

## *The Impact of Intrinsic and Extrinsic Rewards on Employee's Performance*

**Ramya. T<sup>1</sup>**

Research Scholar,  
Department of Management studies,  
Urumu Dhanalakshmi College,  
Kattur, Tiruchirappalli- 620 019 – India

**Kaliyamurthy. K<sup>2</sup>**

Associate Professor and Head, Department of Economics  
& Research advisor in Management,  
Urumu Dhanalakshmi College,  
Kattur, Tiruchirappalli- 620 019 – India

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**Abstract:** *The purpose of the study is to analyse the influence of intrinsic and extrinsic reward motivation of employees in Anand engineering Pvt. Ltd, Tiruchirappalli, Tamil Nadu, India. The schedule was used for collecting data related to study. The sample of the study is 50 employees working in the study area. Statistical tools used for analyzing the data are chi-square test and one way ANOVA test. Result of the study shows that there is no relationship between personal details (Age, Monthly Income, Educational Qualification) and each factors of (Intrinsic Reward: Empowerment, Recognition, Challenging Task, Appreciation Extrinsic Reward: Pay/Salary, Fringe Benefit, Bonus, Promotion) of the study.*

**Keywords:** *Intrinsic Reward, Extrinsic Reward.*

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### I. INTRODUCTION

Motivation is a factor that brings a driving force on our actions and work. According to Baron (1983), motivation is an accumulation of different processes which influence and direct our behavior to achieve some specific goal. It is such a today's dynamic environment that explicitly creates and encompasses a positive impact on job. Within an organization, the best performance is feasible with most committed employees that can only be achieved through employee motivation.

Extrinsic Motivators are the sources of need to satisfaction the associated with tangible rewards Such as pay, promotion, working conditions, physical surroundings, job security, are not determined by the individual but determined by the organizational. Intrinsic Motivators are the sources of need to satisfaction, the drive from the individual relation to the job itself and it involves job factors which reward the needs of the individual to reach his aspirations and an example are achievement, recognition, responsibility, advancement. Employees motivation is a device to make the employees energetic and persistence on their work organization goals are easily achieved. From the related literatures the researcher identified some employees' motivational factors Self-Efficacy, Reward, Intrinsic, Extrinsic, Empowerment are implemented by the organization for achieving the , Goal setting by the organization (Ramya 2017).

Bruzelius and Skärvad (2004) investigate that the employees motivated in the work is more effective and more supportable to the values and goals of the organization, they need to get compensation through rewards. The reward structure should be encourage the skilled employees to stay within the organization and for increasing the motivation, productivity and commitment to the organization. (Brickley et al, 2002) Motivation is one of the most important factors on issues related to human resources management (HRM) and organizational behavior management (Latham, 2007). Koestner & McClelland (1990), make a research and found that intrinsic motivation has led to the conclusion and that will be greatest under conditions that foster feelings of challenge, competence, and self-determination.

## II. REVIEW OF LITERATURE

**James L.Perry, Lyman W,Porter (2005)** found a theoretical framework to analysis and understand about the motivational concept of public organisation. The researcher compare the public and private employees on work environment, job and the factors affecting external organizational factors. Hight light of the study is four mativational technical tools used to found the efficacy of motivation goal setting, Monetary incentives, job design, and participation are discussed. Agenta is prepared for future research work related to this topic to measure the performace, goal, and job Security for the employees.

**Vinay Chaitanya Ganta (2014)** found that most of the employees are feel good on their job and performance because of the satisfaction in their motivational need. The researcher fined that some of them are motivated through Money and others are motivated through reward, recognition. Motivation creates direct impact on the productivity. Employee motivation is mostly affected by the leaders and managers of the organization. Employer has to know very well about their employees. Employer have to use different tactics for satisfying the employees basic needs and wants for improving the employees performance and productivity of the employees.

**Ishita Chatterjee, Manaswini Chattopadhyay (2015)** examined the impact of bank employees motivational factors and job satisfaction. The researcher has focused and found out whether there is a significant relationship between the employees of public and private sector banks. The wisdom of intrinsic and extrinsic motivational factors and job satisfaction occurring between the employees of public and private bank employees. Sample size is 30 from public and 30 from private bank. The random sampling is used to select the sample. For analysis the researcher used statistical tools mean, t-test, standard deviation and correlation. As a result researcher found that there is a significant relationship between intrinsic and extrinsic motivation on public and private banks. The tools used for analysis show that there is a significant correlation between intrinsic and extrinsic motivational factors and job satisfaction.

**Sami Setayesh ,Javad Nargesian (2016)** analysed the effect of leadership style, job motivation and demography of employees in oil products Distribution national company in Urmia. The methodology used is correlational descriptive and questionnaire. Research sample of the study is 180 employees of oil products Distribution national company in Urmia taken for Cochran Test. Tools used for the analysis is Kologorov-smirnov test and regression. Enabling, Structure oriented and self-management approaches are the three leadership approach have the effect of employee motivation.

## III. OBJECTIVES OF THE STUDY

- ✓ To study the profile of the employees.
- ✓ To Study the effect of intrinsic and extrinsic rewards on employees performance.

## IV. HYPOTHESIS OF THE STUDY

**H1:** There is no significant association between Age of the respondent and Intrinsic and Extrinsic reward

**H2:** There is no significant association between educational qualification and Intrinsic and Extrinsic reward

**H3:** There is no significant variation between the monthly income of the respondents and their Intrinsic and Extrinsic reward

## V. RESEARCH METHODOLOGY

The present research is the empirical test of the study. The methodology used for carrying out the present study is survey and design methods are used for descriptive in nature. The survey is conducted among the employees of Anand Engineering Pvt. Ltd., Tiruchirappalli, Tamil Nadu, India. The aim of the study is to identify the relationship between intrinsic and extrinsic reward and employees' performance. The research is focused on the employees of Anand Engineering Pvt. Ltd., Tiruchirappalli, Tamil Nadu, India. The universe of the study comprised of 500 employees. Simple random sampling method is used 10% i.e., 50 employees were selected randomly for the study. A structured survey tool was developed by 5 point scale for collecting the

necessary information for the study. The researcher coded and scored the schedule for the data collection. The scores entered are used for analysis in SPSS. Chi-Square, ANOVA, Frequency test was done for analyzing association and difference between the dependent and independent variable of the present study.

## VI. ANALYSIS AND INTERPRETATION

**Table 1: Demographic Profile of the respondents**

Demographic Profile	Particulars	Frequency	Percentage
Age	18 - 30 Years	37	74.0
	31 - 40 Years	8	16.0
	41 - 50 Years	3	6.0
	51 Years & above	2	4.0
Educational Qualification	10th	14	28.0
	12th	11	22.0
	ITI	6	12.0
	Diploma	19	38.0
Monthly Income	Below 10000	34	68.0
	10001-15000	11	22.0
	15001 and above	5	10.0
<b>Total (N)</b>		<b>50</b>	

- ❖ **Age:** Majority of the respondents 37 (74%) of them are belong to the age group of 18 to 30 Years, 8 (16%) of them are belongs to the age group of 31 to 40 Years, 3 (6%) of the respondent are belongs to the age group of 41 to 50 Years, 2 (4%) of the respondents are belongs to the age group of 51 Years and above.
- ❖ **Educational Qualification:** concerning the educational Qualification 19(38%) of the respondents are belongs to Diploma category, 14 (28%) of the sample respondents are belonging to 10<sup>th</sup>, 11 (22%) of the respondents are belongs to 12<sup>th</sup>, 6 (12%) of the respondents are belonging to the ITI category.
- ❖ **Monthly Income:** majority of 34 (68%) of the respondents draw monthly income of below 10000/-pm, 11(22%) of the respondents draw monthly income between Rs.10001-15000/-pm, 5(10%) of the respondents draw monthly income of 15001 and above/- per month.

### Hypothesis: 1

**Null Hypothesis (H<sub>0</sub>):** There is no significant association between age of the respondents and their Intrinsic and extrinsic reward.

**Alternative Hypothesis (H<sub>1</sub>):** There is a significant association between age of the respondents and their Intrinsic and Extrinsic reward.

**Table.2 Association between Age of Respondents and their Intrinsic and Extrinsic Rewards**

Theme	Chi Square Value	Degrees of Freedom	Asymp.Sig. (2-sided)
Pay/Salary	2.808	3	.422 (NS)
Promotion	1.443	6	.963 (NS)
Fringe Benefit	.359	3	.949 (NS)
Bonus	.359	3	.949 (NS)
Appreciation	3.025	6	.806 (NS)
Challenging Task	7.125	9	.624 (NS)
Recognition	.359	3	.949 (Ns)

The Table.2 reveals that there is no significant association between age of the respondents and Intrinsic and Extrinsic reward provided by the organization, since the calculated value is greater than the table value ( $p > 0.05$ ).

**Findings:** There is no significant association between Age of the respondent and intrinsic and extrinsic reward. Hence the formulated null hypothesis is accepted and alternative hypothesis is rejected.

**Hypothesis: 2**

**Null Hypothesis (H<sub>0</sub>):** There is no significant association between Educational Qualification of the respondents and their Intrinsic and extrinsic reward.

**Alternative Hypothesis (H<sub>1</sub>):** There is a significant association between age of the respondents and their Intrinsic and Extrinsic reward.

**Table.3 Association between Educational Qualification of Respondents and their Intrinsic and Extrinsic Rewards**

Theme	Chi Square Value	Degrees of Freedom	Asymp.Sig. (2-sided)	Significant Inference
Pay/Salary	1.516	3	.679	0.05<.679 (NS)
Promotion	10.261	6	.114	0.05<.114 (NS)
Fringe Benefit	7.483	3	.058	0.05>.058 (Sig)
Bonus	7.483	3	.058	0.05>.058 (Sig)
Appreciation	13.243	6	.039	0.05>.039 (Sig)
Challenging Task	12.850	9	.170	0.05<.170 (NS)
Recognition	7.483	3	.058	0.05>.058 (Sig)

The Table.3 reveals that there is no significant association between Educational Qualification of the respondents and the intrinsic and extrinsic reward provided by the organization, since the calculated value is greater than the table value (p>0.05).

**Findings:-** There is no significant association between the Educational Qualification of the respondents and Intrinsic and Extrinsic Rewards except Fringe Benefits, Bonus, Appreciation and Recognition. Hence the formulated null hypothesis is accepted and the overall finding is that there is no significant association between Educational Qualification of the respondent and Intrinsic and Extrinsic Rewards.

**Hypothesis 4**

**Null Hypothesis (H<sub>0</sub>):** There is no significant variation between the monthly income of the respondents and their Intrinsic and Extrinsic Reward.

**Alternative Hypothesis (H<sub>1</sub>):** There is a significant variation between the monthly income of the respondents and their Intrinsic and Extrinsic Reward.

**Table: 4 Variation between the monthly income of the respondents and their Intrinsic and Extrinsic Reward**

ANOVA						
Intrinsic and Extrinsic Rewards		Sum of Squares	df	Mean Square	F	Sig.
Pay/Salary	Between Groups	.308	2	.154	.228	.797 NS
	Within Groups	31.692	47	.674		
	Total	32.000	49			
Promotion	Between Groups	.416	2	.208	.228	.797 NS
	Within Groups	42.804	47	.911		
	Total	43.220	49			
Fringe Benefit	Between Groups	.284	2	.142	1.833	.171

	Within Groups	3.636	47	.077		NS
	Total	3.920	49			
Bonus	Between Groups	.638	2	.319	1.833	.171 NS
	Within Groups	8.182	47	.174		
	Total	8.820	49			
Appreciation	Between Groups	.217	2	.108	.160	.853 NS
	Within Groups	31.863	47	.678		
	Total	32.080	49			
Challenging Task	Between Groups	2.136	2	1.068	1.244	.298 NS
	Within Groups	40.344	47	.858		
	Total	42.480	49			
Recognition	Between Groups	2.553	2	1.276	1.833	.171 NS
	Within Groups	32.727	47	.696		
	Total	35.280	49			

From the above table 5, is inferred that in one-way ANOVA, the total variation is partitioned into two components, between groups represents variation of the group means around the overall mean and within groups represents variation of the individual scores around their respective group means; significance indicates the significance level of the F-value. Small significance value (<.05) indicates group difference. From the above table is inferred that the significance level is observed to be greater than 0.05. Hence, null hypothesis is accepted by inferring that “**there is no significant variance observed between the educational qualification of the respondents and their Intrinsic and Extrinsic Reward of the study area**”.

## VII. FINDINGS OF THE STUDY

- ❖ **Age:** Majority of the respondents 37 (74%) of them are belong to the age group of 18 to 30 Years, 8 (16%) of them are belongs to the age group of 31 to 40 Years, 3 (6%) of the respondent are belongs to the age group of 41 to 50 Years, 2 (4%) of the respondents are belongs to the age group of 51 Years and above.
- ❖ **Educational Qualification:** concerning the educational Qualification 19(38%) of the respondents are belongs to Diploma category, 14 (28%) of the sample respondents are belonging to 10<sup>th</sup>, 11 (22%) of the respondents are belongs to 12<sup>th</sup>, 6 (12%) of the respondents are belonging to the ITI category.
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### Hypotheses Findings:

- ❖ **H1:** There is no significant association between Age of the respondent and Intrinsic and Extrinsic reward.
- ❖ **H2:** There is no significant association between educational qualification and Intrinsic and Extrinsic reward.
- ❖ **H3:** There is no significant variation between the monthly income of the respondents and their Intrinsic and Extrinsic reward.

## VIII. CONCLUSION

The purpose of the present study is to identify the impact of intrinsic and extrinsic reward on employee's motivation in Anand Engineering Pvt, Ltd. Tiruchirappalli, Tamil Nadu. The objectives and hypotheses of the study is framed on the above basic and the sample were selected on simple random sampling the sample of the study is 50 employees. A questionnaire was used to collect relevant data to the study. Statistical tools were used for analysis the data collected. Tools used for analyzing the data are chi-square and ANOVA. This study examined that intrinsic and extrinsic reward were playing very important role on employee's motivation. Overview of the present study is showing that employees' age, educational qualification and monthly income were plays an important role in connection, the intrinsic and extrinsic reward on employee's motivation. The results of the study shows that there is no significant association with the intrinsic and extrinsic reward on employee's motivation, there is

no significantly variation in their intrinsic and extrinsic reward on employee's motivation in Anand Engineering Pvt, Ltd. Tiruchirappalli, Tamil Nadu. Therefore it is concluded that the respondents are differ in their perception about the intrinsic and extrinsic reward on age, educational qualification, and monthly income of the employees of the industries.

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