

Intrinsic and Extrinsic Motivators: Predictors of Employees Performance - A Case Study of IBA, SUKKUR

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Abstract

The purpose of the study presented in this paper is to examine the impact of intrinsic and extrinsic motivators on the performance of employees at educational institutes. The study adopted a positivist philosophical stance with a deductive approach to collect the data. The research was based on a cross-sectional time horizon. The results presented in this paper show that there is a significant contribution of extrinsic motivation in increasing the performance of the employees. Whereas, intrinsic motivation contributes significantly, but has less impact in comparison to extrinsic motivation. The association among the independent variables further shows that intrinsic motivation has significant but negative relationship with extrinsic motivation in the context of employees performance. Despite of a plethora of literature on the study of motivation, the extrinsic and intrinsic motivation for educational institutes are not well studied. Thus, this study contributes to bridging the gap in the area of educational institutions. This study will be further helpful in education for increasing the employees' performance.

Keywords—Extrinsic Motivation, Intrinsic Motivation, Employees Performance.

1 Introduction

SEVERAL experimental and case-study approaches are proposed in the context of improving employee performance. These studies have contributed to increase employees performance [17]. In this context, several managers want to boost the employees' motivation to increase employee performance more efficiently to reach organizational goals [20]. Since many decades, it has been a great debate in applying best HR practices to increase employees performance through motivation [1][27]. Nevertheless, the accurate understanding of the motivation requires further literature to support [10]. The literature describes intrinsic and extrinsic motivation as two different contexts that have a positive role in increasing employee performance [10]. Several studies on intrinsic and extrinsic motivators have highlighted the significance in structuring organizational goals in creativity [3][14][18]. According to [4], punishment and other rewards that lie in consideration of outer rewards come under the shade of extrinsic motivation (EM). Intrinsic motivation (IM) refers to personal interest or desire to work [4]. Literature also suggests that intrinsic motivation (IM) and extrinsic motivation (EM) do not predict the behavior of em-

ployees towards the peak performance [23]. Generally, the employees' interest to work passionately may be incorporated as an intrinsic motivation rather than external forces that push them to do such activity [1]. Literature also suggests that to some extent in academic performance, there is a significant role of intrinsic motivation [21]. Based on the continuum model for autonomous and controlled power, there may be sub dimensions of extrinsic motivators i.e. identified regulation, introjected regulation and extrinsic regulation [16].

The field to explore motivation is multi-dimensional and conceptual which encompasses research on employees performance and motivation (intrinsic and extrinsic). As an earlier study conducted by Zhang et al. [27] suggests that the theory of self-determination proves that sub dimension of extrinsic motivation' extrinsic regulation found the least acquired dimension in the context. How much an extrinsic motivation has been disguised decides how much it is self-sufficient and subsequently impacts the work results that outcome [16][27]. Literature proves that there was a positive and significant impact on the performance of the employees by intrinsic motivators in comparison to extrinsic motivators [7][19].

Several studies suggest that employees performance can be boosted through rewards, incentives, and bonuses via extrinsic motivation approach. The reason behind approach is that most people argue that incentives are the basic driving force to perform a task [5]. Another study found that in the pursuance of extrinsic motivation as the basic parameter to get the desired task, there may be a punishment in return if the task is not performed [25]. In this regard, the organization should design the pay structure with market-competitive salaries to avoid hindrances [6]. Managers mostly believe that rewards and incentives are the most appropriate approach to get the best performance from employees to complete the tasks [8]. According to Cerasoli et al. [4], most of the time employees' do not perform perfectly and do not align themselves with the desired objectives of the organization. Therefore, when the personal and organizational goals do not match with each other, it fails to increase employee performance [4].

The purpose of the study presented in this paper is to investigate the impact of intrinsic and extrinsic motivation on the performance of employees. The relationship between intrinsic and extrinsic motivation in regard to employees' performance is also analyzed. The study provides the shreds of evidence to literature in the case-study approach from the Institute of Business Administration (IBA), Sukkur. The authors chose this institution due to its reputation to deliver quality education in internal Sindh. Human capital is the backbone of every organization. Several studies contributed to the field to determine the association of human capital with motivation to increase employee performance. Hence, in this regard, this study investigates the role of human capital in the progress of IBA, Sukkur.

Relevant literature demonstrates that motivation is the key source through which the employees performance can be boosted. It is now well-known that motivation is one of the major assets for an organization. Motivation can enhance employees' performance and can contribute to their well-being.

2 Theory & Hypothesis Development

The impact of the motivators (extrinsic and intrinsic) on the employees' performance is becoming a hot research topic. In spite of several studies that have contributed to the area for motivating the employees to get higher performance, there is still a huge research margin as human beings are different according to their geographical areas. Studies suggest that motivation plays a crucial role in the development of a

firm and may seek knowledge sharing behavior for personnel development [15].

Giger et al. [7] state that motivation can drive the responsiveness of the human desires to allocate the desired organizational goals. Several behavioral and social psychologists have contributed to the field who maintain that extrinsic motivation (EM) is the leading factor which can dig out and pump out the intrinsic motivation (IM) [7]. Another study [15] suggests that extrinsic and intrinsic motivations play an important role in achieving organizational goals and knowledge sharing behavior among employees. Many theories associated with motivation predicted that extrinsic motivation (EM) and intrinsic motivation (IM) influence human behavior significantly [2]. Some studies also suggest that ambitions, that are related and linked with extrinsic motivation (EM) and intrinsic motivation (IM), play a crucial role in organizational development [2]. The classic theory of reasoned action states that motivation is the foundation for changing the behavior of individuals and performances of individuals [12].

2.1 Extrinsic Motivation (EM)

The employees' behavior changes when they are charged with separable outcomes [12]. According to the goal content theory, goals are encouraged when they are associated with extrinsic rewards and motivation [2]. Human behavior is complex and cannot be described only by the parameters of extrinsic and intrinsic motivation [27]. Extrinsic motivation (EM) kicks in when autonomous rewards get activated to charge them after the outcomes. When motivation is only centered on the payments, rewards, bonuses, prestige, development of the career or the factors that are linked to achieving the rewards are considered extrinsic motivation (EM) [13]. Some researches indicate that intrinsic motivation is associated with the well-being of human capital. Whereas, the extrinsic motivation has been found to possess negative impact on well-being [13].

A study related to the extrinsic motivation suggests that extrinsic motivation (EM) positively predicts human capital development for entrepreneurial intentions [2]. Another study finds that the space for intrinsic motivation can never be eliminated after the entrance of extrinsic motivation. Extrinsic and intrinsic motivation can be boosted at the workplace when they are supported by the workplace culture [18]. This leads to the development of the following hypothesis.

H1. *There is a positive and significant impact of intrinsic motivation on employees' performance.*

2.2 Intrinsic Motivation (IM)

The studies have shown that intrinsic motivation (IM) can be pumped out with the support of extrinsic motivation (EM) [18]. Intrinsic motivation (IM) can be both interesting and enjoyable leading to an increased desire to do work [19]. Intrinsic motivation comes from the inside of the individuals. The individuals who are curious about doing the things and interested in the points which lead them to learn and tackle the factitious shreds of evidence suggested by the environment [7][18]. Moreover, Ryan et al. [18] stated that intrinsic motivation (IM) can be defined as individuals do any task for their satisfaction rather than any external forces.

A study found that intrinsic motivation (IM) is the main driving factor for an individual's intentions towards constituency efforts to vote [7]. Another study conducted by the academicians from Hong Kong investigated that enhancing the interest and desire to do work in individuals can promote in-depth knowledge sharing behavior among the employees' attitude [12]. Another study [1] was carried out on the investigation of the motivators (intrinsic and extrinsic) on Pakistani professionals' performance. The study adopted quantitative techniques to analyze the data obtained from 181 doctors and 135 academicians. The research examines the significant positive association related to work-related performance among Pakistani professionals. Following hypothesis can be formulated.

H2: *There is a positive and significant impact of extrinsic motivation on employees performance.*

2.3 Intrinsic Motivation & Extrinsic Motivation

The concept that extrinsic and intrinsic motivation are conflicting has been common since these inspirational terms started to emerge [9]. Extrinsic motivation has significant impact on the performance of employees [22]. In this context, intrinsic motivation plays a vital role in uplifting the employee's performance [14][27]. Therefore, our study investigates the association between intrinsic and extrinsic motivation in the context of employees' performance. That is why the third hypothesis can be developed as:

H3: *There is no significant and positive link between intrinsic and extrinsic motivation in the context of employees' performance.*

3 Research Methodology

This section discusses the methodology of carrying out this research.

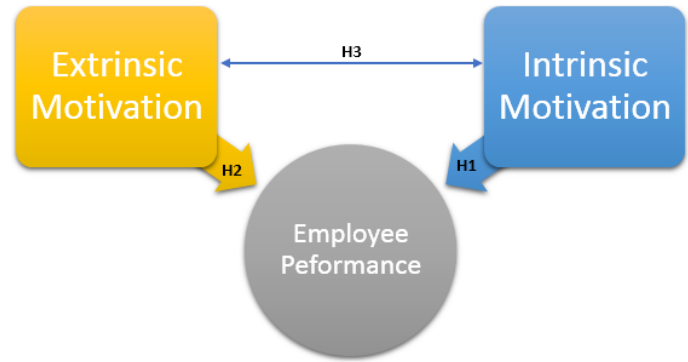


Fig. 1: Conceptual model of intrinsic & extrinsic motivation

3.1 Philosophical Approach

The research applied the etic and positivist approach. This is the reason why data was gathered through a survey questionnaire. As this study is about the investigation of extrinsic and intrinsic motivation on employee performance, a quantitative approach was adopted.

3.2 Data Collection, Sampling and Procedure

The study gathered both primary and secondary data. Primary data was collected through the questionnaire, whereas secondary data was gathered through peer-reviewed journal articles, books, authentic blogs, etc. The questionnaire is designed to test the hypotheses. The questionnaire contains two parts. The first part contains the 5-point Lickert scale through which the primary data can be conducted. The options include strongly disagree (1), disagree (2), undecided (3), agree (4), strongly agree (5). There were 8 questions each related to intrinsic and extrinsic motivation as used in [24] in their research and Employee performance questionnaire were four developed by [26]. The second part comprised of demographic questions including age, gender, marital status, experience, and qualification.

The study adopted a convenient sampling method to conduct the survey and gather information through the questionnaire. 120 questionnaires were distributed among the participants out of which 90 were answered. The research sample size as suggested in [11] was used.

3.3 Statistical Analysis

The data was encoded using the Statistical Package for Social Sciences (SPSS) version 25.0. SPSS v25. SPSS was further used to analyze the data. Through this software, descriptive statistics, factor reduction, regression analysis, reliability statistics (Cron Bach

Alpha), Pearson correlation techniques were applied to test the data.

4 Measures

4.1 Demographic Profile of Respondents

Table 1 shows the respondents' age. In this data, 5.6% of respondents aged below 25 years, 12.2% aged below 30 years, 65.6% aged below 35 years, and 16.7% aged above 35 years. The gender statistics of respondents also show that 84.4% of the total population comprised males, and 15.6% comprised females. The table also shows the experience possessed by the respondents. 21.1% of the respondents have less than 5 years of experience, 67.8% of the population fall in the category of having more than 5 years of experience, and 11.1% of respondents have more than 10 years of experience. 4.4% of the respondents have Bachelor degree (16 years education), 76.7% had MS/MPhil degree, and 18.9% had PhD degree.

4.2 Reliability

The Cronbach's Alpha technique was used to check the reliability of the data. The outcome of applying this technique shows a satisfactory reliability level of 0.837. Table 2 shows the selected parameters.

4.3 Fitness Quality

The model summary, as shown in Table 3, explains the variation among the variables from which item of interest shows the adjusted R-Square value of 0.705. This suggests that extrinsic and intrinsic motivation contributes 70.5% of the variation in the employees' performance.

4.4 Analysis of Variance

Analysis of variance, referred to as ANOVA, is widely adopted for model fitting. It is suggested that if the significance value is less than 0.05, it indicates that the independent variables have a significant impact on the dependent variables. The ANOVA models is shown in Table 4. The table shows the significant value of 0.000 which suggests that the independent variables significantly influencing the dependent variables.

4.5 Regression

Table 5 of regression coefficient results shows the individual contribution of the independent variables. The intrinsic motivation positively affects the employees' performance. Standardized $\beta = 0.242$ ($p < 0.01$) suggests that intrinsic motivation helps to boost the

employees' performance by 24.2%. On the other hand, the major portion is occupied by extrinsic motivation which positively predicts the employees' performance with the Beta value of 0.954 ($p < 0.01$), which suggests that those who exhibits the extrinsic motivation in their prior duties towards their employees will have a higher performance up to 95.4%.

4.6 Pearson Correlation Analysis

Table 6 shows the results of bivariate correlation based on the Pearson Correlation analysis. The results show that intrinsic motivation has a significant but negative relationship with employee performance, $r(90) = -0.288$, $p < 0.05$. Whereas, extrinsic motivation shows a positive and significant link to employee performance, $r(90) = 0.819$, $p < 0.05$. Lastly, the results suggest that intrinsic motivation has a negative but significant relationship with extrinsic motivation in the context of employees performance, $r(90) = -0.556$, $p < 0.05$.

Conclusively, the above results explain that there is a positive and significant relationship between extrinsic motivation and employees' performance. Whereas, intrinsic motivation contributed significantly but negatively in the employee's performance. In an assessment of the relationship among the independent variables, the intrinsic motivation showed a negative but significant relationship with extrinsic motivation in context to employees' performance.

5 Conclusion and Recommendations

The study aimed to investigate the effect of intrinsic motivators and extrinsic motivators on employees' performance at the educational institute (IBA, Sukkur). The sample size comprised 90 employees from the institute. The findings show that extrinsic motivation is the most favorable practice at the institute because of the interest of employees. Whereas, the intrinsic motivation can be further derived right after the extrinsic motivation is triggered. In this context, the hypotheses of this study are summarized in Table 7.

Table 7 explains the hypotheses of the study. Hypothesis No. 1 states that "There is a positive and significant impact of intrinsic motivation on employees performance", which is supported by the results. This suggests that the activities done by IBA, Sukkur i.e., workload, appreciation, feedback from competency, and the role of management work adequately for their employees. Whereas, Hypothesis No. 2 states that "There is a positive and significant impact of extrinsic motivation on employees performance", which is also

Name	Option	Number	Percentage	Total
		Age		
	Less than 25 years	5	5.6	5.6
	Less than 30 years	11	12.2	12.2
	Less than 35 Years	59	65.6	65.6
	More than 35 Years	15	16.7	16.7
	Total	90	100	100
		Gender		
	Male	76	84.4	84.4
	Female	14	15.6	15.6
	Total	90	100	100
		Experience		
	Less than 5 years	19	21.1	21.1
	More than 5 Years	61	67.8	67.8
	More than 10 Years	10	11.1	11.1
	Total	90	100	100
		Qualification		
	Bachelors/16 Years Education	4	4.4	4.4
	MS/MPhil	69	76.7	76.7
	PhD	17	18.9	18.9
	Total	90	100	100

TABLE 1: Demographic profile of respondents

Parameter	Value
Cronbach’s Alpha	0.837
N of items	20

TABLE 2: Reliability parameters

Parameter	Values
Model	1
R*	0.844
R-Square	0.712
Adjusted R-Square	0.705
Std. Error of Estimate	0.54283348

TABLE 3: Fitness parameters and their values.

*Predictors: (constant), extrinsic and intrinsic motivation

supported by the results shown by the table of regression. This hypothesis reflects the employees’ satisfaction towards the perk, bonuses, salaries, enough recognition in financial perks, and job security. Finally, the last hypothesis states that ”There is no any significant and positive link between intrinsic and extrinsic motivation in context to employees performance”. The results don’t support this statement completely because the results suggest the significant association among extrinsic and intrinsic motivation but negatively; that

is why this hypothesis was not rejected completely but was supported partially.

5.1 Recommendations

Every educational institute focuses on the employees’ performance to meet their criteria to provide quality services. In this context, the prior study focused on the educational institute to add a new contribution to the research area. It is suggested that if institutions will add extrinsic motivation in their consideration, their employees will perform well. Extrinsic motivation will foster the employees’ interest to perform well. It will also be a healthy activity for institutions.

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Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	63.364	2	31.682	107.517	0.000
Residual	25.636	87	0.295		
Total	89	89			

TABLE 4: ANOVA model

Coefficients*					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	β	Std. Error	β		
(Constant)	-4.01E-17	0.057		0	1
Intrinsic Motivation	0.242	0.069	0.242	3.503	0.001
Extrinsic Motivation	0.954	0.069	0.954	13.784	0

*Dependent Variable: Employee Performance

TABLE 5: Individual contribution of the independent variable

Correlations				
		Intrinsic Motivation	Extrinsic Motivation	Employee Performance
Intrinsic Motivation	Pearson Correlation	1		
	Sig. (2-tailed)			
Extrinsic Motivation	Pearson Correlation	-0.556**		
	Sig. (2-tailed)	0		
Employee Performance	Pearson Correlation	-0.288**	0.819**	
	Sig. (2-tailed)	0.006	0	

** . Correlation is significant at the 0.01 level (2-tailed).

TABLE 6: Pearson correlation analysis

SNO.	Hypotheses	Failed to Reject	Rejected
H1	There is a positive and significant impact of intrinsic motivation on employees’ performance.	✓	
H2	There is a positive and significant impact of extrinsic motivation on employees’ performance.	✓	
H0	There is no significant and positive link between intrinsic and extrinsic motivation in context to employees’ performance.		Partially Rejected

TABLE 7: Hypothesis of the study

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