

CHAPTER 2 LITERATURE REVIEW

2.0 Introduction:

This chapter will attempt to explain job satisfaction, motivation and leadership in the workplace. Firstly, the chapter will focus on Job Satisfaction and Its Benefits. Secondly, motivation and its significance in an organization will be discussed; Thirdly, some related motivation factors will be identified; Fourthly, the concepts of intrinsic and extrinsic motivation will be clarified, Finally, leadership will be defined and its influence to the relationship between the two variables i.e. extrinsic or intrinsic motivation and job satisfaction.

2.1 Job Satisfaction and Its Benefits:

Many authors have proposed the definition of job satisfaction. For example, Spector (1997) said job satisfaction is simply how people feel about their jobs and different aspects of their jobs. It is the extent to which people like (satisfaction) or dislike (dissatisfaction) their jobs. According to Kinicki and Kreitner (2003) Job satisfaction is an emotional or affective response to several aspects of an employee's work situation, and has been depicted as a positive emotional reaction resulting from the appraisal of an employee's job. Furthermore, Sharma and Jyoti (2006) mentioned that job satisfaction is a function of the degree to which an employee's needs can be satisfied. Put into practice, job satisfaction is the difference between what there is now and what there should be. To clarify this, an employee will be satisfied when the

current reality equals expectations.

According to Mitchell and Lasan (1987), it is generally recognized in the organisation behavioural field that job satisfaction is the most important and frequently studied attitude. While Luthan (1998) posited that there are three important dimensions to job satisfaction:

- Job satisfaction is an emotional response to a job situation. As such it cannot be seen, it can only be inferred.
- Job satisfaction is often determined by how well the outcome meets or exceeds expectations. For instance, if an organization's participants feel that they are working much harder than others in the department but are receiving fewer rewards they will probably have a negative attitude towards their work, the boss and or co-workers. On the other hand, if they feel they are being treated very well and are being paid equally, they are likely to have positive attitudes towards their job.
- Job satisfaction represents several related attitudes which are the most important characteristics of a job about which people have an effective response. These according to Luthans are: the work itself, pay, promotion opportunities, supervision and co-workers.

Much of the interest in the subject of job satisfaction has been prompted by a belief that satisfied employees are more loyal (McCusker and Wolfman, 1998), more committed (Vandenberg and Lance, 1992; Brewer, 1996; Lum et al., 1998) and more

productive. Some researchers argued that high levels of satisfaction would be a precursor to high performance (Grey and Gelfond, 1990; Bruce and Blackburn, 1992; Cully et al., 1998). Crossman and Abou-Zaki (2003) also asserted that job satisfaction is one criterion for assessing the health of an organization which would affect the level of service offered by the employees. Some attention has also been paid to the concept because of the perceived detrimental effects of low levels of satisfaction upon increasing employees' turnover and absenteeism (Greenberg and Baron, 1997).

Bateman and Snell (1999) said if people feel fairly treated from the outcomes they receive, or the processes used, they will be satisfied. However, job dissatisfaction, aggregated across many individuals, creates a workforce that is more likely to exhibit 1) a higher turnover; 2) a higher absenteeism; 3) a lower corporate citizenship; 4) more grievances and lawsuits; 5) strikes; 6) stealing, sabotage, and vandalism; and 7) poorer mental and physical health (which can mean high job stress, higher insurance costs, and more lawsuits). All of these consequences of job dissatisfaction, either directly or indirectly, are costly to organizations.

The theories of work motivation that have just been explained have been used for many centuries to explain what energizes people to strive or put an effort in what they do. The same theories could be utilized to elucidate why other people are satisfied in their jobs and others are not. For example, Maslow's need theory said people would be happy in their jobs if their needs are met, but unhappy if their needs are not met. Learning theories proposed that people would be motivated by seeing others rewarded

for achieving certain standards of performance, and therefore put more efforts in their duties so that they could earn the same or more rewards than their role models, and hence be satisfied. Conversely, if people see others being punished for not achieving certain standards of performance, they might exert more efforts to avoid the pain of punishment and so on.

Walkup (2002:62) showed that motivated and satisfied employees are critical to the success of organizations, especially the service industries. Motivated and happy employees are the best way to ensure that customers receive great service and keep returning. Russ Umphenour, one of the executives who participated in this focus group study remarked, "Sales are driven by satisfied customers who are driven by satisfied employees". Optimal staffing has been shown to impact directly on staff morale and job satisfaction, which in turn is transferred to the customers' experience and the bottom line (Heatley, 2004: 24). People also get dissatisfied with their jobs simply because their jobs don't make meaning anymore. Giving work that is meaningful seems the only way for managers to make their employees happy (Hoar, Rebecca and Kirwan-Taylor, Helen, 2004: 44).

Terpstra and Honoree (2004: 528) discussed studies which indicate that job satisfaction is related to employee motivation (Ostroff, 1992). Pay satisfaction has been shown to influence overall job satisfaction, motivation and performance, absenteeism and turnover, and may be related to pay-related grievances and lawsuits (Gerhart & Milkovich, 1990; Huselid, 1992; Cable & Judge, 1994; Huber & Crandall,

1994; Milkovich & Newman, 2002).

Based on the above discussion, it can be summarized that job satisfaction is a complex, dynamic state which can be brought about by many factors. Some factors are with the employees themselves (intrapersonal) and they have a direct or an indirect control or influence over them. Some factors are outside the employees (extra-personal) and the employees may not have a direct or indirect control or influence over them. Also evident from the analysis of the theories of motivation is the fact that motivation and job satisfaction could actually be the two sides of the same coin.

2.2 Motivation and Its Significance in an Organisation

Motivation can be defined in a variety of ways, depending on whom you ask. If you ask someone on the street, you may get a response like, “It’s what drives us” or “Motivation is what makes us do the things we do.” As far as a formal definition, is concerned, Schermerhorn (1998) defined motivation as “forces within an individual that account for the level, direction, and persistence of effort expended at work.” This is an excellent working definition for use in business.

There are many other previous explanations for the concept of motivation. Pinder (1998) defined work motivation as a set of energetic forces that originate both within as well as beyond an individual’s being, to initiate work-related behaviour, and to determine its form, direction, intensity, and duration.

Motivation is everything (Snell, 1999:8). Without motivation even the most talented people will not deliver to their potential. With motivation, others will perform way above the level expected of their intelligence and academic ability. Snell further claimed that company staff is its business. They are the company. They project the image of the company that customers see. They alone hold the power to deliver a high quality standard of service. It is a company's staff, not its managers, who ultimately have the power to boost or reduce its profits.

In addition, (Bateman and Snell, 1999: 440) said motivation refers to the forces that energize, direct and sustain a person's efforts. All behaviour, except involuntary reflexes like eye blinks (which have little to do with management), is motivated. A highly motivated employee will work hard toward achieving performance goals. With adequate ability and understanding of the job, such a person will be highly productive.

Motivating employees was an important topic as far back as towards the end of the 18th century. Samuel Slater who introduced textile manufacturing to America, was concerned about creating a work setting where it was comfortable for workers to do their jobs. Other efforts to create a positive work motivational climate ranged from George M. Pullman's company town to Henry Ford's profit sharing plan. The Edison Electric Illuminating Company of Boston provided tennis courts and bowling alleys. Other firms planted gardens for workers or constructed libraries and athletic facilities. One reason for corporate generosity was the fear of trade union movement, but there were other motivators. One was greed, the desire to get employees to work harder for

less money. Another was humanitarianism, the willingness to treat employees well. And some corporate leaders believed it was simply good business to satisfy the worker's needs with good working conditions, a fair day's pay, and social interaction (Gibson, Ivancevich and Donnelly, 2000:125 – 126).

The theories of motivation fall into two categories: content theories and process theories. The content theories focus on the factors within the individual or person that energize, direct, sustain, and stop behaviour. They attempt to determine the specific needs that motivate people. The process theories, on the other hand, describe and analyze how behaviour is energized, directed, sustained, and stopped by factors primarily external to the person. Both categories have important implications for managers, who by the nature of their jobs are involved with the motivational process (Gibson et al, 2000:128).

Kini and Hobson (2002:605) agreed with the distinction above, between content and process theories, by suggesting that content theories are concerned with the identification of important internal elements and the explanation of how these elements may be prioritised within the individual; Process theories, on the other hand, focus on certain of the psychological processes underlying action and place heavy emphasis on describing the functioning of the individual's decision system as it relates to behaviour.

It is important to understand motivation for both academics and managers. The source of this interest is clear. Meta-analyses show that motivated workers have a much

higher task performance and contextual performance (Klein et al., 1999); have a higher organizational commitment; are more likely to remain with an organization; and experience higher levels of job satisfaction (Eby et al., 1999).

Motivation can be split into extrinsic and intrinsic motive systems (Kehr, 2004a). Extrinsic motives are motives that a person consciously attributes to his or her behaviour (McClelland et al., 1989) and influence decisions, judgments and attributions. Extrinsic motives are strongly influenced by social demands and normative pressures (Koestner et al., 1991; Pang and Schultheiss, 2005). Intrinsic motives, alternatively, are motives connected to basic affective reactions and intrinsic behavioural dispositions, which are subconsciously aroused and lead to affective preferences. Intrinsic behavioural impulses are linked to intrinsic learning, physiological responses and nonverbal behaviour (Ryan and Deci, 2000; Pang and Schultheiss, 2005). Simply, extrinsic motives relate to cognitive influenced behaviour, while intrinsic motives relate to subconscious responses which is linked to affection.

The practical importance of understanding how to distinguish between employees who are more extrinsically motivated and those who are more intrinsically motivated is a key element for managers who are required to motivate their employees. Herzberg (1968) argued that managers could use varying methods to motivate employees, but should target these methods to be in line with the employees' inherent motivators. Thus, those employees who are more intrinsically motivated should be inspired/rewarded with things such as new challenges (achievement motivation) or

given additional responsibility (power motivation) or given praise (affiliation motivation), while those who are more extrinsically motivated should be inspired/rewarded with things such as promotions (power motivation), or bonuses (achievement motivation) or celebratory lunches (affiliation motivation).

Clearly, there is a benefit to understand and to distinguish between intrinsic and extrinsic motives as each has a role in effecting motivation in the workplace. In particular, managers could be better motivators of their staff if they were able to distinguish between individuals who were more intrinsically motivated (using emotion activated processes like providing a challenge or encouraging achievement, giving celebratory lunches) and those who were more extrinsically motivated (establishing specific rewards linked to performance outcomes, such as promotion, bonuses and given praise). Therefore, as we mentioned before, to identify and understand extrinsic and intrinsic motivation factors that contribute to job satisfaction in Malaysian service industry is one of the purpose of the research.

2.3 Motivation Factors:

Rashdan (2005) mentioned that Job motivation is an important element, especially in terms of its relationship to job satisfaction. In 1995, Wiley had come out with a summary of factors that motivates employees based on over 40 years of motivation survey. All these surveys were conducted from 1946 to 1992, whereby; industrial employees were asked to rank ten “job rewards” factors in terms of personal preference. As summarised comparison: the most important factor was full

appreciation of work done, and tactful discipline being the least important factor in 1946. A similar survey administered in 1980 when 200 employees had ranked the same ten items presented in the 1946 survey. However, at the top of the list were replaced with interesting work and a similar study of 1,000 industrial employees. The list was headed again by interesting work and however ranked sympathetic help with personal problems as the least important factor. Wiley' Study (1992) highlighted the importance of good wages as the most important factor and also confirmed the lack of interest in sympathetic help with personal problems as the least important.

According to the ranking of motivation factors in the 1992 survey, employees may consider good wages to be a solid feedback concerning their work as well as a reward for their ability or competence (Wiley, 1992). This indicates that it is not necessarily the reward itself that determines how people respond, but rather the type of feedback implied by the reward. Thus, extrinsic rewards such as good pay can increase intrinsic motivation if they are perceived as providing information about competence (Wiley, 1992; Jeffries, 1997; Bragg, 2000).

McClelland (1971) argued that there are three broad motivational drivers that affect the workers' behaviours and attitudes: the need for achievement (such as new challenge, bonuses et al); the need for affiliation (given praise, work interaction et al); and the need for power (given additional responsibility, promotion et al).

As mentioned above in the literature review (Wiley, 1992; Jeffries, 1997; Bragg, 2000; McClelland, 1971; Rashdan, 2005), it can be concluded that motivation is derived

from two factors; intrinsic and extrinsic factors. Herzberg (1968) suggested that those employees who are more implicitly motivated should be inspired/rewarded with things such as new challenges, given additional responsibility or given praise, while those who are more explicitly motivated should be inspired/rewarded with things such as promotions, bonuses or work interaction.

2.4 Extrinsic Motivation

In earlier times, extrinsically motivated behaviours are actions that result in the attainment of externally administered rewards, including pay, material possessions, prestige, and positive evaluations from others. Hamner & Hamner (1976) have carried on the behaviourist tradition of changing behaviour by manipulating extrinsic contingencies. Through the identification and change of environmental contingencies, including extrinsic reinforcements, increase in motivation have been realized in work behaviours including attendance, punctuality, stock work, selling, cost reduction, work quality, productivity, sales calls, and customer service (Komaki, 1982).

Based on Wikipedia (Retrieved on September 2010), extrinsic motivation comes from outside of the individual. Common extrinsic motivations are rewards like money and grades, coercion and threat of punishment. Competition is in general extrinsic because it encourages the performer to win and beat others, not to enjoy the intrinsic rewards of the activity. A crowd cheering on the individual and trophies are also extrinsic incentives.

Lindenberg (2001) defined extrinsic motivation as performing an activity with a feeling of being pressured, tension, or anxiety just to make sure that one would achieve the result that he or she desires. Hennessey and Amabile (2005) depicted that extrinsic motivation is the motivation to do something to make sure that some external goal is attained or that some external imposed constraint is met. Extrinsically motivated behaviours are actions that cause the attainment of rewards that are externally imposed, including material possessions, salary, additional bonuses, positive feedback and evaluations from others, fringe benefits, and prestige (Ryan and Deci, 2000b). Extrinsic motivation can easily be seen in everyday life; employees that only go to work because of the salary they receive.

Most of the activities performed by humans are extrinsically motivated activities. This can be seen during the early years of a human being, when the freedom of being moved purely by one's own interests becomes overshadowed by social demands and roles one has to play that require persons to take responsibility for tasks that are initially extrinsically motivating (Deci and Ryan, 1985). There are some perspectives in extrinsic motivation that view this type of motivation as non-autonomous, but Deci and Ryan (1985) proposed the self-determination theory to vary at the level to which it is autonomous. An example of the different types of extrinsic motivation can easily be thought of. One could think of a young individual who joined a professional soccer team. He could be pressured by his parents, friends, family and such to join the club to boost their egos but he could also have joined the soccer club because of all the prizes and rewards he could win. Of course, there is the possibility that the young

individual is intrinsically motivated but when one looks at the two examples given, one can see that there are multiple types of extrinsic motivation.

Within Deci and Ryan (1985)'s self-determination theory, a second sub theory called the organismic integration theory copes with the several types of extrinsic motivation and the related factors that either increase or decrease internalisation and integration of the regulation for behaviours. Internalization refers to the process through which an individual gets a belief, attitude or behavioural regulation and progressively changes it into a personal goal or value. Integration (the final step of internalization) refers to the process by which persons more totally alter the regulation into their own so that it will come from their sense of self (Deci and Ryan, 1985). A good example of integration refers to a child who understands that throwing a ball inside the house is not good (something might break or his mother might get upset), thus overcoming previous thoughts of enjoyment of throwing the ball inside the house.

There has been much disagreement in defining the construct and the definition of extrinsic motivation. There seem to be two major definitions available in the research of this topic (Sansone and Harackiewicz, 2000). The first one is when motivation is derived from something extrinsic to the individual and the second one refers to when motivation is derived from something extrinsic to the activity. Ryan and Deci (2000a) agreed with the second definition that extrinsic motivation is based on something extrinsic to the activity. They suggested that individuals can have multiple kinds of extrinsic motivation that are different in terms of the level to which the individual is

self-determined. This kind of extrinsic motivation (self-determined) can be strong enough to motivate persons to be persistent in activities that are not intrinsically motivating. Hidi (in Sansone and Harackiewicz, 2000) agreed with the first definition on extrinsic motivation. She depicted that persons are extrinsically motivated when the source of this extrinsic motivation is extrinsic or outside to the individual. She mentioned that persons could be motivated by a certain level of interest that is created by the features of the activity but she stresses that this is extrinsic motivation. There has been some confusion about the several definitions of extrinsic motivation. This has an influence on the debate regarding the influence of rewards on intrinsic motivation between the proponents of intrinsic motivation and the proponents of extrinsic motivation.

There is some evidence linking extrinsic needs motivation measures with attitudinal and performance variables. Previous research has revealed that extrinsic needs for achievement, affiliation and power are correlated with job satisfaction (Mannheim et al., 1997; Medcof and Hausdorf, 1995). This finding is supported by other researchers who found that an explicit need for achievement is linked to job satisfaction and job performance (Mannheim et al., 1997; Van den Berg and Feij, 2003). Jacob and Guarnaccia (1997).

Here is brief discussion of the extrinsic motivation factors related to this study:

1) Promotion

A rapid promotion through an extensive staff ranking system is seen in one company as a very important motivational mechanism. As the company is successful in Malaysia, it can offer more opportunities with the growth of the company. All other companies were silent on the positive use of promotion as a motivational tool. (Terence Jackson, Mette Bak, 1998)

Herzberg (1968) argued that managers could use varying methods to motivate employees. Those employees who are more implicitly motivated should be given such promotion (affiliation motivation). In the most recent study conducted in Malaysia in relation to the employee's most preferred motivational factor has identified "Promotion" as the second highest motivation factor (Rafikul and Barhem, 2007).

2) Bonuses

Monetary rewards may be one of the strongest motivations for inducing employees to continuously produce quality work (Patton and Daley, 1998, Poh et al, 2001; Rafikul and Barhem, 2007). Researchers suggested that monetary rewards significantly affect job satisfaction and work motivation (Jeffies, 1997; Parker and Wright, 2001).

A bonus system, by law, is a large part of an employee's salary which comprises bonuses and subsidies. This overlaps to a certain extent with the welfare package.

Despite this, one company pays a fixed salary only. Some companies offer performance-related bonuses. One company has established smaller units or profit centers where performance measurement is undertaken monthly, and on which basis a bonus is paid to employees within the profit centre, with an element of the bonus reflecting also the performance of the company as a whole. Generally, it is seen that bonuses relating to individual performance would improve motivation. (Terence Jackson, Mette Bak, 1998)

3) Given praise

Rafikul's Findings, however, disagreed with Bragg (2000) who suggested that employees are not likely to be motivated by money all the time. In fact, non-monetary rewards like given praise can be quite effective in encouraging employees. Some employees may be more motivated by recognition and praise than other factors. In a nationwide study, employees admitted that they would do their best if their input was recognized (Jeffries, 1997, Reis and Pena, 2001). Research by Jeffries (1997) indicated that employees expect appreciation from their supervisors, their colleagues and even their families for their effort and, often, praise overtakes monetary rewards.

2.5 Intrinsic Motivation

In contrast to extrinsic motivation, intrinsic motivation is said to exist when behaviour is performed for its own sake rather than to obtain material or social reinforces. The concept of intrinsic motivation was an important challenge to behaviourism, and has

roots in White's (1959) competence or effectual motivation.

After psychologists introduced these intrinsic "needs," management scholars developed the important distinction between intrinsic motivations—a hypothetical construct presumably residing within the person—and intrinsically motivating tasks. Herzberg (1966) described tasks as intrinsically motivating when they are characterized by key "motivators" such as responsibility, challenge, achievement, variety, and advancement opportunity. With Herzberg as a precursor, Hackman and Oldham (1976) identified task variety, task identity, task significance, autonomy, and feedback from the task as key task characteristics that generate internal motivation.

Another concept of intrinsic motivation mentioned that intrinsic motivation refers to motivation that is driven by an interest or enjoyment in the task itself, and exists within the individual rather than relying on any external pressure. Intrinsic motivation has been studied by social psychologists since the early 1970s. Research has found that it is usually associated with high achievement and enjoyment by employees. Explanations of intrinsic motivation have been given in the context of Fritz Heider's attribution theory, Bandura's work on self-efficacy, and Deci and Ryan's cognitive evaluation theory (see self-determination theory). Employees are likely to be intrinsically motivated if they:

- attribute their results to internal factors that they can control (e.g. the amount of effort they put in),

- believe they can be effective agents in reaching desired goals (i.e. the results are not determined by luck),
- are interested in mastering a topic, rather than just rote-learning to achieve good grades.

Intrinsic motivation is defined as performing an activity for its intrinsic satisfactions rather than for some distinguishable consequence (Deci and Ryan, 1985). When an individual is intrinsically motivated he or she will be moved for the challenge or the enjoyment instead of the promise of rewards or avoiding punishment (Deci and Ryan, 1985). From birth on, humans are active, curious, and interested animals, when they are not held back by illness, and they show an ever-present eagerness to explore and learn (Dreikurs Ferguson, 2000). Thus, there is no need for extrinsic motivations to move them. According to Ryan and Deci (2000a), research on intrinsic motivation has focused mostly on certain conditions that elicit, sustain, and enhance this type of motivation against those conditions that undermine or decrease it. The cognitive evaluation theory, as part of the self-determination theory, specified factors in social contexts that cause variability in intrinsic motivation (Deci and Ryan, 1985). This cognitive evaluation theory states that those interpersonal events and structures (like feedback, rewards, communication and so on) that lead to feelings of competence during a certain action can increase intrinsic motivation for the specific action since these feelings permit satisfaction of the innate psychological need for competence that is inherent for humans (Deci and Ryan, 1985). The cognitive evaluation theory states furthermore that feelings of competence need to be combined with a sense of

autonomy (or internal perceived locus of causality) in order to increase intrinsic motivation (Deci and Ryan, 1985). In other words, individuals must perceive their behaviour to be self-determined and not guided by rewards or constraints. Individuals have to experience a fulfillment of the needs of competence and autonomy. According to Deci and Ryan (1985), it is critical to understand that intrinsic motivation will occur only for situations that contain intrinsic interests for a person. For those situations that do not have this appearance, the principles of the cognitive evaluation theory do not apply (Deci and Ryan, 1985). In this research at hand, the cognitive evaluation theory will be linked to intrinsic (and extrinsic) motivation to see what the relationship between the two constructs is.

More recently in the psychology literature, intrinsically motivated behaviour is alleged to derive from and satisfy innate psychological needs, including needs for competence and autonomy (Deci & Ryan, 1985; Kasser & Ryan, 1996).

Human motivation is one of the key issues in the field of organizational behaviour and psychology (Benabou and Tirole, 2003). Understanding why we do the things that we do has been investigated and researched in order to find the major drives behind this concept. Motivation energizes and directs certain behaviour towards reaching a specific goal (Sansone and Harackiewicz, 2000). Motivation is often referred to as either intrinsic or extrinsic. Intrinsic motivation is the motivation to do or act in one's own interests or simply for the enjoyment of the activity itself (Hennessey and Amabile, 2005). Robbins (2003) depicted that it is the desire to work on something

that is interesting, challenging, satisfying, exciting or involving. Intrinsic motivation is the innate and natural propensity to engage an individual's interests and exercise an individual's skills and capabilities, and in so doing, to look for and achieve optimal opportunities and challenges (Deci and Ryan, 1985). This motivation comes from internal tendencies and can direct and motivate behaviour without the presence of constraints or rewards (Deci and Ryan, 1985). Translating intrinsic motivation to the work environment, it holds that employees genuinely care about their work, employees search for better ways to get their work done, and that employees are enthusiastic and committed to perform well at their jobs (Thomas, 2000). According to Amabile (1993), intrinsic motivators are necessarily bound up with work itself. The intrinsic motivation of having pleasure in a certain activity may cause the individual to spend many days practising a sport, an instrument, and so on. Many government agencies and educating organizations emphasize the advantages of intrinsic motivation and depict that students should do everything and work hard on tests, projects, regular classes, and such because they want to learn for joy and not because of constraints or rewards (Dreikurs Ferguson, 2000).

There is disagreement about the proper and right construct of intrinsic motivation between several researchers. Deci and Ryan (1985) agreed that intrinsic motivation refers to an activity that meets basic human needs for control and for competence, which makes the activity interesting, challenging and fun and therefore more likely to be performed for its own sake than as a means to some end result (Sansone and Harackiewicz, 2000). Shah and Kruglanski (in Sansone and Harackiewicz, 2000)

depicted that there are two ways to define intrinsic motivation. The first is defined in terms of structure, which is, when an activity is related to a single goal. The second is defined in terms of substance, which is when the content of the goal matters. Sansone and Harackiewicz (2000) defined intrinsic motivation as a process as well as a result and suggested that it is a process situated in our normal regulation of behaviour. Moreover, motivation to perform activities which are goal directed at a certain point in time could depend on the level to which we experience enjoyment and interest. These are just some of the differences in the construct of intrinsic motivation available. Logically, this will result in some debate between various authors on the relationship of extrinsic rewards on intrinsic motivation, which will be discussed later on.

Intrinsic motivation is defined as the degree to which a person wants to work well in his job in order to gain intrinsic satisfaction (Warr et al.1979). They found a relationship between this construct and overall job satisfaction. It is a concept that encompasses being motivated by a desire to do your job as well as you can and deriving personal pride from doing so. In a later study, a relationship is found between this concept and interpersonal trust at work (Cook and Wall 1980).Quigley and Tymon (2006) in reviewing much of the literature suggested that intrinsic motivation is based on positively valued experiences that a person gets directly from their work tasks. They also added that at its heart it is about passion and positive feelings that people derive from their work. They suggested four component elements of intrinsic motivation which are; meaningfulness, choice, competence and progress. They also

asserted that research has found the concept to have significant relationships with both job satisfaction and reduced stress levels.

Here is brief discussion of the intrinsic motivation factors related to this study:

1) Challenge:

Many employees enjoy new challenges in their work. Herzberg (1968) argued that managers could use varying methods to motivate employees, but should target these methods to be in line with employees' inherent motivators. Thus, those employees who are more implicitly motivated should be inspired / rewarded with things such as new challenges (achievement motivation).

2) Responsibility:

This factor relates to whether or not the individual is given the responsibility or freedom to make decisions.

The idea of being responsible to others especially, have actually long been imbedded in business (Laabs, 1992). The idea of treating a customer with respect and attention is not particularly in service based industries (Jones and Lyod, 2004; Lock, 2003 ;)

What is new is the idea does not generate additional profit from the customer, instead it genuinely cares about what the customer wants and needs.

McGregor's Theory X and Theory Y that employees falling in "Y" group stated the expenditure of effort to perform work is as natural as they choose to play or rest. It

stated that workers actually enjoy working and that workers want leaders or managers facilities work accomplishment. In addition, the objectives of workers are often synonymous with those of management, and as a result, employees will exercise self-direction and self-control in the pursuit of objectives to which they are committed (Lock, 2003; Jones and Lyod, 2004, Amar, 2004). When conditions are appropriate, workers will not only accept but will actually seek for more responsibility.

In the case of employees in the service department, they placed a high importance on wanting others to value their work as something important and therefore preferred being given autonomy to follow in structuring their work in ways they find better serving customer (Ong, 1992; Pines, 1993, Lock, 2003). This is simple due to employees from the service side described their work as a more communicating task hence they highly expect that freedom is given to them in managing the service work.

An opportunity for greater responsibility is identified as one of the factors which make work enjoyable, changing, meaningful and interesting among skill and knowledge worker (Amar, 2004). Several organizations have started letting their employees to plan and control their jobs as much as possible (Laabs, 1992; Holland et al, 2002). In addition, employees are included in the decision making process especially when they are affected by the decision (Lock, 2003). They tend to perform best alone rather than as team members and for this reason they have been assigned to a whole task rather than just to a part of a task.

3) Work Interaction:

This category is limited to the personal and working interactions between the respondent and other people he/she works with such as cooperation, interaction, and discussion at work and during break times among colleagues.

Employees are the most important resource in organizations (Ali Mohammad and Mohammad Hossein, 2004). Nevertheless, managers spend a minimal amount of time learning more about human behaviour, communication, and how their attitudes and behaviour impact employee performance. Management requires a keen understanding of human nature, the basic needs, wants and abilities of people (Rabey, 2001; Lock, 2003).

Managers at all levels cannot cause an employee to become motivated, however, through their actions and more participative attitudes help to create the environment for individuals to motivate themselves (Ali Mohammad and Mohammad Hossein, 2004). The results of this study suggested that management might be able to increase the level of commitment in the organization by increasing the interaction within employees.

In order to achieve long-term success, most managerial programs need some form of review and feedback for continued improvement (Bragg, 2000). For instance, Govindarajulu and Daily (2004) in their study has indicated the importance of providing feedback to improve employee relations, employee satisfaction, and

productivity in the health care sector.

As stated by Ong (1992), the managers should provide feedback to the staff not only on his/her performance but also on areas of improvement. Opportunity should be given to the employee not just after a job is well done but also during the different stages of the project (Ong, 1992; Pines, 1993; Liang, 1997). This is because many computerization projects might stretch for a period of time.

2.6 The Effect of Extrinsic and Intrinsic Motivation on Job Satisfaction

Herzberg et al.'s (1959) described the relationship between two variables as Job satisfaction which is the result of two kinds of factors, intrinsic and extrinsic factor. Intrinsic factors appraised the job satisfaction and extrinsic factors cause dissatisfaction and reduce the level of job satisfaction. The extrinsic factors were also called hygiene factors. According to Herzberg, the hygiene factors results in the form of dissatisfaction and these were external or environmental features e.g. company policy and administration, supervision, work conditions, salary and benefits. The intrinsic factors are also called satisfiers and motivators which included creative or challenging work, responsibility and advancement opportunities.

Whereas Brown (1996) examined that when an organization is having some satisfied or delighted employees, it is likely to have satisfied or delighted customers. Brown said the employees' satisfaction and delightfulness is a prerequisite of customer satisfaction. Thus Wagar (1998) explained that in the global market, one can be

successful when it has a highly motivated, skilled, and satisfied workforce that can produce quality goods at low costs. Herzberg et al.'s (1959)

Sandra Lawrence and Peter Jordan (2009) reported that only the explicit measures of need for achievement, need for affiliation and the need for power will influence different levels of job satisfaction. Jacob and Guarnaccia (1997) reported that explicit achievement and affiliation motivation are significantly related to job satisfaction. These contradictory findings require us to seek an alternate justification. They noted that strong research findings that one's standard of living (determined by the quality of goods and services available to people) does contribute to a better well-being and, therefore, to a greater job satisfaction (Diener and Diener, 1995). Indeed, Diener et al. (1995) argued that there is a link between wealth and job satisfaction. As there is a positive relationship between extrinsic motivation and wealth (Burke et al., 2002; Segal et al., 2005), and they have established that wealth is positively linked to job satisfaction, and explicit motivators have been linked to life satisfaction, Sandra Lawrence and Peter Jordan(2009) argue that: Only the explicit measures of need for achievement, need for affiliation and need for power will influence different levels of job satisfaction.

In the case of both job satisfaction and intrinsic motivation we might expect positive responses from employees. As Yousef (2001) pointed out that the Islamic Work Ethic is likely to encourage commitment to hard work as a virtue and that this hard work is a means through which sins can be resolved, a means of achieving personal growth,

self-fulfillment and self respect and would be a source of individual satisfaction. In a study of Omanis context; Aycan et al. (2007) also examined cultural orientations and preferences using the cultural orientations framework of Kluckhohn and Strodtbeck (1961) and the results of the study indicated that in relation to the activity orientation there was a strong preference for the doing orientation which tends to be associated with the belief of a society in living to work, that hard work is always commendable and rewards are based on work accomplishments. In such a society, influenced by the IWE it would not be surprising for employees to be motivated to do their best at their job, to derive personal pride from doing their best and for this to be a source of satisfaction. Mike Leat & Ghada El-Kot (2009) supposed that there is a positive relationship between intrinsic motivation and employees' satisfaction. The findings indicate high levels of intrinsic motivation and positive and significant relationships between intrinsic motivation and job satisfaction. Finally the hypothesis is therefore supported. The outcomes of the regression analysis suggesting intrinsic motivation is significant in explaining job satisfaction and are consistent with the findings of Yousef (2001) and Aycan et al. (2007) which suggested that employees in an Arab culture with the influence of Islam will be motivated to work hard and that this will be a source of pride and intrinsic satisfaction to them. These findings also supported previous research in other national contexts which posits that high levels of intrinsic motivation will be a source of job satisfaction (Warr et al., 1979; Quigley and Tymon, 2006)

2.7 Leadership Issues

Leadership is the process that shapes the goals of the group or organization; it can motivate behaviour toward the achievement of the goals. It is primarily a process of influencing the individuals or groups towards the achievement of the goals. In other words, leadership is a process of establishing direction and influencing and motivating others to follow that direction.

Managers in their leadership capacity, play an important part in shaping motivation in an organization. They provide direction, focus, meaning, inspiration to those who work for them. As employees in the service organization, managers need to project themselves as role models that embody and convey in actions and words, desirables, attitudes, values and beliefs of their workforce.

Summarised here are two leadership styles which are transformational leadership and Transactional Leadership. Transformational leadership style is characterized by the leader trying to raise the followers' consciousness level on the important value of designated outcomes and ways of developing followers to their fullest potential (Avolio, 1999). Generally there are four factors for transformational leadership, which are also known as the 4I's:

- Idealized influence occurs when followers identify with and emulate those leaders who are trusted and seen as having an attainable mission and vision.
- Inspirational motivation refers to leaders' behaviour that results in followers

identifying with leaders and wanting to emulate them.

- Intellectual stimulation is where leaders behave in ways that motivate and inspire those around them providing challenges to their followers' work.
- Individualized consideration occurs when leaders relate to followers on a one to one basis in order to elevate goals and develop skills.

Transactional leadership refers to leaders who rewards or discipline the follower depending on the adequacy of the follower's performance (Bass, 1996). There are two factors, which are contingent reward in exchange for agreeing to meet objectives and management by exception; whereby a leader is considered being active if followers are being monitored to ensure mistakes are not made, otherwise allows the status quo to exist without being addressed (passive).

Effective leadership produces highly motivated employees' job satisfaction in organizations. A leader plays an important role in motivating the performance of his employees (Lock, 2003). The leadership elements such as support and feedback, communication and technical know-how, play an important role in motivating employees (Liang 1997). This is due to the leaders who are the only source of trust in employees that managers are trustworthy, caring and prefer fairness in their work processes (Gee and Burke, 2001). The leaders motivate people to follow a participating design of work in which they are responsible for controlling and coordinating their work, hence making them responsible for their performance (Tanner, 1998). But this is feasible only when there is openness and trust between

leaders and employees.

In the research of Ali Mohammad and Mohammad Hossein (2004), the data collected from questionnaires distributed among 814 hospitals employees i.e. first line, middle and senior manager demonstrated less satisfaction with salaries, benefits, work conditions, and communication as satisfier factors and more satisfaction with factors such as supervision type factors. The authors found that there is a significant correlation ($P < 0.001$) between the use of leadership behaviours and employee job satisfaction.

Ali Mohammad and Mohammad Hossein (2004) indicated that employee job satisfaction depends upon the leadership style of the managers. Therefore, it is important for managers to select the best leadership style according to the organization culture and employees' organizational maturity. Furthermore, a study on leadership style preferences among Malaysian managers revealed that, a separate leadership style are to be adopted when dealing with Malay and Indian subordinates as compared to Chinese subordinates (Rodelina et al,2002). The author's findings confirmed that the Chinese preferred the delegating style of leadership as they highly value entrepreneurship, perseverance, and hard work. While the Malay and Indians preferred participating leadership style as they usually value cooperation, participation and teamwork.

Several researches have emerged that has focused on leadership styles, with most focusing on transformational leadership and transactional leadership styles (Garg abd

Rastogi, 2006). Although both forms of leadership are suitable for any organization, transformational leadership style is generally more practiced as the leader of a particular group pays more attention to the concerns and needs of individual employees, and creates awareness among employees to look at problems in a new perspective. They motivate and inspire employees towards the achievement of organizational goals by providing vision and a sense of mission among employees and also induce intellectual stimulation, which opens vistas for employees in terms of career development and new ways to enhance their performance.

Gee and Burke (2001) mentioned certain policies or measures that a manager should adopt in order to be able to realize the employees' potential and convert those potential into action are as follows: The first is recognition: the employee should be encouraged by the manager and attention drawn to successes; Second, Open communication policy: employee have to be kept informed, not just of the particular decision but of the reasons why that decision has been made. This method re-emphasizes the corporate goals and instigates in the employee a greater sense of ownership of decision; Third, Skill and knowledge management: Managers need insight into the skills and knowledge of his/her employees. More traditional approaches to management placed importance on the end result, the successful completion of the task, rather than the means of achieving that successful completion.

Harter, Schmidt, and Hayes (2002), reviewed the literature on the employee's job satisfaction which showed that satisfaction means, in essence, satisfaction with

leaders. That is, how employees view their leader is the primary determinant of their overall satisfaction.

Amin (2001) said that Leadership plays a very important role in enhancing an employee's job satisfaction, work motivation and work performance. The major type of supervisory behaviour that has been identified as influencing work motivation and performance include positive achievement behaviour and the behaviour that is expected to lead to dissatisfaction include authoritarian or arbitrary and punitive behaviour.

Previous research (e.g. Klimoski & Hayes, 1980; Podsakoff, Todor, & Skov, 1982, Podsakoff & Schriesheim, 1985,) has shown that leadership behaviour based on contingent reward can positively affect the employees' job satisfaction. A positive relationship between active leadership by exception and satisfaction is found by Morrison, Jones and Fuller (1997). Yammarino & Bass (1990), Morrison, et al. (1997) found that Passive leadership by exception has a negative impact on employee's job satisfaction.

Bass (1998) defined transactional leadership as showing various effects on the employee's job satisfaction. The majority of the elements show a positive effect of transactional leadership on job satisfaction. Also, passive management by exception is more and more captured in the passive leadership style. In general, it is therefore expected that transactional leadership has a positive effect on job satisfaction. This would predict a higher base rate of job satisfaction in the case of high transactional

leadership..

Leadership and motivation are also related closely to each other. A leader must look upon the situation and should make the right decision to exercise his powers. Supposedly, if employees are not happy with their job, and their reduced satisfaction is leading to less productivity, then the leader should make a wise decision to motivate its employees to be happy by providing him with an increase in pay or promotion. The leader can also motivate an unhappy employee by providing him with rewards and benefits that are of great value to them

Leadership is an art to instigate and motivate followers so they can strive hard toward attainment of specific objective. House (2004) defined leadership as the ability to influence others and to direct their efforts to achieve success. Leaders have different leadership styles through which they can lead their subordinates, some are authoritarian, some might be democratic, some are achievement oriented, and many other. Different organizations demands for different leaderships styles. Leadership styles may vary from organization to organization and even within the organization. Also a leader does not possess any fixed style throughout his life; he must have to change his style according to situations and contexts. That is why the concept of situational leadership is becoming very popular.

As a service organization, leaders from educational organizations firstly has to group together all of his followers, and then secondly he should give directions to each member about how to perform the work, and finally he should empower them to do the required task so that they could freely reach their given objectives.(Gmelch, W. H. 2002). Educational leaders have

more challenges than the leaders of business organization. One important reason is the stakeholders, there are various stakeholders in the educational field, such as students, teachers, etc so an educational leaders must has to look upon every one individually and use different policies to deal with them (Sathye 2004). The Leader must know what his objectives are, what he wants to achieve, and how he will put in efforts to achieve the desired goals and to motivate other people. According to previous researchers employees of education system need autonomy; as they want complete professional freedom to perform their job effectively. Many years ago researchers believe that there is no need of a formal leader to lead employees but as the world has become more complex and business has become dynamic and uncertain so a formal leader is required to lead people to the right directions.

An effective leader uses his motivational and influencing powers to make organizations adapt to various changes that may arise inside or outside the organizations. Regarding this notion Neave (2002) has further elaborated that due to such dynamic and complex changes in the environment leaders have snatched the autonomy of employees.

As the service environment are facing many challenges nowadays. The leader in the service field should be competent enough to manage his subordinates effectively. So the question arises that what leadership style should be used in the service department to deal with employees? The answer is still confusing. As Collinson and Collinson (2006) has given the view of Blended Leadership, whereas Bennett, N., Wise, C., Woods, P. and Harvey, J.A (2003) have given the concept of Distributed Leadership that leadership should not remain the property of only one person as this responsibility should be taken up by all members. Many

researchers have identified some leadership qualities as honourable, brave supportive, and enthusiastic person, forming networking skills and relationship building, participative and consultative management style, open discussion on teaching approaches, credibility of leader, building formal and informal channels of communication for information transfer, sharing experiences and ideas, adaptation to internal and external environment, encourage transformation and change, to have selflessness and awareness of things, developing people and making collaborative partnerships with others, creating collegial working atmosphere, and able to get the necessary support from others. Thus every leader might not have all of these qualities but a good leader demands these qualities as leadership has become very challenging nowadays.

Many researchers have studied the effects of leadership on motivation and job satisfaction as mentioned above. In the knowledge of the researcher, no study has been conducted to determine the effect of leadership as a moderating role in the relationship of extrinsic/intrinsic motivation and job satisfaction, especially in the Malaysian service industry.

2.8 Summary

This Chapter reviewed the existing literature related to this study. The literature to be reviewed for this chapter includes the contents of job satisfaction, motivation, motivation factors, leadership, and the relationships between extrinsic and intrinsic motivation with job satisfaction, and the leadership issue was also discussed. In the next chapter the methodology used in this study will be discussed.