



Do intrinsic and extrinsic motivation relate differently to employee outcomes?



Bård Kuvaas^{a,*}, Robert Buch^b, Antoinette Weibel^c, Anders Dysvik^a, Christina G.L. Nerstad^b

^a BI Norwegian Business School, Nydalsveien 37, 0484 Oslo, Norway

^b Oslo and Akershus University College of Applied Sciences, Pilestredet 35, 0166 Oslo, Norway

^c Institute for Leadership and Human Resource Management, Dufourstrasse 40a, 9000 St. Gallen, Switzerland

ARTICLE INFO

Article history:

Received 22 August 2016

Received in revised form 2 May 2017

Accepted 19 May 2017

Available online 20 May 2017

Keywords:

Intrinsic motivation

Extrinsic motivation

Self-determination theory

Work performance

Employee well-being

ABSTRACT

In most theories that address how individual financial incentives affect work performance, researchers have assumed that two types of motivation—*intrinsic* and *extrinsic*—mediate the relationship between incentives and performance. Empirically, however, *extrinsic* motivation is rarely investigated. To explore the predictive validity of these theories of *intrinsic* and *extrinsic* motivation in work settings, we tested how both *intrinsic* and *extrinsic* motivation affected supervisor-rated work performance, affective and continuance commitment, turnover intention, burnout, and work–family conflict. In the course of three studies (two cross-sectional and one cross-lagged) across different industries, we found that *intrinsic* motivation was associated with positive outcomes and that *extrinsic* motivation was negatively related or unrelated to positive outcomes. In addition, *intrinsic* motivation and *extrinsic* motivation were moderately negatively correlated in all three studies. We also discuss the theoretical and practical implications of the study and directions for future research.

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Practitioner points

- The most important practical implication of our findings is that organizations should address *intrinsic* and *extrinsic* motivations as separate motives. With respect to the employee outcomes we have investigated, organizations should focus on increasing employees' *intrinsic* motivation. Our findings do not imply that increasing *extrinsic* motivation is advantageous to either individuals or organizations.
- It is important that employees are invited to participate in decision-making, that managers listen to them and are able to take their perspectives, that employees are offered choices within structures, and that they receive both positive feedback when they take initiative and nonjudgmental feedback when they have problems.
- Organizations should proceed with caution when applying coercive controls such as close monitoring, contingent tangible incentives and comparing employees to each other, but have competitive base pay levels.

* Corresponding author.

E-mail addresses: bar.d.kuvaas@bi.no (B. Kuvaas), robert.buch@hioa.no (R. Buch), antoinette.weibel@unisg.ch (A. Weibel), anders.dysvik@bi.no (A. Dysvik), christina.nerstad@hioa.no (C.G.L. Nerstad).

1. Introduction

In the last 10 years, intrinsic motivation—or motivation without money—has become a fashionable topic in business magazines. In this practice-oriented literature (e.g., Pink, 2011), authors have alleged that intrinsic motivation is linked to various positive outcomes such as work engagement, task identification, positive affect, and employee productivity in a context in which traditional, top-down incentive systems have seemingly reached their limits. Hence, for practical reasons, it is necessary to distinguish between intrinsic and extrinsic motivation (Pinder, 2011). Intrinsic motivation is defined as the desire to perform an activity for its own sake, so as to experience the pleasure and satisfaction inherent in the activity (Deci, Connell, & Ryan, 1989). Extrinsic motivation, in contrast, is typically defined as the desire to perform an activity with the intention to attain positive consequences such as an incentive or to avoid negative consequences such as a punishment (Deci & Ryan, 2000). In the current study, to highlight the most relevant source of extrinsic motivation in the domain of work (Gerhart & Milkovich, 1992), we conceptualize and measure extrinsic motivation as the degree to which work motivation is contingent on the existence of tangible incentives. Most employers try to increase employees' intrinsic motivation (for instance, by providing job autonomy and constructive feedback, by highlighting the importance of the work tasks, or by providing competitive base wages) while also providing incentives intended to increase extrinsic motivation through salient incentives that are contingent on performance or results. Thus, although intrinsic and extrinsic motivation can operate simultaneously, extant research also suggests that either intrinsic or extrinsic motivation is predominant (Gagné & Deci, 2005; Weibel, Rost, & Osterloh, 2010). The question we raise in the current study is about the consequences when employees are more or less concerned about their pay vis-a-vis their tasks as they work.

Despite more than 40 years of research on the relationship between intrinsic and extrinsic motivation and on their differing effects on employee outcomes, important questions remain unanswered about the relationship between the two types of motivation and their respective roles and outcomes. On a more general level, there is an ongoing and somewhat politicized debate about whether these two types of motivation both have positive effects or whether they relate negatively and have differential effects. Historically, the majority of motivation researchers seemed to expect that both would have positive effects and that the two types of motivation could be combined. Porter and Lawler (1968) for instance, drawing on expectancy theory (Vroom, 1964), proposed that intrinsic and extrinsic motivation jointly and positively predicted work performance and employee well-being. Behavioral modification theorists also proposed (and demonstrated meta-analytically) that the combination of tangible and intangible incentives can have a synergistic effect on performance (Stajkovic & Luthans, 2003). The implicit assumption is that extrinsic motivation aroused by tangible incentives is positively related to intrinsic motivation aroused by intangible incentives (such as social recognition). Other researchers, however, have argued that the two main types of motivation are more likely to be negatively related. For instance, a meta-analysis of 128 laboratory experiments (Deci, Ryan, & Koestner, 1999) concluded that tangible incentives undermined intrinsic motivation; this suggests that the association is negative. According to Deci and Ryan (2008), "If the effect of the extrinsic reward had decreased intrinsic motivation, it would indicate that the two types of motivation tend to work against each other rather than being additive or synergistically positive" (2008, p. 15). In a similar vein, a growing number of studies in the field of behavioral economics have provided evidence for a crowding-out effect: Tangible incentives and punishments have been shown to reduce individuals' willingness to perform a task for its own sake (e.g., Bowles & Polanía-Reyes, 2012; Frey, 1993; Frey & Jegen, 2001).

Despite this often-fierce debate between the opposing positions, very few researchers have stringently tested how extrinsic motivation and intrinsic motivation relate, as extrinsic motivation is rarely measured. It is not sufficient to assume that tangible incentives necessarily induce extrinsic motivation, and, without empirical data on extrinsic motivation, this account remains speculative. Furthermore, most of these findings are based on experiments that cannot be extrapolated to real-world compensation systems or to the organizational field as a whole, as the effects that real-life compensation systems have on need satisfaction—and, hence, on intrinsic and extrinsic motivation—are highly variable and inconclusive (Gagné & Forest, 2008). In a recent meta-analysis, Cerasoli, Nicklin, and Ford (2014) reported a stronger positive association between intrinsic motivation and performance when incentives were only indirectly tied to performance than when incentives were directly tied to performance. Although such meta-analytic findings may clarify the previously controversial question of how extrinsic incentives relate to intrinsic motivation, the relationship between extrinsic motivation and intrinsic motivation remains unclear.

Furthermore, we lack knowledge on the relative contributions that intrinsic and extrinsic motivation make to employee outcomes. A growing number of studies have demonstrated the hidden costs of tangible incentives. Such incentives can lead to fixed mind-sets (McGraw & McCullers, 1979), unbalanced preoccupations with those tasks that are rewarded (Kerr, 1975; Wieth & Burns, 2014), impaired health and safety in the workplace (Johansson, Rask, & Stenberg, 2010), work stress (Ganster, Kiersch, Marsh, & Bowen, 2011), and high turnover among salespeople (Harrison, Virick, & William, 1996). However, researchers have limited knowledge about whether extrinsic motivation actually mediates such effects. In addition, although there are some empirical studies demonstrating that intrinsic motivation has a positive association with affective commitment (Kuvaas, 2006) and negative associations with both turnover intention (Dysvik & Kuvaas, 2010) and burnout (Fernet, Guay, & Senécal, 2004), we do not yet know whether such relationships change when both types of motivation are tested concurrently. Hence, in this study, we aim to increase the knowledge of how extrinsic and intrinsic motivation relate to various employee outcomes.

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