A Critical Analysis on Intrinsic & Extrinsic Factors of Motivation

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Abstract
Intrinsic motivation occurs when people engage in an activity, such as a hobby, without obvious external incentives. This form of motivation has been studied by social and educational psychologists since the early 1970s. Research has found that it is usually associated with high achievement and enjoyment by the employees. Intrinsic motivation has been explained by Fritz Heider’s attribution theory, Bandura’s work on self-efficacy, and Ryan and Deci’s cognitive evaluation theory. Extrinsic motivation comes from outside of the performer. Money is the most obvious example, but coercion and threat of punishment are also common extrinsic motivations.

Competition is often extrinsic because it encourages the performer to win and beat others, not to enjoy the intrinsic rewards of the activity. Social psychological research has indicated that extrinsic rewards can lead to over justification and a subsequent reduction in intrinsic motivation.

Employees need the following elements to be present in their work environment for them to feel motivated: (a) Choice – employees should have some say in the kind of work they do, (b) Competence – employees should be able and competent and working in an environment where people are efficient and competent, (c) Meaningfulness – employees should be made to understand that what they are doing is useful for the organization and (d) purpose – employees must have a purpose and that purpose must be aligned with that of the organization. Once they see their purpose/goal getting fulfilled through their work, they will automatically be motivated to continue working and reach newer levels of achievement through challenging roles and greater responsibilities.

Research has shown that increased workforce motivation contributes to increased productivity and innovation, creative problem solving, reduced turnover and decreased absenteeism. Intrinsic motivation flourishes in an environment where employees feel like they are a part of something larger than themselves. Fostering morale also comes from ensuring that employees have the expertise and tools they need for competence. Some human resource experts believe that non-cash rewards, can have greater impact with employees. Timely recognition for a job well done is vital.

Motivation is the set of reasons that determines one to engage in a particular behavior. The term is generally used for human motivation but, theoretically, it can be used to describe the causes for animal behavior as well. This article refers to human motivation. According to various theories, motivation may be rooted in the basic need to minimize physical pain and maximize pleasure, or it may include specific needs such as eating and resting, or a desired object, hobby, goal, state of being, ideal, or it may be attributed to less-apparent reasons such as altruism, morality, or avoiding mortality.

I. Introduction
In order to be competitive, organizations need to manage their resources effectively. Human resources are no exception, and consequently, the assets of a successful organization should include a highly productive workforce. One of the biggest challenges faced by any manager is keeping their employees motivated. In order to maintain high levels of performance, many managers rely on motivational theories to gain a better understanding of which factors affect their employee’s job motivation.

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The present research will study the impact of extrinsic and intrinsic motivational factors on the morale of BPO employees (customer service employees only).

A. Extrinsic Motivation
Extrinsic motivation comes from outside of the performer. Money is the most obvious example, but coercion and threat of punishment are also common extrinsic motivations. In sports, the crowd may cheer the performer on, and this motivates him or her to do well. Trophies are also extrinsic incentives. Competition is often extrinsic because it encourages the performer to win and beat others, not to enjoy the intrinsic rewards of the activity. Social psychological research has indicated that extrinsic rewards can lead to over-justification and a subsequent reduction in intrinsic motivation.
Extrinsic incentives sometimes can weaken the motivation as well. In one classic study done by Green & Lepper, children who were lavishly rewarded for drawing with felt-tip pens later showed little interest in playing with the pens again.

**B. Self-control**

The self-control of motivation is increasingly understood as a subset of emotional intelligence; a person may be highly intelligent according to a more conservative definition (as measured by many intelligence tests), yet unmotivated to dedicate this intelligence to certain tasks. Yale School of Management professor Victor Vroom’s “expectancy theory” provides an account of when people will decide whether to exert self control to pursue a particular goal. Drives and desires can be described as a deficiency or need that activates behaviour that is aimed at a goal or an incentive. These are thought to originate within the individual and may not require external stimuli to encourage the behaviour. Basic drives could be sparked by deficiencies such as hunger, which motivates a person to seek food; whereas more subtle drives might be the desire for praise and approval, which motivates a person to behave in a manner pleasing to others.

By contrast, the role of extrinsic rewards and stimuli can be seen in the example of training animals by giving them treats when they perform a trick correctly. The treat motivates the animals to perform the trick consistently, even later when the treat is removed from the process.

**C. Theoretical Perspective**

Human motivation at work is the heart of the field of organizational behavior. In work and other contexts, motivation is often described as being “intrinsic” or “extrinsic” in nature (Sansone & Harackiewicz, 2000). Intrinsic motivation, deriving from within the person or from the activity itself, positively affects behavior, performance, and well being (Ryan & Deci, 2000). But externally administered consequences, or extrinsic behavioral contingencies, also are powerful determinants of motivated behavior. Each type of motivation has its own literature—and when the two meet, they clash.

The contemporary center of the conflict lies in Deci, Koestner, and Ryan’s (1999a) assertion that “tangible rewards tend to have a substantially negative effect on intrinsic motivation” (pp. 658-659), and that when institutions such as businesses “opt for controlling people’s behavior, they may be having a substantially negative long-term effect” (p. 659). However, Eisenberger, Pierce, and Cameron (1999) disagree strongly, retorting that Deci et al.’s (1999a) conclusions and recommendations are mistaken, and that more applied research is needed. These comments by leading scholars in the field replay a decades-old debate. Since Deci (1971) first published data suggesting that extrinsic rewards undermine intrinsic motivation, the ensuing controversy has educated generations of OB scholars. Although the issue eventually took a back seat to other pursuits in the field, the controversy continues to this day, particularly in psychology—and the conclusions drawn have effects both theoretically and practically profound. As motivation lies at the heart of organizational behavior, the direct and interactive effects of intrinsic and extrinsic “rewards” may be the heart of the study of motivation.

Intrinsic motivation comes from rewards inherent to a task or activity itself - the enjoyment of a puzzle or the love of playing basketball, for example. One is said to be intrinsically motivated when engaging in an activity “with no apparent reward except for the activity itself”. This form of motivation has been studied by social and educational psychologists since the early 1970s. Research has found that it is usually associated with high educational achievement and enjoyment by students. Intrinsic motivation has been explained by Fritz Heider’s attribution theory, Bandura’s work on self-efficacy, and Ryan and Deci’s cognitive evaluation theory.

**D. Extrinsic and Intrinsic Motivation: Some Relevant History**

The extrinsic motivation literature evolved first. Extrinsically motivated behaviors are actions that result in the attainment of externally administered rewards, including pay, material possessions, prestige, and positive evaluations from others. Since Thorndike (1911), thousands of studies, from laboratory experiments to field interventions such as the Emery Air Freight study (Hammer & Hamner, 1976), have carried on the behaviorist tradition of changing behavior by manipulating extrinsic contingencies. Through the identification and change of environmental contingencies, including extrinsic reinforcements, motivation increases have been realized in work behaviors including attendance, punctuality, stockwork, selling, cost reduction, work quality, productivity, sales calls, and customer service (Komaki, 1982).

In contrast to extrinsic motivation, intrinsic motivation is said to exist when behavior is performed for its own sake rather than to obtain material or social reinforcers. The concept of intrinsic motivation was an important challenge to behaviorism, and has roots in White’s (1959) competence or effectance motivation. Maslow (1943) and Alderfer (1969) addressed similar needs. After psychologists introduced these intrinsic “needs,” management scholars developed the important distinction between intrinsic motivation—a hypothetical construct presumably residing within the person—and intrinsically motivating tasks. Herzberg (1966) described tasks as intrinsically motivating when they are characterized by key “motivators” such as responsibility, challenge, achievement, variety, and advancement opportunity. With Herzberg as precursor, Hackman and Oldham (1976) identified task variety, task identity, task significance, autonomy, and feedback from the task as key task characteristics that generate internal motivation.

More recently in the psychology literature, intrinsically motivated behavior is alleged to derive from and satisfy innate psychological needs, including needs for competence and autonomy (Deci & Ryan, 1985; Kasser & Ryan, 1996). According to Deci (1980), perceptions of personal (as opposed to external) control satisfy these needs, and constitute the fundamental feature distinguishing intrinsically motivated behavior from extrinsically motivated behavior.

**II. Research Methodology**

**A. Methodology**

Instrument that have been used in the organization (VE Teleservices Ltd., Marvel Impact Technologies, Swyz) are of primary and secondary kinds. The primary source of data have been collected through questionnaire schedule. The secondary sources include brochures, annual reports, magazines, employee’s handbook, magazines and journals.

**1. Selection of Samples**

Sample size: 50 employees serving in customer service department
of TeleTech India
Sample area: Lucknow

2. **Statistical Tools**
It is very difficult to have detailed knowledge of all the customer service employees working in the company. So the surveyor will take 50 samples in total due to limited resources and time factor. The management ranks that are working in different categories of different department of the organisation will be targeted. Thus it becomes equally justified to plan in such a way that it covers all departments.

3. **Statistical Tools to be Used**
- Pie chart
- Bar diagram
- Text and statements

4. **Data Collection**
The questionnaire were served to senior manager and managers. The licked scale was used for calculating scores, which is shown in every question immediately after the table. The points given for each scale are as follows
- Strongly agree (5)
- Agree (4)
- Disagree (3)
- Strongly disagree (2)
- Can’t say (1)

**B. Objectives**
1. To study in detail about the intrinsic and extrinsic motivational factors
2. To know the impact of intrinsic and extrinsic motivational factors on the morale of the customer service employees serving in BPO’s
3. To understand this impact of intrinsic and extrinsic motivational factors on a particular BPO operating in Lucknow (VE Teleservices Ltd., Marvel Impact Technologies, Swyaz). To make analytical conclusion in this study

**III. Data Analysis**

A. **Do you agree that motivation is an important factor in improving efficiency and productivity in a company?**
- Strongly Agree ----------- 85 per cent
- Agree --------------------- 10 per cent
- Disagree ------------------ 02 per cent
- Strongly Disagree --------- 01 per cent
- Do not know/ Can not say --- 02 per cent

**Analysis**
It is a widely accepted premise that retention and productivity of workers is a function of how well the individual is motivated. Motivation plays a crucial role in improving the job efficiency and productiveness of a worker, irrespective of the rank he/she holds.

B. **Does your company offer motivational opportunities for your career and productive enhancement?**
- Yes ---------------------- 74 per cent
- No------------------------ 21 per cent
- Do not know/ Can not say -- 04 per cent

**B. Objectives**

**Analysis**
From the above response, it becomes clear that the company pursues a HR policy in which it offers sufficient motivational categories to its employees to improve their career scope and productivity.
C. What extrinsic factors motivate you to work in the company? You can choose more than one options.

- Salary hike 96 per cent
- Bonus 47 per cent
- Promotion 95 per cent
- Other fringe benefits 36 per cent

Analysis
Extrinsic factors of motivation primarily regular salary hike and promotion motivate the employees in the company. Bonus and other fringe benefits have a relatively less impact in comparison to salary hike and promotion.

D. What intrinsic factors motivate you to work in the company? You can choose more than one options.

- Job satisfaction 86 per cent
- Recognition by superiors 80 per cent
- Identity building 67 per cent
- Like ness in work 74 per cent
- Others 12 per cent

Analysis
Among the intrinsic factors of motivation, the respondents have opined that it is job satisfaction and their likeness to the work in addition to recognition by the superiors are important.

E. Do you agree that intrinsic factors motivate you more than the extrinsic factors?

- Strongly Agree 68 per cent
- Agree 17 per cent
- Disagree 10 per cent
- Strongly Disagree 5 per cent

Analysis
When the respondents were asked to compare the impact of the intrinsic factors of motivation with the extrinsic factors of motivation, the respondents, as predicted, opined that the intrinsic factors motivate them more than the extrinsic factors of motivation like salary and perks.

F. Do you agree that extrinsic factors of motivation neutralize the impact of the intrinsic factors of motivation in organization?

- Strongly Agree 16 per cent
- Agree 30 per cent
- Disagree 40 per cent
- Strongly Disagree 14 per cent
Analysis
There is a common belief that when the extrinsic factors of motivation become prominent in an organization, it neutralizes the impact of the intrinsic factors of motivation like job satisfaction. But this could not be proved during the present study as the respondents have viewed in a different way.

G. Do you agree that outsourcing HR management would lead to better motivation to the employees?
- Strongly Agree ———— 20 per cent
- Agree ———— 28 per cent
- Disagree ———— 30 per cent
- Strongly Disagree ———— 17 per cent
- Do not know/ Can not say ———— 05 per cent

Analysis
Outsourcing of HR management has not been preferred as a strategy to further motivate the employees.

H. Greater responsibility means greater motivation. Do you agree?
- Strongly Agree ———— 40 per cent
- Agree ———— 32 per cent
- Disagree ———— 12 per cent
- Strongly Disagree ———— 16 per cent

Analysis
The respondents were of the opinion that when the management entrusts more responsibility on an employee, it signifies greater motivation as it marks the recognition of the work of the concerned employee.

I. Do you agree that regular motivation is crucial for BPO employees given their peculiar nature and timing of work?
- Strongly Agree ———— 40 per cent
- Agree ———— 32 per cent
- Disagree ———— 12 per cent
- Strongly Disagree ———— 16 per cent

Analysis
Rewards must be based on behaviors that should be encouraged, while minimizing the possibility of abuse. Unless they are careful in the design of their incentive programs, BPO managers can find themselves promoting the opposite of what they are trying to accomplish.
IV. Findings, Inferences and Recommendations

A. Findings
1. It is a widely accepted premise that retention and productivity of workers is a function of how well the individual is motivated. Motivation plays a crucial role in improving the job efficiency and productiveness of a worker, irrespective of the rank he/she holds.
2. Extrinsic factors of motivation primarily regularly salary hike and promotion motivate the employees in the company. Bonus and other fringe benefits have a relatively less impact in comparison to salary hike and promotion.
3. Among the intrinsic factors of motivation, the respondents have opined that it is job satisfaction and their likeness to the work in addition to recognition by the superiors are important.
4. There is a common belief that when the extrinsic factors of motivation become prominent in an organization, it neutralizes the impact of the intrinsic factors of motivation like job satisfaction. But this could not be proved during the present study as the respondents have viewed in a different way.
5. Outsourcing of HR management has not been preferred as a strategy to further motivate the employees.
6. The respondents were of the opinion that when the management entrusts more responsibility on an employee, it signifies greater motivation as it marks the recognition of the work of the concerned employee.
7. Rewards must be based on behaviors that should be encouraged, while minimizing the possibility of abuse. Unless they are careful in the design of their incentive programs, BPO managers can find themselves promoting the opposite of what they are trying to accomplish.

V. Recommendations

A. Seven Rules of Motivation

1. Set a Major Goal, But Follow a Path
The path has mini goals that go in many directions. When you learn to succeed at mini goals, you will be motivated to challenge grand goals.

2. Finish What You Start
A half finished project is of no use to anyone. Quitting is a habit. Develop the habit of finishing self-motivated projects.

3. Socialize With Others of Similar Interest
Mutual support is motivating. We will develop the attitudes of our five best friends. If they are losers, we will be a loser. If they are winners, we will be a winner. To be a cowboy we must associate with cowboys.

4. Learn How to Learn
Dependency on others for knowledge supports the habit of procrastination. Man has the ability to learn without instructors. In fact, when we learn the art of self-education we will find, if not create, opportunity to find success beyond our wildest dreams.

5. Harmonize Natural Talent With Interest That Motivates
Natural talent creates motivation, motivation creates persistence and persistence gets the job done.

6. Increase Knowledge of Subjects That Inspires
The more we know about a subject, the more we want to learn about it. A self-propelled upward spiral develops

7. Take Risk
Failure and bouncing back are elements of motivation. Failure is a learning tool. No one has ever succeeded at anything worthwhile without a string of failures. A variety of avenues present themselves for future study. First, research should continue to identify the ways in which the processes surrounding intrinsic and extrinsic motivation differ from one another—for example, how do people respond differentially to success and failure as a function of intrinsic vs. extrinsic motivation? As people succeed or fail in their intrinsic and extrinsic strivings, how do people seek and choose alternative paths to satisfy their needs and attain their goals?

Second, boundary effects are likely to be important and are worthy of more study. Perhaps there exist extreme boundaries for the lack of undermining effects; such effects could occur for certain individuals, in certain jobs, in circumstances of extreme extrinsic regulation. Third, more can be done with respect not only to attributions, perceived control, and other aspects of intrinsic motivation, but also with various dimensions of well-being in addition to the job satisfaction studied here. The average workplace is about midway between the extremes of high threat and high opportunity. Motivation by threat is a dead-end strategy, and naturally staffs are more attracted to the opportunity side of the motivation curve than the threat side. Motivation is a powerful tool in the work environment that can lead to employees working at their most efficient levels of production.

VI. Conclusion
Psychologists, experts in human resource management and sociologists have long emphasized the central role played by intrinsic motivation in many social and economic interactions. In particular, they have called attention to the fact that explicit incentive schemes may sometimes backfire, especially in the long run, by undermining agents’ confidence in their own abilities or in the value of the rewarded task. This side of social psychology has been largely neglected by economists. The present paper has shown that these phenomena are often quite rational, and provided a formal analysis that helps reconcile the economic and the psychological views. Several avenues of further research seem particularly interesting. The first one would combine the looking-glass self with the reverse form of signaling, namely self-presentation, in which the agent tries to signal his information to the principal. The second avenue concerns the dynamics of motivation and its “management” in long-term relationships. Third, while our model already accommodates the possibility of altruism, friendship or love, it ought to be extended to allow for asymmetric information about such feelings. As noted earlier, each party would then draw from the other’s behaviour subtle inferences not only about abilities and task characteristics, but also about how much the other cares about him or her. Finally, the analysis should be extended to groups. One hears frequent complaints about workplaces where egos loom large and clash too much to allow a pleasant and cooperative environment. More generally, the interactions between intrapersonal confidence-maintenance strategies, the looking-glass self, and self-presentation raise a fascinating set of questions (e.g. whether these strategies are mutually reinforcing), as well as issues of institutional design.
related to the optimal organization of educational and work environments.

Intrinsic rewards and values appear to operate in ways different from extrinsic rewards and values, and also to differentially affect attributions of intrinsic motivation, perceived control, and satisfaction. Some of the relationships indicate the importance of fit but others were not predicted by fit theory, perhaps identifying boundary conditions for the theory. Of significant practical importance, the widely held belief that extrinsic rewards undermine intrinsic motivation was not disproved, but was clearly unsupported by these methods. The study of intrinsic motivation in the workplace has declined in recent years, despite its continuing importance and influence in the psychological literature. The topic has languished in the common belief that extrinsic rewards undermine intrinsic motivation and, therefore, its positive effects. But the results of this study, in addition to offering some findings regarding P:E fit theory and differences between the two types of motivation, do not validate this belief. Instead, they:

1. Underscore the dangers of extrapolating from laboratory designs with children to adults at work.
2. Highlight another danger, that of accepting generalities without qualifiers (such as the key experimental feature of withdrawn pay, an unlikely event in the workplace).
3. Open the door to rejuvenation, in both method and substance, of the study of the important domain of intrinsic motivation.

References


