



## INTRINSIC MOTIVATION AND EXTRINSIC MOTIVATION TOWARD JOB SATISFACTION AMONG LOCAL BANK EMPLOYEES



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### ABSTRACT

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Bank employees play an important role and function in ensuring the banks' objectives to be achieved by the end of the year's financial accounting period. Thus, these bank employees were set by various targets for them to achieve by that period. Banking sector requires their bank employees to be motivated for them to deliver their job performance; in turn, will be reflected in the bank's financial performance. Therefore, the bank top management needs to consider ways and actions to motivate their employees. This paper intends to explore the relationship and understand the impact between intrinsic motivation and extrinsic motivation toward job satisfaction among bank employees in the northern states of Malaysia. A self-administered questionnaire has been distributed among bank employee that inquires on their demographic information, intrinsic motivation, extrinsic motivation, and job performance. Data analysis was examined on demographic, reliability, correlations, and regression. The results discovered that bank employees do consider intrinsic motivation and extrinsic motivation as important to their level of job performance while delivering their work in the bank. Bank employees indicate that both motivations, namely intrinsic motivation and extrinsic motivation, have a strong relationship with their job performance. Moreover, these motivation programs need not to be on the bank employees' spiritual motivations but also conducting workshops and training for their employees on knowledge enhancement.

**Contribution/ Originality:** This paper intends to explore the relationship and understand the impact between intrinsic motivation and extrinsic motivation toward job satisfaction among bank employees in the northern states of Malaysia.

## 1. INTRODUCTION

Firm's organization structures are heavily dependent on employees which influence the organization in their engagement, attitudes, and motivation. Thus, the scenario in banking nowadays seems to fully utilize the functions of bank employees. The function of a bank has been transformed from traditional ways to universal ways of banking, the function of a previous concept for the bank which to based on investment and commercial has changed to the concept of universal banking or bancassurance. The change has also changed the bank's management to suit the market niche and to leave a satisfactory yet with outcome orientated from the staff affected. Moreover, bank employees play an important role and function in ensuring the banks' objectives to be achieved by the end of the

year's financial accounting period. Thus, these bank employees were set by various targets for them to achieve by that period.

On the other hand, the bank's management needs to ensure that its employees are motivated in helping them to achieve the bank's objectives. With the present situation of the COVID-19 pandemic that plough throughout the nation, the banks had been affected by the pandemic too. Moreover, the government had imposed a moratorium on the banks in the country from April to September 2020. Thus, the period of 6-month moratorium has somehow or rather affected the banks' income. Therefore, the bank's management needs to have a plan for them to survive and keep employing their employee during a hard time. Again, at this juncture, the bank's management has to keep their employees motivated not just due to the pandemic, but also to keep the bank's targets to be achieved.

Employees motivation has been associated with job satisfaction. Furthermore, the level of employees' job satisfaction, if low, may lead them to leave their job. Bank employees faced motivational issues as universal banking system taken place after the traditional banking practice. Apart from that, coupled with a mutual separation scheme (MSS) and voluntary separation scheme (VSS), they create hassle to the bank employees to cope with sudden heavy job functions. Furthermore, it has been noticed that some bank employees were asked to do sales and stay up late to cover double or triple work tasks. The implementation of the universal banking system is undeniably good for market expansion purpose, however, bank employees at the same time will have to cope with the banking niche.

The bank employees are faced with issues such as sales target, lack of experience on customer inquiries, and additional workloads. Firstly, the operational issues faced by bank employees on sales target can impact on their key performance indicator toward their performance appraisal. This type of target was in the key performance indicator (KPI) and contribute roughly around 20% of the total KPI score. Bank employees find it hard to achieve as they have no ample time to focus on cross-selling while attending customer over the counter transaction. Over the Counter Transaction (OTC) has a queue time limit which relies on efficiency to serve and clear the customer as limited time as possible. It is seen partly unfair to bank employees to be given target on sales that keep on changing from year to year. Secondly, the lack of experienced staff in handling certain inquiries especially on credit matters and on policy and procedures. This requires ample knowledge to the bank employees. Thus, sharing on information, updates on circular, and training should be done for bank employees to equip them with that valuable knowledge. Finally, the existing workloads heavier than previous workloads due to the effect of cessation date for MSS and VSS employees. Subsequently, the vacant position of the left bank employees was not replaced. This situation increases one's workloads and there should be a room of improvement on this matter. Moreover, certain bank employees still able to manage their workloads as if nothing happen with no complaints and not extending their disagreement to a higher authority.

This paper intends to examine the influence of intrinsic motivation and extrinsic motivation of bank employees toward their job satisfaction. Moreover, the motivational of bank employees would be an issue as if it is not cared for by the bank's management, then it will cause a downside on the bank employees' job satisfaction. Furthermore, the bank employees' level of job satisfaction would be reflected in the bank's customers, specifically on the customers' satisfaction on the services provided by the bank employees.

## **2. LITERATURE REVIEW**

In this section, the literature review is on intrinsic motivation, extrinsic motivation, and job satisfaction. Furthermore, the review will also on the relationship between motivation and job satisfaction; in turn, leads to the research framework and hypotheses.

### **2.1. Intrinsic Motivation**

Intrinsic motivation referred to engagement in behaviour that is inherently satisfying or enjoyable (Legault, 2016). Moreover, intrinsic motivation is defined as the doing of an activity for its inherent satisfactions rather than

for some separable consequence. When intrinsically motivated a person is moved to act for the fun or challenge entailed rather than because of external prods, pressures, or rewards (Ryan & Deci, 2000; White, 1959).

Bank employees need to be intrinsically motivated in their work. The intrinsic motivation will create natural passion towards them in their daily tasks. Subsequently, if the bank employees have the continuous momentum to keep their motivation in themselves; then in turn they will always succeed at all time. White (1959) defined intrinsic motivation as doing an activity for self inherent satisfaction rather than some separable consequences. Moreover, the intrinsically motivated person moved to act for fun or challenged entailed rather than because of external prods. Unfortunately, bank employees had situations of ups and downs throughout the entire life phase, so some other type of external rewards is needed to enhance the motivation level to the correct phase if it deteriorates. In conjunction with the bank employees' job function in the bank, it has been identified by researcher proceed with a research proposal to scrutinize on the intrinsic factor of meaningful work, learning, and building value.

Firstly, Finney (1998) said creating a meaningful work was a responsibility that employee and manager share. Aligning vocation with avocation is certainly idealistic. Bank employees had to be intrinsically motivated by making their office as a comfortable zone. It is crucial for bank employees as well as other employees as they will be in the bank for roughly more than 8 hours. Meanwhile, Bowen (2000) highlighted some points to have meaningful work managers must encourage employees to identify energizing aspects of their work, move the employee to the department that they will learn most, position employees at where they will perform most, link employee interests and personal mission with those of the organization, and increase the value-added content of employees' work. By practising this in the bank, there is a hope that intrinsic motivation will slowly be in the bank employees mindset when they are at ease with their surroundings.

Secondly, training and development of the system and updates on policy among bank employees were very often. But to make it more meaningful, the training must be able to help the bank employees to gain meaningful knowledge and experiences. Bank employees will have to undergo e-learning training from the intranet of the bank which reminds them of the banking act. In this context, it will increase the intrinsic motivation as they feel secured to know what bank demands them. It also acts as a safeguard for them against any banking offence. Example of e-learning that clerical will have to complete periodically basis are Anti-Money Laundering (AML/CFT), Financial Services Act/Islamic Financial Services Act (IFSA), and others.

Finally, building value can be defined as how much the value of each employee and employer brings to the relationship. In banking, it is important to have a healthy relationship with other colleagues and avoid gossips and other negative thoughts. It is good to discuss with each other as problems occurred. The manager must treat their employees in good by providing works that had meaning and purpose to the employees. Moreover, communication between managers to instruct the bank employees must be done professionally.

## 2.2. Extrinsic Motivation

Extrinsic motivation is a construct that pertains whenever an activity is done to attain some separable outcome. Extrinsic motivation thus contrasts with intrinsic motivation, which refers to doing an activity simply for the enjoyment of the activity itself, rather than its instrumental value (Ryan & Deci, 2000). Meanwhile, White (1959) defined extrinsic motivation as a construct that pertains whenever an activity is done to attain some separable outcome. The extrinsic motivation was essential for bank employees toward the rewards on their performance. Moreover, extrinsic motivation was also associated with human performance technology.

Firstly, recognition and rewards were complex. Rewards had the power to punish as well as compensate. Bowen (2000) stated that essential for all managers to be able to embrace diversities. Through this, bank employees will be compensated well and they will deliver more to the extent of extra miles. In a world of ever-expanding opportunity, managers need to respect lower-level employee compared to the previous style of respect given. Nowadays, it is believed that bank employees were formed by the majority of Gen Y, it is because Gen Y is those

people born between the 1980s to 2000. It can be concluded that more of them are now in the working phase. Even though Gen X is in the running of the bank employees posts but most of them are predicted to already been to higher-level rank. It not wise to say that managers must treat bank employees in this era better than the previous employee, but it is due to the environmental or surroundings change. [Abacus Data \(2014\)](#) found out that, most of Gen Y do not doubt that they will be able to achieve their personal life and life goals. According to [Bowen \(2000\)](#) to promote peace in working environment managers have to embrace diversity, rewarding employee by leading well, base pay and total rewards program. Managers have to show a positive example in the branch, if he demanded a high figure to be in the branch for the day, he must be seen to also try to market some products as well. Other than that, to attract clerical level to perform well in the branch, managers must provide competitive in forms of basic salary payment or adjustment, career enhancement and incentives. It can be concluded that the rewards system by management will increase the participation of staff together to achieve the goal. Participation by bank employees in achieving the target will lead to objectivity achievement and goal achievement.

Secondly, human performance technology is a field of practice that has evolved largely as a result of the experience, reflection, and conceptualization of professional practitioners striving to improve human performance in the workplace. Human performance technology in layman's term can be described as technology or device introduced to make the human daily task easy. In the extension of the banking context, management has to continuously upgrade the system to meet clerical's demand to have a comfortable working system. Nowadays banking system is contra as compared to the olden days which include the using of back-end bookkeeping system that record customers' account details and transaction processing system such as high-value money transfer systems that feed with data. Banking as of today is miles ahead in terms of frequent software system update, less paper used, the high volume of transfer transactions. It is undeniable that clerical in the olden days are more efficient compared to clerical in this era as they perform more of manual task. Human performance technology brings a huge impact on daily clerical task, easy to handle with but provided that they must be IT literate.

### *2.3. Job Satisfaction*

Job satisfaction is about one's feelings or state of mind regarding the nature of their work ([Peng et al., 2016](#)). Furthermore, [Locke \(1976\)](#) described job satisfaction as a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences. In this context, bank employees in the bank will be satisfied if they are doing what they love to. Management must use a variety of approach with better rewards for the clerical to perform better. The management had come out with a specific project which clerical will be given a certain lump sum of cash rewards if she or he attended the mystery shopper professionally according to the guidelines provided. [Hulin and Judge \(2003\)](#) noted that job satisfaction includes multidimensional of psychological response to one's job. Job satisfaction will only exist when the employee has a happy feeling towards what he or she achieves after performing the task during her daily routine. Unfortunately, if a staff was burden with too many responsibilities, then it would not be fair to some staff. Staff with stiff and stubborn attitudes would receive fewer jobs and the hardworking type would have more jobs than ever. In this context, the negative attitude staff might have job satisfaction feeling but in real life, he was not contributing much to the organization. So, a bank employee needed to have job satisfaction that lies in them so that they will have the sincerity in doing works. There must be a system to patrol on the level of the job performance of bank employees towards job satisfaction such as competency point in key performance indicator.

Difficulties encountered by organizations with performance appraisal system are the result of inadequate system design ([Fournise, 1973](#)). Bank employees faced issues during appraisal creation because they are not clear on the process flow. Besides, in the banking situation nowadays, fewer employees were to be guided as buddy attachment on a certain matter. The lack of staff usually encounter at the branch level since that the branch is apart from the headquarters team members to assist, performance appraisal knows as Key Performance Indicator is a yearly basis to judge an employee. Bank employees were given short period notice to complete the key in process of

KPI details in the system and proceed to the next level of their supervisor. Some of the bank employees might be facing problem since they do not have a good relationship with their supervisor. Even though the supervisor only contributes to judging on competencies portion but it brings a huge difference of scoring point if the supervisor marked low rating for the clerical. This study must identify on how to have a better way of grading bank employees.

According to (McGregor, 1960), the different concept of the appraisal can be described in terms of the typical performance appraisal strategy. The typical strategy consists of the steps, or supervisory processes, listed below (McGregor, 1960) that tell the employee what is expected from he or her, observe performance and provide feedback to the employee, complete a formal summary of performance at the end of the specified period, conduct a performance interview or review, and use the formal measures of performance to make a personnel management decision

2.4. Relationship between Motivation and Job Satisfaction

It is noted that bank employees must be positively correlated within the motivational factor towards the job satisfaction level. If the bank employees developed such a relationship there will not be any hassle interference issue in their daily workforce. From the discussion on what is supposed to intrinsically lie in employees' mindset and as well as given as external parable will bring positive impact to the level of job satisfaction. In the bank employees mindset were supposed to create meaningful work so that they will be able to work comfortably and happily.

2.5. Research Framework & Hypothesis

Figure 1 depicts the research framework of this paper that relates the intrinsic motivation and extrinsic motivation toward job satisfaction among bank employees.

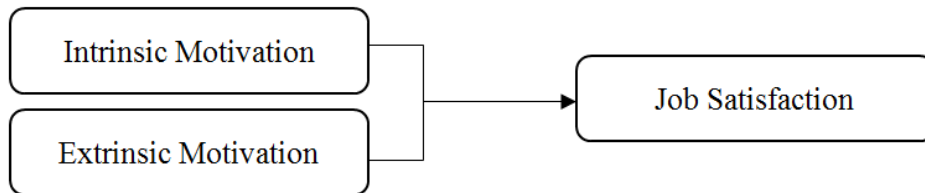


Figure-1. Research framework.

Furthermore, the hypothesis of this paper is based on the research framework which is as below:

*H<sub>1</sub>: Intrinsic motivation has a positive relationship with job satisfaction among bank employees.*

*H<sub>2</sub>: Extrinsic motivation has a positive relationship with job satisfaction among bank employees.*

3. METHODOLOGY

3.1. Population & Respondents

The population of the study involved 132 bank employees in the local township in the northern region of the country. This location was chosen since there were several banks in that area. Moreover, the banks' location gave convenience and easy access to reach the respondents.

3.2. Study Tools

Self-administered questionnaires were distributed among the respondents in several banks. There were four sections, namely Part A – on the demographic information of the respondents; Part B – 12 questions inquire on the intrinsic motivation; Part C – 8 questions inquire on the extrinsic motivation, and Part D – 9 questions inquire on the job satisfaction.

#### 4. DATA ANALYSIS

A total of 103 questionnaires were collected from 132 respondents which gave a response rate of 78%. Unfortunately, there were 3 questionnaires which were considered unusable due to incomplete in completing the whole questionnaire. Thus, the total questionnaires used for data analysis was 100 which gave a useable rate of 75.8%.

##### 4.1. Reliability Analysis

Table 1 depicts the reliability analysis of the variables, namely intrinsic motivation, extrinsic motivation, and job satisfaction. The reliability analysis of the respondents resulted in a good reliability value for all variables. Firstly, intrinsic motivation had a Cronbach's alpha of 0.87. Secondly, extrinsic motivation had a Cronbach's alpha of 0.86. Finally, job satisfaction had a Cronbach's alpha of 0.83. Job satisfaction had an initial Cronbach's alpha of 0.57 on 9-item questions, but after dropping 2-item question, and leaving it to 7-item questions.

Table-1. Reliability analysis.

Variable	Total Item	Item Drop	Item Analysis	Cronbach's Alpha
Intrinsic Motivation	12	nil	12	0.873
Extrinsic Motivation	8	nil	8	0.864
Job Satisfaction	9	2	7	0.831

##### 4.2. Demographic Analysis

Table 2 depicts the demographic analysis of the respondents. Bank employees were occupied by female employees (n=61; 61%) as compared to male employees (n=38; 38%).

Table-2. Demographic analysis.

Item	n	%
Gender:		
Male	38	38
Female	61	61
Marital Status:		
Married	75	75
Single	20	20
Others	5	5
Ethnicity:		
Malay	72	72
Chinese	21	21
Indian	4	4
Others	3	3
Age (year-old):		
20 to 30	31	31
31 to 40	33	33
41 to 50	25	25
Above 50	11	11
Academic Qualification:		
SPM	33	33
STPM/Diploma	40	40
Degree	24	24
Others	3	3
Service (years):		
Below 10	41	41
10 to 20	33	33
21 to 30	21	21
Above 30	5	5



Based on their marital status, 75 employees (75%) were married as compared to single employees (n=20; 20%) and divorcee employees (n=5; 5%). In the multiracial nation, the bank employees were comprised of Malay (n=72; 72%), Chinese (n=21; 21%), Indian (n=4; 4%), and others (n=3; 3%).

The majority of the respondents age was between 31 to 40 years old (n=33; 33%) and followed by 20 to 30 years old (n=31; 31%), 41 to 50 years old (n=25; 25%), and above 50 (n=11; 11%). The respondents' academic qualification varies among them, majority of them had an STPM/diploma (n=40; 40%); and followed by 33 employees (33%) with SPM, 24 employees (24%) with a degree, and 3 employees (3%) with other qualifications. Finally, respondents were inquired on their length of service in the banking sector. Majority of the bank employees were employed less than 10 years (n=41; 41%), and followed by 33 employees (33%) had served between 10 to 20 years, 21 employees (21%) had served between 21 to 30 years, and 5 employees (5%) had served more than 30 years.

#### 4.3. Correlations Analysis

Table 3 depicts the correlations analysis between variables, namely intrinsic motivation and extrinsic motivation toward job satisfaction. Bank employees indicated that their intrinsic motivation ( $r=0.67$ ) and extrinsic motivation ( $r=0.65$ ) had a high relationship toward job satisfaction.

Table-3. Correlations analysis.

Variable	1	2	3
1. Intrinsic Motivation	1	0.765**	0.660**
2. Extrinsic Motivation		1	0.652**
3. Job Satisfaction			1

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

#### 4.4. Regression Analysis

Table 4 depicts the regression analysis between intrinsic motivation and extrinsic motivation impact on job satisfaction among bank employees. Bank employees indicated the  $R^2$  value showed 49% for the job satisfaction which was explained by intrinsic motivation and extrinsic motivation. This meant that 51% of the variance for job satisfaction, which was explained by other unknown additional variables that have not been explored. The regression model ( $F=46.12$ ,  $p<0.00$ ) was proven to be a significant model due to the  $F$  ratio being significant in predicting job satisfaction. Overall, the  $F$  ratio result presented that intrinsic motivation and extrinsic motivation had a good fit in predicting job satisfaction. Furthermore, these were indicated by the insignificance value of beta. The intrinsic motivation ( $\beta=0.48$ ,  $p<0.000$ ) and extrinsic motivation ( $\beta=0.36$ ,  $p<0.000$ ) were a significant predictor for job performance among bank employees. Therefore, hypothesis  $H_1$  was supported where intrinsic motivation has an impact on job satisfaction. Meanwhile, hypothesis  $H_2$  was supported where extrinsic motivation has an impact on job satisfaction.

Table-4. Regression analysis.

Variable	Job Satisfaction	
	$\beta$	Sig.
Intrinsic Motivation	0.475	0.001
Extrinsic Motivation	0.363	0.002
$R^2$	0.487	
Adjusted $R^2$	0.477	
$F$ -Value	46.123	
Sig. $F$ -Value	0.000	

## 5. DISCUSSIONS & CONCLUSION

Bank employees indicate that both motivations, namely intrinsic motivation and extrinsic motivation, have a strong relationship with their job performance. On the other hand, the bank's management needs to capitalize on its

employees' motivations as mentioned in order to keep their bank employees motivated throughout their employment. The bank's human resource department needs to ensure various motivation programs are implemented. Moreover, these motivation programs need not to be on the bank employees' spiritual motivations but also conducting workshops and training for their employees on knowledge enhancement. It would be good for the top management to consider any academic programs for their bank employees to enrol with the bank financial supports and grants.

All of these motivations may be intrinsic motivation or extrinsic motivation, they will motivate their employees, in turn, will affect the employees' job performance. Then, the bank employees' job performance will be reflected in the bank's performance. Last but not least, the study is in accord with Kuvaas, Buch, Weibel, Dysvik, and Nerstad (2017) stated that organizations should address intrinsic and extrinsic motivations as separate motives. They should focus on increasing employees' intrinsic motivation.

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