

“Value of Intrinsic Rewards as Motivators for Employees”

Dr. Neyara Radwan

Assistant Professor Industrial Department, Faculty of
Engineering, King Abdul-Aziz University, KSA .

ABSTRACT:

Value of intrinsic rewards as motivators for employees in the sector. Intrinsic motivational factors have been found to be significant, in both the presence of an employee bonus scheme and in its absence. This finding of the motivational importance of intrinsic factors is across the whole organisation, irrespective of the quite varying conditions under which employees of the organisation work; and is in support of Jobome who argues that in intrinsic rewards dominate extrinsic. Extrinsic motivators do play a role, but not to the extent that classical agency theory suggests. The findings of this paper support the contentions of Etzioni and Larson, that people are motivated by non-economic rewards. The results indicate that classical agency theory cannot adequately explain the motivation of staff in the sector. In addition, the importance of intrinsic motivators highlights the importance of context in the motivation of staff, and the need for further research into this aspect of motivation. Human behaviour is complex and explanations of motivation need to consider carefully the organisational context it is through the organisation that staff are able to work with clients and witness their successes, achieve a good work/life balance and have fun at work. The results reported in this paper are gained from one for organization and therefore the conclusions must be tentative. However, the findings do indicate the direction of future research.

INTRODUCTION:-

Motivation is a theoretical construct used to explain behavior. It represents the reasons for people's actions, desires, and needs. Motivation can also be defined as one's direction to behavior or what causes a person to want to repeat a behavior and vice versa.^[1] A motive is what prompts the person to act in a certain way or at least develop an inclination for specific behavior.^[2] For example, when someone eats food to satisfy the need of hunger, or when a student does his/her work in school because they want a good grade. Both show a similar connection between what we do and why we do it. According to Maehr and Meyer, "Motivation is a word that is part of the popular culture as few other psychological concepts are".^[3] Wikipedia readers will have a motive (or motives) for reading an article, even if such motives are complex and difficult to pinpoint. At the other end of the range of complexity, hunger is frequently the motive for seeking out and consuming food.

Incentive theories: intrinsic and extrinsic motivation

Motivation can be divided into two different theories known as Intrinsic (internal) motivation and Extrinsic (external) motivation.

Intrinsic motivation

Intrinsic motivation has been studied since the early 1970s. Intrinsic motivation is the self-desire to seek out new things and new challenges, to analyze one's capacity, to observe and to gain knowledge.^[5] It is driven by an interest or enjoyment in the task itself, and exists within the individual rather than relying on external pressures or a desire for reward. The phenomenon of intrinsic motivation was first acknowledged within experimental studies of animal behavior. In these studies, it was evident that the organisms would engage in playful and curiosity driven behaviors in the absence of reward. Intrinsic motivation is a natural motivational tendency and is a critical element in cognitive, social, and physical development.^[6] Students who are intrinsically motivated are more likely to engage in the task willingly as well as work to improve their skills, which will increase their capabilities.^[7] Students are likely to be intrinsically motivated if they:

- attribute their educational results to factors under their own control, also known as autonomy or locus of control
- believe they have the skills to be effective agents in reaching their desired goals, also known as self-efficacy beliefs
- are interested in mastering a topic, not just in achieving good grades

An example of intrinsic motivation is when an employee becomes an IT professional because they want to learn about how computer users interact with computer networks. The employee has the intrinsic motivation to gain more knowledge

Intrinsic motivation and the 16 basic desires theory

Starting from studies involving more than 6,000 people, Professor Steven Reiss has proposed a theory that found 16 basic desires that guide nearly all human behavior intrinsic motivation is the tendency to find challenges, to push to find out for more, explore, and learn as much as possible. It is about reaching the most possible potential as a human being. The 16 basic desires that motivate our actions and define our personalities are:

- **Acceptance**, the need for approval
- **Curiosity**, the need to learn
- **Eating**, the need for food
- **Family**, the need to raise children
- **Honor**, the need to be loyal to the traditional values of one's clan/ethnic group
- **Idealism**, the need for social justice
- **Independence**, the need for individuality
- **Order**, the need for organized, stable, predictable environments
- **Physical activity**, the need for exercise
- **Power**, the need for influence of will
- **Romance**, the need for sex and for beauty
- **Saving**, the need to collect
- **Social contact**, the need for friends (peer relationships)
- **Social status**, the need for social standing/importance
- **Tranquility**, the need to be safe
- **Vengeance**, the need to strike back and to compete

Extrinsic motivation

Extrinsic motivation refers to the performance of an activity in order to attain a desired outcome and it is the opposite of intrinsic motivation. Extrinsic motivation comes from influences outside of the individual. In extrinsic motivation, the harder question to answer is where do people get the motivation to carry out and continue to push with persistence. Usually extrinsic motivation is used to attain outcomes that a person wouldn't get from intrinsic motivation. Common extrinsic motivations are rewards (for example money or grades) for showing the desired behavior, and the threat of punishment following misbehavior. Competition is in an extrinsic motivator because it encourages the performer to win and to beat others, not simply to enjoy the intrinsic rewards of the activity. A cheering crowd and the desire to win a trophy are also extrinsic incentives.

Social psychological research has indicated that extrinsic rewards can lead to over justification and a subsequent reduction in intrinsic motivation. In one study demonstrating this effect, children who expected to be (and were) rewarded with a ribbon and a gold star for drawing pictures spent less time playing with the drawing materials in subsequent observations than children who were assigned to an unexpected reward condition. However, another study showed that third graders who were rewarded with a book showed more reading behavior in the future, implying that some rewards do not undermine intrinsic motivation. While the provision of extrinsic rewards might reduce the desirability of an activity, the use of extrinsic constraints, such as the threat of punishment, against performing an activity has actually been found to increase one's intrinsic interest in that activity. In one study, when children were given mild threats against playing with an attractive toy, it was found that the threat actually served to increase the child's interest in the toy, which was previously undesirable to the child in the absence of threat

Managers in organisations will undertake activities in order to ensure that all employees are doing their job properly and to the best of their ability, to achieve that goals of the organisation. Motivational incentives are put in place to motivate staff to perform to a degree that is expected. According to various theories, motivation may be rooted in the basic need to minimize physical pain and maximize pleasure. This paper will undergo a discussion to evaluate the two sources of motivation in the context of intrinsic and extrinsic rewards and the role they play in organisations in managing performance of staff. One position of the paper argues that extrinsic rewards will be a source of motivation, while the other argues that intrinsic rewards have greater impact, particularly in a non-commercial setting. In the light of these two positions, the focus of the present paper is the motivational effect of intrinsic rewards.

Motivation is to provide a person with a motive to action with positive energy and determination. It's a state of mind that moves one individual into action. The best way to recharge the battery of your motivation is to create desires. An inner drive inherent in all, Motivation plays an important role in intellectual, emotional, and professional success and development. It is also the activation or energization of goal-oriented behavior. Motivation is said to be intrinsic or extrinsic. Intrinsic motivation is a process of arousal and satisfaction in which the rewards come from carrying out an activity rather from a result of the activity that comes from the person themselves. Rewards may be

"intrinsic" therefore provide the individual with opportunity for achievement, challenging responsibilities, opportunity for advancement or opportunity for growth in stature and peer recognition. Each of these must be timely, appropriate, worthwhile, offered sincerely and done in public. Intrinsic motivation tends more to be appetitive, new information arousing a slight interest leading to an appetite for more. Where as in contrast, Extrinsic rewards come from others and are said to be pay, working environment or conditions, status and security with the constant potential for special training, promotion, and pay raises. Experiments have led theorists to believe that extrinsic rewards when associated with outcomes of interesting tasks tend to suppress the operation of intrinsic motivation. It is also believed that if people are paid to do something they would otherwise have done out of interest they will be less likely to do it in future without being paid so therefore there is evidence of reduced motivation. An American psychologist named Herzberg found that accomplishment, challenge, added responsibility, and belonging are the strongest intrinsic rewards in companies. He also showed that intrinsic rewards are stronger than extrinsic rewards, and that extrinsic rewards "zero out" or lead to the expectation of a repeated reward next time and it will become less and less satisfying if not de-motivational.

Frey (1997), whilst essentially concerned with the crowding-out effect extrinsic incentives may have on intrinsic work motivation, suggests that when employees' income rises above subsistence level, they seek meaning in work; that is to say, intrinsic motivation becomes more important. Since employees in the organization that is the subject of this study are not dissatisfied with their pay, it may be inferred that they consider their pay to be above subsistence level; and therefore that intrinsic motivation is likely to be more important to them. According to Ryan and Deci (2000), the term, "extrinsic motivation" is the attainment of a separable outcome from the performance of an activity; whereas "intrinsic motivation" is the performance of an activity for the inherent satisfaction of the activity itself.

and Mitra (1998) argue that money is an important motivator, although the literature indicates that intrinsic rewards are important to staff in sector organisations and that classical agency theory is inadequate to explain the motivation of employees in this sector. Extrinsic rewards, such as monetary bonuses, are incentives provided by others and are external to the recipient. Herzberg (2003) argues that money is a "hygiene factor", and cannot be a source of motivation. However, if the hygiene factor (in this case, pay) is perceived to be inadequate then the employee will be dissatisfied. Intrinsic rewards are personal, "internal" responses, such as satisfaction or pride in an accomplishment.

Vol. 4, No. 3 International Journal of Business and Management. According to Ryan and Deci (2000) fun and challenge are of greater significance to an intrinsically-motivated person than external pressures and rewards. The debate about the influence of extrinsic and intrinsic rewards on motivation appears to be cast in dichotomous terms.

Similarly the research of Marsden and Richardson (1994) found that performance-related pay had limited motivational effects. O'Donnell (1998) found that the attempt to apply performance bonuses to senior officers of the APS did not contribute to an improvement in performance. Also, the OECD (1993) questioned the motivational effects of pay increases and bonuses, particularly for senior public service managers. According to Gaertner and Gaertner (1985), performance appraisals that placed emphasis on the development needs of managers had the potential to increase the performance of the manager. The assimilation of the organisation's demands with one's own values and needs. Gaertner and Gaertner's findings suggest that extrinsic rewards coupled with training or feedback that could assist the individual to improve performance have greater significance than extrinsic rewards alone.

The findings of Gaertner and Gaertner (1985), Dowling and Richardson (1997), Redman et al. (2000) and O'Donnell and Shields (2002) are supported by Frey's (1997) contention that, once pay exceeds a subsistence level, intrinsic factors are stronger motivators; and that extrinsic rewards by themselves are problematic and staff motivation also requires intrinsic rewards such as pride at doing a good job and a sense of doing something worthwhile. People working in the third sector do so despite generally lower pay because they consider the task to be important. Williams (1998) points out that people have different values, motives and perceptions and are not passive recipients who will automatically respond to work systems as management wishes. In keeping with the findings of Etzioni (1988) and Larson (1977), values are considered to be important in the development of an individual's commitment to an organisation.

As Ryan and Deci (2000) state, extrinsically motivated behaviours are the outcome of individuals believing that the activity for which the bonus was received is socially significant, and valued by their colleagues, and leads to a sense of belonging. Thus, the real value of the bonus as a motivator is that it reinforces the intrinsic reward of feeling connected, of having done something worthwhile. The response in the affirmative to the statement, "I am motivated by the achievements of my clients" is particularly indicative of the importance of intrinsic rewards. Most staff reported being motivated by the achievements of their clients, indicating the importance of the mission of the organisation as a source of motivation.

This supports the findings of Holcombe (1995) in the case of the Grameen bank. It also supports the argument of Ryan and Deci (2000), Frey (1997), Etzioni (1988) – who state that individuals may derive utility from non-economic

factors or rewards – and Larson (1977), who argue that serving the public good and control over the work environment can modify the behavior of individuals.

Further, the results support the suggestion made by Brown and Yoshioka (2003) that money is perceived as a means to an end and is a secondary matter to staff since the majority of respondents reported being not dissatisfied with their pay. The apparent predominance of intrinsic motivation in this organisation supports Herzberg's (2003) contention that pay is a "hygiene" factor and not a real motivator; and Jobome (2006), who found that intrinsic rewards dominated extrinsic rewards. This is supported by the findings regarding having fun at work (Schepers et al., 2005), and the importance of the work/life balance. These two statements received considerable support from the survey respondents, which support seriously questions a widely-held belief that extrinsic rewards are the single-most important motivator.

Conclusions

The present study was undertaken to answer the question of the value of intrinsic rewards as motivators for employees in the sector. Intrinsic motivational factors have been found to be significant, in both the presence of an employee bonus scheme and in its absence. This finding of the motivational importance of intrinsic factors is across the whole organisation, irrespective of the quite varying conditions under which employees of the organisation work; and is in support of Jobome (2006) who argues that intrinsic rewards dominate extrinsic. Extrinsic motivators do play a role, but not to the extent that classical agency theory suggests. The findings of this paper support the contentions of Etzioni (1988) and Larson (1977), that people are motivated by non-economic rewards. The results indicate that classical agency theory cannot adequately explain the motivation of staff in the sector. In addition, the importance of intrinsic motivators highlights the importance of context in the motivation of staff, and the need for further research into this aspect of motivation. Human behaviour is complex and explanations of motivation need to consider carefully the organisational context (Jobome, 2006). It is through the organisation that staff are able to work with clients and witness their successes, achieve a good work/life balance and have fun at work. The results reported in this paper are gained from one organisation and therefore the conclusions must be tentative. However, the findings do indicate the direction of future research.

Having looked at both the intrinsic and extrinsic motivation, it could be said that intrinsic motivation is far stronger than extrinsic motivation when it comes to motivate employees in the long run. This is because the intrinsically motivated employees will continue to perform better day after day as long they find the work interesting and satisfied. It doesn't mean that extrinsic motivation should not be used, but this is not the ideal way to long motivate the employees. To say, extrinsically motivated employees will only find what they do to interesting as long as they receive the rewards which can either be positive or negative. And hence in order to motivate them to increase performance, then they will have to be given more rewards than before. If not, they will only be de-motivated. Not only that, but once the employees are given extrinsic rewards they will no longer be intrinsically motivated, but rather depend on rewards to keep them motivated thereafter. That is why it is vital to try and motivate employees intrinsically by trying to explain how it will help them to develop and encouraging them by offering more challenging work, giving responsibility and recognition for the work done etc. This will in turn lead to enhance performance by motivating them to meet the long term success.

Once the basic needs according to Maslow's pyramid are achieved such as physical needs eg: food, water etc, there are some "extra" needs that enables employees to be ready to contribute above and beyond their call of duty.

- e- References –1. <http://www.ukessays.com/essays/management/value-of-intrinsic-rewards-as-motivators-for-employees-management-essay.php#ixzz3RKPnQu4C>
 2. education-portal.com/.../what-is-motivation-in-management-definition-p..
 3. www.cliffsnotes.com > More Subjects > Principles of Management
 4. www.jblearning.com/samples/076373473X/3473X_CH02_4759.pdf
 5. edis.ifas.ufl.edu/hr017
 6. www.businessdictionary.com/definition/motivation.html
