Effects of Extrinsic and Intrinsic Factors on Employee Motivation

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Abstract

Motivation is the force that transforms our desire into our will to undertake actions. Motivation has been researched for decades as one of the important factors that contributes in enhancing organizational performance. Motivation associated with job endures one of the highly enduring and convincing issues in business industry. In the last 20 years, motivation has turn into a trendsetting and modern point in question in business articles and magazines. The present study is highlighting upon the most important components of extrinsic and intrinsic motivation within organizational context. A detailed analysis of the existent literature reveals the recognition of the components of extrinsic motivation that are pay, promotion and the components of intrinsic motivation are self-development and skill development. These components when combine then the organizational performance is enhanced. Meta-analysis of the literature theorizes and evaluates that tangible incentives are the sources to enhance extrinsic motivation. Employees perform outstanding for getting rewards and benefits and if they will not perform outstanding or not perform good then they will get punishment whereas in intrinsic motivation employee take part in activities for its own interest to encounter the pleasure and satisfaction.

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1.   Introduction

Motivation is the force that transforms our desire into our will to undertake actions. Motivation has been researched for decades as one of the important factors that contributes in enhancing organizational performance (Osabiya, 2015). Motivation associated with job endures one of the highly enduring and convincing issues in business industry. In the last 20 years, motivation has turn into a trendsetting and modern point in question in business articles and magazines (Herzberg, 2017; Peters, 2015; Kuvaas, Buch, Weibel, Dysvik, &

Nerstad, 2017). It is necessary to understand the difference between intrinsic and extrinsic motivation. In Intrinsic motivation employee take part in activities for its own interest to encounter the pleasure and satisfaction (Cheng, Mukhopadhyay, & Williams, 2020; Fırat, Kılınç, & Yüzer, 2018; Hur, Moon, & Ko, 2018; Woolley, & Fishbach, 2018; Kadous, & Zhou, 2019). Whereas in extrinsic motivation employees perform outstanding for getting rewards and benefits and if they will not perform outstanding or not perform good then they will get punishment (Fischer, Malycha, & Schafmann, 2019; Kamruzzaman, 2020).

The researcher theorizes and evaluates that tangible incentives are the source to enhance extrinsic motivation. Several years of studies demonstrates that dynamic organizations are more concerned to find ways that raise employee's intrinsic motivation by offering incentives as well because it leads towards enhancing extrinsic motivation and as a result the organizational performance is increased (Bear, Slaughter, Mantz, & Farley-Ripple, 2017; Hanus, & Fox, 2015; Kruglanski, 2018). Consequently, though extrinsic and intrinsic motivation works at the same time. Intrinsically motivated employees feel inner satisfaction that is portrayed by their actions (Kruglanski, 2015; Wulf, & Lewthwaite, 2016). When the employees are intrinsically motivated, they enjoy their work and are inclined towards putting more energy into their job. Nonetheless, social environment plays a vital role in the encouragement of intrinsic motivation. Social backgrounds apply an effect on the experience of intrinsic motivation by affecting perceived autonomy and competence. On the Other Hand, Extrinsic motivation suggests that performance of employees is based on benefits and rewards that they get after the completion of the task (Gerhart, & Fang, 2015; Hennessey, Moran, Altringer, & Amabile, 2015; Yu, & Lee, 2020).

Intrinsic motivation is a genuine human inclination in which people enthusiastically struggle on the way to do the work they find fascinating or enjoyable. A detailed analysis of the existent literature reveals the recognition of four factors that affect motivation i.e. pay, promotion, self-satisfaction and skill development. These components when combine then the organizational performance is enhanced (Mekler, Brühlmann, Tuch, & Opwis, 2017; Kulkarni, Narasimhan, Saeedi, & Tenenbaum, 2016; Halverson, 2020; Chang, Hou, Wang, Cui, & Zhang, 2020).

2.   **Literature Review**

2.2   Substantive View:

The origin of the word motivation dates to the late 19th century. It was driven from the word "Motive" and was reinforced by the word "Motivate". Motivation is the force that transforms our desire into our will to undertake actions. Without motivation it might not be able to perform our actions to our fullest abilities because it won't have any will, backing our desires to perform those certain actions. Our project focuses on the employee motivation in workplace and how certain factors are affecting motivation. Intrinsic factors of Motivation like self-satisfaction and skill development have been discussed in our report. However, a few extrinsic factors have also been discussed in this research report like pay and promotion.

In early times when the research on this topic was initiated, it was believed that there are a lot of factors other than pay scale that effect employee motivation in workplace. However special emphasis will be placed on the dominant view that relates to our concerned topic. The research published in the time period starting from 1970 till 2000 gives us the early and dominant view on the topic of our research. Perry and Porter (1982) mentions that there are multiple factors that affect motivation as he has mentioned in his research. He believed that the monetary incentives that a job offers to its employees over task accomplishment, stirs the jug of the motivational drink and acts as accelerator in an employee's increased motivation level. This phenomenon was derived in early times as Porter and VanMaanen, (1970) emphasis on time management and task accomplishment in business world for motivation. Task significance creates job motivation by letting employees to knowledge their work as noteworthy. It refers to an essential attribute for the job which is explained as a level where the employee's effort benefits the welfare of the people around them, (Fried & Ferris, 1987; Hackman & Oldham, 1976).

In addition, if an employee gets monetary rewards for achieving his targets, he can actually measure his success and standings in the organization in quantifiable terms and can thus directly relate the success rate of his efforts, (Fogel & Lewin, 1974; Smith, 1976).

This is also a means of making your employees feel loved and important as they believe they have a bigger share in their firm's success and profits and similarly they are valued more by their firm. As Crewson, (1997) mentioned that people

who are intrinsically motivated and valued are likely to show high levels of managerial commitment, performance and productivity.

However, Locke et al, (1980) concluded after numerous field studies that monetary incentives has a direct link with the performance and motivation of employees that clearly indicates that pay is an important element which was prominent in early times. This also paves way for future growth of both the employees and the firms itself. However, designing the goals and objectives for each employee is also a very vital aspect of the performance building technique which in turn helps motivate them, Sherwood and Page, (1976). Moreover, goal setting gives opportunity to attain feedback from the employees about their motivation as performance is evaluated against the set work standards.

Dowling and Sayles, (1978) explains that in organizations when the workforce is individually motivated internal craving to put effort in work is observed within the employees that showed their work performance in their assigned tasks.

Job design is another important aspect of employee motivation that Perry and Porter, (1982) mentioned in his research work. The job design of everyone should be such that he is clearly stated his duties and he face the least possible complexities while undergoing assignments, (Hackman, 1977). A free and sound mind would be less vulnerable to pressure situations rather than a mind dishevelled with confusions and despondency. This helps in building confidence and raises the morale of an employee, which reflects in his performance. Involving the employee in decision is very imperative, this also evacuates any room for sowing a seed of jealousy and distrust by an employee and helps build a sound work environment. When an employee is made a part of the organizational decision making, he feels valued and this naturally motivates him.

2.2   *Theoretical View:*

Scholars believe that some key factors that have an impact on employee motivation and performance. it has been seen that the trend has been shifting towards quality assurance and mentoring. The scholars believe that along with increased participation of employees in decision making, quality supervision also has a far-reaching impact on motivation of employees. And before supervising, instructions about mission is said to be important. Collins and Porras, (1996); Thompson and Bunderson, (2003) concluded that nearly every

organization describes their mission & vision just so that they keep their employees motivated & persistent.

In another research article similar research findings were concluded by (Hui, Chiu, Yu, Cheng, & Tse, 2007). Here the impact of two variables on employee motivation was checked. First was the service climate and the second one being the leadership behaviour of supervisors. When there was a poor and in-conducive work climate, the performance standards and morale of the employees fell. However conducive work environments where everyone worked in harmony and there were clearly stated goals for the working of the organization, employees were far more motivated and better off. On the contrary, the leadership behaviour of employees was also of significant importance, (Besley & Ghatak, 2005). They focused on making a link between motivation of employees and leadership strategies opted by managers.

When the work climate was unfavourable for employees, the level of mentoring and the leadership instincts of the supervisors played their part. This is when the transformational leadership style of the supervisors comes in to play. They motivate their employees so well that all the effects of an unfavourable workplace climate are nullified. Researchers also focused on interpersonal interactions in between the employees to determine the motivation. The scholars discussed that interpersonal interactions frequently contribute in improving the motivation of the work force & the resources at work as indicated by the research done on social networks (Kwon & Adler, 2002; Ibarra, 1993); (Rangan, 2000).

The scholars and practitioners suggest Maslow's theory of hierarchy of needs is often consulted in practical workplace as it has far-reaching implications in organizational theory and behaviour practically. However, the hypothesis that was built here was that whenever the workplace climate was positive and conducive, supervisor's leadership behaviour made no significant impact. Maslow explained theory where psychology is of vital importance that inculcates motivation in the mind of an employee. The scholars argue that motivation is related to the psychological processes which energizes, sustains action, & directs (Mitchell & Daniels, 2003). And it was also stated that when you are internally satisfied and motivated, it is explained by the external factors thus contributing in the performance of an employee (Katzell & Thompson, 1990).

The views of various researchers in current era also focus that how performance is linked with the different aspects of jobs that an employee is supposed to do. Wrzesniewski and Dutton, (2001) discusses that jobs which are designed &

planned with task boundaries as well as relational boundaries offers & limit opportunities for the workforce to amend their work atmosphere & experiences which affects the motivational levels of employees.

3. Methodology

Extensive review of literature depicts that the methodology used by most of the scholars and researchers used are mainly questionnaire-based surveys and other forms of primary data (Hui, Chiu, Yu, Cheng, & Tse, 2007; Perry & Porter, 1982). Most of the data was collected primarily thorough questionnaires; however, in some cases secondary data from past research was also used. Questionnaires and structured interviews both the methodologies were adopted in order to identify what are the factors behind the motivational level of employees. Many researchers have focused on quantitative studies to demonstrate the effect of extrinsic factors on the motivation of employees. but a few have used quantitative to elaborate the effect of intrinsic factors upon the motivation of employees.

In the current research paper, quantitative data analysis i.e. questionnaires could be used because qualitative data is very complex to collect and even more complex to conclude findings on whereas quantitative data is easy to collect and easy to conclude findings. Moreover, extrinsic factors such as pay, and promotion have been checked quantitatively by many researchers but intrinsic factors such as self-satisfaction and skill development are not measured in quantifiable terms so far by researchers. Therefore, the aim of the present study is to investigate extrinsic and intrinsic factors in quantitative terms and to check how and to what extent they are affecting the motivational level of employees

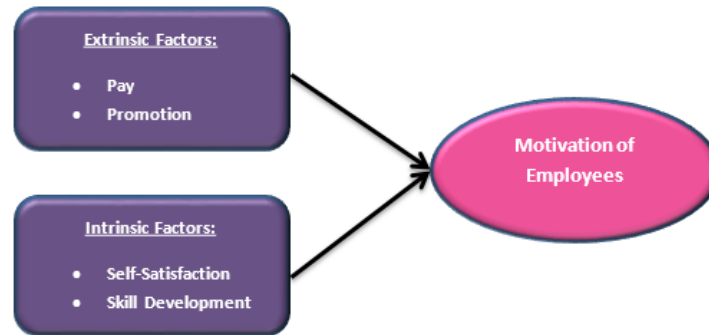## 4.   Theoretical/Conceptual Framework

Figure:1Theoretical Framework

4.1. Hypothesis

H1: Pay is significantly associated with the motivational level of employees.

H2: Promotion is significantly associated with the motivational level of employees.

H3: Self-Satisfaction is significantly associated with the motivational level of employees.

H4: Skill development is significantly associated with the motivational level of employees.

5.   Conclusion

Metanalysis of the previous literature confirms that outstanding performance can be anticipated from the workers by using distinct motivational practices. The findings of the previous studies demonstrate and suggests that demotivated organizational workers give worse performance that effects the overall productivity of the organization. Good or bad performance of the employees depicts their desire to work and desires signifies worker's motivation. Manager is always responsible for the performance of the workers and he should know the

reason behind the problem. The current study might contribute to the prevailing literature by proposing new understanding. Thus, present study endeavours to fill the knowledge gap by exploring the "Effects of Extrinsic and Intrinsic Factors on Employee Motivation.". In short, it upgraded the conceptual explanations of the constructs and it identifies a combination of different constructs that were added to the conceptual framework (mediating, and/or moderator variables). It also develops additional theoretical relationships (research hypotheses) along with their related logic and justification for prevailing relationships. The proposed conceptual model utilized diverse combinations of critical factors and authenticated through hypothesis testing

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