

# **Work motivation, goals and rewards in public sector**

## **Abstract**

This study was investigated the influences on work motivation based on expectation and goal-setting theories. A survey was conducted with 333 public employees from 6 state institutions and 1 municipal institution in the city of Belo Horizonte, Minas Gerais, Brazil, which had policies for goals and rewards. The employee motivation showed to be directly and significantly influenced by the valence of the institutional mission, the instrumentality related to rewards and the self-effectiveness to achieve goals. The specificity and feedback with regard to goals influenced the motivation in a significant and indirect way. The importance of goals, the valence of extrinsic rewards, the expectation, the equity, the participation in the setting goals, the difficulty of the goals, the general evaluation of goals system, and the general evaluation of rewards system, did not exert direct influences on motivation. Employees from an older age group had higher average values for motivation. In turn, employees in leadership positions and those who received some kind of extra reward (besides the fixed salary) presented higher indices in factors related to motivation.

**Keywords:** Goals. Motivation. Variable remuneration. Public administration.

## **1 Introduction**

The movement for reform and modernization of public sector management in Brazil in the past two decades has been based on the logic of public administration management (Bresser-Pereira & Spink, 2006,p. 28). According to Souza (2005,p.1), this way of

administration contemplates the adoption of management tools from private companies, such as setting goals and providing extra rewards to employees. This already occurs in many of the state institutions of Minas Gerais. The government of Minas Gerais has adopted a system in which performance targets are agreed between the leaders of agencies and entities of the Executive Power, which, if achieved, can guarantee prize money to the servers (Vilhena *et al.*, 2006). Besides the possibility to ensure greater efficiency and effectiveness in government policies, management with goals and rewards can enable the achievement of higher levels of work motivation by employees (Locke & Latham, 2002; Porter & Lawler, 1968; Vroom, 1964; Wright, 2001, 2007).

The interdependence relationship between people and results, highlight the need and importance for investment in human resources management in public institutions. In this sense, employee motivation at work appears as one of the most critical factors.

For Wright (2001), it is one of the great challenges of public management. On the other hand, it can make a difference in the results presented by an organization, because of its close relationship with performance (Wood JR. & Picarelli Filho, 2004).

Most of the research that underlies evidence of the relationship between goals, rewards and motivation, has been performed in the environment of private enterprises. In Brazil, in addition to the lack of studies in the public sector involving the theme, setting targets and the provision of extra rewards are practices still very incipient. These management tools that already have wide use in the private sector are still poorly explored by both the managers and the researchers of the Brazilian public management. Thus, this study becomes necessary to enrich the theories about the subject and guide public managers to achieve higher levels of motivation among employees of these institutions. To the extent that the study clarifies the relationship between goals, rewards and motivation, it signals the best ways and the most important issues to be addressed by the organization in order to

make the work environment more conducive to motivation and high performance.

Considering the existence of such a gap, it was decided to conduct the present study, guided by the following question: how work motivation is affected in environments with goals and rewards? Thus, the overall objective of the research was to identify how the characteristics of practiced goals and rewards influence the motivation of public employees at work. To achieve this goal, the following specific objectives were established: to identify how public employees evaluate the goals and rewards in the institutions where they work; to identify the levels of work motivation of public employees; to study the relationship between the goals, rewards, and this motivation; study how individual characteristics relate to the goals, rewards and motivation.

The topic under study demonstrates how goals and rewards influence in the motivation of public employees after the paradigm shift resulting from a management seen as inefficient for a management focused on results, arising from the democratization of the access to information, besides the fact of the population correlate performance of public organizations with the assessment of government managers.

## **2 Literature review**

**Work motivation** -A theoretical framework which greatly influenced the studies on work motivation is based on the intrinsic motivation concept. Inside of it, Sawrey & Telford (1976,p.18) defined motivation as "a relatively enduring internal condition that leads or predisposes the individual, to persist in a goal-oriented behavior, enabling the transformation or persistence of situation". Vroom (1964,p. 15), to give a more descriptive definition, stated "that the motivation would be the willingness to do something when this thing is conditioned by its ability to satisfy some individual need". Consequently, motivation is seen as a driving force, whose origins are, most of the time, hidden within

the individual. It is the intrinsic motivation and applies to people in general, both for actions at work and outside of it.

**The motivation in the public sector** - The quality perceived by the population about the public services is old, triggering a negative image due to the poor performance and the bureaucratic services arising from social relations molded on bureaucratic structures and cultures (Parks, 2012). According to Nunes *et al.* (2008), the migration of individuals for the public sector searching stability, quality of life, career opportunities, training, benefits, among others, is growing and maintaining the motivation of those employees is a gap. These authors also identified the motivational factors that lead individuals to choose the public sector, which are: stability and the State image. To Monolopoulos (2008), the motivation in the public sector can be classified into three characteristics: of the individual, of the organizational environment (characteristic and work context) and of the impact of external environmental characteristics.

**The effects of goals on work motivation-** The definition of a target system in the organization is a management tool that can present significant effect on the motivation and performance of employees. For Reis Neto & Marques (2003,p.7), "the goals tell an employee what needs to be done and how much effort will be required to employ". When the employee has clarity of what he needs to seek, it becomes easier to channel energies to achieve the result. To Latham & Locke (1979), goal setting, besides being more effective than other methods, may represent the main mechanism by which these other incentives affect motivation.

**The effects of goals on motivation in the public sector** -Wright (2001) investigated the validity of the theories of goals and the social cognitive theories in the public sector. The author evaluated the influence of four antecedents of work motivation, which were previously identified in these theories: the specificity, the difficulty, the importance of

goals and the self-efficacy. Based, primarily, on theories of public administration, were also incorporated to study, other constructs to analyze the influence on motivation: the conflicting goals, the procedural constraints, the rewards structure and feedback. The results confirmed the validity of the theories of goal setting and social cognitive theories in the public sector. Was identified direct influence on work motivation in the public sector by three of the four variables tested: difficulty of goals, self-efficacy and specificity of goals. Almost three quarters of the total variance of the motivation of public employees at work, were explained by these three variables. The study confirmed the role played by the context variables in the model of work motivation and confirmed that the differences (traits) in the sector can have an important effect on employee motivation.

**The effects of rewards on work motivation** -One of the main theories that relate the rewards to motivation is the expectation theory, developed by Vroom (1964). It explains that the motivation of a person depends of the product between expectation, instrumentality and valence. In it, the expectation is the perception that the effort put into a task will lead to the desired performance. The instrumentality is the perception that performance will lead to reward and valence is the value that a person attaches to the reward received.

**The effects of rewards on motivation in the public sector** - For Wright (2007), extrinsic rewards affect the importance attached to the work and this importance directly affects the motivation of public employees to perform their duties. Howsoever, the author does not differ from previous statements. He admits that extrinsic rewards affect the importance of the work at a lower intensity than the intrinsic rewards attributed to the institutional mission of public service.

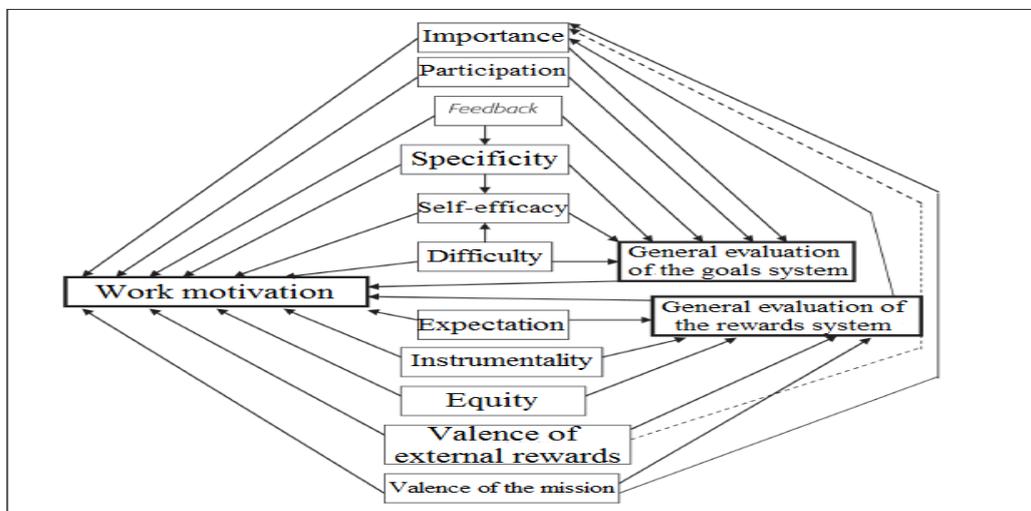
### 3 Research methodology

A descriptive research using a cross-sectional survey of quantitative variables was performed.

**The model studied** -The influences on work motivation in environments with goals and rewards were based in the model shown in Figure 1, drawn from major revised theories (Locke & Latham, 2002; Porter & Lawler III, 1968; Vroom, 1964; Wright 2001, 2007). The model establishes a direct relationship of the perception of each construct related to goals and rewards with the work motivation. The links contained in the model (arrows) represent the assumption that there is a significant and direct relationship between the independent variable and the dependent variable.

FIGURE 1

**Analytical model of relationships between variables**



Source: Prepared by the authors from the theoretical basis studied.

**Methods and techniques** - The proposed model was tested using the method of structural equation modeling (Maruyama, 1998). To estimate the research model, it was used the contemporary method of estimation for Partial Least Squares (PLS), due to the absence of the assumption of normality and its better relative performance in front of

samples of moderate size and relatively complex models (Haenlein & Kaplan, 2004). It was used the Chaid method to study the relationship between individual characteristics, goals, rewards and motivation. This method is based on the chi-square tests of association and fragments the data set in mutual subsets, exclusively to better describe the variable response (Ture *et al.*,2006). The Microsoft Excel 4.0, Smartpls 2.0 and SPSS 15.0 software was used.

**The instrument for data collection, the sample and the fieldwork** -Data collection was performed by unidentified and structured questionnaire with objective questions. The variables were: specificity, difficulty and importance of goals, participation in setting goals, feedback about the achievement of goals, self-efficacy, general evaluation of the goals system, expectations, instrumentality, equity, valence of external rewards , valence of the mission, general evaluation of the rewards system and work motivation. Responses were reported with reference to an interval type scale of 11 points, with the score 0 (zero) corresponding to "strongly disagree" and score 10 (ten) corresponding to "strongly agree". The following demographic variables were calculated: type of remuneration (fixed or variable), age, gender, marital status, salary range, education level, type of relationship with the institution, length of service and hierarchical level. The questionnaires were personally administered in visit to selected organs. Respondents evaluated statements that focused on the measurement of the constructs: specificity, difficulty and importance of goals, participation in setting goals, feedback about the achievement of goals, self-efficacy, general evaluation of the goals system, expectations, instrumentality, equity, valence of external rewards , valence of the mission, general evaluation of the rewards system and work motivation. The sample was voluntarily composed by 333 public employees from Minas Gerais, working into six state institutions and one municipal institution in the city of Belo Horizonte (MG), chosen for

convenience, being 239 state employees (71.8% of the total sample) and 94 of the county (28.2% of the total sample). With the exception of the municipal institution, all respondents participate of the results agreement and, therefore, have formal policies of setting goals with expected rewards.

#### **4 Presentation of results**

The profile of the sample showed a predominance of employees above 31 years (76%), mostly female (55%), married (51%), concentrated remuneration between US 330.00 and US 830.00 (55%) with college education or postgraduate (74%), permanent employees (78%), with length of service higher than three years (75%) and without management positions (74%). Approximately 48% of the sample admitted receiving some kind of extra reward, beyond the fixed salary, or commission for trust position. This result shows that most respondents had been affected by the recent changes introduced in the management of state institutions, in which extra rewards were set to employees, linked to the achievement of goals. Data were analyzed by the regression, factor analysis, and structural equation modeling, KMO, Cronbach's alpha and Chaid.

**Analysis of the model** -The test results of the model showed that motivation had 53.1% of its variance explained by the independent variables. Table 1 shows the relationships between variables tested in the model with their respective standardized weights obtained with the partial least squares (PLS). Significant relationships are highlighted in bold.

Table 1  
Relationships between the variables of the model

INDEPENDENTS	DEPENDENTS	WEIGHT	ERROR	T	SIG.
Difficulty	Self-efficacy	-0,06	0,04	0,64	0,26
<b>Specificity</b>	<b>Self-efficacy</b>	<b>0,52</b>	<b>0,07</b>	<b>7,78</b>	<b>0,00</b>
<b>Feedback</b>	<b>Specificity</b>	<b>0,50</b>	<b>0,06</b>	<b>8,85</b>	<b>0,00</b>
<b>Evaluation of rewards</b>	<b>Importance</b>	<b>0,26</b>	<b>0,09</b>	<b>2,86</b>	<b>0,00</b>
<b>Valence of the external rewards</b>	<b>Importance</b>	<b>-0,19</b>	<b>0,09</b>	<b>2,02</b>	<b>0,02</b>
<b>Valence of the mission</b>	<b>Importance</b>	<b>0,54</b>	<b>0,06</b>	<b>8,58</b>	<b>0,00</b>
<b>Self-efficacy</b>	<b>Work motivation</b>	<b>0,20</b>	<b>0,08</b>	<b>2,39</b>	<b>0,01</b>
Difficulty	Work motivation	-0,07	0,05	0,89	0,19
Equity	Work motivation	-0,15	0,10	1,45	0,07
Specificity	Work motivation	0,09	0,06	0,92	0,18
Expectation	Work motivation	0,07	0,05	0,13	0,45

To be continued

INDEPENDENTS	DEPENDENTS	WEIGHT	ERROR	T	SIG.
Feedback	Work motivation	0,14	0,09	1,47	0,07
Importance	Work motivation	0,14	0,09	1,41	0,08
<b>Instrumentality</b>	<b>Work motivation</b>	<b>0,26</b>	<b>0,10</b>	<b>2,81</b>	<b>0,00</b>
Participation	Work motivation	-0,08	0,06	0,25	0,40
General evaluation of the goals system	Work motivation	-0,07	0,05	0,04	0,48
Evaluation of rewards	Work motivation	-0,10	0,08	0,70	0,24
Valence of the external rewards	Work motivation	-0,12	0,08	0,70	0,24
<b>Valence of the mission</b>	<b>Work motivation</b>	<b>0,39</b>	<b>0,09</b>	<b>4,32</b>	<b>0,00</b>
Self-efficacy	General Evaluation of the goals system	0,06	0,05	1,03	0,15
<b>Difficulty</b>	<b>Gen. evaluation of the goals system</b>	<b>0,06</b>	<b>0,05</b>	<b>0,65</b>	<b>0,26</b>
<b>Specificity</b>	<b>Gen. evaluation of the goals system</b>	<b>-0,06</b>	<b>0,05</b>	<b>0,30</b>	<b>0,38</b>
<b>Feedback</b>	<b>Gen. evaluation of the goals system</b>	<b>0,33</b>	<b>0,07</b>	<b>4,44</b>	<b>0,00</b>
<b>Importance</b>	<b>Gen. evaluation of the goals system</b>	<b>0,21</b>	<b>0,07</b>	<b>3,04</b>	<b>0,00</b>
<b>Participation</b>	<b>Gen. evaluation of the goals system</b>	<b>0,28</b>	<b>0,08</b>	<b>3,33</b>	<b>0,00</b>
<b>Equity</b>	<b>Evaluation of rewards</b>	<b>0,24</b>	<b>0,10</b>	<b>2,24</b>	<b>0,01</b>
Expectation	Evaluation of rewards	-0,03	0,02	0,17	0,43
<b>Instrumentality</b>	<b>Evaluation of rewards</b>	<b>0,13</b>	<b>0,06</b>	<b>2,12</b>	<b>0,02</b>
<b>Valence of the external rewards</b>	<b>Evaluation of rewards</b>	<b>0,53</b>	<b>0,10</b>	<b>5,37</b>	<b>0,00</b>
<b>Valence of the mission</b>	<b>Evaluation of rewards</b>	<b>0,09</b>	<b>0,04</b>	<b>2,12</b>	<b>0,02</b>

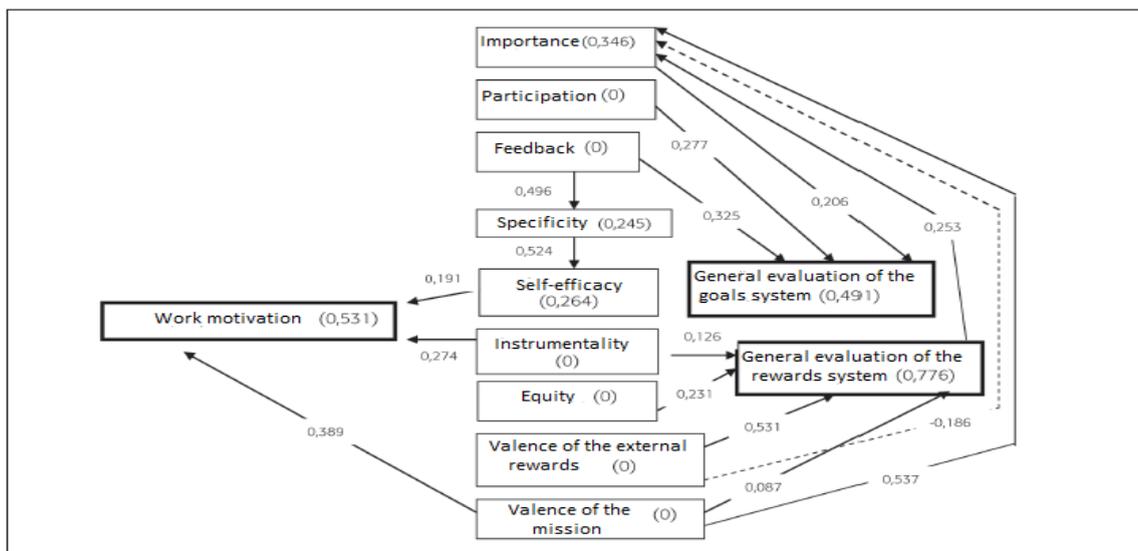
Source: Research data . **Obs.:** a) WEIGHT: standardized weight estimated for population: b) ERROR: estimated error: c) T: t value is the ratio between non-standardized weight by its standard error: d) sig: one-tailed significance of the test, except in the relationship between valence of external rewards and importance, which shows the two-tailed test because the direction is contrary to the model proposed.

In summary, the results above confirm: 1) A general evaluation of the goals system and the general evaluation of the reward system showed no significant influence on motivation; 2) The constructs that influence motivation in the sample studied, in descending order of representation, are: the valence of the mission, the instrumentality and self-efficacy. These constructs explained more than 50% of its variation; 3) Self- efficacy was influenced by the specificity of goals, which explained more than 26% of its variation; 4) The specificity was influenced by feedback received in relation to the goals, taking 24.6% of its variation explained by this construct; 5) The importance attached to

the goals was influenced, in descending order of representation, by the valence of the mission, the general evaluation of the reward system and the valence of external rewards. It had 34.6% of its variation explained in this model. Important to note that, in this case, the valence of external rewards presented negative correlation with the importance of the goals, with a weight of -0.19. This means that the valence of external rewards (extrinsic) negatively influences the importance of the goals in the research. Figure 2 shows the relationships that were statistically significant in the tested model.

FIGURE 2

**Significant relationships of the model (Figure 4) confirmed by research**



Source: Prepared by the authors with research data

The strongest correlations found were: valence of external rewards (0.531) with overall assessment of the reward system; valence of the mission (0.537) with importance and lower with work motivation (0.389) and specificity (0.524) with self-efficacy.

**5 Discussion of results**

Analyzing the results for the motivation construct, it can be notice that the findings reinforce some of the key issues identified in the literature (Locke & Latham, 2002; Porter

& Lawler III, 1968; Vroom, 1964; Wright, 2001, 2007). Three constructs were shown to have greater representation and are, therefore, the main determinants of work motivation in the sample surveyed: the self-efficacy, the valence of the mission and the instrumentality. Self-efficacy corresponds to the employee sense of competence to perform the tasks. In Chaid test, self-efficacy was influenced by age, with medium values perceived higher in people over 36 years. This can be understood, since, in general, older people have more experience and, therefore, feel more qualified to perform the tasks. In the test of the model, self-efficacy was directly influenced by the specificity of goals and indirectly influenced by feedback in relation to the goals, and present direct and significant influence on motivation. In other words, the study also showed that self- efficacy is greater when employees have more experience, clear and specific goals (individual) and receive feedback regarding their progress when they reach them. Such findings confirm and reinforce the results of the reviewed literature, both in the private and the public sector environment (Locke & Latham, 2002; Wright, 2001, 2007).The valence of the mission was influenced by age in Chaid test, where older people have the highest average of perception about this construct. It was also verified significant influence on the importance of goals, confirming the studies of Wright (2007). However, this construct was that exerted the greatest influence on the work motivation, among all constructs researched. This means that the primary motivator in the sample surveyed is the intrinsic value perceived by employees on the job and in the peculiar mission of public service, this is, the work itself and the value added to its achievement are some of the main motivators. This finding also confirms and reinforces the view of researchers of human behavior in the public sector (Moynihan & Pandey, 2007).The instrumentality was the second construct that most influenced the work motivation. It corresponds to the perception that performance will lead to reward. This means that the levels of motivation in the sample studied are higher when

there is a possibility of receiving rewards. This finding only reinforces the validity of the expectation theory for the case of public employees of Minas Gerais. These results corroborate with Porter & Lawler III (1968) and Vroom (1964). The Chaid test showed that those who receive extra rewards (apart from fixed salary) have a higher perception of instrumentality than those who do not receive. If, on one hand, the external rewards influence the instrumentality and, consequently, the motivation, on the other hand, the same study does not confirm the direct influence of the external rewards valence on motivation. One way to interpret these results is that external rewards are not motivating themselves. They are motivating only when they are linked to performance, this is, when there is a possibility to receive them through the achievement of goals or a good performance. The fact that external rewards combined with the instrumentality had generated motivation reinforces the findings of Porter & Lawler III (1968) and Vroom (1964). The study did not confirm the influence of importance, difficulty of the goals, and participation in setting goals, expectation and equity (Latham & Locke, 1979; Locke & Latham, 2002; Wright, 2001, 2007). It may be that the formulation of the program has been done properly and / or that these elements were not relevant to the investigated sample. The valence of external rewards (extrinsic), negatively influenced the importance of the goals in the sample surveyed. This result may indicate that the attractiveness of external rewards were small. Also, it was not found other elements that reinforce the suspicion of Deci & Ryan (2000) that external rewards can reduce intrinsic motivation. Therefore, the matter should be determined in further research. The difficulty of the goals has not confirmed any of the relationships identified in the theory. Considering that this construct is cited in several studies as influencers of motivation (Locke & Latham, 2002; Wright, 2001, 2007), it can be admitted the possibility of failure in the research instrument or even in the method of analysis of the relationship between

constructs before a definite conclusion about the subject. Thus, further studies with distinct issues to measure the construct and new analysis methodology should be performed to confirm or not this relationship in the Brazilian public sector. The participation in setting goals affected the general evaluation of the goals system, but showed no direct effects on motivation. The Chaid test showed that participation in the goals is linked to hierarchical level because employees with some level of leadership had higher averages in this construct. The expectation had no effect on motivation or on the general evaluation of reward systems in the sample studied. However, the Chaid test showed that it is higher among employees who receive some kind of reward. Finally, equity influenced the general evaluation of rewards, however, did not confirm significant direct relationship with motivation.

## **6 Conclusions**

Overall, the study achieved the target of identifying how the characteristics of goals and rewards practiced influence the motivation of public employees at work. In the sample studied, the general evaluation of the goals system and the general evaluation of the rewards system showed no significant influences on motivation. It was also observed that the constructs that influence motivation in descending order of representation are: the valence of the mission, the instrumentality and self-efficacy. These constructs explained more than 50% of its variation. It was noted further that self-efficacy was influenced by the specificity of goals, which explained more than 26% of its variation. Specificity was influenced by feedback received in relation to the goals, taking 24.6% of its variation explained by this construct. Finally, the importance attached to the targets was influenced, in descending order of representation, by the valence of the

mission, the general evaluation of the reward system and the valence of external rewards. It had 34.6% of its variation explained in the model. Important to note that, in this case, the valence of external rewards presented negative correlation with the importance of the goals, with a weight of -0.19. This means that the valence of external rewards (extrinsic) negatively influences the importance of the goals in the sample surveyed. Therefore, the model proposed to identify what motivates the public employee in Brazil in relation to rewards and goals, and the model resulted in the combination of the expectation and goal-setting theories. The limitations of this study are mainly related to some characteristics of the selected sample.

## **7 Acknowledgement**

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