INTRINSIC VS EXTRINSIC MOTIVATION

The Solution to Fostering Creativity

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Fostering Creativity in Union and Non-Union Work Environments

Executive Summary

The purpose of this research paper is to provide a comparison between extrinsic and intrinsic motivation. The research provided will indicate the less effective motivator and how the ladder type of motivation is beneficial in the workplace. The issues that many organizations face nowadays is the struggle of implementing motivation in union and non-union working environments. When transitioning from traditional working environments to modern ones, it may also be difficult to understand what truly motivates people. Misunderstanding the word motivation could negatively impact, not only the employees but also the entire organization. Two main resources for the information that will be covered include the book, *Drive: The Surprising Truth About What Motivates Us* as well as personal experiences regarding motivation in the workplace. The findings from both views suggests that extrinsic motivation lacks the ability to address the internal value of an employee. In contrast, Daniel Pink’s point of view concludes that intrinsic motivation includes the three elements: autonomy, mastery and purpose. These three components prove that intrinsic motivation could have a more positive impact in the workplace. In order for an organization to acknowledge employees’ problems and achieve high employee retention, it is necessary to implement intrinsic motivation as it enhances the employees’ desire to learn, improve and take on additional tasks. With the proper transition from the use of extrinsic motivation to intrinsic motivation, the workplace’s innovation and creativity will flourish. This will also lead to the creation of cohesiveness and a productive work environment for employees in both union and non-union organizations.
Introduction

Motivation is an essential component for any type of organization. It is one of the factors that could influence an employee’s work performance, besides abilities, skill sets, and working conditions. Without motivation, an organization could face the risks of deviating from its vision, organizational goals, or failing to achieve its organizational mission. In today’s society, most people pursue jobs that focus on their passion, whereas others may find jobs simply because they need one. With this thought in mind, how would motivation impact the overall performance of union and non-union organizations?

The book, *Drive: The Surprising Truth About What Motivates Us*, explains how motivation is extensively deeper than how we see it. With the transition from the older to the modern generation, it’s challenging to understand that motivation is utilized to achieve goals. Therefore, it’s crucial for us to fully comprehend the word motivation and the positive and negative results it produces. Motivation could potentially impact our ability to perform a task, our productivity in any workplace, and our desire to improve. If an organization fails to implement motivation within their work activities, it’s potentially detrimental to the company and team. In contrast to the negative impacts, with the proper implementation of motivation, a company can expect to see increasing productivity from employees because their creative and innovative working environment is no longer under constraint. Additionally, positive motivation could increase an individual's desire to direct and improve themselves while increasing productivity (Pink, 2009).

This paper will be focusing on comparing the two types of motivation, intrinsic and extrinsic that exist in the workplace. The differences and benefits of intrinsic and extrinsic motivation will also be discussed. In addition, we will include personal experiences related to workplace motivation to convey the points we mention. A PESTEL analysis will be conducted to evaluate motivation in terms of its advantages and shortfalls.
The purpose of this paper is to identify the significance of motivation, how it will foster creativity in the workplace, and why it’s essential for any organization to understand how employees will succeed with it.

**Daniel Pink’s Theory on Motivation**

In previous generations, it is understandable that money was a key motivator for workers because they didn’t have many benefits. Our previous idea of motivation was providing raises and financial support. After transitioning from an earlier generation into modern society, the definition of motivation and what it could achieve, has shifted. From all of the research and experiment conducted, “Motivation 3.0”, the updated version is formed (Pink, 2009). Pink emphasizes the traditional element of motivation is outdated for a modern organization’s environment (Pink, 2009). He believes that extrinsic motivation doesn’t completely cater to the needs of companies involving creativity and innovation. Extrinsic motivation could affect creative and innovative learning within the organization. In addition, Pink discusses that organizations who only use extrinsic motivation involving financial elements will create negative results. In order to tackle this issue, organizations should shift from using extrinsic motivation to intrinsic which involves the three core elements, “autonomy, mastery and purpose” (Pink, 2009). These three elements are essential to intrinsic motivation because each of the elements are required to achieve objectives. According to Pink’s theory, autonomy influences individuals to direct their own lives; mastery influences the desire to improve and lastly, purpose affects one’s want to do something more than requested (Pink, 2009).

**PESTLE Analysis**

The PESTLE analysis is used to determine motivation in an organization and how it can develop in the future with the five factors: Political, economic, socio-cultural, technological, legal, and environmental.
### UNION

<table>
<thead>
<tr>
<th><strong>Strategically Relevant Factors Outside Company Boundaries</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Political</strong></td>
</tr>
<tr>
<td><em>Unionized labor:</em> At least “70 per cent of union members have access to a workplace pension, compared to less than 30 per cent of non-union workers” (Canadian Union of Public Employees, 2016).</td>
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<tr>
<td><strong>Economic</strong></td>
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<tr>
<td><em>Time at Work:</em> Unionized employees work more than non-union workers since “14 per cent of unionized workers are part-time, compared to 20 per cent of non-unionized workers” (Canadian Union of Public Employees, 2016).</td>
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<tr>
<td><strong>Socio-Cultural</strong></td>
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<tr>
<td><em>Public attitude towards unionized workplace:</em> If the unionized workplace is viewed by the public positively, employees tend to have more motivation based on the reputation of the workplace.</td>
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<tr>
<td><strong>Technological</strong></td>
</tr>
<tr>
<td><em>Infrastructural level:</em> The workplace is where employees spend most of their time during the day and throughout their employment period. Having a strong infrastructural level may increase employees’ productivity and most importantly, what motivates them to achieve their goals.</td>
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<tr>
<td><strong>Legal</strong></td>
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<tr>
<td><em>Collective Agreement:</em> Unionized employees have more power in the workplace with a collective agreement so the union will have the opportunity to bargain with the employer over what employees desire.</td>
</tr>
<tr>
<td>Environmental</td>
</tr>
</tbody>
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**NON-UNION**

<p>| Strategic Relevant Factors Outside Company Boundaries |
|-------------|-----------------------------------------------------|
| <strong>Political</strong> | <em>Minimum Wage</em>: The Canadian Government put minimum wages in place in order to protect non-unionized workers (“Federal minimum wage”, n.d.). After employees work at their workplace for a period of time, there’s a potential wage increase. |
| <strong>Economic</strong> | <em>Scheduling</em>: There’s no set scheduling guidelines for non-unions whereas “union contracts set predictable schedules, standard hours of work, overtime and shift premiums” (Canadian Union of Public Employees, 2016). |
| <strong>Socio Cultural</strong> | <em>Merit Promotions</em>: Provide non-unionized employees with a chance for a job promotion. Employees can receive an external reward and have internal goals to achieve. |
| <strong>Technological</strong> | <em>Research &amp; Development</em>: Employees can display their skills and innovation to develop new ideas for technological systems within the workplace. |</p>
<table>
<thead>
<tr>
<th>Legal</th>
<th><em>Individual Agreements</em>: Non-unionized employees can approach employers to negotiate for individual agreements including wage increases, benefit packages, etc. It extrinsically motivates the employees to remain at the workplace.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental</td>
<td><em>Workplace Environment</em>: Learning and development opportunities are one of the factors that affects the employees motivation to increase productivity. Employees should strive to achieve their own personal goals to learn new skills or take on opportunities in the workplace.</td>
</tr>
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Motivation in the Workplace

EXTRINSIC

Extrinsic motivation occurs when individuals have the desire to complete activities to attain positive consequences, such as an incentive, or to avoid negative consequences such as punishments (Kuvaas, Buch, Weibel, Dysvik, & Nerstad, 2017). Extrinsic motivation is often the beginning point of discussion for any motivation in the workplace because individuals must work to earn a living (Pink, 2009). Receiving salary, contract payments, benefits, and any perks are what Daniel Pink refers to as “baseline rewards” (2009). The best use of these rewards, like money for example, are to provide people with enough so it does not interfere with motivation, or lack thereof (Pink, 2009). A 2015 Canadian Incentive and Rewards Trend Study by Berkeley Payment Solutions (2015) concluded that 61% of organizations that employ Canadians use incentives and rewards to motivate and engage employees. Out of the 500 full-time workers who participated in the study, 89% of them agreed that they appreciate when they get a reward for doing their job (Berkeley, 2015).

With extrinsic rewards acting as the most basic motivator for daily activities, this form of motivation has its own advantages. The following are some advantages of extrinsic motivation:

**Increase in productivity:** Extrinsic rewards are useful when encouraging the completion of routine or algorithmic tasks (Pink, 2009). If employers reward specific behaviours it will instill a need for consistency in the completed tasks because employees will expect the same result every time (Regoli, 2019).

**Create a desire to achieve goals:** If there are extrinsic rewards put in place for achieving personal goals or reaching sales targets, individuals will be driven to complete tasks in exchange for these rewards (Regoli, 2019). In many organizations, receiving a higher salary or bonus based on one’s performance is often what pushes employees to work harder and faster, in exchange for a satisfying reward.
**Increase morale and self-esteem:** Tangible rewards such as money or trophies are common and often appreciated by individuals but, employees can’t receive rewards each time they complete an activity. External rewards such as public praise and recognition are great motivators because they create a sense of pride (Regoli, 2019). If an employee works hard to complete a task and receives positive recognition for it, they will be motivated by a new sense of purpose and feel as if their hard work is paying off. An actor, for example, might accept an acting role, not because it pays the most, but because they will receive the most attention from it (Regoli, 2019).

Despite the benefits of extrinsic motivators, there are some disadvantages associated with extrinsic motivation as well. Unlike intrinsic motivation, extrinsic motivators tend to only work in the short-term. In recent years, many psychologists and economists have found the correlation between money and happiness is weak (Pink, 2009). Extrinsic motivators such as money, produce extrinsic motivation because they create a desire for the consequence of an activity. Extrinsic motivators don’t generate the desire to participate in an activity for fun or for its own sake (Legault, 2016).

**INTRINSIC**

Intrinsic motivation is described as a “behavior that is driven by internal rewards” for completion of tasks (Cherry, 2019). Pink emphasizes this type of motivation because it teaches employees there isn’t always a tangible goal to reach in order to achieve satisfaction. In contrast to extrinsic motivation, this method helps employees strive to maintain a sense of creativity and control with their tasks. In addition, to maintain a successful workplace, it’s essential for managers to use intrinsic motivation to increase job satisfaction and employee engagement.
In low-morale workplaces, “more than 50 percent of employees are not engaged at work and nearly 20 percent are actively disengaged” due to lack of motivation to complete their tasks (Pink, 2009). A few positive effects of motivation include:

**Feelings of meaningfulness:** Employees possess many skills and are capable of completing their duties, especially when employees enjoy the subject. Employees should have the “opportunity to accomplish something of real value” and “something that matters in the larger scheme of things” related to the organization (Thomas, 2009).

**Choosing the methodology of completing tasks:** More frequently, workplace issues are central around its “lack of engagement and its disregard for mastery” which is the opposite of motivating individuals to complete their tasks (Pink, 2009). When employees have the ability to create their own plan for work activities, job satisfaction will increase. When engagement increases profitability will increase by approximately 21% (Mäkipää, 2019).

**Utilizing competency during completion process:** It is known that “people high in intrinsic motivation are better coworkers” because individuals aren’t driven by tangible rewards and are relieved of pressure to produce results quickly (Pink, 2009). In a workplace, one of the issues is the “frequent mismatch between what people must do and what people can do” (Pink, 2009). Employers need to familiarize themselves with their employees and discover their other skills to diversify the workplace.

**Reviewing progression:** Employees should review their completion of a task along with the employer to determine goals and how to improve for the next activity. The employer can praise the employee which is more motivating than concentrating “on external-control systems such as monetary rewards” (Pink, 2009).

Extrinsic and intrinsic motivation have a wide divide between each other. As previously mentioned, extrinsic motivation is on the basis of tangible rewards that are more effective for short-term progress.
Employers continue to encourage “practices such as short-term incentive plans and pay-for-performance schemes” that are ineffective because the increase of pay doesn’t increase productivity in the long run (Pink, 2009).

Intrinsic motivation embodies a positive approach to working as it encourages managers to bring “people and resources together to create value that no single individual can create alone” (Pink, 2009). Although not all workplaces are perfect, an ideal workplace that values employee importance will result in high employee satisfaction. All activities in the organization are beneficial to the company, so they must provide an explanation as to why it’s important for employees to complete them. If an employer “[humanizes] what people say”, they can also “humanize what they do” task wise (Pink, 2009). This includes explaining the duties by using descriptions along the lines of honor, truth, or justice, to convey meaning (Pink, 2009).

From personal experience, Jordan Merchison’s workplace includes many duties to be completed by just one person due to short staffing. Since she works at a grocery store, her workplace is dependent on profits to purchase enough inventory to run a juice and coffee bar. But, she’s under pressure to create substantial customer service along with struggling to finish all tasks within eight hours. Merchison’s managers use words such as “‘efficiency’, ‘advantage’, ‘value’, ‘superiority’, ‘focus’, and ‘differentiation’” which doesn’t provide motivation (Pink, 2009). They only stress the time constraint on finishing before the shift is over. In this case, Merchison isn’t concentrating on the importance of her duties, she’s focused on completion. When a leader discusses the company with workers, an intrinsic motivator would use “we” which helps “employees feel they’re part of something significant and meaningful” (Pink, 2009). As an example, her job doesn’t allow growth in the corporation because she isn’t working full-time. When she attempts to inquire about learning new tasks, management doesn’t include the word “we” just because she’s not there five days a week.
A company that encompasses intrinsic motivation can produce positive results because “the ultimate freedom for creative groups is the freedom to experiment with new ideas” (Pink, 2009). With an increase of intrinsic motivation, employees will find more meaningfulness to their tasks and discover their importance within the organization.

**How to Foster Creativity**

**EXTRINSIC**

In Pink’s analysis of the reward and punishment system still used by many organizations today, he confirmed that rewarding an activity will provide better benefits while punishing an activity decrease the benefit. The basic level of what motivates us to do our jobs are extrinsic rewards such as money. Extrinsic rewards are significant motivators because they generate a desire for employees to complete a task to obtain certain rewards. The following methods provide strong examples of ways organizations can use external rewards to motivate employees in the workplace:

**Benefits.**

In Canada, workplaces are required to provide certain benefits to employees such as Employment Insurance, and contributions to Canadian Pension Plan (Government of Canada, 2019). Organizations may choose to offer employees other benefits such as extended health coverage or life insurance. According to the Canadian Payroll Association, the top five employee benefits offered to Canadians include health and dental insurance, group life insurance, training expenses, vehicle allowances, and gifts and rewards (Paterson, 2016). The implementation of adequate benefits is a good external motivator because it provides employees with an incentive that maximizes productivity (Pratt, 2013). Offering benefits to employees will make them feel properly compensated and valued for the work they are doing for their companies.
Special events or experiences.

Organizations might choose to provide employees with special events or experiences to celebrate milestones, holidays, or to destress. Having parties for employees when they reach sales targets, going on company retreats to reward hard work, or holding special team building events, encourages employees to enjoy themselves after working hard. Showing employees you value them and giving them the opportunity to destress outside of work will increase morale in the long term and reduce the chances of employee burnout (Pratt, 2013). Employees will see that they are regularly rewarded for their hard work and remain motivated to receive such rewards.

Merchandise and gift certificates.

One of the most common occurrences in the business world is giving employees holiday gifts. With a survey of workers, Instantprint discovered that 94% of respondents said receiving a holiday gift from their employer would make them feel appreciated and happier at work (Horn, 2015). To successfully boost employee morale, it’s important for employers to give employees something they actually want (Horn, 2015). Gift cards are some of the most popular gifts received by employees because they’re receiving a gift that still gives them freedom to choose what they want.

Praise or fame.

Praising employees for their hard work publicly or giving employees rewards plays a major role in how they may be motivated in the workplace. Some employees seek attention as a reward for their work achievements. If employees receive constant praise and recognition, they will be more productive in return. If employees can see that they are awarded with public recognition every time they complete a task well, they will be more motivated to complete an activity with the expectation of receiving their desired reward.
INTRINSIC

More recently, “organizations have now realized that they have to look beyond academic qualifications and experience” to acquire employees in their organization (Turner & Sanborn, 2019). An organization can benefit from creativity because “in the long run, innovation is cheap” and all of their employees will bring ideas, especially when they’re motivated (Pink, 2009). Employers who strive to increase creativity should know that, “while intelligence may vary slightly from person to person, it is ultimately something that, with effort, [they] can increase” (Pink, 2009).

As mentioned above, extrinsic rewards are used to drive an organization for a short amount of time since they “have a substantially negative effect on intrinsic motivation” (Pink, 2009). Once a new wage increase or bonus wears off, productivity decreases. In an ideal and intrinsic organization, “30 percent of job growth now comes from algorithmic work, while 70 percent comes from heuristic work” (Pink, 2009). There are distinctive methods that companies can use to foster creativity while raising productivity. They are as follows:

Praise.

An employee who completes their objectives and tasks during work deserve recognition for their efforts. To increase employee satisfaction, a leader must acknowledge the efforts the employee contributed. Instead of mentioning their intelligence, they should discuss the performance because “hard work [leads] to mastery and growth” so they will be “more willing to take on new, difficult tasks” (Pink, 2009). A study conducted by TINYpulse determined that with praise implemented into general work days, the employees “feel 11% more valued at work” (Mucha, 2018). This promotes that innovative ideas and creativity can produce positive results and don’t have to properly align with previous organization practices. With receiving the praise, there’s “repetition of the desired behavior” which increases employee productivity to complete another task with that same effort (Harrison, 2019).
Some examples that a leader can use is, “the pride you take in your work is truly inspiring” or “I am continually impressed by the results you produce” (Mucha, 2018). When an employee receives the praise, it must be in private. It’s best for it to be one-on-one because it’s considered to be feedback and doesn’t need to be shared with other workers (Pink, 2009). In the end, praise is a necessity for a successful workplace because innovative ideas will be welcomed, and managers are able to introduce new concepts their employees invented.

**Performance reviews.**

Along with praise comes performance reviews. They’re used for an employees’ recognition for their growth in the organization along with improvements needed. There should be two performance reviews: one from the employer and one from the employee as well. An employer can conduct performance reviews throughout the employee’s career at certain times. To demonstrate, Merchison’s workplace, Whole Foods Market undergoes performance reviews for their first six months, and every year after. In *Drive*, Pink uses an example from Ericsson, a telecommunications company. The vice president, Stefan Falk modified their “once-a-year performance reviews” to one-on-one performance reviews six times a year (Pink, 2009).

Their purpose of multiple reviews is to discuss engagement and the “path toward mastery” (Pink, 2009). Falk used this method as an opportunity for employees to maintain their goals for their strengths and create goals for their weaknesses. Since “positive feedback can have an enhancing effect on intrinsic motivation”, these performance reviews are used to encourage the employee to design new goals in their own way (Pink, 2009). It is recommended that intangible rewards are used because “praise and positive feedback are less corrosive than cash and trophies” and doesn’t promote comparison with other members in the organization (Pink, 2009). In addition, employees can conduct a performance review on themselves to ensure they’re on the right track with their goals, and have the ability to set new ones to complete before their next employer review. A worker in an organization must understand how their work relates to their purpose in the organization (Pink, 2009).
This may require in-depth understanding of their tasks and ask their manager clarifying questions. Also, an employee must remain truthful with themselves to ensure they’re at their utmost potential in order to achieve mastery of their job (Pink, 2009). This encourages employees to set their goals themselves along with an employer, so it’s specifically catered to their needs.

**Employees design their tasks and learn new skills.**

Considering that working for an organization is to complete their tasks, there’s a wide range of employees who create and complete tasks differently than others. If a worker is employed at a job they don’t particularly enjoy, their attitude towards their work is low. But, if an employee is engaged and has high interest, “the joy of the task [is] its own reward” because of the meaningful effort (Pink, 2009). The book, *Drive*, provides a concrete example of how creativity influences deadlines and how employees design their tasks. A Harvard School professor named Teresa Amabile contacted dozens of artists to analyze two types of artwork: commissioned and non-commissioned (Pink, 2009). Amabile asked the artists to rate the pieces on “creativity and technical skill” (Pink, 2009). The artists determined that “the commissioned works were rated as significantly less creative than the non-commissioned (Pink, 2009). When these artists were asked to complete commissioned works, “the artists reported feeling significantly more constrained” due to having to complete the task under a time limit (Pink, 2009). For companies that employ artists, they should run their business on “event time” which is when the job “always requires as much time as needed to organically get the job done” to eliminate stress to complete it (MacLellan, 2018). Event time has the ability for implementation in any workplace with modifications to cater to the employee’s needs. To create work that is meaningful, it requires 100% effort with limited stress. Additionally, employees who have the capability to learn new skills and competencies in their workplace can encourage them to be creative. Employers can implement “20 percent time” which is 1/5 of hours in an employee’s schedule to work on any project as they wish (Pink, 2009). One notable company who emphasizes this is Google.
They assisted teams and individuals with certain prompts in order to have these ideas aligned with their business objectives (Robinson, 2018). Not only does this build trust, it also encourages innovation. Since the “teams are intentionally cross-functional, [they] end up with ideas that never would have come about in a typical workday environment” which can open up the company to discover new opportunities (Robinson, 2018).

**Let employees take control of work.**

Managers oversee how employees undergo tasks, and ensure work is completed. There are the occasional managers in workplaces that abuse the control they possess. But, if a manager makes the choice to loosen some control, and transfer the ability of choice to an employee, the working environment is more fair. Designer, Stefan Sagmeister explained that “autonomy over what [employees] do is most important […] [because they] can choose what [they] take on and what product, service, or institution [they] promote” (Pink, 2009). An employee who can promote what they enjoy will increase their productivity and complete tasks with a significant amount of effort. Sagmeister continues to mention that employees “don’t have to be involved in false advertising” because they can focus their creativity on their objective (Pink, 2009). Managers can “allow people to complete the task in their own way” because there’s various methods of finishing activities by every employee so workers can use freedom to their advantage (Pink, 2009). If the method developed by the worker is highly effective, they can use it for future employees as well. Also, a manager should organize all of their employees together for a team meeting to discuss future goals. If an employer set their own goals for the whole team, an employee who disagrees with the idea will not contribute to the end result. It is determined that workers “are far more engaged when they’re pursuing goals they had a hand in creating” to feel accomplishment (Pink, 2009). A manager must utilize all of their employees’ potential as “people often have higher [goals] than the ones [managers] assign to them” (Pink, 2009).
Intrinsic motivation can be used by managers across all organizations to maximize an employee’s potential. Many skills are unused as employers don’t encourage these employees to foster creativity. Once they’re involved in work processes, their motivation and drive to continue working for the organization will flourish.

**Recommendation: Intrinsic or Extrinsic?**

Our recommendation for this matter is certainly intrinsic motivation. The reason being is that intrinsic motivation is more effective than extrinsic motivation. Intrinsic motivation is driven by an employee’s own sake to perform and behave as they do in the workplace, instead of being extrinsically motivated to perform only for financial rewards. Edward Deci, a Carnegie Mellon University graduate found, and confirmed in two studies that when money is used as an external reward for some activity, subjects lose intrinsic interest for the activity (Pink, 2009). Rewards can deliver a short-term motivational boost, but the effect wears off and can later reduce an individual's long-term motivation to continue a project (Pink, 2009). Intrinsic motivation is crucial to fostering creativity because when employees are given more control over their work, they’re no longer constrained to a system of rewards and punishments and feel their work has more purpose. When an employee’s tasks are self-directed and they are intrinsically motivated, their work becomes less routine and more enjoyable (Pink, 2009).

We recommend that organizations focus on fostering creativity using intrinsic motivation; whether it be allowing employees to choose their own projects, or not using harsh time constraints on their current projects. The most crucial takeaway of intrinsic motivation is that “intrinsic motivation is conducive to creativity; controlling extrinsic motivation is detrimental to creativity” (Pink, 2009).
Conclusion

As the need for proper implementation of motivation for employees is becoming more noticeable in the working environment, organizations may attempt to use either intrinsic or extrinsic motivation to improve the employee’s well-being and performance. However, the application of extrinsic motivation from the study of the book, *Drive* concluded that extrinsic motivation would decrease productivity due to restricting employees creativity. Extrinsic motivation is more for short-term relief than long-term. Once employees receive the initial feeling of a financial element such as money, their productivity and performance begin to decrease. It is key for the organization to address the employees needs as they are influencing the company’s outcomes. Unlike extrinsic motivation, intrinsic motivation addresses the individual’s desire to improve and earn personal achievements rather than motivation with rewards. The more creativity a worker can display, the more of a productivity increase and desire to achieve more. Intrinsic motivation implementation in the workplace must include Pink's three elements: autonomy, mastery and purpose. This could influence the organization overall with positive performance and effectively lead to a more creative and innovative work environment.
References


