

IMPACT OF MOTIVATION ON EMPLOYEE PERFORMANCE WITH EXTRINSIC REWARDS AND EFFECTIVENESS TRAINING IN A COMPANY

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Abstract— This research delves into the multifaceted impact of motivation on employee performance within a corporate framework, specifically examining the interplay between extrinsic rewards and effectiveness training. The study employs a mixed-methods approach, combining quantitative analysis through surveys and qualitative exploration via interviews and case studies. A comprehensive review of literature on motivation theories, extrinsic rewards systems, and effectiveness training sets the foundation for understanding the complex relationship between motivation and employee performance. The findings reveal a nuanced correlation between motivation, extrinsic rewards, and effectiveness training. Extrinsic rewards, including financial incentives, recognition, and benefits, play a significant role in enhancing short-term performance levels and fostering a sense of appreciation among employees. However, their sustained impact on long-term motivation and performance is contingent on complementing strategies such as effectiveness training. Training programs that equip employees with necessary skills, knowledge, and tools not only contribute to their motivation but also amplify the effects of extrinsic rewards by empowering individuals to utilize these incentives optimally. Furthermore, the research identifies the importance of intrinsic motivation factors, such as job satisfaction, autonomy, and meaningful work, which can significantly influence sustained high performance beyond the scope of extrinsic rewards and training. The implications of this research are manifold for organizations aiming to optimize employee performance. By understanding the intricate relationship between extrinsic rewards, effectiveness training, and intrinsic motivators, companies can design holistic motivational strategies tailored to their workforce, thereby fostering an environment conducive to enhanced performance, increased job satisfaction, and long-term organizational success.

Keywords—Motivation, Employee Performance, Extrinsic Rewards, Training

I. INTRODUCTION

Employee motivation is critical to the success of any organization. Employees who are motivated are more productive, innovative, and involved in their work. They are also more likely to stay with the

company, lowering turnover and saving money on recruiting and training. According to Grant (2008), motivation has an impact on employee outcomes like performance and productivity. He also established that motivated people are more oriented towards autonomy and are more self-driven than less motivated employees. Furthermore, motivated individuals are more engaged and active in their work and jobs, and are more willing to take on responsibilities (Kuvaas, Dysvik & Buch, 2014).

However, since the Covid-19 outbreak, company has struggled with a lack of workforce due to employee turnover, tardiness, and the frequent use of emergency and medical leave. In this situation, Human Resource Management was forced to hire new employees in order to sustain production empowerment. Recently, the corporation announced their intention to extend their business plan. Therefore, they decided to develop employee motivational initiatives to address the difficulties. The growth of any type of employment depends on how motivated the employees are and how long they stay with the organization (Vroom, Porter, & Lawler, 2015). Furthermore, the cost of recruitment and maintenance of employees are significantly reduced, and it can also help in the expansion of vocation if the system can hold the motivated employees for long in the organization (Nyameh et al., 2013).

Early in the year 2022, management adopts an extrinsic rewards system to implement an RM200 incentive policy in motivate employee who arrive on time and work the entire month. Furthermore, the management provides various benefits such as bonuses, allowances, and insurance cover to motivate those who work there. In today's dynamic globalised environment, organizations are continuously seeking to expand and motivate their workers in order to achieve higher levels of performance through the use of various Human Resource applications and practices. Businesses widely use reward management systems to achieve their goals (Güngör & Aydın, 2011).

To instil confidence in employees to continue improving their skills. Therefore, Human resource management provides varied training in order to motivate their employees. The formal process of obtaining knowledge, skills, and competences is known as training. Training practices adopted by organizations have an impact on employee motivation as well as organizational commitment (Meyer & Allen, 1991). Rowden and Conine (2005) state that the purpose of training is to promote employee pleasure with their jobs, and that pleased personnel deliver better service to their customers. Employees who commit to learning are more satisfied with their jobs and perform better as a result (Tsai, 2007). The study looks into how ABC develops approaches in motivated individuals to improve employee performance.

The effectiveness of an organization hinges significantly on the performance of its employees. In today's competitive business landscape, organizations strive to enhance employee motivation to improve performance. As a research paper, the study tries to investigate the employee incentive tactics used by

companies to improve organizational performance. The major objective of this study is to examine the elements that encourage people to perform well at work in order to obtain an answer(s) to the research question. Two prominent strategies employed to boost motivation are the provision of extrinsic rewards and the implementation of effective training programs..

The primary goal of this research is to investigate and analyze the impact of motivation on employee performance within a corporate setting, specifically examining the combined influence of extrinsic rewards and effectiveness training. This study aims to provide a comprehensive understanding of how these two motivational factors interact and contribute to enhancing job performance, ultimately benefiting both the individual employees and the organization as a whole. Because appropriate employee motivation is critical to increasing employee job satisfaction and performance. Next, it can improve an organization's efficacy and quality, particularly its business success, which is the core purpose of the corporation.

II. LITERATURE REVIEW

A. *Employee Motivation*

Employee motivation, as defined by Shahzadi et al. (2014), is the level of energy, commitment, and creativity that employees bring to their jobs. In a highly competitive labor market, retaining motivated and productive employees is a daunting task. Motivation is not a one-size-fits-all concept; it is a complex and multifaceted phenomenon that varies from one individual to another (Chaudhary et. al., 2012). Motivation can be viewed as the driving force that mobilizes an employee's abilities, energy, and time to fulfil their responsibilities and achieve both personal and organizational goals.

B. *Employee Performance*

According to Mangkuprawira (2011) said that the performance is the result of a certain work process in a planned manner in order to obtain results according to company standards. Besides that, Rivai (2019), performance is a real behaviour that is displayed by everyone as a work achievement produced by employees in accordance with their role in the company. On the other hand, Sulistiyani (2022) declared that performance is a combination of ability, effort, and opportunity that can be assessed from the results of his work. Employee performance can be measured using the following criteria, according to Mangkunegara (2011): 1) work quality; 2) work quantity; 3) responsibility; 4) cooperation; and 5) initiatives.

C. *Extrinsic Rewards*

Extrinsic rewards, which include financial incentives like pay, bonuses, promotions, and benefits, play a significant role in motivating employees (Baron, 1988). These rewards are tangible and are often used by

organizations to recognize and encourage high performance. However, the effectiveness of extrinsic rewards can vary depending on how they are implemented and perceived by employees. Research by Eisenberger & Stinglhamber (2011) emphasized the importance of an efficient reward system in maintaining employee motivation. A well-designed reward system can lead to increased job satisfaction and improved performance. Conversely, an ineffective reward system can lead to demotivated employees, resulting in issues such as low productivity, conflicts, absenteeism, and high turnover.

D. Employee Training

Employee training is another crucial aspect of enhancing employee performance. Training equips employees with the knowledge and skills necessary to perform their jobs effectively and efficiently. Koh et al. (2010) highlight the role of interactive simulations in training, providing employees with near-real-life experiences that boost their confidence and motivation to excel in their roles. Effective training programs not only improve employees' skills but also enhance their confidence in their abilities (Noe, 2020). Employees who receive proper training are better prepared to meet job requirements and perform tasks efficiently. However, training alone is not sufficient; motivation plays a pivotal role in ensuring that employees apply the knowledge and skills acquired during training to their work effectively (Conte, 2024).

III. RESEARCH METHODOLOGY

The research is based on quantitative approach that uses a survey method by collecting data through questionnaires as a measurement tool. A survey is undertaken to collect data on the relationship between employee motivation and employee performance, as well as the demographic parameters and independent variables that mediate employee motivation. The questionnaire is sent among corporate employees via WhatsApp. The number of respondents is 80.

A. Conceptual Framework

The conceptual framework was developed based on the variables identified from the literature review.

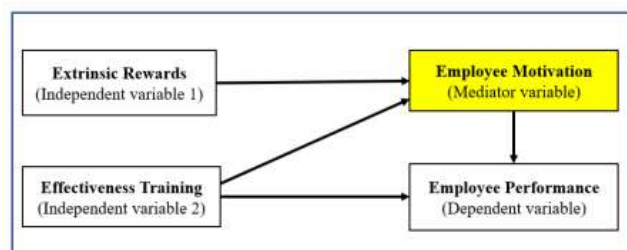


Fig. 1. Conceptual Framework

Fig. 1 shows the conceptual framework for the impact of extrinsic rewards and effectiveness training on employee motivation and performance. The conceptual framework given here tries to clarify the complex links between varied extrinsic rewards, effectiveness training, employee motivation, and employee performance within organizational contexts. This framework is intended to provide an organized knowledge of how various aspects interact and influence one another. For the phenomenon of employee motivation and its influence on employee performance to be studied empirically, there is the need for a conceptual framework that pulls together the concepts of employee motivation and employee performance. It demonstrates how variable extrinsic rewards and effectiveness training influences employee motivation. Secondly, employee motivation and effectiveness training influences employee performance. Furthermore, employee motivation appears to be a direct mediator of employee performance.

B. Data Analysis Method

Descriptive analysis is used to investigate the relationship between the variables, while structural equation modelling (SEM) is used to examine the relationship between the variables. A structural model is then created to define the link between variables and to test the hypothesis further. Furthermore, this study examines the impact of extrinsic rewards and effectiveness training on employee motivation level in a company. Employee performance is a dependent variable, with employee motivation serving as a mediator, and extrinsic rewards and effectiveness training serving as independent variables. To examine whether employee motivation is influenced by the independent variable factors of extrinsic incentives and efficacy training.

IV. RESULTS

SmartPLS 4 is used to analyze the collected data. SmartPLS (Partial Least Squares Structural Equation Modeling) is a statistical analysis software tool commonly used in research particularly when dealing with complex research data. SmartPLS was chosen because it is robust with small sample sizes, which is very useful when researchers have a limited amount of data.

A. Structural Model

The Structural equation modelling (SEM) used to examine the structural relationships of the variables in this study.

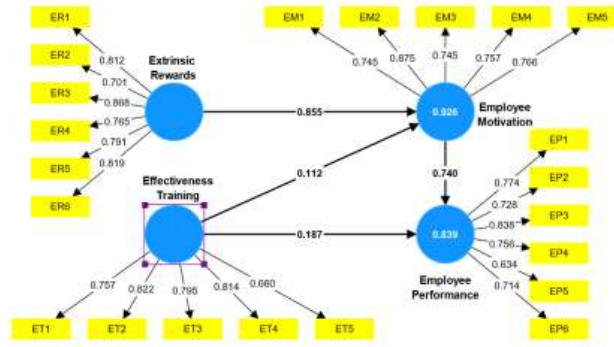


Fig. 2. PLS-SEM measurement model (Source: Result analysis with SmartPLS 4)

B. Path Coefficient

Path coefficient analysis is a reliable statistical technique for categorizing correlation coefficients as direct or indirect effects. It assesses the interconnection of numerous yield relevant variables. Path coefficients are normally between -1 and +1 in terms of importance, with coefficients closer to -1 indicating strong negative correlations and those closer to +1 showing strong positive relationships. The data presented in this study appears to be related to a study or analysis that investigates the impact of motivation on employee performance in a corporation, with a particular emphasis on the role of extrinsic rewards and effectiveness training. These figures appear to be path coefficients, which are statistical metrics used in structural equation modelling to analyse the strength and direction of variables' interactions.

TABLE I. STRUCTURE MODEL PATH COEFFICIENT (SOURCE: RESULT ANALYSIS WITH SMARTPLS 4)

	Path Coefficients
Effectiveness Training -> Employee Motivation	0.112
Effectiveness Training -> Employee Performance	0.187
Employee Motivation -> Employee Performance	0.740
Extrinsic Rewards -> Employee Motivation	0.855

From the result in Table I, the path coefficient between effectiveness training and employee motivation is 0.112, indicating a positive association. In other words, as the effectiveness of training increases, employee motivation tends to increase, but the effect is not very strong. Similarly, the path coefficient of 0.187 between effectiveness training and employee performance indicates a positive relationship between the two variables. As the quality of training increases, employee performance tends to improve. Again, this relationship is positive but relatively weak. However, effectiveness training appears to have a favourable but minor impact on employee motivation and performance.

While the coefficient is relatively large and positive, showing a strong and positive association between employee motivation and employee performance. When employee motivation rises, employee performance is more likely to improve dramatically. This demonstrates employee motivation has a significant positive impact on staff performance. Lastly is the relationship between extrinsic rewards and employee motivation. The coefficient of 0.855 suggests a very strong and positive relationship between extrinsic rewards (such as bonuses, promotions, or other external incentives) and employee motivation. When employees receive extrinsic rewards, their motivation is highly likely to increase significantly.

C. Coefficient of Determination (R²)

This statistic measures the proportion of the variance in the dependent variable (employee performance) that is explained by the independent variable (employee motivation) and any other variables included in the regression model.

TABLE II. R-SQUARE OVERVIEW (SOURCE: RESULT ANALYSIS WITH SMARTPLS 4)

	R-square	R-square adjusted
Employee Motivation	0.926	0.924
Employee Performance	0.839	0.835

From the result, R-square value of 0.926 indicates that approximately 92.6% of the variability in employee motivation can be explained by the independent variables in the regression model. For “Employee performance” R-square value is 0.839. This suggests that the mediator variable (employee motivation) and any other independent variables (extrinsic rewards and effectiveness training) in the model account for about 83.9% of the variance in employee performance. In other words, employee motivation is a strong predictor of employee performance, and the model is reasonably good at explaining observed changes in performance.

For "Employee Motivation," the R² adjusted value is 92.4%. This somewhat lower number than R² reflects the fact that the model includes independent variables, and it accounts for the potential overfitting that might occur when there are too many variables. While R² adjusted is 83.5% for "Employee Performance," showing a comparable adjustment for the model's complexity in explaining employee performance.

D. Path Coefficient through Bootstrapping

Bootstrapping is a nonparametric approach that can be used to test the statistical significance of various path analysis and process outputs, such as path coefficients.

TABLE III. PATH COEFFICIENTS- MEAN, STDEV, T VALUES, P VALUES (SOURCE: RESULT ANALYSIS WITH SMARTPLS 4)

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/(O-STDEV))	P values	Result
Effectiveness Training -> Employee Motivation	0.112	0.115	0.122	0.919	0.358	Unsupported
Effectiveness Training -> Employee Performance	0.187	0.186	0.139	1.350	0.177	Unsupported
Employee Motivation -> Employee Performance	0.740	0.743	0.130	5.669	0.000	Supported
Extrinsic Rewards -> Employee Motivation	0.855	0.853	0.118	7.258	0.000	Supported

Table III presented the summary of structural model, and the significant level was set at 0.05 (5%). The relationship between p-values and the t-statistic which demonstrates a small p-value (usually less than 0.05) suggests strong evidence that the null hypothesis is incorrect. In other words, a relatively tiny p-value indicates that the observed association between the variables is statistically significant. While a large p-value (greater than 0.05) indicates that there is little evidence to support the null hypothesis. If the p-value is high, it means that the observed association between the variables could have happened by chance, and there isn't enough statistical evidence to indicate a true relationship.

E. Hypotheses Testing

a) *H1: Management practices do not significantly affect employee motivation:* the p-value for the "Employee Motivation -> Employee Performance" association is 0.000, less than 0.05. Based on the data, this suggests that there is a significant relationship between employee motivation and employee performance, arguing against the null hypothesis. Therefore, null hypothesis is rejected.

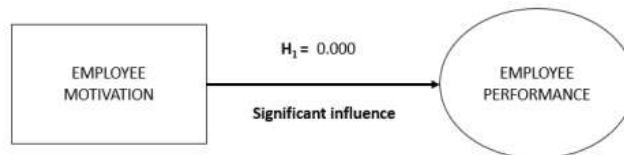


Fig. 3. H1: Management practices do not significantly affect employee motivation

b) *H2: There is no significant relationship between Employee Motivation, Extrinsic Rewards, and Effectiveness:* there is significant effect of "Extrinsic Rewards -> Employee Motivation" relationship; the p-value is 0.000, which is less than 0.05. This also suggests strong evidence against the null hypothesis, implying a significant association between extrinsic rewards and employee motivation based on the data. Therefore, the effect of Extrinsic Rewards on Employee Motivation is "Supported" because the P-value is less than the typical significance level, indicating a statistically significant effect. However, the p-value for the relationship of "Effectiveness Training -> Employee Motivation" is 0.358, which is greater than 0.05. Based on the facts presented, this implies that there isn't enough evidence to establish that there is a significant association between effectiveness training and employee motivation. In other words, the effect

of Effectiveness Training on Employee Motivation is "Unsupported" because the P-value is greater than the typical significance level (e.g., 0.05), indicating that there is no statistically significant effect. Training.

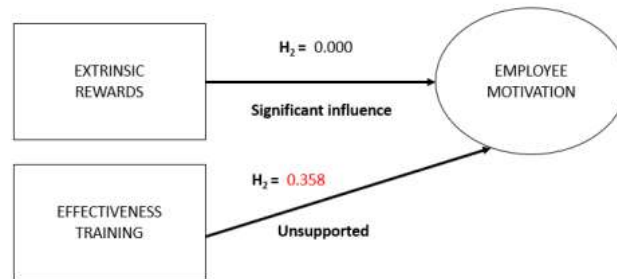


Fig. 4. H2: There is no significant relationship between Employee Motivation, Extrinsic Rewards, and Effectiveness Training

c) *H3: There is no significant Employee Motivation Mediates the Relationship between Extrinsic Rewards and Effectiveness Training on Employee Performance:* Employee motivation is critical to understanding the relationship between extrinsic rewards, training efficacy, and workplace performance. Determine whether employee motivation plays a substantial mediating function in this connection in this setting. According to Table 11, the relationship between effectiveness training and employee motivation shows that the impact size (0.112) is smaller than the sample mean (0.115), and the p-value (0.358) is bigger than the customary significance level (typically set at 0.05). This implies that training efficacy has an unsupported association with employee motivation, implying that training may not be a substantial driver of motivation in this specific circumstance. While the relationship between extrinsic rewards and employee motivation shows a substantial effect size (0.855) with a very low p-value (0.000), indicating a strong and supported relationship. This implies that extrinsic rewards significantly contribute to employee motivation. For this study, the association between employee motivation and employee performance shows a significant effect size (0.740) and an extremely low p-value (0.000), indicating a robust and supported relationship. This shows that motivated employees perform better regardless of the training they receive. According to the statistics, it appears that employee motivation plays a substantial role in moderating the relationship between extrinsic rewards and employee performance. Employee motivation is positively influenced by extrinsic rewards, and motivated employees tend to perform better. This is consistent with recognised organisational psychology theories such as Maslow's Hierarchy of Needs and Herzberg's Two-Factor Theory, which claim that external factors such as rewards can influence motivation, which in turn affects performance. However, the research does not demonstrate a direct relationship between training effectiveness and employee motivation or performance in this specific scenario. This shows that training alone may not be enough to increase motivation or improve performance

without taking into account other elements such as extrinsic rewards. Further research may be required to investigate the interplay of these factors in greater depth in order to understand the full degree of employee motivation as a mediator. Furthermore, qualitative insights from employees and more contextual information about the organisation could provide a fuller understanding of the dynamics at work in this specific case.



Fig. 5. H3: There is no significant Employee Motivation Mediates the Relationship between Extrinsic Rewards and Effectiveness Training on Employee Performance

d) *H4: The Effectiveness Training do not significantly predict the Employee Performance level:* The analysis shows that Effectiveness Training is not a significant predictor of Employee Motivation, as the p-value (0.358) is bigger than the standard significance level (e.g., 0.05). This means that the association between Effectiveness Training and Employee Motivation is not statistically significant in this study. Similarly, the research demonstrates that Effectiveness Training is not a significant predictor of Employee Performance, as the p-value (0.177) above the conventional significance level. In contrast to the previous two relationships, Employee Motivation is determined to be a significant predictor of Employee Performance, since the p-value (0.000) is smaller than the specified significance level (e.g., 0.05). Therefore, the null hypothesis is accepted.

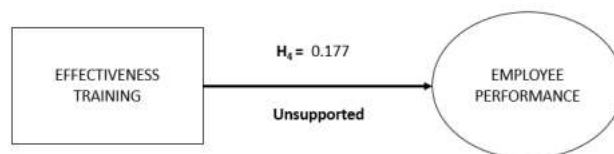


Fig. 6. H4: The Effectiveness Training do not significantly predict the Employee Performance level

V. CONCLUSION

The findings reveal a nuanced correlation between motivation, extrinsic rewards, and effectiveness training. Extrinsic rewards, including financial incentives, recognition, and benefits, play a significant role in enhancing short-term performance levels and fostering a sense of appreciation among employees. However, their sustained impact on long-term motivation and performance is contingent on complementing strategies such as effectiveness training. Training programs that equip employees with necessary skills,

knowledge, and tools not only contribute to their motivation but also amplify the effects of extrinsic rewards by empowering individuals to utilize these incentives optimally.

Furthermore, the research identifies the importance of intrinsic motivation factors, such as job satisfaction, autonomy, and meaningful work, which can significantly influence sustained high performance beyond the scope of extrinsic rewards and training. The implications of this research are manifold for organizations aiming to optimize employee performance. By understanding the intricate relationship between extrinsic rewards, effectiveness training, and intrinsic motivators, companies can design holistic motivational strategies tailored to their workforce, thereby fostering an environment conducive to enhanced performance, increased job satisfaction, and long-term organizational success.

The impact of motivation on employee performance, particularly when extrinsic rewards and effectiveness training are used within a corporation, has several important managerial consequences. For starters, it emphasizes the significance of a well-structured rewards system that is aligned with individual and organizational goals. Managers should create incentive programs that not only recognize and reward exceptional performance, but also cater to a wide range of employee preferences, ensuring that the incentives are meaningful to each individual. Additionally, the effectiveness of training programs in improving employee performance highlights the importance of ongoing learning and development initiatives.

Managers should prioritize regular training and skill development opportunities to keep their employees current on industry developments and best practices. Furthermore, these training programs should be targeted to fill specific skill gaps while also aligning with the company's strategic goals. Furthermore, the mix of extrinsic rewards and training emphasizes the importance of a comprehensive approach to motivation. Managers must establish a balance between concrete benefits like bonuses and promotions and intangible rewards like recognition and opportunity for advancement. This method can help to develop a well-rounded incentive strategy that not only improves performance but also develops long-term employee engagement and loyalty.

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