

## EFFECT OF REWARD SYSTEM ON INNOVATIVE WORK BEHAVIOUR THROUGH TEMPORARY ORGANIZATIONAL COMMITMENT AND PROFICIENCY: MODERATING ROLE OF MULTICULTURALISM

<sup>1</sup>Dr. Kanwal Iqbal Khan\*, <sup>2</sup>Syed M. Waqar Azeem Naqvi, <sup>3</sup>Muhammad Mudassar Ghafoor, <sup>4</sup>Gohar Nayab

<sup>1</sup>Assistant Professor, Institute of Business & Management, University of Engineering & Technology, Lahore, Pakistan.

\*Corresponding Email: [drkanwaliqbalkhan@gmail.com](mailto:drkanwaliqbalkhan@gmail.com)

<sup>2</sup>School of Continuing Studies, McGill University, Montreal Quebec, Canada.

<sup>3</sup>Director, University of the Punjab, Jhelum, Pakistan.

<sup>4</sup>Institute of Business & Management, University of Engineering & Technology, Lahore.

ARTICLE INFO	ABSTRACT
<p><i>Article History:</i> Received: 10 Sep 2019 Revised: 15 Dec 2019 Accepted: 10 Mar 2020 Available Online: 15 Jun 2020</p> <hr/> <p><i>Keywords:</i> Innovation, Temporary Organizational Commitment, Reward System, Innovative Work Behaviour, Temporary Organizational Proficiency, Project Success, Multiculturalism</p> <hr/> <p><i>JEL Classification:</i> D83, O15</p>	<p>Innovative work behaviour (IWB) of employees is considered substantial for the organizational development to achieve competitive edge. That is why organizations are continuously working to improve their mechanism of enhancing IWB of the employees. Previous studies are evident that a good reward system can play an effective role in achieving the desired results because when employees are rewarded, they become more committed and produce innovative ideas for the companies' proficiency. Therefore, present study is aimed to find out the effect of reward system on IWB of the employees through temporary organizational commitment (TOC), temporary organizational proficiency (TOP). It further explores the moderating role of multiculturalism between TOC, TOP and IWB. Data is collected from 362 contractual employees of the multinational companies of Pakistan through questionnaire survey. The findings of the study depicted that TOC and TOP mediates the relationship between reward system and IWB. The moderating role of multiculturalism is well explained in the relationship of TOP and IWB. Multiculturalism decreases the positive effect of TOP on IWB. These results will be helpful for the organizations to achieve the project success.</p>

© 2020 The authors, under a Creative Commons Attribution-Non-Commercial 4.0

### 1. INTRODUCTION

#### 1.1 Background of the Study

Innovation is considered as the practical example of having better ideas and views that meets the new demands of the present era and fulfils the market needs (Nangoy, Mursitama, Setiadi, & Pradipto, 2020). There has been a long debate on the importance of innovation in every field of work. It is considered as one of the leading factors that affects the international market and human behaviour, working in the competitive environment (Santoso, Elidjen, Abdinagoro, & Arief, 2019). That is why, it is necessary to increase innovative work behaviour (IWB) among the employees to gain the competitive edge. But, it cannot be possible without considering the essential factors like reward system, temporary organizational commitment (TOC), temporary organizational proficiency (TOP) and multiculturalism. In the previous studies, it has been proved that TOC and TOP plays a significant role in enhancing the innovation among the employees (Waldb, 2017). Once TOP and TOC improves than organization is able to get better results in the form of IWB which leads towards project success (Nangoy, Hamsal, Setiadi, & Pradipto, 2019).

Some researchers have proved that TOP affects positively instead of TOC on IWB (De Spiegelaere et al., 2018). But still, the impact of reward management cannot be neglected in this regard where especially designed rewards can be more motivational for the employees to work more innovatively and unleash the creative and advanced job performance of the staff (Holsen et al., 2012). Once organizations are able to utilize these variables than they are able to explain all the factors that can improve IWB of working staff (Kadarusman, & Herabadi, 2018). It is necessary to increase IWB among employees because innovation plays a vital role in organizational growth and development (Yi, & Davis, 2003). The earlier researchers like Waldb, (2017) explored the relationship between TOC, TOP, and IWB in the context of developed countries. But it is essential to investigate this relation in the developing countries as well to increase the generalization of the concept. That is why these variables are reconsidered in the context of emerging economies like Pakistan.

Similarly, the role of rewards in promoting the creativity and innovation also remains less investigated (Ma, & Corter, 2019). When employees are rewarded than they feel more motivated and committed towards their

organizations (Dong, Bartol, Zhang, & Li, 2017). This positive attitude helps them to become more adaptive to change and have a significant impact on IWB. On the contrary, TOC and TOP can be improved if the organization itself provides the paths to the committed employees to work harder and become more proficient (MontaniBatt, Istelli, & Odoardi, 2017). It can only be possible if organization acknowledge the contribution of its employees through monetary and non-monetary rewards (Piansoongnern, 2016). The reward system enhances the employees' creativity and skills. It motivates them to work hard and significantly contribute towards increasing commitment and proficiency level of the employees, that finally increases IWB (Rose, Hölzle, & Björk, 2020). This relationship is important to enhance the existing understanding of the subject of project management.

The role of reward in promoting the creativity and innovation also remains less investigated (Mascareño, Rietzschel, & Wisse, 2020). These relationships are important to study in order to enhance the existing understanding of the subject of project management and leadership (Kremer, Villamor, & Aguinis, 2019). One more factor that is properly less studied in context of IWB is reward system (Vaccaro, Jansen, Van Den Bosch, & Volberda, 2012). Rewards could play an impressive role in increasing employees attention towards their job and overall that improves company performance (Baer, Oldham, & Cummings, 2003). Once company performance will increase than company employees can be relaxed, think creatively towards their tasks and add more innovation in their working behaviour (Malik, Choi, & Butt, 2019).

On the other hand, TOC and TOP positively impacts the IWB even in the increased environmental dynamism and uncertainty at the workplace particularly when it is equipped with peoples from diversified communities (Isaksen, & Kaufmann, 1990). However, multiculturalism often decreases the positive effect of TOC and TOP on IWB. As people belonging to diversified cultures often do not feel comfortable at workplace and therefore, hesitant to share their views and opinions (De Spiegelaere et al., 2018). This can adversely affect the IWB, particularly when employees are involved in a temporary endeavour. Therefore, it is a challenging task for the organizations to keep the contractual or temporary employees committed and motivated towards their job tasks. Although, multiculturalism positively impacts the IWB but in the temporary organizational endeavour it often decreases the positive effect of TOC and TOP on IWB. But its effect on employees IWB in the presence of multiculturalism is yet to be explored.

This study also explains the importance of multiculturalism at the workplace where people from diversified background are working (Korzilius, Bücken, & Beerlage, 2017). The thinking styles, perception and understanding of these employees are different (Lechner, & Paul, 2019). These unique characteristics can be helpful for the organizations in generating the variety of innovative ideas and also lead them to achieve operational targets (Yang, & Mattila, 2020). But in that case job security for employees is considered essential. Previous researches showed that employees working in permanent organizational positions contributed more motivationally and positively towards their routine tasks than contractual employee (Javed, Naqvi, Khan, Arjoon, & Tayyeb, 2019). Job security provides them the sense of security and they feel more committed and remain faithful for their organizations. Therefore, it is a challenging task for the organizations to keep the contractual or temporary employees committed and motivated for their work tasks and attached with the organizational goals (De Spiegelaere et al., 2014). The role of multiculturalism is still not explored in the context of increasing innovation in the contractual employees.

The objective of the study is to explain the effect of reward system on IWB through TOC and TOP. It also aimed to explore the extent of multiculturalism moderates the effects of TOC and TOP on IWB. The data is collected from the contractual employees of the multinational companies of Pakistan who were temporarily appointed for the accomplishment of organizational projects. This study makes a remarkable contribution in the field of project management by explaining the role of reward system, IWB, TOC, TOP and multiculturalism. This research will be beneficial for those organizations who wanted to increase their employee's performance and achieve project success. It can help them to enhance their performance by promoting the employees' IWB and also by adding a fair reward system at their workplace. It suggests the managers to keep the contractual or temporary employees committed and proficient through reward system. The current study also helps in explaining the dynamic role of multiculturalism in promoting the IWB and achieving organizational goals in the context of increasing financial profits.

## 1.2 Research objectives

The research is based on the following objectives:

- To investigate the mediating role of TOC and TOP between reward system and IWB
- To find out the the extent of multiculturalism moderates the effects of TOC and TOP on IWB

## 1.3 Statement of the problem

Innovation plays a vital role in the development of any organization. That is why it is necessary to increase IWB among the employees to gain the desired results. But, it cannot be possible without considering the essential factors

like TOC, TOP, reward system and multiculturalism. In the previous studies, it has proved that TOC and TOP plays significant role in enhancing innovation among the employees in their working environment. But its effect on employees IWB in the presence of multiculturalism is yet to be explored. Similarly, the role of reward in promoting the creativity and innovation also remains less investigated. These relationships are important to study to enhance the existing understanding of the subject of project management. Therefore, the present study is aimed to investigate the relationship between reward system and IWB through the mediating role of TOC and TOP. It also aimed to explore the moderating role of multiculturalism in increasing/decreasing the positive effect of TOC/TOP on IWB.

## **2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT**

### **2.1 Reward system and innovative work behaviour**

Innovation plays an important role in helping the organizations to maintain competitive edge over its competitors (Nangoy et al., 2020). We have the examples of many organizations who rule the world by following the innovation and creativity techniques. However, IWB of employees is an important factor that can help to promote innovation process in the organizations. IWB is the employees' willingness to introduce creative, fresh ideas at the workplace relevant to their tasks for the benefit of the organization (Scott, 1994). It improves the employees' job-related task performance. Employees can handle customers queries appropriately, propose unique ideas for product development, and give feedback during the production process (Dong et al., 2017). Previous studies discussed many factors like employees' psychological empowerment (Prabowo, Mustika, & Sjabadhyni, 2018), performance factors (Spanuth, & Wald, 2017), work engagement (Kim, & Park, 2017), employees commitment (Jafri, 2010), to enhance IWB. But all these factors can be achieved through a good reward system (MontaniBatt et al., 2017).

Rewards are something that any individual staff members can expect from their company in return of their efforts towards job (Ma, & Corter, 2019). Reward system is the benefit given to the employees as a recognition of their services, provided to the company (Babcock, Loewenstein, Issacharoff, & Camerer, 1995). It is based on the principle that what an organization wanted to achieve (Armstrong, Adam, Denize, & Kotler, 2014). An organization must line up its reward practices with goals of the business in order to achieve its financial and economic objective. Holsen et al., (2012) stated that rewards attracted the employees and maintain high quality work system, enhances their creativity, commitment and motivation. However, employees should be rewarded on fair and transparent basis. In an organization, reward management is only concerned that employees are awarded equally, fairly, and consistently, so that organization achieved its goals. Agwu, (2013) stated that organization should pay attention on maintaining the needs of the employees and manage fair distribution of reward. Companies should make the strategies, policies and processes to ensure the fair distribution of monetary and non-monetary recognition for the contribution of people in an organization.

When employees are rewarded, they are willing to involve in more innovative tasks, utilize their full potential to positively contribute towards their work through creativity. As an important feature of IWB is the implication of an extra role related to idea generation, promotion, and realization (Scott, 1994). So, in this regard, reward system can surely contribute more towards achieving IWB of the employees. Because when their efforts are highly rewarded by the organizations, then they will be more motivated to perform and give their best to the organizations (Piansoongnern, 2016). However, the perception of employees about the fair reward system must also be considered (De Spiegelaere et al., 2014). When there is a fair balance of work effort by employees and organizational reward system, then employees should be motivated and positively responded to higher job demands with increasing IWB. In this case reward system is positively related to IWB when employees perceive that their efforts are being rewarded fairly in financial and non-financial terms.

*H<sub>1</sub>: Reward system positively affects IWB.*

### **2.2 Mediating role of temporary organizational commitment**

Conventionally the term commitment reflected the devotion and dedication of an individual towards the job-related tasks. Organizational commitment shows the level of attachment of the employees for their respective organizations (Nuhn, Heidenreich, & Wald, 2019). When employees are attached with their organizations then they align organizational goals with their personal objectives and make efforts to achieve these targets at every extent (Frankel, Berg, & Pabo, 1987). Kremer et al., (2019) confirmed that employees who are committed to their work, especially those employees that were more enthusiastic to tolerate occupational stress have low burn out and job left out ratios. This level of commitment is required to survive in the competitive market. Mayfield, and Mayfield (2002) stated that motivational leadership can also play an important role in extracting inner abilities of their employees and keep them committed.

Previous studies stated that employees attached with the permanent organizations are more committed to their work, especially those employees that were effectively and efficiently attached themselves with their workplace and adopted the system norms (Becker, Billings, Eveleth, & Gilbert, 1996). These employees started considering their organization as a family and become loyal to their work with the passage of time. Once commitment of employees is created then they will think more about the company and utilize their creativity and innovation to improve their performance (Hanaysha, 2016). Their improved performance reflected in the form of IWB that increases organizational performance as well. Those employees who are committed and loyal to their organizations are more goal oriented and hard working (Korzilius et al., 2017). Goal orientated people find different ways and methods to achieve their goals and that increase creativity in their behaviour of working.

However, temporary organization members face more challenging conditions at their workplace that involves high level of risk, uncertainty. This dynamic work-related environment often makes them stressed and frustrated from their work and have adverse impact on their overall performances and IWB. However, organizations need the factors like fair reward system to motivate the employees. The reward system has a significant positive effect on commitment of the employees. It positively engaged the employees towards their tasks that enhances their work commitment (Morrison and Ybarra, 2010). The employees are more satisfied with their job when their efforts are being recognized by their organizations through monetary and non-monetary benefits (Jafri, 2010) this further increases the IWB of employees. Therefore, it is claimed that reward system increases IWB of employees through TOC.

*H<sub>2</sub>: TOC mediates the relationship between Reward system and IWB.*

### **2.3 Mediating role of temporary organizational proficiency**

Proficiency includes experience, skills and capabilities and these are the factors that every organization requires to beat his competitors in the market (Nuhn, Heidenreich, & Wald, 2019). If any member has these skills it means his vision can be far better than others and he can provide some innovative ideas that could be beneficial for the company. Such employees are considered as an asset for the organization (Armstrong et al., 2014). In the recent studies, it was concluded that TOP is having stronger effect on increasing IWB of individuals as compare to TOC (Jafri, 2010). It could provide better understanding of the factors that enhance the IWB of individual staff. It is considered as a key factor to determine the efficiency of the company to utilize its information channels and the skill level of staffs to influence organizational performance outcomes (Dunham, 1994; Yi & Davis, 2003).

TOP is one of the main factors that affect IWB of employees. As employees with high experience are having more ideas as they have more field experience (Karoline Strauss, Griffin, & Rafferty, 2009). At the same time employees with high skills and capabilities provide better solutions of difficulties faced in normal working environment. So, these are the main factors that define the stronger effect of TOP on IWB (Lechner, & Paul, 2019). However, the organizational reward management system not only increases the IWB but also motivates the employees to utilize their capabilities for the benefit of the company (Jafri, 2010). The monetary and non-monetary rewards encourage the employees to share their knowledge and skills which companies can utilize for their benefits (De jong, & Den Hartog, 2010). The increased TOP leads the company towards increased productivity, annual sales, better customers relation and getting competitive edge on the basis of employee's total performance (Scott, & Bruce, 1994). TOP helps to cope up high level of risks and uncertainty in which reward system act as a motivator. Reward system increases the positive effect of TOP which in return increases the IWB of employees.

*H<sub>3</sub>: TOP mediates the relationship between reward system and IWB.*

### **2.4 Moderating role of multiculturalism**

Multiculturalism means people from different cultures working together to achieve a common goal (Korzilius et al., 2017). The effect of multiculturalism on IWB of individuals is not much discussed in the previous studies (De Spiegelaere et al., 2014; Doucerain, 2019). It is a framework that discusses the multifaceted diversity of cultures existed in our society. This diversification results in generating the new and different set of ideas which at the end helping the companies in achieving their operational targets (Javed et al., 2019). Segall, Dasan, & Berry, (1998) suggested that multiculturalism enhanced the IWB of an individual because it included the people from different cultures and backgrounds that have different thinking styles, experience which can promote innovation. The organizations consider competent employees as an asset. Employees that having a diversified working experience can better understand the dynamics of the projects (Douceain, 2019). Multinational corporations prefer such employees that have analytical and problem-solving skills and experience to handle the temporary endeavours. Such employees can better contribute in product development process and handle the crisis (N Ramamoorthy, 2005). Employees with their creative and innovative skills attract the customer, maintain the product quality and handle the problems during project development process. Therefore, organizations consider skilled employees valuable for getting the competitive



edge in the market. Multiculturalism in this regard help them to provide a platform of competent employees where they share their views, experiences and skills that results in increasing the IWB of employees and positively contribute towards organizational success (Korzilius et al., 2017).

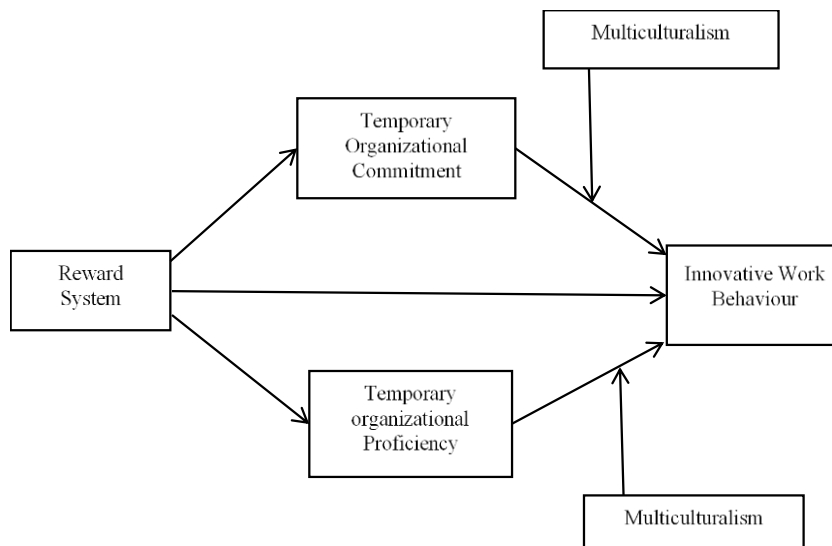
Managers often faced difficulty to handle with a culturally diverse workforce regarding the concepts of commitment. It required a deeper understanding of cultural differences in workplace settings that existed due to multicultural employees (Yang, & Mattila, 2020). Although multiculturalism forces cause the dynamic growth of investment and production (De jong & Den hartog, 2010) but if employees are not comfortable to work in such environment then it reduces their commitment level. That is why it is a challenging task for managers to keep the employees committed particularly in a short-term project. It can affect the IWB of employees as well (Nuhn, Heidenreich, & Wald, 2019). In that way, multiculturalism adversely impacts the positive relationship of TOP on IWB.

**H<sub>4a</sub>:** *Multiculturalism decreases the positive effect of TOC on IWB.*

Proficiency means when an employee meets their job requirements (Karoline Strauss et al., 2009). TOP has a positive effect on employees IWB. It is because employees with high skills are more focus and can resolve the working problems with the help of their skills and experience (Lechner, & Paul, 2019). So, once they will resolve the work-related problems with the help of their experience that will increases their IWB. However, previous literature stated that job security has a positive influence on the working behaviour motivation as employees working in permanent organizations added more towards innovation than the employees attached with temporary endeavours (Isaksen, & Kaufmann, 1990). It is understood that temporary organizations are based on more complex and non-routine tasks. That is why, temporary organization members face more challenges as compared to permanent organization members.

Permanent organization members can easily solve their problems in order to meet their job requirements than temporary organization members. However, employees either attached with permanent or temporary organizations need have high level of TOP to better perform their tasks (Mikander, 2010). TOP plays an important role in achieving organization objectives and increasing IWB in both the organizations. However, multiculturalism can cause to decrease the positive effect of TOP on IWB. As the employees belonging to diversified cultures sometimes become uncomfortable during their task performance due to differences in ideologies, attitudes and beliefs of co-workers (Heramosilla, Amutio, da Costa, & Páez, 2016). The feel hesitant to share their views and opinion particularly when attached in a short term project (Pedersen, 1991). Their IWB also affected in this situation. This results in decreasing the even positive effect of TOP on IWB.

**H<sub>4b</sub>:** *Multiculturalism decreases the positive effect of TOP on IWB.*



**Fig. 1.** Conceptual Model

### 3. METHODOLOGY

#### 3.1 Population and sample

The current research is an attempt to explain the relationship between reward system and IWB through TOC and TOP which still required explanation, particularly in the context of multicultural communities. Therefore, multinational corporations of Pakistan were targeted for the data collection. The contractual employees who were temporarily engaged in the projects of the multinational corporations were the population of the study. The data was collected by using questionnaire through personal visits, and on-line channels i.e., sending e-mails, Google forms, etc. The participants were the employees of multinational companies working on contractual bases because these companies are engaged in multiple projects at one time. Further in order to answer the research question, it is important to include those organizations where peoples from different cultures merged to achieve a common goal (Doucerain, 2019). That is why, these organizations were targeted where people from different cultures, religions, and regions combined to achieve a single target.

#### 3.2 Data collection and questionnaire administration

The questionnaire was distributed through on-line, and scheduled visit of the multinational companies of Pakistan. Questionnaires were given to the employees after gaining the proper permission from the relevant authorities. Ethical approval for conducting this study was granted by the relevant authorities. Before the distribution of the survey, the employees were informed that participation in this survey is voluntary and their queries regarding the information about the research were also entertained. The cover letter was also added with each pack of the questionnaire to specify the reason behind this research. The cover letter also assured the confidentiality of all the personal data given by the respondents; it also included a self-addressed stamped envelope. The respondents of the questionnaire were promised to provide a summarized copy of result, if it is required by them. We distributed more than 500 questionnaires to employees of different companies and received the response from 393 employees with the fully completed and usable questionnaires from 362 employees.

**Table 1.** Respondents Characteristics

Respondents Characteristics	Total	
	No.	%
<b>Gender</b>		
Male	200	66.4%
Female	101	33.5%
<b>Education</b>		
Bachelors	140	51.1%
Masters	98	41.8%
<b>Experience in Current Organization</b>		
3 months	30	9.90%
6 months	80	26.5%
1 year	191	63.4%
<b>Age</b>		
26-30	105	40.5%
31-35	41	35.6%
36-40	35	21.6%
41-45	45	14.9%
46-50	15	4.90%
<b>Material status</b>		

Single	130	43.0%
Married	81	26.9%
Divorced	35	11.6%
Widow	55	18.2%

The demographic properties of the respondents including their age, gender, material status, education and experience is reported in Table 1. Out of 362 respondents 66.4% were male and 33.5% were female. Greater part of the respondents (just about 40.5%) was aged from 26-30 years. Majority were single (43.18%), whereas 26.9% were married, 11.6% were divorced and 18.2% were widows. Moreover, 51.1% were having bachelor’s degree and 41.8% were completed their master’s degree. Regarding job experience in current multinational companies, 9.9% said that they have 3 months experience, 26.5% said that they have 6-months experience and 63.4% said that they have 1 year working experience in multinational companies.

**3.3 Measurement of Variables**

IWB indicates an individual’s ability to work independently or in a group for the project of the organization to create, promote and implement creative ideas for its betterment (De jong & Den hartog, 2010). Five items based on five-point Likert scale, measured as ‘1’ for “Never” and ‘5’ for “Always”, extracted from Janssen, (2000) for assessing an employee creativeness towards his/her job. The reward is the benefit that is mostly given to the employees to appreciate his/her devotion, hard work or creative mindset (Babcock et al., 1995). It is essential for all organizations for keeping their employees motivated towards hard work. Five question were included for evaluating the impact of reward by using a five-point scale where ‘1’ for “Not At All Important” and ‘5’ as “Very Important”, obtained from Mikander, (2010). Organizational commitment includes the employee’s emotional attachment for their company, involvement in work task with best of their abilities, fulfil their individual responsibilities towards companies’ goals, and contribute to the best output (Jafri, 2010).

We use nine items on the basis of employees’ level of agreements, extracted from MontaniBatt et al., (2017). It can explain the importance of TOC to improving IWB among individual employees. Proficiency shows an individual’s ability, skills, and experience that can be used for the betterment of the organization (Dunham, 1994). Proficiency is the ability of the companies to get the benefit from information channels and skill level of an individual to utilize it for getting the best results from it (Yi & Davis, 2003). Five questions were included to assess the degree of importance for the employees of TOP, taken from the study of Hugo, (2007). Multiculturalism is a set of complex frameworks that provides the unique and creative set of ideas under a single roof (Segall et al., 1998). We have implemented a Five-point scale started from ‘1’ for “Not At All” and ‘5’ for “Very Much”; derived from Morrison and Ybarra, (2010) to recognize the importance of multiculturalism at the working atmosphere. Five questionnaire items are included to measure the role of multicultural.

**4. RESULTS AND DISCUSSION**

The reliability and validity of all the latent constructs were calculated. The resultant values of Cronbach’s alpha ( $\alpha$ ) are within the range of 0.83-0.92; composite reliability (CR) values are within 0.88-0.94 range; and Average variance extracted (AVE) values are in the range of 0.59-0.76, which met the criteria set by Cohen (1988) for construct reliability and validity. According to Cohen (1988) the minimum values for  $\alpha$  and CR is 0.70 and for AVE 0.50. All the values shown in Table 2 are greater than these benchmark values that validates the reliability and validity condition for all the constructs.

**Table 2.** Reliability and Validity

Constructs	$\alpha$	CR	AVE	$\bar{x}$	SD
IWB	0.860	0.899	0.642	6.029	0.582
RS	0.828	0.879	0.593	5.951	0.600
TOC	0.916	0.931	0.600	5.917	0.546
TOP	0.887	0.917	0.689	5.840	0.708
MC	0.920	0.940	0.757	5.942	0.624

Table 2 also presented the Mean values ( $\bar{x}$ ) for IWB, reward system (RS), TOC, TOP and multiculturalism (MC) which are 6.029, 5.951, 5.917, 5.840, and 5.942 respectively. Similarly, the Standard deviation (SD) values are also evaluated for IWB, reward system (RS), TOC, TOP and multiculturalism (MC) as 0.582, 0.600, 0.546, 0.708, and 0.624 respectively. The discriminant validity results for the study variables are presented in table 3. The bold values shown in the diagonal demonstrated the square-root of AVE, which is greater than the evaluated correlation values, subsequently confirming the constructs' discriminant validity.

**Table 3: Discriminant Validity**

Constructs	IWB	RS	TOC	TOP	MC
IWB	0.801				
RS	0.434	0.770			
TOC	0.321	0.374	0.774		
TOP	0.634	0.417	0.155	0.830	
MC	0.466	0.138	0.071	0.678	0.870

Henseler, Ringle, and Sarstedt (2015) also suggested HTMT ratio of correlations as a modern tool to analyse the discriminant validity of the constructs. Generally, HTMT values greater than 0.85 demonstrated a potential issue of discriminant validity. However, in this study, all the values of HTMT are under the level 0.85 which also validated that there is no issue of discriminant validity in the sample data. Additional test for the confirmation of discriminant validity is done by assessing all cross-loading values. Table 4 showed the cross-loading values for all the study constructs which lies within the range of 0.71-0.92, proving discriminant validity (Hair, Hollingsworth, Randolph, & Chong, 2017).

**Table 4. Outer Loadings and Normality Analysis**

Items	VIF	IWB	RD	TOC	TOP	MC
IWB1	2.206	0.838				
IWB2	1.837	0.792				
IWB3	1.657	0.755				
IWB4	1.631	0.756				
IWB5	2.437	0.860				
RS1	1.605		0.753			
RS2	1.750		0.791			
RS3	1.648		0.770			
RS4	1.809		0.819			
RS5	1.489		0.712			
TOC1	2.239			0.748		
TOC2	2.677			0.801		
TOC3	3.489			0.841		
TOC4	3.855			0.825		
TOC5	2.267			0.744		
TOC6	2.454			0.752		
TOC7	2.864			0.781		
TOC8	2.483			0.745		
TOC9	2.356			0.725		
TOP1	2.248				0.838	
TOP2	2.061				0.830	



TOP3	2.177	0.829
TOP4	2.387	0.863
TOP5	1.854	0.787
MC1	2.747	0.879
MC2	2.403	0.839
MC3	2.422	0.848
MC4	2.114	0.915
MC5	4.627	0.876

Multicollinearity is detected through variance inflation factor (VIF). Multicollinearity occurs when there is an association between independent variables in a proposed model. This can adversely affect the results as if factors are highly correlated to each other. Therefore, multicollinearity is calculated before applying the SEM. The VIF values indicated that how much the variance of a regression coefficient is expanded because of multicollinearity in the model. The VIF values reported in table 4 uncovered that collinearity is not an issue as all the values lies within an acceptable range of 1.489-4.627.

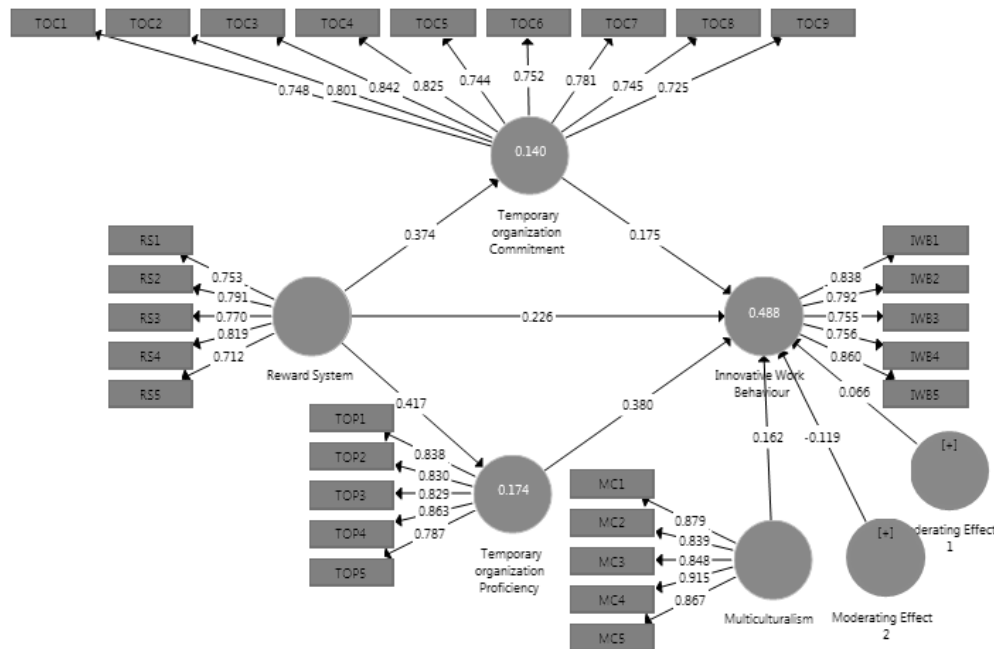


Fig. 2. Outer Loadings, R<sup>2</sup>, Path Coefficients

The values of outer loadings, R<sup>2</sup>, path coefficients are presented in figure 2. All the values of outer loading are positive. The values of R<sup>2</sup> are 0.49, 0.14 and 0.17 for IWB, TOC and TOP respectively which explain the explanatory power of these variables. It shows that TOC have the lowest explanatory power (R<sup>2</sup>=0.14). Simply R<sup>2</sup> describes how well your model fits for a set of observations. However, it does not provide any idea about the formal testing of the hypotheses. And also, not consider appropriate measure to assess the model fit (Hair et al., 2017). Therefore, Q<sup>2</sup> test is suggested to assess the predictive relevance of the structural model (Ratzmann, Gudergan, & Bouncken, 2016). As per the rule of thumb, if the value of Q<sup>2</sup> is greater than zero then model is considered to be a good fit. The value of Q<sup>2</sup> for our model supports the underlying criteria as the values for IWB, TOC, and TOP are 0.289, 0.076 and 0.111 respectively.

**Table 5.** Hypotheses Testing

Hypothesized Path	B	T Values	P Values	Decision
<i>i. Direct Effect</i>				
RS -> IWB	0.226	3.343	0.001	**
RS -> TOC	0.374	5.672	0.000	**
RS -> TOP	0.417	7.766	0.000	**
TOC -> IWB	0.175	3.221	0.001	**
TOP -> IWB	0.380	4.611	0.000	**
MUL -> IWB	0.162	2.530	0.012	*
<i>ii. Indirect Effect</i>				
RS -> TOC -> IWB	0.065	2.665	0.008	**
RS -> TOP -> IWB	0.159	4.180	0.000	**
<i>iii. Moderating Effect</i>				
MC*TOC -> IWB	0.066	1.340	0.181	
MC*TOP -> IWB	-0.119	2.370	0.018	*

Note:\*\* < 0.01; \* < 0.05

Table 5 shows the path analysis of IWB, reward system (RS), TOC, TOP, and multiculturalism (MC) among them. We calculate all the path coefficients to check the models' appropriateness. The hypothesis 1 is to check the relationship between reward system and IWB. The values of  $\beta=0.226$ ;  $p\text{-value}=0.001$  provide a sufficient evidence for the positive relationship between the reward system and IWB. The  $\beta$  value depicts effectiveness of reward system on IWB is 23% which means 23% of IWB of employees is connected with reward system. These findings are consistent with the previous studies by De Spiegelaere et al., (2018) and Piansoongnern, (2016). These researchers believe that reward system enhances employee's innovation and creativity and positively contribute towards IWB.

Both the mediating hypotheses 2 and 3 are also supported. H2 provides the support to the mediating role of TOC between the relationship of reward system and IWB. As the  $\beta=0.065$ ;  $p\text{-value}=0.008<0.05$ . H3 is also proven as  $t\text{-value}$  is  $4.180>1.96$ ;  $\beta=0.159$ ;  $p\text{-value}=0.000<0.05$  which explains the effect of reward system on IWB through the mediating role of TOP. The extent of multiculturalism moderates the effects of TOC and TOP is also tested through hypotheses 4. The H4a is not statistically supported the moderating role of multiculturalism between TOC and IWB ( $\beta=0.066$ ;  $p\text{-value}=0.181<0.05$ ). However, H4b is supported and significantly explain the moderating role of multiculturalism between the relationship of TOP and IWB. The  $t\text{-value}=2.370>1.96$ ;  $p\text{-value}=0.018<0.05$ . The  $\beta=-0.119$  show that multiculturalism decreases the positive effect of TOP on IWB.

Finally, it is concluded that reward system enhances TOP and TOC towards work tasks. Once TOP and TOC improve than organizations will be able to get the better results of IWB which help to achieve project success. However, organizations cannot deny the role of multiculturalism. IWB can be affected by the multicultural factors including employees' characteristics of belonging to particular background, cultures and traits. Multiculturalism often causes to decrease the positive effect of TOC and TOP on IWB. Therefore, it is necessary to consider its effect on future endeavours.

## 5. CONCLUSION

This study highlights the significance of reward system in improving the IWB of contractual employees. Data is collected from the employees of the multinational companies of Pakistan. One of the distinguishing feature of this research is that it explains the moderating role of multiculturalism between TOC, TOP and IWB. The main findings of the study are: (1) it highlights the importance of reward system in creating the high level of commitment and proficiency among the workers engaged in temporary project tasks; (2) it explains the significance of reward system in increasing the TOP, and TOC of the employees which in return also increases their IWB; (3) it suggests that multiculturalism is an essential part of the organization that clearly depicts IWB of the employees belonging to diversified cultures, religions, nationalities, having different values, view points and thinking styles. Here by adding multiculturalism the results have become more reliable that can be helpful for the managers to understand the value of reward system in enhancing employees' IWB and improving their commitment and proficiency.

Although this study made a significant contribution in the existing body of knowledge but still it faces some of the limitations that are important to be addressed by the future researchers. Firstly, the current study has included limited factors to explain their role in enhancing IWB but in future the researchers may include other individual personality and psychological factors to identify new ways to increase employees' IWB in a multicultural context. Secondly, in order to enhance the scope of the study and validate the current findings, future researchers should test this model in the developing countries or in developed countries and may conduct a comparative analysis of developed and underdeveloped countries to better explain the concept of multiculturalism. Thirdly, the moderating role of multiculturalism between TOC and IWB is not supported in this research. Therefore, it is recommended that future researchers should analyse this relationship and suggest some valuable direction.

## REFERENCE

- Agwu, M. O. (2013). Impact of Fair Reward System on Employees Job Performance in Nigerian Agip Oil Company Limited Port-Harcourt. *Journal of Education, Society and Behavioural Science*, 47-64.
- Armstrong, G., Adam, S., Denize, S., & Kotler, P. (2014). *Principles of marketing*. Pearson Australia.
- Babcock, L., Loewenstein, G., Issacharoff, S., & Camerer, C. (1995). Biased judgments of fairness in bargaining. *The American Economic Review*, 85(5), 1337-1343.
- Baer, M., Oldham, G. R., & Cummings, A. (2003). Rewarding creativity: when does it really matter?. *The Leadership Quarterly*, 14(4-5), 569-586.
- Becker, T. E., Billings, R. S., Eveleth, D. M., & Gilbert, N. L. (1996). Foci and bases of employee commitment: Implications for job performance. *Academy of Management Journal*, 39(2), 464-482.
- Cohen, J. (1988). Statistical power analysis for the behavioral sciences {Ind cd. Hillsdale, NJ: Erlbaum.
- De jong, J., & Den hartog, d. (2010). Measuring innovative work behaviour. *Creativity and Innovation Management*, 19(1), 23-36. doi: 10.1111/j.1467-8691.2010.00547.x
- De Spiegelaere, S., Van Gyes, G., & Van Hootegem, G. (2018). Innovative work behaviour and performance-related pay: rewarding the individual or the collective?. *The International Journal of Human Resource Management*, 29(12), 1900-1919.
- De Spiegelaere, S., Van Gyes, G., De Witte, H., Niesen, W., & Van Hootegem, G. (2014). On the relation of job insecurity, job autonomy, innovative work behaviour and the mediating effect of work engagement. *Creativity and innovation management*, 23(3), 318-330.
- Dong, Y., Bartol, K. M., Zhang, Z. X., & Li, C. (2017). Enhancing employee creativity via individual skill development and team knowledge sharing: Influences of dual-focused transformational leadership. *Journal of Organizational Behavior*, 38(3), 439-458.
- Doucerein, M. M. (2019). Moving forward in acculturation research by integrating insights from cultural psychology. *International Journal of Intercultural Relations*, 73, 11-24.
- Dunham, R. B., Grube, J. A., & Castañeda, M. B. (1994). Organizational commitment: The utility of an integrative definition. *Applied Psychology*, 79(3).
- Frankel, A. D., Berg, J. M., & Pabo, C. O. (1987). Metal-dependent folding of a single zinc finger from transcription factor IIIA. *Proceedings of the National Academy of Sciences*, 84(14), 4841-4845.
- Hair, J., Hollingsworth, C. L., Randolph, A. B., & Chong, A. Y. L. (2017). An updated and expanded assessment of PLS-SEM in information systems research. *Industrial Management & Data Systems*, 117(3), 442-458.
- Hanaysha, J. (2016). Testing the effects of employee engagement, work environment, and organizational learning on organizational commitment. *Procedia-Social and Behavioral Sciences*, 229(8), 289-297.
- Henseler, J., Ringle, C. M., & Sarstedt, M. (2015). A new criterion for assessing discriminant validity in variance-based structural equation modeling. *Journal of the academy of marketing science*, 43(1), 115-135.
- Hermosilla, D., Amutio, A., da Costa, S., & Páez, D. (2016). Journal of Work and Organizational Psychology. *Journal of Work and Organizational Psychology*, 32 (3), 135-143.
- Holsen, L. M., Savage, C. R., Martin, L. E., Bruce, A. S., Lepping, R. J., Ko, E., ... & Goldstein, J. M. (2012). Importance of reward and prefrontal circuitry in hunger and satiety: Prader-Willi syndrome vs simple obesity. *International journal of obesity*, 36(5), 638-647.
- Hugo, S.-E. K. P. M. C. V.-G. G. (2007). A global labor market: Factors motivating the sponsorship and temporary migration of skilled workers to Australia1. *International Migration Review*, 41(2), 480-510. doi: 10.1111/j.1747-7379.2007.00076.x
- Isaksen, S. G., & Kaufmann, G. (1990). Adaptors and innovators: Different perceptions of the psychological climate for creativity. *Studia Psychologica*, 32(3), 129-141.
- Jafri, M. H. (2010). Organizational commitment and employee's innovative behavior: A study in retail sector. *Journal of Management Research*, 10(1), 62-68.

- Janssen, O. (2000). Job demands, perceptions of effort-reward fairness and innovative work behaviour. *Journal of Occupational and Organizational Psychology*, 73(3), 287-302. doi: 10.1348/096317900167038
- Javed, B., Naqvi, S. M. M. R., Khan, A. K., Arjoon, S., & Tayyeb, H. H. (2019). Impact of inclusive leadership on innovative work behavior: The role of psychological safety. *Journal of Management & Organization*, 25(1), 117-136.
- Kadarusman, Y. B., & Herabadi, A. G. (2018). Improving sustainable development within Indonesian palm oil: the importance of the reward system. *Sustainable Development*, 26(4), 422-434.
- Karoline Strauss, Mark A. Griffin, & Rafferty, A. E. (2009). Proactivity directed toward the team and organization: The role of leadership, commitment and role-breadth self-efficacy. *British Journal of Management*, 20(3), 279-291. doi: 10.1111/j.1467-8551.2008.00590.x
- Kim, W., & Park, J. (2017). Examining structural relationships between work engagement, organizational procedural justice, knowledge sharing, and innovative work behavior for sustainable organizations. *Sustainability*, 9(2), 205.
- Korzilius, H., Bücken, J. J., & Beerlage, S. (2017). Multiculturalism and innovative work behavior: The mediating role of cultural intelligence. *International Journal of Intercultural Relations*, 56, 13-24.
- Kremer, H., Villamor, I., & Aguinis, H. (2019). Innovation leadership: Best-practice recommendations for promoting employee creativity, voice, and knowledge sharing. *Business Horizons*, 62(1), 65-74.
- Lechner, A. T., & Paul, M. (2019). Is this smile for real? The role of affect and thinking style in customer perceptions of frontline employee emotion authenticity. *Journal of Business Research*, 94, 195-208.
- Ma, Y., & Corter, J. E. (2019). The effect of manipulating group task orientation and support for innovation on collaborative creativity in an educational setting. *Thinking Skills and Creativity*, 33, 100587.
- Malik, M. A. R., Choi, J. N., & Butt, A. N. (2019). Distinct effects of intrinsic motivation and extrinsic rewards on radical and incremental creativity: The moderating role of goal orientations. *Journal of Organizational Behavior*, 40(9-10), 1013-1026.
- Mascareño, J., Rietzschel, E., & Wisse, B. (2020). Envisioning innovation: Does visionary leadership engender team innovative performance through goal alignment?. *Creativity and Innovation Management*, 29(1), 33-48.
- Mayfield, J., & Mayfield, M. (2002). Leader communication strategies critical paths to improving employee commitment. *American Business Review*, 20(2), 89-94.
- Mikander, C. (2010). The impact of a reward system on employee motivation in Motonet-Espoo. *International Business*, 47-51.
- Montani, F., Battistelli, A., & Odoardi, C. (2017). Proactive goal generation and innovative work behavior: The moderating role of affective commitment, production ownership and leader support for innovation. *The Journal of Creative Behavior*, 51(2), 107-127.
- Morrison, K. R., & Ybarra, V. C. P. a. O. (2010). Predicting whether multiculturalism positively or negatively influences white Americans' intergroup attitudes: The role of ethnic identification. *Personality and Social Psychology Bulletin*, 36(12), 1648-1661. doi: 10.1177/0146167210386118
- N Ramamoorthy, P. F., T Slattery.... (2005). Determinants of innovative work behaviour: development and test of an integrated model. *Creativity and Innovation Management*, 14(2), 142-150. doi: 10.1111/j.1467-8691.2005.00334.x
- Nangoy, R., Hamsal, M., Setiadi, N. J., & Pradipto, Y. D. (2019). The roles of employee work well-being on innovative work behaviour mediated by organisational commitment. *International Journal of Economics and Business Research*, 18(3), 314-327.
- Nangoy, R., Mursitama, T., Setiadi, N., & Pradipto, Y. (2020). Creating sustainable performance in the fourth industrial revolution era: The effect of employee's work well-being on job performance. *Management Science Letters*, 10(5), 1037-1042.
- Nuhn, H. F., Heidenreich, S., & Wald, A. (2019). Performance outcomes of turnover intentions in temporary organizations: A dyadic study on the effects at the individual, team, and organizational level. *European Management Review*, 16(2), 255-271.
- Pedersen, P. (1991). Multiculturalism as a generic approach to counseling. *Journal of Counseling & Development*, 70(1), 6-12. doi: 10.1002/j.1556-6676.1991.tb01555.x
- Piansoongnern, O. (2016). Chinese leadership and its impacts on innovative work behavior of the Thai employees. *Global Journal of Flexible Systems Management*, 17(1), 15-27.
- Prabowo, R., Mustika, M. D., & Sjabadhyni, B. (2018). How a leader transforms employees' psychological empowerment into innovative work behavior. *Psychological Research on Urban Society*, 1(2), 90-99.
- Ratzmann, M., Gudergan, S. P., & Bouncken, R. (2016). Capturing heterogeneity and PLS-SEM prediction ability: Alliance governance and innovation. *Journal of Business Research*, 69(10), 4593-4603.

- Rose, R., Hölzle, K., & Björk, J. (2020). More than a quarter century of Creativity and Innovation Management: The journal's characteristics, evolution, and a look ahead. *Creativity and Innovation Management*, 29(1), 5-20.
- Santoso, H., Elidjen, E., Abdinagoro, S., & Arief, M. (2019). The role of creative self-efficacy, transformational leadership, and digital literacy in supporting performance through innovative work behavior: Evidence from telecommunications industry. *Management Science Letters*, 9(13), 2305-2314.
- Scott, S. G., & Bruce, R. A. (1994). Determinants of Innovative Behavior: A Path Model of Individual Innovation in the Workplace. *The Academy of Management Journal*, 37(3), 580–607.
- Segall, M. H., Lonner, W. J., & Berry, J. W. (1998). Cross-cultural psychology as a scholarly discipline: On the flowering of culture in behavioral research. *American Psychologist*, 53(10), 1101–1110.
- Spanuth, T., & Wald, A. (2017). How to unleash the innovative work behavior of project staff? The role of affective and performance-based factors. *International Journal of Project Management*, 35(7), 1302-1311.
- Vaccaro, I. G., Jansen, J. J., Van Den Bosch, F. A., & Volberda, H. W. (2012). Management innovation and leadership: The moderating role of organizational size. *Journal of Management Studies*, 49(1), 28-51.
- Waldb, T. S. A. (2017). How to unleash the innovative work behavior of project staff? The role of affective and performance-based factors. *International Journal of Project Management*, 35(7), 1302-1311.
- Yang, B., & Mattila, A. S. (2020). How rational thinking style affects sales promotion effectiveness. *International Journal of Hospitality Management*, 84, 102335.
- Yi, M. Y., & Davis, F. D. (2003). Developing and Validating an Observational Learning Model of Computer Software Training and Skill Acquisition. *Information Systems Research*, 14(2), 146-169.