit the view that both task and contextual performance are independent in nature and interact to effect reward decisions made by supervisors. They explain that employees with good interpersonal skills have been found to be effective in rewarding employees who are technically sound; whereas, the employees who are good at technical side, are keen to reward employees strongly who have sound interpersonal skills.

The Edwards et al. (2008) explain the direct relationship of overall job satisfaction with task and contextual performance of the employees working in a manufacturing organisation in USA. They also examine the different facets of satisfaction as satisfaction with work, pay, promotion, supervision and co-worker and discuss their relationship with task and contextual performance in this study. The study has been conducted in a manufacturing plant with 444 respondents comprising mainly of labour cadre employees working in different departments. The responses from supervisors of some respondents have also been obtained in this study for cross validation purposes. The authors make use of confirmatory factor analysis and structural equation modelling (SEM) tools to analyse data and report the results as there has been statistically significant positive relationship between overall job satisfaction with task performance ($\gamma =$

.15, $t = 2.71$, $p < .05$) and contextual performance ($\gamma = .15$, $t = 2.85$, $p < .05$).

However, the strengths of the relationships have been found same for both performance measures in this study. In second model, the facets of satisfaction have been tested against task and contextual performance. The satisfaction with work has positive relationship ($\gamma = .19$, $p < .05$) with task performance only. There are negative relationships between satisfaction with promotion and task performance ($\gamma = -.27$, $p < .05$) and contextual performance ($\gamma = -.13$) which is actually opposite to assumptions made in the said study. It is important to note the negative but significant relationship between promotional opportunities and task and contextual performance as existing studies reflect the positive relationships between these constructs. Furthermore, the satisfaction with pay has weak positive relationships with both task and contextual performance; however, satisfaction with supervisor has significant positive relationships with both task ($\gamma = .22$) and contextual performance ($\gamma = .36$).

The study is important as it explains the satisfaction-performance relationship and highlights the application of specific theories in exploring this relationship. They discuss about social exchange theory as if employees perceive fairness in pay and promotion decisions; they tend to work harder with improved performance in exchange (Zellers and Tepper, 2003). Moreover, in case of unfair treatment in pay and promotion decisions, employees tend to reduce the level of their efforts resulting in poor performance showing feelings of inequity (Adams, 1965). Edwards, et al., (2008) further recommend testing the similar model of relationships in organisational contexts where rewards like pay and promotional are generally decided on the basis of merit as in private sector manufacturing organisation. Moreover, the study has examined degree of satisfaction with pay and promotions against task and contextual performance. It is interesting to examine these relationships in the form of direct effects of

organisational rewards such as pay and promotions with task and contextual performance of management level employees in developing economies as opposed to advanced economies.

Jawahar and Ferris (2011) conduct a study focusing on the influence of task performance and contextual performance on promotability judgements of the supervisor employees working in retail chain in Midwest USA. A sample of 210 supervisors has been selected for this study and data analysis has been done by taking all these sample respondents. They find that task performance has positive significant relationship with promotability judgement as high ratings of task performance tend to predict high promotability judgements on part of supervisors. The supervisors are keen to promote those subordinates who are with high ratings for task performance. They further emphasise the need to examining different organisational rewards like pay increases, opportunities for promotion (career development) with task and contextual performance in future research works (Jawahar and Ferris, 2011).

On the other hand, the existing literature highlights some specific factors which are used as moderators or mediators in rewards-performance relationships. These factors include employee commitment, job satisfaction and organisational justice. The organisational justice has direct significant relationships with both organisational rewards and employee performance and it is interesting to see its influence on reward-performance relationships as existing literature does not address this potential gap. The next section further highlights and discusses the relevant literature in the field of organisational justice and managerial performance.

2.9 Organisational Justice

Organisational Justice is referred to employees' perceptions about fairness of processes and allocations in organisations (Greenberg, 1987; Colquitt, 2001) and these perceptions of fairness have noticeable effects

on different employee outcomes in organisations (Colquitt, 2001). There are three types of organisational justice often discussed in justice literature as procedural justice, distributive justice and interactional justice (Colquitt et al., 2001), however, interactional justice has been considered as “subset of procedural justice” (Poon, 2012, p-1508). Hence, the two key types as procedural justice and distributive justice have been discussed and examined in the study, relating to other key studies in justice domain (Lambert et al., 2005; Poon, 2012). According to Poon (2012), procedural justice emphasizes on the “fairness of the procedures used in making resource distribution decisions” (p-1507). Fairness in procedures is important because of helping employees in terms of having control on the decisions to have some fair outcomes accordingly (Balder and Tyler, 2005). On the other hand, distributive justice refers to the fairness in distribution of resources in the organisations (Greenberg, 1987). Employees assume the distribution of resources as fair if the rewards offered are large enough paying-off the inputs/efforts contributed by them (Ambrose and Arnaud, 2005). This is quite in line with Equity theory proposed by Adams (1965) highlighting the fact how employees perceive self-reward-effort outcomes by comparing these with others (Poon, 2012).

According to Brockner and Wiesenfeld (1996), the rewards and fairness in organisational procedures are critically important for individual employees; particularly in case of biased interpersonal decision making. Both procedural justice and distributive justice have been found to be significantly related with job satisfaction and organisational commitment in a study done in service sector for social workers (Lambert et al., 2005), whereas job satisfaction results in increase in performance and motivation of employees (Ismail et al., 2011). According to equity theory (Adams, 1965), the employees tend to compare their own efforts/outcome relationships with other employees in particular organisations in somewhat similar jobs or designations. In case, if they feel the treatment as fair, they tend to show satisfaction at work; however, in case of inequity in treatment, they tend to show resentment in terms of decreasing the level

of motivation and performance at work place. Janseen, Lam and Huang (2010) highlight the individual employee efforts as use of intelligence, experience, learned skills, time management and energetic mind-set that employees put at respective work places.

Besides, the employees are keen to compare these job efforts with possible rewards being offered to them at work place like pay, bonuses, promotions, support, recognition, career advancement and growth. The employees tend to compare their own ratio of resource investments and rewards allocations with other employees and this is the fact termed as distributive justice (Colquitt, 2001, Poon, 2012). These perceptions about availability of resources and rewards distribution vary from employees to employees working in same or different departments in organisations (Janseen, Lam and Huang, 2010). The procedural justice and distributive justice are linked with different dimensions of the performance as task and citizenship behaviour performance (Culbertson and Mills, 2011). If employees perceive that organisational procedures are not based on fair treatment and fair distribution of rewards, they tend to show resentment behaviour which finally may result in poor or decreased performance on their part. The organisational justice-performance relationship has been extensively researched and organisational justice has been linked significantly with performance dimensions (Colquitt et al., 2001; Devonish and Greenidge, 2010; Suliman and Kathairi, 2012).

Devonish and Greenidge (2010) conduct a research focusing on organisational justice and different dimensions of employee performance as task, contextual and counterproductive work behaviour. It is a survey based research and data have been collected from 9 different public and private sector organisations in different industries. A sample size of 211 respondents have been finalised for data analysis in this study. They report positive correlations among all justice dimensions with task and contextual performance and counterproductive work behaviour. They further use multiple regression models to see the impact of each justice

dimension on performance. According to results, procedural justice has positive relationships with task performance ($\beta = .33$) and contextual performance ($\beta = .29$) and negative relationship with CWB ($\beta = -.20$). Distributive justice has positive relationships with task performance ($\beta = .13$) and contextual performance ($\beta = .26$) and a negative relationship with CWB ($\beta = -.17$) in this study. Similar relationships have been found for interactional justice with task performance ($\beta = .17$), contextual performance ($\beta = .26$) and counterproductive work behaviour ($\beta = -.15$). They further test the moderating role of emotional intelligence (EI) in justice-performance relationships and report that EI moderates the procedural justice and contextual performance relationship in the said study. The authors highlight some limitations as cross sectional research design, responses are based on self-reporting and limited scope and nature, however, this study is an important addition to organisational justice-performance literature.

Organisational justice has been explained as socially constructed (Colquitt, 2001) and organisational justice-organisational commitment relationship has been examined by researchers in past (Lambert et al., 2005; Bakshi et al., 2009). A recent study (Murtaza et al., 2011) highlights the direct relationships between procedural justice and distributive justice with organisational commitment. With a case study based research design, the data have been collected from 140 respondents from a public sector organisation in Pakistan for analysis. They explain significant positive correlations between procedural justice ($r = .469, p < .01$) and distributive justice ($r = .423, p < .01$) with organisational commitment in this study. Further analysis has been done with the help of multiple regression and they report a 33 per cent variance ($R^2 = .338$) in dependent variable as organisational commitment by justice dimensions in this model. Moreover, the procedural justice has been found strongly related to organisational commitment ($\beta = .525, p < .001$) as compared to distributive justice ($\beta = .430, p < .001$) in this research. The findings of this study are replicating the past studies (Lambert et al., 2005; Bakshi et al. (2009) and

are important in understanding organisational justice-organisational commitment relationships particularly in developing countries.

Organisational justice such as procedural and distributive justice has significant relationships with organisational and employee performance. A recent study conducted by Suliman and Kathairi (2012) in the developing countries context by taking UAE as particular case, explore the relationships between organisational justice, organisational commitment and performance of the organisations in public sector in UAE. Interestingly, the authors intend to examine the two dimension of organisational justice as procedural justice and interactional justice in this study. The interactional justice is termed as a part of procedural justice (Poon, 2013) and in this study; the authors attempt to explain the importance of these both types of organisational justice. In this research, the job performance has been measured by taking dimensions as understanding work duties, work performance, readiness and innovation and work enthusiasm. The authors do not mention the term as individual performance, however, they have used the word for job performance. The study has been conducted by taking a sample of 600 full time employees working in public sector organisations in UAE. In UAE, the government organisations display highly bureaucratic structures (Suliman, 2006). It could have been more interesting if some respondents from private sector could have been included in sample size as well.

They find positive relationship between organisational justice and job performance as two levels of organisational justice explain 15.4 per cent ($R^2 = .154$) of total variance in predicting job performance as dependent variable. However, the strength of relationships are similar for both procedural justice ($r = .27$) and interactional justice ($r = .25$) with overall job performance of the sample respondents. Moreover, they find that procedural justice has more impact on job performance in comparison to interactional justice. The study does not make use of distributive justice and its potential relationship with job performance. Moreover, as

responses are based on self-perceptions of respondents, there could be possibilities for personal biasness in self-reporting. However, the study is significant and contributes towards justice-performance relationship literature particularly in the developing countries context.

2.9.1 Procedural Justice and Distributive Justice as Mediators

The role of procedural and distributive justice has been studied as mediators and moderators in different human resource management practices and employee behavioural outcomes in different contexts. Moreover, there are studies showing significant relationships between organisational justice and employee performance relationships in diversified contexts. It is important to mention that the researcher has not found any study examining organisational justice measures such as procedural and distributive justice as potential mediators in organisational rewards and employee performance relationship. Regardless of the mediation effects, both procedural and distributive justice has significant relationships with organisational rewards and employee performance as reflected by existing literature (Zhang and Agarwal, 2009; Poon, 2012).

Furthermore, the role of procedural and distributive justice as mediators has been studied by Zhang and Agarwal (2009) between human resource practices and different workplace outcomes in a study conducted in China. They examine the empowerment, communication and psychological contract fulfilment as independent variables with organisational citizenship behaviour (OCB) and turnover intentions as dependent variables in this work. Moreover, the justice dimensions as procedural justice, distributive justice and interactional justice have been tested as potential mediators in human resource practices and employee behaviour relationships. The study has been done in China and a total of 367 questionnaires have been distributed to sample respondents and their respective supervisors. The supervisors have been selected to rate the citizenship behaviour performance of their subordinates in the survey; whereas, all other items in the questionnaire have been filled in by sample

respondents themselves. A total of 286 questionnaires have been received by the researchers with a response rate as 78% and after sorting the data, a total of 242 dyads (responses from respondent and its supervisor) have been finalised for data analysis by the researchers. It is important to mention that all study constructs have been measured by adopting valid and reliable measured used in earlier studies in same discipline.

Zhang and Agarwal (2009) make use of structural equation modelling for analysing data with the help of two stage model as measurement model and structural model. The measurement model has been inspected with model fit indices and after making some modifications, the good model fit indices in terms of CFI, GFI (more than .9) and RMSEA (as .67) have been found for proposed measurement model. The structural model has been used to design paths for assumed directional relationships among study variables and standardised path estimates have been used to find out results of study hypotheses. According to results, the empowerment, communication and psychological contract breach (independent variables) have been found significantly related to justice dimensions and justice dimensions have been significantly and positively related to OCB but negative significant relationships have been reported for distributive justice and interactional justice with turnover intentions except procedural justice which has positive relationship with turnover intentions. The authors conclude the finding that justice measures as procedural and distributive justice have visible role as mediators in relationships between human resource management practices (like rewards) and employee behaviour indicators (like performance) in organisations.

The authors discuss some limitations as lacking causality being cross-section research in nature, responses based on self-perception and limited scope of study with problems in generalising the results/findings of the study. The longitudinal research designs are often emphasised in

order to test the causality among study constructs as these tend to predict the constructs well over the period of time. Anyhow, the study is good in explaining the mediating role of justice dimension in Chinese context. The sample respondents are mainly comprised of labour employees and are restricted to some specific organisations. That is why authors have shown concerns about generalisation of the study findings. Despite these limitations, this study explicitly highlights the influence of organisational justice elements on relationships of diversified human resource practices and outcomes such as OCB particularly in Chinese context.

Lee et al. (2010) study the mediating role of organisational justice between leader-member exchange (LMX) and turnover intentions in South Korean context. The data have been collected from non-supervisory employees working in a hotel chain in South Korea. The data have been analysed with structural equation modelling and the results have been reported accordingly. The model fit for measurement model has been done with the help of fit indices and standard cut off values have been found after making modifications/ re-specification of measurement model. The structural model has been explained to show directional paths among study variables (constructs). Results show that distributive justice has a negative relationship with turnover intention whereas; the procedural justice has a positive relationship with turnover intention in this analysis. Lee et al. (2010) further conclude the visible importance of distributive justice in predicting the work related outcomes in comparison to procedural justice. They further find that organisational justice mediates the relationship of leader-member exchange (LMX) and turnover intention significantly and this has been confirmed by making comparison of chi-square values difference of measurement model and revised model in this study.

Though authors have tested the mediation effect with the help of Baron and Kenny (1986) approach, a limited explanation of this approach is available in the paper. The step by step mediation testing has not been

discussed and direct as well as indirect relationships of exogenous variables (LMX) and endogenous variable (turnover intention) have not been discussed clearly. The discussion of these effects could have been done to clarify the conditions of the mediation approach being selected in this study. Moreover, the authors have discussed few limitations of this work as limited sample size; lack of establishing causality being a cross-sectional study, language-related (understanding) problems on part of sample respondents. As a conclusion, Lee et al. (2010) recommend the launching of effective reward system programs in the organisations to motivate the employees to perform better as they start perceiving fair and unbiased treatment on part of the particular organisation. Indirectly, this has emphasised the importance of organisational justice role in reward-performance relationships.

Hefferman and Dundan (2012) discuss the mediating role of procedural justice and distributive justice between high performance work systems (HPWS) and job satisfaction, affective commitment and perceptions of job pressure. The study has been conducted in the service sector industry in the Republic of Ireland and data have been collected from three organisations. The data have been analysed by hierarchical regression model and mediation effect has been tested by using Baron and Kenny (1986) approach. The results show that relational distributive justice has been found fully mediating the relationships between HPWS and job satisfaction as well as affective commitment. However, no mediation has been found for a relationship between HPWS and work pressure. On the other hand, the full mediation effect of relational procedural justice has been reported between HPWS and job satisfaction as well as affective commitment in this study. However, the relationship of HPWS and work pressure has been partially mediated by the procedural justice in this analysis.

The authors have reported the mediation effects of interactional justice as a third dimension of organisational justice has also been reported

in this study. The authors further explain the limitations like lack of causality being cross-section research in nature, issues with generalising findings being limited in scope and responses based on self-perception leading toward common method bias. However, the study is quite good in examining the relationships of organisational justice as mediators in high performance work systems and different human resource outcomes like job satisfaction, affective commitment and work related pressures in an advanced country's context. The study talks about the overall employees of the selected organisations and there has not been any evidence of discussion regarding managerial cadre employees which could have been done to widen the scope of this research work.

A more recent study done by Wang, Ma and Zhang (2014) has examined the role of procedural and distributive justice as mediators in the relationships between transformational leadership and organisational commitment. They conduct the study by taking a sample of 300 employees working in a manufacturing concern in China. The data has been analysed by using structural equation modelling and the proposed model has been inspected for model fit indices. After making some re-specifications (after finding modification indices in different paths and managing the covariance of errors accordingly) the good model fit with CFI and GFI values more than 0.9 and RMSEA values as 0.7 have been achieved in this analysis. The data has been analysed afterwards and results have been reported testing the main frame study hypotheses. According to results, the organisational justice has been found to be significantly related to both transformational leadership and organisational commitment. The authors further find the mediation of organisational justice in the relationship of transformational leadership and organisational commitment and it has been confirmed by Sobel test in the analysis as well.

Although, Wang, Ma and Zhang (2014) have discussed the limited scope of the current study being done in a particular organisation;

however, there are certain factors need to be discussed in this study. The organisational justice has been examined as mediator collectively and no discussion has been done in respect to dimensions of the organisational justice like procedural or distributive justice. As a matter of fact, the organisational justice has been tested as whole and it could have been better to explain the mediation effects of procedural and distributive justice as well in this study. Besides, the mediation method has not been clearly explained or discussed by the authors and no evidence of either full or partial mediation of organisational justice has been provided. The indirect effects of study constructs have not been properly discussed and only Sobel test has been mentioned to confirm the mediation. However, the authors emphasise the need of future research works testing the mediating nature of organisational justice measures for the relationships of work behaviours like performance and citizenship behaviours in other cultural contexts.

2.10 Summary of Potential Gaps, Study Constructs and Justification

Extrinsic rewards are considered to be most effective being tangible in nature to bring about extrinsic motivation (Herzberg, 1967, Lawler, 2000; Deci and Ryan, 2006). Extrinsic rewards have significant relationships with overall organisational performance, employee performance and job satisfaction (Gibbs, 1995; Perry, Debra and Laurie, 2006; Tessema and Soeters, 2006; Yasmin, 2008; Milkovich and Newman, 2009; Long and Shields, 2010; Danish and Usman, 2010; Ismail et al., 2011; Khan et al., 2013). Past research works has tested/ endorsed the premises of social exchange theory and two-factor theory as these studies find significant relationships of organisational rewards and employee performance in diversified industries as well as contexts. However, there is limited evidence of studies exploring rewards-individual performance relationships particularly focusing on task and contextual performance including citizenship behaviour of employees in developing

countries. Tessema and Soeters (2006) and Edwards et al. (2008) suggest the need of such dedicated research work examining the extrinsic and intrinsic rewards with task and contextual performance including citizenship behaviour in developing economies in particular.

On the other hand, the existing research has focused on examining reward-performance relationships for overall employees mainly labour oriented (Yasmin, 2008; Edwards et al., 2008). The HRM-performance literature has limited evidence of testing these relationships for management level employees particularly front line managers (Danish and Usman, 2010). Front line managers play very pivotal role in organisations as they are involved in decision making and implementation (Purcell and Hutchinson, 2007). Keeping in view the premises of social exchange theory, two-factor theory and job characteristic theory, it is important to identify the perceptions of front line managers about rewards-performance relationships. The findings would add value to existing HRM-performance field of knowledge and facilitate in theory testing/ building in the area of reward management for manufacturing sector both for advanced and developing economies (Tessema and Soeters, 2006; Edwards et al., 2008; Danish and Usman, 2010; Khan et al., 2013).

The individual performance is comprised of Task performance and Contextual performance including citizenship behaviour (Borman and Motowidlo, 1993; Borman and Van Scotter, 1997). The existing research in HRM-performance field reflects upon the reward-performance relationships based on the perceptions of employees' responses only (Yasmin, 2008; Poon, 2012; Khan et al., 2013). It is important to understand the point of view of middle managers as they are responsible for supervision of front line managers. Responses from both front line managers and their respective supervisors would facilitate better in identifying and understanding the rewards-performance relationships particularly in private sector manufacturing organisations. Moreover, these

findings would help in confirming/ extending or building the theoretical consideration in the field of HRM-performance in diversified contexts.

Despite testing direct reward-performance relationships, it is important to identify some intervening constructs for these relationships. Existing literature in the field of reward management and HRM performance has identified and discussed some intervening factors such as organisational justice, organisational commitment and trust in supervisor (Zhang and Agarwal, 2009; Lee et al., 2010; Hefferman and Dundon, 2012; Wang, Ma and Zhang, 2014). Keeping in view equity theory (Adams, 1965), employees tend to compare each other in terms of performance efforts and available rewards/ benefits in organisations. In case of inequity, the employees tend to show frustrations and their performance declines as a consequence. The fair and unbiased organisational policies/ procedures and allocation of resources (organisational justice) have shown positive impact on employee perceptions and performance (Colquitt et al., 2001; Poon, 2012). However, the existing literature in reward management does not reflect upon the intervening nature of organisational justice in reward-performance relationships both in advanced and developing countries and there is a need to investigate this important field of HRM-performance literature particularly in developing economies (Zhang and Agarwal, 2009; Wang, Ma and Zhang, 2014).

Tessema and Soeters (2006) and Khan et al. (2013) have suggested the need of some dedicated study in the field of HRM-performance and reward management particularly in developing economies. Only limited evidence of reward-performance studies is found particularly in local context such as Pakistan. There is need of testing/ examining the organisational rewards with performance of management level employees in manufacturing sector organisations. This would help in understanding the theoretical considerations of the HRM-performance field in developing countries perspective such as Pakistan and would facilitate

the stakeholders in textile organisations to understand these reward-performance relationships for management level employees (Danish and Usman, 2010; Khan et al., 2013).

2.10.1 Justification of study constructs

The core justification of selecting extrinsic rewards comprising of pay, bonuses, opportunities for promotion and intrinsic rewards as sense of recognition, job characteristics is that these rewards have not been examined against individual performance as task and contextual performance including citizenship behaviour particularly in Pakistani context. Besides, these rewards are commonly offered in the textile sector industry to this category of employees, namely: front line managers and access to data is available. Moreover, concerned stakeholders such as management and owners are keen to identify the perceptions of front line managers as they play pivotal role in implementation of organisational decisions.

Moreover, the existing literature reflects variety of studies focusing on overall employee performance which is measured as single construct. There is no visible evidence of measurement of individual performance as task and contextual performance against organisational rewards in developing economies, as opposed to western economies. The current study is pioneering in its examination of rewards and individual performance (task and contextual performance including citizenship behaviour) relationships for front line managers particularly in Pakistani context. Furthermore, the existing literature does not address the potential mediator roles of procedural and distributive justice in rewards-individual performance relationships. This study aims to address this literature gap. It is important to mention that the selection of study constructs such as rewards is made in proper consultation with peers in textile industry in Pakistan.

2.11 Conclusion

In this chapter, the human resource management practices such as rewards are discussed in relation to employee performances in different theoretical aspects and practical contexts. The motivational theories have been identified and discussed in view of their features and implications. The extrinsic rewards such as pay, bonus based incentives and opportunities for promotion and intrinsic rewards such as sense of recognition and job characteristics are discussed in reference to different studies done in both advanced and developing countries contexts. Furthermore, the individual performance is discussed and relevant literature has been reviewed to explain the dimensions of individual performance as task performance and contextual performance including citizenship behaviour. The summary of overall literature reviewed shows the emergence of study constructs along with justification. The next chapter entails for the study framework and proposed research hypotheses in view of literature reviewed in this chapter.

Chapter 3 Research Framework and Hypotheses

3.1 Introduction

This chapter deals in designing and discussion of the research framework and hypotheses for the study. The framework highlights the direct relationships between rewards and individual performance of front line managers. The extrinsic rewards such as pay, bonus based incentives and opportunities for promotion and intrinsic rewards such as sense of recognition and job characteristics are selected and examined with task and contextual performance of front line managers. This chapter seeks to examine the role of organisational justice as potential mediator in reward-performance relationships. Keeping in view the extrinsic and intrinsic rewards and individual performance of front line managers, the overall framework is developed and explained in the light of potential literature gaps and valuable contribution towards existing knowledge. Besides, the research hypotheses are developed and presented along with summarised literature review for each accordingly.

3.2 Framework of Study

In Human Resource Management (HRM), the compensation plays very important role for modern day organisations (Armstrong, 2005; Perkins and White, 2011). Human resource management practices have been significantly linked with employee and organisational performance (Huslid, 1996; Yasin, 2008; Poon, 2012). The rewards are important components of the compensation (Armstrong, 2005) and can be divided into extrinsic rewards and intrinsic rewards (Lawler, 1990; Perkins and White, 2011). The framework for the study is developed suggesting the

relationships between extrinsic and intrinsic rewards and performance of the front line managers in local context. In accordance with Herzberg's (1967) two factor theory, Blau's (1964) social exchange theory and Adams' (1965) equity theory, this framework is based on the assumptions as both extrinsic and intrinsic rewards have direct significant relationships with performance of front line managers. The carefully designed rewards are the source of intrinsic motivation for employees which encourages them to perform better at job (Herzberg, 1967; Lawler, 2000; Danish and Usman, 2010, Ismail, et al., 2011; Mensah and Dogbe, 2011; Aktar, Sachu and Ali, 2012; Khan et al., 2013). The individual performance is measured as task and contextual performance including citizenship behaviour. Moreover, the data regarding performance measurement is collected from both respondents as front line managers and their respective supervisors (middle level managers) using same measures.

3.2.1 Extrinsic Rewards and Individual Performance

The study in hand focuses on different extrinsic rewards such as pay, bonus based incentives and opportunities for promotion. There are studies showing significant relationships between extrinsic rewards and performance of the employees both managerial and labour cadres (Perry, Debra and Laurie, 2006; Shirom and Rosenblatt, 2006; Chu and Lia, 2008; Milkovich and Newman, 2009; Dencker, 2009; Long and Shield, 2010; Ederhof, 2011). The pay is assumed to be significant related to overall as well as individual performance of the employees. The earlier studies have discussed the relationship of pay with employee performance which has been measured as whole. There are different systems of pay such as merit pay (base pay), performance pay and variable pay (Perkins and White, 2011). However, the current study aims at investigating the merit pay for sample respondents and its relationship with individual managerial performance which is measured in task performance and contextual performance including citizenship behaviour.

Along with pay, the bonus based incentives are selected as these are commonly used rewards in textile sector organisations. The bonus based incentives are significantly related to employee performance. It is important to note that there are two types of bonus based incentives used in textile sector. One type of bonuses is mandatory in nature and other type of bonuses is linked with performance and subject to profitability of organisations as per Factory Act 1934 in Pakistan. The current study seeks to examine the first type of mandatory bonuses which employees receive on bi-annually or annually basis depending upon the nature of the organisation. Furthermore, the promotional opportunities are important rewards. For a reward to be extrinsic, it should be external in nature and can be cash based or non-cash based (White and Perkins, 2011). The promotional opportunities are considered to be non-cash based extrinsic rewards as organisations offer plans for career development to their employees (Dencker, 2009; Ali and Ahmad, 2009). However, some cost factor could also be involved as organisations in textile sector offer career paths to management level employees particularly first line managers in local context.

As a matter of fact, most of the existing literature investigating promotional opportunities does not clearly reflect upon the extrinsic nature of promotional opportunities as reward. However, pay and promotions are frequently discussed as external (extrinsic) factor leading towards both intrinsic as well as extrinsic motivation (Tessema and Soeters, 2006; Ali and Ahmad, 2009; Long and Shield, 2010; Khan et al., 2013). As mentioned earlier, the textile industry offer career paths to employees and organisations do plan for these promotional opportunities to attract and retain employees. Keeping in view social exchange theory, the promotional opportunities are examined as extrinsic reward which leads towards both intrinsic as well as extrinsic motivation and is proposed to be significantly related to individual performance of front line management employees in the current study.

3.2.2 Intrinsic Rewards and Individual Performance

Intrinsic rewards such as sense of recognition have shown great influence in motivating employees (Peterson and Luthans, 2006). The intrinsic rewards such as affiliation, sense of achievement, work life balance and job characteristics are termed as motivators as these tend to bring about satisfaction for employees at work (Herzberg, 1966; Armstrong, 2005) and are linked with performance improvement in modern manufacturing organisations (Ali and Ahmad, 2009; Long and Shields, 2010). Keeping in view the social exchange theory and two-factor theory, the current study is focusing on sense of recognition and job characteristics (as single variable) as intrinsic rewards and their relationships with task and contextual performance including citizenship behaviour of the front line managers in textile sector organisations. The core reason of selecting this reward effort for current study as it is available with all participating organisations in textile sector. Intrinsic rewards such as work life balance are used in different studies in advanced economies; however, there is limited evidence of work like balance in the textile industry and no data is available in this regard as well.

Besides, training and development is a popular reward which has been researched and discussed as key source of intrinsic and extrinsic motivation (Armstrong, 2005). However, the training and development is often discussed as extrinsic rewards as cost factor is involved and organisations plan for this to motivate employees. The reason for excluding this reward from current study is the availability of data in the local textile industry. There are organisations which are very good in offering training programs and maintain the training records. However, the majority of organisations do not keep or maintain the records of trainings as they do not offer these opportunities frequently. Development in terms of promotional opportunities has been examined in this study as discussed earlier in previous section.

Similarly, the job characteristics is based on the job characteristics theory explaining the features of a job in different dimensions like task identity, task significance, skill variety, autonomy and feedback (Hackman and Oldham, 1980). This factor is particularly selected keeping in view the sample respondents as front line managers in textile sector industry in Pakistan. There are specialised career paths for front line managers with properly designed job descriptions and this helps the managers to derive intrinsic motivation out of it which further encourages them to perform better at work place (Fried and Ferris, 1987; Lawler, 2000). Moreover, it helps employees in learning job related things well and show improvement in their performance accordingly (Kuvass, 2006). The current study seeks to examine both these intrinsic rewards against individual performance of the front line managers to address this potential gap as there has been limited evidence of these relationships in existing HRM-performance and reward management literature particularly in developing countries perspectives such as Pakistan.

As per social exchange theory, two-factor theory and equity theory, the carefully planned reward efforts tend to motivate employees and they show improved performance in exchange at work place (Edwards et al., 2008; Poon, 2012; Khan et al., 2013). However, it is important to examine the impact of these rewards on different dimensions of individual performance as task and contextual performance including citizenship behaviour. The existing literature does not reflect on this gap and the current study seeks to examine these theories keeping in view the HRM-performance literature. The findings will facilitate in confirming and building these theories particularly in reward management field for developing economies.

3.2.3 Procedural and Distributive Justice as Mediator in Reward-Performance Relationships

The current study seeks to examine the direct reward-performance relationships; however, the investigation of some intervening variable as

potential mediators in reward-performance relationships is also important. Existing literature highlights the potential mediator factors such as organisational justice, organisational commitment and trust in supervisor. To date, there is no visible evidence of research work testing organisational justice (procedural and distributive justice) as potential mediator in extrinsic/ intrinsic rewards relationships with individual performance such as task and contextual performance including citizenship behaviour and the need of such work has been emphasised in HRM-performance literature (Zhang and Agarwal, 2009; Wang, Ma and Zhang, 2014). There are significant relationships reported between organisational justice and employee performance: whereas, the procedural and distributive justice has significant relationships with human resource management practices such as organisational rewards and employee outcomes as satisfaction and commitment (Lambert et al., 2005; Ismail et al., 2011; Camps, Decoster and Stouten, 2012; Poon, 2012).

The organisational justice as procedural justice and distributive justice have been tested as potential mediators in various studies as between empowerment, communication and psychological contract with organisational citizenship behaviour and turnover intentions (Zhang and Agarwal, 2009), between transformational leadership and organisational commitment (Wang, Ma and Zhang, 2014), between leader-member exchange (LMX) and employee turnover (Lee et al., 2010) and between high performance work systems (HPWS) and job satisfaction, affective commitment and work pressure (Hefferman and Dundon, 2012). In presence of fair and unbiased organisational processes/ procedures (procedural justice) and allocation/distribution of resource (distributive justice), the employees derive intrinsic motivation and tend to show satisfaction with enhanced performance at work place as explained by equity theory (Adams, 1965; Edwards et al., 2008; Poon, 2012). The examination of organisational justice in reward-performance relationships is suggested by existing literature (Zhang and Agarwal, 2009) and would

facilitate the theory testing/ building processes in the field of reward management in diversified contexts (Wang, Ma and Zhang, 2014).

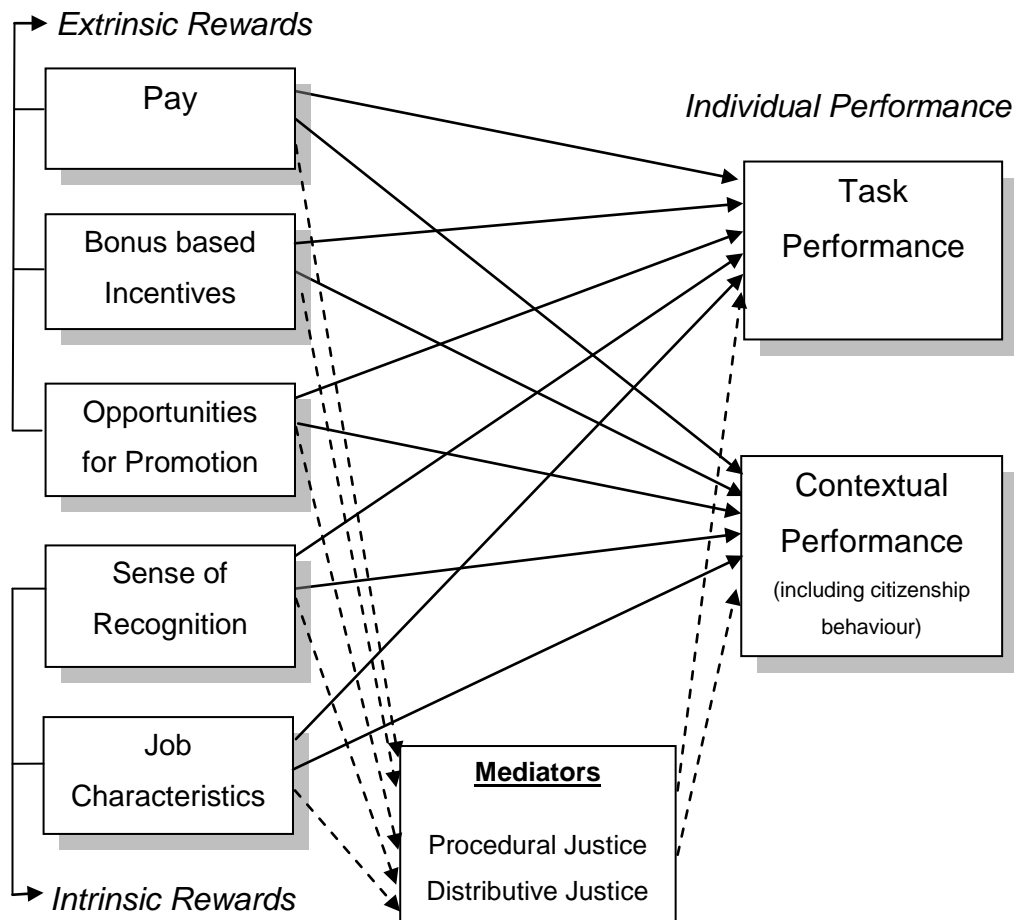


Figure 2 Research Framework for Study

3.2.4 Front line managers: the sample respondents

The front line managers are selected as sample respondents for the current study. The front line managers represent the major part of the management facing the market, customers and employees directly and this area is very much neglected in the existing research (Danish and Usman, 2010). Purcell and Hutchinson (2007) suggest the pivotal role of front line managers in planning and implementing the decisions in organisations. Keeping in view the textile industry in Pakistan, the front line managers are responsible for managing their spans and customers

simultaneously and they work in all departments of organisation particularly in production and marketing departments. They report to senior managers (middle level managers) who are working as head of the departments/ divisions and mainly involve in the decision making at the corporate level with directors (top management) in textile organisations. The current study seeks to obtain the responses both from front line managers and their respective line managers (middle level managers) using slightly modified questionnaire with same measures (see Appendix C). On the other hand, the different demographic factors are measured in this study comprising of age, experience, education, designation, salary and no. of subordinates under direct span. The age and experience have been introduced as control variables in this study.

Keeping in view the discussion of motivational theories such as the social exchange theory, two-factor theory, equity theory and self-determination theory, the conceptual framework of current study is (Figure 2) developed focusing on extrinsic and intrinsic rewards and their direct relationships with task and contextual performance including citizenship behaviour. Moreover, different study questions are proposed in this conceptual framework in order to test/ or build the above mentioned theories in the field of HRM-Performance and reward management literature. The next section discusses the main research hypotheses being proposed to answer the research questions of the current study accordingly.

3.3 Study (Main Frame) Hypotheses

Keeping in view the research framework, this study seeks to examine the extrinsic and intrinsic rewards with task and contextual performance including citizenship behaviour. A brief discussion of each construct has been done in view of concerning theoretical consideration and existing literature, leading towards the generation of relevant hypotheses accordingly.

3.3.1 Pay

Milkovich and Newman (2009) have discussed the importance of compensation and pay for performance strategies for the organisations in the contemporary era as well. There are studies highlighting the theoretical perspectives of the relationship between pay and performance (Pearce and Perry, 1983; Perry, Debra and Laurie, 2006) revolving around the concept of social exchange theory. Researchers believe that the concept of pay can be predicted as an indicator to produce desirable outcomes/behaviours if it matches with the individual interests/ or desires of the employees (Lawler, 2000; Perry, Debra and Laurie, 2006). This belief that by paying as per desire, will always result in high performance, needs to be re-addressed as performance related incentives especially pay, are often seen as distracting the managerial attention in the longer perspective (Herzberg, 1987; Perry, Gerhart and Parks, 2005; Stringer, 2006; Perry, Engbers and Jun, 2009). In the Pakistani context, pay is considered to be the core factor of motivation and satisfaction of the employees in widely diversified organisations (Butt, Rehman and Safwan, 2007; Ali and Ahmad, 2009; Mensah and Dogbe, 2011). The current study seeks to examine that pay is significantly related to task and contextual performance.

***H 1a:** There is a significant relationship between pay and task performance self-rated*

***H 1b:** There is a significant relationship between pay and task performance boss-rated*

***H 1c:** There is a significant relationship between pay and contextual performance self-rated*

***H 1d:** There is a significant relationship between pay and contextual performance boss-rated*

3.3.2 Bonus based Incentives

Bonuses are another important aspect of compensation management as these are quite often easier to design and implement; whereas involving lower costs in comparison to promotions. (Dencker, 2009). Moreover, the bonuses can be used to trigger some sort of healthy competition among the management level employees with lower costs in comparison to promotion based incentives (Baker, Jensen, and Murphy, 1988). The bonus based incentives are linked with increase in employee performance, provided that these are designed keeping in view the knowledge and skill of employees (Lawler, 2000; Ederof, 2011) and should be large enough to create intrinsic motivation (Poulakis, 2010). The bonus based incentives are hypothesised to have significant direct relationship with task and contextual performance of front line managers in this study.

H 2a: There is a significant relationship between bonus based incentives and task performance self-rated

H 2b: There is a significant relationship between bonus based incentives and task performance boss-rated

H 2c: There is a significant relationship between bonus based incentives and contextual performance self-rated

H 2d: There is a significant relationship between bonus based incentives and contextual performance boss-rated

3.3.3 Opportunities for Promotion

Robbins (2001) describes promotions as opportunity for more personal growth and social standing. Moreover, promotions tend to motivate the individuals by giving some sort of sense of achievement. The behaviour modifications have been observed theoretically as promotional plans tend to motivate the management level employees (Asch, 1990; Ehrenbert and Bognanno, 1990; Prendergast, 1999; Dencker, 2009). Opportunities for promotion are positively related to employee performance in different contexts as employees feel fairness in their

career progression within the organisation (Shirom and Rosenblatt, 2006; Chu and Liu, 2008; Schottner and Thiele, 2010). In developing countries context, promotion based programs are particularly used to motivate managerial level employees (Tessema and Soeters, 2006; Ali and Ahmad, 2009). The current study seeks to examine that opportunities for promotion are linked significantly with task and contextual performance.

H 3a: The opportunities for promotion are significantly correlated with task performance self-rated

H 3b: The opportunities for promotion are significantly correlated with task performance boss-rated

H 3c: The opportunities for promotion are significantly correlated with contextual performance self-rated

H 3d: The opportunities for promotion are significantly correlated with contextual performance boss-rated

3.3.4 Sense of Recognition

Organisations use variety of recognition programs for the employees keeping in view their overall objectives and strategies in practice (Brun and Dugas, 2008). The non-financial rewards are equally effective as compared to financial rewards whereas there is an added advantage of less cost involved in case of intrinsic rewards (Peterson and Luthans, 2006). Obviously, the cost factor is one of the core reasons of increasing popularity of intrinsic rewards like sense of recognition for both managerial as well as non-managerial employees (Stajkovic and Luthans, 2003; Peterson and Luthans, 2006; Brun and Dugas, 2008; Long and Shields, 2010). In Pakistani context, Ali and Ahmad (2009) find the significant direct relationship between recognition and employee performance. The current study seeks to test sense of recognition relationship with task and contextual performance including citizenship behaviour.

H 4a: There is a significant relationship between sense of recognition and task performance self-rated

H 4b: There is a significant relationship between sense of recognition and task performance boss-rated

H 4c: There is a significant relationship between sense of recognition and contextual performance self-rated

H 4d: There is a significant relationship between sense of recognition and contextual performance boss-rated

3.3.5 Job Characteristics

The nature of job is very important factor as it helps employees to seek intrinsic motivation within the work and inducing them to show improved performance (Hackman and Oldham, 1976 and 1980). Job activities or contents full of pleasure and satisfaction not only motivate the employees but increase the chances of learned skills usage to improve the performance (Kuvaas, 2006). The job characteristics as job design tend to lead towards better employee engagement and this improved employee engagement urges employees to show enhanced performance at work place (Shantz et al., 2013). It is hypothesised Job characteristics (as composite variable) has significant relationship with task and contextual performance including citizenship behaviour of front line managers.

H 5a: There is a significant relationship between job characteristics and self-rated task performance of front line managers.

H 5b: There is a significant relationship between job characteristics and boss-rated task performance of front line managers.

H 5c: There is a significant relationship between job characteristics and self-rated contextual performance of front line managers.

H 5d: There is a significant relationship between job characteristics and boss-rated contextual performance of front line managers.

3.4 Mediating effects of procedural and distributive justice in rewards-performance relationships

Organisational Justice is referred to employees' perceptions about fairness of processes and allocations in organisations (Greenberg and Colquitt, 2005) and these perceptions of fairness have noticeable effects on different employee outcomes in organisations (Colquitt, 2001). According to Poon (2012), procedural justice emphasises on the "fairness of the procedures used in making resource-distribution decisions" (p-1507). Fairness in procedures is important because of helping employees in terms of having control on the decisions to have some fair outcomes accordingly (Balder and Tyler, 2005). On the other hand, distributive justice refers to the fairness in distribution of resources in the organisations (Greenberg, 1987). Employees assume the distribution of resources as fair if the rewards offered are large enough paying-off the inputs/efforts contributed by them (Ambrose and Arnaud, 2005).

The organisational justice has significant relationships with both rewards and employee performance. The procedural justice and distributive justice have been examined as mediators in different recent studies (Zhang and Agarwal, 2009; Lee et al., 2010; Hefferman and Dundon, 2012; Wang, Ma and Zhang, 2014). As the existing literature does not reflect upon the testing of organisation justice as mediator in reward-performance relationships, the current study intends to address this gap by examining procedural and distributive as potential mediators in rewards-performance relationships in local context.

3.4.1 Procedural Justice as Mediator

The study seeks to examine the potential mediator role of procedural justice in rewards-performance relationships particularly in local

context. Procedural justice is hypothesised to mediate the relationships of pay with task and contextual performance in this study.

***H 6a:** Procedural justice mediates the relationships between pay and task performance self and boss-rated.*

***H 6b:** Procedural justice mediates the relationships between pay and contextual performance self and boss-rated*

Bonus based incentives are expected to be significantly related to individual performance of front line managers and this interaction is tested to be mediated by procedural justice.

***H 7a:** Procedural justice mediates the relationship of bonus based incentives with task performance self and boss-rated*

***H 7b:** Procedural justice mediates the relationship of bonus based incentives with contextual performance self and boss-rated.*

The opportunities for promotion are linked with task and contextual performance and this relationship is hypothesised to be mediated by procedural justice.

***H 8a:** Procedural justice mediates the relationship of opportunities for promotion with task performance self and boss-rated*

***H 8b:** Procedural justice mediates the relationship of opportunities for promotion with contextual performance self and boss-rated*

The intrinsic rewards are linked significantly with employee performance. However, the relationship between sense of recognition and individual performance is tested to be mediated by procedural justice in this study.

***H 9a:** Procedural justice mediates the relationship of sense of recognition with task performance self and boss-rated*

***H 9b:** Procedural justice mediates the relationship of sense of recognition with contextual performance self and boss-rated*

The relationship between job characteristics with task and contextual performance is tested to be mediated by procedural justices.

***H 10a:** Procedural justice mediates the relationship of job characteristics with task performance self and boss-rated*

***H 10b:** Procedural justice mediates the relationship of job characteristics with contextual performance self and boss-rated*

3.4.2 Distributive Justice as Mediator

Distributive justice is hypothesised to mediate the relationships of pay with task and contextual performance in this study.

***H 11a:** Distributive justice mediates the relationships between pay and task performance self and boss-rated.*

***H 11b:** Distributive justice mediates the relationships between pay and contextual performance self and boss-rated*

The relationship between bonus based incentives and individual performance in terms of task and contextual performance is hypothesised to be mediated by distributive justice in this study.

***H 12a:** Distributive justice mediates the relationship of bonus based incentives with task performance self and boss-rated*

***H 12b:** Distributive justice mediates the relationship of bonus based incentives with contextual performance self and boss-rated.*

The opportunities for promotion are linked with task and contextual performance and this relationship is tested to be mediated by distributive justice.

***H 13a:** Distributive justice mediates the relationship of opportunities for promotion with task performance self and boss-rated*

***H 13b:** Distributive justice mediates the relationship of opportunities for promotion with contextual performance self and boss-rated*

The relationship between sense of recognition and individual performance as task and contextual performance is hypothesised to be mediated by distributive justice.

H 14a: Distributive justice mediates the relationship of sense of recognition with task performance self and boss-rated

H 14b: Distributive justice mediates the relationship of sense of recognition with contextual performance self and boss-rated

The distributive justice is tested to be mediated the relationship between job characteristics with task and contextual performance in this study.

H 15a: Distributive justice mediates the relationship of job characteristics with task performance self and boss-rated

H 15b: Distributive justice mediates the relationship of job characteristics with contextual performance self and boss-rated

3.5 Conclusion

This chapter reflects upon the rational and significance of research framework designed for the current study. The selection of extrinsic and intrinsic rewards such as pay, bonus based incentive, opportunities for promotion, sense of recognition and job characteristics have been discussed in view of relevant study framework. The chapter further discusses the organisational justice as procedural and distributive justice as potential mediators for rewards-performance relationships and highlights the significance of this mediating interaction particularly in local context. Furthermore, the main frame hypotheses are developed for the current study. After explaining framework and study hypotheses, the next chapter deals in comprehensive discussions about the research methodology and intended research design selected for current study.

Chapter 4

Research Methodology

4.1 Introduction

This chapter highlights the comprehensive research methodology for intended research study. The research philosophy is discussed with particular focus on deductive approach as suitable one for current study. The chapter focuses on research strategy as quantitative approach which is selected for this study and explains the choice accordingly. The different research designs are discussed and the choice of cross-section survey based research design is justified. The concepts of reliability and validity, its types have been discussed. The study implies stratified random sampling technique and comprehensive procedure of stratified random sampling for the said study is explained and discussed. Furthermore, the chapter highlights the choice of self-completion questionnaire for the current survey based research. The questionnaire measures are explained and the pilot study results/findings have been discussed. The ethical considerations, data collection process and data analysis tools and techniques as Pearson's correlation, structural equation modelling (SEM) are discussed and their suitability (rational) for the current study is explained.

4.2 Research Philosophy

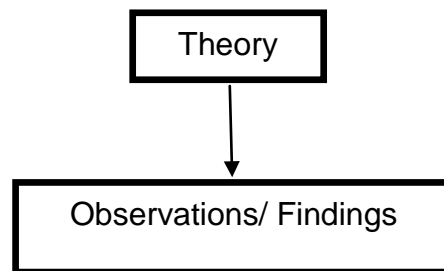
The research philosophy comprises of aspects such as theory orientation of research, epistemological considerations, ontological considerations and research strategy. All these mentioned conceptual terms are important for research studies and have been discussed with proper understanding of each concept. Moreover, the selected

approach/strategy has been justified keeping in view the requirements of the current research study.

4.2.1 Deductive and Inductive Approaches

There are two approaches used in literature as deductive approach and inductive approach.

Deductive Approach



Inductive Approach

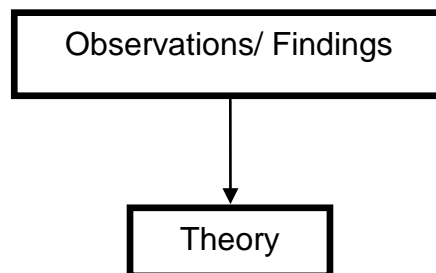


Figure 3 Deductive and Inductive approaches

Deductive approach involves testing of theory as hypotheses are developed based on some existing theory and are tested against data collected quantitatively to find out causal relationships among variables (Saunders, Lewis and Thornhill, 2009). The researcher remains independent of research being carried out. The sample size needs to be large enough to help in generalizing the finding of the research study. Whereas, Inductive approach involves theory building as data are collected and theory is developed on the basis of findings/conclusions of data collected and analysed. The researcher needs to be the part of the

study and there has been less concern for generalization of the findings (Saunders, Lewis and Thornhill, 2009, Bryman, 2012).

The researcher has followed the *deductive approach* in this research as research questions/ hypotheses have been developed keeping in view the existing theories in the field of reward and performance management. There have been points justifying the selection of deductive approach like testing to theories in different context, large sample size aiming towards generalization of findings and finding directional relationships among variables as pay, bonuses, promotions, recognition, job characteristics and performance of the front line managers. Keeping in view, the social exchange theory (Blau, 1964) and two factor theory (Herzberg, 1966), this research intends to examine the rewards being offered by the organisations and their impact on the performance of front line managers; hence testing the assumptions of mentioned theories in local context.

4.2.2 Epistemological Considerations

Epistemology refers to discussion about what is regarded as acceptable knowledge in the field of study (Bryman, 2012). There are two epistemological positions used in research as Positivism and Interpretivism. "Positivism is an epistemological position that advocates the application of the methods of the natural sciences to the study of social reality and beyond" (Bryman, 2012, p-28). There has been increasing trend of imitation of positivist position in epistemological considerations for social sciences. Positivism entails for the discussion of knowledge that is confirmed by sense, testing of theory in terms of hypotheses development and confirming it through data analysis/findings, or collecting data and analysing it to lay down the foundation of theory building. It further emphasises that scientific research must be objectively done and there should not be any association of values (subjectivity) to research. Bryman (2012) adds to discussion highlighting the distinction between scientific

statements and normative statements and explains the positivism position as dictating the supremacy of scientific statements over normative ones.

On the other hand, according to Bryman (2012), Interpretivism is based on the view that there should be a clear differentiation between people and object of natural sciences. It further requires the social researchers to fully understand the concept of subjectivity in social action. The researchers try to interpret others' interpretations on particular social actions and discuss these with an aim of coming up with some sort of surprising findings/conclusions. The researchers try to make sense and understand the world around them and this is done in a continuous way by interacting with others and giving meaning to their concepts about others around them based on this interaction. This is what Interpretivism is based on and all about in terms of its background and understanding (Saunders, Lewis and Thornhill, 2012).

This study implies the positivism position and core focus of study remains theory testing in scientific way by means of hypotheses development and testing by quantitative data analysis. Bryman (2012) posits the view as "the deductive approach to the relationship between theory and research is typically associated with positivist position" (p- 31). The deductive approach has been applied in this research and highlights its compatibility with positivist epistemological position. If rewards are designed and allocated properly, the employees derive intrinsic motivation out of this and tend to show improved performance at work place (Blau, 1964; Lawler, 2000). Some significant reward-performance relationships are hypothesised in the current research and there are studies in the developing countries in the field of HRM-performance and reward management; highlighting the application of positivism synergized with deductive approach (Morgeson and Humphrey, 2006; Tessema and Soeters, 2006; Ali and Ahmad, 2009).

4.2.3 Ontological Considerations

Ontological considerations revolve around the discussion focused on the nature of reality and its related aspects (Saunders, Lewis and Thornhill, 2012). There are two types of ontological positions as Objectivism and Subjectivism. The objectivism refers to “the position that social entities exist in reality external to social actors” (Saunders, Lewis and Thornhill, 2009, p-110). A particular example for objectivism can be discussed as management working in organizations. The organization has its rules and regulations employees are supposed to abide by and job descriptions are designed to help employees understanding and performing particular work activities. All events are derived with reference to specific functions and are compatible with overall organisation’s work philosophy. This is what objectivism entails for rejecting the idea of perception based meanings to events/actions by social actors.

The subjectivism posits the view that “social phenomena are created from the perceptions and consequent actions of social actors” (Saunders, Lewis and Thornhill, 2009, p-111). This term is often termed as constructionism or social constructionism (Bryman, 2012). A good example can be explained here as talking about a research involving the customers for some particular product or service in an organisation. The customers tend to visit the organizations and draw an image based on their self-perceptions and this image leads them to see others in the same frame of reference and customers start giving meaning to different things/events accordingly. As a researcher, one has to study the subjective reality of the customers to well understand their motives, actions and behaviours in a meaningful way (Saunders, Lewis and Thornhill, 2012).

The current research implies the objectivism position. The employees, particularly first line managers are supposed to perform in adherence to the prescribed job descriptions. The performance of sample respondents as first line manages has been assessed and this

assessment is done with their responses based on self-perceptions. To modify the processes, it is imperative for organisations to identify and understand what employees perceive about existing processes or procedures and it further facilitates the organisations to motivate and retain employees for longer period as well. However, the responses from their respective supervisors have also been obtained separately to address the issue of subjectivity and to ensure cross validation in the study.

4.2.3 Research Strategy

In general, there are two types of research approaches for data collection and analysis namely quantitative approach and qualitative approach in the research studies. These are termed as research strategies as help the researchers to conduct the overall research in a systematic way (Bryman, 2012). The quantitative approach is referred to “a research strategy that emphasises quantification in the collection and analysis of data” (Bryman, 2012, p-35). Moreover, in quantitative approach, the researchers make use of or generate numerical data to find out the answers of research questions. The quantitative approach makes use of mathematical and statistical knowledge and skills as well.

According to Bryman (2012), the core features of quantitative approach are;

1. It supports deductive orientation and testing of theory
2. Suits to natural science model, particularly with positivism
3. Fits well with Objectivism ontological considerations.

There are software packages such as statistical package of social sciences (SPSS), statistical analysis system (SAS) and analysis of moment structure (AMOS) commonly used for quantitative data analysis and interpretation worldwide (Hair et al., 2006; Pallant, 2010).

Table 2 Quantitative and Qualitative Research Strategies

| | Quantitative Research | Qualitative Research |
|------------------------------------|------------------------------|----------------------------------|
| Role of Theory | Deductive; testing of theory | Inductive; development of theory |
| Epistemological Orientation | Positivism | Interpretivism |
| Ontological Orientation | Objectivism | Constructionism (Subjectivism) |

Source: Bryman (2012), p-36

On the other hand, the qualitative approach is referred to “a research strategy that usually emphasises words rather than quantification in the collection and analysis of data” (Bryman, 2012, p-36). The qualitative approach generates or makes use of non-numerical data collection and analysis (Saunders, Lewis and Thornhill, 2009). According to Bryman (2012), the core features of qualitative approach are;

1. It supports inductive orientation and theory building
2. Suits to Interpretivism approach
3. Compatible with constructionism.

The qualitative approach is extensively used in literature and related fields research works. There is another approach termed as *Mix Method* research approach which implies the combined usage of both qualitative and quantitative approaches. However, the mix method approach is complex and comprehensive research strategy and should be used with proper understanding and justification; particularly keeping in view the requirements of the research work under investigation.

This study adopts the quantitative approach for data collection and analysis. The choice of quantitative approach has been made keeping in view the following factors as;

- The study is based on deduction based orientation
- The study falls under positivism realm.
- The research considers the objectivism ontology.
- It is survey based research and questionnaire has been used for data collection.
- The quantitative data analysis tools such as SPSS or SAS facilitates proper analysis of data and findings of the intended research.

4.3 Research Design

Bryman (2012) posits a view that “research design provides a framework for the collection and analysis of data” (p-46). It is primarily a technique or set of techniques used for data collection and analysis. The research method is a specific technique used for data collection and analysis. It is important to identify and select some suitable research design for any research work to achieve its objectives (Sekaran, 2003). The reliability and validity are two critical and important factors that must be considered before developing any research design.

4.3.1 Reliability

Reliability refers to how consistent the measures are in the study. It is the measure of internal consistency and addresses the completeness and correctness of data. Cronbach (1951) coefficient alpha values are used to find out the reliability of measures used in the study. The construct reliability is commonly used type of reliability in social sciences research and explains the fact how well study constructs are accurate, consistent and reliable in view of intended research (Hair et al., 2006).

Alpha values up to .7 and above are considered good in terms of reliability for given constructs in any research project. However, the alpha values more than .6 are considered acceptable in some time constraints/academic studies as well (Pallant, 2010). The statistical package for social science (SPSS) is generally used to find out reliability values for study variables. Besides, the items with low values and inter-item reliability values can also be found using this tool (Pallant, 2010).

4.3.2 Validity

Validity is concerned with “the integrity of the conclusions that are generated from a piece of research” (Bryman, 2012, p-47). There are three types of validity found in research as measurement or construct validity, internal validity and external validity.

4.3.2.1 Measurement (Construct) Validity

This type of validity refers to whether a measure regarding a particular concept does really describe that concept that it is supposed to be measuring. The measurement validity or construct validity is generally used in quantitative research even for social sciences. Typical example comes from IQ test measuring the intelligence. The construct validity has been checked by reliability analysis and factor analysis in this study (Hair et al., 2006).

4.3.2.2 Internal Validity

Internal validity refers to a question “whether a conclusion that incorporates a causal relationship between two or more variables holds water” (Bryman, 2012, p-47). This validity explains the nature of causal relationship between two variables like X is the only variable to cause changes in Y, no other variable (s) does the same effect in Y in some particular study.

4.3.2.3 External Validity

The external validity ensures the generalisations of the findings/results in different contexts other than the one on which research

is based on. It is primarily concerned with taking appropriate sample sizes to obtain the factual findings that in turn would facilitate effective generalisation of the findings over to other particular contexts (Saunders, Lewis and Thornhill, 2012). The findings of this research work can be generalised particularly for manufacturing organisations as the sample textile industry is considered to be one of the key sources for providing skilled and semi-skilled workforce to other manufacturing industry in Pakistan.

4.3.3 Nature of Research Design

It is quite important to clearly identify and understand the nature or purpose of research work which is under investigation. Based on basic purposes, main research can be classified into three categories as exploratory research, descriptive research and explanatory research (Saunders, Lewis and Thornhill, 2012).

4.3.3.1 Exploratory Research

The research is revolved around the premises of discovering what is going on around some specific research area or topic. It is more broad and flexible kind of purpose of research. Generally a little is known in that specific area (s) at which the research project is intended to be conducted (Saunders, Lewis and Thornhill, 2012). The exploratory research has advantages like being flexible, open and much adoptable to emerging changes. On the other hand, it is quite tricky to handle exploratory research projects without losing sight of core research objectives. Being open and flexible nature of exploratory research, the researchers need to be focused on key objectives to achieve these.

4.3.3.2 Descriptive Research

The descriptive research entails for getting substantial knowledge about situations, scenarios, individuals and groups. It may be used as an integrated approach to both exploratory and explanatory researches (Saunders, Lewis and Thornhill, 2012). The descriptive research is commonly used in business management and social sciences research as

it helps the researchers to describe things with clarity, precision and accuracy (Sekaran, 2003).

4.3.3.3 Explanatory Research

The explanatory research posits the view of explaining relationships among study variables. It entails for the effects of independent variables on dependent variables being used in a research project. It helps researchers in helping causal relationships for selected variables in a particular research project (Saunders, Lewis and Thornhill, 2012). Along with descriptive research, the explanatory research is commonly applied in business studies as well as social sciences around the globe.

Keeping in view above mentioned purposes of research works, this research revolves around the ideas of explanatory research. The researcher is attempting to investigate the direct as well as indirect relationships between extrinsic and intrinsic rewards (independent variables) and individual performance (dependent variable) of the front line managers. The causal studies help in establishing relationships among study variables in some specific cultural or social context (Hair et al., 2006).

4.3.4 Types of Research Designs

The selection of appropriate research design is an important and crucial stage of a research process. Research design entails for the approaches to conduct the research project in terms of setting scope, collecting and analysing data and presenting the results/findings of the project. There are different types of research designs used in research works. According to Bryman (2012), there are different research designs being used in social and natural sciences and some brief detail is explained in this section.

4.3.4.1 Experimental Design

This design focuses on studying the experimental groups and control groups to find out the causal relationship between independent and

dependent variable for intended research. There are different types of experiments used in the modern scientific research designs like field experiments, laboratory experiments and quasi-experiments (Sekaran, 2003; Hair et al., 2006; Bryman, 2012).

Table 3 Types of Variables

| Variable | Description (meaning of variable) |
|------------------|--|
| Independent (IV) | Variable being manipulated or changed to predict or measure the change in dependent variable (s) |
| Dependent (DV) | Variable needs to be studied in terms of changes in response to some manipulation in other variables |
| Mediating (MV) | A variable explaining the relationship between independent and dependent variable as: IV(s) → MV → DV |
| Moderator | A variable influencing the relationship between independent and dependent variable as: IV(s) ———→ DV ↑ Moderator |
| Control | Variable which is kept constant to avoid interference in the relationship between independent variables and dependent variable (s) |

Sources: Hair et al. (2006); Saunders, Lewis and Thornhill (2012)

The core significance of experimental design is its more common usage as popular quantitative research design with better judgement. Moreover, it posits the suitable emphasis on causality determination in quantitative research (Hair et al., 2006).

4.3.4.2 Cross-Sectional or Survey Design

Cross-sectional design entails for collecting data for more than one case at single point of time. The data is analysed with quantitative tools to

study the pattern of association among study variables (Sekaran, 2003). It is often called as survey research which is quite famous for using questionnaires and structured interviews for relative large samples. Cross-sectional design can be used in both qualitative and quantitative research strategies. Cross-sectional design is based on the features as variations of different cases are observed in a same time, the whole process of the research is carried out in same phase or time, the data so obtained is fit to be measured in quantitative terms and posits the direction of the relationship between selected variables in particular works. However, unlike experimental design, there are concerns of testing causality in cross-section research designs which is relatively difficult to observe (Bryman, 2012).

According to Hair et al. (2006), the reliability and measurement validity is primarily concerned with the quality of construct(s) to be measured in study. It is important to establish proper reliability measures before conducting the research. It is relatively easier to replicate the activities starting from first point of respondents' selection up to analysis of data in cross-sectional designs. However, the internal validity is not that strong as its external validity as most of the survey research results can be generalised in given social or cultural contexts. In social sciences as well as in business studies, the cross-sectional survey based research designs in no doubt, remains the most popular and frequently used method specifically in context of quantitative research strategy (Bryman, 2012; Saunders, Lewis and Thornhill, 2012)

4.3.4.3 Other Research Designs

Longitudinal design is somewhat similar to survey based design but varies in terms of cost and time. The sample is supposed to be surveyed at least twice to collect data, hence time and cost factors are involved. The reliability, measurement validity, internal and external validity issues are somewhat similar in longitudinal designs as in cross-sectional research, however, the concept of causality could be better explained in long time

horizon studies like longitudinal ones (Tabachnick and Fidell, 2007). In academics, the cross-sectional designs are preferred owing to the fact of time and cost restraints; whereas, the importance of longitudinal designs is emphasised in professional research works or studies (Saunders, Lewis and Thornhill, 2009).

Case study design talks about the nature and complexity about some particular case under discussion. The case could be a single community, a single school, a family, an organisation or even a single person and it is most commonly used in sociology. It depends a lot on the nature of the selected case, how researchers are going to get the findings and would it be feasible for them to generalise the findings/interpretations. In spite of the problems of external validity, the case study is getting popular in modern research as it suits well with both cross-sectional and longitudinal research designs. Moreover, comparative design implies studying two contrasting cases using more or less identical methods for the purpose of comparison between cases. The comparative design as the name is suggesting, enables the researchers to examine the comparative account between different cases selected for research and can be done qualitatively and quantitatively.

4.3.5 Rational for Survey based Research Design Selection

After studying/ analysing all the types of research designs/strategies, the study in hand implies for the cross-sectional or survey based design for research. This choice has been made keeping in view of following factors;

- The study has been conducted with more than one case (400 sample size). The respondents as front line managers have been selected randomly from participating organisations.
- The research has been conducted at single point in time. All the responses have been obtained within the prescribed time schedule set for the data collection. All the analysis/findings have been based on the data collected in this time period only.

- The study makes use of quantitative/quantifiable data. The questionnaire method is used for collecting data as it is the most popular and frequently used quantitative tool in quantitative and survey based research. The Likert scales have been used in the questionnaire to measure the responses in terms of agreement (Strongly Agree to Strongly Disagree, 5-point Likert scale). Then data have been analysed with the help of Statistical Package of Social Science (SPSS) and Amos version 19 to support quantitative analysis and interpretation of results (Hair et al., 2006; Pallant, 2010).
- The study makes use of survey based research and this choice has been found suitable after consultation with peers in textile sector industry in Pakistan.
- Being an academic study, the cross-section design suits this research because of primarily time constraint (Saunders, Lewis and Thornhill, 2012).

There have been evidences of cross-section or survey based research design usages in different studies (Edwards et al., 2008; Yasmin, 2008; Ali and Ahmad, 2009; Danish and Usman, 2010; Ismail et al., 2011; Poon, 2012) in different cultural and social contexts and this research shares the features of mentioned research works such as sample size, nature of industry and use of quantitative strategy for data collection and analysis.

4.4 Population of Study

It is imperative for all research works to describe the characteristics of the target population keeping in view all concerns/aspects. The research in hand refers to discussion about the Pakistan, a developing country in Asia and Textile sector industry, one of largest industry in Pakistan. The population of the study has been explained keeping in view the country and industry profile.

4.4.1 Country Profile (Pakistan)

Pakistan is a developing country and has a total area of 796096 square kilometres. The country is rich in agriculture with fertile land and four different seasons in a year. The country holds strategically important position in the Asian continent and is situated in south Asia with India in its east, Iran in south-west, China in north-east and Afghanistan in north-west. Its total population is 169 million and according to census department of Pakistan, from total population, 52 per cent are males and 48 per cent are females (Population census organisation). The literacy rate is around 60 per cent and male population (54 per cent) is having high literacy rate in comparison to female population (38 per cent). The country has democratic political system in practice and elected parliament is the key institution with legitimate powers. The policy making process is done by this parliament under the guidelines prescribed by constitution of Pakistan. The textiles, cement, steel, sporting goods, fertilisers, and banking are some key industries in Pakistan.

4.4.2 Industry Profile (Textile Industry)

Being an agriculture country, textiles is one of the largest industries in Pakistan with a contribution of more than 60 per cent towards overall exports and around 40 per cent employment of total labour force in manufacturing sector. Textile industry is considered to be the nursery for producing skilled and semi-skilled labour and management employees particularly for manufacturing sector organisations in Pakistan. Textiles remain the prime export-oriented industry for country with major exports to USA (25 per cent) and EU (20 per cent) along with other countries like China, UAE, South Africa and Saudi Arabia (source: APTMA).

In order to cope with global competition in textile sector products, this industry is currently employing skilled human resources in the fields of Marketing, Production, and Quality Control. The major organisations in textile industry are striving hard to attract, motivate, and retain the skilled human capital for longer periods of time (Yasmin, 2008). The industry can

be divided in three sub-sectors keeping in view of its value addition processes namely ginning/spinning, processing and garments. The description about the major sub-sectors has been done separately to draw the holistic view about the industry.

4.4.2.1 Ginning/Spinning

This sub-sector entails for the first value addition by means of transformation of seed to raw cotton (Ginning process) and raw cotton to yarn (Spinning process). There are diversified qualities of yarn produced in Pakistani spinning sector. Most of fine quality yarn is exported to different countries around the globe where as other portion is consumed with in the country by different processing and garments organisation. The ginnerers are small units based firms which generally comprise of 10 to 20 employees and there are thousands of these small units which are actually not registered with APTMA. Whereas, most of the large and medium sized spinning organisations have their own dedicated ginning section and thus ensure vertical integration at this stage of production. There are around 60 spinning units which have been selected for this study and the criterion for selection is based on number of employees (more than 500) and registration with APTMA.

4.4.2.2 Processing

Processing is very vital field of textiles as it entails for different processes like Dyeing, Bleaching, Weaving and Knitting. Most of the textile sector organisations fall in the processing categories and this is also termed as Home Textiles. There are two types of products (course cloth) which are developed through these processes. For home textiles mainly comprising of bed linen (bed sheets and pillows), the dyeing, bleaching and finishing processes are available within all organisations. Small weaving units and knitting units also work separately in larger organisations in textile sectors and mainly comprise of labour employees. The knitted stuff serves as the core input for garments industry to produce huge variety of garments like polo shirts, sweat shirts, jeans, socks and

undergarments. There is a mushroom growth of small units in this sub-sector and the selection of the organisations for the said study again has been based on criterion of number of employees (more than 500) and registration with APTMA. There are around 100 organisations fulfilling this criterion that have been selected as part of the population for the said study.

4.4.2.3 Garments

Garments sub-sector is relatively new industry and is the final stage of value addition in the textile industry. There are different processes used in the garment manufacturing like cutting, stitching, finishing and packing. The key departments in garment organisation are production planning and control (PPC), industrial engineering, production and quality control. Thousands of garments for all nature and diversification have been produced on daily basis in different garment organisations. Almost all garment manufacturing organisations are export based and most of the production has been exported to different countries like USA and EU. The core products involve different types of shirts, trousers, undergarments, socks, and jeans. Keeping in view the number of employees and registration with APTMA, around 40 organisations have been selected from garment industry for the study in hand.

4.5 Sampling Techniques/Procedures for Study

Sampling is a process of choosing individuals or group of individuals representing some particular population under investigation to carry out some sort of statistical analysis (Creswell, 2004). Moreover, the sample is “the segment of the population that is selected for investigation” (Bryman, 2012, p-187). The sample should ideally reflect all the characteristics of the population and should be free from all biases (Hair et al., 2006). In general, there are two types of samples as probability sample and non-probability sample. Probability sample is selected on random basis and ensures the chances of being selected for all members of the

population under investigation whereas; non-probability sample is based on non-random selection of units from population (Bryman, 2012, Sekaran, 2003).

4.5.1 Probability Sampling

Probability sampling is based on random selection and commonly used in survey based research. There are different types of sampling methods used in probability sampling techniques like simple random sampling, systematic sampling, random stratified sampling and cluster sampling (Saunders, Lewis and Thornhill, 2012, Bryman, 2012). The probability sampling techniques are frequently used sampling methods used in social as well natural sciences research works as these tend to answer quite well the reliability and validity issues concerning the research. A sample which is selected randomly with the help of some manual or computer based technique is known as random sample. The random sampling method is quite common in survey based research as it is easily accessible and accurate (Saunders, Lewis and Thornhill, 2009).

According to Saunders, Lewis and Thornhill (2009), a sampling technique in which the “the population is divided into two or more relevant and significant strata based on one or a number of attributes” (p-228) is known as stratified random sampling. It is the modified form of simple random sampling. Systematic sample which is selected at regular intervals (systematic way) from the target population is known as systematic sample. In cluster sampling, the population is divided or categorised into groups or clusters based on types or forms. Different demographics or geographic considerations are commonly used to develop clusters in this sampling technique (Saunders, Lewis and Thornhill, 2012).

4.5.2 Non-probability sampling

The non-probability sampling is based on non-random selection and there are different types of non-probability samples like convenience sampling, snowball sampling and quota sampling (Bryman, 2012). The use of non-probability sampling techniques depends on nature and scope

of research(s) under investigation. However, these techniques have been used more purposively in the modern research works particularly in social science.

The techniques used for non-probability sampling have been discussed in this section. A sampling technique that account for samples which are easily available or readily accessible is known as convenience sampling. This technique is very rarely used in social research. Snowball sampling is a technique in which a group of individuals is selected which is relevant to research area and this group later on, is used to contact the other units of target population (Bryman, 2012). This term is getting popular in recent times. Quota sampling is the most demanded and sophisticated type of non-probability sampling and according to Bryman (2012), the quota sample is “that reflects a population in term of the relative proportions of people in different categories, such as gender, ethnicity, age group, socio-economic groups and region of residence, and in combination of these categories” (p-203). The quota sampling is commonly used in commercial research works.

4.5.3 Stratified Random Sampling Technique

This study implies for probability sampling and a stratified random sampling technique has been used to collect data. The probability sampling suits effectively to a survey based research (Saunders, Lewis and Thornhill, 2012) and that is why, has been selected for the study. The random stratified sampling has good efficiency, greater precision, and proper representation of the target population over simple random sampling (Sekaran, 2003). Somewhat similar procedures/methodology has been adopted by different research works done in the Asian context (Kumar, 2005, Sureshchander et al., 2002). The textile sector in Pakistan has been divided into three strata as spinning, processing and garments. According to Economic Survey of Pakistan (2011-12), there are so many small units in each of the stratum mentioned above. Most of these small units comprise of labour based employees with head count ranging from

10 to 50. As this study talks about the management employees particularly first line managers, therefore, organisations with employee head count more than 100 have been selected in all the sub-sectors. Moreover, all these organisations have been registered with APTMA (All Pakistan Textile Manufacturers Association), which is the most recognised and legitimate platform in the industry (Federal Board of Revenue, FBR, Pakistan).

According to criterion mentioned above, there were 102 organisations in the processing stratum, 41 organisations in garments stratum, and 59 organisations in spinning stratum. In each stratum, the organisations were further divided into three categories as large, medium and small. These categories were designed keeping in view the number of employees working in the organisations. The sample organisations were randomly selected for each stratum under the above mentioned categories. There were 20 organisations selected for data collection in all three strata and 20 sample respondents as first line managers were selected randomly from all the departments in the selected organisation. A total of 400 sample respondents were selected for the study.

By using random stratified sampling, 10 organisations were selected randomly from the first stratum (processing) and 06 organisations were selected randomly from second stratum (Spinning) and 04 organisations were selected randomly from third stratum (Garments). The organisations falling under different categories have been presented in Table 4. A total of 400 questionnaires were distributed to sample organisations to collect data from first line managers and the respondents were contacted in person by the researcher to maintain the confidentiality of their responses. Besides, the responses from respective supervisors for all respondents were also collected separately by using same questionnaire in this study.

Table 4 Stratified Sampling Process and Sample Size

| | Stratum | Population | Stratified Sample | Category | |
|---|------------------|-------------------|--------------------------|-----------------|---|
| 1 | Ginning/spinning | 59 | 06 | Large | 2 |
| | | | | Medium | 2 |
| | | | | Small | 2 |
| 2 | Processing | 102 | 10 | Large | 4 |
| | | | | Medium | 3 |
| | | | | Small | 3 |
| 3 | Garments | 41 | 04 | Large | 1 |
| | | | | Medium | 2 |
| | | | | Small | 1 |

4.6 The Sample Size

As discussed earlier in sampling section, a random stratified sampling technique has been used for the study. 20 organisations have been selected randomly for all three stratum like Spinning, Processing and Garment sub-sectors. The number of organisations in each stratum is reported in Table 4.4. From each randomly selected organisation, 20 sample respondents have been selected. This selection of sample respondents as first line managers has been done randomly from all departments like marketing, production, quality control, industrial engineering, research and development, finance, human resources, accounts and administration. In this way, a total of 400 respondents have been obtained and all the respondents have been contacted in person by the researcher.

4.7 Data Collection

Collecting data is one of the important aspects of overall research designs in any research work (Hair et al., 2006, Pallant, 2010). A period of

three months has been set for final data collection from the sample respondents as front line managers and their respective supervisors. The type and nature of the instrument used in data collection is quite important as it tends to explain or address the reliability and measurement validity issues (Sekaran, 2003). In a survey based research, the commonly used data collection instruments are structured interviews and self-completion questionnaires.

4.7.1 Data Collection Instruments

As mentioned above, the structured interviews and self-completion questionnaires are commonly used and popular data collection instruments used in survey based research (Saunders, Lewis and Thornhill, 2012).

4.7.1.1 Structured Interviews

It is one of the commonly used data collection technique in social research. The interview contains uniform (structured) questions for all respondents and this helps in better understanding of the individual responses (Bryman, 2012).

The advantages of structured interviews can be;

- Standardised questions make life bit easier for researcher as well as for respondents
- It can be repeated quite easily for reliability purpose.
- Offers better and clear scope of issue concerned
- The interviewee' effect can turn the heat on by making it more comfortable for respondents

The disadvantages of structured interviews are;

- Fear of confidentiality or lack of openness
- Sometime turns complicated, resulting problems
- Interviewers' bias is there.
- Time and venue constraints as requires availability of both interviewer and interviewee at same place.

4.7.1.2 Self-Completed Questionnaires

The self-completed questionnaires are commonly associated with survey based research as it is relatively easier to get data for quantitative analysis (Bryman, 2012). The social researchers are keen to use the questionnaires along with structured interviews. According to Bryman (2012), there are advantages and disadvantages of self-completion questionnaires;

Advantages of questionnaire;

- Its relatively cheaper to administrate the self-completion questionnaire
- It saves time as being quicker to administer
- There is no chance for personality bias (interviewer's effect)
- No intrusion or manipulation from interviewer side
- Relatively convenient for respondents
- It can be done with full confidence on part of respondents

Disadvantages of questionnaires

- Difficulty in understanding on part of respondents
- Difficulty in asking other sort of questions
- Difficulty in filling the responses
- It does not offer additional data as responses are limited
- Risk of missing data on part of respondents
- Lower response rates can also be there

The current research makes use of self-completion questionnaire for collecting data. The responses are obtained from both the front line managers (sample respondents) and their respective supervisors from the participative organisations in textiles sector industry. The questionnaire is developed by adopting measures from existing research works done in different contexts in the field of rewards-performance relationships. The

measures used in the questionnaire are explained for study constructs in the following section in detail.

4.7.2 Questionnaire Measures for Research Constructs

This study implies the use of survey based method that is considered to be the most reliable method in positivist research (Creswell, 2004). A questionnaire has been designed by adopting measures from existing studies (Motowidlo and Van Scotter, 1994; Morgeson and Humphrey, 2006; Tessema and Soeters, 2006, Tubre, Arther and Bennett, 2006; Ali and Ahmad, 2009) to get the response from the front line managers from the selected organisation. The questionnaire comprises of measures for pay, bonus based incentives, opportunity for promotion, recognition and job characteristics as independent variables with task and contextual performance as dependent variables. The organisational justice measures (procedural and distributive justice only) have been used as potential moderators in the reward-performance relationships predicted in this study.

4.7.2.1 Pay

This study seeks to examine the merit pay or base pay and perceptions of sample respondents about merit pay. To measure the pay, 6 questions have been used in this study. This construct comprises of questions used in earlier studies as Tessema and Soeters (2006) and Ali and Ahmad (2009). These questions assess the perceptions of the respondents regarding their satisfaction from pay and motivation to perform. For example : (1) “My salary is satisfactory in relation to what I do?” and (2) “I earn the same as or more than other people in a similar job” and (3) “Salary increases are decided on a fair manner” and (4) “My salary encourages me to perform better”. The respondents have reported their perception of agreement to the questions and 5-point Likert scale of agreement has been used for this construct ranging from (1) “strongly disagree” to (5) “strongly agree” in this study.

4.7.2.2 Bonus based incentives

Along with pay, bonus based incentives are important mandatory reward being offered in textile sector industry. Bonus based incentives are measured by 4 question taken from Worldatwork.com reward survey (2011). These questions help in exploring the perceptions of the respondents regarding bonuses offered to them, intensity and relationship with performance in textile sector organizations. The questions for example: (1) "Intensive bonus plans result in high performance" and (2) "I have fair opportunities for winning bonuses" and (3) "Supervisor's recommendations are important in winning bonuses" are available in this construct. A 5-point Likert scale ranging from (1) "Strongly disagree" to (5) "Strongly agree" has been used to measure the responses of the sample managers.

4.7.2.3 Opportunities for Promotion

The promotional opportunities are significantly related to overall performance of the employees. In this study, opportunities for promotion have been measured by using 4 questions adopted from Tessema and Soeters (2006) and Ali and Ahmad (2009). The questions help respondents to describe their satisfaction with promotional opportunities and their possible relationship with individual performance. The scale contains items like: (1) "Everyone has an equal chance to be promoted" and (2) "Staff are promoted in a fair and honest way" and (3) "Promotion decisions are based on merit". All items have been measured by using 5-point Likert scale starting from (1) "Strongly disagree" to (5) "Strongly agree" in this study.

4.7.2.4 Sense of Recognition

This construct is measured by 3 questions adopted from Ali and Ahmad (2009) and developed by De Beer (1987) in this research. The sense of recognition as an example of intrinsic rewards has been used to assess the perceptions of the respondents about organisations' treatment to them. The scale contains items like: (1) "I am praised regularly for my

work” and (2) “I get credit for what I do” and (3) “I am told that I am making progress”. The respondents have been asked to report their agreement and for this purpose, a 5-point Likert scale as (1) “Strongly disagree” to (5) “Strongly agree” is used to measure the responses.

4.7.2.5 Job Characteristics

Job characteristics as a single construct has been measured by using 10 questions taken from work development questionnaire (WDQ) developed by Morgeson and Humphrey (2006) and based on work of Hackman and Oldham (1976). The construct contains the questions assessing the perceptions of the respondents about task identity, task significance, skill variety, autonomy and feedback of their respective jobs and that is why 10 questions have been used to measure all five dimensions of job characteristic theory (Hackman and Oldham, 1976). The scale has been measured by using 5-point Likert scale of agreement ranging from (1) “Strongly disagree” to (5) “Strongly agree” for this study.

4.7.2.6 Organisational Justice Measures

The organizational justice serves as potential mediator in this study and two types of organizational justice measures as procedural justice and distributive justice have been selected for the current study. Lambert et al. (2005) developed 9 questions which have been used to measure the procedural and distributive justice to assess the perceptions of the respondents in this study. The construct is measured by 5-point Likert scale as (1) “Strongly disagree” to (5) “Strongly agree” for the current study.

4.7.2.7 Procedural Justice

5 questions developed by Lambert et al. (2005) have been used to measure procedural justice. The construct contains questions such as: (1) “Promotions are seldom related to employee performance” and (2) “Promotions are done fairly here” and (3) “The standards used to evaluate my performance at this place have been fair and objective” and (4) “Supervision at this place give full credit to ideas contributed by

employees”. The construct is used to get the responses from the sample managers about their perception regarding fairness in organisational processes or procedures. The 5-point Likert scale starting from 1) Strongly Disagree to 5) Strongly Agree has been used to measure this construct.

4.7.2.8 Distributive Justice

The distributive justice is measured by 4 questions developed by Lambert et al. (2005) in this study. The construct contains questions such as: (1) “I am fairly rewarded at this place based upon my education level and job skills” and (2) “I am fairly rewarded considering the responsibilities and work I do” and (3) “At this place, I am not properly rewarded for my hard work”. The 5-point Likert scale starting from 1) Strongly Disagree to 5) Strongly Agree has been used to measure distributive justice.

4.7.2.9 Measuring Individual Performance

For the proposed research work, task performance and contextual performance (including Citizenship behaviour) is considered for measuring individual performance (Edwards et al, 2008). Besides, both performance measures make independent contributions to employee’s efforts to get rewards like pay and promotions. (Van Scotter et al.,1996).

4.7.3.0 Task Performance

The task performance is measured by 5 questions adopted from Edwards et al. (2008) and developed by Tubre, Arther and Bennett, (2006). The construct contains questions like: (1) “How much can you get done? (ability to make use of time and speed)” and (2) “How good is the quality of your work?” and (3) “How accurate is your work?” and (4) “How much do you know about the job?” and (5) “How large a variety of job duties can you perform efficiently?”. The respondents have been asked to report their responses by using 5 point Likert scale as (1) “Very Inferior performance” to (5) “Very superior performance”. The responses have been obtained both from employees (self-rated) and from their supervisors (boss-rated).

4.7.3.1 Contextual Performance (including citizenship behaviour)

The contextual performance (including citizenship behaviour) is measured by using 15 questions adopted from Edwards et al. (2008) and developed by Motowidlo and Van Scotter (1994). These questions are specifically designed to measure and assess the elements of both contextual performance and citizenship behaviour in the organisations and discuss the likelihood of employees doing that aspect of contextual performance. Besides, the construct comprises of questions such as: (1) “Comply with instructions even when supervisors are not present” and (2) “Cooperate with others in the team” and (3) “ Display proper appearance and bearing” and (4) “ Follow proper procedure” and (5) “Pay close attention to details” and (6) “ Defend the supervisor’s decision” and (7) “ Support and encourage a co-worker with a problem” and (8) “ Voluntarily do more than the job requires to help others”. The responses were measured by using 5 – point Likert scale ranging from (1) “Not at all likely” to (5) “Extremely likely”. The responses have been obtained by both sample respondents and their supervisors.

4.8 Pilot Study

The purpose of the pilot study is to check the reliability of the questionnaire items and it is important for researchers to use the instruments which are reliable particularly in the given sample context. The Pilot study is an important component of the overall research process (Hair et al., 2006). The questionnaire items were adopted from the pre-existing research works done in different cultural and geographical contexts and this questionnaire was used to collect the data for pilot study. All the questionnaire items were properly arranged in a document form with suitable cover letter explaining the core objectives of the pilot study.

The core objectives of the pilot study were:

- To check the reliability of the measures selected for the study in the local context.

- To know about the time and effort spent in completing the questionnaire.
- To identify and understand the potential issues faced by respondents in filling the questionnaires.
- To explore any changes/modifications in the questionnaire.

4.8.1 Sample Size for Pilot Study

For piloting, a sample of 30 peers (front line managers) was selected from 3 different textile sector organisations in Pakistan. The selection of the front line managers was made randomly with the help of Human Resource Department to participate in the data collection process. The selection of the participative organisations was done in a way that one organisation was selected from one sub-sector like spinning, processing and garments. The organisations were contacted through human resource department and the objectives of the pilot study were explained to the concerned stakeholders by the researcher in person. All stakeholders showed their keen interest in the said study and assured their full cooperation in the process of data collection. A total of 30 front line managers were selected taking 10 samples from each participative organisation. The researcher briefed the front line managers about the purpose of this research work and confidentiality of their responses. The respondents' participation was fully at their will and they were not forced or dictated to do so in any way.

4.8.2 Data Collection and Reliability Analysis

The data collection in pilot study was done from 30 front line managers as key respondents of the study. The process went smoothly and there were no major concerns such as filling of questionnaire, understanding of questions shown by either the front line managers or participative organisations. The descriptive statistics showed that there were 27 males (90 %) and 3 females (10 %) respondents and all of these

respondents were post-graduated. The experience was ranging from 3 years to 10 years for the respondents.

To check the reliability of the questionnaire items, Cronbach's alpha (Cronbach, 1951) was computed for all the variables used in the study. All the variables were having alpha values .7 and above which is good (Pallant, 2010) except bonuses based incentives (.63). The reliability values for all study constructs have been reported in Table 4.6 below;

Table 5 Reliability Values for Study Constructs (N = 30)

| Constructs (Variables) | Alpha Values |
|--|---------------------|
| Pay | .81 |
| Bonus based Incentives | .63 |
| Opportunities for Promotion | .75 |
| Sense of Recognition | .73 |
| Job Characteristics | .82 |
| Procedural Justice | .71 |
| Distributive Justice | .72 |
| Task Performance | .76 |
| Contextual Performance (including citizenship behaviour) | .88 |

All measures were adopted from existing studies and their measurement validity was established in the given field of literature. The reliability analysis at piloting stage ensured that the questionnaire items were suitable for this study in given context and this instrument could be used for the final data collection (Pallant, 2010).

4.8.3 Data Analysis

All questionnaires were found completely filled and there was no missing data or entry. The responses were assigned codes to enter data in SPSS version 19 for analysis. As the sample size for the pilot study was small (30 respondents only) so it was more likelihood of improper variable testing against the set hypotheses and some weak relationships could be

found. After final data collection and with greater sample size (400 respondents), the relationships among selected variables would be appropriate to examine by using statistical tools and models. The correlation values for pilot study have been reported in Table 6 for this study.

Table 6 Pearson's Correlation Analysis ($N = 30$)

| Variable | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|----------|---|------|------|-------|-------|-------|------|-------|-------|
| 1. P | 1 | .21* | .44* | .40* | .07 | .25* | .21* | -.20* | -.13 |
| 2. BBI | | 1 | .24* | -.10 | -.12 | .35* | .33* | .38* | .06 |
| 3. OP | | | 1 | .68** | .51** | .36* | .18* | -.14 | .06 |
| 4. SOR | | | | 1 | .61** | .45** | .25* | .02 | .19* |
| 5. JC | | | | | 1 | .25* | .13 | .27* | .45** |
| 6. PJ | | | | | | 1 | .40* | .24* | .31* |
| 7. DJ | | | | | | | 1 | .20* | .44** |
| 8. TP | | | | | | | | 1 | .40** |
| 9. CP | | | | | | | | | 1 |

*correlations are significant at $p < .05$, **correlations are significant at $p < .01$. **P** (pay), **BBI** (bonus based incentives), **OP** (opportunities for promotion), **SOR** (sense of recognition), **JC** (job characteristics), **PJ** (procedural justice), **DJ** (distributive justice), **TP** (task performance), **CP** (contextual performance).

According to Pearson's correlation analysis, the pay was significantly but negatively correlated with task performance ($r = -.20$, $p < .05$) and non-significantly related to contextual performance ($r = -.13$). The bonus based incentives were positively and significantly related to task performance ($r = -.20$, $p < .05$) and a weak correlation was found between bonus based incentives and contextual performance ($r = .06$). There was negative non-significant relationship found between opportunities for promotion and task performance ($r = -.14$) and weak non-significant relationship with contextual performance including citizenship behaviour ($r = .06$). There was no relationship found between sense of recognition and task performance, however, a significant positive relationship was found between sense of recognition and contextual performance ($r = .19$, $p < .05$). There were positive and significant relationships were found between

job characteristics and task performance ($r = .27, p < .05$) and contextual performance ($r = .45, p < .01$) for front line managers in the pilot study. As the sample size was too small ($N = 30$) so these results have been considered tentatively. Moreover, no regression model was run for this data at that stage.

The pilot study revealed the fact that questionnaire items were reliable in the textile sector industry context and there were no major concerns faced by sample respondents in this study. All the objectives of the study were achieved and the questionnaire was found fit for final data collection.

4.9 Final Data Collection

The data collection is one of the important aspects of the research project. As mentioned earlier in sampling section, 20 organisations were randomly selected for data collection. 10 organisations in the processing sub-sector, 06 organisations in spinning sub-sector and 04 organisations in garments sub-sector were selected randomly. Each organisation was visited by the researcher in person and formal procedure for getting approval for data collection was adopted. The researcher was issued a security ID card in almost all the organisations to enter the premises in order to make contact with target respondents as first line managers. Almost mixed sort of feedback was there for this effort as most of the organisations showed great interest in the whole process. There were some examples where the management was not that much cooperative and helpful and researcher had to drop these organisations as participation in the survey was strictly at will.

In some organisations, the researcher was given an opportunity to deliver some brief lecture about the purpose and contribution of this research work particularly in textile field in Pakistan. Overall, the employees (target respondents) were found to be excited and keen to participate in the survey and they expressed their point of view about the

intended questions with full freedom of expression based on their self-perceptions about job and respective organisation. The respondents were contacted by the researcher with the help of Human Resource department in most of the organisations. In case, if there was no H R department, the administration department was there to support the process of data collection. During the process of data collection, all possible efforts were made to select sample respondents randomly from all the departments available in selected organisations.

The responses from first line managers were obtained first and then their respective supervisors were contacted to fill in the questionnaire for their subordinates' performance. The complete confidentiality of responses was maintained throughout the process. The responses of front line managers and their immediate supervisors were not shared with each other. It is important to mention that there were 3 to 5 front line managers working in same departments under one middle manager (immediate boss) and the same supervisor was approached to obtain the supervisory responses for all his or her subordinates; the front line managers. All the respondents and their supervisors were approached directly by the researcher. However, in some organisations, the human resource department was contacted to distribute the questionnaire to obtain the responses for the current research. The list of final 20 organisations along with their sub-sector has been reported in Table 7.

Table 7 Participating organisations

| Sr. No. | Organisation | Sector |
|----------------|------------------------------|---------------|
| 1 | Masood Textile Mills Limited | Spinning |
| 2 | Aamir Spinning Mills | Spinning |
| 3 | Master Textile Mills | Spinning |
| 4 | Sapphire Spinning Mills | Spinning |
| 5 | Sapphire Textile Mills | Spinning |
| 6 | Amtext Spinning Mills | Spinning |

| | | |
|----|--------------------------------|------------|
| 7 | Nishat Textile Mills Limited | Processing |
| 8 | Key & Emms Limited | Processing |
| 9 | Crescent Textile Mills Limited | Processing |
| 10 | Klash Textiles | Processing |
| 11 | Chenab Textile Mills Limited | Processing |
| 12 | Kamal Textiles Mills | Processing |
| 13 | Arshad Textile Mills Limited | Processing |
| 14 | Sitara Textile Mills Limited | Processing |
| 15 | Sadaqat Textile Limited | Processing |
| 16 | J K Textiles Mills | Processing |
| 17 | Masood Garments | Garments |
| 18 | Interloop Mills Limited | Garments |
| 19 | Amtex Garments | Garments |
| 20 | Crescent Bahuman Limited | Garments |

The total time of 3 months was scheduled for final data collection (December 2012 to February 2013). The data was collected within time frame and a total of 400 questionnaires were distributed to respondents in above mentioned 20 organisations. In some organisations, the researchers got to opportunity to brief the sample respondents about the purpose and nature of the intended study and data collection effort. The respondents at most of the organisations were keen to participate and know the results of the findings once the report was finalised after completion of the study. The filled questionnaires were collected by the researcher in person both from first line junior managers and their respective supervisors. The support of concerned human resource departments was great and made things easier for researchers in terms of contacting front line managers and their respective supervisors in particular. The whole process of data collection was completed in accordance with scheduled time frame for this study.

4.10 Ethical Issues/ Considerations

There are following points that have been considered in terms of ethical considerations as;

- As all organisations are private so formal approval has been obtained before visiting the premises. In each organisation, specific visitor's ID card has been issued to researcher to carry out the data collection.
- The participants have been contacted through respective Human Resource departments in almost all participating organisations. The participants have been treated well with no compromise on their integrity and willingness.
- The participation to the survey has been made willingly by the first line managers with no pressure or force by the management of respective firm.
- The responses have been obtained in person by the researcher to maintain the freedom of expression as well as confidentiality of responses.
- The participants have been briefed about the purpose of data collection and nature of research project and its aimed contribution to the textile industry in general.
- The participating organisations have been informed about the sharing of the results/findings of the study in order to get benefit out of this research work.
- The responses from respective supervisors of each respondent have been obtained separately in person by the researcher.
- Special permission has been obtained from the respondent front line managers about writing their names on top of the questionnaires filled in by their respective supervisors. Without this, it was difficult for supervisors to rate their different subordinates performance accordingly.

- No personal or sensitive data have been obtained from the sample respondents (front line managers) in this research.
- Where required, some general brief sessions are conducted by the researcher to facilitate the respondents (in groups) about better understanding of the questionnaire items and to fill in the questionnaires according to their best knowledge and choice.
- The final data are stored in researcher's personal computer and has not been shared with any organisation or individual. In case some sharing is required, a formal approval would be sought from both director of studies and Research Graduate School.
- The data collected is solely used for research purpose and strict confidentiality has been maintained throughout the process under professional guidance of respective director of studies.

4.11 Data Screening and Exploration

The process of data screening is very important as it helps the researcher to purify and sort the data to be ready for further analysis (Hair et al., 2006). It is the process of checking data for certain issues like missing values, outliers, normality, homoscedasticity and multicollinearity (Pallant, 2010). Moreover, the data exploration stage helps the researchers to know about the behaviour of each item in the scale measuring some particular construct (s). The exploratory factor analysis (EFA) and confirmatory factor analysis (CFA) are two commonly used and popular data exploration tools in social sciences. The exploratory factor analysis helps in identifying standard (desired) loads for each item which should be equal to or more than .5 (Hair et al., 2006). Whereas, the confirmatory factor analysis is used to test the study hypotheses as well being sophisticated in nature (Pallant, 2010). The section seeks to explain the brief detail of all data screening and exploration techniques used in this research.

4.11.1 Assumptions for Missing Values, Outliers, Normality, Homoscedasticity and Multicollinearity

The data screening process helps the researchers to check the data for assumptions like missing values, outliers, normality, homoscedasticity and multicollinearity. Missing data is a common problem associated with survey based research as respondents fail to respond all question items properly and there can be number of reasons for this like length, timing, effort, language (Hair et al., 2006). There are different techniques in excel sheet and in SPSS to check for missing data and values can be replaced either by mean value or respective Likert scale point depending upon the nature and frequency of missing data values (Pallant, 2010).

An outlier appears to be different value (out of range) than the original set of data and it tends to assort distinctly from the rest of data (Tabachnick and Fidell, 2007). There are different methods for outlier detection used in SPSS and the most popular methods are univariate, bivariate and multivariate outlier detection. The univariate outlier detection method helps in the variable by variable inspection of the data. Each variable of the study has been selected and inspected for any outlier values. The nature and number of outliers are generally found in this method before any corrective action is taken. On the other hand, in bivariate outlier detection method, two variables can be checked/inspected for outlier values in the data. Similarly, the multivariate outlier detection method is used to inspect outliers among different variables used in particular studies. Most of the social science researchers prefer to use univariate outlier detection method along with box plot graph showing clearly the values which are outside the range and are distinct from rest of data (Pallant, 2010).

The normal distribution of data (bell shaped) is referred to normality and it can be checked by using SPSS. It is important to have data with normal distribution as it helps researchers to avoid certain data

issues/problems (Hair et al., 2006). In SPSS, the values of skewness and kurtosis have been found to see the normal distribution of the data. Moreover, the Kolmogorov and Shapiro technique can also be used to test the normality. The non-significant results of this test values show the normal distribution of the data (Pallant, 2006). On the other hand, the Leven's test of homogeneity is commonly used to test the data for homoscedasticity in social sciences particular (Tabachnick and Fidell, 2007).

Multicollinearity happens when two variables (independent with dependent variable) are highly correlated with each other, the value of correlation coefficient is equal to or greater than .9 can be found. The correlations are popular and most commonly used method to check the assumptions of multicollinearity (Tabachnick and Fidell, 2007). Another important and most reliable method which is used in social sciences to inspect data for multicollinearity is finding VIF and tolerance values. These values can be obtained in SPSS by calculating for collinearity statistics under any regression model. The cut off values for tolerance is less than 1 and greater than .1 for study constructs; whereas, the cut off values for VIF (variance inflation factor) should be greater than 1 and less than 10 as suggested by Pallant (2010). The researcher in this research work intends to use the tolerance and VIF values to check the data for multicollinearity assumptions. The data after checking for all these assumption becomes pure and fit for further analysis. All above mentioned assumptions have been checked and inspected for the final data and results have been reported in chapter 5 (data analysis and results).

4.11.2 Reliability Analysis

After the pilot study results, the list of potential mediating variables was re-considered and the Organizational Justice with sub measures as Procedural Justice and Distributive Justice was finalized. Final data collection was done by using modified questionnaire after reviewing pilot study results. The measures for potential mediators such as

Organisational Justice (Procedural and Distributive Justices) were introduced. Data collection was done and the Cronbach's (1951) coefficient alpha was found for all selected variables as part of internal validity and reliability. The alpha values were found for study variables as pay(.78), bonus based incentives (.70), opportunities for promotion (.71), sense of recognition (.70), job characteristics (.80), organisational justice (.73), task performance; self-rated (.72) and boss-rated (.74), contextual performance including citizenship behaviour; self-rated (.84) and boss-rated (.88).

The alpha values for Procedural Justice ($r = 0.72$) and Distributive Justice ($r = 0.73$) had been found by deleting one item from the scale to reach highest possible value for that respective variable. However, alpha value for Organisational Justice (including procedural and distributive justice) was found to be .73 in this study. In social science, it is common to have some relatively low alpha values especially for variables with 10 or less items (Pallant, 2010).

4.11.3 Content and Construct Validity

The internal validity is referred to the ability of the questionnaire items to measure what is actually intended for in this work. This is often called as measurement validity (Saunders, Lewis and Thornhill, 2012). There are three different types of measurement validity as content, construct and criterion-related validity. The content validity and construct validity are most important in social sciences research and have been used in this research work as well. The content validity refers to "the extent to which the measurement device, the items in questionnaire, provides adequate coverage of the investigative questions" (Saunders, Lewis and Thornhill, 2012, p-429). A very typical example of content validity is the driving test for drivers as the test has the contents matching adequately with actual job of driving. On the other hand, the construct validity refers to "the extent to which your measurement questions actually measure the presence of those constructs you intended them to measure" (Saunders,

Lewis and Thornhill, 2012, p-430). The construct validity is often used for personality, attitude and such constructs used in social as well as business management research. The content and construct validities are sometime difficult to examine in absolute terms, however, the reliability values of 0.7 or more for any particular scale shows the presence of measurement validity and scale tends to measure the same construct (s) it is intended to do so (Saunders, Lewis and Thornhill, 2012).

4.11.4 Factor Analysis

In order to check the internal validity further, the factor analysis has been commonly used in research works (Pallant, 2010). The factor analysis as principle component analysis (PCA) is generally used in social science research. This stage is termed as data exploration stage where all items are checked or inspected for their loadings and items with lower loads are deleted to have suitable factor solutions for the study constructs. This technique is also known as factor reduction technique as it helps in identifying and retaining only those items with desired loadings to clear data for further analysis. First of all, the data is checked for Kaiser-Meyer-Olkin (KMO) value and this value should be more than .6 to be acceptable, however, a KMO value of 0.8 or more is considered to be good (Pallant, 2010). Moreover, the other aspect is Bartlett's test of sphericity which is normally conducted with KMO value. This test comprises of chi-square values with level of significance ($p < .000$) and as a standard, this test needs to be showing significant chi-square values to be acceptable (Pallant, 2010). The KMO value (in the range of 0.6 to 0.9) and significant Bartlett's test confirm the fact that the given data can be checked or explored through factor analysis technique to find item loadings (Hair et al., 2006).

Hair et al. (2006) explain the acceptable loading score as 0.5 or more. The loadings of different items can be different but the average of all item loadings should be around 0.7 for a particular scale. However, minimum loading score as 0.4 has been suggested as well (Floyd and

Widman, 1995). The confirmatory factor analysis (CFA) is the second technique used for factor analysis and it is much sophisticated technique in comparison to exploratory factor analysis (Pallant, 2010). The confirmatory factor analysis is often used of testing study hypothesis as well. In CFA, all items of the scale should be loaded on one factor with acceptable loading score (Tabachnick and Fidell, 2007).

4.12 Data Analysis

After exploration stage, the data is ready and fit to undergo further analysis. The data analysis is a pivotal component of the overall research design as it helps in interpretation of the research results/findings (Hair et al., 2006). The researcher is intending to use the Pearson' correlation to test the association among study variables being the most common method used in social sciences (Pallant, 2010). For testing direct effects and indirect effects of study variables, the structural equation modelling (SEM) has been selected in this study. The structural equation modelling is a sophisticated technique which is used to run different regression equation simultaneously.

4.12.1 Pearson's Correlation

The Pearson' correlation is commonly used to test the association among the variables in the study. The correlation can be -1 or +1 showing perfect association with different direction. There can be a zero correlation as well showing that the two variables are not related to each other (Pallant, 2010). The strength of the relationship is also important along with direction. The correlation strength of $r = .10$ to $.29$ is considered as weak relationship. The correlation strength of $r = .30$ to $.49$ is considered as moderate correlation whereas the strength of $r = .50$ or above is considered to be strong correlation (Pallant, 2010). The correlation values can also be used to study hypotheses in social sciences. This technique helps the researchers to understand the degree of association among study variables and most common method of this technique is bivariate

correlation which is done through SPSS. The Pearson's correlation technique has been used in this research work in reference to test the direct effect study hypotheses examining the relationships between extrinsic and intrinsic rewards and individual performance of the front line managers in Pakistani textile sector.

4.12.2 Structural Equation Modelling (SEM)

The structural equation modelling (SEM) is a sophisticated technique to do quantitative data analysis in modern era (Hair et al., 2006). The core analysis of this quantitative research work and testing of main frame hypotheses have been done with the help of structural equation modelling. The Amos version 19.0 has been used to run the structural equation modelling in the current study. The SEM helps in analysing the effects of different independent constructs (as exogenous variables) on one or more dependent variables (as endogenous variables) simultaneously. It is also called as causal modelling or path analysis technique (Tabachnick and Fidell, 2007). The SEM can be used to explore direct effects as well as indirect effects between exogenous and endogenous latent constructs.

In multiple regressions, only one dependent variable can be examined against set of independent variables at one time, whereas SEM enables the researchers to examine more than one dependent variable simultaneously running different regression equations (Tabachnick and Fidell, 2007). In structural equation modelling, there are two models commonly uses as measurement model and structural model. The measurement model assesses the relationships between exogenous variables and their individual items with the help of loadings; whereas the structural model depicts the directional paths between exogenous and endogenous constructs in the research. These directional paths are supported by established theory, existing literature and self-experience of the researcher (s) in action in that particular field of literature (Hair et al., 2006). The simultaneous analysis of different endogenous and exogenous

variables has made SEM a very popular quantitative data analysis technique (Chin, 1998). There is a growing trend of structural equation modelling usage as popular technique of choice for quantitative data analysis because of good availability of different state-of-the-art statistical software systems like Amos, Mplus, LISREL and SmartPLS.

4.12.3 Rational for Structural Equation Modelling

Structural equation modelling helps in examining causality analysis as well as directional effects with loadings and significance for the constructs (Hair et al., 2006). It can be used for both predictive as well as explanatory purposes. SEM enables researchers to examine different dependent variables simultaneously with a set of independent variables in measurement models. The current research is aiming for analysing individual performance which has been measured by using two dimensions as task performance and contextual performance including citizenship behaviour (endogenous variables). There are evidences of direct relationships between rewards and performance in the existing literature (Taseema and Soeters, 2006; Edwards et al., 2008; Yasmin, 2008; Ali and Ahmad, 2009; Danish and Usman, 2010; Poon, 2012). Moreover, the responses have been collected from sample respondents as front line managers and their respective supervisors together giving four dependent variables for analysis. Besides, the mediation analysis has also been done to check the potential mediation effect of procedural and distributive justice in reward-performance relationships in this study. All these analyses can be done effectively with SEM to find out the results/findings in order to test the study hypotheses significantly.

In the current study, the researcher has done the confirmatory factor analysis and factors for all study constructs are used in SEM with the help of Amos version 19. The CFA model fit has been tested against the fit indices as comparative fit index (CFI), the goodness of fit index (GFI), the Normed fit index (NFI), the Tucker Lewis index (TLI) and the root mean square error of approximation (RMSEA). The recommend

standard thresholds for CFI, GFI and TLI are equal to or greater than 0.9 and for RMSEA should be less than 0.7 (Hair et al., 2006). After CFA, the factors for all constructs have been finalised and used to run the final measurement model and structural model to examine the direct and indirect effects of constructs. The fit indices of final models both direct and with mediators have been found. The models have been run to find out direct effects between study constructs and similarly, the mediation analysis has been done by using Baron and Kenny (1986) approach to test any mediation effect of potential mediator. All results have been reported in data analysis/results chapter in suitable format (see chapter 5).

4.12.3 Testing Direct Effects and Mediating Effects with SEM

The mediation testing of organisational justice elements like procedural justice and distributive justice in reward-performance relationships have been done with the help of structural equation modelling technique. The analysis has been done in Amos version 19 in this study. In order to test the mediation, the Baron and Kenny (1986) approach has been used and the significance of indirect effects have been checked with bootstrap method in Amos version 19 in the intended study. According to Baron and Kenny (1986), there are four conditions need to be met before deciding for mediation. Firstly, the independent variable must have significant relationship with dependent variable. Secondly, the independent variable should have significant relationship with mediating variable. Thirdly, the mediating variable must be significantly related to dependent variable. Finally, the relationship of independent variable and mediator together with dependent variable decides about the type of mediation. In case of significant relationships in first three steps, a significant fourth step will lead to partial mediation; whereas, non-significant relationship in fourth step leads towards full mediation after controlling the effect of mediator variable. There is no mediation if any of first three steps happens to be non-significant. The mediation analysis is done by using structural equation modelling in the current study.

4.12 Conclusion

The comprehensive research philosophy with particular focus on research strategy has been discussed in this chapter and choice of suitable approach/philosophy is explained and justified accordingly. The quantitative approach is explained in view of intended research and the survey based cross-section design is selected for study. The different aspects of reliability and validity are identified and discussed in this section. The sampling process is explained with focus on probability and non-probability sampling techniques. The study has used the stratified random sampling and choice of self-completion questionnaire for said study has been discussed. The measures of study constructs adopted from existing studies are identified and explained. The data screening issues have been identified and discussed to sort or clear data for further analysis. The Pearson correlation and structural equation modelling are explained in relation to data analysis for the current study. After explaining the methodology part, the next chapter seeks to analyse data effectively and reports the results/ findings of this research.

Chapter 5 Data Analysis and Results

5.1 Introduction

After identifying the appropriate research methodology, the data collection has been done as explained in chapter 4. This chapter entails for data analysis and results to test the study hypotheses for this study. The descriptive analysis is done to identify the demographic information regarding study participants. The data screening is done in terms of missing values, outliers, normality, linearity, homoscedasticity and multicollinearity. After data screening, the exploratory factor analysis is done showing acceptable KMO value and significant Bartlett's test. Furthermore, the confirmatory factor analysis has been done to find out factor loadings for study constructs. Afterwards, the structural equation modelling (SEM) is used to find out direct effects of independent variables on dependent variables. After checking reliability (content and construct) and validity (construct and discriminant) of data, the measurement model, structural model and mediation models are developed and tested for model fit indices and cut-off values. Further analysis is done. At the end, the final section highlights the summary of hypotheses tested in this chapter for comprehensive and quick review.

5.2 Descriptive Statistics

A total of 400 questionnaires have been distributed during data collection to front line managers in the selected organizations in Pakistan. 48 questionnaires have been rejected being incomplete giving us a final number of useable questionnaires as 352 (with 88 per cent response rate).

Table 8 Demographic Characteristics of Participants (N = 352)

| Characteristics | Participants | % |
|-----------------------------|---------------------|----------|
| Departments | | |
| Core | 179 | 50.9 |
| Services | 173 | 49.1 |
| Total | 352 | |
| Participants | | |
| Male | 329 | 93.5 |
| Female | 23 | 6.5 |
| Total | 352 | |
| Education | | |
| Graduate | 167 | 47.4 |
| Postgraduate (non-business) | 96 | 27.3 |
| MBA | 89 | 25.3 |
| Total | 352 | |
| Designation | | |
| Assistant Manager | 190 | 54.0 |
| Deputy Manager | 110 | 31.2 |
| Manager | 52 | 14.8 |
| Total | 352 | |
| Salary Range | | |
| 10K to 20K | 90 | 25.6 |
| 21K to 30K | 101 | 28.7 |
| 31K to 40K | 93 | 26.4 |
| 41K to 50K | 63 | 17.9 |
| 51K and above | 5 | 1.4 |
| Total | 352 | |

The data has been collected within a period of three months starting from December 2012 to February 2013 for this research. All the respondents have been approached by the researcher in person to collect data. The questionnaires have been distributed to sample respondent and their respective supervisors and confidentiality about responses has been

fully maintained by the researcher during the whole process of data collection. The mean age of the participants is 29.92 (SD = 4.08) with range from 22 to 42 years. The overall experience is ranging between a minimum of 2 to 13 years for front line managers in the textile organizations with mean 6.43 (SD = 2.60).

The demographic characteristics of the participants are presented here showing almost 51 per cent (50.9) participants working in the Core departments like Marketing and Production, whereas, 49 per cent respondents are working in Services departments like Human Resources, Finance, Accounting, Purchases etc. Male respondents are dominated in the survey with 93 per cent with female participants only 6.5 per cent. Most of the participants are postgraduate including MBA (around 52.6 per cent) while others are simple graduates. More than half of the respondents (54 per cent) are having designations as Assistant Manager working in the various departments (See Table 8).

5.3 Data Screening for Missing Values, Outliers, Normality, Homoscedasticity and Multicollinearity

It is quite important to check data for accuracy and correctness before doing further data analyses. Data screening is an important part of research design and analysis. It offers specific opportunities like checking for errors in data, location of these errors, their sensitivity and some potential ways/techniques to either rectify or remove these errors to obtain clean and pure data for analysis (Pallant, 2010; Hair et al, 2006). Data screening is the process of inspecting data for particular issues like missing values, outliers, normality, homoscedasticity and multicollinearity. It is critical to check the data for all above mentioned assumptions in view of set standards or cut off values to conduct data analysis appropriately (Tabachnick and Fidell, 2007).

5.3.1 Missing Values

Missing data is one of the common problems researchers face during data analysis and there are number of reasons why respondents fail to provide required information like length of questionnaire, timing of survey, language (understanding) issues (Hair et al., 2006). Normally, the problem of missing values can be addressed either by removing the respondents (in case if problem is intense) or replacing the value with mean scores (Pallant, 2010). In this research work, the researcher used the Microsoft Excel 2010 to check data for missing values. The missing values are highlighted in excel spread sheet and are easy to handle. The spread sheet was used to find the missing values and there were few cases found with missing values and were replaced by mean scores during inspection without disturbing the data (Pallant, 2010).

5.3.2 Outliers

An outlier is a score appearing to be distinctively different from other data. This tends to result in extreme values for particular variables causing problems in statistical analysis of data (Tabachnick and Fidell, 2007). It is important to detect the outliers in data and there are different ways to do this detection as observing high and low values for variables used or combination of values across different variables or set of variables showing distinct behaviour (potential outliers) from rest of data in that particular combination (Hair et al., 2006). In SPSS, the outliers can be detected in three popular ways as;

- i. Univariate outlier detection (checking for outliers for one variable at one time)
- ii. Bivariate outlier detection (checking for outliers for two variables)
- iii. Multivariate outlier detection (checking for outliers for different variables simultaneously)

In all above mentioned methods, graphs like box plots are generated to observe the data for extreme values. The researcher in this study used the univariate outlier detection method with box plots to observe the outliers in data. The box plot for one variable such as contextual performance (boss-rated) has been shown in figure 5 below. There were fewer cases found as outliers and the case ID was available to identify the particular case with extreme values. There were few cases found as outlier and were removed from the data to clean it for analysis.

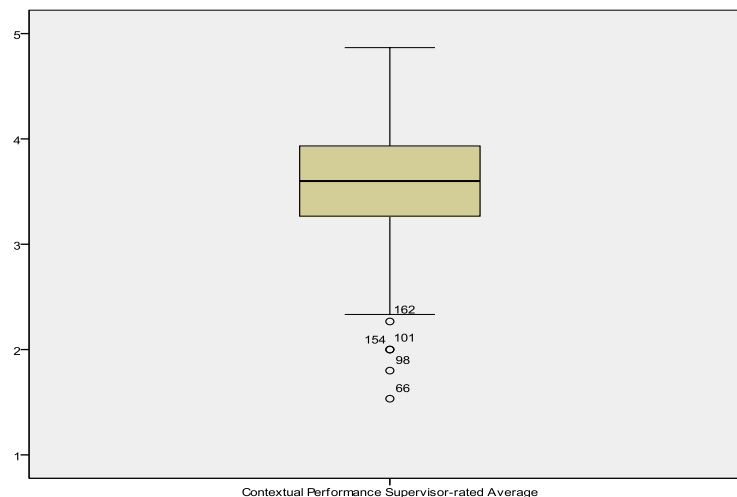


Figure 4 Box plot (contextual performance)

5.3.3 Normality

Normality refers to the fact that distribution of data is normal. The normal distribution represents bell shaped graphics which can be seen in histograms generated through SPSS. If the data is not normally distributed, some serious data issues might be faced by the researchers during data analysis leading towards invalidity (Hair et al., 2006). There are different techniques like Kurtosis and Skewness, Kolmogorov and Shapiro, Q-Q plots and histograms in SPSS to check for data normality (Pallant, 2010; Tabachnick and Fidell, 2007)

In this study, researcher used Kurtosis and Skewness technique along with Kolmogorov and Shapiro technique to check normal distribution of data by using SPSS. According to results obtained from both techniques, the data were normally distributed. The negative values of skewness shows that data is skewed towards left and positive values show that data is skewed towards positive. Whereas, the positive value of kurtosis shows peak distribution and negative value show flat distribution of data (Hair et al., 2006). The pay static shows negative skewness (data is skewed to left) and negative value of kurtosis (data has flat distribution). The values for Kurtosis and Skewness reflecting support in favour of normal distribution are shown in Table 9. Besides, histograms were generated through software for each variable showing normal distribution of data.

Table 9 Kurtosis and Skewness values

| Variables | Skewness | | Kurtosis | |
|----------------------------|----------|-------|----------|-------|
| | Static | S. E. | Static | S. E. |
| Pay | -.225 | .130 | -.014 | .259 |
| Bonus based Incentives | -.267 | .130 | -.215 | .259 |
| Opportunity for Promotion | -.182 | .130 | -.101 | .259 |
| Social Recognition | -.266 | .130 | .225 | .259 |
| Job Characteristics | -.353 | .130 | .261 | .259 |
| Procedural Justice | -.101 | .130 | -.154 | .259 |
| Distributive Justice | -.206 | .130 | .365 | .259 |
| Task Performance (S) | -.109 | .130 | -.013 | .259 |
| Contextual Performance (S) | -.003 | .130 | -.376 | .259 |
| Task Performance (B) | -.104 | .130 | -.159 | .259 |

| | | | | |
|----------------------------|-------|------|-------|------|
| Contextual Performance (B) | -.093 | .130 | -.260 | .259 |
|----------------------------|-------|------|-------|------|

5.3.4 Homoscedasticity

This assumption refers to the fact that dependent variable (s) shows equal level of variance (s) when studies against other variables or set of variables (predictors). Homoscedasticity portrays that variance of dependent variables should not be concentrating on few or range of other particular variables used in research work only (Hair et al., 2006). In social science research, Levene's test of homogeneity is normally conducted to check for this assumption (Tabachnick and Fidell, 2007).

The Levene's test of homogeneity was conducted in this research to check the data for homoscedasticity assumption. The results for study variables showing F static and p values have been explained such as pay ($F = 1.272, p < .116$), bonus based incentives ($F = .682, p < .238$), opportunities for promotion ($F = 2.147, p < .182$), sense of recognition ($F = 1.012, p < .159$), job characteristics ($F = 2.325, p < .325$). The results of test were non-significant for all study variables showing that variance of dependent variable was equal across all other variables used in this study.

5.3.5 Multicollinearity

Multicollinearity occurs when there is strong correlation ($r \geq .90$) of dependent variable with two or more independent variables (predictors) used in research (Hair et al., 2006). It is a serious issue and needs to be addressed accordingly. Pearson's correlation is normally used to check for multicollinearity issues. Any correlation value or values greater than or equal to $r = .90$ are referred to strong correlation showing multicollinearity issue (Tabachnick and Fidell, 2007). However, there is another more reliable and robust test for checking multicollinearity and this is done by inspecting values for VIF (variance inflation factor) and T (tolerance). The VIF values less than 10 and tolerance values greater than .10 are acceptable range showing no sign for multicollinearity (Pallant, 2010). The different regression models were run to find the relationships of

independent variables with dependent variables in this study and researcher used the VIF and Tolerance values to check the assumption of multicollinearity. The results were showing values ranging from 0.5 to 0.9 for tolerance and 1.2 to 1.7 for VIF for all study variables showing no sign for any multicollinearity issue in the data collected.

Table 10 VIF and Tolerance values

| Model | Unstandardised Coefficients | | Standardised Coefficients | t | Sig. | Collinearity Statistics | |
|-----------------------------|-----------------------------|----------|---------------------------|--------|------|-------------------------|-------|
| | B | S. Error | Beta | | | Tolerance | VIF |
| (Constant) | | | | | | | |
| Pay | .115 | .060 | .115 | 1.927 | .050 | .718 | 1.393 |
| Bonus based incentives | .097 | .060 | .097 | 1.626 | .105 | .719 | 1.391 |
| Opportunities for Promotion | -.167 | .057 | -.167 | -2.916 | .004 | .778 | 1.285 |
| Recognition | .123 | .063 | .123 | 1.956 | .041 | .642 | 1.558 |
| Job Characteristic | .157 | .056 | .157 | 2.823 | .005 | .823 | 1.216 |
| Procedural Justice | .029 | .066 | .029 | .435 | .044 | .588 | 1.701 |
| Distributive Justice | .040 | .062 | .040 | .638 | .524 | .656 | 1.525 |

Dependent Variable: Task Performance (Self), N = 352

5.4 Exploration of Data

In the process of data screening, all assumptions are checked to clean data for further analysis. The exploration of data has been done by using exploratory factor analysis (EFA) and confirmatory factor analysis (CFA) techniques in this study.

5.4.1 Exploratory Factor Analysis (EFA)

After data screening, the data exploration stage comes into action. The Exploratory Factor Analysis (EFA) is generally conducted to inspect the items for loading on factors with cut-off values (Hair et al., 2006). In order to run the EFA, it is important to conduct tests for Kaiser-Meyer-Olkin (KMO) value and Bartlett's test of Sphericity. The KMO value is actually the measure of sample adequacy and is used to ensure that most of the zero order correlations are positive for data set. KMO values above .8 represent the fact that all zero order correlations are positive and factor analysis would be useful for this data set (Cerny and Kaiser, 1977). However, the KMO values greater than .5 is considered acceptable whereas, the Bartlett's test of Sphericity must be significant with value less than .05 to run the exploratory factor analysis (Pallant, 2010).

Table 11 KMO values and Bartlett's test

| | | |
|--|-------------------|-------------|
| Kaiser-Meyer-Olkin measure of Sampling Adequacy | | .835 |
| Bartlett's test of Sphericity | Chi. Square value | 5804.658 |
| | df | 1540 |
| | Significance | .000 |

In order to check the KMO value and Bartlett' test of Sphericity for the study data, the researcher applied the SPSS software and results

were showing KMO value as .835 which was good and a significant Bartlett's test at $p < .000$ as shown in Table 11. According to these values, the data is statistically valid for running exploratory factor analysis (Pallant, 2010). The exploratory factor analysis was conducted using principle component analysis method and varimax rotation to extract factors. The varimax rotation is used in exploratory factor analysis when factors are correlated with each other with values less than .32 (Tabachnick and Fidell, 2007). The correlation values for factors in this data set were in range of 0.10 to 0.19; hence suggesting the use of varimax rotation for extraction in EFA. The threshold for factors was set to be .40 as suggested by Floyd and Widman (1995). Hair et al. (2006) suggested the good loadings as 0.5 or greater in factor analysis. The initial exploratory factor analysis showed different factors extracted. As suggested in many academic journals, the items with loading less than 0.4 were deleted in the analysis and all items with loadings 0.4 or more were retained for analysis (Floyd and Widman, 1995; Tabachnick and Fidell, 2007). Two items from procedural justice scale, two items from job characteristics scale and three items from contextual performance including citizenship behaviour scale were removed with loadings less than 0.4 in this study. Besides, all the retained factors were showing loadings as 0.5 and above in this study.

The removed items, the factor loadings with mean, standard deviation (SD) and percentage of variance explained are highlighted in the tabular form (see Appendix A).

5.4.2 Confirmatory Factor Analysis

The confirmatory factor analysis is conducted in social science research to understand the nature of measures of construct (s) and their importance towards explaining conceptual models (Pallant, 2010). The confirmatory factor analysis has been performed for main model comprising of all study constructs including mediators as procedural and distributive justice. The analysis is done with the help of Amos version 19

and all items are checked for loadings accordingly. The cut-off values for item loadings should be 0.5 to be considered good (Hair et al., 2006).

The CFA has been performed and model fit indices are checked. The model has shown good fit indices as performed in the CFA (Goodness of Fit Index = .93, Comparative Fit Index = .92, Normed Fit Index = .92 and Root Mean Square Error of Approximation = .6). Moreover, all retained items of each construct are showing loadings which are good and fall under the acceptable range. All items have shown loadings ≥ 0.5 in this study. These factors so obtained after CFA for study constructs items with loading and AVE has been reported in Table 12 for the current study.

Table 12 Confirmatory Factor Analysis

| Items | Factor Loadings | | | | | | | | | AVE |
|--------------------|-----------------|-----|-----|---|---|---|---|---|---|-------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | |
| 1.Pay | | | | | | | | | | .5853 |
| P1 | .78 | | | | | | | | | |
| P2 | .65 | | | | | | | | | |
| P3 | .72 | | | | | | | | | |
| P4 | .68 | | | | | | | | | |
| P5 | .73 | | | | | | | | | |
| P6 | .61 | | | | | | | | | |
| 2.Bonuses | | | | | | | | | | .5342 |
| B1 | | .66 | | | | | | | | |
| B2 | | .72 | | | | | | | | |
| B3 | | .57 | | | | | | | | |
| B4 | | .68 | | | | | | | | |
| 3.Promotion | | | | | | | | | | .5663 |
| Op1 | | | .80 | | | | | | | |
| Op2 | | | .86 | | | | | | | |
| Op3 | | | .84 | | | | | | | |
| Op4 | | | .52 | | | | | | | |

| | | | | | | | | | | |
|---|--|--|--|-----|-----|-----|-----|-----|-----|-------|
| 4.Recognition | | | | | | | | | | .6048 |
| R1 | | | | .76 | | | | | | |
| R2 | | | | .78 | | | | | | |
| R3 | | | | .73 | | | | | | |
| 5.Job Characteristics | | | | | | | | | | .5271 |
| Jc1 | | | | | .57 | | | | | |
| Jc2 | | | | | .58 | | | | | |
| Jc3 | | | | | .60 | | | | | |
| Jc4 | | | | | .72 | | | | | |
| Jc5 | | | | | .67 | | | | | |
| Jc6 | | | | | .70 | | | | | |
| Jc7 | | | | | .71 | | | | | |
| Jc8 | | | | | .70 | | | | | |
| 6.Procedural Justice | | | | | | | | | | .6342 |
| Pj1 | | | | | | .80 | | | | |
| Pj2 | | | | | | .84 | | | | |
| Pj3 | | | | | | .76 | | | | |
| 7.Distributive Justice | | | | | | | | | | .5708 |
| Dj1 | | | | | | | .68 | | | |
| Dj2 | | | | | | | .76 | | | |
| Dj3 | | | | | | | .74 | | | |
| Dj4 | | | | | | | .55 | | | |
| 8.Task Performance | | | | | | | | | | .5466 |
| Tp1 | | | | | | | | .65 | | |
| Tp2 | | | | | | | | .72 | | |
| Tp3 | | | | | | | | .68 | | |
| Tp4 | | | | | | | | .60 | | |
| Tp5 | | | | | | | | .69 | | |
| 9.Contextual Performance including citizenship behaviour | | | | | | | | | | .5998 |
| Cp1 | | | | | | | | | .54 | |
| Cp2 | | | | | | | | | .63 | |
| Cp3 | | | | | | | | | .64 | |

| | | | | | | | | | | | |
|------|--|--|--|--|--|--|--|--|--|-----|--|
| Cp4 | | | | | | | | | | .72 | |
| Cp5 | | | | | | | | | | .59 | |
| Cp6 | | | | | | | | | | .63 | |
| Cp7 | | | | | | | | | | .53 | |
| Cp8 | | | | | | | | | | .54 | |
| Cp9 | | | | | | | | | | .61 | |
| Cp10 | | | | | | | | | | .62 | |
| Cp11 | | | | | | | | | | .59 | |
| Cp12 | | | | | | | | | | .71 | |

As given in Table 12, the data has confirmed nine research factors each with three items. This data set is further tested for validating the conceptual model developed in chapter 3.

5.5 Testing Association for Extrinsic/ Intrinsic Rewards with Task and Contextual Performance (self-rated and boss-rated)

Pearson’s correlation was used to find out the association among study variables and results are reported in Table 14. Results present the correlation values of extrinsic and intrinsic reward with task and contextual performance (self-rated) of the front line managers. Correlation values ranging from .01 to .29 are considered weak, from .30 to .49 are considered moderate and values greater than .50 are showing strong association (Pallant, 2010; Hair et al., 2006).

According to results, the significant positive correlations were found between pay and self-rated task performance ($r = .22, p < .01$) as well as boss-rated task performance ($r = .18, p < .01$). Whereas, there were significant positive correlations between pay and self-rated contextual performance ($r = .22, p < .01$) as well as boss-rated contextual performance ($r = .14, p < .05$). The bonus based incentives were found to be positively and significantly related to task performance self-rated ($r =$

.20, $p < .01$) and task performance boss-rated ($r = .11$, $p < .05$). On the other hand, there were positive and significant correlation found between bonus based incentives and contextual performance self-rated ($r = .23$, $p < .01$) and contextual performance boss-rated ($r = .18$, $p < .05$).

There was no significant association found between opportunities for promotion and self-rated task performance ($r = .01$) as well as boss-rated task performance ($r = -.04$). Similarly, there were no significant correlations found between opportunities for promotion and contextual performance (self-rated) as $r = .02$ as well as boss-rated contextual performance ($r = .04$). There were positive and significant correlations found between sense of recognition and task performance self-rated ($r = .24$, $p < .01$) and task performance boss-rated ($r = .20$, $p < .01$). Moreover, positive significant correlations were found between sense of recognition and contextual performance (self-rated) as $r = .25$, $p < .01$ and boss-rated contextual performance ($r = .19$, $p < .01$).

There were positive significant correlations found between job characteristics and task performance (self-rated) as $r = .23$, $p < .01$ and task performance boss-rated ($r = .11$, $p < .05$) for front line managers. Whereas, there was a significant positive correlation ($r = .30$, $p < .01$) found between job characteristics and contextual performance (self-rated) as well as for contextual performance (boss-rated) as $r = .21$, $p < .01$ for the front line managers. There was a significant positive correlation between procedural justice and task performance (self-rated) as $r = .18$, $p < .01$, and boss-rated task performance ($r = .13$, $p < .05$). Moreover, there was a significant positive correlation between procedural justice and self-rated contextual performance ($r = .21$, $p < .01$) and with boss-rated contextual performance ($r = .13$, $p < .05$). There was a positive correlation found between distributive justice and self-rated task performance ($r = .18$, $p < .01$), and distributive justice and boss-rated task performance ($r = .20$, $p < .01$). Besides, there was a positive significant correlation found between

distributive justice and self-rated contextual performance ($r = .22, p < .01$)
and boss-rated contextual performance ($r = .17, p < .01$).

Table 13 Correlation Values for Rewards and Task and Contextual Performance

| Variables | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 1. Pay | (.78) | .34** | .31** | .46** | .26** | .37** | .36** | .22** | .22** | .18** | .14** |
| 2. Bonuses | | (.70) | .32** | .38** | .29** | .43** | .40** | .20** | .23* | .11* | .18** |
| 3. Opportunities for Promotion | | | (.71) | .31** | .26** | .41** | .30** | .00 | .02 | -.04 | .04 |
| 4. Sense of Recognition | | | | (.70) | .32** | .45** | .44** | .24** | .25** | .20** | .19** |
| 5. Job Characteristics | | | | | (.80) | .35** | .26** | .23** | .30** | .11* | .21** |
| 6. Procedural Justice | | | | | | (.72) | .51** | .18** | .21** | .13* | .12* |
| 7. Distributive Justice | | | | | | | (.73) | .18** | .22** | .20** | .17** |
| 8. Task Performance (Self-rated) | | | | | | | | (.72) | .36** | .49** | .51** |
| 9. Contextual Performance (Self-rated) | | | | | | | | | (.84) | .19** | .30** |
| 10. Task Performance (Boss-rated) | | | | | | | | | | (.74) | .42** |
| 11. Contextual Performance (Boss-rated) | | | | | | | | | | | (.88) |

*Correlation is significant at $p < .05$ (2-tailed), **Correlation is significant at $p < .01$ (2-tailed). $N = 352$

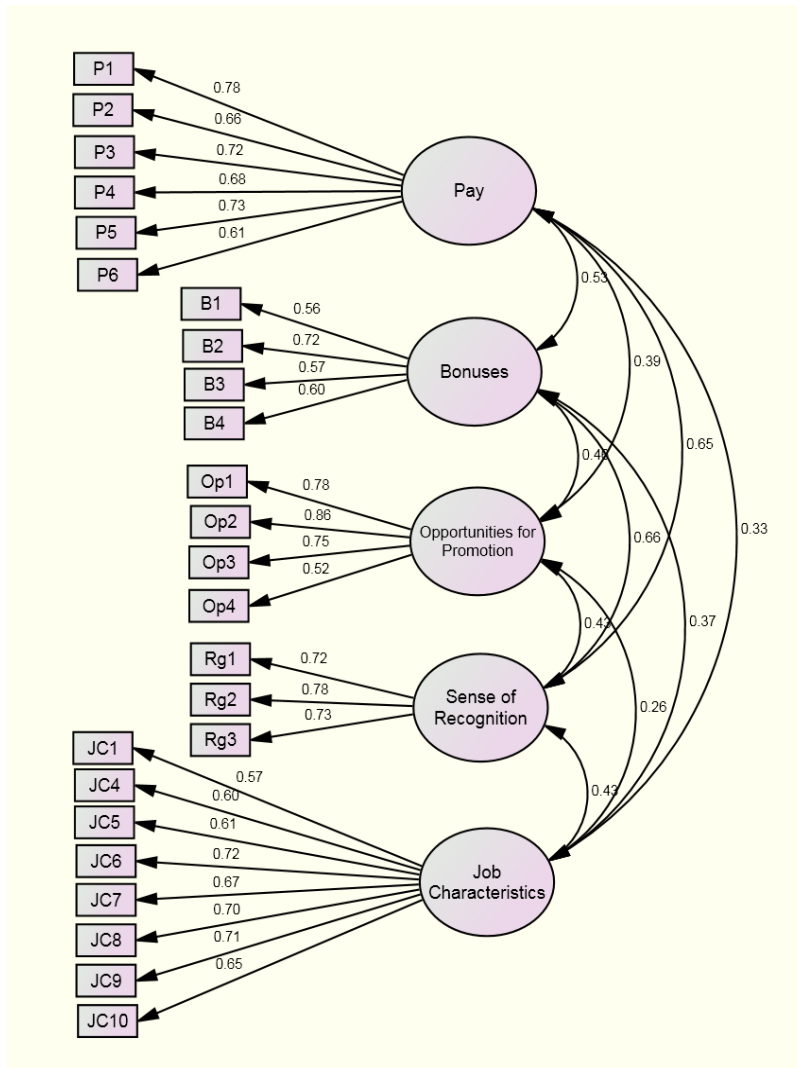
Reliability values (Cronbach alpha) in parenthesis

5.6 Testing Relationships for Extrinsic and Intrinsic Rewards and Task and Contextual Performance (Hypotheses Testing)

5.6.1 Measurement Model and SEM

For further analysis, structural equation modelling (SEM) was used to find out the estimates and their critical ratio with significance for independent variables (predictors) against task and contextual performance (endogenous variables) of both self-rated and boss-rated responses. Structural equation modelling is a very sophisticated quantitative tool frequently used in social science research (Byrne, 2001). SEM is comprised of measurement model and structural model and both models need to be checked for complete fit before running any sort of analyses. The measurement model was then checked with direct effects between exogenous variables on endogenous variables.

It is quite important to determine the fit indices for the model to run analysis. The researcher used the AMOS version 19 to check the fit indices and used a particular criterion to find the fit. The criterion was comprised of Chi-Square value (CMIN/df), Goodness of Fit Index (GFI), the Comparative Fit Index (CFI), Normed Fit Index (NFI), the Tucker Lewis Index (TLI) and the Root Mean Square Error of Approximation (RMSEA). The recommended cut-off values for GFI, CFI, and TLI are $\geq .90$, whereas, the values for RMSEA must be equal to or less than $.07$ to have good model fit (Hair et al., 2006). The measurement model was checked for fit indices and the values were found as Goodness of Fit Index = $.98$, Comparative Fit Index = $.98$, Normed Fit Index = $.97$ and Root Mean Square Error of Approximation = $.60$ which were showing good and acceptable model for current measurement model in this study.



Constructs: pay, bonus based incentives (Bon), opportunities for promotion (Prom), sense of recognition (Rec), job characteristics (Job). *Fit indices:* GFI=.98, CFI=.98, NFI=.97, TLI=.91, RMSEA=.060, Normed chi-square=2.28

Figure 5 Measurement Model- items with loadings

The measurement model showing exogenous variables and their items with loadings has been shown in Figure 5. All items have been showing acceptable loadings as .50 and above which is considered good (Hair et al., 2006). The values of fit indices for the measurement model, full structural model and mediation models used in this study are reported in Table 14.

Table 14 Fit Indices for Models

| Models | Normed chi-square | CFI | GFI | RMSEA | p-value |
|--|-------------------|-------|-------|-------|---------|
| Measurement model (Figure 5) | 1.55 | 0.927 | 0.912 | 0.04 | 0.000 |
| Structural model – direct model (Figure 6) | 2.28 | 0.980 | 0.986 | 0.06 | 0.002 |
| Mediation model-procedural justice (Figure 7) | 2.01 | 0.985 | 0.943 | 0.05 | 0.013 |
| Mediation model-distributive justice (Figure 8) | 2.18 | 0.983 | 0.951 | 0.05 | 0.006 |

5.6.2 Reliability and Validity of measurement model

After checking model for good fit indices, it is imperative to check the reliability and validity issues pertinent to tool (s) applied in quantitative analysis (Hair et al., 2006; Pallant, 2010). The researcher examined the measurement model for construct reliability and discriminant validity before conducting any sort of analyses. The construct reliability is “the measure of reliability and internal consistency of the measured variables representing latent constructs” (Hair et al., 2006, p-771). The construct reliability is commonly measured in relation to structural equation modelling and constructs reliability values of 0.7 or above are considered good. However, in case of range of variances in constructs, the average value equal to 0.7 is considered acceptable by the researchers (Hair et al.,

2006; Tabachnick and Fidell, 2007). In this research, all the reliabilities values were found to be .7 or above which is good and acceptable. Moreover, the researcher found the values of average variance extracted (AVE) for each construct. The AVE values ≥ 0.5 are considered acceptable (Chin, 1998) and the values for study constructs were found to be ranging from 0.5 to 0.6 which is good as well as acceptable as mentioned by Chin (1998). The construct reliability and AVE values for the study construct have been reported in Table 15.

Table 15 Construct Reliability and AVE values

| Constructs | Construct Composite Reliability (CR) | Average Variance Extracted (AVE) |
|-------------------------------|--------------------------------------|----------------------------------|
| Pay | .780 | .5853 |
| Bonus based Incentives | .701 | .5342 |
| Opportunities for Promotion | .714 | .5663 |
| Social Recognition | .702 | .6048 |
| Job Characteristics | .804 | .5271 |
| Procedural Justice | .723 | .6342 |
| Distributive Justice | .734 | .5708 |
| Task Performance (Self) | .721 | .5466 |
| Contextual Performance (Self) | .842 | .5998 |
| Task Performance (Boss) | .742 | .5289 |
| Contextual Performance (Boss) | .883 | .6021 |

The researcher tested the model on the basis of two types of validities as construct validity and discriminant validity (Hair et al., 2006). The construct validity is important in explaining the inter-construct associations and researchers applied Pearson's correlation values showing good relationships among study variables in this study. Moreover, the discriminant validity refers to the fact how different one particular scale is from others scales used measuring different concepts in the study (Kiel et al., 2000). The average variance extracted (AVE) were found in this study to check the discriminant validity for data set.

After checking measurement model for reliability and validity, the structural model was run with SEM to find out the direct effects of study constructs. The SEM model was run by using Amos 19 and direct effects of exogenous variables (predictors) on endogenous variables were found. According to results of direct effects of independent and dependent variables, the estimates with significance values were used to test the hypotheses of the study. The model was run with endogenous variables regressing on exogenous variables used in this research work. The standardised coefficients were taken into account to test the main frame hypotheses. The structural model showing direct effects with path estimates is presented in Figure 6.

5.6.3 Pay with Task and Contextual Performance

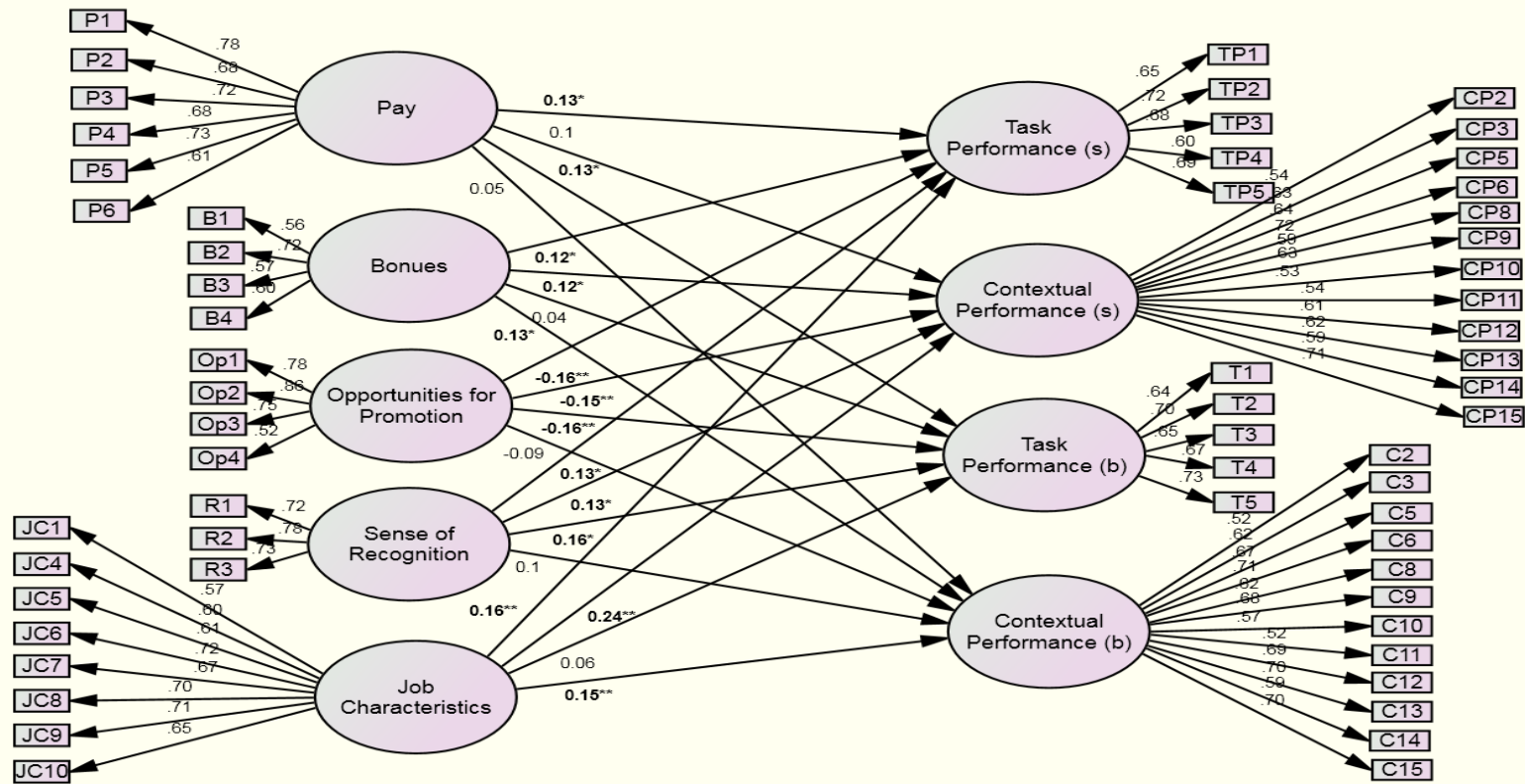
According to results, pay was found to be significantly and positively related to task performance both self-rated (path coefficient = .130, $p < .021$) and boss-rated (path coefficient = .134, $p < .025$), hence accepting the hypotheses H 1a and H 1b stating that there are significant relationships between pay and task performance both self and boss-rated for front line managers. On the other hand, there were no significant relationships found between pay and contextual performance self-rated (path coefficient = .097) and contextual performance boss-rated (path coefficient = .046). These results rejected the hypotheses H 1c and H 1d

stating that there are significant relationships between pay and contextual performance both self and boss-rated in this study.

5.6.4 Bonus Based Incentives with Task and Contextual Performance

There was a significant and positive relationship found between bonus based incentives and task performance self-rated (path coefficient = .117, $p < .039$); hence accepting the hypothesis H 2a stating that bonus based incentives are significantly related to task performance self-rated. Whereas, the relationship between bonus based incentives and task performance boss-rated was not significant (path coefficient = .037). This result rejected the hypothesis H 2b stating that there is significant relationship between bonuses based incentives and task performance boss-rated.

On the other hand, there were significant and positive relationships found between bonus based incentives and contextual performance self-rated (path coefficient = .123, $p < .027$) and contextual performance boss-rated (path coefficient = .116, $p < .045$), hence accepting the hypotheses H 2c and H 2d stating that there are significant relationships between bonus based incentives and contextual performance both self and boss-rated in this study.



*significance at $p < .05$, **significance at $p < .01$, Fit indices: Normed chi-square = 2.28, CFI= .980, GFI= .986, RMSEA= 0.06, p-value= .002

Figure 6 Structural Model – direct effects

5.6.5 Opportunities for Promotion with Task and Contextual Performance

According to results, there were significant but negative relationships found between opportunities for promotion and task performance self-rated (path coefficient = $-.164$, $p < .003$) and task performance boss-rated (path coefficient = $-.163$, $p < .004$), hence accepting the hypotheses H 3a and H 3b stating opportunities for promotion are significantly related to task performance both self and boss-rated. Furthermore, the opportunities for promotion were negatively and significantly related to contextual performance self-rated (path coefficient = $-.143$, $p < .006$), hence accepting the hypothesis H 3c stating that there is significant relationship between opportunities for promotion and contextual performance self and boss-rated.

However, there was a non-significant and negative relationship found between opportunities for promotion and contextual performance boss-rated (path coefficient = $-.086$) for front line managers. This result rejected the hypothesis H 3d stating that opportunities for promotion are significantly related to contextual performance boss-rated for front line managers in this study.

5.6.6 Sense of Recognition with Task and Contextual Performance

There were positive and significant relationships found between sense of recognition and task performance self-rated (path coefficient = $.133$, $p < .025$) and task performance boss-rated (path coefficient = $.155$, $p < .012$) for front line managers, hence accepting the hypotheses H 4a and H 4b stating that there are significant relationships between sense of recognition and task performance both self and boss-rated in this study.

On the other hand, sense of recognition was found to be positively and significantly related to contextual performance self-rated (path coefficient = $.132$, $p < .024$). This result sought to accept the hypothesis H 4c stating that sense of recognition is significantly related to contextual performance self-rated. However, there was a positive but non-significant

relationship examined between sense of recognition and contextual performance boss-rated (path coefficient = .099) in this study, hence withdrawing the hypothesis H 4d stating that there is significant relationship between sense of recognition and contextual performance boss-rated.

5.6.7 Job Characteristics with Task and Contextual Performance

The job characteristic was found to be positively and significantly related to task performance self-rated (path coefficient = .160, $p < .003$). Surprisingly, there was a non-significant and positive relationship examined between job characteristic and task performance boss-rated (path coefficient = .060). These results accepted the hypothesis H 5a stating that there is significant relationship between job characteristic and task performance self for front line managers and further rejected the hypothesis H 5b stating that job characteristics is significantly related to task performance boss-rated in this study.

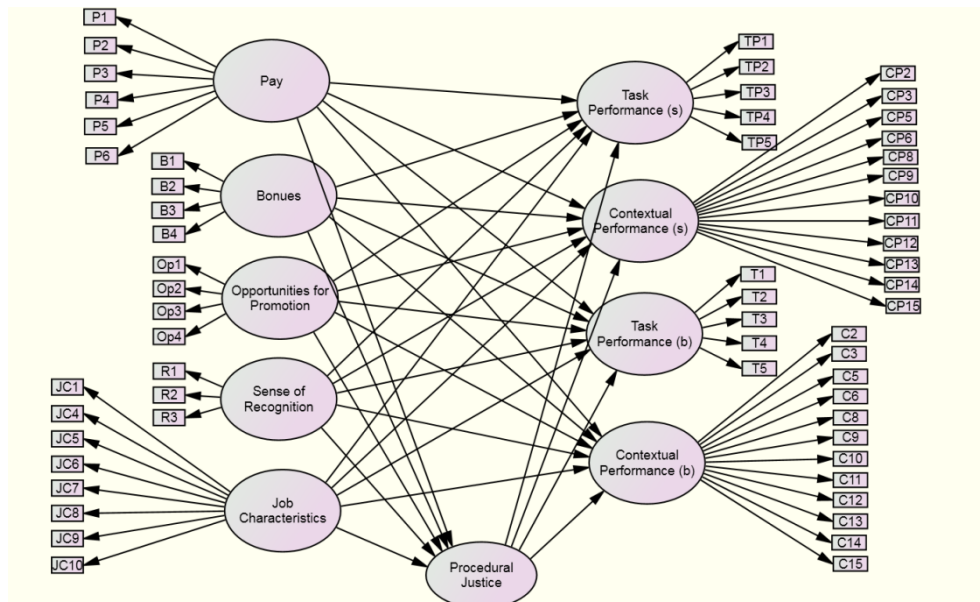
On the other hand, there were positive and significant relationships found between job characteristics and contextual performance self-rated (path coefficient = .242, $p < .000$) and contextual performance boss-rated (path coefficient = .154, $p < .005$), hence accepting the hypotheses H 5c and H 5d stating that there are significant relationships between job characteristics and contextual performance both self and boss-rated of front line managers in this study.

5.7 Testing Mediating Effects of Organisational Justice (Procedural and Distributive) in Relationships between Rewards and Performance

After testing direct effects between extrinsic and intrinsic rewards with individual performance for front line managers, the potential mediating effects of procedural justice and distributive justice were explored using structural equation modelling. The researcher applied the Baron and Kenny (1986) approach for testing mediating effect. Furthermore, two

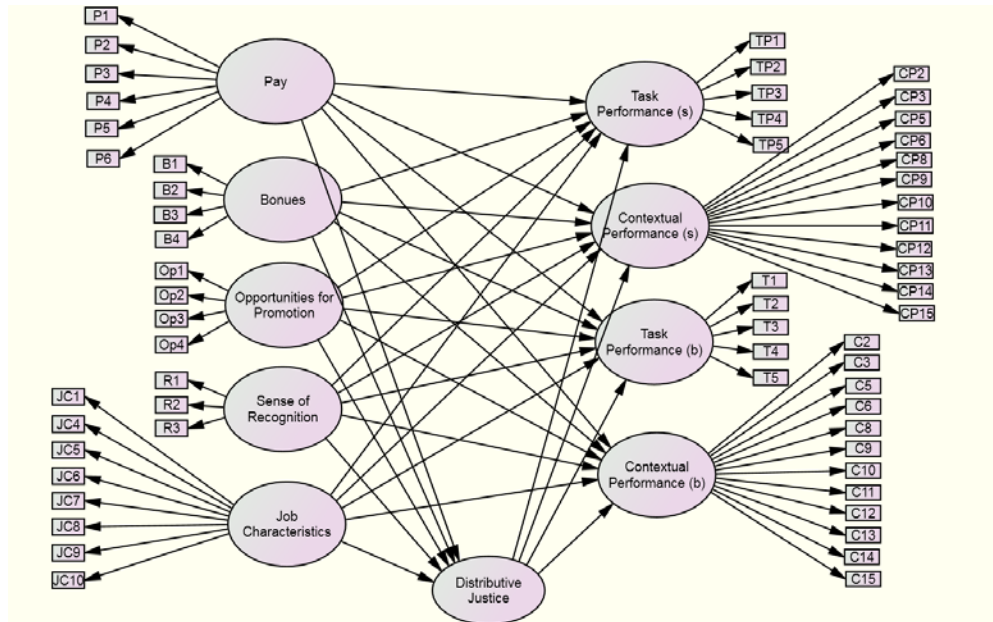
different models were developed with procedural justice and distributive justice respectively and checked for model fit indices accordingly. The model fit indices for mediation models are reported in Table 14 and full structural models with mediators as procedural and distributive justice are presented in figure 7 and figure 8 respectively for the current study.

The direct and mediation effects of pay, bonus based incentives, opportunities for promotions, sense of recognition and job characteristics with dependent variables such as task and contextual performance including citizenship behaviour are found to test the hypotheses examining mediation role of procedural and distributive justice separately in this study.



Fit indices: Normed chi-square = 2.01, CFI= .985, GFI= .943, RMSEA= 0.05, p-value= .013

Figure 7 Mediation model-Procedural Justice



Fit indices: Normed chi-square = 2.18, CFI= .983, GFI= .951, RMSEA= 0.05, p-value= .006

Figure 8 Mediation model-Distributive Justice

5.7.1 Procedural Justice as mediator in rewards-performance relationships

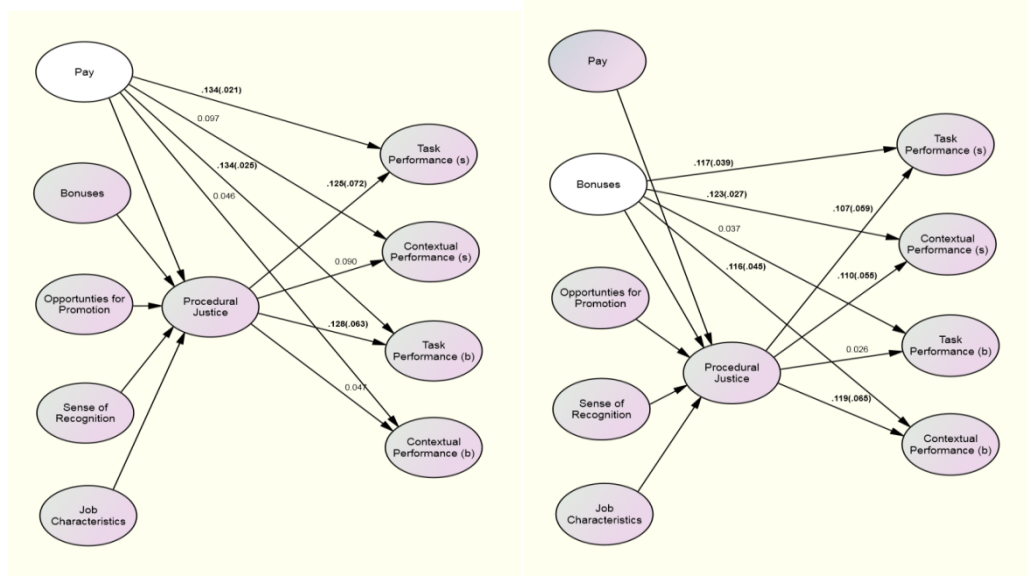
The structural model with procedural justice as mediator was run and acceptable fit indices were found as reported in Table 14. The direct effects of organisational rewards with task and contextual performance including citizenship behaviour and direct effects with procedural justice both were found. The mediation analysis was done by using SEM technique. The direct effects, direct effects with mediator as procedural justice were found and results are reported in Table 16 (see chapter 5). The mediation is recorded in case direct effect is significant and direct effect with mediator turns insignificant. Furthermore, if significance level drops and remains up to $p < .1$, the mediation is considered as partial mediation. Whereas, in case significance level drops down to $p > .1$, the result is considered as full mediation in this study.

According to results, the relationships of pay with task performance both self and boss-rated were mediated by procedural justice. The direct

effects of pay with task performance self-rated (path coefficient = .134, $p < .021$) and task performance boss-rated (path coefficient = .134, $p < .025$) were significant in this analysis. Whereas, the direct effects of pay with mediator as procedural justice were found to be non-significant with task performance self-rated (path coefficient = .128, $p < .072$) and boss-rated (path coefficient = .128, $p < .063$) showing partial mediation. These results accept the hypothesis H 6a stating that procedural justice mediates the relationships of pay with task performance both self and boss-rated in this research. On the other hand, there was no mediation effect of procedural justice in relationships of pay and contextual performance both self and boss-rated, hence rejecting the hypothesis H 6b stating that procedural justice mediates the relationships between pay and contextual performance including citizenship behaviour both self and boss-rated.

Furthermore, the relationship between bonus based incentives and task performance self-rated was mediated by procedural justice. The direct effect as significant (path coefficient = .117, $p < .039$) whereas, the direct effect with mediator was insignificant (path coefficient = .107, $p < .059$) confirming the partial mediation. However, the relationship between bonus based incentives and task performance boss-rated was not mediated by procedural justice in this analysis. These result partially accepted the hypothesis H 7a stating that procedural justice mediates the relationships of bonus based incentives with task performance both self and boss-rated in this study.

On the other hand, the relationships between bonus based incentives and contextual performance self and boss-rated were mediated by procedural justice. The direct effect of bonus based incentives with contextual performance self-rated (path coefficient = .123, $p < .027$) and boss-rated (path coefficient = .116, $p < .045$) were significant.



*significance at $p < .05$, **significance at $p < .01$

Figure 9 Mediation Effects- Procedural Justice

However, the direct effects with mediator were insignificant for both contextual performance self-rated (path coefficient = .110, $p < .053$) and boss-rated (path coefficient = .119, $p < .065$), hence showing the partial mediation effects. These results accepted the hypothesis H 7b stating that procedural justice mediates the relationships between bonus based incentives and contextual performance both self-rated and boss-rated for front line managers.

Furthermore, the relationships between opportunities for promotion and task performance self-rated and boss-rated were not mediated by procedural justice. The direct effects as well as direct effects with mediator were showing same significance in this analysis. These results reject the hypothesis H 8a stating that procedural justice mediates the relationships between opportunities for promotion and task performance both self and boss-rated. On the other hand, there was no evidence of mediating effect of procedural justice in the relationships of opportunities for promotion and contextual performance including citizenship behaviour (self and boss-rated) in this study. Hence, these results rejected the hypothesis H 8b

stating that procedural justice mediates the relationships between opportunities for promotion and contextual performance both self and boss-rated in this study.

The relationships between sense of recognition and task performance self-rated and boss-rated were not mediated by procedural justice as direct effects and direct effects with mediator both were significant. These results rejected the hypothesis H 9a stating that procedural justice mediates the relationships between sense of recognition and task performance both self and boss-rated. On the other hand, there were no evidences for mediating effect of procedural justice in relationships between sense of recognition and contextual performance including citizenship behaviour both self and boss-rated in this study. These results rejected the hypothesis H 9b stating that procedural justice mediates the relationships between social recognition and contextual performance self and boss-rated.

Furthermore, the relationships between job characteristics and task performance self and boss-rated were not mediated by procedural justice in this analysis, hence rejecting the hypothesis H 10a stating that procedural justice mediates the relationships between job characteristics and task performance both self and boss-rated. Similarly, the relationships between job characteristics and contextual performance both self and boss-rated were not mediated by procedural justice in this research.

These results consequently rejected the hypothesis H 10b stating that procedural justice mediates the relationships between job characteristics and contextual performance both self and boss-rated in this study. The results for direct effects, direct effects with mediator and mediation results with significance values confirming partial/ full mediation are reported in Table 16.

Table 16 Results of Mediation Effects of Procedural Justice

| Structural Path | Direct effect | Effect with mediator | Result Mediation |
|------------------------|--------------------|----------------------|--------------------------|
| P → PJ → TP (s) | .134 (.021) | .128 (.072) | Partial mediation |
| P → PJ → CP (s) | .097 (.090) | .090 (.118) | No mediation |
| P → PJ → TP (b) | .134 (.025) | .128 (.063) | Partial mediation |
| P → PJ → CP (b) | .046 (.443) | .047 (.429) | No mediation |
| B → PJ → TP (s) | .117 (.039) | .107 (.059) | Partial mediation |
| B → PJ → CP (s) | .123 (.027) | .110 (.053) | Partial mediation |
| B → PJ → TP (b) | .037 (.525) | .026 (.664) | No mediation |
| B → PJ → CP (b) | .116 (.045) | .119 (.065) | Partial mediation |
| OP → PJ → TP (s) | -.164 (.003) | -.170 (.002) | No mediation |
| OP → PJ → CP (s) | -.149 (.006) | -.163 (.003) | No mediation |
| OP → PJ → TP (b) | -.163 (.004) | -.174 (.003) | No mediation |
| OP → PJ → CP (b) | -.086 (.127) | -.082 (.153) | No mediation |
| SR → PJ → TP (s) | .132 (.025) | .123 (.039) | No mediation |
| SR → PJ → CP (s) | .132 (.024) | .119 (.049) | No mediation |
| SR → PJ → TP (b) | .155 (.012) | .143 (.023) | No mediation |
| SR → PJ → CP (b) | .099 (.105) | .102 (.103) | No mediation |
| JC → PJ → TP (s) | .160 (.003) | .152 (.005) | No mediation |
| JC → PJ → CP (s) | .242 (.000) | .234 (.000) | No mediation |
| JC → PJ → TP (b) | .060 (.281) | .052 (.355) | No mediation |

| | | | |
|------------------|-------------|-------------|--------------|
| JC → PJ → CP (b) | .154 (.005) | .157 (.005) | No mediation |
|------------------|-------------|-------------|--------------|

Estimates (significance value), **P** (pay), **B** (bonus based incentives), **OP** (opportunities for promotion), **SR** (sense of recognition), **JC** (job characteristics), **TP** (s) = Task Performance self-rated, **CP** (s) = Contextual Performance self-rated, **TP** (b) = Task Performance boss-rated, **CP** (b) = Contextual Performance boss-rated, **PJ**= Procedural Justice

5.7.2 Distributive Justice as mediator in rewards-performance relationships

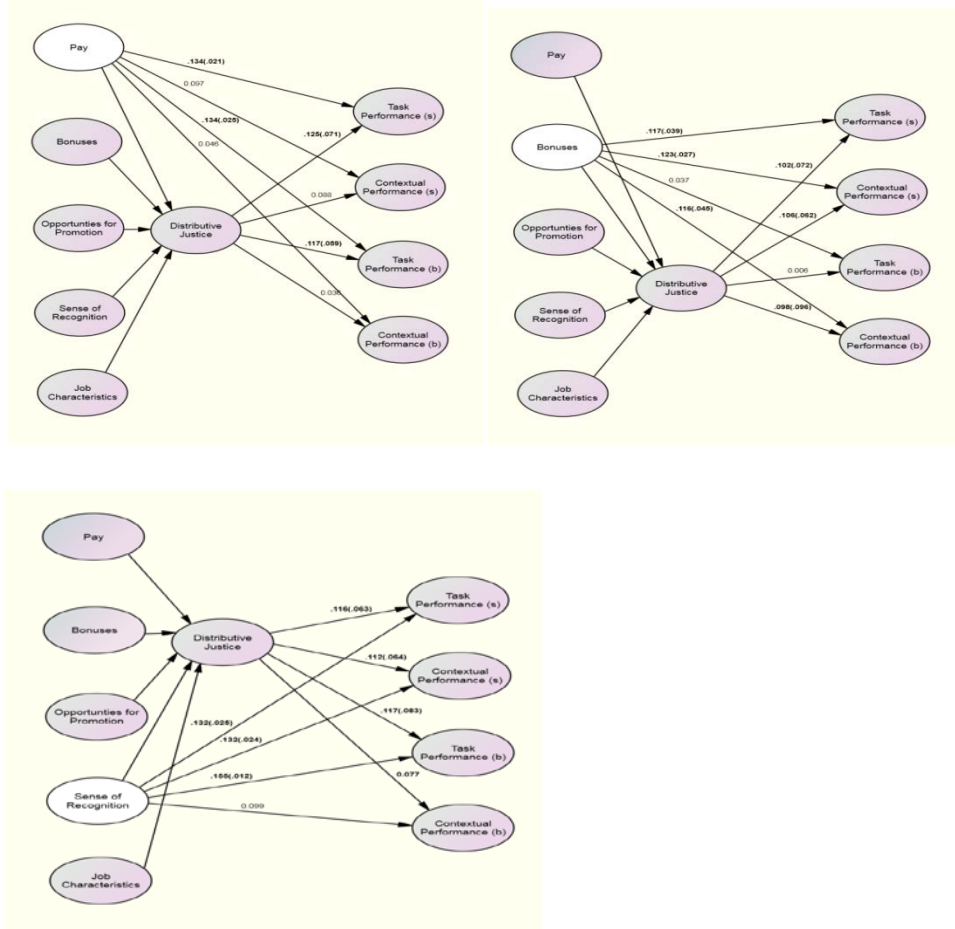
The mediation effects of second mediator as distributive justice were found in rewards-performance relationships for front line managers in Pakistani textile sector and results are reported in Table 17. The overall mediation model was significant with good fit indices (Normed chi-square= 2.18, CFI= 0.983, GFI= 0.951, RMSEA= 0.05, $p= 0.06$). According to results, the relationships between pay and task performance self-rated and boss-rated were mediated by distribution justice. The direct effects pay and task performance self-rated (path coefficient = .134, $p < .021$) and boss-rated (path coefficient = .134, $p < .025$) were significant. However, the direct effects with mediator as distributive justice were insignificant for task performance self-rated (path coefficient = .125, $p < .071$) and boss-rated (path coefficient = .117, $p < .059$) in this study. These results confirmed the partial mediation and accepted the hypothesis H 11a stating that distributive justice mediates the relationships between pay and task performance both self and boss-rated. On the other hand, there was no mediation effect of distributive justice in the relationships of pay and contextual performance both self and boss-rated in this analysis, hence rejecting the hypothesis H 11b stating that distributive justice mediates the relationship of pay and contextual performance self and boss-rated in this research. The figure 10 presents the mediation effects of distributive justice for the relationships of pay and bonuses with task and contextual performance including citizenship behaviour.

Furthermore, the distributive justice mediated the relationship between bonus based incentives and task performance self-rated. The direct effect of bonus based incentives with task performance self-rated

(path coefficient = .117, $p < .039$) was significant in the analysis. However, the direct effect with distributive justice were found to be insignificant for task performance self-rated (path coefficient = .117, $p < .059$). This result confirmed the partial mediation of distributive justice. However, there was no evidence of mediation effect of distributive justice in bonus based incentives and task performance boss-rated relationships. These results partially accepted the hypothesis H 12a stating that distributive justice mediates the relationship between bonuses based incentives and task performance both for self and boss-rated.

On the other hand, distributive justice was found to be mediated the relationships between bonus based incentives and contextual performance including citizenships behaviour. The direct effects of bonus based incentives with contextual performance self-rated (path coefficient = .117, $p < .039$) and boss-rated (path coefficient = .117, $p < .059$) were significant in the analysis. However, the direct effects with distributive justice were found to be insignificant for contextual performance self-rated (path coefficient = .117, $p < .059$) as well as boss-rated (path coefficient = .117, $p < .059$). These results confirmed the partial mediation of distributive justice and accepted the hypothesis H 12b stating that distributive justice mediates the relationship between bonuses based incentives and contextual performance self and boss-rated in this study.

In further analysis, there was no mediating effect of distributive justice found in relationships between opportunities for promotion and task performance (self and boss-rated) and contextual performance (self and boss-rated). The direct effects and direct effects with mediator were all significant confirming no mediation. These results rejected the hypotheses H 13a and H 13b stating that distributive justice mediates the relationship of opportunities for promotion and task performance self and boss-rated and contextual performance self and boss-rated respectively.



*significance at $p < .05$, **significance at $p < .01$

Figure 10 Mediation Effects- Distributive Justice

In view of intrinsic rewards, the relationships between sense of recognition and task performance self-rated as well as boss-rated were mediated by distributive justice in the analysis. The figure 10 presents the mediation effects of distributive justice for these relationships.

According to results, the direct effect of sense of recognition with task performance self-rated (path coefficient = .132, $p < .025$) and boss-rated (path coefficient = .155, $p < .012$) were significant. However, the direct effects with distributive justice were found to be insignificant for task performance self-rated (path coefficient = .116, $p < .065$) and boss-rated (path coefficient = .117, $p < .083$) for front line managers. These results confirmed the partial mediation and accepted the hypothesis H 14a stating that distributive justice mediates the relationships of sense of recognition

and task performance both self and boss-rated. On the other hand, distributive justice mediated the relationship of sense of recognition with contextual performance self-rated in this study.

Table 17 Results of Mediation Effects of Distributive Justice

| Structural Path | Direct effect | Effect with mediator | Result Mediation |
|-------------------------|----------------------|-----------------------------|--------------------------|
| P → DJ → TP (s) | .134 (.021) | .125 (.071) | Partial mediation |
| P → DJ → CP (s) | .097 (.090) | .088 (.128) | No mediation |
| P → DJ → TP (b) | .134 (.025) | .117 (.059) | Partial mediation |
| P → DJ → CP (b) | .046 (.443) | .036 (.546) | No mediation |
| B → DJ → TP (s) | .117 (.039) | .102 (.072) | Partial mediation |
| B → DJ → CP (s) | .123 (.027) | .106 (.062) | Partial mediation |
| B → DJ → TP (b) | .037 (.525) | .006 (.922) | No mediation |
| B → DJ → CP (b) | .116 (.045) | .098 (.096) | Partial mediation |
| OP → DJ → TP (s) | -.164 (.003) | -.168 (.002) | No mediation |
| OP → DJ → CP (s) | -.149 (.006) | -.159 (.004) | No mediation |
| OP → DJ → TP (b) | -.163 (.004) | -.179 (.001) | No mediation |
| OP → DJ → CP (b) | -.086 (.127) | -.095 (.093) | No mediation |
| SR → DJ → TP (s) | .132 (.025) | .116 (.065) | Partial mediation |
| SR → DJ → CP (s) | .132 (.024) | .112 (.064) | Partial mediation |
| SR → DJ → TP (b) | .155 (.012) | .117 (.083) | Partial mediation |
| SR → DJ → CP (b) | .099 (.105) | .077 (.217) | No mediation |

| | | | |
|------------------|-------------|-------------|--------------|
| JC → DJ → TP (s) | .160 (.003) | .154 (.004) | No mediation |
| JC → DJ → CP (s) | .242 (.000) | .237 (.000) | No mediation |
| JC → DJ → TP (b) | .060 (.281) | .050 (.367) | No mediation |
| JC → DJ → CP (b) | .154 (.005) | .149 (.007) | No mediation |

Estimates (significance value), **P** (pay), **B** (bonus based incentives), **OP** (opportunities for promotion), **SR** (sense of recognition), **JC** (job characteristics), **TP (s)** = Task Performance self-rated, **CP (s)** = Contextual Performance self-rated, **TP (b)** = Task Performance boss-rated, **CP (b)** = Contextual Performance boss-rated, **PJ**= Distributive Justice

The direct effect of this relationship was significant (path coefficient = .132, $p < .024$) and direct effect with mediator was insignificant (path coefficient = .112, $p < .064$) showing the partial mediation of distributive justice. Surprisingly, there was no mediation effect of distributive justice in relationship of sense of recognition with contextual performance boss-rated. These results partially accepted the hypothesis H 14b stating that distributive justice mediates the relationships between sense of recognition and contextual performance self and boss-rated.

Furthermore, the relationships between job characteristics and task performance both self and boss-rated were not mediated by distributive justice. The direct effect and direct effect with mediator were significant showing no mediation. These result rejected the hypothesis H 15a stating that distributive justice mediates the relationships between job characteristics and task performance self and boss-rated. Similarly, there was no mediation in the relationships of job characteristics and contextual performance both self and boss-rated for front line managers. This further rejected the hypothesis H15b stating that distributive justice mediates the relationship between job characteristics and contextual performance both self and boss-rated in this study. All direct effects, direct effects with mediator (distributive justice) with results are reported in Table 18.

5.8 Summary of Hypotheses Testing Results

The current research seeks to examine the relationships of organisational rewards with individual performance of front line managers in Pakistani textile industry. The study further has tested the mediation role of procedural and distributive justice in rewards-performance relationships particularly in local contexts. After analysing for direct relationships and mediation effects, the summary of hypotheses either fully or partially accepted or rejected has been presented in Table 18.

Table 18 Study Hypotheses and Results

| Sr. # | Hypotheses | Results |
|--------------|--|----------------|
| <i>H1a</i> | <i>Pay is significantly related to task performance self-rated</i> | Supported |
| <i>H1b</i> | <i>Pay is significantly related to task performance boss-rated</i> | Not supported |
| <i>H1c</i> | <i>Pay is significantly related to contextual performance self-rated</i> | Supported |
| <i>H1d</i> | <i>Pay is significantly related to contextual performance boss-rated</i> | Not supported |
| <i>H2a</i> | <i>Bonus based incentives are significantly related to task performance self-rated</i> | Supported |
| <i>H2b</i> | <i>Bonus based incentives are significantly related to task performance boss-rated</i> | Supported |
| <i>H2c</i> | <i>Bonus based incentives are significantly related to contextual performance self-rated</i> | Not supported |
| <i>H2d</i> | <i>Bonus based incentives are significantly related to contextual performance boss-rated</i> | Supported |
| <i>H3a</i> | <i>Opportunities to promotions are significantly related to task performance self-rated</i> | Supported |
| <i>H3b</i> | <i>Opportunities to promotions are significantly related to task performance boss-rated</i> | Supported |

| | | |
|------|---|---------------------|
| H3c | <i>Opportunities to promotions are significantly related to contextual performance self-rated</i> | Supported |
| H 3d | <i>Opportunities to promotions are significantly related to contextual performance boss-rated</i> | Not supported |
| H 4a | <i>Social recognition is significantly related to task performance self-rated</i> | Supported |
| H 4b | <i>Social recognition is significantly related to task performance boss-rated</i> | Supported |
| H 4c | <i>Social recognition is significantly related to contextual performance self-rated</i> | Supported |
| H 4d | <i>Social recognition is significantly related to contextual performance boss-rated</i> | Not supported |
| H 5a | <i>Job characteristics are significantly related to task performance self-rated</i> | Supported |
| H 5b | <i>Job characteristics are significantly related to task performance boss-rated</i> | Supported |
| H 5c | <i>Job characteristics are significantly related to contextual performance self-rated</i> | Not supported |
| H 5d | <i>Job characteristics are significantly related to contextual performance boss-rated</i> | Supported |
| H 6a | <i>Procedural justice mediates the relationships between pay and task performance self and boss-rated.</i> | Supported |
| H 6b | <i>Procedural justice mediates the relationships between pay and contextual performance self and boss-rated</i> | Not supported |
| H 7a | <i>Procedural justice mediates the relationship of bonus based incentives with task performance self and boss-rated</i> | Partially supported |
| H 7b | <i>Procedural justice mediates the relationship of bonus based incentives with contextual performance self and boss-rated</i> | Supported |

| | | |
|-------|--|---------------------|
| H 8a | <i>Procedural justice mediates the relationship of opportunities for promotion with task performance self and boss-rated</i> | Not supported |
| H 8b | <i>Procedural justice mediates the relationship of opportunities for promotion with contextual performance self and boss-rated</i> | Not supported |
| H 9a | <i>Procedural justice mediates the relationship of sense of recognition with task performance self and boss-rated</i> | Not supported |
| H 9b | <i>Procedural justice mediates the relationship of sense of recognition with contextual performance self and boss-rated</i> | Not supported |
| H 10a | <i>Procedural justice mediates the relationship of job characteristics with task performance self and boss-rated</i> | Not supported |
| H 10b | <i>Procedural justice mediates the relationship of job characteristics with contextual performance self and boss-rated</i> | Not supported |
| H 11a | <i>Distributive justice mediates the relationships between pay and task performance self and boss-rated.</i> | Supported |
| H 11b | <i>Distributive justice mediates the relationships between pay and contextual performance self and boss-rated</i> | Not supported |
| H 12a | <i>Distributive justice mediates the relationship of bonus based incentives with task performance self and boss-rated</i> | Partially supported |
| H 12b | <i>Distributive justice mediates the relationship of bonus based incentives with contextual performance self and boss-rated</i> | Supported |
| H13a | <i>Distributive justice mediates the relationship of opportunities for promotion with task performance self and boss-rated</i> | Not supported |
| H13b | <i>Distributive justice mediates the relationship of opportunities for promotion with contextual performance</i> | Not supported |

| | | |
|-------------|---|---------------------|
| | <i>self and boss-rated</i> | |
| <i>H14a</i> | <i>Distributive justice mediates the relationship of sense of recognition with task performance self and boss-rated</i> | Supported |
| <i>H14b</i> | <i>Distributive justice mediates the relationship of sense of recognition with contextual performance self and boss-rated</i> | Partially supported |
| <i>H15a</i> | <i>Distributive justice mediates the relationship of job characteristics with task performance self and boss-rated</i> | Not supported |
| <i>H15b</i> | <i>Distributive justice mediates the relationship of job characteristics with task performance self and boss-rated</i> | Not supported |

5.9 Conclusion

The data analysis has been done comprehensively and results are reported to test the study hypotheses accordingly. The exploratory factor analysis is done to explore items with acceptable loadings. The direct effects between extrinsic and intrinsic rewards with task and contextual performance are checked by using structural equation modelling in this study. Moreover, the mediation effects of procedural justice and distributive justice are found and results have been used to test the mediation hypotheses for the study. Later on, the final section presents the summary of hypotheses testing and results in this study. After data analysis and results, the next chapter portrays the discussion of the results in view of existing literature and theoretical knowledge.

Chapter 6

Discussion

6.1 Introduction

This chapter revolves around the discussion of results/findings of the study. The previous chapter posits the view about testing of all main frame hypotheses in relation to results of direct and mediation relationships among study variables. The study seeks to examine the extrinsic rewards comprising of pay, bonuses and promotion opportunities and intrinsic rewards such as social recognition and job characteristics against individual performance of front line managers. The individual performance is measured in terms of task performance and contextual performance including citizenship behaviour. Results highlight some significant relationships between extrinsic rewards and intrinsic rewards with task and contextual performance including citizenship behaviour for front line managers in this study. This chapter discusses the results of these relationships in relation to contextual, social and theoretical aspects thoroughly. Furthermore, mediation effects of organisational justice measures as procedural justice and distributive justice are examined and discussed in this chapter. The chapter ends with concluding and summarising the contents precisely.

6.2 Rewards-performance relationships

The extrinsic rewards are tangible, financial or non-financial incentives offered by the organisation to its employees to boost their performance (Milkovich and Newman, 2009). The extrinsic rewards such as pay, bonus based incentives and opportunities for promotion have been selected for this study. These rewards have been examined with task and

contextual performance (including citizenship behaviour) of front line managers in textile sector industry in Pakistan. The individual performance has been measured directly from sample respondents (self-rated responses) and from their respective supervisors (boss-rated responses) as well. The findings/results of the study presents significant relationships between extrinsic / intrinsic rewards and individual performance of front line managers. The next section comprehensively discusses each independent variable and its relationship with dependent variables examined in this study.

6.2.1 Pay and performance

The base pay (merit pay) is examined with task and contextual performance including citizenship behaviour both self-rated and boss-rated. The pay is significantly and positively related to task performance both self-rated (path coefficient = .13, $p < .021$) and boss-rated (path coefficient = .13, $p < .025$) in this study; hence accepting the hypotheses stating that pay is significantly related to task performance both self and boss-rated. On the other hand, there are positive but non-significant relationships between pay and contextual performance including citizenship behaviour of front line managers; hence rejecting the hypotheses stating that pay is significantly related to contextual performance self and boss-rated. The pay is one of the important extrinsic rewards and is considered to be the motivating factor for employees. In this study, the front line managers has responded positively to the relationship of pay and performance particularly task performance. Furthermore, there were significant correlation found between pay and task performance self-rated ($r = .22$, $p < .01$) and task performance boss-rated ($r = .18$, $p < .01$).

The task performance is directly related to work activities and pay is expected to motivate the employees to improve work related activities as they derive extrinsic motivation out of it (Lawler, 2000; Edwards et al., 2008). In view of social exchange theory (Homans, 1958), the extrinsic

rewards result in extrinsic motivation encouraging employees to perform better at work place (Zellars and Tepper, 2003). Moreover, financial incentives such as pay have been found significantly related to overall performance of the employees in developing countries contexts (Tessema and Soeters, 2006; Butt, Rehman and Safwan, 2007; Yasmin, 2008; Ali and Ahmad, 2009; Danish and Usman, 2010, Ismail et al., 2011; Mensah and Dogbe, 2011). The front line managers in textile sector have shown satisfaction with the pay packages available to them in the industry by confirming the positive and significant relationship between pay and task performance.

It is quite interesting that even the relationship between pay and task performance boss-rated is positively significant in this study and showing 13 percent variance in task performance (path coefficient = .13) when regressed against independent variable as pay. This means supervisory managers in textile sector industry believe that pay motivates the employees and encourages them to perform better at work place. This finding is interesting as supervisors are generally considered to be biased regarding pay matters. They tend to encourage employees intrinsically rather than use of extrinsic rewards such as pay. Similar evidences have been reported in earlier studies (Edwards et al., 2008; Ali and Ahmad, 2009; Ismail et al., 2011) where pay has been found significantly related to overall employee performance. In contrast, this study focuses on task performance in particular being the core aspect of the individual managerial performance (Borman and Motowidlo, 1993) and endorses the assumptions made by two factor theory (Herzberg, 1966) by considering pay as motivator to influence the task performance of front line managers.

Moreover, pay has positive but non-significant relationships with both self-rated (path coefficient = .10) and boss-rates contextual performance (path coefficient = .05). These results are expected to be significant in this study but results have rejected the relevant hypotheses. The contextual performance including citizenship behaviour revolves

around the factor such as obedience, punctuality and discipline of the employees, as opposed to task performance which is purely work-oriented. This might be the reason that front line managers don't expect the significant relationship between pay and contextual performance including citizenship behaviour as this perhaps does not motivate them to work harder on particular job related tasks. In one way, the findings of this study are in line with social exchange theory (Homans, 1958) as the front line managers do not feel or drive any intrinsic motivation out of pay and contextual performance relationship, and that is why they are hesitant to show inclination towards improving performance in exchange. The strength of the relationships is weak but positive, hence not challenging the theory in pay-contextual performance relationships.

Surprisingly, there are significant correlations between pay and contextual performance self-rated ($r = .22, p < .01$) and boss-rated ($r = .14, p < .01$); however, it fails to explain some significant variance in contextual performance in the regression analysis done with structural equation modelling. It is important to note that both sample respondents and their respective supervisors have shown similar intentions towards the pay-contextual performance relationships in this study. This further means that supervisors do not expect the contextual performance to improve with pay increases being offered to employees particularly the front line managers in textile sector.

In past studies, some similar in strength but significant relationships have been found between pay and employee performance (Edwards et al., 2008; Danish and Usman, 2010). It is important to note that most of the studies have discussed the overall employee performance rather than focusing on individual aspects like task and contextual performance of the employees. Moreover, the results tend to answer the first research question investigating the pay-performance relationships for front line managers in textile industry in Pakistan. These findings are quite understandable in private sector organisations where employees are least

motivated with contextual performance elements and show great interest towards task performance which is most of the time is conditioned with pay rises or getting increments. The front line managers in textile sector have shown the same attitude and behaviour as they tend to perceive significant interest in pay and task performance relationship as opposed to pay and contextual performance relationships in this study.

6.2.2 Bonus based incentives and performance

The bonus based incentives have positive and significant relationship with task performance self-rated (path coefficient = .12, $p < .039$), however the relationship between bonus based incentives and task performance boss-rated is positive but not significant (path coefficient = .04). These results accept the hypothesis testing bonus based incentives relationships with task performance self-rated and reject the hypothesis related to task performance boss-rated. The bonuses are an important component of extrinsic rewards as these are tangible in nature and are assumed to be motivating factor for employees. There are frequent bonus based programs being offered to both managerial and labour cadre employees in textile organisations as these are mandatory in nature. The sample respondents as front line managers have shown their great interest in both intensity and frequency of bonuses being offered to them and these serve to them as source of intrinsic motivation to perform better at work place. This might be the reason that respondents have rated high bonus based incentive and task performance relationships (Lawler, 2000).

Although bonus based incentives are significantly correlated to task performance both self-rated ($r = .20$, $p < .01$) and boss-rated ($r = .11$, $p < .05$); however, the relationship between bonus based incentives and task performance boss-rated is not significant. It is important to mention that the strength of correlation between bonus based incentives with task performance boss-rated is relatively less than task performance self-rated in this study. Perhaps, the supervisors do not believe that bonuses result in improved performance particularly in private sector organisations such

as textiles. The social exchange theory posits the view that if employees perceive fair availability of rewarding opportunities like bonuses, they tend to derive intrinsic motivation out of it which in turn encourages them to improve their performance at work (Homans, 1958; Zellars and Tepper, 2003; Edwards et al., 2008). The findings of the study regarding bonus-task performance relationships are in line with the existing literature (Tessema and Soeters, 2006; Butt, Rehman and Safwan, 2007; Ali and Ahmad, 2009; Danish and Usman, 2010, Ismail et al., 2011; Mensah and Dogbe, 2011) highlighting the fact that extrinsic factors are significantly related to employee performance.

However, the extrinsic rewards such as pay and bonuses are not necessarily linked with motivation for a longer perspective as these may cause some sort of dissatisfaction among employees (Herzberg, 1966; Perry, Gerhart and Parks, 2005; Stringer, 2006; Ong and Teh, 2012). The supervisory managers seem to be more influenced with this school of thought and that might be the reason they did not rate significant relationship between bonuses and task performance. It is quite possible as supervisors in the capacity of departmental heads are considered responsible for managing financial matters as well. This is not practical all the time to recommend bonuses for employees to motivate and encourage them perform better and that is why the use of intrinsic rewards as replacement to financial rewards have increased tremendously over the years (Peterson and Luthans, 2006; Brun and Dugas, 2008; Long and Shields, 2010).

On the other hand, it is quite interesting to see that unlike pay, bonus based incentives have positive and significant relationships with contextual performance self-rated (path coefficient = .12, $p < .027$) as well as boss-rated (path coefficient = .11, $p < .045$) in this study. These results accept the hypotheses stating that bonus based incentives are significantly related to contextual performance both self and boss-rated for front line managers. The strengths of these relationships are somewhat

same but differ in terms of significance as supervisor rated responses have slightly less significance as compared to self-rated responses. There are significant correlations found between bonus based incentives and contextual performance self-rated ($r = .23, p < .01$) as well as boss-rated ($r = .18, p < .01$). These results are in line with equity theory (Adams, 1965) that posits the view that if employees perceive equitable treatment from organisations in terms of fair opportunities for winning bonuses, they tend to show improved performance in terms of observing discipline, punctuality, teamwork and obedience (elements of contextual performance including citizenship behaviour) and this is evident from the literature available in rewards-performance relationships as well (Lawler, 2000; Edwards et al., 2008; Ali and Ahamd, 2009; Perry, Engbers and Jun, 2009; Mensah and Dogbe, 2011).

The findings of this study are supporting the existing literature in Pakistani context particularly in view of individual performance measured as contextual performance. In textile sector, the employees are supposed to be showing good behaviour towards supervisors, peers and subordinates if they are satisfied with the monetary matters (extrinsic financial rewards like pay and bonuses) in that organisation. That is why the organisations in private textile sector are emphasising the importance of having effectively planned and efficiently managed bonus programs in organisation to motivate and encourage employees particularly at managerial level to perform better at work (Yasmin, 2008; Danish and Usman, 2010). Furthermore, the findings facilitate to answer the research question (explained in first chapter) seeking the nature of direct relationships between cash based extrinsic rewards and individual performance of front line managers in local context.

6.2.3 Opportunities for promotion and performance

The extrinsic rewards such as pay and promotions have significant relationships with employee performance in organisations (Yasmin, 2008; Ismail et al., 2011). According to results, the opportunities for promotion

have significant but negative relationships with task performance self-rated (path coefficient = $-.16$, $p < .003$) and task performance boss-rated (path coefficient = $-.16$, $p < .004$) in this study. These findings support the hypotheses stating that opportunities for promotion are significantly related to task performance both self and boss-rated for front line managers. The positive and significant relationships were expected from promotion-performance relationships as it is evident from the available literature in this domain (Shirom and Rosenblatt, 2006; Chu and Liu, 2008; Ali and Ahmad, 2009; Scholttner and Thiele, 2010). However, there is evidence of some studies who have reported negative and significant relationship between promotion opportunities and employee performance in a manufacturing organisation in USA (Edwards et al., 2008). They find this relationship with overall performance of employees both supervisory and labour cadres.

Keeping in view the social exchange theory (Homans, 1958) and equity theory (Adams, 1965) assumptions, if employees do not perceive fair distribution or allocation of resources (rewards as well), they tend to show frustration leading to decreased performance at work place (Lawler, 2000; Edwards et al., 2008). This significant and negative relationship between opportunities for promotion and task performance is very difficult to explain. There might be some reasons for this keeping in view the study in hand. Though, the organisations are strongly advocating the notion of promoting employees on merit basis, still there are examples of promotion decisions being made on seniority basis in the organisations participated in this research. Somewhat similar issues are reported in terms of unannounced delays in promotion decisions made by the management. When employees perceive these factors (ignoring merit and delaying tactics); perhaps they do not feel any attraction towards these opportunities in relation to task performance. Because it does not matter how well you are at work or job tasks in order to get promoted to the next level by management. In fact, these are more or less linked with how good one is in building connections which do matter in deciding about

promotions in textile sector. These connections with senior management play important role in getting promotions; hence, the respondents do not feel any significant relationship between promotional opportunities and task performance.

Furthermore, for front line managers who are main respondents of this study, there are career path programs being offered in many of the selected organisations in textile sector participated in this study. The junior managers in these career paths are promoted after spending some sort of specific time span at one given designation and the managers know it and this could be the reason for less attraction towards oncoming promotion opportunities in relation to task performance. The self-determination theory posits the view that extrinsic factors influence intrinsic motivation and tend to undermine it if these factors are not thought out well (Deci, Koestner and Ryan, 1999; Gagne and Deci, 2005). This could be another reason why front line managers perceive less attraction towards these extrinsic rewards as promotional opportunities in relation to task performance in the textile sector organisations in local context in particular.

On the other hand, opportunities for promotion have significant but negative relationship with contextual performance self-rated (path coefficient = $-.15$, $p < .006$), however the relationship is not significant with contextual performance boss-rated (path coefficient = $-.09$) as reported in this study. These results partially support the hypotheses stating that opportunities for promotion are significantly related to contextual performance both self and boss-rated. The results are similar with task performance except, non-significant relationship has been reported for contextual performance boss-rated. Some weak correlations between opportunities for promotion and contextual performance (self-rated and boss-rated) are reported in this study. As mentioned earlier, the preference of seniority for making promotion decisions, delaying tactics by the management regarding promotion decision and having set career paths for junior level management employees induce less attraction

towards promotion opportunities might be the key reasons here for this significant but negative relationship. It is important to mention that the front line managers (study respondents) represent major part of those employees who are working in organisations with career paths and seniority based promotion systems.

In theoretical aspects, self-determination theory (Gagne and Deci, 2005) posits the view that in modern organisations under certain circumstances, the extrinsic factors tend to influence negatively and undermine intrinsic motivation which in turn discourages the employees to perform better at work place (Perry, Gerhart and Parks, 2005; Perry, Engbers and Jun, 2009). This assumption fits well as long as significant relationship is reported between promotion opportunities and contextual performance (self-rated). However, it is difficult to explain a non-significant relationship between opportunities for promotion and boss-rated contextual performance in this study. The supervisors of the sample respondents (front line managers) are not convinced that having promotion opportunities in organisation influence contextual performance of management level employees in private sector positively.

Moreover, it has been observed that in private sector, the management emphasises more on task related performance as compared to contextual elements. Because, in private sector, employees are supposed to be punctual, disciplined, and obedient in obeying rules and regulations in order to secure their jobs. Most of the time, the supervisors are keen to see and judge the performance of the employees in terms of achieving job tasks effectively and efficiently (Edwards et al., 2008). That might be the reason that the supervisors' ratings show no significant effect of promotion opportunities on contextual performance including citizenship behaviour as reported in this study. Anyhow, these results tend to answer the second research question investigating how opportunities for promotions influence the individual performance of front line managers.

6.2.4 Sense of recognition and performance

The intrinsic rewards comprising of sense of recognition and job characteristics are introduced in this research work. According to results, the sense of recognition has positive and significant relationships with task performance self-rated (path coefficient = .13, $p < .025$) and boss-rated (path coefficient = .16, $p < .012$) in this study. These results support the hypotheses stating that sense of recognition is significantly related to task performance both self and boss-rated. The results are in line with the earlier studies done in intrinsic reward-performance relationships (Stajkovic and Luthans, 2003; Brun and Dugas, 2008; Ali and Ahmad, 2009; Long and Shields, 2010) and sense of recognition is found positively and significantly related to employee performance in the current study. The correlation values between sense of recognition and task performance self-rated ($r = .24$, $p < .01$) and boss-rated ($r = .20$, $p < .01$) were significant as well confirming the positive and significant association between these constructs for front line managers in this study.

Keeping in view two factor theory (Herzberg, 1966), the sense of recognition is considered to be the motivating factor which brings about satisfaction in employees (Long and Shields, 2010). The findings reflect the point that the front line managers expect and receive good appreciation from their supervisors and that might be the reason why they perceive the task performance to be superior in case of high sense of recognition. The sense of recognition helps employees to derive intrinsic motivation out of it and this intrinsic motivation encourages the employees further to perform better at work (Lawler, 2000; Edwards et al., 2008; Ali and Ahmad, 2009). Moreover, when employees perceive the organisational treatment (rewarding employees) fair and justified, they tend to feel motivation and in exchange try to show improved performance (Zellars and Tepper, 2003; Edwards et al., 2008).

Furthermore, these results reflect the visible support to the premises of social exchange theory (Homans, 1958) and equity theory

(Adams, 1965). In textile sector, the front line managers work closely with their respective supervisors as it was observed during the data collection stage. The supervisors try to engage the subordinate in work planning and implementation particularly for routine activities. That is why the results of supervisory ratings are showing significant and positive relationship between sense of recognition and task performance. The supervisor believe in and understand the importance of intrinsic rewards and seek to use these factors more frequently to appreciate the employees at work place; ultimately causing motivation on their part which further leads to positive intentions to perform better (Lawler, 2000; Edwards et al., 2008; Danish and Usman, 2010).

On the other hand, the sense of recognition is positively and significantly related to contextual performance self-rated (path coefficient = .13, $p < .024$). However, the relationship of sense of recognition and contextual performance boss-rated is positive but not significant (path coefficient = .10) as reported in this study. These results partially accept the hypotheses stating that sense of recognition is significantly related to contextual performance both self and boss-rated of front line managers. It is interesting to note that the correlations values between sense of recognition and contextual performance self-rated ($r = .25$, $p < .01$) and boss-rated ($r = .19$, $p < .01$) were positive and significant in the analysis.

Consequently, the results tend to facilitate the learning to answer the research question investigating the possible relationship of intrinsic rewards such as sense of recognition and individual performance for front line managers in Pakistani textile sector. Furthermore, these results support the earlier studies in this domain particularly those describing the relationships with overall performance of the employees both managerial and labour cadres in services sector (Ali and Ahmad, 2009; Long and Shields, 2010) and in manufacturing sector (Edwards et al., 2008). The front line managers are consistent in perceiving positive and significant results; however, it is difficult to explain the case of supervisors as they do

not seem to be properly convinced with this relationship. Perhaps, supervisors want to maintain distance with their subordinates to let them focus on their task well and it is a common practice in private sector industries in developing countries such as Pakistan. Anyhow, this might be the reason why supervisors don't perceive the sense of recognition and contextual performance including citizenship behaviour relationships as significant in this study.

6.2.5 Job characteristics and performance

Job characteristics have been examined as composite independent variable based on job characteristics theory (Hackman and Oldham, 1976). The job characteristics have positive and significant relationship with task performance self-rated (path coefficient = .16, $p < .003$), however the relationship is not significant with task performance boss-rated (path coefficient = .06) in this study. These results confirm the hypothesis regarding job characteristics and task performance self-rated relationship and reject the hypothesis testing job characteristics and task performance boss-rated relationships for front line managers. The job characteristics such as task identity, task significance, skill variety, autonomy and feedback are designed effectively to motivate employees intrinsically at job (Hackman and Oldham, 1980; Fried and Ferris, 1987).

This intrinsic motivation urges employees to show improved performance in doing work-related activities effectively. The front line managers as sample respondents confirm this as they perceive the positive and significant relationship between job characteristics and task performance. Furthermore, they reflect the view that knowing job and related tasks, skills and variety is quite important to perform this specific job effectively and efficiently. As in this case, the job becomes a source of intrinsic motivation for employees (Fred and Ferris, 1987; Morgeson and Humphrey, 2006) and they tend to show better performance at work place in realisation to this motivation. This is why the front line managers have

shown positive and significant perception regarding job characteristics and task performance relationships in local context.

Despite the supervisors have rated this relationship positive; it is not statistically significant as reported in current research. The supervisors in private sector industries such as textile are more concerned with job tasks and are keen to offer their supervision during all activities. Having said this, the supervisors tend to monitor and inspect the employees working under their spans. They seem to be convinced with task identity, skill variety and task significance and that is why the correlations between job characteristics and task performance boss-rated were significant ($r = .11$, $p < .05$). However, they might have reservations in terms of autonomy in doing job related tasks. This could be the reason that supervisors do not perceive high task performance of their subordinates in relation to job characteristics. It is interesting to note that supervisors' ratings are positive but not statistically significant for task performance against job characteristics as opposed to positive and significant relationship of job characteristics and self-rated task performance of front line managers in this study. This finding is important particularly in private sector manufacturing organisations as there are limited numbers of studies available in this field of literature particularly in developing economies.

On the other hand, the job characteristics have positive and significant relationships with contextual performance both self-rated (path coefficient = $.24$, $p < .000$) and boss-rated (path coefficient = $.15$, $p < .005$) in this study. These results support the hypotheses stating that there is significant relationship between job characteristics and contextual performance both self and boss-rated. The results are in line with earlier studies done in this context (Fried and Ferris, 1987; Kuvass, 2006). Furthermore, the correlations values between job characteristics and contextual performance self-rated ($r = .30$, $p < .01$) and boss-rated ($r = .21$, $p < .01$) are also positive and significant in this research.

These findings are consistent with theoretical assumptions made in social exchange theory (Blau, 1964) that employees try to exert effort and show positive behaviour in exchange to efforts done by the organisation and senior management. When employees feel that their jobs are designed effectively and they know well what to do and how to do, they try to exert more efforts in doing task as well as supporting others in their tasks (contextual element of performance). Moreover, having satisfaction with job related activities, the employees tend to become more disciplined, punctual, take initiatives in solving problems and be team player; all these elements eventually fall under contextual performance including citizenship behaviour (Van Scotter, Motowidlo and Cross, 2000; Edwards et al., 2008).

As a matter of fact, the front line managers in textile sector hold key jobs in all departments like marketing, production, quality control, finance and HR/ administration. It has been observed that there is a proper procedure for preparing job description for front line managers in many organisations participated in this study. A regular feedback mechanism is practiced in many organisations to improve job related activities (job characteristics) with a focus on individuals working for these jobs. This helps organisations to improve jobs, satisfy the employees and motivate them to perform better at work place (Fried and Ferris, 1987; Lawler, 2000; Edwards et al., 2008). That might be the reason that not only the respondents as front line managers but their respective supervisors both have shown positive perceptions for contextual performance including citizenship behaviour relationship with job characteristics in this study. This finding further facilitates in explaining answers to the research question investigating influence of intrinsic rewards over individual performance of front line managers.

Regardless of results/findings of the current study, the context remains the key in this research. The rewards have more significant relationships (strength as well) with task performance as compared to

contextual performance including citizenship behaviour. However, the results can be changed in case the current research framework is tested in different context such as advanced countries. In developed economies, the pay and promotions rewards are turning less popular specifically in the longer perspective as suggested by Gagne and Deci (2005). The organisations are more interested in performance related pay (PRP) and variable pay schemes in western economies and even in prominent Asian economies such as India. As suggested by current research, the promotional opportunities have significant but negative relationship with individual performance for front line managers in local context. These results tend to offer valuable addition toward testing/ building theories such as social exchange theory, two-factor theory and equity theory. However, these results can be changed particularly in terms of direction in some different context where decisions are made on merit and performance rather than other factors such as connections of employees with top management.

On the other hand, the intrinsic rewards have significant relationships with both task and contextual performance including citizenship behaviour. These findings can be changed in terms of significance and strength in some other context as modern organisations are keen to attract and motivate employees using intrinsic rewards. The past studies suggest the cost effective nature of intrinsic rewards which is changing in contemporary era and some other factors such as role of supervisor, working conditions and peer behaviours have added towards intangible costs to these intrinsic rewards. Currently, the intrinsic rewards are not considered as easy to use and cost effective; rather some careful efforts are required to plan and implement these rewards in modern organisations around the globe.

6.3 Mediating effects of organisational justice in reward-performance relationships

The organisational justice is positively and significantly related to employee performance in earlier studies (Ismail et al., 2011; Culbertson and Mills, 2011; Poon, 2012) and this research work has sought to examine the procedural justice and distributive justice as potential mediators in organisational rewards and individual performance relationships. Both mediators are checked separately for rewards-performance relationship and results are discussed comprehensively in next sections in this chapter.

6.3.1 Procedural justice as mediator

The procedural justice is tested as mediator in extrinsic and intrinsic rewards and individual performance (task and contextual performance) of front line managers in this study. The overall model was significant at $p < .013$ with good model fit indices as reported in Table 15 in chapter 5.

According to results, procedural justice mediates the relationships between pay and task performance both self and boss-rated. The direct effects for pay and task performance self (path coefficient = .134, $p < .021$) and boss-rated (path coefficient = .133, $p < .025$) were significant; however, the direct effects with mediator for pay and task performance self-rated (path coefficient = .128, $p < .072$) and boss-rated (path coefficient = .128, $p < .063$) were not significant. These results confirm the partial mediation and accept the hypothesis testing the mediation effect of procedural justice in pay and task performance self and boss-rated relationships. These results are in line with assumptions made in equity theory (Adams, 1965) as front line managers perceive the organisational policies and procedures as important and foresee the influence of these procedures over their performance particularly task related. The supervisors further endorse this perception with almost similar ratings. Organisations need to develop and practice fair and unbiased policies and

procedures particularly in pay setting or incremental decisions as these are likely to influence the performance of management level employees.

On the other hand, there was no mediation effects found for procedural justice in pay and contextual performance including citizenship behaviour both self and boss-rated in the analysis. The direct effects and direct effects with mediator both were not significant, confirming no mediation effects while rejecting the hypothesis stating that procedural justice mediates the relationships of pay with contextual performance self and boss-rated. It is interesting to see that procedural justice has no mediation effect between pay and contextual performance and the respondents as front line managers and their supervisors both have rated the similar responses in this scenario. This might be the case as in private sector textile organisations, the rules and regulations are explicit but their practices are kept implicit by the owners. The management is keen to focus its attention purely on work related activities and do not consider the contextual elements of the employee performance. This is why the employees do not perceive any role of procedural justice in pay and contextual performance relationship, does not matter whether these procedures are fair and unbiased. Furthermore, these results seem to be discovering new avenues in existing field of literature as there is no known research available examining the mediation role of procedural justice in relationships of pay with task and contextual performance including citizenship behaviour.

Keeping in view other extrinsic rewards, procedural justice mediates the relationship between bonus based incentives and task performance self-rated. The direct effect of bonus based incentives with task performance self-rated (path coefficient = .117, $p < .039$) was significant in the analysis. However, the direct effect with mediator as procedural justice of bonus based incentives with task performance self-rated (path coefficient = .107, $p < .059$) was found to be insignificant, hence confirming the partial mediation for this relationship. However, there was

no mediation effect of procedural justice in relationships of bonus based incentives and task performance boss-rated as direct effect and direct effect with mediator remained insignificant in this study. These results confirm the partial acceptance of relevant hypothesis testing these relationships. Bonus based incentives are important extrinsic rewards and are frequently used in textile sector organisations in Pakistan. There are set procedures for getting bonuses and in most of the participative organisations, the bonuses are linked with both performance of the organisation and employees. The employees tend to concentrate more on their task related performance and perceive the role of fair procedures to win these bonuses. That is the reason the front line managers seek to perceive a significant role of procedural justice in rewards management particularly cash based rewards (bonuses) and realise the influence of this on their performance accordingly.

On the other hand, the supervisors tend to perceive differently in this scenario. Supervisors are very keen to review this situation and they do not expect the significant influence of bonuses on the task performance as sometimes, in spite of their good performance individually, the organisation does not show enough performance (profit wise) to realise these bonus based incentives. In case of no bonuses, the employees tend to show frustration and decrease their efforts on jobs. That might be the reason that supervisors do not expect the significant relationships of bonus based incentives and task performance and foresee no role of fair and unbiased procedures in these relationships in private sector organisations.

Interestingly, the procedural justice mediates the relationships of bonus based incentives and contextual performance including citizenship behaviour both for self and boss-rated in this study. The direct effects of bonus based incentives with contextual performance self-rated (path coefficient = .123, $p < .027$) and boss-rated (path coefficient = .116, $p < .045$) were significant; whereas the direct effect with mediator of bonus

based incentives with contextual performance self-rated (path coefficient = .110, $p < .053$) and boss-rated (path coefficient = .119, $p < .065$) were not significant. These results confirm the partial mediation of procedural justice and accept the hypothesis testing these relationships in the current study. These results are quite in line with the equity theory (Adams, 1965) as in presence of fair and unbiased procedures and processes, the employees tend to perceive better opportunities for winning bonuses by showing improved performance at work at work place. Perhaps, this attempts to create a healthy competition at work place among employees as they compare their performance with other colleagues. The front line managers are fully aware of this and perceive significant relationship between bonuses and contextual performance. Furthermore, they value the importance of fair and unbiased treatment from organisation as if may affect their performance at work place particularly contextual one. Offering cash based incentives on basis of good attendance, observing proper discipline, showing spirits of good team player, facilitating other peers in their jobs and willing to opt for challenging assignments are few examples showing the key reason of significant relationships of bonus based incentives with contextual performance including citizenship behaviour in Pakistan.

On the other hand, the relationship of opportunities for promotion and task performance both self and boss-rated were not mediated by procedural justice in this study. The direct effects, direct effects with mediator were all significant and confirm no mediation effect. Similarly, there were no mediation effect of procedural justice in relationships of opportunities for promotion and contextual performance both self and boss-rated. These results reject the hypotheses testing the mediation role of procedural justice in opportunities for promotion and contextual performance including citizenship behaviour relationships in this research. It is important to mention that opportunities for promotion have significant negative relationships with task and contextual performance both self and boss-rated. This could be one of the reasons that front line managers do

not perceive the role of procedural justice in these relationships. Furthermore, in private sector the promotions decisions are often made in view of availability of vacancies in higher levels rather than their overall business performance rather than considering employees performance. This might be the reason that employees do not expect significant relationships of these constructs in this study.

Unlike extrinsic rewards such as pay and bonuses, the intrinsic rewards comprising of sense of recognition and job characteristics do not show any mediation effect of procedural justice in this study. Regardless of the mediation effect, the sense of recognition and job characteristics both have positive and significant relationships with task and contextual performance including citizenship behaviour in this research. In textile sector, the processes and procedures are kept explicit; however, the practices are implicit in most of the private organisations. It depends a lot on management thinking and approach how to recognise employees. It is difficult to explain as the mediation effect was hypothesised in these relationships; however, the respondents do not expect the same in this study. The employees in textile sector are generally quite good in helping, supporting and working together and they keep on appreciating each other to work like a family. This might be the reason they don't expect the influence of procedures/processes fairness in the relationships of sense of recognition with task and contextual performance including citizenship behaviour both self and boss-rated.

On the other hand, the job characteristics and its relationships with task and contextual performance both self and boss-rated have not shown any mediation effect of procedural justice in this study. This result is important as the task performance is directly related to job characteristics and it has nothing to do with the processes/procedures as employees are more concerned with their job related activities. The front line managers have efficiently designed job descriptions and they are keen to learn and perform better at their work. The organisations are keen to design the

processes and procedures efficiently to provide the employees with safe, congenial and healthy work environment. In presence of fair processes/procedures, the organisations become more attractive for employees particularly in contextual elements (citizenship behaviour as well) like flexible timings, transport facilities, proper supervision, courtesy, team work and explicit rules and regulations (Borman and Motowidlo, 1994; Van Scotter, Motowidlo and Cross, 2000). However, this is not the case with front line managers in this study as they do not perceive any mediation role of procedural justice in job characteristics and individual performance relationships in local textile industry.

6.3.2 Distributive justice as mediator

The mediation effect of distributive justice in extrinsic/intrinsic rewards and individual performance (task and contextual performance) has been examined and there is evidence of mediation effects which are reported in Table 18 (see chapter 5). The relationships of pay and task performance self and boss-rated are mediated by distributive justice in this analysis. The direct effects of pay and task performance self-rated (path coefficient = .134, $p < .021$) and boss-rated (path coefficient = .134, $p < .025$) were significant; whereas the direct effects with mediator as distributive justice of pay with task performance self-rated (path coefficient = .125, $p < .071$) and boss-rated (path coefficient = .117, $p < .059$) were found to be insignificant in this study. These results confirm the partial mediation of distributive justice in pay and task performance relationships and accept the hypotheses testing these relationships for front line managers in Pakistani textile industry. Furthermore, these results are in line with existing literature highlighting the significant relationships of extrinsic rewards such as pay with employee performance (Tessema and Soeters, 2006; Butt, Rehman and Safwan, 2007; Ali and Ahmad, 2009; Ismail et al., 2011; Khan et al., 2013).

It is interesting finding that employees are concerned with the way the distribution of resources (rewards like pay) is planned and allocated in

organisation. The process of pay setting and annual increments is expected to influence the task related performance of the employees as front line manager. If these processes are not managed fairly or there is evidence of biasness, the employees feel less attraction towards work and tend to show resentment (Lawler, 2000). Moreover, the supervisors believe in the fair allocation and distribution of resources/rewards particularly in pay-task performance relationships in private sector. That is what explains the mediation effect of distribution justice in pay and task performance both self and boss-rated relationships in textile sector organisations. Furthermore, these findings confirm the assumptions made in social exchange theory that in presence of fair and unbiased allocation or distribution of resources such as rewards, the front line managers tend to feel more satisfaction with rewards being offered and perceive positive influence on their performance particularly related to job tasks (Edwards et al., 2008).

On the other hand, there is no evidence of any mediation effect of distributive justice in relationships of pay with contextual performance both self and boss-rated in this study. Despite the mediation effect of distributive justice was proposed in pay and contextual performance including citizenship behaviour; the findings however are different and no mediation effect is found. This can be explained as in private sector the owners are more concerned with task related activities. Besides, the decisions regarding pay scales and setting are closely related with task performance in comparison to contextual performance and employees do not expect the influence of contextual performance on pay related decisions particularly in private sector manufacturing organisations such as textile sector in Pakistan. That might be the reason that front line managers and even their supervisors do not perceive the significant influence of distributive justice in pay and contextual performance including citizenship behaviour in local context. Furthermore, there are evidences of dis-satisfaction with pay over a longer period of time which

may lead to poor performance at work place in western economies (Stringer, 2006; Perry, Engbers and Jun, 2009).

The relationship of bonus based incentives and task performance self-rated is partially mediated by distribution justice. The direct effect was significant (path coefficient = .12, $p < .072$) but direct effect with mediator as distributive justice was not significant (path coefficient = .12, $p < .072$), confirming the partial mediation of distributive justice in this relationship. Furthermore, there was no effect of mediation in bonus based incentives and task performance boss-rated as direct effect and direct effect with mediator remained insignificant. Just like pay, the employees expect the fair distribution and allocation (distributive justice) of bonuses in organisations. It is important how these bonuses are planned keeping in view the job related task. In case of unfair treatment regarding this distribution of rewards, the task performance might be influenced as employees tend to show their frustration leading towards poor performance at work (Lawler, 2000; Gagne and Deci, 2005). That is why the front line managers seek to perceive positive influence of distributive justice in par and task performance relationships.

On the other hand, the supervisors do not expect the same as they are the part of the management and are concerned with rewards allocation and distribution decisions particularly in private sector organisations. It is not possible for supervisors to motivate the employees with financial rewards all the time and they tend to use non-financial rewards as being cost effective (Peterson and Luthans, 2006). Further, extrinsic rewards have the tendency to undermine the intrinsic motivation on longer perspectives as explained by self-determination theory (Gagne and Deci, 2005). This might be the reasons that supervisors don't expect the influence of distributive justice in bonus based incentives and task performance.

It is interesting to note that distributive justice mediates the relationships of bonus based incentives with contextual performance

including citizenship behaviour both self and boss-rated. The direct effects of bonus based incentives and contextual performance self-rated (path coefficient = .123, $p < .027$) and boss-rated (path coefficient = .116, $p < .045$) were significant. However, the direct effects with mediator of bonus based incentives and contextual performance self-rated (path coefficient = .106, $p < .062$) and boss-rated (path coefficient = .098, $p < .096$) were not significant in this study for front line managers. These results confirm the partial mediation of distributive justice and accept the hypotheses examining these relationships in local context. Unlike pay, the bonus based incentives have significant relationships with contextual performance in this study and these results are in line with existing literature focusing on significant relationships of bonuses with employee performance in diversified contexts around the globe (Gibbs, 1995; Dencker, 2009; Pouliakas, 2010; Ederhof, 2011). In order to promote healthy competition among organisational employees, it is important for management to design and implement the rewards programs with utmost fairness. Consequently, upon realising this front line managers seek satisfaction and motivation which in turn urges them to perform better at work place. These results further confirm the theoretical assumptions made by social exchange theory (Zellars and Tepper, 2003; Edwards et al., 2008) particularly in local context.

The relationships of opportunities for promotions with task performance (self and boss-rated) and contextual performance (self and boss-rated) have shown no mediation effect of distributive justice. It is also important to mention that direct effects of opportunities for promotion with task and contextual performance are significant but negative in direction. The front line managers do not expect or perceive the high performance in case of more opportunities for promotion available to them. This finding can be explained in view of self-determination theory (Gagne and Deci, 2005) positing the view that extrinsic rewards undermine the intrinsic motivation (if not planned well) that results in poor satisfaction and performance of the employees (Lawler, 2000). Similarly, the respondents

as front line managers do not expect any influence of distribution justice in these relationships as opposed to cash based rewards such as pay and bonuses in this study.

In view of intrinsic rewards, the distributive justice mediates the relationships between sense of recognition and task performance self-rated and boss-rated. The direct effects of sense of recognition with task performance self-rated (path coefficient = .132, $p < .025$) and boss-rated (path coefficient = .155, $p < .012$) were significant; whereas direct effects with mediator as distributive justice of sense of recognition with task performance self-rated (path coefficient = .116, $p < .065$) and boss-rated (path coefficient = .117, $p < .083$) were found to be insignificant. This shows partial mediation of distributive justice and confirms the hypotheses testing the relationships of sense of recognition with task performance both self and boss-rated. The front line managers seek to perceive high sense of recognition in presence of fair and unbiased distribution of resources/rewards particularly in relation to task performance and this is further endorsed by their respective supervisors as well in this study. The employees derive intrinsic motivation out of social recognition which in turns facilitates them to perform better at work and these findings are compatible with social exchange theory (Edwards et al., 2008).

On the other hand, there is an evidence of mediation effect of distributive justice in sense of recognition and contextual performance self-rated relationship. However, the no mediation is found for contextual performance boss-rated for front line managers in this study. The direct effect of sense of recognition with contextual performance self-rated (path coefficient = .132, $p < .024$) was significant; however the direct effect with distributive justice as mediator of sense of recognition with contextual performance self-rated (path coefficient = .112, $p < .064$) were found to be insignificant. Besides, the direct effect and direct effect with mediator for contextual performance boss-rated were not significant in this study. The core reason for this could be the behaviour of private sector manufacturing

organisations where more emphasis is given to task related performance rather than contextual performance including citizenship behaviour. The relationships are relatively more significant between rewards and task performance as compared to rewards and contextual performance of front line managers in textile sector organisations in Pakistan. Furthermore, these findings seek to discover this new avenue of reward-performance literature as existing studies do not address the mediator role of distributive justice in rewards-performance relationships particularly for developing economies.

Surprisingly, there is no evidence of any mediation effect of distributive justice in the relationships of job characteristics with task performance (self and boss-rated) and contextual performance (self and boss-rated). However, there are significant direct effects between job characteristics and task performance as well as contextual performance including citizenship behaviour in this study. In practical, the distributive justice is not expected to influence these decisions as reported by front line managers and their respective supervisors in this study. Perhaps, the jobs are designed keeping in view specific tasks and employees are selected with profiles matching with these jobs specifications. The front line managers in most of the participating organisations have shown satisfaction towards their jobs as they find the jobs clear, meaningful and important as observed by the researcher during data collection. That might be the reason the respondents do not perceive any role of distributive justice in relation to job characteristics and individual performance relationships in Pakistani textile industry.

Regardless of the results, the findings seek to examine this field of literature discovering some new knowledge as existing literature does not reflect upon this gap. It is important to note that both procedural and distributive justice have visible mediation role in relationships between extrinsic rewards such as pay and bonuses with task and contextual performance including citizenship behaviour rather than in intrinsic

rewards and performance relationships in this study. Besides, mediation effects of rewards and task performance relationships dominate the findings as opposed to rewards and contextual performance relationships. The findings further facilitate in answering the research question investigating the influence of procedural justice on reward-performance relationships for front line managers in Pakistani textile sector.

It is important to mention that organisational justice has mediated the extrinsic rewards-performance relationships in the current study. However, the mediation effects of organisational justice can be observed or investigated in some other context and there are possibilities of some mediation effects between intrinsic rewards-performance relationships as well. Furthermore, the need of testing organisational justice as mediator in reward-performance relationships is very much required in other contexts even in developed economies where the existing literature does not reflect upon these interactions.

6.4 Conclusion

The detail discussion of results along with theoretical considerations, earlier available literature in respective fields and based on personal experiences as well as reflection of researcher during this research is presented in this chapter. Overall, the relationships of extrinsic rewards and intrinsic rewards with task and contextual performance are discussed comprehensively. Similarly, the mediation effects of procedural and distributive justice are discussed. The relevant theoretical and literature support has been discussed and explained in relation to study findings. The study seeks to offer valuable contributions in terms of theoretical knowledge testing and practical implications. At the end, the conclusion highlighting the findings along with significant contributions of this study, some limitations and scope for future research is presented precisely in next chapter.

Chapter 7 Conclusion and Recommendation

7.1 Introduction

This chapter explicitly highlights the concluding words of the current study in relation to research objectives and explains further the accomplishment of the aim/ objectives effectively. Furthermore, a summary of study findings is presented focusing on organisational rewards such as extrinsic and intrinsic rewards and their relationships with task and contextual performance. The mediation effects of procedural and distribute justice in reward-performance relationships are concluded as well. Moreover, the key contributions of the study are highlighted and explained in reference to pertinent theory and practice particularly in local context. Finally some limitations of the study, potential avenues for future research are identified and discussed in next section. Furthermore, the study seeks to offer recommendations to concerned stakeholders in Pakistani textile industry. At the end, final words tend to conclude the overall discussion of the chapter contents precisely.

7.2 Aim and Objectives of the Study

The current study seeks to examine the reward-performance relationships with a specific aim to identify various rewards strategies being offered by the organisations and examine their relationships with individual performance of the front line managers in textile industry in Pakistan.

In order to do so, some key research objectives are developed in this study and reiterated in this section as follows;

1. To analyse empirically the relationships of extrinsic rewards such as pay and bonus based incentives with performance of the front line managers in textile industry in Pakistan.
2. To examine the relationship of opportunities for promotion with individual performance of front line managers.
3. To analyse the relationships of intrinsic rewards such as sense of recognition and job characteristics with individual performance of first line managers in the Pakistani textile sector.
4. To investigate the role of some potential mediating factors between reward practices and employee performance in the textile sector.

In order to achieve these objectives, the comprehensive review of literature is done in the respective field of reward management and performance evaluation for management level employees. The organisation rewards such as extrinsic rewards (comprising of pay, bonuses and opportunities for promotion) and intrinsic rewards (comprising of sense of recognition and job characteristics) are examined against task and contextual performance including citizenship behaviour for front line managers in Pakistani textile industry. The organisational rewards and individual performance relationships are proposed, analysed, discussed in accordance to research process designed to complete this study significantly. The next section presents the summary of key findings of the current study comprehensively.

7.3 Summary of Key Findings

The current study seeks to examine the extrinsic rewards such as pay, bonuses and promotional opportunities and intrinsic rewards comprising of sense of recognition and job characteristics with individual performance as task and contextual performance including citizenship behaviour in private textile sector industry in Pakistan. The study further

attempts to investigate these relationships specifically for front line managers (respondents) working in different departments of textiles organisations. After analysing data effectively, the results/findings show some significant reward-performance relationships for study constructs and are discussed in view of achieving study objectives in this section.

7.3.1 Extrinsic Rewards and Employee Performance

Extrinsic rewards such as pay and bonus based incentives are significantly related to task performance of the front line managers. The current study has hypothesised the positive and significant relationships between pay and task performance and contextual performance including citizenship behaviour. According to results, the relationship of pay with boss-rated task performance is positively significant showing that supervisors believe as well that increase in pay or pay increments are significantly linked with performance improvement of front line managers in textile sector industries. However, the relationships of pay and contextual performance including citizenship behaviour are not statistically significant for both self-rated and boss-rated performance showing that front line managers and their respective supervisors do not perceive any direct influence of pay on contextual performance including citizenship behaviour particularly in Pakistani textile industry.

On the other hand, the front line managers have rated positive relationships of bonus based incentives for task performance and even for contextual performance as well. Having perceived this, the front line managers have explicitly shown their appetite for financial rewards as they perceive high performance levels in presence of good financial rewards like pay and bonus based incentives. All these results have shown conformance with the existing theories and are in line with the available literature in reward-performance relationships. Hence, these findings have confirmed the assumptions of social exchange theory, self-determination theory and two factor theory in the local context by emphasising that in presence of good financial rewards such as pay and bonuses, the employees tend to derive intrinsic motivation out of this and this motivation

encourages them to perform better at work place in exchange (Blau, 1964, Lawler, 2000; Gange and Deci, 2005; Edwards et al., 2008).

Contrary to this view, the supervisors seem to have different point of view that increase in bonuses often result in enhanced performance is not the case and that might be the reason why supervisors do not perceive significant relationships between bonuses based incentives and task performance of front line managers in this study. The financial incentives in the form of cash incentives are considered to be having detrimental effects on employees' performance in the longer term perspectives. The satisfaction rate is generally high at the start and tends to vanish as time progresses (Perry, Gerhart and Parks, 2005; Stringer, 2006; Perry, Engbers and Jun, 2009). Furthermore, the organisations in manufacturing sector are keen to curtail the cost factor because of competition. Offering employees bonuses on frequent basis is generally not favoured by organisations. That is why the middle level managers (supervisors) have to face this reality influencing on their perceptions accordingly.

According to results, the opportunities for promotion have significant relationships with both task and contextual performance including citizenship behaviour. Surprisingly, the directions of these relationships are negative which is in fact opposite to the relationships reported in prior studies. This is somewhat difficult to explain why front line managers and even their supervisors do not perceive a positive relationship with promotional opportunities and individual performance in local context. This might be because of certain factors like in private sector the promotions are planned but not executed timely as it has been observed in many participating organisations during data collection phase. Employees have shown their reservations regarding delays in promotions or promotion based decisions made by the management. Consequently, the employees have started building this perception that performance perhaps, is not the only thing which is required to get promoted. Further adding to this, they show more disappointment when promotion decisions are not based on merit in textile organisations. Eventually, even with

opportunities for promotion, the employees do not feel any attraction, and rather they tend to derive frustration out of this and do not perceive positive relationship between promotional opportunities and their performance.

Going back to literature, there is evidence of such negative relationships between promotional opportunities and employee performance in manufacturing sector organisations in developed economies. Edwards et al. (2008) report significant but negative relationship between promotional opportunities and employee performance for employees working in private sector manufacturing organisation in USA. Overall, the current study has shown significant relationships of extrinsic rewards and individual performance of front line managers and most of the study hypotheses are accepted testing the reward-performance relationships for front line managers in the private manufacturing sector industry. Furthermore, findings have sought to achieve the research objective investigating extrinsic rewards-performance relationships in the local context.

7.3.2 Intrinsic Rewards and Employee Performance

The intrinsic rewards such as sense of recognition and job characteristics are positively and significantly related to both task and contextual performance including citizenship behaviour in the current study. The strengths and significance of intrinsic rewards-performance relationships are relatively much better than that of extrinsic rewards-performance relationship in this study. The front line managers have rated high sense of recognition against performance in this study and this motivates them to perform better at work place. The front line managers have expressed this factor explicitly during data collection stage that they are happy in terms of being properly recognised by their supervisors and departmental heads.

Furthermore, efficient and courteous relationships among managerial level employees working in participative sample organisations

in textile industry have been observed by the researcher during data collection stage. Supervisors (middle level managers) are keen to motivate their subordinates at times of high work pressure and challenging deadlines in meeting customer requirements in an emphatic fashion. That is why the front line managers are always willing to work happily in tough conditions, volunteer to go for additional work and help/support peers in sorting out work related problems/issues significantly. These results have endorsed the theoretical considerations made by social exchange theory (Blau, 1964, Edwards et al., 2008) and two factor theory (Herzberg, 1966; Yasmin, 2008; Ali and Ahmad, 2009).

On the other hand, the jobs of front line managers are specifically designed and proper job descriptions are developed and available to employees in most of the sample organisations participated in this study in textile sector. The majority of sample respondents are qualified persons with proper education (52.6 % of respondents are post graduates and half of them hold MBA degree) and adequate technical skills required to perform job tasks effectively and efficiently. That is why the respondents have reported positive and significant relationships between job characteristics and both task and contextual performance including citizenship behaviour in the current study. Furthermore, these findings have endorsed the assumptions of job characteristic theory (Hackman and Oldham, 1976) positing the view that motivation derived from job itself results in high performance by the employees. Employees derive this motivation when they feel jobs are clear, important and offer opportunities for valuable contribution towards overall business success. Most of the front line managers perceive this fact and that is why they have rated positive and significant relationships between job characteristics and task and contextual performance including citizenship behaviour. Consequently, the study findings have successfully explained the accomplishment of research objective/ questions investigating the intrinsic rewards-performance relationships for front line managers in textile sector industry in Pakistan.

7.3.3 Mediation of Procedural and Distributive Justice in Reward-Performance Relationships

After testing the direct relationships between extrinsic/ intrinsic rewards and individual performance for sample respondents, the mediation of organisational justice dimensions as procedural justice and distributive justice are examined in the current study. It is hypothesised that the strengths and significance of direct effects of study constructs could be increased or decreased by the mediating effects of procedural and distributive justice. It is important to mention that the current study is pioneer in testing the mediation effects of procedural and distributive justice in extrinsic/ intrinsic rewards and individual performance relationships particularly in developing economies such as Pakistan.

According to results, procedural justice mediates the relationship of pay with task performance both self and boss-rated. The partial mediation of procedural justice confirms that the presence of fair and unbiased processes or procedures motivates the front line managers as they tend to perceive significant influence on their performance. However, there is no evidence of any mediation effects of procedural justice in pay and contextual performance including citizenship behaviour relationships for both self-rated and boss-rated in this study. It is interesting to note that front line managers and their respective supervisors have shown somewhat similar responses in these relationships. Generally, the pay setting or incremental decisions are based on employee performance in textile industry. Although the proper performance evaluation systems are not much visible in most of the participated organisations, however some organisations seek to plan and implement some kind of basic performance evaluation process. Perhaps, the pay related decisions are closely related with task performance as opposed to contextual performance including citizenship behaviour. That might be the reason, the respondents tend to perceive the influence of procedural justice in pay-task performance relationship in this research.

On the other hand, procedural justice mediates the relationship of bonus based incentive with task performance self-rated and there is no mediation effect with task performance boss-rated as evident by the findings. The responses of front line managers make sense as they derive motivation in presence of fair and unbiased organisational processes or procedures and these results are consistent with pay-performance relationships as well. However, the supervisors seem to oppose this point of view as they don't perceive any role of procedural justice in bonuses and task performance relationships. It is very difficult for organisations to motivate employees all the time with bonus based incentives because of financial or budgetary constraint. The supervisors understand this situation and that is why they tend to perceive accordingly.

Nevertheless, the supervisors are convinced with the importance of bonus based incentives and the role of organisational procedure and processed in planning and implementing these reward programs. Unlike pay, the relationships of bonus based incentives with contextual performance both self and boss-rated are partially mediated by procedural justice in this study. This might be the reason as winning bonuses tend to create a healthy competition among employees with in organisation. Regardless of the results, the front line managers firmly believe the importance of procedural justice and its critical role in rewards-performance relationships particularly with pay and bonus based incentives. These findings further add valuable contribution towards reward-justice and justice-performance relationships field of literature as existing literature does not explore these relationships.

However, there is no evidence of procedural justice in opportunities for promotion relationships with task and contextual performance including citizenship behaviour both self and boss-rated in this study. The respondents as front line managers do not perceive any role of procedural justice in these relationships. These results are somewhat surprising as like other extrinsic rewards such as pay and bonuses, these relationships

are expected to be influenced by procedural justice. Anyhow, these findings are extending the practical knowledge in the local context. Similarly, the no evidence of mediation effects of procedural justice is found in intrinsic rewards such as sense of recognition and job characteristics relationships in this study.

On the other hand, the distributive justice has shown partial mediation effects in relationships of pay and bonus based incentives with self-rated task performance in this study. The front line managers tend to believe that absence of fair distribution or allocation of resources lead towards dissatisfaction with extrinsic rewards like pay and bonuses and this dissatisfaction may result in decreased performance at work place. This is quite important finding as it endorses the premises of two factor theory (Herzberg, 1966) and social exchange theory (Edwards et al., 2008). Most of the respondents (front line managers) in the current study are young and feel great attraction towards financial rewards like pay (Lawler, 2000) and that is why they consider it important to have fairness in allocation and distribution of resources (distributive justice) in organisations particularly when deciding about setting pay or pay increases. However, the supervisory ratings are consistent with that of pay as they perceive significant role of distributive justice in pay and contextual performance as opposed to bonus based incentives and contextual performance in this study. Like procedural justice, distributive justice has not shown any mediation effect in relationships of opportunities for promotion with task and contextual performance including citizenship behaviour as well.

On the other hand, distributive justice partial mediates the relationships of sense of recognition and task performance both self and boss-rated in this study. These results further endorse that employees derive intrinsic motivation if resources are distributed and allocated fairly with in organisations. Hence, the front line managers feel motivation and satisfaction from this fair resource distribution and show positive

perceptions towards enhanced performance specifically for task related aspects. Anyhow, this does not seem to influence the perceptions of front line managers regarding their own jobs as they don't perceive any role of fair distribution of resources in relationships of job characteristics and both task and contextual performance including citizenship behaviour. The significant direct effects are evident that front line managers are fully satisfied with their jobs and assume positive influence of job characteristics on performance and do not perceive any role of distributive justice in this eventually.

Finally, it is important to mention that both procedural justice and distributive justice have shown significant mediation effects with extrinsic rewards as compared to intrinsic rewards in the current study and this is a valuable contribution towards understanding rewards-justice and justice-performance relationships particularly in developing economies such as Pakistan. Furthermore, these findings have sought to endorse the assumptions of social exchange theory (Blau, 1964; Edwards et al., 2008) as well as equity theory (Adams, 1965; Poon, 2012) and have addressed the study research objective/ question significantly investigating the potential influence in terms of mediation of procedural and distributive justice in rewards-performance relationships.

7.4 Contributions of the Study

This study has examined the rewards-performance relationships for front line managers in private sector industry in Pakistan and has made certain contributions in terms of theory testing and exploring empirical knowledge in HRM-Performance field of literature. These contributions are discussed as contribution to theory and contribution to practice in the following section.

7.4.1 Contribution to Theory

The current study has examined the different organisational rewards with individual performance of the employees which is measured

as task performance and contextual performance including citizenship behaviour. It is important to note that most of the existing studies have investigated the employee performance as a whole particularly in developing economies. As task and contextual performance including citizenship behaviour make independent contribution towards individual performance so that is why, both are measured by using separate reliable and valid scales adopted from existing studies (Borman and Motowidlo, 1993; Edwards et al., 2008). The findings of this study highlight the unique differentiation of the individual performance dimensions as perceived by the front line managers. Furthermore, the relatively higher and significant relationships of extrinsic rewards with task performance and intrinsic rewards with contextual performance including citizenship behaviour have explored important understanding of these relationships confirming/ extending the premises of social exchange theory, two-factor theory and equity theory in the fields of HRM-Performance and reward management (Herzberg, 1966; Lawler, 2000; Tessema and Soeters, 2006; Edwards et al., 2008) particularly in developing economies (Yasmin, 2008; Ali and Ahmad, 2009; Khan et al., 2013).

Another contribution of the current study is the testing of mediating role of organisational justice (procedural justice and distributive justice) in reward-performance relationships. The findings portray the mediation effects of procedural and distributive justice mainly in extrinsic rewards such as pay and bonuses with task and contextual performance including citizenship behaviour relationships for front line managers. It is important to mention that the current study is the first study to examine the mediation role of procedural and distributive justice in reward-performance relationships specifically for front line managers. In absence of fair and unbiased processes/procedures and allocation/distribution of resources, the reward-performance relationships tend to alter significantly as perceived by front line managers in this study. These results explicitly facilitate the testing as well as building of equity theory and social exchange theory as how employees perceive equitable behaviour and

tend to derive satisfaction resulting in better performance at work place (Blau, 1964; Edwards et al., 2008; Poon, 2012). The findings tend to address the gap as mentioned in existing literature highlighting the need of examination of justice elements influence in incentive-performance relationships (Matsumura and Shin, 2006). Furthermore, these findings offer valuable knowledge towards understanding as well as confirming application of underlying theories such as social exchange theory (Zellars and Tepper, 2003; Edwards et al., 2008), equity theory (Adams, 1965; Colquitt et al., 2001; Poon, 2012) in HRM-Performance field both in advanced and developing economies.

Moreover, the promotional opportunities have significant but negative relationship with both task and contextual performance including citizenship behaviour in this study. These findings are somewhat vary from that of existing literature specifically in the local context. The front line managers do not perceive positive relationships rather they highlight the importance of other factors such as connections to senior management influencing these relationships. These findings facilitate in the theory building process particularly in relation to social exchange theory and equity theory in view reward management for the context of Pakistan in particular.

Furthermore, the current study seeks to examine the job characteristics as intrinsic reward against individual performance of front line managers which is measured as task and contextual performance including citizenship behaviour. The significant relationships of job characteristics with task and contextual performance of front line managers seek to add valuable knowledge to existing literature and extend/ build the job characteristic theory (Hackman and Oldham, 1976) in explaining the HRM-Performance relationships.

7.4.2 Contribution to Practice

The reward-performance relationships are examined in different cultural contexts around the globe. All existing studies (Yasmin, 2008; Ali

and Ahmad, 2009; Danish and Usman, 2010; Ismail et al., 2011) mainly focus on different human resource management practices and overall employee performance. However, the extrinsic rewards such as pay, bonuses and intrinsic rewards such as job characteristics have not been examined with managerial performance measured as task and contextual performance including citizenship behaviour. The current study has examined the reward-performance relationships with different dimensions of employee performance such as task and contextual performance including citizenship behaviour. Furthermore, this study is pioneer in examining reward-performance relationships in the textile sector industry in Pakistan and the findings of this study offer invaluable contribution towards field of empirical knowledge in view of HRM-Performance literature specifically in the context of Pakistan.

Another contribution of the current study is its focus on front line managers as respondents. All existing studies have been either conducted with a sample of overall employees (managerial and labour cadre) or top and middle level management employees. The front line managers play pivotal role in implementing organisational policies/ plans and getting work done through their subordinates effectively (Purcell and Hutchinson, 2007). The front line managers are important component of management in textile sector industry and the current study has examined the perceptions of front line managers regarding different rewards (extrinsic and intrinsic) being offered to them and their influence on task and contextual performance including citizenship behaviour. Moreover, these findings offer valuable empirical knowledge in the field of HRM-Performance and reward management for front line management with specific focus on Pakistani context.

The investigation of rewards-performance relationships in textile industry in Pakistan is another important contribution of this study. Textile sector is one of the largest manufacturing industries in Pakistan which is primarily involved in exporting products to different countries around the

globe. This industry is considered to be the benchmark industry for development and implementation of different policies and procedures including human resource management as reported by Ministry of Textiles, Pakistan. The findings of this research seek to add value to concerned stakeholders of the textile industry. Keeping in view the nature and importance of textile sector (being 46 per cent of the local manufacturing sector in Pakistan), the generalisation of the current study findings is possible to some extent for other manufacturing organisations in Pakistan.

Table 19 Research Contributions

| Areas of Contribution | Confirming | Extending | Discovering /Building | Theoretical | Practice |
|---|------------|-----------|-----------------------|-------------|----------|
| Organisational rewards and performance | X | | | | X |
| Organisational Justice as mediator | X | | X | X | |
| Job Characteristics as intrinsic reward | X | X | | X | |
| Individual performance as task and contextual performance | X | | | X | |
| Promotional opportunities and performance relationships | | X | X | X | |
| Front line managers as respondent | X | | | | X |
| Textile industry in Pakistan | X | | | | X |

Finally, the responses regarding performance ratings for task performance and contextual performance including citizenship behaviour are obtained from front line managers and their respective supervisors (middle level managers) in this study. This has helped in cross-validation of the responses based on self-perception as normally employees tend to report relatively high ratings for self-performance. The direct effects of all

extrinsic and intrinsic rewards with individual performance for both self-rated and boss-rated are examined for front line managers and their responses supported by their immediate supervisors have added further value towards better understanding of these relationships. This finding helps in confirming and extending the empirical knowledge in the field of HRM-Performance and in the context of Pakistan. The summary of contributions to theory and practice is presented in Table 19.

7.5 Limitations of the Study

Despite the contributions of the current study in highlighting how this study has addressed the specific gaps in reward-performance relationship particularly in developing country's context, there are some potential limitations of the study which are elaborated in this section.

First, the study has examined the mediation effect of organisational justice in reward-performance relationships for front line managers. The organisational justice dimensions such as procedural and distributive justice has been used in the current study. However, the organisational justice literature has discussed three types as procedural, distributive and interactional justice (Colquitt et al., 2001). Interactional justice refers to the interpersonal treatment the employees receive at work place and is further comprised of two types as interpersonal justice (dealing employees with politeness, dignity and respect at work place) and informational justice (providing required information necessary to understand the procedures implemented at work place) as found in justice literature (Colquitt et al., 2001). The interactional justice is considered to be a part of procedural justice (Poon, 2012) and the current study has not examined it. However, all justice element should have been examined in order to get clearer picture, hence this is one of the limitations of the study.

Secondly, the individual performance is measured in terms of task performance and contextual performance including citizenship behaviour as both performance dimensions have been discussed and researched

extensively in existing literature. The contextual performance further contains elements of organisational citizenship behaviour as well in this study. However, there is another individual performance dimension as counterproductive work behaviour (CWB) which could have been examined. The studies have shown that counterproductive work behaviour is comprised of negative elements of organisational citizenship behaviour (OCB) of employees in organisations (Kelloway et al., 2002; Sackett et al., 2006). The current study intends to examine the task and contextual performance including citizenship behaviour. However, the counterproductive work behaviour could have been examined in order to examine the individual performance and its dimensions comprehensively.

Thirdly, this is survey based research with cross-sectional research design which often does not support in examining causality among study constructs (Zhang and Agarwal, 2009; Hefferman and Dundun, 2012). The longitudinal research designs are generally considered to be more suitable designs for examining causal relationships of study constructs. However, most of the academic research prefers cross-section research design because of time and cost constraint (Saunders, Lewis and Thornhill, 2012). Furthermore, the current study revolves around the main premises of testing directions of reward-performance relationships rather than examining causality among study constructs, so the choice of cross-section design has been justified in order to accomplish research objectives.

Fourthly, the responses of front line managers are based on self-perception and there is possibility of common method bias in the data (Hair et al., 2006). The sample respondents participated in this survey willingly and there was no dictation given to them to fill in the questionnaire. Though, this limitation has been addressed in a way that responses of front line managers' supervisors regarding task and contextual performance including citizenship behaviour have also been obtained to cross-validate the data for performance reporting in this study.

However, the responses based on self-reporting remain a limitation of the study.

Fifthly, the responses are obtained both from front line managers and their respective supervisors (middle level managers) in this study. However, the responses from senior management (head of departments/ directors) and subordinates of the respondents front line managers could have also be obtained to draw a holistic view of respondents performance at specific work place. It is important to understand the subordinates' point of view about their line managers as they are being supervised by these front line managers. The results could be bit different in case data are collected from all sources as mentioned earlier. However, the current study has examined the responses obtained from immediate supervisors of front line managers for the purpose of cross-validation.

Finally, Employees particularly working in private sector organisations are bit hesitant to participate as they are not fully aware of the perspectives of the research initiatives/ contributions and they are bound by respective organisations rules and regulations. During the time of data collection, there were some energy crisis going on in the country and employees in manufacturing sector including textile industry were among those directly suffering from these crisis. During data collection, most of the respondents showed their concerns regarding this matter and there are possibilities that thoughts emerging from that scenario might have influenced their (front line managers) perceptions regarding factors being investigated in the current study. However, all ethical efforts are made by the researcher to create awareness to participating employees and organisations about the contribution of the intended research work.

7.6 Future Research Avenues

The current study has examined the reward-performance relationships in private sector textile industry in Pakistan. The study highlights the relationship of extrinsic and intrinsic rewards and their

relationships with task and contextual performance including citizenship behaviour for front line managers. The study has made specific contribution to existing reward-performance literature. However, there are certain aspects that could have been uncovered and those aspects are discussed in this section as future research prospects.

First, the current study has tested the organisational rewards with individual performance which has been measured as task performance and contextual performance including citizenship behaviour. There are some other dimensions of individual performance which are discussed in the literature as counterproductive work behaviour and adoptive performance. The future research can focus on all these elements of individual performance and a dedicated research work could have done considering the organisational rewards-performance relationships.

Second, the current study has implied survey based cross-section design. However, a research work focusing reward-performance relationships with longitudinal research design testing the relationships over a longer period of time. The longitudinal studies are considered more suitable for investigating causality among study constructs with clear understanding of cause and effect relationships. This could also be an interesting future research prospect leading towards better understanding of reward-performance relationships in diversified contexts.

Third, organisational justice is examined as mediator in reward-performance relationship and for this purpose; the procedural justice and distributive are tested as mediator in relationships between extrinsic and intrinsic rewards and individual performance of front line managers. In the justice literature, there is another dimension as interactional justice which could have been examined. All three justice types as procedural, distributive and interactional justice and their relationships with rewards as well as performance of management level employees should have been investigated.

Fourth, this research has examined the organisational justice as potential mediator in reward-performance relationships for management level employees. There are opportunities for future research works to investigate the potential mediation effects of some other variables like employee commitment, job security, and psychological contract in rewards-performance relationships particularly in developing economies.

Fifth, it would be good idea to get the responses from respondents, their immediate line managers, their head of departments (senior managers) and their subordinates at the same time. This would facilitate in measuring actual performance of the sample respondents and help in drawing a holistic view of the perceptions. The future research works should be done keeping in view this opportunity to get more realistic findings / results keeping in view data based on self-perception.

Finally, in this research the responses are obtained from front line managers working in textile sector industry. Though the textile sector industry is among the largest manufacturing organisations, the participation of other manufacturing sectors like cement, sports could have been considered as future research opportunity. The sample comprising of different manufacturing sector organisations would help in better exploring, understanding and explaining the rewards-performance relationships. The findings of such research would offer better adoptability and generalisations of findings particularly in local context.

7.7 Recommendations

Keeping in view the findings of research work, the following recommendations have been made to the concerned stakeholders in textile sector industry.

- The extrinsic rewards such as pay, bonuses and intrinsic rewards such as sense of recognition and job characteristics have shown statistically significant relationships with task and contextual performance of the front line management employees. As there is

evidence of mediation effects of procedural justice and distributive justice in reward-performance relationships, it is quite imperative to ensure that rewards should be planned, designed and awarded fairly and there should not be any biasness or inequity in allocation and distribution of resources specifically in reward management for the employees. Lawler (2000) has pointed out the need to consider the employees' individual skills and performance to decide on about the rewards for better motivation and satisfaction as individuals tend to differ in terms of performance levels, skills and potentials. In current situation, the participating organisations do offer some good rewards for their employees but it seems like there are issues of biasness and inequity in these reward programs. That is why, these rewards do not motivate the employees and the performance levels are not reflecting visible difference in these organisations. Anyhow, it is strongly recommended that the procedures for rewards allocation and distribution should be made explicit and the employees must be communicated well how to win these rewards by showing enhanced performance or improved behaviour within organisation.

- The timings of the rewards is also very critical particularly in manufacturing sector where employees expect the owners or top management to decide about pay increases (increments), bonuses and career (promotion) development opportunities in a timely manner. The participants in this research have shown their reservations regarding this matter as most of the time the organisations delay or postpone the decisions without informing or explaining any reason. This further leads to frustration on part of employees and they show this frustration by dropping their performance levels at jobs. The finding of the current research has shown a statistically significant but negative relationship between promotional opportunities and employee performance. This might be because organisations do not make promotion decisions on time

as well as on merit; that is why, the employees do not feel any attraction or influence of these opportunities even though there are available within organisations. The annual performance reviews, bonus plans and promotional opportunities should be planned and implemented by human resource departments and these should be communicated properly to employees to help them understand when and how to accomplish these rewards by meeting performance standards.

- There are few organisations in textile industry that offer performance reward systems for employees and the rewards are entirely linked with performance of the employees working in different departments. This is good but it can be improved as currently, this system focuses only on group performance (department wise) and there is no concept of assessing individual performance. Besides, the core departments like marketing and production receive large shares as compared to service departments like human resources, finance, and information technology. The employees show their reservations as their individual contributions have been neglected in these systems. It is recommended that the performance reward systems should be planned in proper consideration of the individual performances of the employees and this would help employees to perceive equity in treatment leading towards motivation as well as satisfaction (Adams, 1965).
- The intrinsic rewards have shown statistically significant relationships with employee performance in the current research. It has been observed that in some of the participating organisations in textile industry, the supervisors have good and amicable relationships with subordinates and these organisations are making visible progress in terms of high revenues and profits. Besides, there are energy crisis going on the textile industry and organisations have to bear high manufacturing costs by seeking

alternative energy sources. In this situation, it becomes really difficult for management to offer financial rewards to employees as they have to stick to a limited budget. So it is recommended that intrinsic rewards such as recognition programs, appreciation certificates or achievement awards should be planned on frequent bases to motivate the employees effectively and encourage them to keep their moral up even at tough times.

- In this study, the responses have been obtained from both front line managers and their respective supervisors. During data collection, it has been observed that in certain organisations the supervisors were not properly trained to assess subordinates' performance and they are facing difficulties in judging their subordinates' performance. The supervisors play very important and critical role in any manufacturing industry as they are responsible for getting work done through their subordinates. It is strongly recommended that there should be some formal training programs for supervisory level employees focusing on performance appraisal and assessment. This would facilitate them to better understand their subordinates work and to assess their performance accurately differentiating high performers from average performers. Furthermore, this would help them to motivate their span well and keep them satisfied at work place significantly.
- The findings of this research have shown that jobs with good task identity, significance, variety, autonomy and feedback tend to motivate employees intrinsically and encourage them to show enhanced/improved performance as posited by job characteristics theory (Hackman and Oldham, 1976). The job descriptions help the employees to identify and understand the particular job effectively and efficiently. Human resource departments are responsible for designing job descriptions for all employees particularly for management level employees. There are some organisations in textile sector that are focusing their attentions on this matter.

However, it is also recommended that all organisations should design job descriptions for their management level employees to facilitate them in better understanding of their jobs and accomplish job objectives effectively.

7.8 Final words

This chapter seeks to conclude the research findings and discuss the accomplishment of research objectives accordingly. The extrinsic/intrinsic rewards are tested with individual performance for front line managers and the degree to which the research questions have been answered is explained in this section. Furthermore, the study has made some contributions to existing field of literature which are explained in detail highlighting the scope of reward-performance relationships for developing countries. Besides contributions, the study identifies and discusses some limitations, future research endeavours and finally seeks to offer recommendations to concerned stakeholders in textile industry to improve the overall situation and address the current issues regarding reward systems and employee performance effectively.

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Appendix 'A

Exploratory Factor Analysis

| Item Description (variable wise) | | Loadi ng | % of varianc e explai ned | Mea n | SD |
|----------------------------------|--|-------------|---------------------------------------|----------|-------|
| Pay | | | 13.23 | | |
| 1 | My salary is satisfactory in relation to what I do | .780 | | 3.43 | 1.019 |
| 2 | I earn the same as or more than other people in a similar job | .656 | | 3.45 | 1.017 |
| 3 | The basis of pay scale setting is reasonable | .717 | | 3.33 | .897 |
| 4 | Salary increases are decided on a fair manner | .676 | | 3.46 | 1.062 |
| 5 | My salary encourages me to perform better | .728 | | 3.77 | .962 |
| 6 | My pay reflects the standard of living | .610 | | 3.61 | 1.043 |
| Bonus based Incentives | | | 19.658 | | |
| 7 | Intensive bonus plans result in high performance | .658 | | 4.07 | .951 |
| 8 | I have fair opportunities for winning bonuses | .722 | | 3.48 | .940 |
| 9 | Bonuses should be planned on the basis of seniority than merit | .572 | | 3.28 | .933 |
| 10 | Supervisor's recommendation are important in winning bonuses | .675 | | 3.75 | .925 |
| Opportunity to Promotion | | | 23.72 | | |

| | | | | | |
|-----------------------------|---|------|--------------|------|-------|
| 11 | Everyone has an equal chance to be promoted | .801 | | 3.71 | 1.087 |
| 12 | Staff are promoted in a fair and honest way | .860 | | 3.58 | .992 |
| 13 | Promotions decision are based on merit | .839 | | 3.66 | .959 |
| 14 | Promotions are planned on seniority basis | .524 | | 3.29 | 1.117 |
| Sense of Recognition | | | 26.44 | | |
| 15 | I am praised regularly for my work | .759 | | 3.82 | .861 |
| 16 | I get credit for what I do | .784 | | 3.70 | .855 |
| 17 | I am told that I am making progress | .730 | | 3.82 | .755 |
| Job Characteristics | | | 29.66 | | |
| 18 | The job involves completing a piece of work that has an obvious beginning and end | .569 | | 3.91 | .735 |
| 19 | The job allows me to complete work I start | .349 | | 3.43 | .792 |
| 20 | The job itself is very significant and important in the broader scheme of things | .322 | | 3.84 | .754 |
| 21 | The job has a large impact on people outside the organisation | .578 | | 3.72 | .878 |
| 22 | The job requires me to utilise a variety of skills to complete work | .603 | | 4.16 | .736 |
| 23 | The job requires me to high level skills | .724 | | 3.91 | .770 |
| 24 | The job allows me to make my own decisions | .668 | | 3.88 | .874 |
| 25 | The job allows me to make lot of decision | .701 | | 3.69 | .867 |
| 26 | The job itself provides direct and clear information about job effectiveness | .710 | | 3.81 | .756 |
| 27 | The job itself provides feedback on my performance | .698 | | 3.82 | .768 |

| | | | | | |
|--|--|------|--------------|------|------|
| Procedural Justice | | | 31.49 | | |
| 28 | Promotions are seldom related to employee performance | .347 | | 3.44 | .821 |
| 29 | Promotions are more related to whom you know rather than the quality of work | .331 | | 3.72 | .789 |
| 30 | Promotions are done fairly here | .796 | | 3.56 | .848 |
| 31 | The standards used to evaluate my performance are fair and objective | .837 | | 3.65 | .847 |
| 32 | Supervision at this place give full credit to ideas contributed by employees | .755 | | 3.74 | .846 |
| Distributive Justice | | | 34.92 | | |
| 33 | My last performance rating presented a fair and accurate picture of actual job | .676 | | 3.87 | .707 |
| 34 | I am fairly rewarded at this place | .759 | | 3.72 | .857 |
| 35 | I am fairly rewarded considering my responsibilities and work I do | .741 | | 3.86 | .784 |
| 36 | At this place, I am not properly rewarded for my hard work (reverse coded) | .550 | | 3.88 | .837 |
| Task Performance (Self-rated) | | | 37.34 | | |
| 37 | Ability to make use of time and work speed | .648 | | 3.75 | .593 |
| 38 | Ability to do work that meets standard | .724 | | 3.86 | .679 |
| 39 | Ability to avoid making mistakes | .680 | | 3.58 | .700 |
| 40 | How much job knowledge you possess | .601 | | 4.03 | .751 |
| 41 | How large a variety of job duties can you perform efficiently | .689 | | 3.67 | .815 |
| Contextual Performance (Self-rated) | | | 42.15 | | |
| 42 | Comply with instructions even when | .351 | | 3.81 | .821 |

| | | | | | |
|----|--|------|--|------|------|
| | supervisors are not available | | | | |
| 43 | Cooperate with others in the team | .547 | | 4.17 | .766 |
| 44 | Persist in overcoming obstacles to complete a task | .625 | | 3.84 | .733 |
| 45 | Display proper appearance and bearing | .321 | | 3.71 | .852 |
| 46 | Volunteer for additional work | .635 | | 3.61 | .960 |
| 47 | Follow proper procedures | .719 | | 3.74 | .868 |
| 48 | Look for a challenging assignment | .372 | | 3.95 | .712 |
| 49 | Offer to help others accomplish their work | .587 | | 3.88 | .831 |
| 50 | Pay close attention to details | .625 | | 3.90 | .812 |
| 51 | Defend the supervisor's decisions | .525 | | 3.73 | .883 |
| 52 | Render proper courtesy | .535 | | 3.69 | .845 |
| 53 | Support and encourage co-worker with a problem solution | .612 | | 4.06 | .821 |
| 54 | Take the initiative to solve work problems | .619 | | 4.01 | .802 |
| 55 | Exercise personal discipline and self-control | .592 | | 3.92 | .793 |
| 56 | Voluntarily do more than the job requires to help others | .712 | | 3.83 | .889 |

Exploratory factor analysis using principal component analysis method with varimax rotation method for extraction

Appendix 'B'

Study Questionnaire

Dear Participant,

I am a regular faculty member at Government College University, Faisalabad and doing my PhD at University of Bedfordshire, UK. The topic of my research is 'the study of organisational reward strategies and their relationship with the performance of first line managers; an analysis of Textile sector organisations in Pakistan'. I will appreciate your response in completing this questionnaire.

The purpose of this survey is to learn about the various rewards efforts and their relationship with the performance of junior level managers. It is part of an academic research project and the data will strictly be used for academic purposes only.

Please respond as accurately and honestly as possible. There are no right or wrong responses. For each question, choose the response option on the given scale that best corresponds to your opinion. The survey should take around 15-20 minutes. The survey is confidential to ensure candid responses. No individual data will be reported back to the organization.

Your judgments are very important to this process. If you have any questions, feel free to contact me at mshahidtufail@gmail.com. Thank you for your help.

Muhammad Shahid Tufail

PhD Scholar,

University of Bedfordshire, UK

Faculty member,

Government College University, Faisalabad, Pakistan

Cell # 0300-6607601

Section I

Personal Information:

Name: -----

Organisation: -----

Department: -----

Experience (overall): -----

At current position: -----

Gender: Male Female

Qualification: BA/BSc MA/BSc (Hons.) MBA

Age: -----

Salary (Rs.): 10K – 20K 21K – 30K

31K – 40K 41K – 50K 50K &
above

Designation: -----

No. of Subordinates: -----

Section II

While rating the questions, think about you and your job in the organisation and try to be honest with your choices as much as possible. Please use the scale mentioned below and circle the selected choice.

1 = Strongly Disagree 2 = Disagree 3 = Neither Agree nor Disagree 4 = Agree
5 = Strongly Agree

Extrinsic Factors:

Pay

- | | | | | | |
|---|---|---|---|---|---|
| 1. My Salary is satisfactory in relation to what I do | 1 | 2 | 3 | 4 | 5 |
| 2. I earn the same as or more than other people in a similar job | 1 | 2 | 3 | 4 | 5 |
| 3. The basis of pay scale setting is reasonable | 1 | 2 | 3 | 4 | 5 |
| 4. Salary increases are decided on a fair manner | 1 | 2 | 3 | 4 | 5 |
| 5. My salary encourages me to perform better | 1 | 2 | 3 | 4 | 5 |
| 6. My pay reflects the standard of living | 1 | 2 | 3 | 4 | 5 |

Bonuses

- | | | | | | |
|---|---|---|---|---|---|
| 7. Intensive bonus plans result in high performance | 1 | 2 | 3 | 4 | 5 |
| 8. I have fair opportunities for winning bonuses. | 1 | 2 | 3 | 4 | 5 |
| 9. Bonuses should be planned on the basis of seniority rather than on merit. | 1 | 2 | 3 | 4 | 5 |
| 10. Supervisor's recommendations are important in winning bonuses. | 1 | 2 | 3 | 4 | 5 |

Opportunities for Promotion

- | | | | | | |
|---|---|---|---|---|---|
| 11. Everyone has an equal chance to be promoted | 1 | 2 | 3 | 4 | 5 |
| 12. Staff are promoted in a fair and honest way | 1 | 2 | 3 | 4 | 5 |
| 13. Promotion decisions are based on merit | 1 | 2 | 3 | 4 | 5 |
| 14. Promotions should be planned on seniority basis | 1 | 2 | 3 | 4 | 5 |

Intrinsic Factors:

Sense of Recognition

- | | | | | | |
|---|---|---|---|---|---|
| 15. I am praised regularly for my work | 1 | 2 | 3 | 4 | 5 |
| 16. I get credit for what I do | 1 | 2 | 3 | 4 | 5 |
| 17. I am told that I am making progress | 1 | 2 | 3 | 4 | 5 |

Job Characteristics

| | | | | | |
|---|---|---|---|---|---|
| 18. The job involves completing a piece of work that has an obvious beginning and end. | 1 | 2 | 3 | 4 | 5 |
| 19. The job allows me to complete work I start | 1 | 2 | 3 | 4 | 5 |
| 20. The job itself is very significant and important in the broader scheme of things | 1 | 2 | 3 | 4 | 5 |
| 21. The job has a large impact on people outside the organisation | 1 | 2 | 3 | 4 | 5 |
| 22. The job requires me to utilize a variety of different skills in order to complete the work. | 1 | 2 | 3 | 4 | 5 |
| 23. The job requires me to use a number of complex or high-level skills | 1 | 2 | 3 | 4 | 5 |
| 24. The job allows me to make my own decisions about how to schedule my work | 1 | 2 | 3 | 4 | 5 |
| 25. The job allows me to make a lot of decisions on my own | 1 | 2 | 3 | 4 | 5 |
| 26. The job itself provides direct and clear information about the effectiveness of my job. | 1 | 2 | 3 | 4 | 5 |
| 27. The job itself provides feedback on my performance | 1 | 2 | 3 | 4 | 5 |

Organisational Justice

Procedural Justice

| | | | | | |
|---|---|---|---|---|---|
| 28. Promotions are seldom related to employee performance | 1 | 2 | 3 | 4 | 5 |
| 29. Promotions are more related to whom you know rather than the quality of work | 1 | 2 | 3 | 4 | 5 |
| 30. Promotions are done fairly here | 1 | 2 | 3 | 4 | 5 |
| 31. The standards used to evaluate my performance at this place have been fair and objective. | 1 | 2 | 3 | 4 | 5 |
| 32. Supervision at this place give full credit to ideas contributed by employees | 1 | 2 | 3 | 4 | 5 |

Distributive Justice

| | | | | | |
|---|---|---|---|---|---|
| 33. My last performance rating presented a fair and accurate picture of my actual job performance | 1 | 2 | 3 | 4 | 5 |
| 34. I am fairly rewarded at this place based upon my education level and job skills | 1 | 2 | 3 | 4 | 5 |
| 35. I am fairly rewarded considering the responsibilities and work I do | 1 | 2 | 3 | 4 | 5 |
| 36. At this place, I am not properly rewarded for my hard work | 1 | 2 | 3 | 4 | 5 |

Section III

Measuring Job Performance

This section comprises of questions regarding your task and contextual performance at work. Your responses are very important and be honest in choosing the right statement. Read the each question carefully keeping in view your performance and circle the statement best describes you.

Task Performance

37. How much can you get done? (your ability to make use of time and high work speed)

- a. Capable of very low work output and can perform only at an unsatisfactory pace
- b. Capable of low work output and can perform at a slow pace.
- c. Capable of average work output and can perform at an acceptable pace.
- d. Capable of high work output and can perform at a fast pace.
- e. Capable of very high work output and can perform only at an unusually fast pace.

38. How good is the quality of your work? (your ability to do work that meets standards)

- a. Performance is very inferior and never meets quality standards.
- b. Performance is inferior in quality
- c. Performance is neither inferior nor superior; performance is acceptable.
- d. Performance is superior in quality.
- e. Performance is very superior in quality.

39. How accurate is your work? (your ability to avoid making mistakes)

- a. Always make mistakes and work needs constant checking.
- b. Very often make mistakes and work needs more checking than is desirable.
- c. Sometimes make mistakes and work needs only normal checking.
- d. Rarely make mistakes and work seldom needs checking.
- e. Never make a mistake and work never needs checking.

40. How much do you know about the job?

- a. Have no knowledge. Does not know enough to do the job adequately.
- b. Have very limited knowledge and knows enough to get by.
- c. Have some knowledge and knows enough to do fair work.
- d. Have quite a bit of knowledge and knows enough to do a good job.
- e. Have a great deal of knowledge and knows the job thoroughly.

41. How large a variety of job duties can you perform efficiently?

- a. Cannot perform different operations adequately.
- b. Can perform a limited number of different operations with reasonable efficiency.
- c. Can perform several different operations with reasonable efficiency.
- d. Can perform many different operations efficiently.
- e. Can perform an unusually large variety of operations efficiently.

Contextual Performance (including Citizenship Behaviour)

Note: Read the questions carefully and circle the choice best describes you using the scale as:

1 = Not at all likely 2 = Somewhat likely 3 = Likely 4 = Very likely 5 = Extremely likely

While performing your job, how likely is it that you would?

- | | | | | | |
|--|---|---|---|---|---|
| 42. Comply with instructions even when supervisors are not present | 1 | 2 | 3 | 4 | 5 |
| 43. Cooperate with others in the team | 1 | 2 | 3 | 4 | 5 |
| 44. Persist in overcoming obstacles to complete a task | 1 | 2 | 3 | 4 | 5 |
| 45. Display proper appearance and bearing | 1 | 2 | 3 | 4 | 5 |
| 46. Volunteer for additional work | 1 | 2 | 3 | 4 | 5 |
| 47. Follow proper procedures | 1 | 2 | 3 | 4 | 5 |
| 48. Look for a challenging assignment | 1 | 2 | 3 | 4 | 5 |
| 49. Offer to help others accomplish their work | 1 | 2 | 3 | 4 | 5 |
| 50. Pay close attention to details | 1 | 2 | 3 | 4 | 5 |
| 51. Defend the supervisor's decisions | 1 | 2 | 3 | 4 | 5 |
| 52. Render proper courtesy | 1 | 2 | 3 | 4 | 5 |
| 53. Support and encourage a co-worker with a problem | 1 | 2 | 3 | 4 | 5 |
| 54. Take the initiative to solve a work problem | 1 | 2 | 3 | 4 | 5 |
| 55. Exercise personal discipline and self-control | 1 | 2 | 3 | 4 | 5 |
| 56. Voluntarily do more than the job requires to help others | 1 | 2 | 3 | 4 | 5 |

Thanks

Appendix 'C'

Supervisor' ratings (Questionnaire)

Section IV (Supervisory Ratings)

This section comprises of questions regarding your subordinate's task and contextual performance at work. Your responses regarding your subordinates are very important and be honest in choosing the right statement. Read the each question carefully and circle the statement best describes your judgement about your subordinate.

Task Performance

How much can he/she get done? (Subordinate's ability to make use of time and high work speed)

- a) Capable of very low work output and can perform only at an unsatisfactory pace
- b) Capable of low work output and can perform at a slow pace.
- c) Capable of average work output and can perform at an acceptable pace.
- d) Capable of high work output and can perform at a fast pace.
- e) Capable of very high work output and can perform only at an unusually fast pace.

How good is the quality of his/her work? (Subordinate's ability to do work that meets standards)

- a) Performance is very inferior and never meets quality standards.
- b) Performance is inferior in quality
- c) Performance is neither inferior nor superior; performance is acceptable.
- d) Performance is superior in quality.
- e) Performance is very superior in quality.

How accurate is his/her work? (Subordinate's ability to avoid making mistakes)

- a) Always make mistakes and work needs constant checking.
- b) Very often make mistakes and work needs more checking than is desirable.
- c) Sometimes make mistakes and work needs only normal checking.
- d) Rarely make mistakes and work seldom needs checking.
- e) Never make a mistake and work never needs checking.

How much does he/she know about the job?

- a) Have no knowledge. Does not know enough to do the job adequately.
- b) Have very limited knowledge and knows enough to get by.
- c) Have some knowledge and knows enough to do fair work.
- d) Have quite a bit of knowledge and knows enough to do a good job.
- e) Have a great deal of knowledge and knows the job thoroughly.

How large a variety of job duties can he/she perform efficiently?

- a) Cannot perform different operations adequately.
- b) Can perform a limited number of different operations with reasonable efficiency.
- c) Can perform several different operations with reasonable efficiency.
- d) Can perform many different operations efficiently.
- e) Can perform an unusually large variety of operations efficiently.

Contextual Performance (including Citizenship Behaviour)

Read the questions carefully and circle the choice best describes your subordinate using the scale as:

1 = Not at all likely 2 = Somewhat likely 3 = Likely 4 = Very likely 5 = Extremely likely

While performing job, how likely is it that your subordinate would?

- | | | | | | |
|---|---|---|---|---|---|
| 1. Comply with instructions even when supervisors are not present | 1 | 2 | 3 | 4 | 5 |
| 2. Cooperate with others in the team | 1 | 2 | 3 | 4 | 5 |
| 3. Persist in overcoming obstacles to complete a task | 1 | 2 | 3 | 4 | 5 |
| 4. Display proper appearance and bearing | 1 | 2 | 3 | 4 | 5 |
| 5. Volunteer for additional work | 1 | 2 | 3 | 4 | 5 |
| 6. Follow proper procedures | 1 | 2 | 3 | 4 | 5 |
| 7. Look for a challenging assignment | 1 | 2 | 3 | 4 | 5 |

| | | | | | |
|--|---|---|---|---|---|
| 8. Offer to help others accomplish their work | 1 | 2 | 3 | 4 | 5 |
| 9. Pay close attention to details | 1 | 2 | 3 | 4 | 5 |
| 10. Defend the supervisor's decisions | 1 | 2 | 3 | 4 | 5 |
| 11. Render proper courtesy | 1 | 2 | 3 | 4 | 5 |
| 12. Support and encourage a co-worker with a problem | 1 | 2 | 3 | 4 | 5 |
| 13. Take the initiative to solve a work problem | 1 | 2 | 3 | 4 | 5 |
| 14. Exercise personal discipline and self-control | 1 | 2 | 3 | 4 | 5 |
| 15. Voluntarily do more than the job requires to help others | 1 | 2 | 3 | 4 | 5 |

Thanks