

Name:

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**The perception of employees on intrinsic motivation related to  
extrinsic rewards systems as management strategy**

**Take note:**

1. The following is an assignment example of the tone and writing style expected for this module.
2. None of the sections in this assignment can be used for any part of your assignments. It merely serves as an example.
3. Important information had been removed from this assignment as a means of protection.
4. The ONLY purpose of this example provided is for students to have a frame of reference when they develop and write their own research assignments.
5. This assignment is longer since it had a different set of criteria to meet at the time. Your assignments must stay within the word length specifications stipulated in your assignment brief.

**1. INTRODUCTION**

The assignment aims to gain an in-depth understanding of the perceptions of employees at XXX on how extrinsic reward systems implemented by management influence the intrinsic motivation of employees. It is argued by Fischer, Malycha and Schafmann (2019), that people with higher intrinsic motivation, also tend to have higher innovation and levels of creativity, this can also improve employee performance.

To prove this assumption, this assignment will firstly, give an overall background on the study, providing a section on the relevance of the study, along with a section on the research problem, a set research questions and research objectives. Secondly, the researcher will provide an overall literature review on the influence of extrinsic rewards on intrinsic motivation, providing a theoretical approach to the study, as well as an analysis of previous literature and a list of conceptualised key concepts to the research study.

**2. TOPIC**

**To be discussed in class**

### **3. BACKGROUND**

The assignment will be looking into the perception of employees at XXX on intrinsic motivation related to extrinsic rewards systems as management strategy. This study is based on the assumption that employees are motivated by various factors that fall under two main means of motivation being 'extrinsic' and 'intrinsic' motivation. This proposal will specifically focus on intrinsic motivation and will set out to provide support for the importance of intrinsic motivation within the workplace. This exploratory study will be done on XXX, with the aim of providing supporting research for management to utilise for future growth and success in the motivating of their employees.

There are various debates surrounding the importance of intrinsic motivation. One of the biggest debates being, 'Whether intrinsic motivation has a greater influence than extrinsic motivations on employee performance?'. According to a study done by Changa and Teng (2017), on 'Exploring the relationship between proactive personality, work environment and employee creativity', "The results showed that intrinsic motivation is a stronger force than extrinsic motivation in inspiring creative behaviour".

According to Shrestha (2017), intrinsic motivation was first acknowledged when conducting studies on animal behaviour, in which researchers noticed that animals would engage in playful activities without the presence of a reward. Further explanation of the study will be done within the theoretical foundation and literature review.

### **4. RELEVANCE**

This research study is important as it will help add value to the Strategic Management field of study with regards to employee motivation, by explaining and understanding the importance of extrinsic reward systems as a strategy for managing the intrinsic motivation of employees. The researcher will be looking into various extrinsic rewards that are utilised by management to help employees become intrinsically motivated, as extrinsic rewards have an influence on intrinsic motivation, (Deci, Olafsen & Ryan 2017). This study places emphasis on the importance of intrinsic motivations within

the context of XXX. According to Land-Zandstra, Devilee, Snik, Buurmeijer and Van den Broek (2016), motivation not only changes over time, but it is also influenced by management and management's strategy within an organisation. This research study will investigate management's strategy and explain the current employee perceptions of the way in which motivation is managed within XXX, as well as provide guidance for management to be able to formulate a strategy for managing motivation more effectively.

## **5. PROBLEM STATEMENT**

According to Heathfield (2017), it is important to understand what motivates an employee, as many organisations experience problems in finding the right way to motivate their employees, as every employee is different. Employees within the workplace are motivated by various extrinsic factors that contribute to their intrinsic motivation, (Lorence, 2018).

XXX as a company lack in ensuring that both kinds of employee motivations are addressed (Johnson, 2019). As they have little intrinsically motivating factors in place for their sales employees. This causes a problem for employees wanting to not only satisfy their extrinsic but also their intrinsic motivational needs.

The problem to be addressed by the researcher will be to find out whether sales employees at XXX feel intrinsically motivated by extrinsic rewards and whether extrinsic reward systems can be used as a means for managing the intrinsic motivation of employees.

## **6. RESEARCH QUESTION**

Do employees in the sales department of XXX South Africa (SA) Morningside branch perceive extrinsic reward systems implemented by management as intrinsically motivating?

## **7. RESEARCH OBJECTIVES**

- To determine what types of extrinsic motivators, influence the intrinsic motivation of employees within the Information Technology industry.

- To determine the current perceptions that XXX employees have on extrinsic rewards influencing intrinsic motivations.
- To determine employee perceptions of extrinsic rewards as management strategy for intrinsic motivation.
- To determine which intrinsic factors are motivational within the XXX Morningside branch.
- To determine the current type of work environment and extrinsic reward system employees at XXX are motivated by.

## 8. THEORETICAL FOUNDATION

### 8.1 Self-Determination Theory

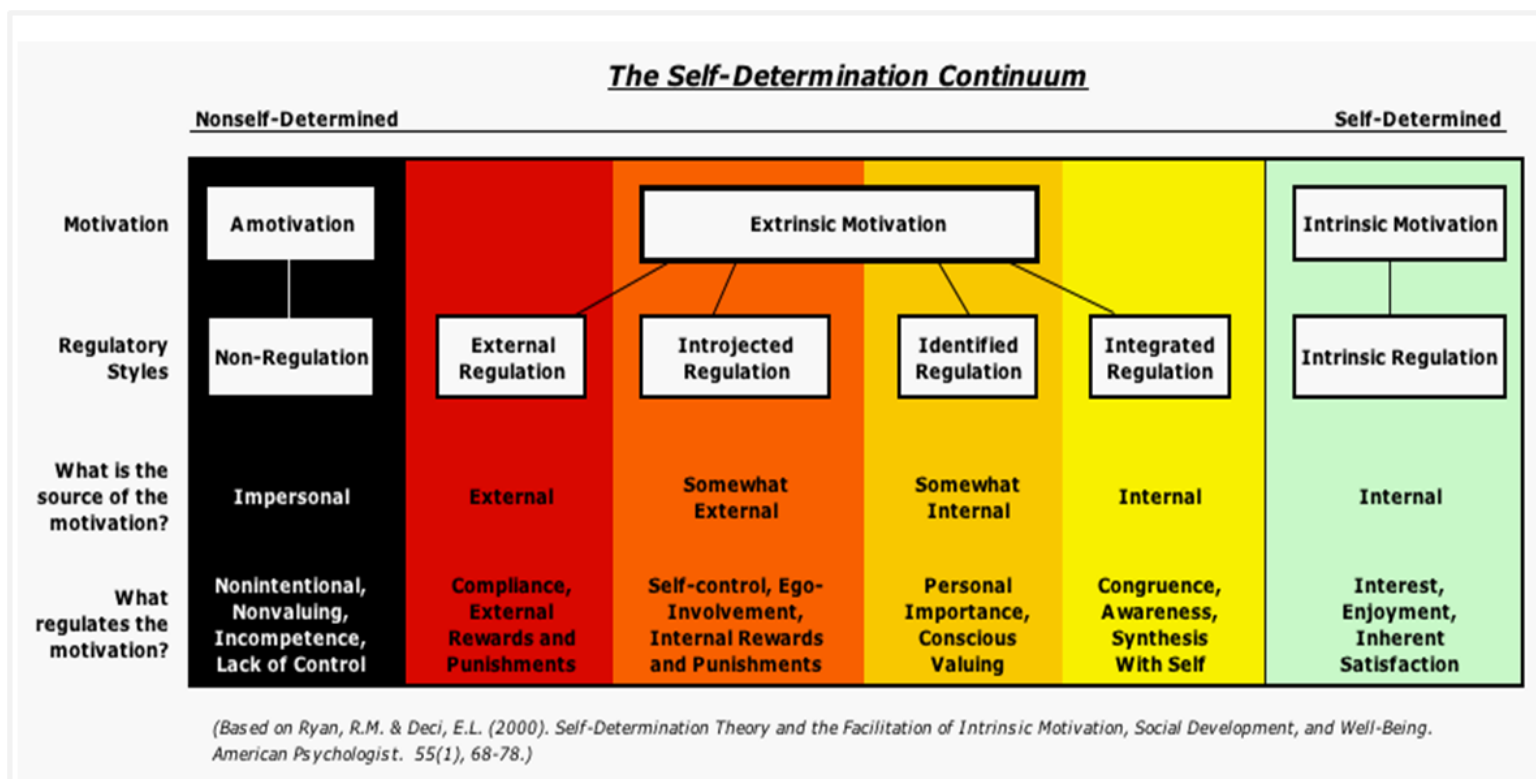


Diagram 1: Self-Determination Theory (SDT), (Ryan & Deci, 2000, cited in Ackerman, 2019).

The main assumption of the Self-determination theory (SDT) is that individuals have the tendencies to develop and grow and have a better understanding of themselves, with the right support and guidance to learn and apply themselves to grow. Ryan and Deci (2000, cited in Singer, 2017), looks at three fundamental needs to be satisfied in

order for an individual to thrive and reach intrinsic motivation. These are Autonomy, Relatedness and Competence. **These will be further developed in the literature review.**

The different elements of the self-determination theory include to the following:

- **Amotivation**

This refers to an individual acting without intent or effort and even in some situations not acting at all. This is caused by an individual's lack of competence or desire to complete the task. It also can be caused due to an individual not valuing the activity.

- **External Regulation**

This looks at the behaviours that are performed to satisfy an external demand due to the possibility of a reward. It is experienced in an alienated or controlled manner.

- **Introjected Regulation**

These are behaviours that are performed in order to avoid nervousness or guilt, as well as to obtain ego developments such as pride. This behaviour is not experienced due to internal influences but rather external, (Singer, 2017).

- **Identified Regulation**

For this kind of behaviour an action is owned or accepted by an individual as important. The individual values the importance of the goal or regulation.

- **Integrated Regulation**

This occurs when an individual's identified regulators become a part of the individual. This happens when the individual is able to align or integrate them to their own values.

- **Intrinsic Motivation**

This refers to a motivation from within the individual. The individual performs the task for the sake of completing the task, due to a feeling of autonomy and self-determination. Activities that are internalised are associated to greater ingenuity, the ability to deal with anxiety and failure, as well as greater satisfaction and performance, (Singer, 2017).

## 8.2 Application to the study

The SDT applies to this study as it represents a hierarchy of motivations which all lead to a higher order element of motivation being 'Intrinsic Motivation'. This theory helps create a foundation for the study, as it describes the importance of intrinsic motivation, which relates to the purpose of the study. The element of 'Amotivation' would not relate to this study, as it speaks about an employee not having any motivation to complete a task at all. For the purpose of this study, it is viewed that employees do have some kind of motivation for their work, whether it is intrinsic or extrinsic motivation.

The SDT applies best to this study as it mentions the notion of an individual's development of each element from 1 to 5 toward reaching 'Intrinsic Motivation'. The initial stage towards this is 'Amotivation' (having no motivation), and the rest of the stages being related to an external reward or building of one's ego and pride, which is not a main focus of the study. The final stage being 'Intrinsic Motivation' which looks at an individual's internal motivation to achieve. The theory is based on the idea that individuals' try to work towards reaching a higher order level of motivation being 'Intrinsic Motivation'. According to Deci, *et al.*, (2017) when applying the self-determination theory in the context of an organisation, if managers are seen to be "supportive of relatedness, the employees were more autonomously motivated and more creative in their work, but if the managers were pressuring and coercive, the employees were less motivated and creative". This shows the role that management plays in influencing employee motivation. According to Deci, *et al.*, (2017) the SDT has always maintained that extrinsic rewards can lead to the enhancements, of intrinsic motivation. This relates back to the concept of extrinsic rewards and the influence that they can have on intrinsic motivations of employees.

XXX is a company that works within the IT industry. It is important to understand that employees working in different industries may have different motivations. An example of this could be the mining industry, workers may possibly be more motivated by that of extrinsic monetary motivations as mentioned by Kuranchie-Mensah and Amponsah-Tawiah (2016), that "goods pay was identified to be the best motivating factor in the mining industry". However, in the IT industry it is probable that employees will already receive a good salary, as these employees would likely have higher qualifications than that of mine workers or other lower income earning jobs. This means that sales

employees at XXX would likely find greater motivation through intrinsic motivators. This shows the importance as to why this study will focus more on the types of extrinsic reward systems which can be controlled by management, as a means for improving the intrinsic employee motivation at XXX.

## **9. LITERATURE REVIEW**

According to Deci *et al.*, (2017) an organisation that fosters conditions that make employees feel supported in their work, does not only lead to a greater employee satisfaction and create a thriving environment, but it also increases employee effectiveness. This only proves that in today's workplace there is a greater emphasis that is placed on the importance of employee motivation. It is important for an organisation to be able to motivate their employees in order to ensure that they are continuously being innovative, enthusiastic and self-determined in their day to day tasks. Motivation of employees helps improve company performance and sales, (Craig, 2017). According to Wiese and Coetzee (2013), non-financial rewards, like recognition and achievement are an effective way to motivate sales representatives and are an important part of management's strategy to motivate. However, it is also mentioned that financial incentives do have an influence on employees as well as higher-level workers.

This then shows the importance for the sales department employees at XXX to be well motivated and for management to implement the right strategy for the right kind of motivation for their employees. In the case of this study, the researcher is trying to gain understanding on the employee perceptions of the type of extrinsic rewards that are currently implemented by management which they perceive to be motivating.

### **9.1 Higher and Lower-level workers and their differences in motivations**

According to Morely (2015), higher- and lower-level workers can be divided into two categories namely, position and qualification. Higher-level workers make and implement decisions and lower-level workers usually carry them out. Higher-level



employees tend to have higher qualifications and more experience to that of lower-level. Within the workplace there is higher-order motivations being intrinsic and lower-order motivations being extrinsic. Higher-level employees tend to require the satisfaction of intrinsic motivations as they would have satisfied the need for money and tend to have greater ambitions for recognition, flexibility, autonomy and much more.

Based on the above argument frontline workers will fall into the lower-level category and will likely require a greater need for monetary motivations. Ford (2019), agrees with Morely (2015), by stating that employees who occupy a higher-level of work tend to be paid a good salary and as a result require the need for satisfaction of their intrinsic motivations rather than extrinsic, (Ford 2019).

## **9.2 Critical analysis of studies on extrinsic motivation for employees**

The importance of extrinsic motivations can be seen in jobs that are usually occupied by lower-level workers who are not necessarily performing the work out of their own determination or values. According to Ikeda and Bernstein (2016) who conducted a study on per-task payments on crowdsourcing platforms, monetary (extrinsic) motivations were seen to increase short-term contributions to intrinsically motivated projects like citizen science. The study also mentions the notion that crowd workers when properly incentivised, can match or even exceed the work of an intrinsically motivated worker.

According to Ikeda and Bernstein (2016), “Cash incentives resulted in higher response rates for a face-to-face and mail-based questionnaire” Employees can gain higher motivation from means other than intrinsic motivations. Conversely, by focusing on external rewards related to a task, employees may have decreased intrinsic motivation and as a result also a decrease in effort and task performance, (Bonnera & Sprinkle, 2002).

According to the study conducted by Ford (2019), which looks at Taylor’s theory of Scientific Management conducted in 1914, it is argued that extrinsic (monetary) motivations are important. Taylor’s theory mentions;

- that workers require high levels of control as they do not like to work. This relates back to the concept of management and the influence managers have on motivation.
- workers are more effective with small repetitive tasks.
- workers should be paid per task completed and not hourly, (Ford, 2019).

This demonstrates the importance of extrinsic motivators within the workplace, especially for lower-level employees that are given small repetitive tasks. However, in the context of XXX where employees are being paid a good salary that fulfil employees' extrinsic needs, intrinsic motivation then becomes more important, (Ford 2019). This research study is looking at higher-level employees working in the IT industry who would possibly gain more value from intrinsic motivators which are related to higher order motivations. According to Deci *et al.*, (2017) these external rewards or motivations can also lead to greater intrinsic motivation when they are fully internalised. The study done by Ford (2019), also mentions that with a higher-level worker comes a higher need for intrinsic motivations. The fact that Taylor's theory was developed in 1914 potentially proves that the theory is out of date in the context of higher-level workers which is the population for this study. Motivation has also changed over the years and new theories such as Herzberg's Two Factor Theory (1959, cited in Brevis & Vrba, 2014:476) or Vroom's Expectancy Theory (1964, cited in Brevis & Vrba, 2014:481) have been developed since Taylor's Scientific Management Theory. These two theories mention the importance of intrinsic motivation and how these motivations can influence employees within the workplace, looking at having an internal motivation to achieve.

### **9.3 Arguing the value of intrinsic motivations in the context of XXX employees**

#### **9.3.1 Influence of creative personality on intrinsic motivation**

According to Gough, Oldham and Cummings (1996, cited in Changa & Teng, 2017) intrinsic motivations are harder to satisfy and to identify than that of extrinsic motivations. When looking at intrinsic motivations, this can entail aspects like creative personality, which relates to the core personal traits and dispositions that correlate with creativity. Intrinsic motivators are elements in which a person engages in activities related to their interests or satisfiers of personal fulfilment, (Changa & Teng, 2017). According to Barron, Harrington, Davis, Oldham and Cummings (1996, cited in

Changa & Teng, 2017), creative achievement, recognition, competence and autonomy all form attributes that can influence intrinsic motivations.

The above implies that, if an employee at XXX in the sales department has the trait of creative personality since the employee would show greater interest in their work and relates their personal traits with creativity in performing their work. This shows the relation that creative personality has with intrinsic motivation and its potential in the work that is performed within the organisation of XXX.

### **9.3.2 Importance of achievement and recognition in intrinsically motivated employees**

According to Korn and Elliot (2016) the accomplishment of goals can likely prompt an employee towards an outcome-orientated drive for recognition or validation which can lead to an increase in performance and intrinsic motivation for the employee. The following sections will explore elements of intrinsic motivation and its relation to achievement and recognition further.

- **The Achievement Goals Model in motivation**

According to Korn and Elliot (2016), the Achievement Goals Model looks specifically at the fundamental need of competence mentioned by Ryan and Deci (2000, cited in Singer, 2017), in the SDT. Similar to the SDT this model focuses on the two different standpoints of competence being (development vs. demonstration of work) and standards of competence that look at (task/self vs. others).

Theorist of the Achievement Goals Model Nicholls (1989, cited in Korn & Elliot, 2016) looks in-depth at the component of 'competence' which was mentioned previously within the SDT, and provide proof of a link between personal achievement and intrinsic motivation. Without the aspect of achievement, a person may not be able to feel competent in their work and then may begin to lack or even decrease in intrinsic motivation for their work, (Korn & Elliot, 2016).

Brevis and Vrba (2014:477-479) mention that achievement and recognition in the motivation of an employee is influenced by the environment in which they work. This demonstrates the importance of having a strategy in managing employee motivations within the workplace environment. The department of sales in any organisation is very target and achievement orientated. This can influence the sales employees of XXX,

as they may have a desire to reach or achieve their sales targets as a means to gain recognition or validation from management.

### **9.3.3 Motivation by means of job satisfaction, flexibility and work leave**

According to Frey (1997, cited in Kuranchie-Mensah & Amponsah-Tawiah, 2016), “once pay exceeds subsistence level, intrinsic factors are stronger motivators”. The study also mentions that rewards influencing the intrinsic motivation of employees is important, such as providing them with the satisfaction of doing a good job or giving them more flexibility or greater autonomy in their job. According to Kuranchie-Mensah and Amponsah-Tawiah (2016) the importance of intrinsic factors is emphasised especially in the case where employees are paid well. The study also mentions the importance of working in an organisation that demonstrates greater managerial efforts towards extrinsic managerial rewards, like flexibility, job satisfaction and work leave, which all have an influence on the intrinsic motivation of employees, (Kuranchie-Mensah & Amponsah-Tawiah, 2016). This study aligns with this research study’s chosen population, as it applies to the IT industry employees who receive a good salary and as a result may possibly require a greater need for intrinsic motivation from extrinsic rewards like flexible working hours, work leave and as such job satisfaction through means of self-empowerment. According to Deci, *et al.*, (2017) the influence of other external managerial rewards like promotions and pay bonuses are also hugely influential in employee performance, motivation and job satisfaction.

### **9.3.4 Career and personal growth as intrinsic motivators**

- **Competence, relatedness and autonomy**

Autonomy looks at an individual’s ability to be perceived as the source of one’s own actions and behaviour. According to Singer (2017) this intrinsic need relates to an individual’s desire to have control over their environment and actions, which aligns with job satisfaction and support, (Nie, Chua, Yeung, Ryan & Chan, 2015). This demonstrates an integration between autonomy and intrinsic motivation. With the presence of autonomy in the workplace employees will begin to feel a greater sense of intrinsic motivation for their work.

Relatedness looks at a person's need to feel connected with others, being cared for by others and to care for other individuals. This need relates to a person's sense of belonging to a company and a group of peers within it, (Singer, 2017). Ways in which employees can feel a sense of relatedness in a company like XXX is through educational and emotional support, friendships or relationships and interactions with colleagues, (Hyde & Atkinson, 2019).

Competence refers to an individual's need for feeling effective within their workspace and interactions with others. According to Singer (2017) competence is the need for a person to be able to express and exercise their capabilities within the workplace, it also involves seeking achievable challenges that match or grow one's capabilities. Hyde and Atkinson (2019) also mention that competence is also related to factors like resilience, self-efficacy or self-belief, education or knowledge, independence and the ability to perform tasks.

According to Ryan and Deci (2000, cited in [Selfdeterminationtheory.org](http://Selfdeterminationtheory.org), 2019), "the SDT (section 6) proposes that the degree to which any of these three psychological needs is unsupported or thwarted within a social context will have a robust detrimental impact on wellness in that setting". Thus, it can be said that without any of these three fundamental needs employees would find it hard to grow and fulfil their intrinsic motivation within an organisation.

- **Importance of training and developing employees**

Training and development are tools for intrinsic motivation that help assist in optimising productivity and helping ensure greater employee retention by increasing support and commitment, (Omer, Laura, Calvin, and Jean, 2015). This shows that higher-level employees are more motivated and committed to an organisation when their intrinsic motivations are addressed. According to Al-Alawi (2005), it was recommended that "training on a regular basis, including accepting contributions from staff members in choosing and designing the training courses, which in turn should assist employees to work more efficiently". It was also mentioned within this study that environmental factors like managerial strategy and leadership, training and job satisfaction are essential elements for motivating employees within the IT department or industry. According to Deci *et al.*, (2017) "employees of the trained managers were more autonomously and intrinsically motivated and more engaged in their work than the

employees of the managers who did not receive the training". This study looked at training as an extrinsic influencer for managers. However, it can then be said that if training programs were implemented for the sales employees at XXX Morningside, this could then potentially have the same effect in improving the intrinsic motivation of employees.

According to Olafsen, Halvari, Forest and Deci (2015), the bottom line appears to be that organisations should try to ensure that they create an intrinsic need-satisfying work climate for employees to perform better rather than focusing on ways to extrinsically compensate employees or change management systems, however, these extrinsic rewards do have an influence on intrinsic motivation. According to Olafsen *et al.*, (2015) this can be done by providing employees with positive feedback, acknowledgement of their efforts, offering skills training and providing employees with opportunities to learn and grow.

According to Deci *et al.*, (2017) training should be valued within an organisation, as it can create intrinsic motivation and positively influence employee performance. It is also mentioned that continuous training creates a way for which employees at XXX can enhance their work competencies and skills and thereby feel more motivated in their work. External training implemented by management can arouse autonomous and intrinsically motivated performance of work for employees, (Deci *et al.*, 2017).

In the case of XXX as a company, it is essential for employees that work in the sales department to be properly motivated. This means being motivated by means other than just monetary. According to Wiese and Coetzee (2013), a sales force that is poorly motivated will be costly to the organisation, as it can cause lower productivity and performance, greater staff turnover and can lead to lower morale in the sales department.

### **9.3.5 Self-determination, self-management and self-awareness**

According to O'Brien (1996, cited in Carson *et al.*, 2015) an increase in self-awareness and self-management within the workplace through training and development efforts, can help a business in different ways. For example, salesforce workers would be able to provide customers with a more respectful and empathetic service.

According to Sosik and Megerian (1999, cited in Carson, Carson & Birkenmeier, 2015) people who are optimistic about their work believe that they possess the ability to influence their workplace environment, in which they are self-motivated to do so. These people tend to demonstrate a higher-level of emotional intelligence in which they are self-aware, self-confident and sure of their capabilities, as well as have a greater self-management for their work, (Carson *et al.*, 2015).

In another study done by Essop (2015), it was highlighted by Grobler (2011, cited in Essop, 2015), that South African employees' productivity has decreased even with increases in salary. This represents the importance that intrinsic motivations can have on employees within the South African workplace. There are various factors contributing to the motivation of employees, as humans according to Zaman and Hoque (2013, cited in Essop, 2015) are different to each other, which adds to their complexity.

According to Caldwell and Hayes (2016), having a greater understanding of self-awareness is important for an employees' growth within an organisation. This would then have an influence on their work and performance. In a study done by Geofroy and Evans (2018), self-awareness, self-management, empathy and relationship management were found to play a significant role in influencing worker motivation.

## **9.4 Management strategies towards intrinsic employee motivation**

### **9.4.1 Extrinsic reward systems influencing intrinsic motivation**

It is important for organisations to have a specific management strategy in place otherwise the organisation will not have direction in the way they motivate their employees. It is also important for an organisation to have a set reward system for employee performance. According to the study conducted by Si and Wei (2012, cited in Afsar, Badir, Saeed, & Hafeez. 2017) employees that are empowered under more flexible systems and reward contingencies may display greater feelings of self-determination, respect, a sense of common values and a more efficient or harmonious work environment which can lead to greater intrinsic motivation and more innovative behaviour.

According to Van den Broeck, Vansteenkiste and Has De Witte (2010, cited in Teng, Jayasingam & Zain, 2018) intrinsic work values help make an employee more open to change, interested in their work, have a greater desire to grow and pursue increased work autonomy and creativity. An employee that has extrinsic work values is more likely to be associated with lower job commitment, lower job satisfaction, lower vitality and higher exhaustion.

According to Hadiyatno (2018), “organizational culture has a significant effect on employee motivation and satisfaction of activity, and ability of information technology has a significant effect on motivation and satisfaction of work”. This provides some support for the importance of providing rewards and creating an environment that positively influences the intrinsic motivation of employees within an organisation. According to Teng, *et al.*, (2018), intrinsically motivated employees tend to be more interested in their work and efficient within the workplace, compared to that of extrinsically motivated employees. According to Deci, *et al.*, (2017) employee perceptions of competence and autonomy have an impact on the quality of intrinsic motivation. In this study a focus was placed on the atmosphere within the organisation and employee perceptions of their managers influence on employee autonomy and support. This provides some supporting evidence of the influence that a company’s work environment and reward system can have on an employee’s level of motivation. According to Teng, *et al.*, (2018) the type of reward system and strategy that management implement within a business can even help grow intrinsic motivation within a person and consequently improve employee interest and performance.

#### **9.4.2 Employee experience of leadership style**

When looking at motivation it is also important to note that Transformational and Transactional leadership are an effective way in which management can influence motivation. Transactional Leadership would relate more to providing employees with monetary means of motivation or the exchange of rewards for compliance, (Brevis & Vrba, 2014:458). As a Transactional leader motivates their followers by trying to appeal to their self-interests, (Brevis and Vrba, 2014:458). Transformational leadership would focus more on growing skills and raising employees’ levels of morality and motivation. Transformational leaders generate a sense of trust, loyalty, admiration and respect from their followers, (Brevis & Vrba, 2014:485).



According to Afsar, *et al.*, (2017), Transactional leadership lacks intrinsic motivation and as a result may cause employees to struggle with innovation and generating new ideas in the workplace. However, Deci *et al.*, (2017) opposes this view, as a worker can still gain intrinsic motivation from extrinsic rewards when they are fully internalised by the individual. Transactional leaders are mainly concerned with or known for improving operational effectiveness and efficiency of the process within the current system, (Jung, 2001, cited in Afsar *et al.*, 2017).

When looking at intrinsic motivation it is valuable to understand the importance of psychological empowerment, which looks at an employee's cognitive state which is influenced by intrinsic task motivations, autonomy, perceptions of competence and self-determination, (Deci, Connell & Ryan, 1989, cited in Afsar *et al.*, 2017). Transformational leaders help motivate and inspire employees to display work behaviours positively, and psychological empowerment which is a motivational construct that influence's employees work intrinsically.

In the case of XXX's management strategy, the best kind of leadership would be to integrate a transformational leadership style as this would be more effective in addressing the intrinsic motivations of employees within the organisation. As Transformational leadership builds a work environment that helps employees feel internally motivated, inspired, feel greater empowerment, competence in their work, self-management and self-determined over their own work behaviours, (Afsar *et al.*, 2017).

According to Deci *et al.*, (2017) "the SDT details the multiple factors, including managerial styles and pay contingencies, that support employees' autonomy and competence at work, it provides a framework for allowing them to be more engaged as they and their organizations develop and thrive". This shows the importance that the SDT has in motivating employees within the workplace.

## 10. CONCEPTUALISATION

- Intrinsic motivation – a behaviour that is driven by internal rewards. The motivation to be engaged in a specific behaviour that arises from an employee's

internal desire to do something for its own sake, as it is naturally satisfying to the employee, (Cherry, 2019).

- Self-determination theory – A theory of motivation which addresses three fundamental psychological needs being; competence, autonomy and relatedness. This theory is based on the assumption that individuals tend to grow and develop a better understanding of themselves, with the right support and guidance, (Ryan & Deci, 2000, cited in Singer, 2017).
- Competence – This refers to an employee's need to control the outcome and experience mastery over their work, (Ryan & Deci, 2000, cited in Singer, 2017).
- Autonomy – This refers to the freedom and control an employee has over the work they perform or the job they do, (Brevis & Vrba, 2014:487).
- Relatedness – This refers to an employee's universal want to interact with, to be connected to, and care for others within the workplace, (Ryan & Deci, 2000, cited in Singer, 2017).
- Extrinsic reward system – An external reward system implemented by management that helps indicate to employees or a team how they should direct their energies. These reward systems also help reinforce a desired performance of employees, (Brevis & Vrba, 2014:440). Management should implement the right reward system to give the right kind of motivation. Each employee requires a different reward system, as every employee is unique and is motivated differently, (Essop, 2015).
- Management strategy – In this study the concept is used as a means for leadership to make better use of extrinsic reward systems within a company. Management strategy is used as a road map that helps guide managers to better motivate and manage their employees, as well as implement extrinsic reward systems and strategies for intrinsic motivation, (Williams, 2017). A management strategy in context with the study would focus on motivating and growing employees within XXX.
- Employee perceptions – This is the process by which an employee translates impressions into a coherent and unified view of the workplace around them. It can be based on incomplete or unverified information. Employee perceptions

are based on the reality of the individual, which guides employee behaviours within the workplace, (Businessdictionary.com, 2019).

- Employee Motivation – This looks at the level of commitment and effort an employee puts into their job. It is also the employee's inherent enthusiasm and drive to complete activities related to their work. This also involves the responsibility of managers to make extrinsic rewards available which are intrinsically motivating, (Heathfield, 2017).

## **16 CONCLUSION**

This research assignment has provided overall evidence for an exploratory study to be conducted on, gaining an in-depth understanding of the perceptions of employees at XXX on how extrinsic reward systems implemented by management influence the intrinsic motivation of employees.

This assignment has given a detailed background on the SDT as well as providing reasons of relevance to the Strategic Management field of study. The researcher has also provided a detailed problem statement, research objectives and a set research question for the study. Secondly the researcher has also given an overall literature review on the influence that extrinsic rewards have on intrinsic motivation. This assignment has also been backed with a theoretical approach and analysis of key concepts to the study.

## **REFERENCE LIST**