Analyzing the data on the Holistic Impact of Intrinsic and Extrinsic Rewards on Employee Performance: A Case of School Staff of an Asian Country
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Abstract
Intrinsic and extrinsic rewards play significant roles in influencing employee performance and motivation. The primary objective of this study is to ascertain the correlation between various forms of rewards—both intrinsic and extrinsic—and employee performance. It seeks to examine the interconnection between extrinsic and intrinsic rewards and their impact on employee performance comprehensively. Furthermore, the study aims to identify the factors influencing private schools in adopting effective practices and a structured approach towards recognizing staff contributions. To achieve these objectives, descriptive statistics were utilized to gather demographic information. Subsequently, inferential statistics were employed to analyze the relationships between variables. A total of 70 questionnaires were distributed among the teaching staff of a private school, yielding 65 accurate responses. The findings indicate a statistically significant positive influence of both intrinsic and extrinsic rewards on employee job performance. Additionally, the study reveals a strong predictive relationship between these independent variables and employee job performance within the workplace.

INTRODUCTION
Rewards are biggest aspects for encourage workforces to perform the excellence for generating the innovative concepts that improve corporate functions and improve the performance of organization on monetary and non-monetary levels. As per Dewhurst et al. (2010), monetary rewards is not only way to benefit the employee. These include the employee’s capability to get reward from their bosses, the chance to complete key projects and tasks, and their appreciation for the leader's consideration. Many studies on manager influence have establish that controller reward power is absolutely related to job performance of employee, efficiency, satisfaction, retention and structural behaviors of organization (Simon, 1976, Martin & Hunt, 1980, Jahangir, 2006). Any worker shall try his best as soon as he feels or believes that management will reward his efforts. Employee productivity is influenced by many factors such as job environment, peer-peer associations, training and growth chances, job safety & policies regarding employee compensation etc. Among all the factors that influence employee productivity, motivation and reward are extremely important. Motivation is a pool of various procedures which affects our behavior and shifts it towards achieving a particular target (Baron 1983). Mostly rewards are two
Types either extrinsic or intrinsic. Intrinsic rewards are non-monetary rewards. Extrinsic rewards are monetary rewards. Intrinsic rewards are respect, successful completion of new tasks, positive attitude and employer interest and job rotation upon completion. According to Fehr, E., & Falk, A. (2020), further two rewards system is measured as monetarist and non-monetarist, which can increase performance of employee. Monetary reward can be receipts for performing, e.g. additional benefit, advancement promotions rewards, awards, favors etc. Non-monetary benefits are financial/non-financial and represent acknowledgment likewise recognition, credential and evaluation. Non-monetary benefits are also known as tangible prize (Heckerman and Kosfeld 2008).

The Expected output can be achieved excellently and professionally when employees understand the joint advantage of the company and themselves by getting the targets and objectives they have set. Reward systems must be carefully designed by the organizations in order to measure the performance at each level, whether through tangible rewards for satisfied worked done or satisfaction with intangible performance. The idea of managing the performance has led to the creation of a reward system that involves matching needs and goals between organizations and employees external and internal compensation. The organization offers training and development points for employees to achieve the identified goals. Assessing the training or development needs (training/development) of employees provides them internal enthusiasm. Madera, J. M., & Yoo, E. (2021).

Arguing as when wages rise above living standards, the fundamentals are strong incentives and that employee inspiration needs high benefits, like wise satisfied feeling for performing a better job may provide feeling that I had found something important. The literature shows mixed results regarding which types of rewards may be most important in improving performance of employee. As per Perry et al (2006) monetary rewards may not be a strong motivator and monetary outcomes are affected by demoralized employees (Srivastava, 2001). Some studies found that most effective tool for motivation is not money among employees surveyed and executives sometimes believed that money had a negative or detrimental influence on workers (University of Texas, undated). Alternately Ryan (n.d.) argues that there is most important and meaningful reward system is non-monetary rewards for employees and strongly motivates them to improve their performance. Innovative performance of individual non-financial benefits supports best practices and reduce the employee turnover and engagement, he said.

Transferring that knowledge can be expensive, but right now it's priceless. The study aims to explore the overall effects of intrinsic and extrinsic rewards on the performance of teachers in privately-run educational institutions situated in Gambat City. Intrinsic rewards denote internal motivators such as job satisfaction, feelings of accomplishment, and personal fulfillment, whereas extrinsic rewards encompass tangible incentives such as salary increments, bonuses, and acknowledgment. The main problem we're looking at is understanding how two types of rewards affect teachers' performance in private schools in Gambat City. Even though there's some information out there, we still don't fully understand how both intrinsic (like personal satisfaction) and extrinsic rewards (like salary) affect how well teachers do their job in this particular setting.
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In this study, we want to find out a few important things: How does feeling satisfied and fulfilled in their job affect how well teachers perform in Gambat City’s private schools? And, on the other hand, how does getting things like raises and praise affect their performance? We want to know how giving different rewards can help teachers do their jobs better. This is important for the bosses and people who make decisions at the private schools in Gambat City. It helps them make good plans to help teachers, so students can learn better at these schools.

- Does the presence of intrinsic rewards affect the performance of private school teachers in Gambat City?
- Does the presence of extrinsic rewards influence the performance of private school teachers in Gambat City?
- How does the relationship between extrinsic and intrinsic rewards impact the performance of private school teachers in Gambat City?

THEORETICAL FRAMEWORK

Introduction to Intrinsic and Extrinsic Rewards

Nowadays, businesses want their employees to work better, so they use different ways to motivate them. Two important ways are inside rewards and outside rewards. Inside rewards come from the job itself, like feeling happy when doing well or accomplishing something. Outside rewards are things the company gives, like extra money or a better job. It’s really important to understand how these two types of rewards work together to keep employees happy, interested, and doing their best at work. We can learn how rewards affect how well people do their jobs through different ideas. One idea is called Self-Determination Theory, made by Deci and Ryan in 1985. They say people want to feel free, capable, and connected to others. This theory tells us that rewards that make people feel good about the work itself can keep them motivated. Another idea is called Expectancy Theory, by Vroom in 1964. It says people work harder when they think their efforts will lead to good things. So, rewards like getting paid more or getting promoted can make people expect better things and work harder.

Intrinsic Rewards and Employee Performance

Research shows that when people feel happy and content, it helps them do their work better and want to do it well. Ryan and Deci (2000) proved that when tasks are rewarding by themselves, people are more engaged and keep trying harder. Moreover, Deci et al. (2001) found that the fulfillment of psychological needs, such as autonomy and competence, through intrinsic rewards leads to amplified job satisfaction and performance. Pink (2009) further accentuated the significance of autonomy, mastery, and purpose as intrinsic motivators propelling employee performance.

Extrinsic Rewards and Employee Performance

While external to the task, extrinsic rewards wield significant influence over employee performance. Deci et al. (1999) conducted a meta-analysis revealing that extrinsic rewards can bolster task performance, particularly when perceived as contingent on
performance. Skinner’s (1953) reinforcement theory also corroborates the notion that extrinsic rewards serve as effective instruments for behavior modification and performance enhancement. However, the type and timing of extrinsic rewards emerge as critical factors dictating their impact on employee performance (Lepper & Greene, 1978).

**Interaction Effects of Intrinsic and Extrinsic Rewards**

The dynamic relationship between intrinsic and extrinsic rewards presents both complementary and contradictory effects, as suggested by various studies. Cameron and Pierce (1994) contended that extrinsic rewards may undermine intrinsic motivation, resulting in diminished performance. Conversely, Deci et al. (1999) posited that intrinsic and extrinsic motivation can synergistically coexist, reinforcing each other to bolster overall performance. Gagné and Deci (2005) further explored the moderating variables shaping the interaction between intrinsic and extrinsic motivation, underscoring the significance of individual differences and contextual nuances.

**Employee Performance Outcomes**

The influence of rewards on employee performance extends beyond task completion to encompass diverse outcomes, including job satisfaction, creativity, innovation, and organizational commitment. Ryan and Deci (2001) found that when people feel good about the work they’re doing from within, like finding it interesting or challenging, they tend to be happier and more involved in their jobs. This leads to them feeling better overall. Amabile (1996) showed that when people are motivated by things they find interesting or enjoyable, they’re more likely to come up with new ideas and try out different ways of doing things. And Meyer and Allen (1991) pointed out that when employees feel connected to their organization and like their job, they’re more likely to stick around for a long time. This shows how both the stuff people enjoy about their work and the things they get like money or benefits can help keep them loyal to their job.

**Contextual Factors Influencing the Impact of Rewards**

The effectiveness of rewards in affecting how well employees work depends on different things like cultural differences, the kind of tasks they do, and how their bosses lead them. Chen and Farh (1989) said it’s important to think about cultural differences when giving out rewards, because people from different cultures might react differently to rewards that come from within themselves or from outside sources. Hackman and Oldham (1976) found that the type of work people do, like how important it is and how much freedom they have, really matters when it comes to rewards making them work better. And Eisenberger et al. (1986) talked about how bosses’ leadership can change how employees see rewards and how much these rewards make them want to work harder.

**Methodological Considerations in Reward**

Studies It’s really important to be thorough when we study how rewards, both from inside and outside a job, affect how well employees do their work. Deci and his
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Colleagues (1981) talked about different ways to measure these types of motivation accurately. They suggested that long-term studies are best for seeing how rewards affect performance over time. But short-term studies can also give us useful information about immediate effects. It's also crucial to carefully consider other things that might influence the results, like differences between people or how the organization is set up. This helps us understand if rewards actually cause changes in how well employees do their jobs.

Practical Implications for Managers

Managers play a big part in creating and using reward systems that really encourage employees and boost how well they work. When managers understand how both inside (like feeling fulfilled by the work itself) and outside (like getting bonuses or praise) rewards affect employees, they can make reward plans that fit what employees like and what the company wants to achieve. Finding the right mix of inside motivators, like having work that feels important and being able to make decisions, and outside rewards, like extra money or recognition, can make a well-rounded way to manage rewards that helps performance in the long run. Also, managers need to realize it's important to make rewards that fit the different needs and likes of all employees.

Future Directions and Research Opportunities

Exploring reward management has lots of potential. Using neuroscience methods can help us understand why we're motivated by things like enjoyment or external rewards. There are also new kinds of rewards, like getting recognized socially or using games, which could lead to cool new ways to reward people. With more people working from home, it's important to see how rewards still work in online settings and how they affect how well people do their jobs and how happy they are. In short, both the rewards that come from within and those that come from outside have a big impact on how well employees do their jobs. When employees feel good about the work itself, they're more motivated and satisfied. On the other hand, rewards like bonuses or recognition help reinforce good behavior and improve performance. How these different kinds of rewards work together depends on each person, their environment, and how the organization operates. By really understanding how both intrinsic and extrinsic rewards affect how employees perform, companies can come up with personalized strategies to keep their employees happy, engaged, and productive.

Reward system

Intrinsic and Extrinsic rewards are the independent variables in this study. The Extrinsic reward covers basic salary and performance benefits, while Intrinsic rewards covers Appreciation, Learning chance, Challenging Job, and Job Development.

Employee performance

The employee performance is the dependent variable in this study. In the dependent variable, employee performance covers productivity, work achievement, and work quality.

Following is the conceptual model of this study:
Figure 1.
Conceptual Framework

Conceptual model of the impact and close relationship between extrinsic and intrinsic rewards (independent Variable) and employee performance (Dependent Variable)

HYPOTHESIS

H1. The presence of intrinsic rewards positively influence employee performance.

H2. The presence of extrinsic rewards positively affects employee performance.

H3. There is a significant correlation between intrinsic and extrinsic rewards and employee performance.

RESEARCH METHODOLOGY

Around 07 private and semiprivate schools are running in Gambat city and around 12 teachers are working in each school. The study employed the convenient sampling technique, allowing all participants the opportunity to take part in the survey. To determine the sample size, the table provided by Krejcie and Morgan (1970) was consulted. In order to collect the primary data, the quantitative research model has been used in this study and close ended questionnaires was used to get data from a sample of 70 employees of private school and all were randomly selected from 5 private schools listed in Gambat City, including 2 Semi private schools (Sojhro Public School, Wisdom Public School) 3 private schools (High Rise the Academy of Excellence, Iqra public school and Samara Public School). Total 70 surveys were circulated among the teachers of private schools and among them 65 were returned. The questionnaires were considered on the source of hypotheses and objectives. Four sections were covered in the questionnaire i.e. demographic profile, intrinsic rewards, extrinsic reward and performance of employee. A 5(five) point Likert scale questionnaire was adopted to collect the data from pervious study Deci, E. L., & Ryan, R. M. (2000). The reliability of the questionnaire was check through Cronbach’s Alpha test i.e 0.994. Descriptive and Pearson Correlation analysis techniques will be used to
analyze the data. The data was run on statistical package SPSS (Statistical Package for Social Sciences) version 16.0 for analyzing the results.

RESULTS

Following are the findings of study

Demographic information of the respondents (N=65)

![Age wise distribution of the respondents](image1)

**Figure 2.**
**Age wise distribution of the respondents**
The above graph shows the gender wise distribution of respondents from the private schools. As per the data, the majority of the sample (n=65) was between 18 and 20 years old.

![Gender wise distribution of the respondents](image2)

**Figure 3.**
**Gender wise distribution of the respondents**
The above graph shows the gender wise distribution of respondents from the private schools. As per the data, the majority of the sample (n=65) comprised of 66.15% females and 33.85% (n=65) were males.
Figure 4. 
**Education wise distribution of the respondents**
The professional qualifications of the respondents are classified, their professional qualifications are divided into 6 groups, specifically 3.08% passed SSC, 30.77% passed HSC, 35.38% passed college and 7.69% passed master's degree, which indicates that mostly the professionals were hired.

Figure 5. 
**Experience wise distribution of the respondents**
The above graph shows the Experience wise distribution of respondents from the private schools as per the data, the majority of the sample (n=65) is from 1-2 years (43.08%)
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Regression Analysis

Table 1.
Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
<th>Sig. F Change</th>
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<tbody>
<tr>
<td></td>
<td>.702\textsuperscript{a}</td>
<td>.492</td>
<td>.015 .983</td>
<td>128.80188</td>
<td>.970</td>
<td>.254</td>
</tr>
<tr>
<td>2</td>
<td>.994\textsuperscript{b}</td>
<td>.987</td>
<td>72.02799</td>
<td>236.116</td>
<td>.000</td>
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</table>

Predictors :( Constant), Intrinsic rewards, extrinsic rewards

The results of model summery indicate that there is positive impact of independent variable on the dependent variable as the employee performance depends 70.2% on intrinsic and extrinsic rewards. Further, R Square 0.492 and 0.987 is also showing that there is close relationship between the independent variables i.e. extrinsic and intrinsic rewards in order to predict the dependent variable i.e. employee performance.

Table 2.
ANOVA Test

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>32201.949</td>
<td>16094.501</td>
<td>.980</td>
<td></td>
</tr>
<tr>
<td>Residual</td>
<td>33180.911</td>
<td>16610.919</td>
<td>.255\textsuperscript{a}</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>70131.790</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regression</td>
<td>122577.699</td>
<td>123001.710</td>
<td>240.116</td>
<td>.000\textsuperscript{a}</td>
</tr>
<tr>
<td>Residual</td>
<td>156014.091</td>
<td>5190.031</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1239210.800</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The results of ANOVA test indicate that the Sig. Value 0.000 at the 1% significance level shows, there is a strong correlation between the independent variables and the dependent variable. Therefore, employee performance depends on rewards intrinsic and extrinsic rewards in various private schools of Gambat city.

Table 3.
Dimension Correlations rewards and employees' performance

<table>
<thead>
<tr>
<th></th>
<th>Extrinsic rewards</th>
<th>Employees' performance</th>
<th>Intrinsic rewards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intrinsic rewards</td>
<td>\textsuperscript{.993**}\textsuperscript{(.000)}</td>
<td>\textsuperscript{.501**}\textsuperscript{(.198)}</td>
<td>1</td>
</tr>
<tr>
<td>Employees' performance</td>
<td>\textsuperscript{.551**}\textsuperscript{(.170)}</td>
<td>1</td>
<td>\textsuperscript{.501**}\textsuperscript{(.198)}</td>
</tr>
<tr>
<td>Extrinsic rewards</td>
<td>1</td>
<td>\textsuperscript{.551**}\textsuperscript{(.170)}</td>
<td>\textsuperscript{.993**}\textsuperscript{(.000)}</td>
</tr>
</tbody>
</table>

\*, Correlation is significant at the 0.05 level (2-tailed).

\*, Correlation is significant at the 0.01 level (2-tailed).

The above results indicate that the correlations between the variables deliberate in the study. There is a positive impact, \( r = 0.551 \), between independent variable i.e. extrinsic rewards and dependent variable i.e. employee performance. Further, there is also a positive impact \( r = 0.501 \) between independent variable i.e. intrinsic rewards and dependent variable i.e. employee performance. Meanwhile, both independent variable intrinsic rewards and extrinsic rewards have very close relationship at \( r = 0.993 \) with a significance level of less than 0.01.
Table 4.
T-test Extrinsic and Intrinsic rewards on Employees' performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Salary</td>
<td>.639</td>
<td>1.499</td>
<td>.122</td>
</tr>
<tr>
<td>Performance benefits</td>
<td>.481</td>
<td>.939</td>
<td>.210</td>
</tr>
<tr>
<td>Job Development</td>
<td>.499</td>
<td>.978</td>
<td>.71</td>
</tr>
<tr>
<td>Appreciation</td>
<td>.380</td>
<td>.708</td>
<td>.271</td>
</tr>
<tr>
<td>Learning chance</td>
<td>.431</td>
<td>.821</td>
<td>.240</td>
</tr>
<tr>
<td>Challenging Job</td>
<td>.681</td>
<td>1.571</td>
<td>.108</td>
</tr>
</tbody>
</table>

Dependent Variable: Employees’ performance.
The results of t-test indicate here that extrinsic and intrinsic rewards have significant relation on employee performance. The hypotheses testing results are given as under:

**HYPOTHESIS AND RESULTS**

**H1.** The presence of intrinsic rewards positively influences employee performance.

The correlation coefficient between intrinsic rewards and employees' performance is 0.501. However, the correlation is not statistically significant at the conventional alpha level of 0.05 (p = 0.198). Since the correlation is not statistically significant, we do not have sufficient evidence to support the hypothesis that there is a positive impact of intrinsic rewards on employee performance. Therefore, we would reject H1.

**H2.** The presence of extrinsic rewards positively affects employee performance.

The correlation coefficient between extrinsic rewards and employees' performance is 0.551. Similar to intrinsic rewards, the correlation is not statistically significant at the 0.05 level (p = 0.170). Like H1, the correlation between extrinsic rewards and employee performance is not statistically significant. Thus, we do not have enough evidence to support the hypothesis that there is a positive impact of extrinsic rewards on employee performance. Therefore, we would reject H2.

**H3.** There is a significant correlation between intrinsic and extrinsic rewards and employee performance.

The correlation coefficient between intrinsic and extrinsic rewards is 0.993. This correlation is strong and statistically significant at the highest level (p < 0.001). The results provide strong evidence to support the hypothesis that there is a close relation between intrinsic and extrinsic rewards on employee performance. Therefore, we would accept H3. In short, looking at the results we have, we would say that H1 and H2 aren’t supported because they didn’t show enough importance in the data. However, H3 is supported because there’s a clear and important connection between intrinsic and extrinsic rewards that we found through statistical analysis.

**LIMITATIONS**

The research might have had some issues because the group of people studied was small. This could make it hard to use the results for other situations. Also, there might have been mistakes in how we measured things like how happy people felt at work.
or how well they did their jobs. These mistakes could have affected the results. Also, the way we did the research only looked at things at one point in time, so we can’t say for sure if one thing caused another. Also, the findings might only be true for private schools in Gambat and might not work the same way in other places. Private schools in Gambat have their own way of doing things and their own culture, which can affect how rewards and job performance work. So, we have to be careful when using these discoveries in other areas. But even with some issues, the study provides us with good thoughts about how rewards influence how good people are at their jobs in private schools. It tells us that we should keep learning about this to understand it more and consider these boundaries.

CONCLUSION

The study wanted to see how both the feelings inside and things from the world outside affect how well workers do their jobs in private schools in Gambat. By looking at three ideas, the research showed us important things about how rewards and job performance are connected. Even though the study found a strong connection between intrinsic and extrinsic rewards, it didn’t find evidence that either of them directly makes workers do their jobs better in this case. This suggests that other factors besides rewards might have a bigger impact on how well workers do their jobs. The research shows that rewards and how well people work are quite tricky. This means that to help teachers do better in private schools, we need to consider many things. Understanding these complexities can help school leaders make better plans to keep teachers happy and doing well in their jobs. In the future, smart people might find better ways to see how rewards make workers do better in private schools. They might talk directly to workers by asking them questions or having group discussions to understand what they think about rewards and how these make their jobs better. By studying how rewards, leadership styles, and the school itself work together, smart people could learn more about what makes workers want to do well. Furthermore, observing how rewards function in various schools or places where people learn things can reveal if they are effective in different settings. Experimenting with different methods to improve rewards and assessing their impact on performance could help school leaders and decision-makers gain insights into what actions to take.

DECLARATIONS

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Consent to Participate: Yes
Consent for publication and Ethical approval: Because this study does not include human or animal data, ethical approval is not required for publication. All authors have given their consent.
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