

1.8: Intrinsic vs Extrinsic Rewards

Learning Outcomes

- Differentiate between intrinsic and extrinsic rewards

To understand the nature of rewards, we need to distinguish between those that are intrinsic and those that are extrinsic. Intrinsic rewards are internal and reflect an individual's interests, values and aspirations. An intrinsic reward is intangible; it might be the sense of satisfaction you get from mastering a new skill or the successful completion of a complex project or from working on a project that has personal significance or meaning.



In contrast, extrinsic reward is something that comes from an external source—for example, your instructor at school or your manager at work. Extrinsic rewards can be financial (a bonus, incentive, or commission) or non-financial (praise, a training badge, a development opportunity, or a coveted project assignment). There can also be elements of both; for example, a promotion would likely entail both a raise and a new title. Extrinsic rewards can also include intangibles such as the ability to work remotely or an invitation to participate in a mentoring program.

Dennis Coon and John Mitterer explain that “intrinsic motivation occurs when we act without any obvious external rewards. We simply enjoy an activity or see it as an opportunity to explore, learn, and actualize our potentials.”^[1] Intrinsic motivation is personal; for example, you may be intrinsically motivated to learn about or create a whole new world (think: Harry Potter), to improve the world or our experience of it, or to participate in a game or other activity. When individuals are intrinsically motivated, they typically perform at relatively high levels.^[2] In contrast, when a person is extrinsically motivated, his or her activity or behavior is a means to an end rather than an end in itself.^[3]

The ideal is when what you find intrinsically motivating is also what you do for a living. This is the idea that Steve Jobs communicated in his legendary commencement address at Stanford: “You’ve got to find what you love. And that is as true for your work as it is for your lovers. Your work is going to fill a large part of your life, and the only way to be truly satisfied is to do what you believe is great work. And the only way to do great work is to love what you do.”

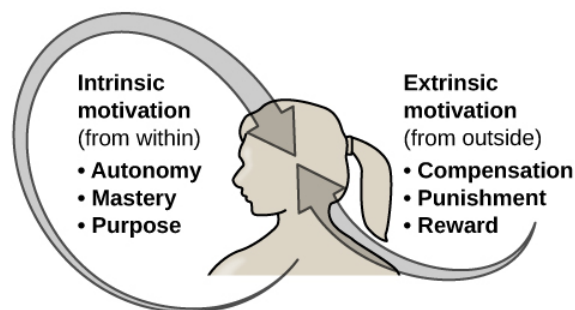


Figure 1. Intrinsic motivation comes from within the individual, while extrinsic motivation comes from outside the individual. Alternative text for “Figure 1. Intrinsic Motivation Extrinsic Motivation” can be accessed here.

Practice Question

<https://assessments.lumenlearning.co...essments/18176>

Although intrinsic motivation is personal, its characteristics are universal and include:^[4]

1. **Autonomy:** the person has control over how they activity is accomplished
2. **Mastery:** there is an element of progress and increasing competence or growth
3. **Relatedness:** there is a sense of community with others who are engaged in the activity
4. **Purpose:** the activity is perceived as meaningful

A manager can't prompt intrinsic motivation or provide an intrinsic reward, since the motivation flows from the employee's interest in and value for a particular type of work. A manager does, however, have control of situational factors. Management consulting firm Hay Group (acquired by Korn Ferry) reports business results can vary by up to 30% based on differences in the work climate created by a manager.^[5] Jobs can also be designed to better support employees, as discussed in Module 5: Workforce Planning.

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1. Cherry, Kendra. "[Intrinsic Motivation: Why You Do Things](#)." VeryWell Mind. July 26, 2019. Accessed August 22, 2019. ↵
 2. Makki, Arooj and Momina Abid. "[Influence of Intrinsic and Extrinsic Motivation on Employee's task Performance](#)," *Studies in Asian Social Science* 4, 1 (2016): 38-43. Accessed August 22, 2019. ↵
 3. Ibid. ↵
 4. W., Mike. "[Intrinsic vs. Extrinsic Motivation – Clearing the Fog \(not Fogg!\)](#)." Khoros Community. February 11, 2014. Accessed August 22, 2019. ↵
 5. "[Managing Reward: Why Line Managers are the Vital Link](#)." go2HR. Accessed August 22, 2019. ↵

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