
IMPACT OF EMPOWERMENT, REWARD SYSTEM AND SELF-ESTEEMED ON EMPLOYEES' CREATIVITY

Abdul Ghafoor Awan

Dean, Faculty of Management and Social Science.
Institute of Southern Punjab, Multan-Pakistan.
ghafoor70@yahoo.com. Cell # 03136015051.

Ahmad Zamir

MBA Scholar. Department of Business Administration.
Institute of Southern Punjab, Multan-Pakistan.
innocent_ahmad72@yahoo.com. Cell # 0347-7010262.

ABSTRACT

The objective of the study is to measure the impact of empowerment, reward system and self-esteem on employees' creativity. Self-determination and creative process engagement is taken as the mediating variables of the study. A questionnaire was developed for collection of data while a sample of 300 persons were taken randomly. The data was analyzed through the SPSS (20.0) software. Different analytical techniques such as descriptive statistics, cross tabulations and Chi-square test were used to determine the relationship between independent and dependent variables. Our study found that employee empowerment, reward system and self-esteem of employees are positively and significantly associated with self-determination and competence. Self-determination and competence leads towards the creative process engagement which, in turn, contributes to improve the creativity of the employees at work place, the study conclude. We suggest that business firms should give empowerment, introduce effective reward system and motivate the employees at workplace to enhance their creativity.

Keywords: Empowerment, Reward, Self-esteem, Self-determination, Employee creativity.

1. IINTRODUCTION

Because of the hard competitive global environment and the fast pace of innovations it has become an urgent need for business firms to transform their workforce into human capital through short courses, training and knowledge sharing [1] Another important aspects of improving the performance of employees are empowerment, reward system and motivation to enhance their creativity. Empowerment and motivation through reward system generate sense of self-initiative and creative energy which is used for the benefit of the business firms [2].“Empowerment has been concentrated basically from two distinct purposes of view. One methodology, the psychological empowerment methodology” [3],[4], “allude to a procedure of mental state as shown in four comprehensions: which means, impression, fitness/self-adequacy, and self-determination” [5]. Another methodology, the employment auxiliary perspective concentrate vigorously on employment plan [6] and focuses on five point job qualities (duty range, assignment character, undertaking, independence, and input) prompting workers' inborn inspiration [7].

1.2 Research Problem/Questions

The main research questions of our study are stated as under:-

- 1.Is the empowering leadership have any relationship with employee creativity?
2. Is the rewards has any relationship with employee creativity?
3. Is the self-esteem having any relationship with employee creativity?

1.3 Objectives of study

We briefly describe the objectives of our study:-

- To study the impact of empowerment of employees on their work performance.
- To investigate the impact of reward system on the creativity of employees.
- To measure the impact of self-esteem on the creativity of employees.

1.4 Scope of Study

This study focuses on how the organization makes changes in employee’s creativity through empowerment, reward system and self-esteem. These three factors are very important for enhancing creative performance of the employees. The scope of study is vast because business firms apply the results of this study to improve the performance of their employees and sharpen their creative power. So the importance of this study is undeniable and its impact is wide.

2. LITERATURE REVIEW

2.1 Motivation relating to creativity

There is a solid positive connection between characteristic motivation—the kind of inspiration coming from one's own interest and the test of the undertaking at hand—and imaginative results. These results could be as new thoughts or better approaches for taking care of issues. This is on the grounds that the level of inspiration, decides the degree to which one will completely connect with one's ability set, strength, time, and aptitude into the undertaking or issue within reach [8].

2.2. Reward as a way of motivating creativity

Numerous business firms today utilize rewards, (for example, cash or recognition) to strengthen imagination in their representatives . The researchers concern whether compensating imagination really empowers it, or on the off chance that it rather undermines the conduct. As indicated by the customary perspective of therapists and authoritative researchers, extraneous prizes "group out" the inborn parts in people's inspiration. [9], [10].). This idea is behind why doctor's facilities just offer exceptionally direct compensates to their blood givers, and why deliberate work frequently is combined with small financial prizes. When individuals is supported by cash, inspire him more than just giving him empowerment.

2.3 Impact of Reward system on employee creativity

Despite the relative agreement among researchers all over the world about essential significance of inherent inspiration for worker inventiveness and creativity, HR supervisors focus for employee creativity that rapidly swing to other motivational factors in reward system like financial prize arrangements that make their mind for any goal to advance certain representative conduct. The part of these financial prizes are in any case strongly questioned. Financial prizes would expand the outward inspiration of representatives (inspiration attached in the learning to get a few results of the work, for example, prize or status), which could really bring about lower levels of inherent inspiration [10], [11],[12] and [13].

3. CONCEPTUAL FRAMEWORK

The conceptual framework is just like a map or a guide for the researcher that shows the working position and describes all the directions and from where we pick up points for more easily understandable. It is just like a means through which researcher can explore multiple dimensions of a big idea. It is an instrument of judgment, for filtering the ideas and explores new ideas in order

to further clarify a working direction. The concept relating to our selected variables are described here briefly:-

3.1 Empowerment

Empowering is identified with the word power. In English, the idea inclines toward its unique significance of assumption with authentic power—consent to represent some particular objective or reason [14]. The new importance of the idea incorporates mostly references to control that creates and is obtained. Individuals are overseeing to acquire control over their lives, either independent from anyone else, then again with the help of others. The structure to be engaged relates what exactly is both a procedure and a result—with the push to acquire a relative level of authority to impact the other [15].

3.2 Reward System

Rewards is one of the important things that is used as a motivational factor. This motivating factor is used to push the employees for the better work production. Ideas are the major thing through which organization gets better options for finding the best result or output from the workers. The rewards are just like an apparatus that use to check the workers abilities and work performance. Business managers use rewards for the inspiration of employees. So the rewards motivate new employees of any organization and also inspire the existing employees. Motivated employees give best performance [16].

3.3. Self Esteem

Self-esteem is depicted as having trust in your capacity to think and adapt to the everyday difficulties of life. It's likewise identified with having trust in the certainty you have the privilege to achievement and satisfaction. Great self-esteem is basic to our psychic prosperity. When you are enjoying self-esteem, you will settle on better choices and will make a superior life for yourself. You will make more powerful interpersonal and work connections and can all the more viably add to the workplace around you. At the end of the day, a great feeling of self-esteem affects how we work in the work environment, how we manage individuals and the amount of work we accomplish in our profession. Poor self-esteem prompts apprehension and it prompts wrong conduct, for example, protectiveness, or excessively consistent or defiant conduct.

3.4 Creativity

Creative people are very motivated because they want to achieve something in their career. They find an easier way of doing things or they have solved a problem by thinking outside the box. By successfully finding results, they are more motivated to work. The more productive they are, they are more satisfied and motivated. Creativity makes the relationship between traditional work factors and creativity. It may be more effective when the increase in creativity, it may change in job design. Creative requirement was found to account for much of the variance by fully facilitating effect of supportive leadership and role requirements and partially facilitating those of empowerment, rewards and self-esteem. The factor such as empowerment, reward system, and self-esteem all support for innovation and it may encourage to employees to create new ideas.

4. RESEARCH METHODOLOGY

4.1 importance of Research Methodology

The research methodology is a logical search for a new and significant data on a specific subject. It is an investigation for discovering the responses for logical and social issues through goal and efficient investigation. It is a search for learning and a discovery of unseen truths. The data may be assembled from different sources like experience, people, books, journals, nature, etc. An exploration can find new contributions and existing knowledge. Only through research it is possible to make progress in a field. Research is done with the support of study, experiment, observation, analysis, comparison and reasoning. It pursues predictions of new events, explanations, relationships and theories about them. In this study the basic purpose is to examine the impact of three factors like empowerment, reward system and self-esteem from the perspective of enhancing the employee's creativity. Specially, it allocated with a detailed analysis of the potential for employees creativity and its effect on their work performances.

4.2 Nature of Study

This is a descriptive study in which we used primary data through a questionnaire. We conducted a filed suvery to record the views of target population. So this is both qualitative and quantitative because we describe both aspects of selected variables to make their effect visible.

4.3 Sample

The sample contains of 200 respondents (n=200), selected through random sampling. Each of the respondent was given a questionnaire and is explained with each of the questions in order to

ensure the validity of the questionnaire. We also conducted interviews to record their views and feeling.

4.4 Data collection method

The questionnaire contains total 19 different questions relating to the topic. The sampling population was the employees of multinationals including banks. The sample size was 200 respondents. The secondary data was collected from relevant books, research papers and reports. The questionnaire was organized in such way that we can separate the desired information to be dealt with. The introductory part would contain the demographics, for example, name, age, gender, location and occupation while the rest part deals with policy of companies about empowerment, reward and self-esteem.

4.5 Analytical Techniques

As we used both qualitative and quantitative data in this study, so we used both qualitative and quantitative techniques to analyze the data. Qualitative techniques were used to examine qualitative aspects of study while quantitative techniques were used to measure the impact of independent and mediating variables on the dependent variables. Qualitative techniques include: discourse analysis and thematic analysis while quantitative techniques include: descriptive statistics, inferential statistics, chi-square test and other relevant statistics methods. All these techniques were used as a means of understanding the quantitative nature of data. While descriptive statistics presented frequencies, means and other details of the responses gathered; inferential statistics measured the significance of the responses gathered and validated whether or not the responses truly signified any vital implications for the study and chi square test assessing the goodness of fit between a set of observed values and those expected theoretically.

4.6 Selected Variables:

The variables of the study are given below:-

i. Independent Variables:

1. Empowerment.
2. Reward System.
3. Self-esteem.

ii. Dependent Variables:

Creativity of employees.

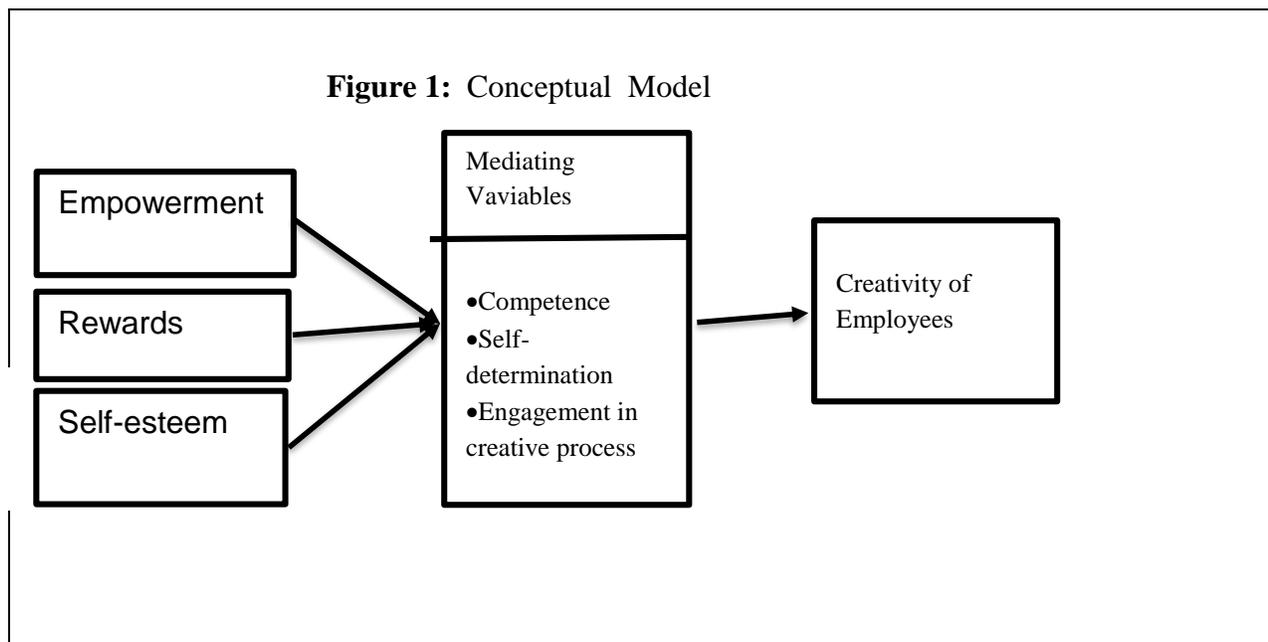
iii. Mediating Variables

1. Psychological empowerment
2. Creative process engagement

4.7. Conceptual Model

The conceptual model based on independent, mediating and dependent variables has shown in Figure 1. It shows how independent and mediating variables influence the dependent variable

The conceptual model is shown in Figure 1.



This conceptual model shows that due to the impact of Independent variables (Empowering leadership, Rewards, Self-Esteem) it brings effect on Mediating variables (Psychological Empowerment, Creative Process Engagement) that in turn influence dependent variables (Employee Creativity).

4.8 Hypothesis of study

In the light of above model the following hypothesis are constructed:

Hypothesis 1: Empowering leadership is positively related to employee psychological empowerment.

Hypothesis 2: Self-esteem is positively related to psychological empowerment.

Hypothesis 3: An individual-performance-based reward system is positively related to psychological empowerment.

Hypothesis 4: Psychological empowerment is positively related to creative process engagement.

Hypothesis 5: Creative process engagement is positively related to employee creativity.

5. DATA ANALYSIS

Data Analysis is the process of applying systematically by using statistical and/or logical techniques to evaluate data. The data of the study, which was collected through questionnaires, are displayed in the tabular and graphical form with percentages for the analysis.

5.1.Descriptive Statistics

The descriptive statistics are given in Table 1

Table 1 Descriptive Statistics

		Does the creative process lead the employee toward individual creativity?
N	Valid	200
Missing		0
Mean		1.8800
Median		2.0000
Mode		2.00
Std. Deviation		.71985
Variance		.518
Skewness		.836
Std. Error of Skewness		.172
Range		4.00

The table 1 shows the descriptive statistics of creative process that leads the employee to individual creativity. As in response in this question people responses median is 2 and the mode is also 2 which means that employees are agreed about creative process lead the employee toward individual creativity. Thus, business firms must generate creative process and it will generate individual creativity.

5.2.Results of Chi-square Tests

After displaying the results of the opinions of the defendants through frequency tables, graphs and descriptive statistics we find the relationship of the expertise, trustworthiness, sense of style and familiarity with the overall credibility of the celebrity through chi-square test.

Table 2 Results of Chi-square test 1

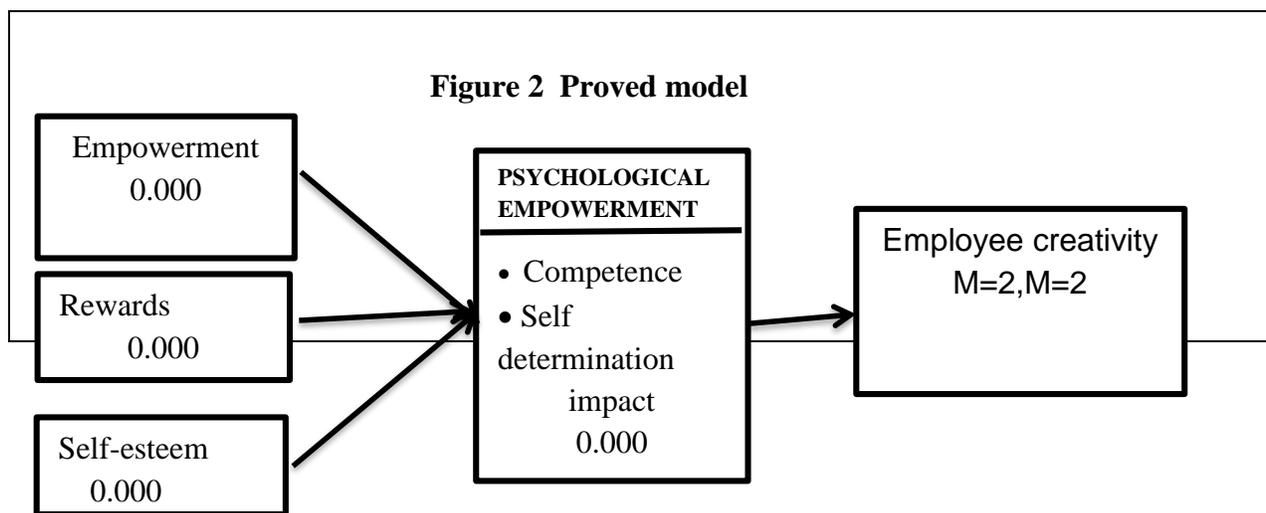
Variables	Chi-square	Degree of freedom	P-value
Empowerment v/s Self-determination leads creating process	53.362 ^a	9	.000
Rewards v/s Self-determination leads creating process	51.315 ^a	9	.000
Self-esteem v/s Self-determination leads creating process	91.916 ^a	9	.000
Self-determination leads creating process v/s Individual creativity	245.889 ^a	9	.000

The data given in Table 2 shows that there is a significant relationship between empowerment and self-determination leads to creating process with p-value which is 0.000 and Chi-square =53.362^a. So H1 of the study is proved true. Secondly, the results show that there is a significant relationship between rewards and self-determination that leads to creating process with p-value 0.000 and Chi-square =51.315^a. Thirdly, the data shows that there is also a significant relationship between self-esteem and self-determination which leads to creating process while creating an association between these variables with p-value which is 0.000 (Chi-square =9.916^a). So H3 is also proved true. Fourthly, the results shows that significant relationship between self-determination and creating process/ individual creativity with p-value 0.000 (Chi-square =24.889^a). So H4 is also accepted..

6. FINDINGS AND RESULTS

There are different aspects of this study, which revolves around a single concept which is employee creativity. The study proved that Impact of empowerment, rewards system, and self-esteem plays a positive role in promoting employee creativity. According to our study results, empowerment,

reward, and self-esteem are the main tools for making change in employee creativity. All variables have a positive impact on employee creativity, including performance, thinking, perception, working capability. Well, employee of banking or any private sector think that in case of empowerment, reward system, self-esteem makes better creativity or productivity in the work performance of employees. All these factors motivate employees to work better and produce something new in their work and make their work more effective. During the survey it was noted that employee wants to see motivational factors in their work like empowerment, reward system and self-esteem. These motivational factors force the employees' ability and their work stamina. So, these motivational factors are necessary for employees' creativity. All tested hypothesis have proved and all independent and mediating variables have significant impact on dependent variable. Thus, our model has proved empirically and it has been depicted in Figure 2.



The Above model shows that empowerment, reward system and self-esteem contributes to develop overall creativity of employees. These factors make employee creativity and more effective. This is found in our study. The study concludes that employee empowerment, reward system and self-esteem are positively associated with self-determination and competence. Self-determination and competence leads towards the creative process engagement which will certainly contribute to improve the creativity of the employees at workplace.

7.CONCLUSIONS

Today human capital is considered to be the most valuable of an organization to remain competitive in the business environment. Human capital is the valuable resource and retaining it

is one of the main challenges for the organization. In our study it has been proved that motivational factors like empowerment, reward system, and self-esteem has played a vital role in improving performances. Our study proved that the relationship between empowerment and employee creativity is positive because people want to do their work according to their own choices and skills. The other variable also shows the positive relationship between rewards and employees' creativity because reward system motivates employee to perform well and produce new creative ideas at workplace. The last variable self-esteem also shows the positive relationship with employees' creativity. During the study it was noted that the employees of banking sectors were highly depressed in their work environment. They feel exhausted due to high load of work. They were highly under stressed due to the managerial pressures.

8. RECOMMENDATIONS

In the light of above discussion, we make the following recommendations:-

1. All banking sectors have to improve their working environment. The employees of banks should be give empowerment so that they may perform their assignment according to their own choices.
2. The employees must be involved in decision-making process. In the environment when every body appears busy it is not possible that he will create any new idea or participate in creative process. It is imperative need to create a conducive environment through empowerment, reward system and self-esteem so that the employees may be motivated and take self-initiative to take part in creative process and improve their performance.

REFERENCES

- [1]. Awan, Abdul Ghafoor. Human Capital-Driving Force of Economic Growth in selected Emerging Economies", Global Disclosure of Economics and Business, Vol.1 (1):9-30,2012.
- [2]. Awan, Abdul Ghafoor and Zahra, Syed Zuariaul. "Impact of innovation on consumer behavior: A case study of Pakistan Electrong Ltd" European Journal of Business and Innovation Research. Vol.2 (6):93-108. 2014.
- [3]-Shalley, Zhou and Oldham, "The Effects of Personal and Contextual Characteristics on Creativity: Where Should We Go from Here? Journal of Management, Vol 30; 933,2004
- [4]-Conger, Kanungo and Menon, "Charismatic leadership and follower effects" Journal of Organizational Behavior, Vol. 21(7): 747-767,2000.

-
- [5]-Spreitzer, “Psychological empowerment in the workplace: Dimensions, Measurement, and Validation” *Academy of Management Journal*, Vol.38,{5}: 1442-1465,1995.
- [6]-Kanter. “Empowerment and staff nurse decision involvement in nursing work environments:Testing Kanter's theory of structural power in organizations” *Research in Nursing & Health*. Vol. 20 (4): 341–352,1997.
- [7]-Leach, Wall and Jackson. “The effect of empowerment on job knowledge: An empirical test involving operators of complex technology” *Journal of Occupational and Organizational Psychology* Vol.76, { 1}, 27–52,2003
- [8]-Oldham and Hackman , “Relationships between Organizational Structure and Employee Reactions:Comparing Alternative Frameworks” *Administrative Science Quarterly*, Vol. 26 {1}: 66-83,1981.
- [9]-Amabile T.M. “Entrepreneurial Creativity through Motivational Synergy” *Journal of Creative Behavior*,1997.
- [10]-Deci and Ryan. “The general causality orientations scale: Self-determination in personality”, *Journal of research in personality* 19:109-134,1985.
- [11]-Frey and Jegen. “ Motivation Crowding Theory:A Survey of Empirical Evidence”, CESifo Working Paper,No.245, 2000.
- [12].1-Amabile T.M, Hennessey B.A, and Grossman B.S. “Social Influences on Creativity: The Effects of Contracted-for reward” *Journal of Personality and Social Psychology* Vol. 50 {1}:14-23,1986.
- [13].Ryan and Deci. “Intrinsic and Extrinsic Motivations: Classic Definitions and New Directions”*Contemporary Educational Psychology* 25 : 54–67,2000.
- [14].Kruglanski, Friedman and Zeevi. “The effects of extrinsic incentive on some qualitative aspects of task performance” *Journal of Personality* Vol. 39 {4}: 606– 617, December 1971
- [15]. Rappaport (1987), “Terms of Empowerment/Exemplars of Prevention:Toward a Theory for Community Psychology” *American Journal of Community Psychology*, Vol 15 (2),1987.
- [16].Awan,Abdul Ghafoor and Tahir,Abdul Haseeb. “Impact of Cash Reward on worker’s efficiency:A case study of selected SME’s in District Sahiwal”, *Science International*, Vol.27 (2): 6261-67, 2015