

The Moderating Role of Self-Esteem in the Relationship between Contingent Reward and Emotions

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Abstract: On the basis of expectancy theory, we attend to develop and test a model that reveals the psychological trait-based relationship between contingent reward and emotion. Results based on a sample of 362 supervisor-subordinate dyads showed that the relationship between contingent reward and ambition varied based on subordinates' level of self-esteem.

Keywords: Contingent reward, Self-esteem, Ambition, Competition

1 Introduction

Organizations provide various kinds of motivation to employees to enhance their performance-based consequences (Adams, 1963; Locke, 1996; Vroom, 1964). The effectiveness of extrinsic motivation, such as performance-contingent reward in effecting employee daily work behaviors is significant because it facilitates organization goal and personal self-value. Contingent reward refers to the reward managers provided based on employees' performance and extra work (Podsakoff & Todor, 1985). Examples include positive feedback, recognition, acknowledgement, compliment, bonus, and assistance.

Applying such extrinsic motivational approach, scholars and managers explored the relationships among contingent reward and work related outcomes. Previous research claims that both contingent reward is relevant to some psychological traits, such as emotions (McCull-Kennedy & Anderson, 2005). Further, contingent reward exhibits various relationship with performance-based consequences, including satisfaction, performance, effectiveness, productivity, perceptions of justice and role-ambiguity (Rowold & Rohmann, 2009; Podsakoff & Todor, 1985; Podsakoff, Bommer, Podsakoff, & MacKenzie, 2006). That is, contingent reward tends to exhibit positive relationship with work outcomes. In spite of the progress, we still get unclear about the psychological process in the relationship among contingent reward and work related emotion. Consequently, we need to get the completed understanding their relationship in the deep level.

Our purpose in this research is to build and examine a psychological based model of the relationships among

contingent reward and self-esteem and work related emotion. Addressing emotional interpretation for these associations, we develop this model on the bases of integrating expectancy theory (Vroom, 1964). Expectancy theory offers an overall framework depicting the process between extrinsic motivation and emotional relation behaviors (Leonard, Beauvais, & Scholl, 1999). A depiction of our model of contingent reward, self-esteem and emotional reactions, is shown in Figure-1.

2 Theory and Hypothesis

Contingent reward was initially examined by scholars studying transactional leadership that the leader expresses the exchange relationship to followers by offering reward contingent on whether they meet expectations (Bass, 1985). Transactional leaders understand that they cannot motivate followers directly but create some conditions to inspire their psychological domain to accomplish. For instance, conductor's contingent reward produces positive emotions (Rowold & Rohmann, 2009; Lee, Son, & Lee, 2011). In the current research, we follow these definitions and highlight the role of self-esteem in links of contingent reward with subordinates' work related emotion.

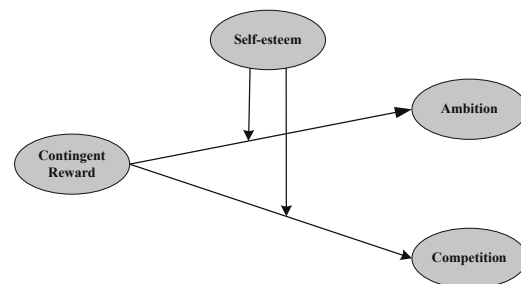


Fig. 1 Conceptual model of relationship among contingent reward, self-esteem and emotions

Previous research shows that contingent reward is significantly related to positive emotion on the followers' side because it is a necessary precondition for the exchange relationship (Bass, 1985) and an effective motivational approach to demonstrate self-worth and professional development (Shamir, 1990). As one

positive emotion, ambition represents a striving for growth and making progress (Benschop & van Den Brink, 2013), as learning, self-realization, career mobility, honor, influence and prestige (Elchardus & Smits, 2008) to distinguish oneself from others. Subordinates in the organization advocating 'challenging tasks' are likely to be ambitious to solve new problems, resolve conflict and overcome difficulties (de Pater, 2005). In this way, advocating challenging tasks represents that leaders appreciate employees' ambition to take on significant and challenging extra tasks. Initial support can be found in prior management and organizational studies that have shown leadership and managerial position are associated with challenging tasks that is an indication of ambition toward tasks (de Pater, 2005).

Hypothesis 1: Contingent reward will be positively related to ambition.

Competition is another typical positive emotion that relates to contingent reward. Mead (1976) proposed that competition is the psychological motive of seeking to gain what another is striving to gain concurrently. Because Chinese are both collectivistic and vertically individualistic (Oyserman, Coon, & Kimmelmeier, 2002), they are likely to have a strong competitive orientation to outperform others in individual level while they advocate cooperation in collective level at the same time (Chen, Xie, & Chang, 2011). Contingent reward represents the extrinsic motivator to invoke motivational state that fuels behaviors (Leonard et al., 1999). Fudge and Schlacter (1999) suggested contingent reward would induce some positive emotions in followers to enhance their self-development and personal growth. Supporting this claim, Lee and colleagues (2011) found a positive relationship between contingent reward and expressions of positive emotion – alert, strong and determined – that may be some components of competition.

Hypothesis 2: Contingent reward will be positively related to competition.

One feature of Expectancy theory in our model is the significant for individuals' self-esteem differences to influence the effect that contingent reward and punishment have on emotional experience (Isaac, Zerbe, & Pitt, 2001). Brown and Dutton (1995) described self-esteem as one stable perspective of personality, is a capability of reacting events by maintaining self worth and generating self-relevant emotions. Individuals with high self-esteem would generate more positive self-relevant emotions than do individuals low on self-esteem when getting involved in negative work events. In other studies, self-esteem moderates the relationship between success/failure and emotional reactions (Brown & Marshall, 2001). Due to the closeness between success/failure and contingent reward/punishment, we focus here on the emotional reactivity effect to accord with Expectancy theory and the psychological state in the transactional process.

As outlined in Expectancy theory, people with high self-esteem place more positive emotions to achieve the same thing that their group want, and engage in more

adaptive behaviors to congruent with the group value than low self-esteem peers do. Previous studies have demonstrated the influence of self-esteem on the self-relevant emotions reacts to experiences or experimental manipulations, such that success stimuli cannot predict participants' self-esteem, but affect their self-relevant emotions (Brown & Dutton, 1995). Brown and Marshall (2001) suggested that people's positive emotion reactions stem from the association between self-esteem and successful experience. Given our prediction that contingent reward would yield positive emotions, we expect that self-esteem will amplify the influence of contingent reward on ambition and competition.

Hypothesis 3: Self-esteem will moderate contingent reward-ambition relationship (such that the relationship will be more positive when self-esteem is high).

Hypothesis 4: Self-esteem will moderate contingent reward-competition relationship (such that the relationship will be more positive when self-esteem is high).

3 Methodology

3.1 Participants and procedure

The sample consisted of 362 middle level supervisor-subordinate dyads whose work related to innovative thinking from 20 organizations throughout China, stood for a broad range of industries, ranging from education to art and designing to manufacturing. In our sample, the employees, on average, were 29.79 years old ($SD = 6.51$) with 7.60 years ($SD = 5.48$) of working experience in their respective organizations and 5.88 years ($SD = 4.46$) working experience with their supervisors, 60.5% of them were male, and 76.1% had college and above education (43.9% for college, 19.3% for master, 12.9% for doctor or upper). The supervisors were 41.26 years of age ($SD = 8.72$) with 14.92 years ($SD = 7.95$) of working experience in their respective organizations, 74.1% of them were male, and 91.2% had college and above education (51.1% for college, 29.4% for master, 10.7% for doctor or upper).

To collect data on contingent reward and punishment, emotion and behavioral outcomes, we contacted with the human resource managers or the senior leader of each organization. With their help, questionnaires were distributed to the potential informants who were instructed to complete, sealed and addressed to the first author directly. Respondents were told writing down their name acronym and their supervisors/subordinates' on the questionnaires with the sealed envelope that we have coded for matching, namely A1 for the first supervisor rated and B1 for his/her subordinate rated. Thus, this process is confidentially strict.

We collected data through two channels: subordinates and their middle level supervisors. Specifically, subordinates were instructed to evaluate their self-esteem, and rated their emotions level toward

such behavior and demographics. On the other hand, supervisors rated their contingent reward and demographics in a separate questionnaire. A total of 476 copies of the questionnaire were distributed and due to the mismatched questionnaires or unusable responses, we attained 362 pairs of completed and usable questionnaires for data analysis, representing a response rate 76 percent.

3.2 Measures

3.2.1 Contingent reward

We measured contingent reward behaviors with 10 items from contingent reward and punishment behavior scales (Schriesheim, Hinkin, & Tetrault, 1991) including 10 items for contingent reward (two are reverse coded) with a six-point scale (1= strongly disagree to 6=strongly agree). Sample items include “my supervisor always gives me positive feedback when I perform well”. The mean coefficient alpha of contingent reward was 0.87.

3.2.2 Self-esteem

10 items (five are reverse coded) in the scale were adopted from Rosenberg Self-Esteem scale (RSE) (Rosenberg, 1965) with a 5-point scale (1=not like me at all to 5=very much like me). Sample items included “On the whole, I am satisfied with myself”. The mean coefficient alpha was 0.68.

2.2.3 Competition

We assessed competition with a six-item scale based on the competitive orientation subscale developed by Chen et al (2011) with a 5-point scale (1=not like me at all to 5=very much like me). Sample items included “I feel somewhat disappointed when others perform better than me,” “I hope to do better than others even when we work together in a team”. The mean coefficient alpha was 0.80.

3.2.4 Ambition

Five items (one is reverse coded) in the scale were adopted from ambition scale from the website of Duckworth lab (<http://www.sas.upenn.edu/~duckwort/images/5-item%20ambition%20scale.pdf>) with a 5-point scale (1=not like me at all to 5=very much like me). Sample items are “I aim to be the best in my field at what I do”. The mean coefficient alpha was 0.73.

3.2.8 Controls

We included supervisors and subordinates’ education, and working time with supervisors as control variables because previous studies have reported that they all found to influence subordinate’s work related outcomes (Hirst, Van Knippenberg, & Zhou, 2009; Malik et al., 2015).

4 Results

The scale means, standard deviations, inter-scale correlations and coefficient alpha internal consistency reliability are reported in Table 1.

4.1 Main Effects

We examine the main effects of contingent reward on employee’s emotions - (a) ambition, (b) competition. Table 2 represents results of these regression analyses. Hypothesis 1 proposed that contingent reward would be positively related to ambition. Results in the second column (Model 2) show, after controlling for supervisors and subordinates’ education, and working time with supervisor, contingent reward was significantly associated with ambition ($B = 0.17, p < 0.01$) and thus, supported Hypothesis 1.

Tab. 1 Correlations and Descriptive Statistic

Variables	<i>M</i>	<i>SD</i>	1	2	3	4	6	7	8
Supervisors’ education	3.40	.85							
Subordinate s’ education	3.22	.96	.44**						
Working time with supervisors	5.88	4.48	.06						
Contingent reward	3.92	1.13	.02	-.04	-.1	(.87)			
Self-esteem	3.53	0.72	.08	.03	.09	.11*	(.68)		
Competition	3.26	0.72	.09	-.01	.10	.11*	.36**	(.80)	
Ambition	3.35	0.81	.11*	-.01	.02	.14**	.48**	.47**	(.73)

Note. n=362. Reliabilities are reported in parentheses. * $p < .05$; ** $p < .01$

Hypothesis 2 predicted that contingent reward would be positively related to competition. The regression results in the middle column (see Model 4) of Table 2 show that contingent reward was positively related to competition ($B = 0.13, p < 0.05$). Accordingly, employees’ perception of contingent reward was associated with feeling of competition. Hypotheses 2 was supported.

Tab. 2 Results for Competition and Ambition

Independent variables	Ambition		Competition	
	Model 1	Model 2	Model 3	Model 4
Supervisors’ education	.20**	.19**	.17**	.17*
Subordinates’ education	-.001	.01	-.05	-.05
Working with supervisors	.02	.03	.10	.11
Contingent reward		.17**		.13*
<i>F</i>	3.89*	5.06**	3.46*	3.86**
<i>R</i> ²	.04	.07	.04	.05
ΔR^2	.03	.06	.03	.04

Note. n=362. The path coefficients are standardized. Predictor variables were unstandardized. Dashes represent paths not modeled in Figure 1. R^2 =proportion of variance in criterion associated with the predictors.

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

4.2 Moderating Effects

Hypothesis 3 and 4 predicted that one personality trait would moderate the relationship between contingent reward and emotions. We centered variables involved in the interaction terms to avoid multicollinearity (Aiken & West, 1991). In particular, Hypothesis 3 predicted that self-esteem would moderate the contingent reward-ambition relationship (Hypothesis 3) and the contingent reward-competition relationship (Hypothesis 4). Table 3 presents interaction terms to test Hypothesis 3 and 4. Regarding Hypothesis 4, self-esteem was a significant predictor of ambition ($B = 0.50, p < 0.01$), and it significantly moderated the relationship between contingent reward and ambition ($B = 0.10, p < 0.05$). Figure 2 graphically presents the nature of the significant interaction that revealed the positive relationship between contingent reward and ambition for employees with high self-esteem. That is, self-esteem amplified the effects of contingent reward on ambition. Turning to Hypothesis 4, the interaction term for contingent reward-self-esteem predicting competition was not significant ($B = 0.08, ns$). Accordingly, Hypothesis 3 was supported and Hypothesis 4 was rejected.

Tab. 3 Moderated effects of self-esteem on competition and ambition

Variables	DV= ambition		DV=competition	
	Model 1	Model 2	Model 3	Model 4
Step 1				
Supervisors' education	.15**	.15**	.12*	.13*
Subordinates' education	-.01	-.02	-.05	-.05
Working with supervisors	-.01	-.01	.07	.07
Step 2				
Contingent reward	.10*	.10*	.06	.06
Self-esteem	.49**	.50**	.39**	.40**
Step 3				
Contingent reward × Self-esteem		.10*		.08
<i>F</i>	23.50**	20.50**	12.97**	11.23**
R^2	.30	.31	.19	.20
ΔR^2	.29	.30	.18	.18

Note. n=362. The path coefficients are standardized. Interaction terms were mean centered. Dashes represent paths not modeled in Figure 1. R^2 =proportion of variance in criterion associated with the predictors.

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

5 Discussion

It is hardly debatable that contingent reward is a part of daily work basis. With this in mind, it is significant that organizations and scholars develop the understanding of the nature and impact for such extrinsic motivation on subordinate behaviors. However, research on the psychological process in the relationship between extrinsic motivation and work related, i.e., contingent reward and work outcome is still limited. In addition to their impact on the work related emotions, such as ambition and competition – have significant consequences for organizations (Malik et al., 2015; Rich et al., 2010). Furthermore, it is likely contingent reward, individuals' self-esteem and work related emotions fluctuate in everyday work life. Given this fact, we apply Expectancy theory to support for a psychological-based model, demonstrating the relationships among contingent reward and self-esteem and work emotions.

5.1 Contingent reward and emotions

Contingent reward exhibited a positive total relationship with ambition (see Table 5). The ambition reaction shed more light on the nuances of these overall relationships. People react to contingent reward with ambition because they are motivated by the inner desire for upwards or the positive meaning toward extrinsic motivation (Lazarus & Smith, 1988).

Contingent reward exhibited a significant total effect on competition (see Table 2). It would appear that contingent reward does increase subordinates' competition with their coworkers and peers. One explanation for this relationship is Chinese people tend to have strong competitive tendency to outperform others.

In our model, subordinates' self-esteem exhibited the moderating role in the relationship between contingent reward and ambition. Our analysis validated that contingent reward can increase positive emotion, such as ambition when offered to subordinates with high self-esteem (see Table 3 and Figure 2), but exhibit little effect on ambition when offered to subordinates with low self-esteem (see Figure 2). This finding somewhat echoes previous studies that emotion elicited after successful experience link to the level of self-esteem (Brown & Dutton, 1995; Brown & Marshall, 2001). Given the relatively limited support for self-esteem as a moderator, future research on the link between contingent reward and punishment and emotions could adopt other personality traits focus, such as extraversion and neuroticism. Perhaps extraverted individuals are more acceptable for performance-contingent reward and punishment and elicit high competition.

Although previous research explores the overall relationship among contingent reward and emotion (Lee et al., 2011), there still lack evidence for what specific emotions elicited by such extrinsic motivation. Findings of the present study, which were relied on field data from

multi resources, suggest that contingent reward influences job related emotions. Furthermore, this study extended that work by assessing emotional reactions to contingent reward as well as exploring self-esteem as the moderating mechanism between contingent reward and emotions to reveal and distinguish the nuances in these relationship. Future research may explore other emotions exist in the psychological process among contingent reward performance-based consequences, such as envy.

In addition to purveying insights into the nature of contingent reward, results contributed to building the body of literature. Although expectancy theory offers an overall framework for the associations among extrinsic motivation and behavior tendency, it fails to describe reward stimuli and its relationship with emotions. The contingent reward model extends cognitive appraisal by identifying contingent reward one type of extrinsic motivational stimuli, and offers a conceptual rationale to which types of motivation approach should drive which emotions. Meanwhile, this model expands the contingent reward to include work related emotions that were moderated by self-esteem.

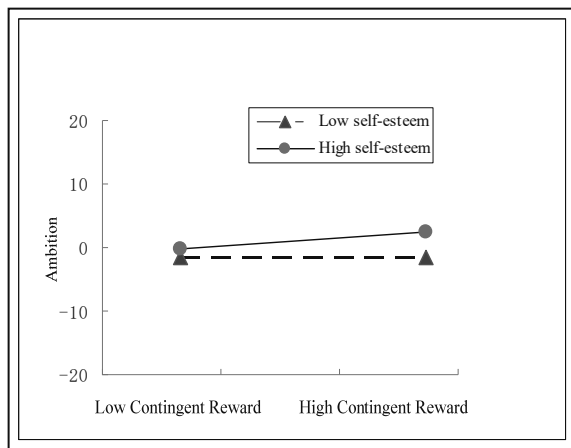


Fig. 2 Moderating effect of self-esteem on contingent reward and ambition relationship

5.2 Limitation

Results of this research should be considered with some potential limitations. First, although our data from various organizations and enterprises throughout China increases the generalizability of our findings, similar institutional rules and organizational culture may have effect on the results (58% of participants were from public institutions and state-owned enterprises). Second, the specific organizational context that our study was conducted may limit the generalizability of findings. Characterized by Confucianism, Chinese culture is different from that of Western where most previous research about performance-contingent reward and punishment was conducted. Thus, future similar research should validate our findings in different cultural settings before the claiming of generalizability across various contextual and cultural settings.

5.3 Practical Implications

Our findings have several practical implications for organizations and managers. Results suggested that, contingent reward produces psychological based outcomes in everyday work life. Organizations that focus on enhancing work related outcomes would benefit from promoting the level of contingent reward in the workplace. For instance, managers could apply more contingent reward to evoke subordinates' positive emotions at work.

6 Conclusion

Our study revealed an emotional based rationale on contingent reward and punishment and work behaviors. Albeit the impact of contingent reward through ambition is clearer (positive on job creativity and job engagement), the impact of contingent punishment is more intriguing. That is, contingent punishment elicits positive effect on competition and shame, but yields positive indirect effect on job creativity through competition, and negative indirect effect on job engagement through shame.

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