

Exploring managerial perspectives in defining intrinsic and extrinsic motivation in enhancing employee engagement within the IT sector

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Abstract

The prime motive of this paper is to scrutinize the driving force of Internal and external motivation and its influence on employee engagement. To determine employee

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engagement in an organization lot of studies have been conducted by many researchers with factors like job satisfaction, employee commitment, and employee performance. With the best knowledge of the authors, only a few studies have been conducted about the influence or connection between employees' drive to work and their level of engagement in their tasks. Both employee engagement and motivation have equal importance in the workforce since both are directed towards the performance of an individual. The study aims to assess how intrinsic and extrinsic motivation affect and correlate with employee engagement. in the IT sector with special reference to Chennai city.

Subject Classification: 13-XX, 62- Statistics.

Keywords: Employee motivation, Intrinsic motivation, Extrinsic motivation, Employee engagement.

1. Introduction

The workforce fosters the growth of every country, which acts as a great driving factor in improving the economy, Motivation acts as a catalyst for every organization in engaging the employees. Two widely known categories of motivation are Intrinsic motivation and Extrinsic motivation(1). Organizations can employ a combination of intrinsic factors and extrinsic motivation factors as an aid to measure the level of employee motivation in the workplace as it acts as the major determining factor of employee engagement. Without a proper understanding of the concept of employee motivation, an organization's effect in creating a dynamic work environment will not serve its purpose(2). Every individual is motivated in a different way (3), and they have a tendency to develop a perception towards motivation of different types of employees throughout the world varies according to the responses of influencing variables(4)Work motivation is counted as a key asset for an organization's success (5) Numerous studies conducted over the years have revealed the factors that impact work-related behaviors. "The primary factor examining this aspect is motivation, as it explains why individuals do what they do" (6). Based on literature work from different authors it is evident that employee motivation can be used as a tool for engaging employees in the workforce. Nowadays the workforce has become highly competitive hence the organization must comprehend the concept of motivation, beyond motivation they have also figured out the need to engage the workforce for better performance (7).

1.1 Objectives Of The Study

1. To study the relationship that exists among intrinsic motivation factors and extrinsic motivation factors and their influence on employee engagement.
2. To develop a model to depict factors influencing employee engagement through intrinsic and extrinsic motivation.

2. Literature Review of The Study

This article primarily explores the concept of motivation, followed by an examination of the two categories of motivation, intrinsic and extrinsic, in the context of employee engagement.

2.1 Motivation

Motivation has been defined as a psychological force that acts as a stimulus for goal-directed actions, thoughts, and behaviour in a complex way in an organization(8). Motivation is an energetic force among every individual employee, which determine their working behaviour and define the direction, intensity, and duration(9). This motivation serves as the driving force behind one's involvement in a task or job(10). Motivation can be categorized under so many factors; level, kind, degree, and intensity which plays a crucial role in analyzing motivated and not-motivated individuals(11). It is a key competitive advantage for an organization when an employee is motivated towards organizational goals, motivated employees are considered as a challenging resource of the organization(12). Understanding the process of motivation is essential to develop a dynamic workforce that aids the employees to give their best.

2.2 Intrinsic Motivation

Initially, the intrinsic motivation concepts were studied in the early 1970s. Individuals experience pleasure and satisfaction by doing any activity inherently referred to as intrinsic motivation(13). Intrinsic motivation involves an inherent desire to explore novel experiences and challenges, to evaluate one's capabilities.(14)Enjoying the Psychological or inherent satisfaction of doing any activity is called Intrinsic motivation(11). Effective work-life initiatives have proven to be instrumental in bringing satisfaction to employees, which, in turn, serves as a powerful motivator, driving them to give their best to the organization(15). "Intrinsic motivation

is actually a complex neurophysiological activity wherein an individual goes through an intense psychological process that stems from inherent feelings" (16). In general, intrinsic motivation mainly influences the psychological characteristics of employee engagement(17)

2.3 Extrinsic Motivation

One more popular concept to motivate employees in the workforce is external motivation. As the name signifies this particular type of motivation influences employees through the forces derived from external factors(18). Extrinsically motivated employee performance relies on the desirable outcome. Extrinsic motivation mostly appears in the form of tangible or materialistic ways, such as; Monetary benefits, and bonus promotional aspects. These external factors act as an instrument to generate a desirable outcome from an employee.

2.4 Employee engagement

Employee engagement represents a concept that emphasizes the employee's Zeal, enthusiasm, and level of dedication towards work. These behaviours elevate an individual emotional state where a person's perception of the organization's goal is engrossed in work(19). It is a prominent fact to consider that engaged employees accord with the organization's goal when they believe that their contribution is counted (20). Successful organizational performance is the outcome of an engaged workforce (21). Identifying the needs and factors motivating employee engagement is considered to be a vital way to keep an employee engaged.

2.5 Gap Analysis

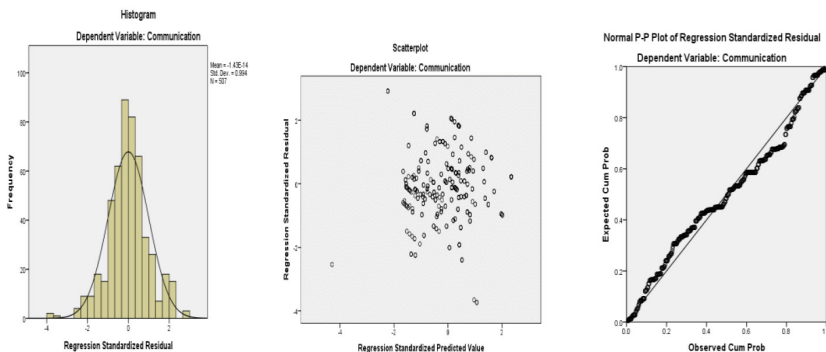
Based on the literature review it has been found that several factors contribute towards effective employee engagement and leading to motivation. However, this particular study focuses on exploring the dynamic link between intrinsic and extrinsic motivation over employee engagement, organizations should recognize the ways in which they can leverage both intrinsic and extrinsic motivation to establish a conducive work environment. These factors need to be balanced while recognizing the individual needs of employees, this can foster a workplace that is highly motivated and deeply engaged. Thus, this has been identified as a research gap and a study has been undertaken. By studying the role of both internal and external motivation in shaping employee engagement. organizations can gain a better understanding of what drives employee

behaviour and focus more on that aspect of motivation. It can help organizations to develop more effective employee engagement strategies, thereby improving employee performance and productivity, which can reduce turnover and improve retention rates, thus creating a more positive work culture.

3. Methodology

The study was conducted in the IT sector in Chennai city. A sample comprising of 200 employees were obtained through the use of convenient sampling technique. The research has been directed towards the respondents belong to workforce entered in the past decade. Questionnaires were distributed among employees who were born between the years 1992-2001. The collected data were analyzed through Correlation and Regression analysis. To provide a supporting model as a shred of evidence for the hypotheses, SEM was used. The measurement of the variable was taken from various prior studies based on a literature review.

3.1 Charts for Skewness of Normal Distribution



Source: Primary Data

4. Result and Discussion

Reliability:

The reliability of the variables was assessed with Cronbach's alpha, a value of > 0.7 is considered indicative of reliability.

Table 4.1
Reliability Analysis

S. No	Variable	Number of items	Cronbach's Alpha
1	intrinsic motivation Factors	6	0.83
2	extrinsic motivation Factors	5	0.82
3	Employee engagement Factors	12	0.82
	Reliability of the study	23	0.836

As shown in the above table the reliability value of the study ranges between 0.83 and 0.82. Based on the gathered data, the study exhibits an overall reliability score of 0.836. The Cronbach's value is above the threshold limit of 0.70. Hence the data is reliable.

Table 4.2
Demographic Profile of The Respondents

Demographic Profile	Category	Number. Of Respondents (N=200)	Percentage
Gender	Male	104	52
	Female	96	48
Age Group	21-25	27	14
	25 to 28	115	58
	28 to 31	58	29
Marital Status	Married	96	48
	Unmarried	104	52
Education	Undergraduate	96	48
	Post-graduation	76	38
	Professional	11	5
	Diploma	2	1
	Doctorate	15	8
Experience	Fresher	4	2
	1 to 3 years	74	37
	3 to 6 years	78	39
	6 to10 years	43	22
	Above 10 years	1	1
Designation	Operational level	112	56
	Supervisory level	64	32
	Managerial level	24	12

Contd...

Monthly Income	<25000	58	29
	25001-50000	87	44
	50001-100000	45	23
	Above 100000	10	5

Source: Primary data

For the purpose of the study, a structured questionnaire was designed and circulated among the respondents Table 4.2 depicts the demographic profile of the respondents. The study was conducted among young generation employees of Chennai city who fall within the age group of 21 to 31. Respondents who fall between 21-25(14%), 26 - 28(57%), Above 29-31(29%). The percentage of male respondents who participated in the study account for (52%) and female respondents (48%) of respondents are married and (52%) of them are unmarried. Regarding educational qualification, the majority population has done under-graduation (48%), followed by post-graduation with (38%). Respondents hold various years of experience in the present workforce, fresher (4%), 1-3 years (37%), 3-6 years (39%), 6-10 years (22%), and the respondents who have more than 10 years of experience is the least percentage which is (1%). When it comes to designation operational level stands first with (56%) the supervisory level with (32%), and finally the managerial level with (12%). The income slab of the respondents falls under 25,000 (29%), 25001-50000 (44%), 50001-100000 (23%), and Above100000(5 %).

Table 4.3

Karl Pearson's Correlation Coefficient Between Employee Motivation And Employee Engagement

VARIABLES	Intrinsic motivation	Extrinsic motivation	Employee Engagement
Intrinsic motivation variables	1	-.133	.053
Extrinsic motivation variables		1	.622**
Employee Engagement variables			1

Source: Primary Data

Notes: ** correlation is significant at 1% level

Inference:

Values depicted in Table 4.3 above show that there is a substantial positive correlation between Extrinsic motivation and employee engagement. The correlation coefficient between intrinsic motivation and

extrinsic motivation is (0.133) which indicates a $(-0.133^2=0.017)$ negative relationship and it is not significant at 1% level. correlation between extrinsic motivation and employee engagement is .622 which indicates $(0.622^2 = 0.38)$ 38% At 1% Significance level the association between extrinsic motivation and employee engagement is observed to be high with a positive correlation.

4.4 Regression Analysis

Table 4.4

Predictor Variables for Employee Engagement among Extrinsic Motivation and Intrinsic Motivation

Model	R	R square	Adjusted R square	F value	P value
1	.637 ^a	.406	.400	67.254	.000 ^b

Model	Unstandardized Coefficient		Standardized Coefficient	T Value	P Value
	B	SE of B	Beta		
(Constant)	18.952	3.160		5.998	.000**
Intrinsic motivation	.275	.111	.138	2.486	.014*
Extrinsic motivation	1.230	.106	.640	11.558	.000**

Source: Primary Data

Dependent Variable: Employee Engagement

NOTES:

** significance at 1% level.

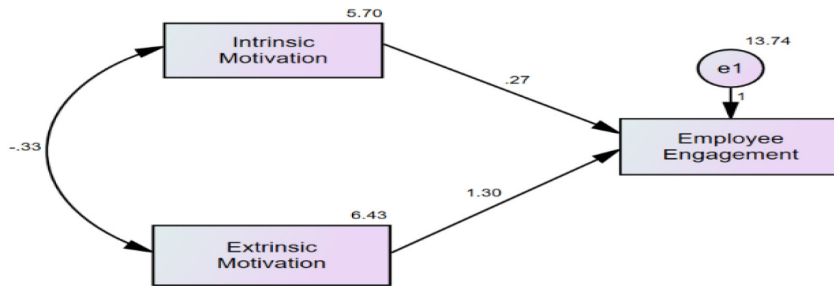
* significance at 5% level.

Inference:

Linear regression analysis has been applied for inspecting the developed hypothesis. Factors based on intrinsic and extrinsic motivation that exert an impact on employee engagement have been considered as a dependent variable. The outcome of the linear regression analysis has been presented in the above Table 4.4, it has been observed at 1% significance level the adjusted R-value is 0.406 and the associated F value is 67.254. This shows the regression model is fit and the following equation explains the model:

Employee Engagement = constant (18.952) + Intrinsic motivation (2.486) + Extrinsic motivation (11.558) From the regression equation, it can be inferred that the Intrinsic motivation and extrinsic motivation factors positively influence Employee Engagement. From the beta value, it can be

inferred that a unit increase in Intrinsic motivation and extrinsic motivation increases Employee Engagement by 0.275 units and 1.230 units respectively.



Source: Primary Data

Figure 4.1

Variables In The Structural Equation Model Analysis (SEM)

Figure 4.1 Structural Equation Model Based on Unstandardised Coefficient on Employee Motivation Impact on Employee Engagement.

Table 4.5
Regression Weights

Dependent variable		Independent Variables	Estimate	S.E.	C.R.	P	Label
Employee_Engagement	<---	Intrinsic_motivation	.275	.110	2.498	.012	par_1
Employee_Engagement	<---	Extrinsic_motivation	1.230	.106	11.616	***	par_2

Source: Primary Data

Inference:

From the above Table 4.5, it can be observed that both intrinsic motivation (par_1) and extrinsic motivation (par_2) are statistically correlated with employee engagement. The estimate for intrinsic motivation is 0.275 with a standard error (S.E.) of 0.110, resulting in a critical ratio (C.R.) of 2.498 and a p-value of 0.012. The estimate for extrinsic motivation is 1.230 with a standard error of 0.106, resulting in a critical ratio of 11.616 and a p-value denoted as "***", indicate high statistical significance. The values from the model reveal that both internal and external motivation are positively related to employee engagement, with

extrinsic motivation Proving the existence of a stronger relation as evidenced by its higher estimate and critical ratio, thus the model shows a good fit. Hence the null hypothesis is rejected as the P value is below 0.01 indicating a substantial influence of EXTRINSIC MOTIVATION on employee engagement.

Table 4.6
Model Fit Indices

Goodness of Fit Index	Results	Suggested values
Chi-square	.135	P-value >0.05
Df	2.237	≤ 5.00
CFI	.992	>0.90
GFI	.995	>0.90
AGFI	.949	> 0.90
NFI	.986	≥ 0.90
IFI	.992	Approaches 1
TLI	.950	≥ 0.90
PGFI	.165	Within 0.5

Source: Primary Data

Table 4.6 depicts the fit indices that satisfy the benchmark value in order to prove the goodness of fit of the developed model.

4.8 Discussion

The workforce as it stands today comprises individuals from diverse generational backgrounds with their own distinct perspectives, values, and work preferences. The study underscores a significant association among intrinsic and extrinsic motivation with a stronger correlation observed between extrinsic motivation and employee engagement. Understanding the impact of both internal and external motivational factors on employee engagement is crucial for an organization seeking to cultivate an environment that fosters purpose, autonomy, recognition, and equitable compensation. The findings of the study indicates that extrinsic motivation plays a more influential role when compared to intrinsic motivation in driving employee engagement. Organizations can implement innovative strategies to contribute to the holistic physical and psychological welfare of the workforce. Recognition and rewards operates in the capacity of powerful motivators, as individuals inherently desire acknowledgment

for their contributions. Promotions are efficacious aspects of extrinsic motivation thus; organizations can further stimulate motivation by providing skill development programmes that benefit both employees and the organization. To formulate enhanced approaches for extrinsic motivation, organizations might as well adopt contemporary workforce concepts such as the competitive salary structures and comprehensive benefits packages encompassing health insurance, retirement plans, office amenities and other perks that align with industry standards. The range of rewards, such as monetary benefits, gift cards, workplace perks, flex-time, hybrid schedule, project milestone rewards or company merchandise can be diversified which in turn ensures that employees have choices that cater to their individual preferences. These pragmatic strategies when implemented promotes enhanced employee engagement, fostering a proficient and incentivized workforce.

5. Conclusion

The correlation between employee motivation and engagement is a robust and well-documented phenomenon (22). This study unequivocally affirms that both intrinsic and extrinsic motivation play pivotal roles in influencing and shaping employee engagement. Thus, extrinsic motivational factors appear to exert more substantial influence compared to intrinsic ones. Organizations must grasp the critical importance of striking a harmonious equilibrium between these dual drivers of motivation to nurture the thriving workforce (23). This balance is the key to unlock the potential of employees and to foster a dynamic high-performing organization. Building a symbiotic relationship between employee engagement and motivation acts as a driving force behind productivity, dedication, and motivation, which serves as the propellant fueling a profitable and successful workforce. When organizations effectively harness both intrinsic and extrinsic motivators, they tend to achieve enhanced employee engagement, resulting in a more motivated and productive workplace.

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