

A Study on the effect of Intrinsic and Extrinsic Employee Motivation on Organisational Commitment with respect to IT Sector

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Abstract: Organizational commitment is an important element for organizational survival. Studies have shown that commitment has a large impact on the successful performance of an organisation. This is because a highly committed employee will be able to identify with the goals and values of the organization, will have a stronger desire to belong to the organization and is willing to display greater organizational commitment. If human resources are said to be an organization's greatest assets, then committed human resources should be regarded as an organisation's competitive advantage. Employee commitment enhances job performance. An important predictor of this type commitment is motivation, which motivates employees to spend time and energy in the organization contributing to the success of the organisation. Because of this fact, there is a growing interest in understanding the relationship between motivation and commitment. There is plenty of research done on the topics involving motivation and commitment but research on linkages between different forms of motivation and different foci of commitment are hardly investigated. This paper will analyze the concept of organizational commitment, what it means and its relevance to organisation. The paper will also analyse the effect of Intrinsic and Extrinsic Employee Motivation on Organisational Commitment with respect to IT Sector

Design/Methodology/Approach: The Study will be a secondary research that will make extensive use of Literature Review by studying existing valid information on the effect of intrinsic and extrinsic motivation on organisational commitment

Keywords: Organisational Commitment, Intrinsic Motivation, Extrinsic Motivation

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I. Introduction

Commitment plays a very important role in retaining the employees in the organisation. Commitment majorly depends on the activities performed and role of the employee in the organisation. Employees are said to be more productive and display great zeal of enthusiasm when they are committed to the organisation. Committed employees have a sense of belongingness towards the organisation and are less likely to leave the organisation. These employees have a strong desire to stay with the company. These employees identify with the organisational goals, they feel that they fit into the organisation and are satisfied with their work. Motivation plays a major role in satisfying employees. Highly motivated employees are likely to provide a high commitment, feel less pressurised with work and thus love their job. Unmotivated employees will often contribute to high employee turnover, absenteeism, performing poorly at work place and certain other negative factors that may contribute to organization . Since most of the IT sectors today are focusing on employee retention, employee commitment plays a major role in employee retention. Employee commitment can be enhanced through motivation. Hence it is important to analyse how intrinsic and extrinsic motivation can lead to employee organisational commitment. This paper examines the effect of Intrinsic and Extrinsic Employee Motivation on Organisational Commitment with respect to IT Sector

II. Literature Review on Organisational Commitment

According to Anderson and Weitz (1992) and Morgan and Hunt (1994), "Commitment is a long-term relational perspective [that] encourages parties to resist the short-term benefits offered by other [companies] in favor of the benefits associated with remaining in a relationship"

Employee Commitment is categorised into three levels. One of the levels is called affective commitment level. If an employee falls within the affective commitment level, they identify with the organisation and are emotionally attached to their organization so much so that they remain with the organisation because they want to. They develop a kind of emotional attachment towards the organisation. (Pepe, 2010). If an employee falls within the continuance commitment level, they remain with the same

organisation for a longer time because they are aware of the expenses connected with leaving, so they choose to remain not because they want to, but because they are obligated to stay. (Pepe, 2010). Finally, if an employee exhibits normative commitment, they opt to stay with an organization, not because they want to stay, or because they are obligated to stay but it's alternatively because they feel they ought to (Meyer & Allen, 1991 as cited in Pepe, 2010).

Meyer and Allen have developed a three-component model of organizational commitment which has become the dominant model for study of workplace commitment. Allen and Meyer (1990) has used a quantitative methodological approach. They have used Likert seven point rating scales which ranges from strongly disagree to strongly agree. The sample size selected were non-unionized fulltime employees at two manufacturing firms and a university. In the first study, 256 completed surveys were collected. In the second study, 337 completed surveys were collected from non-unionized full-time employees at a hospital, a retail department store, and a university library. The three component organizational commitment model is referred to as a basis for understanding organizational commitment.

Meyer and Allen's (1991) seminal work, which displays organizational commitment as a psychological state which is composed of three organizational commitment forms, has significantly contributed to the body of knowledge on the topic of commitment. Meyer and Allen had the aim to "aid in the synthesis of existing research and to serve as a framework for future research" (p. 61). The three component organizational commitment model is often referred to as a basis for understanding organizational commitment. Other research studies compare results against or in parallel with results obtained from the three component organizational commitment model.

Intrinsic Motivation:

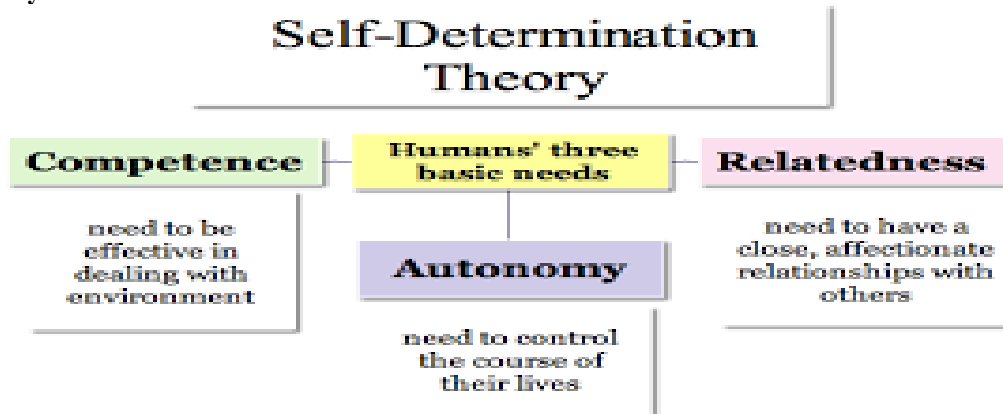
Intrinsic motivation occurs when we enjoy an activity or see it as an opportunity to explore, learn, and actualize our potentials. Intrinsic motivation involves engaging a person in a behavior because it is personally rewarding for him; it is essentially, performing an activity for its own sake rather than the desire for some external reward.

Examples of actions that are the result of intrinsic motivation include:

- Participating in a sport because you like sports and find the activity enjoyable
- Solving a word puzzle because you find the challenge fun and exhilarating
- Playing a game because you find it very exciting to play

In each of the above circumstances, the person's behaviour is motivated by an internal desire to participate in an activity for its own sake rather than the desire for some external reward.

Deci and Ryan identified three needs that lead to intrinsic motivation:



Extrinsic Motivation:

Extrinsic motivation occurs when we are motivated not because of the inner desire but we are motivated by extrinsic rewards. One could also perform a particular task to avoid punishment. People who are extrinsically motivated will continue to perform an action/task even though the task might not be in and of itself rewarding. A person who works in a manufacturing position, for example, might perform a wide variety of routine tasks that are not enjoyable. He performs because he is receiving an extrinsic reward (a paycheck or some kind of benefit) for completing these tasks, he or she will feel motivated to perform them.

Examples of behaviors that are the result of extrinsic motivation include:

- Studying because you want to get good grades in the exam

- Cleaning your room to avoid being punished by your parents
- Participating in a sport to win awards or certificates
- Competing in a contest to win a scholarship through the contest
- Completing a project before the deadline because the employee gets some incentives for it

In each of the above examples, the behaviour is motivated by a desire to gain a reward or a benefit or to avoid an adverse outcome.

III. Literature Review on Work Motivation

Employee commitment is an important element in increasing job performance. An important predictor of this type commitment is motivation, which motivates employees to spend time and energy in the organization. Because of this, there is a growing interest in understanding the relationship between motivation and commitment.

Motivation can be “defined as purposeful behavior that is ultimately directed toward [a] fundamental goal.” which “may be measured in terms of individual difference in covarying categories of behaviors and interest” (**Bernard, Mills, Swenson & Walsh, 2005, p. 129**).

Work Motivation “is the steering of human activity towards a desired objective by means of motives generated internally in a person or in his or her environment, on the basis of his or her needs” (**Peklar & Bostjancic, 2012, p. 57**).

IV. Literature Review on Intrinsic and Extrinsic Motivation

Luthans (1998) refers to motivation as the management process of influencing behaviour based on the knowledge of what makes people tick. Motivation can be divided into two forms which is intrinsic and extrinsic motivation (**Ryan & Deci, 2000**). Intrinsic motivation refers to the degree whereby employees is motivated to perform well because of some subjective rewards or feelings that they expect to receive or experience as a result of performing well (**Lawler, 1969**). Meanwhile, extrinsic motivation refers to the motivation to work primarily in response to something apart from the work itself, such as reward, recognition, and benefits (**Amabile, Hill, Hennessey & Tighe, 1994**). Working motivation is a set of internal and external forces that initiate work-related behaviours and determine the form, directions, intensity, and duration (**Pinder, 1998**). Likewise, **Mowday, Steers and Porter (1979)** stated that motivation functions as an important predictor of organisation commitment. In addition, both intrinsic and extrinsic motivation were among the most important motivating factors for employees (**Wong, Siu & Trang, 1999**). Hence, they would both enhance the employees motivation leading to greater organisational commitment

Intrinsic Motivation “refers to a desire to work primarily because the work itself is interesting, challenging and satisfying to the person...” (**Cantania & Randall, 2013, p. 32**).

Extrinsic Motivation occurs when an employee “performs an activity with the intention of attaining some separable consequence, such as receiving an award, avoiding guilt, or gaining approval” (**Deci, Ryan, & Williams, 1996 as cited in Dysvik & Kuvaas, 2013, p. 413**).

(**Mowday, Steers & Porter, 1979**) in his research says that Motivation acts as an important predictor of commitment. He says it motivates employees to spend time and energy in the organization. Because of this, there is a growing interest in understanding this relationship between motivation and commitment.

Burton and Thakur (1995) in their research have highlighted the role of managers in motivating the employees. He has suggested that a manager’s primary task is to motivate his subordinates to perform the task of the organization at high levels. He must device a strategy to get his subordinates to come to work regularly and sincerely, to work hard, and to make positive impact towards the effective & efficient achievement of organizational objectives.

Ample research in the area of relationships between work motivation and organizational commitment has been conducted over the past few years (**Warsi, Fatima & Sahibzada, 2009; Ingram, Lee & Skinner, 1989**). Warsi, Fatima and Sahibzada (2009) in their study indicated that the work motivation is strongly positive associated with organizational commitment among the private sectors employees of Pakistan.

Tella, Ayeni and Popoola (2007) and **Darolia, Kumari & Darolia (2010)** highlighted the fact that in order to increase employees’ work motivation and job satisfaction, leaders should give them challenging task with additional responsibility and authority. This ultimately will increase their job performance within the organization. However, there is a scantiness of research focus on relationships between intrinsic motivation and organizational commitment in Malaysia private universities academics. Research has shown that both intrinsic and extrinsic motivations will result in organisational commitment and are related to organizational commitment.

Benefits of Organisational commitment:

(Meyer & Herscovitch 2001, 299) state that When the employee is committed to an organization, there can be so many many positive outcomes for individual as well as for the organization itself. Organisational commitment has the potential to influence employee’s well-being and enhances the sense of belongingness towards the organisation

In addition, it has shown to increase employee’s job satisfaction (Vandenberg and Lance 1992 in Shahid & Azhar 2013, 253). Organization can benefit of committed employees in wide variety of ways. In a wide scale they have the potential to influence organization’s effectiveness (Meyer & Herscovitch 2001, 299). Employees are less likely to leave the organization reducing the turnover (Allen & Meyer 1990, 1).

Equally important, Shahid and Azhar (2013, 253) state that committed employees can often make things work even without very good systems and are key for higher productivity in the organizations.

Organizational commitment should result in improved relationships among the employees and should enhance the performance of the organization (Rylander 2003, 142). Especially affective organizational commitment has been shown to correlate positively with the measures of organizational performance (Wright, Gardner, Moynihan & Allen 2005, 431). In their study Wright et al. used six measures of performance. The six measures were workers compensation, quality, shrinkage, productivity, operating expenses and profitability. There was strong correlation between all of these measures of organizational performance and affective organizational commitment. (Wright et al. 2005, 426–431.)

After conducting meta-analysis of the studies conducted on organizational commitment Mathieu and Zajac (1990) found consequences of organizational commitment to be related to job performance and withdrawal behavior, such as intention to search for alternatives, intention to leave and turnover (Mathieu & Zajac 1990, 174). Therefore, not only employees will manage their work better but also they are less likely to leave the organization.

Research Gap:

Employee commitment is a crucial element to increase job performance. An important predictor of this type commitment is motivation, which motivates employees to spend time and energy in the organization. Because of this fact, there is a growing interest in understanding the relationship between motivation and commitment. Despite plenty of research on the subjects of motivation and commitment, linkages between different forms of motivation and different foci of commitment are hardly investigated. Specifically research on intrinsic motivation and extrinsic motivation and its influence on organisational commitment has barely been discussed. Therefore it is necessary to specifically examine the influence of both intrinsic and extrinsic motivation on organisational commitment.

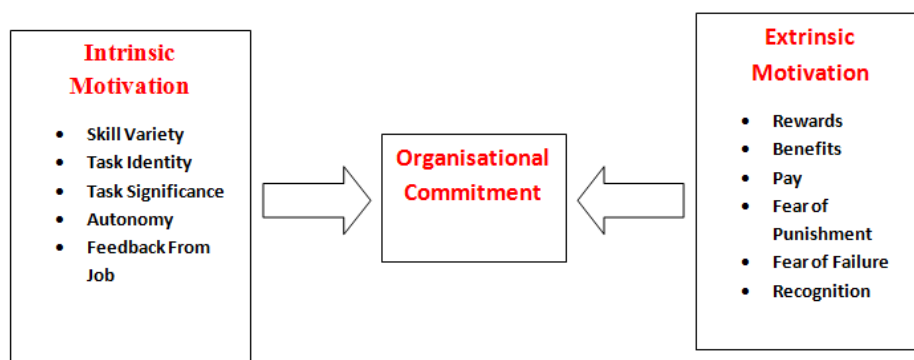
Observation:

On completing an extensive secondary research and literature review, the following conclusions can be made.

1. There is a direct relationship between Motivation and Organisational Commitment
2. Intrinsic Motivation has a direct positive relationship with organisational commitment
3. Extrinsic Motivation has a direct positive relationship with organisational Commitment
4. The roles of extrinsic motivation and intrinsic motivation were both considered important in increasing the organisational Commitment
5. It is also observed that employees with high level of Commitment will be more responsible at work and hence will be able to show good performance levels

This clearly indicates that there is a direct relationship between Intrinsic Motivation, Extrinsic Motivation and Organisational Commitment and this has been illustrated in the conceptual model

Conceptual Model:



V. Conclusion

In conclusion, organisational commitment is important to keep employees productivity and efficiency in a high degree of level. Additionally, without commitment from employees, the organisation will face physical and physiological withdrawal behaviour that can cause losses in profit and lack of human resources. The expert articles, research papers all point out to the fact that Motivation whether it is intrinsic motivation or extrinsic motivation is a crucial driver and the deciding factor for whether or not an employee decides to stay or leave a company, organization, or association. Both intrinsic and Extrinsic motivation will increase the employee commitment towards the organisation an helps in employee retention. Further, It can be concluded that this research will be taken a step forward by conducting a primary research on the effect of intrinsic and extrinsic motivation on organisational commitment by taking a sample size of 150 employees working in the IT sector

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