SELF-DETERMINATION THEORY IN THE CONTEXT OF REWARDS MANAGEMENT: REVIEW SECTION

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Abstract - Random implementation of motivational programs, without identification of the needs of employees, rewards systems for that matter, may result in undue wastage of the organizational resources. This article is written particularly to review the motivational theory particularly the self-determination theory, which takes care of the internal conflicts within an individual for what he/she value more and what less. Compensation is one of the Human Resource Management practices, which are considered vital for the success of an organization, in the light of the social exchange theory, wherein it is postulated that employees perform and put their efforts as reciprocations of what they receive from the organization. In addition to that some mini theories are also considered in this article, which are the underpinning theories for the development of the self-determination theory. The article further compared some of the rewards systems which may conform to the self-determination theory. Lastly, future research implication are put forth, by challenging the universality of the theories developed in one part of the world to the rest of the world, for that matter, the theory of self-determination (motivational theory developed in rest) and its application in the other part of the world, i.e., Pakistan.

I. INTRODUCTION

Random implementation of motivational programs, without identification of the needs of employees, rewards systems for that matter, may result in undue wastage of the organizational resources. In addition to that globalization and extensive competitive nature of today's organizational fields, it is inevitable for the organizations to become effective and efficient in terms of the resources, particularly the human and financial resources. For that matter, organizations strive to cater for the needs of the employees in order to make them fully satisfied and motivated so that they could perform proximally towards the success of the organizations and become cost effective and productive. Due to globalization and hyper turbulent environment, where resources vanish away rapidly, due to their demands in the organizations. Once these resources are adopted by the organizations the second stage is to make them compatible with the organizational targets and make them productive e.g., effective and efficient.

Identification of employees'ultimate desire for a specific need is important. Since, according to the Maslow's renowned theory of needs (1943), in the article 'Theory of Human motivation', published in Psychological Review. The Maslow's hierarchy of needs considers very basic five human needs. Not only identification, but its fulfillment is important in this case. According to Maslow's need theory, human beings are fulfilling their needs according to the hierarchy of importance. Once they are lacking something which may fulfill their certain needs, they become motivated to fulfill that particular need, through the means available to them either from their organizations or from the environment. Focus of this review is not to discuss the motivational theory, but the relationships of the motivation theory with the fulfillment of human's basic needs. One of the needs identified in the hierarchy of needs is the self-actualization need. Which can only be fulfilled, once employee achieves something in his/her professional life.

Evidently, it is very important to fulfill the extrinsic needs and desires of employees, which can be seen from the behavior of the employees. However, another dimension of the employees' motivation is also important, i.e., whether employees are intrinsically motivated (work itself satisfies individual, i.e., accomplishment) or extrinsically motivated (the outcome satisfies individual e.g., rewards).For the sake of satisfaction of the as far as the work itself is concerned, would require the organizations to consider out-of-the box tools. One such theory which considers this aspect of the employees while considering the motivational level thereof is the self-determination theory. A theory, addressing motivation, was developed by Deci and Ryan (1985), termed as self-determination theory (SDT). According to Deciand Ryan (2002)self-determination theory was developed and evolved as a result of development of five different mini theories which also focused on the importance of work itself, human needs and behaviors. These theories, which integrated to the self-determination theory, as mentioned in their chronological order are briefly accounted for in following section. The subsequent sections draw upon the relationship of the self-determination theory on the rewarding employees i.e., the compensation systems of the organizations.

II. THE ANTECEDENT THEORIES – IN CHRONOLOGICAL ORDER

The first in the order is cognitive evaluation theory (CET, Deci& Ryan, 1980). This theory is concerned with the association between the social context and the motivational level of the individuals. These

theories are consideringover justification effect, which according to these scholars is the incompatibility between what is expected by the employees and what they are receiving from the organizations, or in alternate such provision of incentive doesn't motivate the employees to perform optimally, instead they start decreasing their productivity. Such deterioration in the performance of employees may seem paradoxical, but it is argued and proved by motivational theorists that provision of extrinsic rewards diminishes the intrinsic motivation of employees for that particular work (e.g. Self-perception theory).This may be attributed to the fact that people tends to prioritize and give more importance to the external rewards, which he was not giving before receiving such incentives, in which case his more attentions were towards the task itself, not the rewards. The theory further posits that activity may not attract any more the employees when he was rewarded for that particular activity, which he enjoyed and was satisfied with. However, employees once rewarded for an activity may expect recurrence of such rewards, and if such rewards are no longer offered, they would result is loss of interest in that activity. However, for the sustained motivation, recurrence of extrinsic rewards is necessary and important.

The second theory in the chronological order is the organismic integration theory (OIT) developed by Deci& Ryan (1985), which mainly focused on the extrinsic motivation of the individuals (Deci, Connell& Ryan, 1989). Third in the list is the causality orientation theory (COT), developed by Deci& Ryan (1985), whichdifferentiated individuals on the basis of their tendencies towards their environment to obtain favorable outcomes. Basic psychological needs theory (BPNT) is the fourth theory, developed by Deci& Ryan (2000). This theory explained the association between individuals' health and well-being with their motivation and objectives. The last theory is Goal contents theory (GCT), which distinguished between intrinsic and extrinsic goals, and postulated their association with the motivation of individuals.

Cognitive Evaluation Theorysuggests that individuals are intrinsically motivated when they enjoy the contents of the work itself and are free from any external influence or stimulator (Deci& Ryan, 1989). An individual is intrinsically motivated if he enjoys performing the activities to accomplish that work. Alternatively, if the work itself, when ended successfully, satisfies the individual and is not subject to any other extrinsic rewards or considerations, that individual is intrinsically motivated to perform that task.The study was initially conducted to assess the impact of extrinsic rewards on the motivational levels of the employees. The study of Deci (1975) demonstrated that competence and autonomy may increase intrinsic motivation; however, impact of extrinsic and tangible rewards, including money, affects intrinsic motivation other-way-around. However, researchers assert that awarding extrinsic rewards for performance of a certain activity diminishes the intrinsic motivation for performing that task (Kruglanski, Friedman, &Zeevi, 1971; and Lepper, Greene, &Nisbett, 1973). In addition to that, Deci (1971) further suggested that giving non-monetary rewards such as verbal appreciation, certificates, and other appreciative and recognition feedbacks, may inflate the intrinsic motivation of employees. To distinguish between intrinsic and extrinsic motivation, it is important to identify whether the task has the sufficient (intrinsic) potential for satisfying the individual (and gives sense of personal accomplishment) or the activity serves as instrumental in achieving satisfaction inter alia external benefits. Attempts to negate the very assertion of this theory also remain unsuccessful in its endeavors (Eisenberger& Cameron, 1996). This seemingly paradoxical assertion of Deci (1971),about extrinsic rewards and intrinsic rewards and the former's negative impact on intrinsic motivation, is well supported by a meta-analysis of around 120 experimental studies (Deci, Koestner, & Ryan, 1999).

Deci and Ryan (1989), in their study, identified two processes involved in the dynamics cognitive evaluation, and termed them as perceived locus of causality and perceived competence. The former cognitive process is concerned about the need for autonomy factor; however, the latter is concerned about need for competence factor (as defined earlier by Deciand Ryan (1995) as motivators).These two factors have the potential to increase the intrinsic motivation of the individuals.

According to Ryan (1995) degree of internalization of the factors is one of the salient attributes which define the nature of the motivation as extrinsic or intrinsic. He defined internalization as the process of converting alien factors as antecedents while making decision to prioritize them. The decisions of the human being taken in this regards are result of the internal conflicts as well as the factor of internalization. Internationalization is further categorized as external regulation (activities based on reward and punishment), introjected regulation (self-regulations based on ego and guilty), identified regulation (convergence of value of task and the self) and integrated regulation (making habit the activity based on its value). For further detail one may read the detailed article of Ryan (1995) on the issue of internalization.

The former two regulations make controlled motivation and associated with inconsistent goal striving (Koestner, Losier, Vallerand, & Carducci, 1996); however, the latter two represent the autonomous motivation and are associated with better performance and increased well-being (Ilardi et al., 1993; Baard et al., 2004). Autonomous motivation can be promoted by satisfying the basic physiological needs of the employees (Deci& Ryan, 2000). These

physiological needs are competence, autonomy and relatedness. These assertions warrant the organization to satisfy the employees needs by providing conducive work environment, where they can realize and fulfill the above three needs. There are sufficient proofs for demonstrating the three needs as salient antecedents of employees' retention and performance improvement (e.g., Baard et al., 2004; Meyer & Gagne, 2008).

According to Martocchio (2001), compensation is one of the salient components of human resource managementpractices, which are aimed at fulfillment of various human needs of the employees. These needs are physiological needs, safety needs (which is fulfilled by providing shelter and security to the employees), belongingness needs (social acceptance by others), self-esteem and the self-actualization needs. However, the incentive provided to the employees by an organization through their compensation plans serve as instrumental in satisfying their basic needs. Variable pay is one of the compensation plans, which is used by organizations to satisfy employees' different needs. Through customization of monetary rewards in the form of variable pay, organizations motivate their employees by satisfying employees' different needs. Variable pay[i.e., pay for performance alternatively termed as performance contingent rewards (PCR)]distinguishes good performers from bad ones and is also used to foster competition in organization. Organizations capitalize on such competitive environmentand gain competitive advantage viz-a-viz competitors(Lawler, 2000).

However, Deci, Koestner and Ryan (1999), on the basis of results produced through experimental research, cautioned about the three-fold problems associated with the use of performance contingent rewards (PCR). Firstly, PCR depends on carefully addressing the twofold attributes, i.e., controlling versus competence (Ryan, Mims, &Koestner, 1983; Gagne & Forest 2011). However, applying PCR in real life (i.e., organizational context) may demand strict controlling mechanism (e.g., surveillance, competition and evaluation), which may affect employee's motivation negatively. In other words, when organizations install such a surveillance systems, which may give employees an impression of mistrust from the organization towards them, the employees may also replicate in the same way, thereby reducing their commitment and loyalty towards the organization. The last caution is that some employees may not be able to fulfill the standards of the organization, and may not be recommended for such rewards; in that case non-receipt of such rewards may demotivate them (Deci et al., 1999).Though competitive rewards system may encourage employees to perform exceptionally well, on the same time those employees who are not up to the mark to win these rewards may feel dissatisfied and further deteriorate their performance. Falk and Kosfeld (2006) also supported the view and argued that extensive use of control mechanism by organizations over their employees may affect their performance severely in the form diminished loyalty, organizational commitment and increased anxiety (hence resulting in burnout), which are damaging the performance of the employees.

Rynes, Gerhart& Parks (2005) argued that it may be possible that the organizational environment and the work settings, under which the compensation system is implemented, may affect the outcome. They further argued that real life compensation systems yield different results in terms of satisfying the needs than laboratory based compensation systems (which were intended to test the theories in artificial settings). They further argued thatkeeping the real life experience, (i.e., the organizational settings), pay for performance is more possible antecedent of greater intrinsic motivation for employees, in contrast, the base pay system is to a lesser degree served as an antecedent of intrinsic motivation.

III. SELF-DETERMINATION THEORY AND THE REWARDS SYSTEMS

It is important to relate the motivational theories with the rewards systems, for evident reasons as mentioned above. However, this review section deals with the association of the self-determination theory with the rewards system. It is also widely recognized that no system can be fully developed revolutionary, instead they are developed as a result of evolutionary efforts. With the incremental changes one can develop a fully effective and efficient system for the sake of obtaining productivity. In this regards, no theory can be considered as a revolutionary, particularly in the field organizational behavior, when the subjects are subjective in nature rather than objective. Having mentioned this, the self-determination theory is also the result of evolutionary efforts, and is the product of five mini theories as detailed in the preceding sections of this write up. Thesechanges in the motivational theories are attributed to the inefficiency of the earlier theories in fully catering the whole set of factors involved in the development of an effective rewards management system. Since, rewarding people, particularly employees is a hard process and can be very costly to the organizations, particularly when the targeted outcomes are not achieved, for rewards systems involve financial resources of the organizations, hence resulting in wastage of the financial resources if they are misdirected.

The central point of the self-determination theory is twofold, i.e., the distinction between extrinsic and intrinsic rewards, as well as distinction between the intrinsic and extrinsic motivation of the employees. Organizations strives to fulfill the extrinsic desires of the employees, since they are assessed through the explicit behaviors of the employees. For that matter,

they are provided with the extrinsic rewards, which are also termed as transactional rewards and include financial incentives, medical benefits, perks and privileges etc. This is also in conformity with the social exchange theory, which posits that employees feel that their organizations take care of them and in reciprocation they perform productively for the organizations. In this case the reciprocation is only possible when the employees are loyal and committed towards their organization. This reciprocation is only possible when employees get positive treatment from their organization. The positive treatment here refers to the benefits provided by the organization to their employees in recognizing the efforts and results provided by the employees.

What here refers to the intrinsic motivation of the employee is a tricky question to be answered. This is a natural tendency of human beings that they do certain work and perform certain task due to their internal desire for that task and work. Performing that task internally satisfies their desires and hence are intrinsically motivated to perform that tasks as they are enjoying doing it and are satisfied with the successful completion of these tasks. This theory suggests that provision of extrinsic rewards will diminish the intrinsic motivation of the work itself, and the employee will be motivated towards another factor, i.e., the extrinsic rewards and this time he/she will perform that task not due to the enjoyment factor but the resultant extrinsic factor, which works as instrumental in satisfying the employees external desires and needs, as enlisted by Maslow.

Rewards can be classified into two broader categories, i.e., the transactional rewards vs relational rewards, they are sometimes alternatively termed as financial vs non-financial rewards. They are also categorized as extrinsic vs intrinsic rewards. The former rewards consist of rewards which are visible and can easily be acknowledged by employees, such as monetary rewards, bonuses, incentives and other types of monetary rewards extended to the employees. However, the latter refer to the rewards, which are hard to be measured and are not readily acknowledged by the employees, which consist of but not limited to training and development programs, promotions, recreational trips, recognition programs, work environment, and work design etc.

The transactional, financial and monetary rewards are those which are taking care of the external needs of the employees. These needs are physiological and safety and belongingness needs (as postulated by Maslow). Employees are provided with the financial incentives by which he can buy food, arrange shelter and spend time with the relatives, family members and other people in their circle. Provision of these rewards has nothing to do with the other two needs of the employees, as mentioned by Maslow.

The relational, non-financial and non-monetary rewards targeting the last two needs of the employees (the last two in the list of Maslow's hierarchy of needs). These needs are self-esteem and self-actualization. The former is regarding self-respect and self-image of the employee, however, the later refers to the employee's sense of accomplishments. Employees can be given this satisfaction by providing opportunity to accomplish the tasks independently, and can only be done if the work design is properly formulated for the employees. Their participation in the major decision making processes so that they feel psychologically empowered and feel confident, for their recommendations are acknowledged and honored by the management, which give the employees sense of participation and accomplishment.

Martocchio (2001) stressed on the need to develop a compensation system which is in conformity with the organizational industry. For the sake of explication, take an example of the academic institution, for which rewarding employees for their attendance only would not be worth implementing, instead rewarding for production of research output would be more useful for the individual employee as well as the organization as a whole for the promotion of the former and ranking of the later. Another example of the service oriented organization, such as banks, where a teller is required to be cooperative enough with the customers, and be available readily to solve the problems of the daily customers. Imagine, if bankers are rewarded for the production of the research output and the academicians are rewarded for their time and problem solving of their students only. Such an arrangement in either of the examples would not yield the optimal and desired results, and in such cases the financial resources spent on the employees for the sake of productivity and organizational improvement would be wasted unnecessarily.

As mentioned in the earlier theories of Deci, Koestner and Ryan (1999), they cautioned about the risks involved in the controlling mechanisms of the management during provision of the rewards to the employees. However, Rynes, Gerhart & Parks (2005) further highlighted the impact of the external factors which may affect the effectiveness of the rewards systems. These factors may range from the procedural aspects of the rewards systems, in addition to that the mechanism through which the rewards are distributed may also affect the outcome of these rewards systems.

While concluding this review, it is important to mention the importance of the empirical evidences for the confirmation of the theories developed, which are meant for the development and implementation of the rewards system. For empirical verifications of the theories in Pakistan, a study needs to be conducted in order to verify the theories, which may give some ideas for improvements according to the environment and external factors, which are influential in the implementation of the rewards system. This is particularly important due to the fact that theories

developed in one part of the world i.e., the West may not be simply be implemented in another (totally different) part of the world i.e., Pakistan, because the regulations, financial conditions of the people is generally dependent on their priorities in terms of their expectations from the organizations they are serving. In addition to that different rewards systems may be developed to target different group of employees, i.e., the management level and the production level employees. This review section may be considered by other researchers in the field to direct their research in the field of association between the motivational theories with the rewards systems implemented in the organizations.

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