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Intrinsic & extrinsic motivation & its impact on organizational performance at Rajkot city: A review

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ABSTRACT

Motivation is a critical driver of employee engagement and, subsequently, organizational performance. This abstract explores the concepts of intrinsic and extrinsic motivation and their profound influence on the productivity, innovation, and overall success of an organization. Intrinsic motivation stems from internal factors like personal fulfillment and passion, while extrinsic motivation is driven by external rewards such as monetary incentives and recognition. This paper delves into the dynamics of both types of motivation and their interconnectedness within the workplace.

Research indicates that a balanced integration of intrinsic and extrinsic motivation strategies can lead to improved job satisfaction, higher productivity, and enhanced organizational performance. Organizations that effectively tap into intrinsic motivation empower employees to find purpose and meaning in their work, fostering long-term commitment and innovation. Additionally, extrinsic motivators, when thoughtfully administered, can provide short-term boosts in productivity and drive employees to achieve specific goals. The paper also discusses the potential pitfalls of overreliance on extrinsic motivation, which may inadvertently stifle intrinsic motivation, creativity, and intrinsic job satisfaction. It emphasizes the importance of understanding individual differences in motivation preferences and tailoring strategies to the unique needs and aspirations of employees.

In conclusion, recognizing the intricate interplay between intrinsic and extrinsic motivation and strategically incorporating both can significantly enhance organizational performance. This paper encourages organizations to strike a balance between these motivational forces, empowering employees to contribute their best to achieve the organization's goals while also finding personal fulfillment in their work.

Keywords : Intrinsic motivation, Extrinsic motivation, Organizational performance, Employee engagement, Job satisfaction, Motivation strategies, Employee productivity, Innovation, Leadership, Rewards and recognition, Employee motivation, Workplace culture, Employee empowerment, Individual differences, Work environment, Employee commitment, Performance enhancement, Employee job satisfaction, Motivational factors, Employee motivation balance.

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1. Introduction

Motivation is a cornerstone of human behavior and a driving force behind individual and collective achievements. Within the context of organizations, the motivation

of employees plays a pivotal role in shaping their performance, job satisfaction, and overall success. Two primary forms of motivation, intrinsic and extrinsic, are recognized as influential factors that affect employee engagement and, consequently, organizational performance. This introduction serves as a foundational exploration of intrinsic and extrinsic motivation and their profound impact

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on the performance of an organization.¹⁻⁵

Intrinsic motivation, often referred to as internal motivation, arises from a deep-seated passion, personal fulfillment, and an inherent desire to engage in an activity or task. Individuals who are intrinsically motivated find meaning and satisfaction in their work, often driven by a genuine interest in the subject matter, a sense of achievement, or personal growth. In contrast, extrinsic motivation is external in nature, fueled by tangible rewards, incentives, and recognition. It involves the promise of tangible benefits, such as monetary compensation, promotions, or public praise, to inspire individuals to perform certain tasks or achieve specific objectives.

The dynamic interplay between intrinsic and extrinsic motivation within the organizational context is complex. Understanding how to harness and balance these motivational forces is essential for leaders and managers striving to cultivate a motivated, productive workforce. While both forms of motivation can drive employees to excel, the strategies for applying them effectively can vary. Striking the right balance is crucial because, when used judiciously, both intrinsic and extrinsic motivation can significantly impact an organization's performance.⁶⁻⁹

Organizational performance encompasses a broad spectrum of factors, including productivity, innovation, employee satisfaction, and overall competitiveness. A well-motivated workforce is more likely to excel in these areas. Employees who are intrinsically motivated often exhibit increased creativity, problem-solving abilities, and a willingness to go above and beyond their assigned duties. On the other hand, extrinsic motivators can provide a temporary boost in productivity and incentivize goal achievement. The synergy between these two types of motivation can create a workplace culture where employees are not only driven by external rewards but also derive personal satisfaction and purpose from their work, leading to sustained high performance.

2. Motivation

Motivation is a psychological process through which a person acts or behaves towards a particular task or activity from start to completion. Motivation drives or pushes a person to behave in a particular way at that point in time. When the motivation is positive, a person is happy, energetic, enthusiastic & self-driven to perform the work and when it is negative motivation, person is demoralized, sad, lethargic & pessimistic leading to drop in productivity and performance in an organisation.

3. Motivational Theories

Motivation theories aim to elucidate the factors influencing why employees find certain types of work more motivating and satisfying than others. A fundamental grasp of work

motivation is crucial for managers, as highly motivated employees are more inclined to deliver superior quality products or services compared to their less motivated counterparts.

Here are several motivational theories that both derive from and contribute to our comprehension of the importance of motivation:

4. Maslow's Need Hierarchy

Abraham Maslow organized five primary human needs into a hierarchical structure, as depicted in the figure. This hierarchy illustrates Maslow's concept of individuals fulfilling their needs in a specific sequence, progressing from the bottom to the top. The needs, arranged in ascending order, encompass:

1. Physiological (requirements for food, water, and shelter)
2. Safety or security (seeking protection against threats and deprivation)
3. Social (desire for friendship, affection, belonging, and love)
4. Ego (aspirations for independence, achievement, freedom, status, recognition, and self-esteem)
5. Self-actualization (the pursuit of realizing one's full potential and becoming everything one is capable of being).



Figure 1:

5. Existence Relatedness Growth (ERG) Theory

Alderfer focuses on three basic needs: Existence, Relatedness, and Growth. Existence needs are similar to Maslow's physiological needs, and to the physical components of Maslow's security needs. Relatedness needs are those that require interpersonal interaction to satisfy the needs for things like prestige and esteem from others.

Growth needs are similar to Maslow’s needs for self-esteem and self-actualization.¹⁰⁻¹²

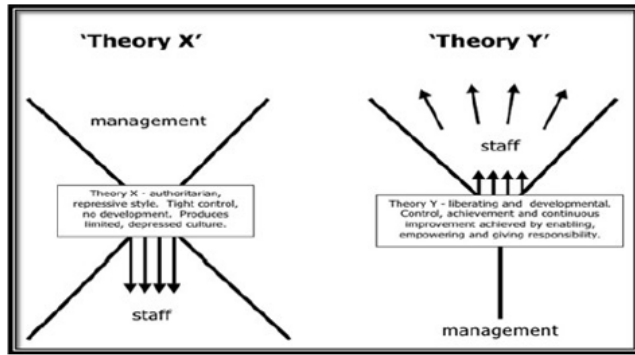


Figure 2:

6. McGregor’s Theory-X and Theory-Y

McGregor’s Theory-X represented the traditional management view that employees are lazy, were uninterested in work, and needed to be prodded to perform.

In contrast, his Theory Y viewed employees as creative, complex, and mature individuals interested in meaningful work.

McGregor believed that under the right circumstances, employees would willingly contribute.

their ingenuity and their talents for the benefits of the organization. He suggested that the managers motivate employees by giving them the opportunity to develop their talents in a better way and by giving them the freedom to choose the methods they would use to achieve organizational goals.

In McGregor’s view, the managers role was not to manipulate employees but to align their needs with needs of the organization so that employees would regulate their own actions and performance. These insights lead researches to investigate the origins and processes of motivation more closely.

7. Expectancy Theory

Expectancy theory states that a person’s motivation to exert a certain level of effort at his/her work is a function of three things:

Expectancy (E), Instrumentality (I), and Valance (V).

Motivation = E x I x V. “E” is the person’s expectancy that his or her effort will lead to performance, “I” represents the perceived relationship between successful performance and obtaining the reward, and “V” refers to the perceived value the person attaches to the reward.

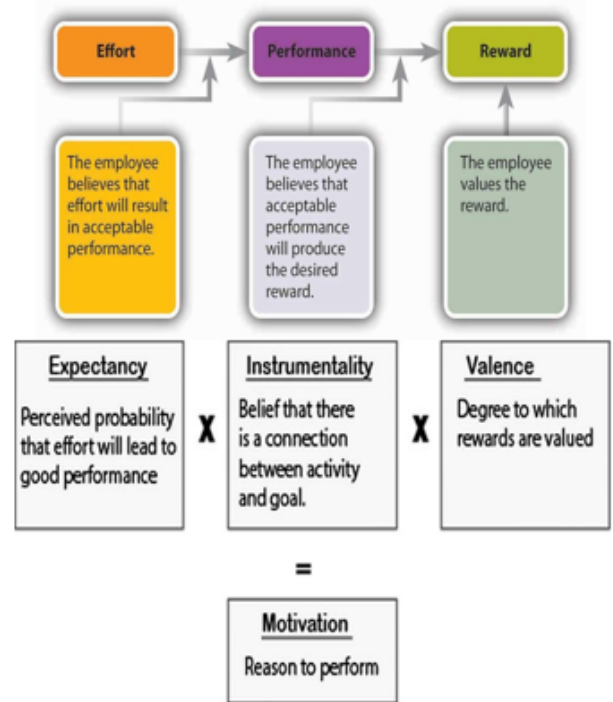


Figure 3:

8. Reinforcement Theory

Reinforcement Theory, introduced by psychologist Edward Thorndike in 1911, centers around the Law of Effect, which posits that behaviors followed by positive consequences are likely to be repeated. This foundational principle has spurred extensive research into positive consequences, known as reinforcers, that drive and influence behavior. Organizational behavior modification aims to shape individuals’ actions, with four primary consequences—Positive Reinforcement involves applying a favorable outcome, increasing the probability of the person repeating the behavior that prompted it.

Positive Reinforcement involves implementing a desirable outcome that enhances the probability of an individual repeating the behavior that triggered it. Instances of positive reinforcement encompass compliments, commendation letters, positive performance assessments, and salary increases. Additionally, the nature of a job itself can serve as a positive reinforcer; excelling in engaging, challenging, or enriched roles (as elaborated later in this chapter) is significantly more reinforcing and, consequently, motivating than excelling in mundane and repetitive tasks.

Negative Reinforcement involves the removal or withholding of an undesirable consequence. For instance, a manager may lift an employee’s probation status due to improved performance. In another scenario, the use of frequent threatening memos serves as a means of admonishing individuals to attain each of their numerous

performance goals.

Punishment involves applying an unfavorable consequence. Instances include criticizing or raising one’s voice at an employee, assigning an undesirable task, or sending a worker home without pay. While negative reinforcement may encompass the threat of punishment without its actual implementation when employees meet expectations, punishment specifically refers to carrying out the aversive consequence.

Extinction involves the withdrawal or failure to provide a reinforcing consequence, leading to a reduction in motivation and the eventual elimination of the behavior. Examples include refraining from giving compliments for a job well done, neglecting to express gratitude for a favor, or setting unattainable performance goals to prevent the individual from experiencing success. The initial two consequences, positive and negative reinforcement, are positive for the recipient, either involving a gain or the avoidance of something negative. Consequently, individuals experiencing these consequences are motivated to replicate behaviors that led to reinforcement. Contrastingly, the latter two consequences, punishment and extinction, represent negative outcomes for the recipient, diminishing the motivation to repeat behaviors that resulted in undesirable results. Effective managers employ positive reinforcement for high-performing individuals and negative reinforcement for low performance. They also administer punishment or extinction to deter poor performance and undesired behavior.

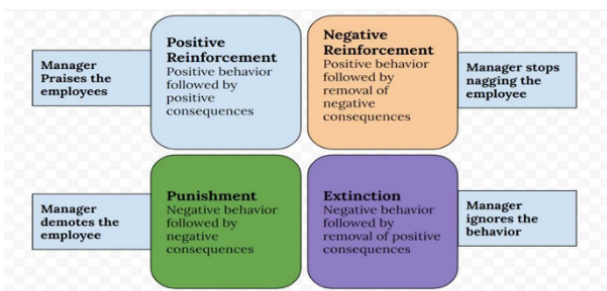


Figure 4:

9. Herzberg’s Two-Factor Approach

Herzberg’s Two-Factor theory divides Maslow’s Hierarchy into a lower-level and a higher-level set of needs, and suggests that the best way to provide motivation for an employee is to satisfy the person’s higher-order needs, ego and self-actualization. Herzberg believed that lower-order needs, or hygiene factors, are different from higher-order needs, or motivators. He maintains that adding more

hygiene factors to the job is a very bad way to motivate because lower-order needs are quickly satisfied.



Figure 5:

10. McClelland’s (Needs for Power, Affiliation and Achievement) Theory

McClelland agrees with Herzberg that higher-level needs are most important at work. He believes the needs for affiliation, power, and achievement are very important for an employee to work enthusiastically in an organisation. He and his associates use the Thematic Apperception Test to identify a person’s needs for achievement, power, and affiliation.

People with a high need for achievement strive for success, are highly motivated to accomplish a challenging task or goal, prefer tasks that have a reasonable chance for success, and avoid tasks that are either too easy or too difficult.

People with a high need for power enjoy roles requiring persuasion.

People with a strong need for affiliations are highly motivated to maintain strong, warm relationships.

11. Adam’s Equity Theory

Adams’s equity theory assumes that people have a need for fairness at work, and they therefore, value and seek it. People are motivated to maintain a balance between what they perceive as their inputs or contributions and their rewards as compared to others. This theory seems to work when people feel that they are underpaid, but inequity due to overpayment does not seem to have the positive effects on either quantity or quality that Adams’s equity theory would predict.

12. Intrinsic Motivation

Intrinsic motivation occurs when one engages in a behavior driven by the inherent rewards of the activity itself, rather than an external incentive. Some theories propose that all



Figure 6:

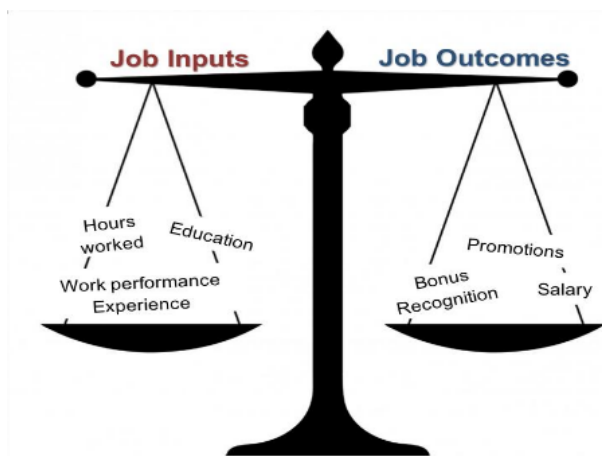


Figure 7:

behavior is motivated by external rewards, such as money or status, but intrinsically motivated behaviors derive their reward directly from the activity.

The most prominent theory of intrinsic motivation initially focused on individuals' needs and drives, extending beyond biological requirements to include psychological needs like competence, autonomy, and relatedness. Intrinsic motivation entails not only satisfying these underlying psychological needs but also actively seeking and participating in challenging, interesting activities for their internal rewards, irrespective of external incentives.

Individuals vary in what motivates them, with some finding intrinsic value in a task while others view the same activity as extrinsically motivated. Both intrinsic and extrinsic motivations can be effective, but research suggests caution in using extrinsic rewards due to the overjustification effect. Extrinsic rewards, when applied in specific situations or too frequently, may diminish

intrinsic motivation, as they risk undermining the inherent satisfaction derived from the behavior. Additionally, some perceive extrinsic reinforcement as a form of coercion or bribery.

The overjustification effect has spurred a dedicated field of study, particularly concerning students and how to help them achieve their full potential. While expert opinions differ on whether extrinsic rewards positively or negatively impact intrinsic motivation, recent research indicates that rewards may enhance intrinsic motivation when provided early in a task. Studies on reward timing reveal that offering an immediate bonus for engaging in a task, rather than waiting until completion, heightens interest and enjoyment, fostering increased motivation and persistence even after the reward is removed.

Gaining insight into the factors that encourage intrinsic motivation provides a clearer understanding of its mechanisms and the advantages it offers. These factors encompass:

1. *Curiosity*: The drive to explore and learn purely for the joy of mastering new knowledge is fueled by curiosity.
2. *Challenge*: Working under continuous challenges fosters an optimal level of engagement and progress toward meaningful goals.
3. *Control*: Rooted in the fundamental desire to influence outcomes and make decisions, the need for control is a significant factor in promoting intrinsic motivation.
4. *Recognition*: Innately, there exists a need for appreciation, and satisfaction arises when our efforts are acknowledged and valued by others.
5. *Cooperation*: Collaborating with others fulfills our innate need for belonging, and personal satisfaction is derived from helping others and working together to achieve shared objectives.
6. *Competition*: The presence of competition introduces a challenge, amplifying the importance we attribute to performing well and contributing to intrinsic motivation.

13. Extrinsic Motivation

Extrinsic motivation refers to the drive individuals have to perform a behavior or engage in an activity with the goal of earning a reward or avoiding punishment. In this context, people undertake actions not necessarily because they find them enjoyable or satisfying, but rather in anticipation of receiving something favorable or sidestepping an unpleasant consequence, such as punishment. Unlike intrinsic motivation, which emanates from internal sources, extrinsic motivation is solely oriented towards external rewards.

Individuals who are extrinsically motivated may persist in performing a task even if the task itself lacks inherent satisfaction or enjoyment. For instance, someone might

engage in a job-related activity that they typically find unenjoyable or unrewarding solely to earn a wage. Extrinsic motivation plays a role in operant conditioning, wherein behavior is shaped by external rewards or consequences.

External rewards can serve as effective tools for maintaining motivation and focus, especially in situations where individuals need to complete challenging or uninteresting tasks, such as monotonous work-related projects or tedious homework assignments. However, researchers have observed that the impact of offering rewards on motivation is not always straightforward. Excessive rewards, in particular, can lead to a reduction in intrinsic motivation, a phenomenon known as the 'overjustification effect.' This involves a decline in intrinsically motivated behaviors after extrinsic rewards are introduced and subsequently discontinued.

Extrinsic rewards may be most effective in certain scenarios:

1. When individuals exhibit little interest in the activity
2. When people lack the initial skills to commence the task
3. When a short-term motivator is required for a specific purpose
4. When individuals are involved in a long-term project and require periodic incentives to sustain motivation.

It is crucial to keep external rewards modest and directly tied to the performance of specific behaviors. As intrinsic interest is cultivated and essential skills are developed, a gradual phase-out of external motivators is recommended.

14. Intrinsic Motivation V/S Extrinsic Motivation

Intrinsic motivation originates internally, whereas extrinsic motivation emanates from external sources. Intrinsic motivation drives individuals to participate in activities purely for personal enjoyment and satisfaction. Conversely, extrinsic motivation prompts individuals to undertake actions with the aim of acquiring an external reward. This reward could take the form of tangible benefits, like monetary compensation, or involve avoiding negative consequences, such as job loss.

15. Organisational Performance

Organizational performance refers to the actual outcomes or achievements of an organization in comparison to its intended goals and objectives. This assessment can be conducted using the balanced scorecard methodology, which involves tracking and measuring performance across various dimensions such as financial performance, customer service, social responsibility, and employee stewardship. Additionally, organizational performance encompasses the combined efforts of employees and managers.

An individual employee's organizational performance is defined by their actions or lack thereof. It involves assessing the relevance, quantity, quality of output, and cooperativeness of the employee in the workplace. The transformation of raw materials into job-relevant goods and services, reflecting core technical skills, is a crucial aspect of organizational performance.

The overall performance of an organization is intricately linked to the job performance of its employees. Factors like the organizational environment, culture, and structure also play vital roles. A well-performing organization consistently achieves its objectives, indicating successful implementation of effective strategies for goal attainment.

16. Research Objectives

To examine the causal factors and consequences of motivational influences in the workplace.

To discern the connection between employees' years of experience and their satisfaction levels regarding current roles and responsibilities.

To explore potential associations between gender and motivational aspects.

To gauge the influence of both intrinsic and extrinsic motivation on employee task performance.

To analyze the correlation between intrinsic and extrinsic motivation and its impact on employee task performance.

To ascertain employees' perceptions regarding their jobs.

To gauge the extent of organizational commitment among staff members.

To comprehend how motivation serves as a catalyst for employee performance.

To assess the impacts of both monetary and non-monetary benefits on work performance.

To comprehend the effects of both extrinsic and intrinsic motivation on the overall organizational performance.

16.1. Research Methodology

Research Methodology refers to the specific procedure or techniques that are used to identify, select, process and analyze the information collected about a particular topic. It can also be defined as a careful consideration of a study regarding a particular concern or a problem using scientific methods.

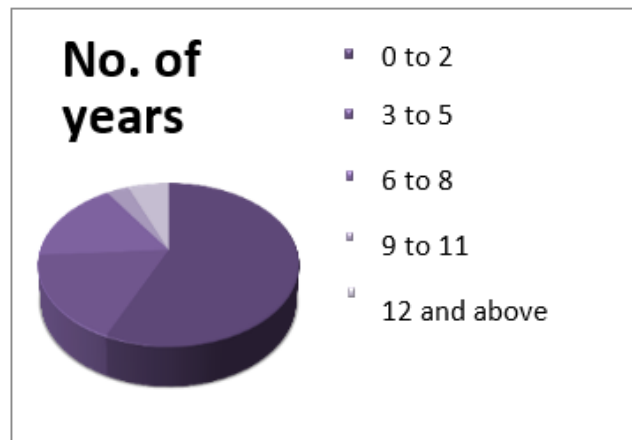
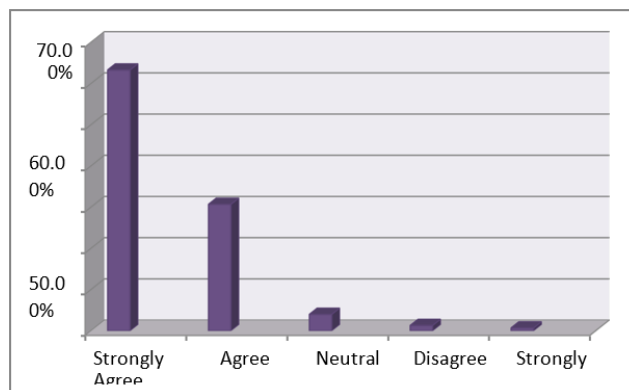
16.2. How long have you been working with your current organisation?

16.3. Do salary increments motivate you?

I feel that my job gives a good status and I'm satisfied with my roles & responsibilities.

Table 1:

| Target Population | Rajkot |
|-----------------------|---|
| Sample Size | 150 |
| Data Sources | Primary Source: Questionnaire Secondary Source: Literature Reviews |
| Data Collection Tools | Questionnaire (self-administered) |
| Charts & Graphs | Used to analyze and interpret the collected data |
| Research Design | Descriptive Research |
| Sampling method | Convenience Sampling |

**Figure 8:****Figure 9:**

16.4. Hypothesis 1

1. H0: There is a correlation between the years of experience & satisfaction level of employees with their roles & responsibilities.
2. H0: There is a correlation between the years of experience & satisfaction level of employees with their roles & responsibilities.

Based upon the hypothesis Chi Square test was applied and the result of which the Null Hypothesis is Accepted

16.5. Hypothesis 2

1. H0: There is association between motivation level due to salary increment & gender of the respondents.
2. H1: There is no association between motivation level due to salary increment & gender of the respondents.

Based upon the hypothesis Chi Square test was applied and the result of which the Null Hypothesis is Accepted

17. Conclusion

The aim of this research project was to identify the factors of motivation and how these factors relate to an employee's perception towards his/her organization and also how they relate to organizational performance. Intrinsic & Extrinsic motivation factors were taken into account for making the questionnaire so that a clear picture of what motivates the employees can be obtained.

From this research report it can be concluded that Motivation plays a very important role in an employee's day to day work life which then affects their individual and organizational performance. Motivation varies from person to person and thus not all same motivational tools can positively affect every individual. Intrinsic motivation drives from within an individual to satisfy their personal as well as organizational goals whereas extrinsic motivation is driven through external rewards which may either be financial or Non-financial. Both, intrinsic and extrinsic motivation positively affects the performance at work and the overall organizational performance.

18. Source of Funding

None.

19. Conflict of Interest

None.

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