

Impact Of Intrinsic & Extrinsic Rewards On The Performance Of Employees Of Private Sector Banks In Delhi NCR: A Pragmatic Study

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Abstract

The performance of employees in private sector banks in Delhi NCR is influenced by both intrinsic and extrinsic rewards. Intrinsic rewards refer to the internal, non-monetary factors that motivate employees, such as job satisfaction, a sense of accomplishment, and personal growth. These rewards encourage employees to perform well, complete tasks effectively, and experience positive emotions in the workplace. The analysis is being done to assess the impact of extrinsic and intrinsic rewards on the outcomes of a worker. According to the findings of the study, there exists a considerable association among both the of rewards & outcomes of the worker. The intrinsic incentive, which is non-monetary in nature, pushes the employee to work well in order to finish that task effectively in the organisation and continue to feel happy emotions. Financial extrinsic incentives can lead to good behavioural changes and assist increase workplace efficiency. Employee performance is undoubtedly very important to the organisation. Employees are critical to an organization's profitability, efficiency, and eventually, success, since these outcomes will not occur without exceptional employee performance.

Keywords: Intrinsic Rewards, Extrinsic Rewards, Employee Performance, Private Sector. Banks

1. Introduction

There are several ways to improve worker efficiency and used worldwide, involving techniques for setting objectives, measure &

response strategies, Work layout techniques, & prize & honor procedures. Hafiz et al. (2011) whereas, said that conditions of employment, employee-management connections, development and coaching, job security, & the organization's general standards and methods for gratifying employees all affect the results of workers. As per Baron (1983), motivation is a collection of methodologies dealing with the power that energizes behavior & leads it towards acquiring objectives. An employee who receives appropriate rewards feels valued by their employer. They are inspired to strive longer and more effectively, knowing that their hirers are invested in their wellness their employment & self-development are being fostered & supported by the organization. Employee engagement is critical for business performance since it motivates workers, especially those workers who are at a lower level. According to Bakker, not only is job experience favorably connected to financial performance and customer happiness, but so is work engagement. Bakker, T. (2012). A significant factor in employee concentration is the ability of leaders to lead & manage their teams effectively. In company management, stimulus programs are primarily utilized to encourage those engaged in the sales & services team, especially to keep customers. This notion of compensation based on performance is commonly referred to as pay for performance. An extensive count of studies In the words of Pratheep Kanth (2011), Qureshi et al. (2010), Deeprose (1994), and Zaman (2011), a stimulus strategy increases worker happiness, that straightaway impacts employee outcome.

2. Background of the study

As per 1999 Barattton, stimuli include all cash returns & physical benefits & advantages that employees get as pieces of their job relation. Colin (1995) defines reward as "the benefits that result from executing a task, providing an act of service, or fulfilling a task." In accordance with Searle (1990), gains have diverged in 2 classifications: external rewards & internal stimuli. Extrinsic incentives are usually financial or physical in nature and include compensation, advancement, relational awards, gratuities, and perks." Zaman (2011). Freeman & Stoner (1992) described intrinsic incentives as psychological rewards that an employee directly experiences. As per Ford & Markova (2011), the real victory of organizations originates from workers being willing to utilize their innovative thinking, capabilities, & knowledge, & skills employed for the advancement of the firm. The association is accountable for promoting & supporting these encouraging worker contributions by executing cogent bonus measures. As stated by Allen & Kilmann (2001), stimulus practices are essential in boosting employee

outcomes & attaining organizational pursuits. As mentioned earlier, multiple analyses have discovered that employee recognition is nearly linked to employee performance. As per Luthans (2000), there exist 2 sorts of prizes: money (extrinsic) & non-monetary (intrinsic), & both might be utilized favorably to enhance worker results. Monetary incentives include merit pay advantages like gratuities for performance, advancements in the workplace, grants, bonuses, compensation, & offerings, in addition to other items. Non-financial or non-monetary incentives include acknowledgment from others, gratitude, and real appreciation, among other things. This has resulted in more job possibilities, greater income levels, and changes in consumer patterns, creating a competitive climate in the business. Employee happiness is seen as among the very crucial elements of an effective association and is regarded as a must by all corporate executives. The definition of job satisfaction put forth in 1976 by Locke, is "a pleasant or beneficial mental state." arising from the assessment of one's employment circumstances." the research of Dewhurst et al. (2010), many alternative ways of rewarding employees outside monetary pay are receiving recognition from bosses, having a chance to perform on key projects or assignments, and even receiving leadership involvement.

3. Literature Review

Workers who're efficient and effective may be constrained if they lack the desire to perform. According to Mendonca (2002), a compensation and reward structure centered around the theory of expectancy is more likely to encourage employees to achieve goals when they believe that there's a substantial connection between their work performance and the incentive they get. Guest (2002) believes that an incentive is among the elements of utmost significance is to encourage individuals to perform as anticipated. The incentive might take the shape of money or recognition. The reward might be money, acknowledgment, & recognition, or a mix of the two. Collective productivity-based strategies award a team or group of workers a monetary bonus for meeting an agreed-upon goal. Such schemes have been intended to improve corporate achievement by linking employees' interests with the monetary achievement of their organizations (Chin-Ju, 2010). Human resources, as per the Zaman (2011), are the significant aspect that provides an edge over competitors by giving their expertise, abilities, and capacities to the organization. According to the available research, human resources may be kept and efficiently utilized inside organizations by motivating them through various techniques such as workplace circumstances, leader influence, learning culture, training and development, organizational goodwill,

and incentives. According to Ajils (1997), intrinsic benefits are a part of the work itself. They are enjoyed by the individual as an outcome of accomplishing the obligation of achieving their objective. He went on to say that extrinsic incentives are those that are not related to the job itself, such as compensation, working conditions, additional perks, security, advancement, the term of the job, and the working atmosphere. Payments, raise, interpersonal rewards, prestige, and extra perks have been defined as extrinsic rewards by Yapa (2004).

In contrast, responsibility, success, autonomy, growth as an individual, difficulty, complicated job, & response aspects of employment have been identified as intrinsic prizes. As per Entwistle (1987), if a person performs effectively, it leads to organizational benefits, and hence the motivating aspect of workers resides in the way they perform. As per Freedman (1978), whenever effective recognition & incentives are implemented in an association, a nurturing work environment encourages people to work towards enhancing their job performance. Workers grasp praise to be an origin of importance & gratitude that boosts the enthusiasm of the staff &, as a consequence, promotes workplace efficiency. Schaufeli et al. (2002) emphasize the relevance of incentives in combating burnout, which is common among most people in the workplace. The intent of this analysis is to correspond to the remuneration instruments employed as motivational elements in Pakistan's banking sector. Interviews with structured questions have been carried out with fifty (50) workers of NBP offices in area Attock using a case study research approach. The findings demonstrate that employees at the Central Bank of Pakistan were driven by combined intrinsic and extrinsic remuneration elements, with extrinsic variables producing the most motivation. According to the article, managing compensation has a substantial direct optimistic association with worker inspiration level, and intrinsic elements play a key part in the motivation process. The study suggests that public sector banks implement an evolving approach to human resources and offer fair pay plans in terms of perks and intrinsic characteristics stated by Ahmad Jamal Tahir and Rosman Bin Md. (2011). Internal motivators refer to innate prizes that employees receive upon successfully completing their tasks or assignments. An individual's work & capability primarily determine the psychological rewards they receive. Intrinsic stimuli deliver a promising emotive reaction & serve to propel workers so that they keep on striving to conceive & construct extended behavioral alterations whenever required (Ryan & Deci, 2020). As per Tymon Jr et al., (2010) intrinsic stimuli are an important element in staff preservation, pleasure within the organization, and professional

achievement. According to Stumpf et al. (2013) aimed to improve intrinsic gratuities to lower worker dismay & withdrawal in an extensive program of transformation that was designed by a consultant. The analysis discoveries demonstrated that intrinsic rewards were entirely related to employee satisfaction and retention during both time periods, with programs favorable to employee creativity boosting staff contentment along with retention significantly throughout the transformation. Yang (2008) analyzed the person's productivity & the results of his investigation & figured that a particular outcome couldn't be affirmed. Nevertheless, he maintained that if workers' outcome is visible, organizations may utilize direct incentives or relationship-based agreements to incentivize people depending on one's implementation. As per Ajila & Abiola (2004), intrinsic stimuli have an optimistic & substantial influence on worker outcomes in an organization. The findings also show how intrinsic rewards that include career growth, responsibility, praise, as well as learning prospects have a lower influence on a worker's performance at work than extrinsic rewards such as compensation, rewards, promotion, and perks. Employees would rather receive instant monetary rewards than be recognized for their efforts. In, Barber et al. (1992) discovered that adaptable advantages had a favorable relationship with employee work & fulfilment.

4. Objective

From the above discussion, it is found that the research has not been conducted in this area specifically. So, the objective of this study is:

- To investigate the link between intrinsic bonuses & employee performance in a sample of private sector banks and examine the connection among extrinsic prizes & the outcome of the worker in a sample of private sector banks.

5. Hypothesis

The first hypothesis is that intrinsic incentives have a favorable influence on the outcomes of workers.

The second hypothesis is that extrinsic incentives have a favorable influence on employee performance.

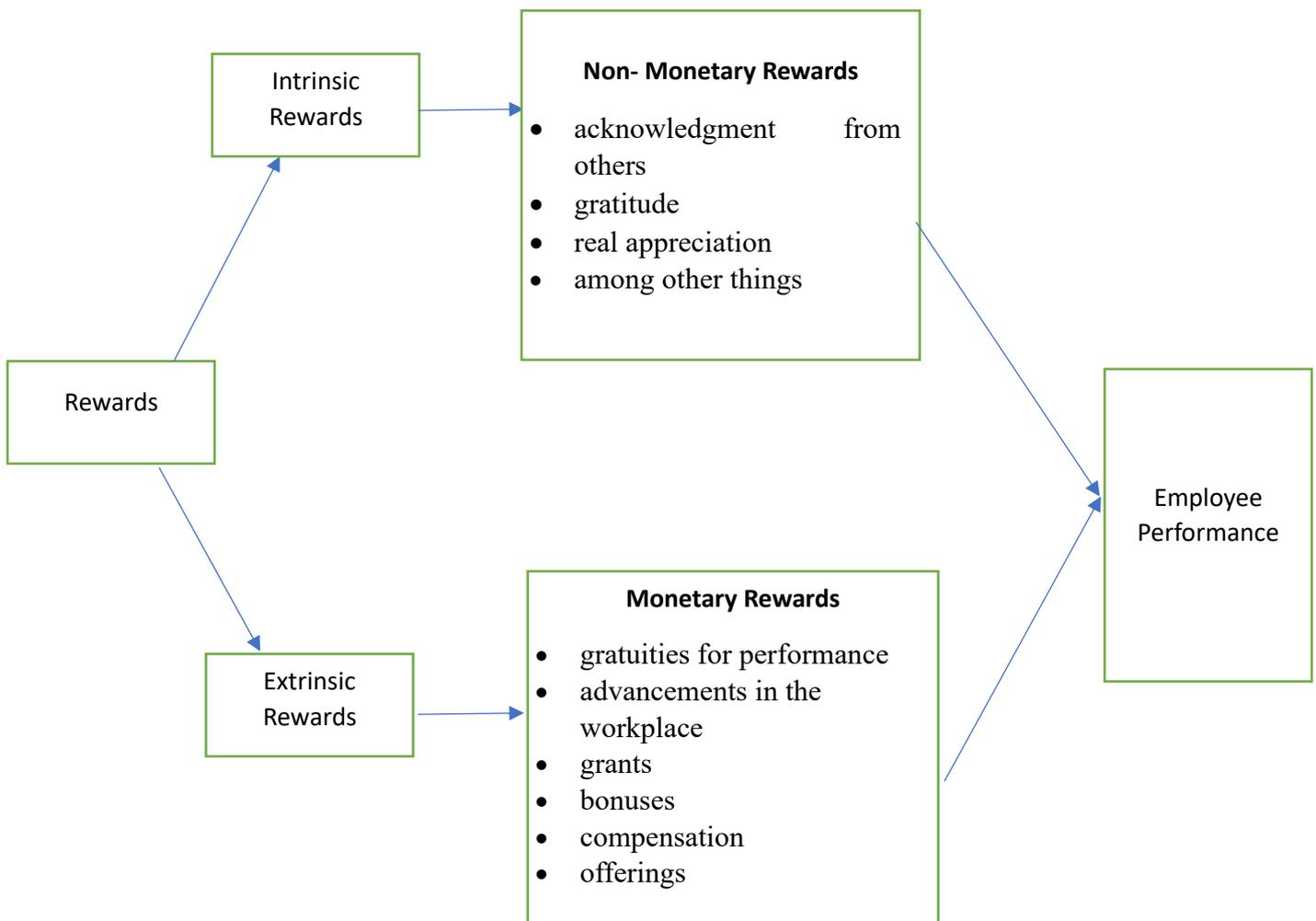
6. Methodology

Respondents were chosen at random from each private sector bank (ICICI Bank, IndusInd Bank, HDFC Bank, IDFC FIRST Bank, Kotak Mahindra Bank, Jammu & Kashmir Bank, Axis Bank Ltd, and YES Bank) using convenience sampling. To validate the hypothesis, reliability, correlation, and regression tests were used. Our study's

major goal is to assess the association among intrinsic & extrinsic prizes & worker performance; hence it is classified as a correlation analysis. The research was carried out on the workers of private sector banks in Delhi NCR. Statistical Package for Social Sciences is utilized to make the determination.

7. Conceptual Framework

The theoretical background of the conceptual framework on the impact of intrinsic and extrinsic rewards on employee performance in private sector banks in Delhi NCR draws from theories such as Self-Determination Theory and Expectancy Theory. Self-Determination Theory suggests that intrinsic rewards, such as autonomy and growth opportunities, can enhance motivation and performance. Expectancy Theory posits that employees' beliefs about the relationship between effort, performance, and rewards influence their motivation and performance. This theoretical foundation helps to understand how intrinsic and extrinsic rewards can affect employee performance in the context of private sector banks in Delhi NCR.



8. Data Instruments

The information needed for this study was acquired via a questionnaire in which respondents answered closed-ended questions. The acquired data is subsequently used in the study to provide helpful information about the numerous components of incentives and employee performance. The survey was split in three pieces. The 1st segment has seven queries aimed to elicit information regarding intrinsic rewards. The second section of the questionnaire focuses on extrinsic incentives and includes six questions. The third section is about employee performance and includes five questions. A Likert scale with 5 points was utilized to analyse worker awards and associated worker performance. The questionnaire has a total of 18 questions targeting strongly agree to strongly disagree (rating 1-5).

9. Data Analysis

9.1. Reliability Test

Cronbach alpha is a method to assess the dependability of questionnaires or rankings utilised for gathering information or data. This assesses the internal consistency of the data set collected during a research survey. Lee Cronbach named it originally in 1951.

Table 1

	No of things	Cronbach Alpha
Intrinsic Rewards	7	.647
Extrinsic Rewards	6	.751
Employee Performance	5	.795

Reliability Investigation was performed to assess the correctness of the information acquired in order to guarantee that every thing utilized in every factor was free of error, resulting in constant outcomes. Cronbach's alpha is the metric. Several statements on adequate alpha worths varied from 0.70-0.95. The conditional variants were assessed using Cronbach's alpha & their corresponding items, meaning work outcome, are shown in the table above, whereas intrinsic and extrinsic incentives are independent variables. Cronbach alpha scores for all factors varied between 0.647 & 0.795, revealing strong inter-item dependability for each component. For example, Cronbach alpha values for Extrinsic Rewards, Intrinsic Rewards, & Employee Outcomes were 0.647, 0.751, and 0.795, respectively.

9.2. Demographic

Age

Age Range	Frequency	Percent
18-22	23	22.78
23-27	12	11.88
28-32	24	23.76
33-37	25	24.75
37>	17	16.83

Gender

Gender	Frequency	Percent
Male	48	47.52
Female	53	52.48

Qualification

Qualification	Frequency	Percent
UG	34	33.67
PG	40	39.60
Diploma	27	26.73

Experience

Experience	Frequency	Percent
0-5	38	37.63
5-10	35	34.65
10>	28	27.72

9.3. Correlation**Table 2**

	Variables	Intrinsic Reward	Extrinsic Reward	Employee Performance
Intrinsic Reward	Pearson Correlation	1	.608**	.378**
	Sig. (2-tailed)		.000	.003
	N	101	101	101
Extrinsic Reward	Pearson Correlation	.608**	1	.567**
	Sig. (2-tailed)	.000		.000
	N	101	101	101
Employee Performance	Pearson Correlation	.567**	.378**	1
	Sig. (2-tailed)	.000	.003	
	N	101	101	101

Table 2 displays the results of the correlation coefficient test. The table shows a decent relationship between the factors. Extrinsic incentives have a substantial correlation with employee performance, with values ranging from 0.567 to 1.00. Pearson connection (r) values also indicate a positive in value, suggesting a positive connection. The outcome of the correlation coefficient of Pearson is positive, it is assumed that as extrinsic rewards grow, so will worker performance. On the other hand, the intrinsic reward of 0.378 suggests a moderate and positive association, implying that as the intrinsic reward increases, so will the worker's performance.

9.4. Regression

Table 3

	Unstandardized Beta	Coefficient Standard Error	Standardized Coefficient Beta	T	Sig
(Constant)	4.328	1.407		3.082	.002
Intrinsic	.358	.067	.538	5.459	.000
Extrinsic	.030	.065	.048	.483	.628

Model

Summary^b

Change Stats

Model	R Square Change	F change	df1	df2	Sig. F change
1	.451	26.348	2	117	.000

According to the data in Table 3, a single article modification in worker work outcome is impacted by .358 out of all extrinsic incentives. Other variables influence the left out .642. This rating represents an average favourable outcome. Similarly, .030 of total intrinsic incentives effect one unit change in employee performance. Overall intrinsic rewards have a smaller impact by total extrinsic benefits, according to the value. In this study, just these two parameters were employed to assess employee performance. The beta value represents the favourable rates of variation by variables that are dependent with both variables that

are independent having a positive and exceptionally high correlation.

10. Conclusion

Human resources are significant assets of companies, and they are a vital component of strategic achievement in all sorts of organizations. Highly paid workers are more likely to be highly pleased and high-performing employees; they also prefer to stay with organizations longer, which leads to or increases competitive advantage. According to the discoveries of this analysis, a positive, meaningful relation exists among intrinsic prizes, extrinsic rewards & worker outcome; thus, the matter of giving workers incentives using any potential kind of rewards is very important and shouldn't ever be overlooked by organizational management for the reason deliberately neglecting of rewarding requirements will lead to demotivated staff members with less outcome.

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