

What are extrinsic rewards?

Psychology, Motivation



What are Extrinsic Rewards? Extrinsic motivation relies on factors outside of an individual's personal motives. Attributes of extrinsic motivation include recognition awards, performance goals, compensation increases, or bonuses. These rewards provide satisfaction and pleasure that the task itself may not provide. An extrinsically motivated person will work on a task even when they have little interest in it because of the anticipated satisfaction they will get from some reward. The rewards can be something as minor as a smiley face to something major like fame or fortune. Extrinsic motivation does not mean, however, that a person will not get any pleasure from working on or completing a task. It just means that the pleasure they anticipate from some external reward will continue to be a motivator even when the task to be done holds little or no interest. An extrinsically motivated student, for example, may dislike an assignment, may find it boring, or may have no interest in the subject, but the possibility of a good grade will be enough to keep the student motivated in order for him or her to put forth the effort to do well on a task. Business organizations can use extrinsic motivation and a performance-reward system for energizing employees. Pay raises, bonuses, additional time off, or other benefits are common forms of extrinsic motivation. Companies can institute a performance management system to achieve maximum efficiency from employees when offering these benefits. Companies may also be able to reduce employee workplace accidents by offering extrinsic safety rewards. Zhou et al. (2009) states that the philosophy of extrinsic rewards is originated from the term "utilitarianism" and suggests that people's behaviours are modifiable, so by providing extrinsic rewards their performance could be enhanced, while in comparison

with “utilitarianism”, the term “Romanticism” refers to intrinsic motivation that boosts the innovation and creativity of the employees. Vroom (1964) speculates that a person’s beliefs, attitudes and perception about his behaviour prophesied the rewards or punishment that pursue his action, while according to the cognitive theory actions only get strengthened when the expectations change about what one does and what he receives in terms of rewards. Vroom debates that certain behaviour is determined to be initiated only if the expectations and the consequences related to that event occurred. Porter and Lawler (1968) followed vroom’s ideas and further contended that people often determine efforts in work by judging the value of reward and the relationship between their effort and expected reward (Chiang, 2005). Chen and Hsieh (2006) indicated that the traditional seniority-based trend has been changed in to performance-based, monetary trend into non monetary, extrinsic function in to intrinsic, periodic reward in to instantaneous, unitary rewards in to differential and independent in to coordinated. Schuster and Zingheim (1992) coin the word “new pay” and link it to organizational and employee performance. They characterized the concept of new reward by various traits like its strategy, flexibility, performance orientation, integration and distinctiveness with regard of the action of employee and employer. Reilly (2003) advocates that unitary view point reflects that the idea of “new reward” is very much there in HR mainstream and focal point is to shape the mind-set and behaviour at work stressing upon the integration, elasticity and performance. However philosophical groundwork to new reward is not supporting because “new pay” is not the combination of compensation practices rather its

contemplation about the function of reward in a multifaceted organization.

Gross and Friedman (2004) reckoned the human capital strategy for this transition, because it deals the larger interest of employees regarding their education, skills, attitudes and rewarding process. Human capital strategy is considered as a unique strategy because it aligns the concept of “ best fit”, instead of “ best practice”, aiming the distinctiveness of the enterprise.

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