



Exploring Intrinsic and Extrinsic Factors That Affect Employee's Motivation: A Case Study of Banking Industry

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Abstract: The purpose of this study was to determine the factors of Motivation. Intrinsic and Extrinsic factors of motivation were identified. And their relationship with employee motivation was analyzed. For this study, descriptive analysis technique was used, in which data was collected from the banking industry. A sample of 215 individuals were selected from the population. For the selection of sample, convenient sampling technique was used. During this technique data was collected from those employees of the banking industry who assessable. The data was collected through questionnaire, which was made for the study. The collected data was then analyzed through SPSS software, where different analysis was run on the data. For this study, demographic analysis was used in order to find the demographics of the respondents, descriptive analysis was run to analyses the normality of the data and inferential analysis was used to test the hypothesis of the study. the results of the data were presented in the form of tables and graphs. The findings showed that both the intrinsic and extrinsic factors have significant relationship with employee level of motivation.

Keywords: Motivation, Employees, Intrinsic and Extrinsic Factors

1. Introduction

Mudar and Tokon (2011)[1], stated that because of highly competitive environment, every organization is seeking to be successful as much as possible. Regardless of market and size, every organization is struggling to grip the best and competitive employees, admitting their important role and their positive effect on effectiveness and efficiency of the organization. For the sake of overcoming the challenges, every organization should build a positive and strong relationship with the employees and must ensure that the employees are having satisfaction in their jobs [2]. Organizations follow different strategies to compete in exceedingly competitive environment, to achieve their goals and objectives and to enhance their effectiveness and efficiency. However, just a few of the organizations think that the human capital as their important resource, prepared for the driving the organization towards progress or if not managed rightly can prompt to failure for the organization and also can lead to staff turnover[2].

Managers are confronted with the duty of employees' motivation and also making their employees highly satisfied. In order to satisfy the employee and to motivate them, managers needs to develop policies and programs that needs energy and time. At the time when managers comprehend the rewards of motivating in the working atmosphere, the investment in policies concerned with employee will be easily advocated. With having the situation that the workers are not contented with the occupation and are not roused to fulfill their activities and achieve their goals and objectives, organization that cannot reach success.

Each worker has its motivational features and factors which keep them motivate to accomplish their work professionally and with effectiveness. Recognition can be the motivational factor for some employees

while for others, rewards can serve as the motivational factor. Organizations should be aware of the needs and requirements of the individuals. According to the literature, everyone has different standards and values and the motivational factors of one individual cannot necessarily serve as the motivational factors of another individual. Some individuals can be motivated by formal status and can enjoy recognition, other individuals like a reward in monetary terms even some feel motivated by knowing that they have role stability. Therefore, management should understand that what are different motivational factors and how they are related to the individuals in order to enhance the capability of the employees and to maintain their performance. Even though the means through which motivation is essential to choose worker's capability, there are different factors, for case, the resources supplied to execute her/his activity. Consequently, different motives can serve as the factors of motivation for efficient performance of the individual. For example, two individuals doing similar tasks can both be efficient and successful for different motives and reasons. One sales representative may have been convinced through incentives made on contracts, meanwhile for someone else, sales target can be the concern. This creates a well modification in the subject of motivation to improve individual performance can differ from individual to individual[3]. Thought, determination of the motivational factors of individual and what are the ways to motivate them have been researched extensively. But still there is limitation of evidence that what are different intrinsic and the extrinsic factors of motivation and how they impact employee's motivation especially within the banking industry. Therefore, the present study explored different extrinsic and the intrinsic factors that impact motivation of employees in the banking industry.

2. Literature Review

2.1. Definition of Motivation

Numerous researchers had attempted to characterize motivation and it's a very much contemplated field which has established in numerous scholastic disciplines, for example education, economics, sociology, psychology and political science. Numerous specialists have defined motivation in the area of psychology as the psychological powers of the individual that decide, controls and keeps up the situated practices which comprise of the two arrangements of external and internal factors[4]. Numerous authors stated that motivation comprises of two significant elements; extrinsic and the intrinsic factors. As per the theory of self-determination proposed by [5], two kinds of motivation exist that are extrinsic and the intrinsic factors of motivation that impact the execution of responsibilities of the individuals inside an association.

2.2. Extrinsic Factors that affect Employee Motivation

This type of motivation regards to tangible rewards like fringe, pay, benefits, coworkers, personal life, job security supervision and work conditions. The plethora of the literature suggests the following shows extrinsic factors of motivation. Not anybody work without compensation and nor anybody should do. Everyone works for benefits, salaries and payments, and every employee want that the employers for whom they are working feel this desire. The plethora of the research has suggested the rewards given to the individuals motivate the individuals and cause them to work more productively [6]. The motivational level of the employees is also inclined by the working atmosphere and its quality. Both the physical of characteristics and equal to which it hows work effectively. While a contented bodily setting is linked with worker inspiration, the association is not just as solid as the connotation amid motivation and administrative conduct[7]. Environment of the work has a vital part meanwhile it effects worker motivation. Workforces are linked with a contented bodily working condition that will eventually deliver additional hopeful motivational level.

A decent administrative association is a significant issue in developing worker level of motivation. Those workers who perform to uphold decent association with their workforces display the subsequent manners: support the occupation related difficulties, consciousness of worker problems, decent statement, and consistent response about the presentation so that workers continuously recognize wherever they stand. Staffs need to have contribution into choices that mark them, to sense significant and esteemed. Opportunities of promotion affect employee motivation considerably. The wish for preferment is usually high amongst workforces because it includes alteration in content of the occupation, salary, accountability, individuality and position between other employees. A typical worker in a distinctive administrative organization can have the chance to hope to get promotion two or three times in his whole career, however probabilities of upgradation are improved in private area or sector. It is not an amazement that the workers take advancement as the eventual accomplishment in their whole occupation and when it is comprehended, he or she feels tremendously contented[8].

2.3. Intrinsic Factors that affect Employee Motivation

This type of inspiration is a kind of wish of the employee to accomplish the duties and work in such a manner to get the fulfillment of intrinsic needs. It can be said that, an individual has a responsibility keeping in mind the end goal to achieve several kinds of inward conditions, that he or she happenstances as distinguishing motivation recognizes psychological benefits, like, the gratification of an assignment completed. Prizes, benefits and acknowledgment are the important features in advancement of workers employment fulfillment and their inspiration in work that is straightforwardly related to the accomplishment of the organization. [9], carried an examination and in that study, he examined the association between recognition and the acknowledgment and workers inspiration in the banks located of Pakistan. This study focused on different four kinds of prizes one of which was acknowledgment that he analyzed with Pearson analysis. The conclusions confirmed that acknowledgment corresponds overall (0.65) with worker motivation level.

Kalpana (2013) [10] guaranteed that in assessment of fairness in organization, people initially assess the quantity of their commitment (contribution) to the succeeding monetary or reward (yield) and after that the contrast the amount and the referent others. Getting the similarly both of excessively (overcompensation) and little (under-pay) is assessed as unfair treatment, as stated by equity theory. Training makes opportunities for employee's development and improves their vision and aptitudes for effective growth. Prepared and trained employees are more propelled with their activity when associated with untrained workforces. These preparation programs decidedly raise employees' progression that is valuable for abilities. As indicated by Lai (2011)[11], participation of employees may upgrade inspiration and profession fulfillment through allocation of power, and prolonged duty. Herzberg' theory indorses that characteristic work factors, for example, duty held by worker and abilities improvement may expand work fulfillment[11].

Based on the above discussion the following hypotheses have developed for the study;

H1: Monetary Compensation significantly impacts Employee's Motivation.

H2: Work Environment significantly impacts Employee's motivation.

H3: Good Managerial Relations significantly impacts Employee's Employee motivation.

H4: Promotion Opportunities significantly impacts Employee's Employee motivation.

H5: Employee Recognition significantly impacts Employee's Employee motivation.

H6: Fairness of Treatment significantly impacts Employee's Employee motivation.

H7: Training and Development significantly impacts Employee's Employee motivation.

H8: Responsibility significantly impacts Employee's Employee motivation.

3. Research Methodology

3.1. Research Design

After studying about different kind of research designs, it was recognized that descriptive design of research is much suitable for this research. The reason behind is that this study aims to know that what are the factors of motivation and how these factors are related to motivation. For this reason, data was collected and analyzed and that is why descriptive design of research was adopted for this study.

3.2. Population, Sample and Sampling Techniques

For the current study banking industry was selected as the target population for data collection. Data was collected from the employees of public and private sector Banks. For the current study, Non-probability sampling technique was selected. Convenient sampling technique was adopted for the current study because all the participant meets the criteria of the research. So, based on convenient sampling technique, total of 215 employees were selected as a sample from the Managerial and the Non-managerial staff of private and public Banks.

3.3. Measurement Tool

The questionnaire was segmented into two parts. The first part of questionnaire was structured to gather data about the demographics like age, gender and education of the respondent. While second part intended to measure the variables of the study for analysis. A total of 250 questionnaires were distributed among the employees of the private and public sectors Banks. Out of 250 questionnaires only 215 questionnaires were selected to include in the study.

4. Analysis

4.1. Descriptive Analysis

The descriptive analysis comprises of descriptive statistical techniques. This analysis measures the central tendency and the dispersion of the given data that is collected from the respondents of the study.

4.1.1. Intrinsic Factors

The maximum value, minimum value, standard deviation, mean, kurtosis and skewness for the intrinsic factors are given in the table below;

Table1: Intrinsic Factors

	Min.	Max.	Mean	S. D	Skewness	Kurtosis
Intrinsic Factors	1.34	5.00	3.42	0.682	0.234	-.732

The above table shows the values for intrinsic factors. According to the table the mean value was 3.42 which is above 3, which indicates that the respondents of the questionnaire were impartial and neutral and were unbiased towards the agreeableness of the questions asked in the questionnaire. Similarly, the table shows that the value of standard deviation is 0.682. as the value is above 0.6, it indicates that the normal distribution of the data. According to the above table the minimum value for intrinsic factors in the questionnaire was 1.34 and the maximum value was 5.00. As, the values are within the range of 1 and 5 for minimum and maximum respectively, this indicates that the data was correctly entered. Also, the value of skewness i.e. 0.23 and the value of kurtosis i.e. -.732 shows the normal distribution of the data.

4.1.2. Extrinsic Factors

The maximum value, minimum value, standard deviation, mean, kurtosis and skewness for the Extrinsic factors are given in the table below;

Table2: Extrinsic Factors

	Min.	Max.	Mean	S. D	Skewness	Kurtosis
Extrinsic Factors	1.03	5.01	3.78	0.622	0.08	0.454

The above table shows the values for extrinsic factors. According to the table the mean value was 3.78 which is above 3, which indicates that the respondents of the questionnaire were impartial and neutral and were unbiased towards the agreeableness of the questions asked in the questionnaire. Similarly, the table shows that the value of standard deviation is 0.622. as the value is above 0.6, it indicates that the normal distribution of the data. According to the above table the minimum value for intrinsic factors in the questionnaire was 1.03 and the maximum value was 5.01. As, the values are within the range of 1 and 5 for minimum and maximum respectively, this indicates that the data was correctly entered. Also, the value of skewness i.e. 0.08 and the value of kurtosis i.e. 0.454 shows the normal distribution of the data.

4.1.3. Employee Motivation

The maximum value, minimum value, standard deviation, mean, kurtosis and skewness for the Employee motivation are given in the table below;

Table 3:Employee Motivation

	Min.	Max.	Mean	S. D	Skewness	Kurtosis
Employee Motivation	1.80	5.03	3.56	0.698	-0.619	1.322

The above table shows the values for employee motivation. According to the table the mean value was 3.56 which is above 3, which indicates that the respondents of the questionnaire were impartial and neutral and were unbiased towards the agreeableness of the questions asked in the questionnaire. Similarly, the table shows that the value of standard deviation is 0.698. as the value is above 0.6, it indicates that the normal distribution of the data. According to the above table the minimum value for employee motivation in the questionnaire was 1.80 and the maximum value was 5.03. As, the values are within the range of 1 and 5 for minimum and maximum respectively, this indicates that the data was correctly entered. Also, the value of skewness i.e. -0.619 and the value of kurtosis i.e. 1.322 shows the normal distribution of the data.

4.2. Correlation Analysis

Correlation analysis is called statistical technique which shows the relationship among the study variables. Correlation analysis is run between the independent variable and the dependent variable of the study. The results of the analysis are shown in the following sections.

4.2.1. Correlation Between Intrinsic Factors and the Employee Motivation

The following table shows the results of the analysis.

Table 4: Correlation between Extrinsic factors and Employee Motivation

Variables	1	2	3	4	5
1. Employee Motivation	1				
2. Monetary Compensation	.54*	1			
3. Work Environment	.23*	.10**	1		
4. Good Managerial Relations	.39*	.21**	.27*	1	
5. Promotion Opportunities	.46*	-.10**	.38*	-.21**	1

*p< .05.**p< .01.

The above table shows the correlation analysis between the Extrinsic factors and employee motivation. The correlation coefficient values are given which shows the association among the variables. The value of correlation coefficient between Monetary compensation and Employee Motivation is 0.54, which shows that a significant positive relation exists between both the variables. The value also shows that the relation between the variables is strong. Similarly, the value of correlation coefficient between work environment and employee motivation is 0.23, which shows that a positive relation exists between the variables, and the relation between them is weak. Likewise, the correlation coefficient between Good managerial relations and Employee Motivation is 0.39, showing a moderate positive relation between the given variables. And finally, the value of

correlation coefficient between Promotion opportunities and Employee motivation i.e. 0.46 shows that a significant positive relationship exists between both the variables and that the relationship is strong.

4.2.2. Correlation Between the Intrinsic Factors and the Employee Motivation

The succeeding table shows the results of the analysis

Table 5:Correlation between Intrinsic factors and Employee Motivation

Variables	1	2	3	4	5
1. Employee Motivation	1				
2. Employee Recognition	.32	1			
3. Fairness of Treatment	.12	.33**	1		
4. Training and Development	.41*	.49**	-.27*	1	
5. Responsibility	.22*	-.19**	.11*	.31**	1

*p< .05.**p< .01.

The above table illustrates the relationships that exists among the variables of the study. The correlation coefficient values are given which shows the association among the variables. The correlation coefficient value between Employee recognition and employee motivation is given as 0.32, this value shows that there is a positive relationship between both the variables and that the relation is moderate. Similarly, the value of coefficient between Fairness of treatment and employee motivation is 0.12, showing that a positive relation exists between the variables. The value also depicts that the relation between the variable is weak. Likewise, the value of coefficient between the Training and development and Employee motivation is 0.41, which shows a positive strong relationship between both the variables. Finally, the value of coefficient between Responsivity and employee motivation, which is .22, shows that the relation between both the variables is positive and moderate.

4.3. Regression Analysis

Regression analysis was also run in this study. Regression analysis is used to find that the level of change that one variable is causing in other. In the following sections the regression analysis for both intrinsic factors and extrinsic factors are given separately.

4.3.1. Regression Analysis for Extrinsic Factors and Employee Motivation

The below table depicts the Model summary for the regression analysis between Extrinsic factors and employee motivation.

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate	Durbin-Watson
1	0.681	0.469	0.448		0.46677	1.883

Table 6:Model summary 1

The above table shows the model summary of the regression analysis between the Extrinsic factors and motivation. The value of R² shows that how much independent variable predicts the dependent variable of the

study. according to the given information the value of R^2 is 0.46, which means that the intrinsic factors predicts 46 percent variation in employee motivation.

Similarly, the following table represents ANOVA, which depicts the good fitness of the study model.

Model	Sum of the Squares	Df	Mean Square	F	Sig.
Regression	18.770	5	3.766	17.155	.000
Residual	20.578	93	0.229		
Total	39.338	98			

Table 7: ANOVA 1

a: Predictors: monetary compensation, work environment, good managerial relations and promotion opportunities

b: Dependent Variable: Employee motivation.

The above table shows that the value of regression is less than the value of the residual, and the value of F is 17.15 which shows the good fitness of the study model to describe the relationship.

The value of beta for all the variables is shown in the table below;

Table 8: Coefficient

Model	Unstandardized Coefficients		Standardized Coefficient	T	Sig.
	B	Std. Error	Beta		
(constant)	1.371	.517		2.652	0.009
Monetary Compensation	.281	.085	0.316	3.300	0.001
Work Environment	.121	.071	0.138	2.011	0.018
Good Managerial Relations	.114	.089	0.124	2.191	0.019
Promotion Opportunities	.200	.082	0.201	2.455	0.016

a. Dependent Variable Employee motivation

The above table depicts the Beta value for all of the study variables i.e. monetary compensation, Work environment, Good managerial relations and promotion opportunities. When the value of t is higher at the level of significance ($< .05$) it would show that the variable is contributing more to the dependent variable i.e. Employee motivation. The table shows that the value of t is highest for monetary compensation which is significant at 0.001. Thus, it means that monetary compensation contributes more to employee motivation. Similarly, the value of beta for work environment, good managerial relations and promotion opportunities are 0.138, 0.124 and 0.201 respectively, which shows significant relationship and contribute to employee motivation.

4.3.2. Regression Analysis for Intrinsic Factors and Employee Motivation

The below table depicts the Model summary for the regression analysis between Intrinsic factors and employee motivation.

Table 9: Model Summary 2

The above table shows the model summary of the regression analysis between the Intrinsic factors and

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate	Durbin-Watson
2	0.601	0.392	0.386	0.43077	1.913

motivation.

The value of R^2 shows that how much independent variable predicts the dependent variable of the study. according to the given information the value of R^2 is 0.386, which means that the intrinsic factors predicts 38 percent variation in employee motivation. Similarly, the following table represents ANOVA, which depicts the good fitness of the study model.

Table 10: ANOVA 2

a: Predictors: Employee Recognition, Fairness of Treatment, Training and Development and Responsibility

Model	Sum of the Squares	Df	Mean Square	F	Sig.
Regression	17.980	5	3.671	17.023	.000
Residual	19.870	91	0.218		
Total	37.85	96			

b: Dependent Variable: Employee motivation.

The above table shows that the value of regression is less than the value of the residual, and the value of F is 17.023 which shows the good fitness of the study model to describe the relationship.

The value of beta for all the variables is shown in the table below;

Table 11:Coefficient 2

Model 2	Unstandardized Coefficients		Standardized Coefficient		Sig.
	B	Std. Error	Beta	T	
(constant)	1.362	.543		2.652	0.009
Employee Recognition	.193	.085	0.203	2.365	0.019
Fairness of Treatment	.142	.071	0.153	2.012	0.018
Training and Development	.243	.089	0.301	3.241	0.001

Responsibility	.212	.082	0.300	2.431	0.016
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a. Dependent Variable: Employee motivation

The above table depicts the Beta value for all of the study variables i.e. Employee Recognition, Fairness of Treatment, Training and Development and Responsibility. When the value of t is higher at the level of significance ($< .05$) it would show that the variable is contributing more to the dependent variable i.e. Employee motivation. The table shows that the value of t is highest for Training and Development which is significant at 0.001. Thus, it means that monetary compensation contributes more to employee motivation. Similarly, the value of beta for Employee Recognition, Fairness of Treatment and Responsibility are 0.203, 0.153 and 0.300 respectively, which shows significant relationship and contribute to employee motivation. The following analysis leads to the acceptance of the proposed hypothesis of the study.

5. Discussion

5.1. Extrinsic Factors and Employee Motivation

This study concluded that the extrinsic factors of motivation i.e. Monetary Compensation, the Work Environment, the Good Managerial Relations and Promotion Opportunities have a positive relationship with the employee level of motivation. These are those kinds of factors that originate external from the work or job. A study conducted by [6] also analyzed in his research that work environment is extrinsic factor of motivation and has an impact on employee level of motivation. The reason behind this is that in a good working environment the employees feel more satisfied, do their jobs wholeheartedly and feel confident. As indicated by [7], the administrators have the duty of creating a good motivating environment to make the individuals feel satisfied and motivated. Further, it was argued that the extrinsic factors have a significant role in persuading the employees of the organization. [8] also indicated that extrinsic factors have a relation with the employee motivation level, and that the managers should keep the employees motivated by focusing on such factors.

5.2. Intrinsic factors and Employee motivation

The research recognized the gratitude of workers by the association. By studying the literature, it was identified that Employee Recognition, the Fairness of Treatment, their Training and Development and Responsibility are some of the intrinsic factors influencing employee motivation. This study concluded that these factors were having a positive relation with the employee motivation. As indicated in a study by [9], training and development are the factors which motivate the employee towards better performance. Similarly, [10] argued that the managers should give priority to factors like fair treatment and training and development to make a good working condition for the employees of the organization.

5.3. Recommendations

Organizations must grow the significance of extrinsic and intrinsic factors of motivation for the better performance of the employees. The managers should acknowledge the position of extrinsic factors of motivation and should consider these factors when making strategies for employee motivation. Addressing the extrinsic factors can be costly for the organization but looking to the importance of these factors, they must be given importance. Similarly, the importance of intrinsic factors should also be acknowledged. The organization should motivate their employees through the intrinsic factors like fairness of treatment and training and development. In future, it is recommended that research should be done in different sections. Also, the different other intrinsic and extrinsic factors should be explored in order to extend the area of study.

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