University of Wales Trinity Sanit David

HKBM7000 – Assignment 1

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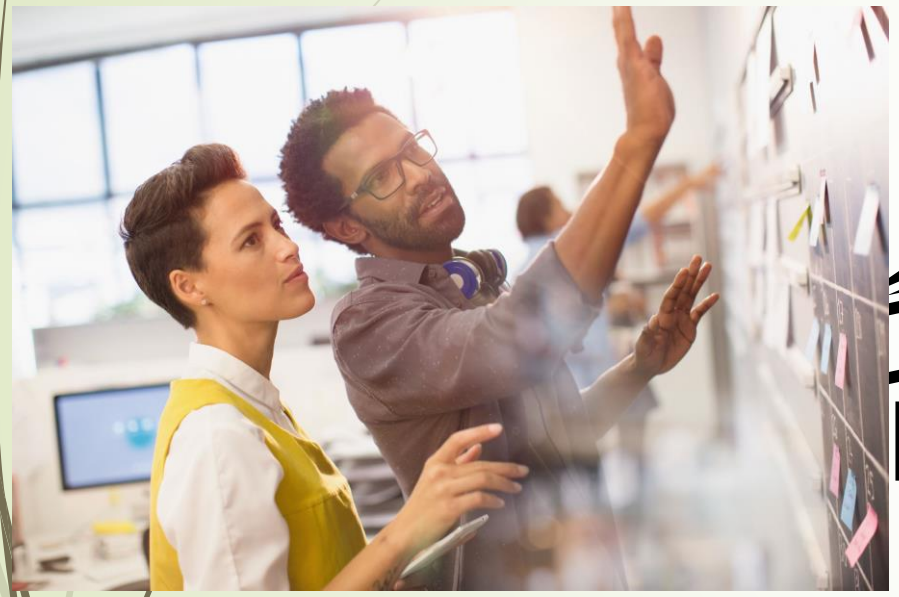
Date : August 12, 2023

Executives in insurance organisations are responsible for implementing successful business and marketing strategies to achieve desired outcomes.



Research question :
How do the characteristics of Gen Z impact the effectiveness of the monetary rewards in the insurance industry?

Literature review on compensation effectiveness :

- From the perspective of sales executives, organisational effectiveness is influenced by business strategy and management control (Slater and Olsen, 2000).
- Importance of compensation is critical in effective business strategies, impacting talent attraction, employee motivation, and talent retention (Larkin et al. (2012).
- Agency theory was insufficient in predicting strategic compensation choices for sales staff (Jensen & Meckling, 1976).
- Empirical evidence strongly supports three predictions: 1) sales professionals increase their effort in response to incentives; 2) "gaming" incentive systems can harm sales performance; and 3) incentive systems create a sorting effect based on sales skill levels (Larkin et al., 2012).

Literature review on motivation :

- Performance is a behaviour related to achievement that can be evaluated and monitored (Motowildo, Borman & Schmidt (2014).
- Motivational forces can be extrinsic or intrinsic, guiding performance behaviours' direction, intensity, and persistence (Kanfer et al., 2008).
- Extrinsically motivated behaviours can be managed through monetary gains and losses, while intrinsically motivated behaviours are self-driven and self-determined (Cerasoli et al., 2014).
- Concept of “core affect” explain emotion related to motivation(Russell, 2003). Core effects are commonly regarded as bipolar (pleasure/displeasure and activation/deactivation) and reciprocal. Self-regulation refers to how people could initiate, adjust, interrupt, terminate or change actions toward attaining personal goals, plans or standards (Baumeister, Heatherton & Tice 1994).
- Money is companies' most commonly utilised incentive (Latham & Pinder 2005).
- Incentives as predetermined plans with criteria, standards, and policies for allocating rewards (Greene, 2018).
- Variable pay systems yield higher productivity than fixed-wage structures (Dohem & Armin, 2011).
- Old theory - extrinsic incentives effectively motivate individuals when they perceive these incentives as valuable in their daily lives, such as enabling car purchases, housing, or personal enjoyment (Vroom, 1964). Kehr (2004) argues that tangible rewards can undermine intrinsic motivation, particularly when highly competitive and subject to evaluation.

Research question :
How do the characteristics of Gen Z impact the effectiveness of the extrinsic rewards in the insurance industry?

Literature review on goal-setting theory :

- Conscious goals are vital in driving actions and achieving specific proficiency or task performance standards within a defined timeframe (Ryan, 1970, Ryan & Deci, 2000)..
- Challenging goals lead to better performance, while lower goals result in lower performance levels (Locke, Motowildo, and Bobko, 1986).

Literature review on extrinsic motivation :

- Drop in efficacy may not occur when goals are moderately complex or when individuals are rewarded based on performance to achieve challenging goals (Locke and Latham, 2002).
- Rewards have the potential to enhance individuals' perceived self-determination, which contradicts cognitive evaluation theory (Eisenberger and colleagues (1999).
- Recipients exercise their perceived autonomy and act according to their own will, thereby increasing their sense of autonomy through rewards (Eisenberger et al., 1999).
- Rewards diminish self-autonomy and decrease intrinsic motivation (Deci et al., 1999). Recent research has also indicated that extrinsic rewards can generate controlled motivation and reduce autonomous motivation (Gagné & Deci, 2005).
- Internalisation encompasses three distinct processes: introjection, identification, and integration. It should be noted that these processes do not necessarily occur sequentially (Gagné and Deci, 2005).

Business Challenges

Literature on motivation gratifications :

- The term "gratification" in "motivational gratification" underscores the emotional aspect of genuine joy, as defined by Seligman (2002).
- Definitions of motivational gratification that require more clarification include: a) the behavioural characteristics of gratified motivational force (GMF) and ungratified motivational force (UGMF), and b) dominant and passive affective types of motivational forces (Mariappanadar 2009)

Specific characteristics of Gen Z

Instant gratification is the desire for immediate satisfaction or reward without delay or postponement. It involves prioritising immediate pleasure or fulfilment over long-term or delayed rewards.

Issue: Situational performance deviation where overall productivity decreases once incentive campaigns end until the next incentive campaign is rolled out.

Business Challenges

Literature review on well-being :

- Positive organisational behaviour is considered as personal quality that can be measured and contribute to workplace performance (Luthans, 2002a). Luthans also emphasised the importance of managing and developing these qualities to improve performance in today's workplace.
- These behaviours as "positive psychological capital"(Youssef & Luthans, 2005).
- Self-confidence, hope, optimism, well-being, and emotional intelligence are crucial psychological resources for building strengths, enhancing performance, and improving job satisfaction and well-being at work (Dewe & Cooper, 2012).
- Sgnificance of employee happiness, health, and self-improvement in positive organisational behaviour, advocating for an employee-centred perspective (Wright, 2007).
- Maintaining a meaningful work-life balance and positive work agenda is also part of positive organisational behaviour (Chalofsky, 2010).

Specific characteristics of Gen Z

Perception of well-being - Seeking support, practising self-care, and reducing the stigma surrounding mental health challenges are all important to them. Maintaining a meaningful work-life balance and positive work agenda are also part of positive organisational behaviour (Chalofsky, 2010)

Issues: Time management and self-determination difficulties have become increasingly major performance issues and challenges for sales management, leading to performance issues such as a low monthly active ratio.

Business Challenges

Literature on social identity theory :

- Individuals acknowledge their belonging to a social group and develop a social identity(Hogg & Abrams, 1988; Hogg et al., 1995; Turner et al., 1987; Stets & Burke, 2000).
- Individuals who categorise themselves as part of the same group are referred to as the "in-group," while those who perceive themselves as different from the group are considered the "out-group." Turner et al. (1987)

Literature review on organisational culture :

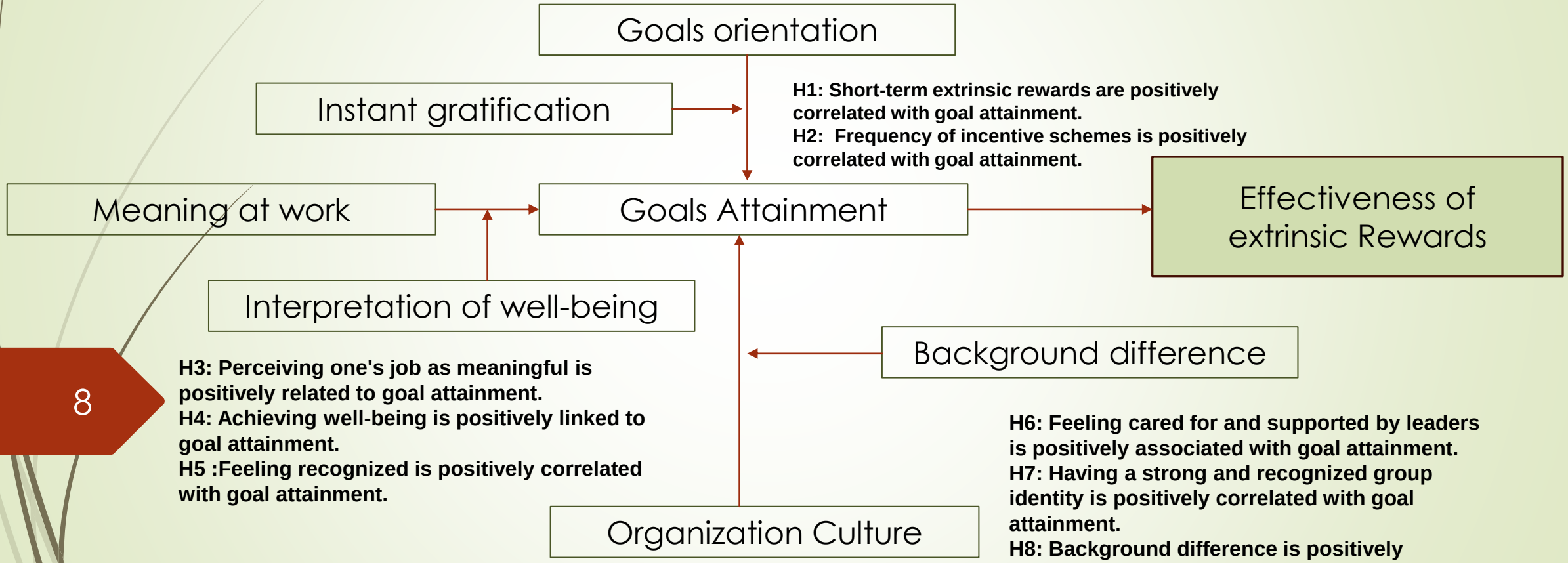
- Organisational cultures comprise cognitive systems that collectively shape how individuals think, reason, and make decisions (Wallace, Hunt and Richards 1999).
- culture as a collection of assumptions that define an organisation and create a fundamental sense of identity (Hatch and Schultz, 2004)
- culture strives for the organisation's survival, growth, and internal integration (Schein, 2010).

Specific characteristics of Gen Z

Background differences necessitated the development of appropriate management interventions and incentive schemes for sales executives.

Issue: These two groups often need help to integrate effectively due to the language barrier and differing perspectives on managing work and personal life.

Conceptual model illustrating Gen Z impacts on the effectiveness of extrinsic rewards in the insurance industry



Research question :
How do the characteristics of Gen Z impact the effectiveness of the monetary rewards in the insurance industry?

Hypothesis :

H1: Short-term extrinsic rewards are positively correlated with goal attainment.

H2: Frequency of incentive schemes is positively correlated with goal attainment.

H3: Perceiving one's job as meaningful is positively related to goal attainment.

H4: Achieving well-being is positively linked to goal attainment.

H5 : Feeling recognized is positively correlated with goal attainment.

H6: Feeling cared for and supported by leaders is positively associated with goal attainment.

H7: Having a strong and recognized group identity is positively correlated with goal attainment.

H8: Background difference is positively correlated with goal attainment.

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Thank you