



Extrinsic Motivation and Job Performance in Health Sector

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Abstract

This paper aims to analyze the state of extrinsic motivation in relation to organizational policies, work environment, pay and benefits, and job security, as well as the effects of these factors on the job performance of employees in Nepali healthcare institutions. Data was gathered from a sample of 155 nurses working in different medical facilities in Lalitpur and Kathmandu using a questionnaire survey. Regression analysis's empirical results showed that organizational policies and the workplace had a favorable and significant impact on employees' job performance. However, there was no apparent impact of job security on performance, and salary & benefits had a negative (albeit not statistically significant) effect on work performance. The results could help academics do studies in a broader context and help health institution policymakers improve their current HR policies.

Keywords: Extrinsic motivation, Job performance, Recognition, Organizational policies, Work environment, Salary & benefits, Job security,

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1. Introduction

Motivation is the process that initiates, guides and maintains goal-oriented behaviors. It is a psychological force that drives individuals to act toward achieving their goals. Motivation arises due to the internal or external factors that stimulate an individual's desire and energy to be interested and committed to performing their tasks. A motivated workforce is likelier to put in extra effort, exhibit creativity, and demonstrate loyalty to their organization. As defined by Luthans (1998), motivation is a process that starts with a psychological and emotional state leading to behavioral actions. In his view, motivation is not merely about getting people to perform; it encompasses understanding what drives employees to engage, persist, and contribute to organizational goals.

According to Luthans (2010), motivation is influenced by various factors, including personal characteristics, the specific work environment, and social context. Understanding these dynamics allows leaders to create strategies that enhance employee motivation and engagement within organizations. By understanding and improving these multifaceted dimensions of motivation, organizations can improve employee performance, increase job satisfaction, and reduce turnover rates, ultimately driving overall success. It is possible because when someone is motivated, they voluntarily work their behavior toward a goal (Middlesmist & Hitt, 1981). Similarly, employee motivation is the main element affecting the direction, tenacity, and consistency of an employee's behavior (Pinder, 2008). Grant (2007) has declared that motivation has a direct and immediate positive effect on staff productivity and job performance. In addition, Makki (2017) has stressed the importance of paying great attention to motivating employees with intrinsic and extrinsic rewards to improve employee performance and organizational efficiency.

Motivation has two forms: intrinsic and extrinsic. Intrinsic motivation is the self-drive to engage in activities for their own sake, due to inherent satisfaction or enjoyment. In contrast, extrinsic motivation involves performing a task or engaging in an activity to achieve external rewards or avoid negative outcomes. It is rewards-oriented and leads employees to temporary engagement at work. Both motivation techniques are equally essential in the workplace as they significantly impact worker engagement, productivity, and job performance. Extrinsic motivation can influence employee job satisfaction and performance substantially. Extrinsic motivation is defined as the performance of an activity in response to external rewards or pressures, such as a pay increase, bonuses, or commendation, rather than intrinsic enjoyment or fulfillment from the task itself (Hennessey & Amabile, 2010).

Past studies have established a substantial association between employee motivation and work performance. According to Grant (2007), motivation has a direct and immediate positive effect on staff productivity and job performance. To improve employee performance and organizational efficiency, management must pay greater attention to engaging employees internally or extrinsically (Makki, 2017). Similarly, according to Vroom (1964), extrinsic motivation is the motivation driven by the desire to achieve specific outcomes through rewards or recognition. It emphasizes that individual choices and efforts are influenced by the anticipated results of their actions. Thus, extrinsic motivation can effectively enhance job performance, and it is essential for management to understand a variety of extrinsic rewards suitable to satisfy the needs of the employees.

Many researchers have studied the issue of extrinsic motivation in relation to job satisfaction and job performance. In the Nepalese context, this issue is still not well uncovered, even though researchers have put effort into the link between motivation and satisfaction. Therefore, this paper aims to reveal the status of various extrinsic motivational tools adopted by organizations and the effect of extrinsic motivation on employee job performance.

2. Literature review

2.1. Conceptualization of Extrinsic Motivation

Employee motivation can be distinguished as intrinsic and extrinsic based on Herzberg's Two-Factor Theory (Staw, 1976). Tangible rewards are called extrinsic rewards. Therefore, rewards such as salary, pay, incentives, and bonuses are called extrinsic rewards. The rewards that are intangible in nature, such as appreciation, job relations, and favorable attitudes from employees, are called intrinsic rewards (Zafar et al., 2014). Extrinsic motivation is the desire to act to receive benefits, recognition, or compensation from outside sources.

Extrinsic motivation can be generally divided into several types. Monetary rewards are common extrinsic motivators, which include financial incentives such as salaries, bonuses, raises, and commissions. Recognition and praise involve acknowledgment and positive reinforcement from others, such as awards, certificates, or verbal commendations. Similarly, promotions and career advancement, including promotions or job titles that come with increased responsibilities and status, serve as significant extrinsic motivators. Job security is also a powerful extrinsic motivator leading employees to perform well to avoid layoffs. Similarly, the quality of the work environment indicates a positive work environment supported by factors such as comfortable office space, access to

resources, and a supportive team, which can motivate employees extrinsically. Extrinsic motivation can be derived from social interactions and relationships at work. Incentives for learning and development are also extrinsic motivators in which opportunities for professional development are provided. However, the fear of punishment as the act of avoidance of negative outcomes can also serve as an extrinsic motivator.

2.2. Conceptualization of Job Performance

The execution of activities connected to one's job and actions that enhance the work environment are both included in the broad idea of job performance. Job performance involves what employees do rather than what they create or the results of their labor. It is a multidimensional term (Sonnentag & Frese, 2002; Shrestha, Parajuli, & Thapa, 2024). In order to maximize productivity and employee engagement, managers and organizations must comprehend and accurately evaluate job performance. A job's performance is evaluated based on the quality of the work completed, the time and resources required, and the final product. According to Ai-Omari and Okasheh (2017), job performance is determined by an employee's drive, aptitude, and ability to adjust to unfavorable surroundings and situational limitations. Rotundo and Sackett (2002) emphasize the outcomes from employees' observable behaviors and state that "job performance is defined as an individual's level of profitability, overall production, and effectiveness at a certain position." Thus, job performance is the expected outcome from employees from their assigned tasks and jobs. A higher level of performance is rewarded by more compensation, promotion, and other recognitions.

2.3. Effect of Extrinsic Motivation on Job Performance

Vroom's expectation theory (1964) of motivation contends that people are driven to take particular actions by the anticipated results, and according to him, sufficient extrinsic rewards greatly impact jobs when employees perceive the value of rewards as higher. Many previous studies have attempted to examine the association of different extrinsic motivators with job performance. Studies show that job performance and extrinsic motivators—such as incentives, promotions, and recognition—are positively correlated. The study result of Zhang et al. (2021) has shown that performance-based incentives greatly increased worker productivity, especially in settings where competition was fierce. According to Van Loon et al. (2018), motivation has a favorable impact on both job performance and the achievement of organizational goals. Jenkins (2021) found that financial incentives significantly enhance employee performance. Gupta and Singh (2019), from a

meta-analysis, revealed a positive correlation between reward systems and job performance, indicating that tangible rewards are highly effective for better job performance. In addition, extrinsic motivators such as bonuses and promotions improve engagement and job performance, particularly in competitive environments (Allen & Meyer, 2020).

The comprehensive review of Roberts (2022) indicates that well-designed incentive systems positively correlate with enhanced employee performance and organizational outcomes. In relation to policy and work environment, the findings of Kluger and Nir (2018) revealed that regular feedback amplifies the effects of extrinsic motivation, leading to sustained performance improvements and goal achievement. Extrinsic motivators should be valued by the employees for effective performance. Extrinsic motivations such as salary and job security can reduce turnover intention, but their effectiveness diminishes if employees feel undervalued (Steel & Konig, 2021). According to Luthans and Youssef (2017), managers who utilize extrinsic motivational strategies appropriately see significant improvements in employee job performance and productivity. However, the findings of Morrison (2018) indicated that extrinsic motivation influences job satisfaction positively, but excessive focus on rewards may lead to burnout and dissatisfaction over time.

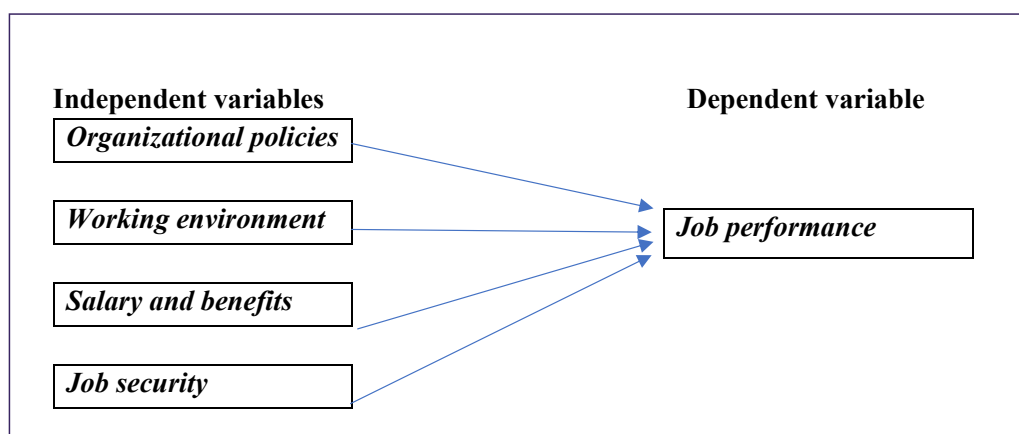
Hidayati and Saimi (2024) found that nurses' motivation and pay had a significant influence on their performance. Adhikari (2023) concluded that both intrinsic and extrinsic motivation had a favorable and significant impact on employee performance. According to the Cajurao et al. (2023) study, extrinsic motivation had a non-significant impact on job performance, but intrinsic motivation had a substantial one. Nonetheless, Djunaid's (2023) research findings indicated that employee performance was significantly correlated with both intrinsic and extrinsic motivation. Shrestha (2022) discovered compensation, advancement, and recognition as driving components of performance. Employees who have greater levels of both intrinsic and extrinsic drive perform better on tasks, according to Makki and Abid (2017). Kuranchie et al. (2016) found that employees were motivated by both internal and external factors, with compensation or money attracting particular focus.

2.4. Research Framework and Hypotheses

The behaviorism framework of Skinner (1953) focuses on how external rewards and punishments can shape behavior. According to the principles, positive reinforcement (rewards) increases the likelihood of a behavior being repeated, while negative reinforcement or punishment decreases it. Skinner's theory emphasizes the role of external stimuli in motivating behavior (Skinner, 1953). The

expectancy theory of Vroom (1964) posits that individuals are motivated to act based on their expectations of the outcome. It suggests that motivation is influenced by three key components: expectancy, instrumentality, and valence. Thus, an attractive reward can enhance extrinsic motivation (Vroom, 1964). Extrinsic motivational techniques are positive reinforcements and attractive rewards as well as those that lead to better job satisfaction and performance. Based on the literature, this study explores the influence of worker motivation, especially the intrinsic kind, on employee job performance. Based on the listed empirical evidence, the conceptual framework of the study and hypotheses have been developed.

Figure 1: Conceptual framework of the study



The current study has employed four extrinsic motivation variables, respectively: organizational policies, working environment, salary and benefits, and job security to predict the effect on job performance. Based on the literature discussed in previous sections, the following study hypotheses were developed:

- H1: Organizational policies have a positive and significant effect on job performance.
- H2: Working environment has a positive and significant effect on job performance.
- H3: Salary and benefits have a positive and significant effect on job performance.
- H4: Job security has a positive and significant effect on job performance.

3. Research Methods

The descriptive designs have been applied to examine the status of job performance and extrinsic motivations in the sample institutions. Furthermore, casual comparative design is used to predict the effect of motivational variables on job performance. The sample of respondents includes female nurses working in public and private health institutions in Kathmandu. Convenient and purposive sampling techniques

were applied to reach competent respondents. The primary data of the study variables were gathered using a structured questionnaire through an online survey using Google Forms from August to September 2024. The research questionnaire included three sections: respondents' demographics, items of extrinsic motivation variables, and job performance after an intense review of the literature to ensure validity. The demographic section used multiple-choice questions, and study variables of 31 items were administered in five-point Likert scale statements ranging from (1) strongly disagree to (5) strongly agree. Out of 80 requests, a total of 155 usable responses were received and processed.

Table 1 depicts items of the questionnaire used for each variable with a score of Cronbach's alpha in regards to the reliability test.

Table 1: Cronbach's Alpha for reliability statistics

Items	No. of Items	Cronbach's Alpha
Job performance	15	0.920
Organizational policies	4	0.685
Working environment	4	0.602
Salary and benefits	4	0.807
Job security	4	0.841

Source: Survey 2024

The result has indicated that three study variables, namely job performance, job security, and salary & benefits, have strong reliability. However, organization policies and the working environment were found to be reliable at an acceptable range. In relation to analysis, both descriptive and inferential statistics are used to reveal answers to research issues. The descriptive analysis answers the intensity of the variables, and correlation determines the association among the study variables. The research hypotheses have been tested using linear regression analysis. The data processing and analysis were done with the use of SPSS.

4. Results and Analysis

4.1. Demographic Analysis

Table 2 reports the demographic characteristics of the respondents who participated in the survey.

Table 2: Type of organization used for the survey (Total sample=155, Total frequency=100%)

	Number of Respondent	Percentage (%)
Type of Organization		
Governmental Organization	37	24
Private Organization	118	76
Age of respondent		
20-30 years	135	87.09
30-40 years	18	11.61
40-50 years	2	1.29
50 years and above	-	-
Marital status		
Married	61	39
Unmarried	94	61
Academic background		
PCL Nursing	105	68
GNM Nursing	5	3
BSC Nursing	42	27
MSC Nursing	3	2
Total	155	100

According to Table 2, 76% of respondents were employed by private hospitals, while 24% were employed by public ones. The great majority of respondents (87%) are between the ages of 20 and 30. On the other hand, 12% of respondents were between the ages of 30 and 40, and only 1% of the population was beyond 40. The findings showed that 61% of all respondents were unmarried, whereas 39% of respondents were married. Five percent of the participants had GNM and MSC nursing, whereas sixty-eight percent had PCL nursing and forty-two percent had BSC nursing.

4.2. Descriptive Analysis

Table 3 indicates basic descriptive statistics of the study variables.

Table 3: Descriptive statistics of the study variables (N=155)

	Organizational policy	Working environment	Salary and benefits	Job security	Job performance
Mean	3.315	3.689	2.408	3.202	4.139
Std. Deviation	0.787	0.606	0.926	0.874	0.586
Shapiro-Wilk	0.976	0.959	0.961	0.958	0.822
P-value of Shapiro-Wilk	0.008	< .001	< .001	< .001	< .001
Minimum	1.250	2.000	1.000	1.000	1.000
Maximum	5.000	5.000	5.000	5.000	5.000

The descriptive analysis of the study variables has depicted the status of extrinsic motivation and job performance in sample institutions as perceived by the respondents. The mean score of organizational policy (Mean=3.315, S.D. = 0.787) and working environment (Mean = 3.689, S.D.= 0.606) have relatively higher scores stating the good existence of these variables. However, job security has moderate status and salary and benefits are found to be below than satisfactory level. The respondents were confident to state their higher job performance. The Shapiro-Wilk statistics of all variables found to be statistically significant indicating no presence of normality of data.

4.3. Effect of Motivation Factors on Job Performance

This section reports regression output indicating the effect of extrinsic motivation variables on job performance along with test parameters.

Table 4: Regression outputs representing the effect of intrinsic motivational variables on employee job performance

	β	Standard Error	t	p	Hypotheses result
(Intercept)	3.995	0.298	13.428	< .001	
Organizational policies	0.425	0.068	2.119	0.038	Accepted

	β	Standard Error	t	p	Hypotheses result
Work environment	0.545	0.094	2.263	0.027	Accepted
Salary and benefits	-0.359	0.072	-3.147	0.002	Rejected
Job security	0.152	0.077	1.331	0.185	Rejected
R Square =0.32, Adjusted R square=0.29., F value = 2.831, P value = 0.027, Durbin Watson=1.805					

The results of 4 have shown that the regression model is statistically significant in explaining the effect of independent variables. The Durbin-Watson statistic indicated no autocorrelation detected in the study variables, and the test parameter, R square, is average. The regression analysis depicted mixed results in predicting the effect of the extrinsic motivation variable on job performance. Out of four variables, organizational policy ($\beta = 0.425$, $p = 0.038$) and work environment ($\beta = 0.545$, $p = 0.027$) have positive and significant effects on employee job performance. Salary and benefits produced a negative and significant influence on job performance ($\beta = -0.359$, $p = 0.002$). Based on the result, the first and second hypotheses were accepted, declaring that organizational policies and the work environment have a positive and significant impact on job performance. Instead, the third and fourth hypotheses were rejected, as salary & benefits and job security produced no significant effect on job performance.

5. Discussion

The main purpose of this study was to determine how female nurses' job performance is affected by extrinsic motivation variables, including organizational policies, work environment, salary & benefits, and job security. The results have shown a mixed influence of these variables on employee job performance. The first extrinsic motivator—organizational policies—has a moderate positive and significant impact on job satisfaction. The respondents perceive existing company policies as favorable in terms of recruitment, working climate, and basic facilities. However, refinement and enhancement of this may induce more motivation. Similarly, the second motivator, work environment, also has a moderate and positive impact on job satisfaction. The work environment, including physical and social aspects, is satisfactory in the institutions, and respondents favor a better work environment for creative performance. The finding is consistent with Vroom's expectancy theory and the findings of many other studies (Kluger & Nir, 2018; Hidayati & Saimi,

2024; Adhikari, 2023; Shrestha, 2022; Makki & Abid, 2017; Kuranchie et al., 2016) that investigated the positive effect of extrinsic motivators on job performance.

Salary and benefits are more important motivation techniques applied, and it's more significant in developing economies like Nepal. The result has shown a negative and significant effect on job satisfaction, which is a warning signal to health institution management. This result is inconsistent with the findings of Zhang et al. (2021), who reported that performance-based incentives greatly increased worker productivity; Jekins's (2021) findings indicated financial incentives significantly enhance employee performance; and the results of Gupta and Singh (2019), which revealed a positive correlation between reward systems and job performance. Due to a lack of reasonable compensation, employees feel inequity, thus demotivation and dissatisfaction induce poor job performance. Similarly, the final variable, job security, has a weak and statistically insignificant impact on job performance. Even though the Nepalese Labor Act mentions many provisions regarding job security, in real practice, absolute job security does not prevail, which is a major determinant of motivation and performance. These results are not consistent with previous findings (Allen & Meyer, 2020; Roberts, 2022; Steel & Konig, 2021; Youssef, 2017; Morrison, 2018) that found a positive effect of well-designed incentive systems, such as bonuses, promotions, and job security, on improving job performance. However, these results are consistent with the findings of Cajurao et al. (2023) which revealed a non-significant effect of extrinsic motivation on job performance.

6. Conclusion

Employee motivation, job satisfaction, and employee job performance are common issues in both academia and management. This study aimed to analyze the effect of extrinsic motivational variables and employee job satisfaction. The empirical results show that the intrinsic motivation in health institutions has been perceived by employees as average. Out of four variables, organizational policies, and work environment are at an average level, but job security and salary & benefits are not proper. The regression results showed a positive and significant impact of organizational policies and work environment on job performance. Job security produced no significant effect on job performance. However, salary & benefits were found to have a negative effect on job performance. These findings may be helpful to the managers in redesigning their existing policies regarding human resources, particularly in enhancing compensation, job security, and work environment issues to achieve higher employee and organizational performance.

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