

MASTER
MASTER IN ACCOUNTING

MASTER'S FINAL WORK
DISSERTATION

**"A COMPARATIVE STUDY OF INCENTIVE PREFERENCES:
UNDERSTANDING CULTURAL DIFFERENCES BETWEEN PAKISTAN
AND PORTUGAL"**

BILAL MAJEED

JUNE 2025



Lisbon School
of Economics
& Management
Universidade de Lisboa

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SUPERVISION:

PROF: SOFIA MARGARIDA MORAIS LOURENÇO

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BILAL MAJEED | A comparative Study of Incentive Preferences-Understanding Cultural Differences between Pakistan and Portugal

ABSTRACT

This dissertation explores differences in preferences for intrinsic and extrinsic incentives across two distinct cultural contexts: Portugal and Pakistan. Incentive practices that are effective in one country may differ significantly in another due to preferences shaped by individual needs, values, and expectations, which are partially derived from cultural background. To empirically examine these differences, survey data were collected using a snowball sampling technique, targeting management students and early-career professionals in both countries. The analysis involved exploratory factor analysis, t-tests, correlation analysis, and multiple regression models (including interaction terms), using STATA.

The results suggest that Portuguese participants place greater emphasis on both intrinsic and extrinsic incentives, except on extrinsic incentives related to relationships, which are valued similarly in both countries. The study also identifies gender differences, with women valuing both intrinsic and extrinsic incentives more than men. Additionally, currently employed respondents show stronger preferences for all incentive types compared to those not working. In contrast, age and its interaction with country do not significantly predict incentive preferences, offering no support for age-based cultural moderation.

These findings have implications for multinational organizations, highlighting the importance of designing culturally responsive and demographically informed incentive systems to maximize employee engagement and motivation

Keywords: *Cross-cultural incentives, motivation, rewards, incentive preferences, Portugal, Pakistan, gender differences, cultural values*

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Resumo

Esta dissertação explora as diferenças nas preferências por incentivos intrínsecos e extrínsecos em dois contextos culturais distintos: Portugal e Paquistão. As práticas de incentivo que são eficazes num país podem diferir significativamente noutro devido a preferências moldadas pelas necessidades, valores e expectativas individuais, que são parcialmente derivadas do contexto cultural. Para examinar empiricamente estas diferenças, foram recolhidos dados de questionário através de uma técnica de amostragem em bola de neve, com o objetivo de recrutar estudantes de gestão e profissionais em início de carreira em ambos os países. A análise envolveu análise fatorial exploratória, testes t, análise de correlação e modelos de regressão múltipla (incluindo interações entre variáveis independentes), utilizando o STATA.

Os resultados sugerem que os participantes portugueses dão maior ênfase tanto aos incentivos intrínsecos como aos extrínsecos, exceto no que se refere aos incentivos extrínsecos relacionados com relações profissionais, que são valorizados de forma semelhante em ambos os países. O estudo identifica também diferenças de género, com as mulheres a valorizarem mais os incentivos intrínsecos e extrínsecos do que os homens. Além disso, os respondentes que se encontram atualmente empregados demonstram preferências mais fortes por todos os tipos de incentivos em comparação com os que não estão a trabalhar. Em contrapartida, a idade e a sua interação com o país não são preditores das preferências por incentivos, não oferecendo qualquer suporte para a moderação cultural baseada na idade.

Os resultados deste estudo têm implicações para as organizações multinacionais, destacando-se a importância de conceber sistemas de incentivos adaptados ao perfil cultural e demográfico dos trabalhadores, por forma a maximizar o seu envolvimento e motivação.

Palavras-chave: *Incentives transculturais, motivação, recompensas, preferências de incentivos, Portugal, Pakistan, diferenças de género, valores culturais*

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1. Introduction

Incentive systems play a crucial role in shaping employee motivation, productivity, and retention in organizations worldwide (Figueiredo et al., 2025). Incentives are rewards or benefits offered to individuals or groups to encourage specific behaviors, actions, or performance levels (Bucklin and Dickinson, 2001). In a workplace context, incentives serve as motivational tools that align employee efforts with organizational goals. Incentives can be financial (such as salaries, bonuses, and benefits) or non-financial (like recognition, career growth opportunities, and work-life balance). Effective incentive systems aim to boost employee engagement, productivity, and satisfaction, ultimately enhancing organizational performance (Alkandi et al., 2023). As businesses expand internationally, they increasingly face the challenge of developing incentive structures that align with diverse cultural values and expectations. What might motivate an employee in one cultural context may have a different impact on an employee in another (Deci & Ryan, 2013; Chiang & Birtch, 2007). Regional differences in preferences for incentives and, at times, the gap that exists between preferences that are culturally ingrained, are challenges that multinational organizations face. Moreover, prior research shows that aligned incentive systems lead to employee engagement, lower turnover, and better organizational performance (Nasmboon, 2014).

Pakistan and Portugal provide a valuable comparison for understanding incentive preferences in across different cultural contexts. Pakistan and Portugal, though both rich in cultural heritage, embody different cultural values that influence workplace expectations and preferences. Pakistan's cultural landscape is deep in a collectivist core and family and community ties, which often determine professional choices and expectations. In addition, Hofstede's Power Distance Index puts Pakistan high, and therefore hierarchical structure is accepted across the board and employees defer to authority. The presence of such factors implies that the extrinsic rewards such as enhancing social status and extending financial security may hold some value for Pakistani employees. Secondly, the public sector offers lifetime employment and furnishes benefits that include having medical facilities, housing and educational support (Hacker, 2002). As different reward schemes are a manifestation of the different cultures, these characteristics of the Pakistan society will likely have an impact on reward preferences.

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Portugal, in contrast, exhibits a mix of collectivist and individualistic traits. Community bonds and social connections are important, but so is personal achievement and self-expression. Hofstede's Power Distance Index shows Portugal with a fairly moderate ranking, which indicates a preference for collaborative work environments where authority is not imposed in a rigid way. This cultural orientation suggests that Portuguese employees may be more likely to place value on intrinsic rewards like job satisfaction, autonomy, and work life balance than on extrinsic rewards. In both countries, fairness and equity is the priority, but how one fosters employee satisfaction through rewards is vastly different.

Given these differences, the motivation for this study is to explore whether different cultural characteristics shape the incentive preferences of Portuguese and Pakistani individuals. Specifically, the study focuses on a comparative analysis of incentive preferences among management students and professionals in these two countries. Using 688 survey responses, this study finds that Portuguese respondents consistently report higher preferences for intrinsic incentives such as autonomy, job satisfaction, and meaningful work. Similarly, Portuguese respondents score higher on extrinsic incentive preferences related to financial compensation and status. Pakistani and Portuguese respondents score similarly on extrinsic incentive preferences related to relationships, which appear to be universal and not cultural dependent. The study also identifies gender differences, with women valuing both intrinsic and extrinsic incentives more than men. Additionally, currently employed respondents show stronger preferences for all incentive types compared to those not working. In contrast, age and its interaction with country do not significantly predict incentive preferences, offering no support for age-based cultural moderation. Overall, the findings suggest that cultural context, gender, and employment experience shape how individuals prioritize workplace incentives, reinforcing the need for culturally and demographically sensitive incentive strategies in global organizations.

This study has theoretical and practical contributions. Theoretically this study contributes to the cross cultural research on employee motivation and compensation. For practitioners, the findings are of interest to multinational companies and managers interested in motivating and retaining employees. Specifically, the study shows that Portuguese respondents have stronger

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incentive preferences for both intrinsic and extrinsic incentives, except for those related with relationships at work that are equally valued by Pakistani respondents. Therefore, this research urges managers and policy makers to develop incentive systems aligned with the cultural context.

This study is organized into five chapters. The first chapter consists of this introduction. Chapter 2 presents the literature review and the development of the hypotheses. Chapter 3 describes the methodology. Chapter 4 presents and discusses the results. Finally, Chapter 5 concludes with the main findings, discusses their implications, and suggests avenues for future research.

2. Literature Review

The role of incentives and rewards in employee motivation and satisfaction has been a critical focus in organizational behavior and management studies. Financial and nonfinancial incentives can have an impact in the engagement, productivity and retention of an individual in an organization (Chiang and Birtch, 2012). The workforce is becoming more and more globalized and multinational corporations have to learn about how cultural diversity affects the preferences for incentives so that employees perform effectively and are satisfied (Karin Andreassi et al., 2014). This chapter compares incentives preferences of Pakistani and Portuguese individuals given their cultural and economic contexts.

2.1 Background

Incentives play a pivotal role in shaping workplace dynamics, significantly influencing employee motivation, performance, and overall job satisfaction. While monetary compensation is often the first thing that comes to mind when considering incentives, non-monetary incentives have also been shown to affect the performance of agents in organizations (Lourenço, 2016; Lourenço, 2020). Incentives can be classified into four categories according to Chiang and Birtch (2007)'s typology, namely financial, intrinsic, extrinsic and support incentives. This typology will be developed later but it will be used in this study because it is highly relevant in multicultural

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contexts since it allows capturing how cultural differences can have an impact on a variety of incentives preference and, therefore, has a greater potential to show that these preferences are influenced by the cultural context.

2.2 Theoretical Framework

In this study, two prominent theories, Hofstede's Cultural Dimensions Theory and Deci and Ryan's Self Determination Theory (SDT), are integrated to explain the underlying drivers of incentive preference in Pakistan and Portugal. Additionally, Chiang and Birtch (2007)'s typology is also described in this section.

2.2.1 Hofstede's Cultural Dimensions Theory

Hofstede's Cultural Dimensions Theory is widely recognized for its ability to explain cultural variations in workplace behaviors and preferences. This framework identifies five dimensions of culture consisting of Power Distance, Individualism vs. Collectivism, Masculinity vs. Femininity, Uncertainty Avoidance, Long-Term vs. Short-Term Orientation, (Hofstede, 1980). Among all these, the two dimensions of Power Distance and Individualism vs. Collectivism are of most relevance to explain the cultural differences as argued by Basabe and Rose (2005).

In high power distance cultures, such as Pakistan, hierarchical structures are widely accepted, and employees often expect clear authority and top-down decision-making (Deniz & Demirkasimoğlu, 2022). This cultural orientation suggests a preference for financial and extrinsic incentives related to status and financial security. In contrast, Portugal has a moderate power distance which favors more egalitarian work relationships in which autonomy and collaboration are emphasized (Karandashev, 2020). This likely impacts the Portuguese participants' preferences for intrinsic incentives like autonomy and working in a meaningful way, and support incentives such as work-life balance initiatives.

Another relevant cultural dimension is Individualism vs. Collectivism. Pakistan's collectivist culture values group harmony, familiar relationships, and community support (Syed et al., 2025),

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which suggests that participants may want extrinsic incentives, such as recognition which reinforce group identity. Portugal's balance between individualism and collectivism favors a desire for incentives with a personal accomplishment but also emphasize interpersonal connectedness (Rego & Cunha, 2009).

2.2.2 Self-Determination Theory (SDT)

Developed by Deci and Ryan (2013), SDT posits that human motivation is influenced by three fundamental psychological needs: autonomy, competence, and relatedness. These needs shape individuals' incentive preferences based on how they experience their work environment. Autonomy emphasizes the desire to have control over one's tasks and decisions (Spector, 2022), which means that employees with high autonomy needs prefer roles that offer independence and flexibility. Competence focuses on the need to feel skilled and capable, driving individuals to seek opportunities for learning (Ivaldi et al., 2022), feedback, and challenging projects. People focused on relatedness seek social connections thus they value mentoring relationships and collaborative teamwork as well as supportive connections at work. Differences in the dominance of these needs lead to varying incentive preferences, as employees prioritize satisfying their most critical psychological needs. Recognizing these distinctions helps employers design tailored strategies that maximize employee engagement and satisfaction.

2.2.3 Chiang and Birtch's Incentive Framework

Chiang and Birtch (2007) categorize incentives into four key types: intrinsic, financial, extrinsic, and support. Financial incentives refer to salaries and bonuses, and they are relevant because they provide employees the immediate economic means they need to survive. Chiang and Birtch (2007) emphasize that financial incentives are the most direct and measurable means organizations use to attract and retain employees. They include monetary benefits like salary, bonuses, comprehensive benefits packages, and job security. Extrinsic incentives refer to non-financial rewards such as authority/power, job title/status and workload (Chiang and Birtch, 2007). According to Chiang and Birtch (2007) such extrinsic incentives are effective to motivate

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employees and make them feel that they are valued for their efforts. Extrinsic rewards can be provided by organizations in order to increase morale, to spur high performance (Emmanuel & Nwuzor, 2021), and maintain employee engagement.

Vincent et al. (1960) highlight that financial and extrinsic incentives share overlapping characteristics, as both involve external rewards provided by organizations to influence employee behavior. Therefore, they both can be classified as extrinsic in the more common typology of Deci (1972) and Victor and Hoole (2021). Both financial incentives and non-financial extrinsic incentives operate externally from the work itself to provide employees with external motivational benefits and recognition. This shared focus on external reinforcement provides a rationale for grouping them under the broader category of extrinsic incentives, as they collectively contribute to employee motivation and engagement.

Conversely, intrinsic incentives, as described by Chiang and Birtch (2007), are intangible rewards and arise from the task itself. They encompass elements like the nature of the work, job variety, challenge, job responsibility, satisfaction, and opportunities to use different skills. These incentives are closely tied to the inherent value of tasks and the enjoyment gained through their completion. Employees who experience intrinsic rewards often exhibit greater engagement and satisfaction, as their work aligns with personal values and aspirations. The fourth category of Chiang and Birtch (2007) are support incentives, which focus on the emotional and social support employees receive from their organizations and peers. These incentives, which include flexible work arrangements and remote working options, help employees balance their professional and personal lives. Therefore, these rewards not only improve job satisfaction but also overall employee wellbeing. Hence, supervisors can provide organizational support to further increase employees' sense of belonging (Kahn, 1990).

Intrinsic and support incentives can be grouped under intrinsic incentives as both focus on fulfilling employees' internal psychological needs. While intrinsic incentives emerge from the satisfaction derived directly from the nature of the work, support incentives indirectly contribute to this fulfillment by creating a positive and enabling work environment (Vincent et al., 1960).

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Employees who receive support through mentorship or flexible work options demonstrate better ability to discover meaning along with enjoyment in their work responsibilities (Gibson et al., 2023). The two types emphasize employee personal development along with wellness and employee engagement instead of focusing on external rewards. This shared emphasis on internal motivation and psychological fulfillment justifies their categorization under the broader term of intrinsic incentives as suggested in the typology of Deci (1972) and Victor and Hoole (2021).

2.3 Preferences for Incentives

Incentive preferences are highly culture specific and sensitive to socio economic factors, organizational practices and individual values. As workplaces become increasingly globalized, the need to understand how cultural differences influence incentive preferences has gained prominence. It is shown that cultural values strongly influence the perceived importance of different types of incentives. For instance, in collectivist societies like Pakistan, financial and extrinsic incentives to maintain social ties and status are frequently emphasized (Hofstede, 1980). However, employees in societies that combine individualistic and collectivist traits such as Portugal value intrinsic and support incentives that emphasize personal achievement and work life balance (Chiang & Birtch, 2007).

2.3.1 Preferences for Extrinsic Incentives

Extrinsic incentives in a financial form (e.g., salaries, bonuses, and benefits) address employees' economic needs and ensure financial stability. These are very much valued in Pakistan because of the economic constraints and the weak social security system. Current studies support that financial compensation can make a difference in job satisfaction within developing economics. For example, as Raza and Shaikh (2024) showed the most important rewards for Pakistani employees are salaries and monetary benefits since they immediately influence the employees' quality of life and guarantee financial stability. Moreover, job security is an important financial incentive because it creates trust and long-term commitment between employee and

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organizations (Chiang and Birtch, 2007). In Pakistan, where cultural values often emphasize financial responsibility and support for extended families, younger employees tend to prioritize basic salaries over long-term benefits. This preference aligns with the immediate need to contribute to household expenses and meet financial obligations. Mahmood and Nasir (2008) highlight that younger workers in the country are more inclined toward instant financial gains rather than deferred benefits such as retirement plans or insurance packages. This trend also reflects a collectivist culture where providing immediate financial support to family members often takes precedence over personal long-term financial planning.

In contrast, Portugal, a developed country and individualistic economy, demonstrates a more balanced approach to financial incentives. Although competitive salaries remain essential, they are not the sole motivator. According to Curington (2024), Portuguese workers place a high importance on equitable pay and cherish extra financial perks like health insurance and retirement plans. The nation's strong social safety net is reflected in this focus, as workers look for monetary benefits to go along with their more general objectives for quality of life. Culturally, Portugal's relatively low power distance fosters an environment where employees expect fair compensation but are less reliant on immediate financial gains. In a similar vein, Portuguese workers typically react favourably to individual performance-based incentives, seeing them as a fair recognition of their work, especially when these monetary incentives are connected to measurable and easily accessible performance indicators. In Portugal, team performance incentives are more widely embraced by employees, highlighting the cultural emphasis on collective work and collaboration. Consequently, Portuguese employees generally value team-based rewards, as these incentives promote a sense of shared responsibilities and companionship between colleagues (Correia et al., 2022). This contrasts with Pakistan's high power distance and collectivist culture, where extrinsic incentives, such as salaries and bonuses, are often seen as necessary for immediate financial security and social obligations.

Pakistani employees increasingly value overall benefits packages that address diverse needs like health insurance, education subsidies, and housing loans. However, these benefits are more common in large multinational corporations, while smaller or domestic firms often offer limited

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flexible benefit options, potentially leading to employee dissatisfaction (Obaid, 2013). In Portugal, overall benefits are seen as a crucial part of maintaining a healthy work life balance and improving overall job satisfaction. Therefore, companies in Portugal allow employees to customize their benefits package (healthcare plans, meal vouchers, and education subsidies) in order to suit their personal needs.

Extrinsic incentives can also have a non-financial nature. For example, these incentives can be recognition, promotions, and status, which are vital for motivating employees through external validation (Kefay & Kero, 2019). In Pakistan these incentives are deeply connected to the social standing and hierarchy. Employee motivation is also greatly impacted by job title and status as an extrinsic reward since they can strengthen workers' sense of accomplishment and dedication to their positions (Kahn, 1990). Additionally, an organization's management style can be an extrinsic reward, especially when it encourages candid communication and values employee contributions, which eventually boosts output and job satisfaction (Lee and Kim, 2022). Asaari et al. (2019) research shows that promotions and public recognition are important indicators of success and social respect for Pakistani employees. Titles and job status also help to cement authority and group identity. Organizations in Pakistan frequently have centralized power structures, with top management making most decisions and middle management rarely having decision rights. Because respect for authority and preserving harmony in relationships is highly valued, employees typically demand clear instructions from their superiors and refrain from openly opposing them (Khan and Law, 2018). Portugal, while also valuing extrinsic incentives place less emphasis on hierarchical validation and more on interpersonal relationships and team recognition. For instance, Vera et al. (2016) discovered that collaborative rewards and co-worker support significantly enhance job satisfaction and productivity in Portuguese workplaces.

Team spirit and morale are highly valued by Pakistani workers since research indicates that these factors are linked to positive workplace attitudes, which in turn improve job satisfaction and performance (Qureshi et al., 2015). Employee engagement increases when they feel like they are a part of a cohesive team, which boosts productivity and job satisfaction. Portugal values a cohesive workplace where everyone contributes to the success of the group; hence team spirit

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and morale are equally vital. According to prior studies, companies with good team morale see improvements in employee retention and performance outcomes because their employees feel supported and connected to one another (Madden et al., 2015).

Workload and job pressure are often cited by Pakistani employees as major factors affecting their motivation and engagement, and they choose positions that provide a better work-life balance. For Pakistani workers, long hours, strict deadlines, and high standards are important issues that frequently result in burnout and emotional stress (Ahmed et al., 2024). Workload and job pressure have a substantial impact on employees in Portugal, and there is a negative correlation between high levels of these elements and job satisfaction (Lopez et al., 2014). Workplace stress and performance are significantly correlated negatively, which suggests that higher levels of stress result in lower employee performance (Arshadi and Damiri, 2013). On the other hand, better work performance is linked to reduced stress levels. This emphasises how crucial stress-reduction techniques and efficient workload management are to promoting worker happiness and productivity in Portuguese organisations (Freitas et al., 2023).

Overall, both Portuguese and Pakistani workers need financial and non-financial extrinsic incentives, but because of their more unstable financial situations, Pakistani workers are more likely to value them. Workers in Portugal, a developed nation, are more protected from financial hardship by their friends, family, previous employers, and social security system. Similarly non-financial extrinsic rewards contain elements (promotion potential, status, power, and responsibilities) suggesting future gains (Bussin, 2015), which are more appreciated by Pakistani employees. Therefore, we propose the following hypothesis.

H1: In Pakistan there is a stronger preference for extrinsic incentives than in Portugal.

2.3.2 Intrinsic Incentives

Intrinsic incentives, such as autonomy, meaningful work, and opportunities for personal growth, fulfill employees' psychological needs for competence and self-determination (Deci and Ryan, 2013). In Portugal, intrinsic incentives are highly prioritized, reflecting the cultural emphasis on

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self-expression, autonomy and personal development (Quesado et al., 2016). According to Lopes et al (2014), employees in Portugal are more satisfied when their roles incorporate autonomy and skill development opportunities. Furthermore, there is a positive relationship between meaningful work and higher engagement, as well as organizational commitment in Portuguese workplaces (Silva et al., 2023). In Pakistan, intrinsic incentives are less emphasized due to the collectivist and hierarchical culture, which often limits autonomy in decision-making. However, intrinsic factors like job satisfaction and opportunities for learning are gaining importance in modern organizations as younger generations seek roles that align with their personal values (Rehmat et al., 2021).

The hierarchical structure of Pakistani companies frequently restricts autonomy, which demotivates workers who want greater decision-making authority in their positions (Noor et al., 2023). On the other hand, in Portuguese workplaces, autonomy is a highly regarded intrinsic reward. According to Twenge (2010), workers who have more freedom to oversee their work are more satisfied with their jobs. Employee motivation and loyalty are valued in Portuguese companies because they tend to provide a more flexible work environment which allows workers to take responsibility for their work. Conversely, in Pakistan workers want more job variety to break up the dullness of their jobs, particularly in industries linked to fast moving consumer goods (Ali and Zia-ur-Rahman, 2014). However, because workers are given specific tasks, hierarchical organizational structures in Pakistan frequently restrict job variety. Burnout and disengagement result from this lack of variation, especially in lower-level positions where duties are more repetitive. In contrast, Portuguese workers have a wider range of job responsibilities. In Portugal, increasing job variety is crucial to enhance employee engagement (Moreira et al., 2022). In Portugal, many companies use cross-functional projects and job rotation to give their staff members a variety of jobs to keep them engaged and motivated (Sousa et al., 2019; Guerreiro, 2022). This strategy improves retention and lowers burnout.

Furthermore, Pakistani workers frequently look for chances to apply and advance their talents, but they face a lack of such opportunities. According to research by Iqbal et al. (2023), most employees can be motivated if their employers provide them with possibilities for growth and

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development in many forms, such as conferences and seminars. Opportunities for employees to use their abilities in meaningful ways are more likely to be offered in Portugal. According to the CEDEFOP (2023) report on skills forecast for Portugal, Portuguese companies should prioritise skill development and provide opportunities for staff members to use newly acquired abilities in practical settings. This emphasis on using skills is seen to be essential to motivation and job satisfaction. According to Hackman and Oldham's (1976) Job Characteristics Model, jobs that are marked by autonomy, variety, and significance characteristics that may be absent in many roles in developing nations are more likely to offer intrinsic rewards. Aryee et al. (2012) finds that workers in developed countries place more value on intrinsic happiness and personal development, whereas workers in developing countries frequently prioritise extrinsic incentives because of competitive labour markets. When taken as a whole, these studies highlight how socioeconomic variables, cultural norms, and job attributes affect employee preferences and motivations in various settings. Due to Pakistan's poorer economic situation, workers may not be able to give as much thought to the nature of their job as they give to the monetary benefits they receive.

Support incentives, such as work-life balance initiatives, mentorship programs, and flexible work arrangements, also fit within the intrinsic incentives category given that they are related with the task itself. These incentives are becoming increasingly relevant in modern workplaces. In Portugal, such incentives are highly valued in terms of cultural and societal priorities around well-being. According to Fagan et al (2012), work life balance is important for Portuguese employees and many of them would rather work for companies that offer flexibility and mental health support than companies that offer high pay. In addition, organizational support like mentorship and employee development programs helps to increase engagement and retention. In Portugal, job location is equally significant, along with commuting issues. Workers frequently favour employment in areas that provide a better work-life balance (Barreira et al., 2021). Culturally, Portugal's lower power distance and individualistic tendencies foster a greater demand for intrinsic incentives, as employees value autonomy, personal development, and well-being, contrasting with Pakistan's traditional collectivist and hierarchical work culture.

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In Pakistan, support incentives are less emphasized as traditional work cultures prioritize financial and extrinsic incentives. Due to extended workdays that frequently result in burnout, Pakistani employees frequently struggle to strike a healthy balance between work and personal life. While some businesses have work-life balance (WLB) policies and practices that are comparable to the best in the world, many organisations view WLB as a stage in an employee's life and prefer to work out informal agreements (Fazal et al., 2022). However, WLB is gaining traction in urban and multinational organizations. Abid and Barech (2017) find that younger Pakistani employees increasingly demand flexible working hours and supportive management practices, but that these are not yet widespread. According to research by Jinxuan et al. (2024) flexible work schedules are highly regarded in industrialised nations where work-life balance is given top priority. In contrast, economic pressures and the necessity for steady income frequently overshadow the emphasis on flexibility in developing nations like Pakistan, which results in a decreased preference for support rewards (Papanek, 2024). Hence, according to the literature, developing nations tend to have a lesser preference for support benefits.

Hofstede's cultural dimensions theory highlights how cultural values shape employee motivation, with individuals in high uncertainty avoidance cultures, commonly found in developing nations, placing a higher value on job security than on intrinsic fulfillment (Hofstede, 2001). Declining intrinsic motivation occurs within environments that fulfil fundamental needs according to Deci and Ryan (2013), thus economic difficulties in developing regions lead employees to focus on extrinsic rewards. Van de Walle et al. (2015) also observed that employees in developing economies tend to prioritize extrinsic incentives due to competitive job markets, whereas those in developed nations place greater emphasis on personal growth and intrinsic satisfaction. These findings collectively highlight the impact of cultural values, socio-economic conditions, and job market dynamics on employee motivations and preferences. Given that employees in Portugal generally experience a higher quality of life compared to those in Pakistan, it is likely that they will place greater value on support incentives provided by employers. Also as being an employee in a developed country, the financial position makes them be in a better position to avail incentive such as work life balance, flexibility at work and organizational support. Conversely, employees in Pakistan, because of their economic situation, are more concerned with monetary

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motives and might not give so much importance to support incentives. Based on these differences, the following hypothesis is proposed:

H2: In Pakistan there is a weaker preference for intrinsic incentives than in Portugal.

2.3.3 Age differences in Incentive Preferences

Age has been shown to influence workplace preferences differently across cultures, particularly in how employees value and respond to various incentive types (Alves et al., 2024). In developed economies like Portugal, older workers tend to place higher value on intrinsic rewards such as autonomy and personal growth (Marques, 2021). The preference for intrinsic rewards based on age shows limits in Pakistan and other developing countries since economic stress along with societal duties result in choices that favor monetary compensation according to Aryee et al (1992). Age groups in Pakistani culture are likely to focus on monetary incentives because of their strong familiar financial obligations toward extended family members. For instance, research on university students in Pakistan revealed a predominant orientation towards extrinsic motivation, with less emphasis on intrinsic factors (Khalid et al., 2020). This trend suggests that across different age groups, there may be a consistent preference for extrinsic incentives, potentially due to socio-economic pressures.

In this regard, recent studies suggest that while younger Portuguese workers increasingly prioritize work-life balance and personal development opportunities (Pereira et al., 2024), their Pakistani counterparts remain primarily focused on financial security regardless of age (Maqsoom et al., 2021). Therefore, one can argue that the influence of age on incentive preferences is further moderated by organizational culture and economic development. Research by Kooij et al (2011) across multiple cultural contexts found that age-related preferences for intrinsic rewards are more pronounced in economies with stronger social safety nets and higher levels of economic security. Portuguese workers experience more freedom to follow their career pursuits at different stages while Pakistani workers maintain constant financial security priorities (Bari et al., 2005).

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This cultural difference in how age influences incentive preferences reflects broader societal values and economic conditions, suggesting that organizations need to consider both age and cultural context when designing incentive systems. The stronger age-related variation in incentive preferences in Portugal compared to Pakistan indicates that cultural and economic factors may moderate the relationship between age and workplace motivations. Therefore, it is proposed that:

H3: The positive relationship between age and the preference for intrinsic incentives is weaker in Pakistan than in Portugal.

3. Research Method

3.1 Survey Design

Due to the nature of the variables in this study, a survey was utilized as the primary source for data collection. The survey was developed based on previous validated scales and implemented in Qualtrics, a widely recognized platform for creating and distributing surveys. The distribution of the survey in both Portugal and Pakistan targeted undergraduate and graduate students, as well as working professionals in management-related fields. The online survey was distributed to the targeted participants by email. A link to the survey was given to the participants who completed it at their own pace. Respondents were given information about the objective of the study, the fact that participation was voluntary, and their right to discontinue participation at any time. Each participant consented to take the survey. Therefore, this study uses a quantitative and cross-sectional design, since a group of respondents was sampled at one single point in time. Descriptive and inferential techniques were used to understand the differences in Incentives preferences between the two countries.

3.2 Data Collection

The study sample consists of 688 observations: 581 from Portugal and 107 from Pakistan. A snowball sampling technique was used to collect data. Snowball sampling is a non-probability

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sampling technique where existing participants recruit others from their network, creating a "snowball" effect. It is useful for studying hard-to-reach populations, such as marginalized groups or those involved in sensitive topics. This method is cost-effective and helps researchers gain access to hidden populations through trust networks. However, it can lead to sampling bias, lack of representativeness, and ethical concerns regarding privacy. Despite these limitations, snowball sampling is valuable when a formal sampling frame is unavailable. To assure that the Portuguese and Pakistan samples are comparable in terms of age, which can influence reward preferences, I conducted a mean comparison using a T-test. This test was not statistically significant, which mitigates the concern that different reward preferences are due to age differences between the two samples.

3.3 Survey Instrument

The questionnaire was divided into two parts. The first part collects demographic information. In this section, I collected participants' age, gender, education status, and country of residence (Pakistan or Portugal). In the second part, I collected participants' incentive preferences. Respondents were asked about the relative importance of multiple incentives. These incentives reflect Chiang and Birtch (2007)'s categories and were grouped into the two most common types (Deci, 1972; Victor & Hoole, 2021) - extrinsic incentives, intrinsic incentives. A Likert scale of 5 points was used to measure the importance of each, from 1= Not at all important, to 5= Extremely Important. The second part of the questionnaire also included other psychological questions that are not used in this study.

3.4 Variables

To measure incentive preferences, I used the Chiang and Birtch (2007) instrument, which has been previously utilized in accounting research (Alves et al., 2024). The use of previously validated scales increases the reliability of the instrument (Bedford and Speklé, 2018). The Preference for Extrinsic Incentives was assessed using a fourteen-item scale (EI1 to EI14), which

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included items such as salary, incentives, job security, working environment, authority and power, job title and status. The Preference for Intrinsic Incentives was measured with fourteen-item scale (II1 to II14), which included, for example, personal growth, job satisfaction, autonomy, flexible benefits, job location, and work-life balance.

4. Results and Discussion

4.1 Overview

This chapter presents the results of the statistical analyses conducted to examine differences in incentive preferences between Pakistani and Portuguese respondents. A combination of exploratory factor analysis (EFA), descriptive statistics, independent sample t-tests, and multiple linear regression models was employed to address the study's hypotheses.

The analysis began with factor analysis to validate the underlying structure of intrinsic and extrinsic incentive scales. This ensured the reliability and dimensionality of the constructs used in further analyses. Descriptive statistics were then used to summarize demographic characteristics and provide an initial overview of the sample.

To test group differences by country, t-tests were conducted, allowing direct comparison of mean incentive preference scores between Portuguese and Pakistani respondents. This method was chosen for its suitability in assessing differences between two independent groups.

To explore in a more robust manner the differences in incentive preferences between Pakistan and Portugal it was used regression analysis which allowed to control for demographic variables (e.g., age, gender, work status). Additionally, regression analysis was also used to test for interaction effects.

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4.2 Factor Analysis

To validate the dimensional structure of the incentive variables, exploratory factor analysis (EFA) was conducted separately for Intrinsic Incentives Preferences and Extrinsic Incentives Preferences using Principal Component Analysis with Oblimin rotation. The aim was to identify underlying dimensions and reduce items into coherent constructs that reflect patterns of incentive preferences in the dataset. Tables 1 and 2 present the EFA.

Table 1: Rotated Factor Loadings			
Intrinsic Incentives Preferences			
Variable	Factor1	Factor2	Uniqueness
II1 (Job satisfaction)	0.6619	-0.1403	0.4505
II2 (Challenge)	0.8301	-0.1912	0.4312
II3 (Opportunities to use skills/abilities)	0.8567	-0.0579	0.3118
II4 (Accomplishment)	0.6666	0.1864	0.3981
II5 (Autonomy)	0.6758	0.1220	0.4469
II6 (Responsibility)	0.7754	-0.0381	0.4265
II7 (Job variety)	0.5760	0.0709	0.6228
II8 (Learning opportunities)	0.5748	0.2434	0.4720
II9 (Nature of work)	0.4105	0.4047	0.5035
II10 (Flexible benefits,ex: Remote work)	-0.0730	0.7772	0.4466
II11 (Job location)	-0.0230	0.6786	0.5236
II12 (Organizational support)	0.2728	0.5492	0.4759
II13 (Flexible hours)	-0.0346	0.8299	0.3384
II14 (Work-life balance)	0.1146	0.6679	0.4651
Eigen Value	5.54	4.44	
Cronbach Alpha	0.87	0.81	
Variance Explained	39%	31%	
KMO	0.9248		

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Table 2: Rotated Factor Loadings				
Extrinsic Incentives Preferences				
Variable	Factor1	Factor2	Factor3	Uniqueness
EI1 (Job title/status)	-0.0257	0.1884	0.7649	0.3083
EI2 (Authority/power)	-0.1128	0.1361	0.8413	0.2424
EI3 (Team spirit/morale)	0.7670	0.0670	-0.0061	0.3668
EI4 (Relationships with co-workers)	0.5755	-0.0430	0.0180	0.4465
EI5 (Management style)	0.5141	-0.0827	0.4680	0.4816
EI6 (Fair treatment/equit)	0.7676	-0.0826	0.0579	0.4399
EI7(Workload/job pressure)	0.2050	-0.2167	0.6905	0.5052
EI8(Organization incentive plan)	0.3453	0.4572	0.0697	0.5103
EI9(Working environment)	0.7445	0.1839	-0.0760	0.3213
EI10 (Team performance incentives)	0.3582	0.4358	0.0870	0.5131
EI11(Overall benefits,ex: Company Car)	-0.0795	0.7849	0.1480	0.3457
EI12 (Individual performance incentives)	0.0609	0.7542	0.0926	0.3395
EI13 (Basic Salary)	0.2597	0.6088	-0.0863	0.4619
EI14 (Job security)	0.5369	0.3371	-0.1526	0.4840
Eigen Value	4.29	3.61	2.60	
Variance Explained	30%	25%	18%	
Cronbach Alpha	0.82	0.73	0.71	
KMO	0.8745			

The factor analysis for Intrinsic Incentives Preferences (II1 to II14) extracted two distinct factors, accounting for 70% of the total variance (Factor 1: 39%, Factor 2: 31%). The Kaiser-Meyer-Olkin (KMO) measure of 0.9248 confirms excellent sampling adequacy, indicating that the data is well-suited for factor analysis. The first factor reflects high loadings on variables II1 to II9, and includes “Challenge”, “Accomplishment”, “Responsibility”, and “Learning Opportunities”. This factor captures the core motivational drivers related to the task and is labeled as PrefInt-Challenge.

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The second factor loads strongly on II10 to II14, which refer to job location and flexibility and work-life balance. This factor is labeled as PrefInt-Flexibility.

For Extrinsic Incentives Preferences (EI1 to EI14), the analysis extracted three distinct factors, explaining 73% of the total variance (Factor 1: 30%, Factor 2: 25%, Factor 3: 18%). The KMO value of 0.8745 again indicates very good sampling adequacy. Factor 1 loads on EI3, EI4, EI5, EI6, EI9, and EI14, representing items related to team spirit/morale, relationships, management style and fair treatment. This factor is labeled as PrefExt-Relationships. Factor 2 loads on EI11 to EI13, which refer to overall benefits, individual incentives and basic salary. This factor is labeled as PrefExt-Financial. Factor 3 includes EI1, EI2, and EI7 (e.g., ER2 = 0.8413), which refer to job title/status, authority/power and workload/job pressure. This factor is labeled as PrefExt-Status.

4.3 Descriptive Statistics

This section presents the descriptive statistics of the main variables as well as the demographic variables characterizing the sample used in the study. These statistics provide an overview of the characteristics of respondents from both Pakistan and Portugal and help contextualize subsequent hypothesis testing and analysis. Table 3 provides the total number of valid observations in the dataset, which is 688, representing individuals from both Pakistan and Portugal.

Table 3: Descriptive Statistics for full sample					
Variable	Obs.	Mean	Std. Dev.	Min	Max
Country	688	0.155	0.362	0	1
Age	688	22.61	3.21	19	42
Gender	688	0.49	0.50	0	1
Study	688	0.76	0.42	0	1
WORKSTS (Work status)	688	0.42	0.49	0	1
JWEXP (Job Work Exp.)	688	1.13	1.39	0	1
PrefInt-Challenge	688	4.00	0.57	1.5	5
PrefInt-Flexibility	688	4.06	0.65	1.8	5
PrefExt-Relationships	688	3.01	0.85	1	5
PrefExt-Financial	688	4.25	0.61	1.4	5
PrefExt-Status	688	3.89	0.68	1	5

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The variable Country is coded as 1 for Pakistan and 0 for Portugal. The mean value is 0.155, indicating that a small proportion of the respondents (15.5%) are from Pakistan, while the majority (84.5%) are from Portugal. The mean age of the respondents is 22.61 years with a standard deviation of 3.21 years, indicating a relatively young sample. In fact, the age range spans from late teens to early 30s, suggesting that the findings may be more applicable to Generation Z and young millennial, whose incentive preferences might differ significantly from older generations.

The Gender variable is coded as 1 for male and 0 for female. The mean of 0.49 reflects an almost perfect gender balance, with approximately 49% male and 51% female respondents. The variable STUDY is coded as 1 if the respondent is currently studying and 0 otherwise. The mean value is 0.76, indicating that 76% of the respondents are still enrolled in an academic program.

Work status (WORKSTS) is coded as 1 if the respondent is currently working and shows a mean of approximately 0.42, indicating that around 42% of respondents are currently employed, while the remaining majority is not. Note that those still studying can be already working and, therefore, both STUDY and WORKSTS are important variables to consider in the analysis. Finally, JWEXP represents job experience in years, with a mean of 1.13 years and standard deviation of 1.39, indicating limited work experience in the sample.

4.4 Correlation Analysis

Table 4 shows the Pearson correlations for the continuous variables of the study.

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Table 4: Correlation

Variable	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(1) PrefInt-Challenge	1						
(2) PrefInt-Flexibility	0.64***	1					
(3) PrefExt-Relationships	0.60***	0.70***	1				
(4) PrefExt-Financial	0.68***	0.78***	0.79***	1			
(5) PrefExt-Status	0.44***	0.60***	0.57***	0.55***	1		
(6) AGE	0.02	0.02	0.01	0.00	0.04	1	
(7) JWEXP	0.085*	0.04	0.07	0.07*	-0.01	0.41*	1

Note: *, ** and *** indicate significance of p values at 10%, 5% and 1%, respectively, all p values are two-tailed.

Table 4 presents the Pearson correlation coefficients between the continuous variables of the study. The results indicate several statistically significant and meaningful relationships. There is a strong positive correlation between intrinsic incentives measures (, $r = 0.64$) and between intrinsic and extrinsic incentives preferences (e.g., PrefInt-Challenge and PrefExt-Relationships, $r = 0.60$; PrefInt-Flexibility and PrefExt-Financial, $r = 0.78$), suggesting that individuals who value intrinsic incentives also tend to value extrinsic incentives. Among the extrinsic incentives sub-dimensions, the correlations are particularly strong, with PrefExt-Relationships and PrefExt-Financial showing $r = 0.79$, indicating these dimensions are closely related in how respondents perceive external motivators. PrefExt-Status also shows moderate correlations with both intrinsic and extrinsic measures. Notably, AGE shows no meaningful correlation with incentive

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preferences. However, JWEXP is weakly but significantly correlated with PrefInt-Challenge ($r = 0.085$) and PrefExt-Financial ($r = 0.07$), suggesting that experience may slightly influence how incentives are perceived.

4.5 T-Tests

4.5.1 Extrinsic Incentives

Regarding extrinsic incentives preferences, Table 5 shows that two out of three are statistically different but, in both cases, Portuguese respondents score higher than the Pakistani. Hence, we do not find support for H1 stating that extrinsic rewards are more valued in Pakistan than in Portugal. Regarding PrefExt-Relationships the t-test did not yield a statistically significant difference between the two groups. Portuguese respondents had a mean score of 3.62, and Pakistani respondents had a very similar mean of 3.55. The difference of -0.023 was not significant ($t = -0.34$, $p = 0.7320$). For PrefExt-Financial we find that Portuguese respondents scored 4.21, while Pakistani respondents had a lower score of 3.76, resulting in a mean difference of 0.44. This difference was statistically significant ($t = 6.403$, $p = 0.000$). Finally for PrefExt-Status we find that Portuguese respondents scored 3.88, while Pakistani respondents had a lower score of 3.66, resulting in a mean difference of 0.21. This difference was statistically significant ($t = 2.48$, $p = 0.013$).

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Table 5: T-Test for Comparison of Means for Extrinsic Incentives

Variable	Portugal Mean	Pakistan Mean	T-Statistics
PrefExt-Relationships	3.62	3.55	-0.34
PrefExt-Financial	4.21	3.76	6.403***
PrefExt-Status	3.88	3.66	2.48**

Note: * , ** and *** indicate significance of p values at 10%, 5% and 1%, respectively, all p values are two-tailed.

4.5.2 Intrinsic Incentives

Table 6 shows the T-test results for the different intrinsic incentives preferences comparing the two samples. Regarding PrefInt-Challenge the mean score for Portuguese respondents was 4.05, while for Pakistani respondents it was 3.56. The difference of 0.49 was statistically significant ($t = 7.32$, $p < 0.0001$) (Table 6). This result supports H2, which predicted that Portuguese respondents would rate intrinsic rewards more highly. For PrefInt-Flexibility Portuguese respondents scored 4.07, while Pakistani respondents scored 3.61, with a significant difference of 0.46 ($t = 6.43$, $p < 0.0001$). This again is consistent with H2.

Table 6: T-Test for Comparison of Means for Intrinsic Incentives

Variable	Portugal Mean	Pakistan Mean	T-Statistics
PrefInt-Challenge	4.05	3.56	7.32***
PrefInt-Flexibility	4.07	3.60	6.43***

Note: * , ** and *** indicate significance of p values at 10%, 5% and 1%, respectively, all p values are two-tailed.

4.6.1 Regression Analysis

After the bi-variate analysis, Table 7 shows the regression analysis for the intrinsic and extrinsic incentive preferences considering as independent variable COUNTRY (Pakistan=1) as well as control variables – age, gender, and work status.

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Table 7: Regression Analysis for Incentive Preferences

Variables	PrefInt-Challenge	PrefInt-Flexibility	PrefExt-Relationships	PrefExt-Financial	PrefExt-Status
Country	-0.48***	-0.46***	0.07	-0.43***	-0.24**
	(0.85)	(0.08)	(0.9)	(0.08)	(0.10)
Age	-0.00	0.01	0.00	0.05	-0.14
	(0.00)	(0.00)	(0.07)	(0.07)	(0.12)
Gender	-0.19***	-0.29***	-0.09**	-0.28***	-0.12**
	(0.49)	(0.05)	(0.05)	(0.05)	(0.07)
Work status	0.08	0.15***	0.18***	0.12**	0.27***
	(0.05)	(0.05)	(0.05)	(0.05)	(0.7)
Constant	4.11***	3.91***	3.59***	4.16***	4.13***
	0.17	0.17	0.17	0.17	0.26
Observation	688	688	688	688	688
p-value F-stats Model	0.00	0.00	0.00	0.00	0.00
Adjusted R2	0.09	0.10	0.02	0.10	0.03

Note: OLS regression coefficients are reported and robust standard errors are in parentheses. *, ** and *** indicate the significance of the p value at < 0.1, < 0.05 and < 0.01, respectively, all p values are two-tailed.

Table 7 shows that H1 stating that Pakistani respondents prefer extrinsic incentives more than Portuguese respondents is not supported. Specifically, the coefficient for Country (Pakistan =1) is negative for PrefExt-Financial and PrefExt-Status, and non-significant for PrefExt-Relationships.

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Table 7 provides strong support of H2, which proposed that Portuguese respondents have a stronger preference for intrinsic rewards compared to Pakistani respondents. For both PrefInt-Challenge and PrefInt-Flexibility regressions, Country (Pakistan=1) has a negative and statistically significant coefficient, which supports the argument that Pakistani respondents consistently score lower on intrinsic incentives preferences than Portuguese respondents.

The results of the Table 7 are overwhelmingly consistent with those of the T-tests. Country (Pakistan) has a negative effect in all incentive preferences, except on PrefEM-Relationships, where the coefficient is not statistically significant. Therefore, we reject H1, which stated that Pakistani respondents have a higher preference for extrinsic incentives than Portuguese respondents. Conversely, we accept H2, which states that Pakistani respondents have a lower preference for intrinsic incentives than Portuguese respondents. Regarding the control variables, we find that age is not statistically significant, whereas gender (Male=1) is always negative and statistically significant. This shows that for all incentives men have a lower preference than women. Finally, regarding work status (working=1) we find that participants who are working have a stronger preference for all the incentives, except for PrefInt-Challenge, which is valued similarly by working and non-working participants.

4.6.2 Regression Analysis: Interaction Effects on Intrinsic and Extrinsic Reward Preferences with age

To test H3, predicting an interaction between age and country, we add such interaction to our previous models. Even though H3, only referred to intrinsic incentives, for the sake of completeness we also add this interaction to the extrinsic incentives regressions. Table 8 presents the results for these regressions with the interaction between age and country.

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Table 8: Regression Analysis for Incentive Preferences with interaction between Age and Country

Variables	PrefInt-Challenge	PrefInt-Flexibility	PrefExt-Relationships	PrefExt-Financial	PrefExt-Status
Country	-0.62	-0.80	-0.52	-0.50	-0.49
	(0.56)	(0.58)	(0.577)	(0.55)	(0.65)
Age	-0.01	0.07	-0.02	0.05	-0.01
	(0.07)	(0.08)	(0.07)	(0.07)	(0.01)
Gender	-0.19***	-0.29***	-0.09**	-0.28***	-0.12**
	(0.048)	(0.05)	(0.05)	(0.05)	(0.06)
AgeXCTRY	-0.06	0.01	0.03	0.03	0.01
	(0.24)	(0.02)	(0.02)	(0.03)	(0.02)
Work status	0.07	0.15***	0.17***	0.12**	0.26***
	(0.05)	(0.05)	(0.05)	(0.05)	(0.06)
Constant	4.14***	3.98***	3.67***	4.18***	4.17***
	(0.18)	(0.19)	(0.19)	(0.18)	(0.29)
Observation	688	688	688	688	688
p-value F-stats Model	0.00	0.00	0.00	0.00	0.00
Adjusted R-Square	0.08	0.10	0.02	0.10	0.03

Note: OLS regression coefficients are reported and robust standard errors are in parentheses. *, ** and *** indicate the significance of the p value at < 0.1 , < 0.05 and < 0.01 , respectively, all p values are two-tailed.

We find that the interaction between age and country is never statistically significant, which leads to a rejection of H3. Moreover the addition of this interaction, made all the coefficients of Country not statistically significant. Because, age is a highly skewed variable (long right tail), its distribution may have interfered with the previous results. As for the control variables, their effects remain largely stable and consistent with prior models. Gender continues to be a highly

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significant predictor across all models, with females consistently reporting higher preferences for both intrinsic and extrinsic incentives. Work status also remains significant in all models except Intrinsic PrefInt-Challenge, reinforcing the trend that employed respondents place greater value on both incentive types. Age alone remains non-significant in all cases.

4.6.3 Regression Analysis with all Interactions

Because the previous table only included the interaction between age and country, we now run the previous regressions with a fully interacted model. Specifically, on Table 9 we interact age with all the variables in our model.

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Table 9: Regression Analysis for Incentive Preferences with interactions between Age and all other independent variables

Variables	PrefInt-Challenge	PrefInt-Flexibility	PrefExt-Relationships	PrefExt-Financial	PrefExt-Status
Country	-0.44	-0.86	-0.45	-0.41	-0.32
	(0.059)	(0.59)	(0.60)	(0.59)	(0.71)
Age	-0.01	0.07	-0.02	0.05	-0.01
	(0.07)	(0.08)	(0.08)	(0.08)	(0.02)
AgeXCTRY	-0.07	0.01	0.01	-0.03	-0.00
	(0.02)	(0.02)	(0.02)	(0.02)	(0.03)
Gender	-0.19***	-0.30***	-0.09*	-0.29***	-0.12**
	(0.04)	(0.05)	(0.05)	(0.05)	(0.06)
GenderXCTRY	0.10	0.17	-0.03	0.06	0.05
	(0.16)	(0.17)	(0.17)	(0.17)	(0.19)
Work status	0.05	0.15***	0.15***	0.10**	0.24***
	(0.05)	(0.05)	(0.05)	(0.05)	(0.06)
WorkstsXCTRY	0.14	-0.03	0.05	0.07	0.13
	(0.19)	(0.19)	(0.19)	(0.20)	(0.23)
Constant	4.15***	3.98***	3.67***	4.18***	4.18***
	0.17	0.18	1.18	0.17	0.29
Observation	688	688	688	688	688
p-value F-stats Model	0.00	0.00	0.01	0.00	0.00
Adjusted R-Square	0.09	0.10	0.01	0.10	0.03

Note: OLS regression coefficients are reported and robust standard errors are in parentheses. *, ** and *** indicate the significance of the p value at < 0.1, < 0.05 and < 0.01, respectively, all p values are two-tailed.

Table 9 shows the results for these regressions. We find that results in Table 9 remain largely consistent with those presented previously, though some minor changes are observed. First, the interaction terms (Gender*Country and Worksts*Country) are not statistically significant in any of the models, indicating that country does not moderate the effects of gender or work status on incentive preferences. The coefficients for Country remain non-significant across all models, similar to Table 8, reinforcing the finding that once interaction terms are introduced, country-level main effects lose their statistical strength. In terms of control variables, both Gender and Work Status remain robust predictors across most models, consistent with previous results. Gender is significant in all five models, with female respondents showing higher preference for both intrinsic and extrinsic incentives. Work status continues to positively predict reward preferences.

5. Conclusion

This study explores differences in preferences for intrinsic and extrinsic incentives across two distinct cultural contexts: Portugal and Pakistan. Incentive practices that are effective in one country may differ significantly in another due to preferences shaped by individual needs, values, and expectations, which are partially derived from cultural background. The results show that Portuguese respondents consistently reported higher preferences for intrinsic rewards, supporting the argument that individuals from more individualistic and egalitarian cultures value autonomy, growth, and job satisfaction more. However, we do not find that Pakistani respondents showed higher preference for extrinsic rewards, which contradicts our argument based on cultural factors such as power distance and collectivism. In fact, Portuguese respondents scored higher on extrinsic incentive preferences related to financial compensation and status. Gender also emerged as a strong and consistent predictor, with male respondents placing less importance on both intrinsic and extrinsic incentives than female respondents. Interestingly, age and its interaction with country were not significant predictors of incentive preferences. However, current employment status was a consistent and positive predictor of both

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extrinsic and intrinsic incentive preferences, except for intrinsic incentives related to task challenge.

Our findings are important for organizations operating across different cultures as they suggest that companies should develop incentive strategies according to cultural background, gender and working status. Extrinsic and intrinsic incentives are more valued in Portugal, while extrinsic incentives related to work relationships may be important for all cultural contexts. Overall, this study enhances our understanding of how demographic and cultural factors shape incentive preferences, providing valuable insights for international HR management, cross-cultural research, and employee engagement strategy design.

The results of this study should be interpreted in light of its limitations. The sample is largely composed of students and young professionals, with limited work experience. Therefore, these results may not generalize to professionals with longer working experience. Additionally, the sample is unevenly distributed across countries, with few participants from Pakistan. Therefore, our study may lack the statistical power in the Pakistan sample. Self-reported survey data may also involve desirability bias, which may influence the incentive preferences reported (Lourenço, 2020). Finally, given the cross-sectional study design no causal implications can be derived from the data (Lourenço, 2019).

Future research should use larger, more balanced samples across age groups and countries, and adopt longitudinal designs to examine changes over time. Including additional incentive types, qualitative insights, and other organizational or cultural contexts would deepen our understanding of how incentive preferences vary across countries and evolve over time.

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