

Changing Psychology of Motivation in 21st Century

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Abstract:

Motivation has always played a central role in shaping how people behave, work, and engage, but the conditions under which motivation operates have changed considerably in the 21st century. This paper presents a systematic literature review examining how the psychology of motivation has evolved in response to digitalization, remote and gig work, gamified reward systems, and shifting generational expectations. Key studies, spanning classical Self-Determination Theory as well as recent research on employee engagement, workplace gamification, digital consumer behaviour, and generational differences, were reviewed and synthesized thematically around core objectives. The findings suggest that while the fundamental human needs for autonomy, competence, and relatedness identified by classical motivation theory remain unchanged, the tools and contexts through which these needs are expressed and satisfied have transformed substantially, from digital gamification and remote work arrangements to evolving generational priorities that increasingly demand both financial security and personal meaning from work. The study concludes that organizations and researchers alike would benefit from grounding modern motivational strategies in established psychological theory rather than treating new technological tools as motivational solutions in themselves, while also identifying a need for more geographically diverse and longitudinal research in this area.

Keywords: self-determination theory, intrinsic and extrinsic motivation, 21st-century workplace.

Introduction

In the dynamic landscape of modern organizations motivation stands as a cornerstone of productivity, innovation, and sustained performance. Motivation has evolved from a static psychological construct into a fluid process shaped by rapid societal and technological shifts. The 21st century has accelerated this transformation, with trends such as widespread remote and hybrid work models, the proliferation of artificial intelligence in daily task, and the lingering impacts of global disruptions like the COVID-19 pandemic.

However, the twenty-first century has brought about a dramatic transformation in the environment within which human motivation operates. The rise of digital technology, remote and hybrid work arrangements, the gig economy, social media, artificial intelligence, and rapidly changing generational expectations have all reshaped the conditions under which people choose to act, work, and engage. A worker in the current decade is far less likely to be motivated purely by a stable salary and job security, and far more likely to seek meaning, flexibility, recognition, autonomy, and psychological well-being

from their work. Similarly, from a commerce and management standpoint, organizations today can no longer rely solely on traditional incentive structures such as bonuses, promotions, or fixed benefits to drive performance. Employees, especially from younger generations, increasingly evaluate their jobs not merely on pay, but on purpose, growth opportunities, and the emotional experience of work itself.

These changes have reshaped the psychology of motivation, moving it beyond extrinsic rewards like salaries toward intrinsic elements such as autonomy, well being etc. Intrinsic motivation, in simple terms can be defined as the inner drive to do something because the activity itself is interesting or enjoyable and not because of any external reward. In the words of Richard Hackman and Greg Oldham, - 'Internal work motivation happens when an individual experiences positive affect as a result of good performance, creating self-reinforcing cycle of motivation where performing well is its own reward.' Hackman and Oldham in their famous Job Characteristic Model, argued that intrinsic motivation isn't just a personal trait, but a outcome generated when a job provides three psychological states: experienced meaningfulness, experienced responsibility, and knowledge of results.

Whereas, any action taken or a task performed to earn an external reward then the person can be said extrinsically motivated. In other words, a separate outcome is attached to action performed. In the words of Edward Deci and Richard Ryan –

“Extrinsic motivation refers to the performance of an activity in order to attain some separable outcome, contrasting with intrinsic motivation, which refers to doing an activity simply for the enjoyment of the activity itself.”

In this regard Herzberg two factor theory, also known as motivation-hygiene theory is famous. It illustrates that intrinsic factors relates to job satisfaction and extrinsic factors with dissatisfaction. But Herzberg theory is one among early theories of motivation and not well supported in research yet its significance in Asian countries like India and Japan can be seen.

Objective-

- To analyse the shifting relationship between intrinsic and extrinsic motivation in contemporary work and consumer settings, particularly in the context of digital reward systems and gamification.
- To explore generational differences in motivational preferences, especially between traditional workforce expectations and those of millennial and Gen Z employees.
- To identify gaps in existing motivation literature and suggest areas for further research relevant to the evolving 21st-century commercial and organizational environment.

Research methodology-

A systematic literature review approach was adopted as the core research design to ensure a comprehensive and transparent evaluation of existing literature, meaning it does not collect new primary data but instead brings together, organizes, and interprets existing scholarly work relevant to the changing psychology of motivation.

Search strategy: Relevant literature was identified through academic databases and platforms including Google Scholar, ResearchGate, ScienceDirect, SpringerLink, and PubMed Central. Search terms included combinations such as 'motivation psychology 21st century', 'employee motivation digital age', 'intrinsic and extrinsic motivation', 'self-determination theory workplace', and 'generational differences in work motivation'.

Inclusion criteria: Papers were included if they were peer-reviewed journal articles or recognized academic publications, written in English, directly concerned with psychological or organizational motivation, and relevant to at least one of the study's five objectives. Foundational theoretical papers published before 2000, such as Ryan and Deci's original work, were included as necessary background even though the paper's primary focus is on 21st-century developments.

Rather than performing a statistical meta-analysis, this study uses thematic synthesis — findings from each paper are grouped and discussed under the relevant objective, allowing comparison across different contexts (education, workplace, consumer apps) even though the original studies used different methods and samples.

Literature Review-

Motivation has always been a central concern for researchers working in the field of education, and one of the most influential contributions to this area comes from Ryan and Deci (2000), published in *Contemporary Educational Psychology*. In this paper, the authors revisit the long-standing distinction between intrinsic and extrinsic motivation and try to move the discussion beyond the simple idea that one type of motivation is "good" and the other is "bad." Their aim is to refine the classic definitions of these two constructs by placing them within the larger framework of Self-Determination Theory (SDT), a theory that both authors had already been developing for over two decades before this paper appeared. The paper begins by explaining intrinsic motivation in fairly familiar terms — it is the tendency of human beings to engage in an activity simply because it is interesting or enjoyable in itself, without needing any outside reward or pressure. Ryan and Deci describe this as a natural, inborn inclination that is present from early childhood, when children explore, play, and manipulate objects purely out of curiosity. According to the authors, this kind of motivation is extremely valuable in educational settings because it is associated with deeper learning, better conceptual understanding, and greater psychological well-being. However, they also caution that intrinsic motivation is somewhat fragile. It can easily be weakened by external conditions such as excessive control, surveillance, deadlines, or rewards that are perceived as controlling rather than informational.

Where this paper makes its most important contribution, in my reading, is in how it treats extrinsic motivation. Earlier motivational literature tended to treat extrinsic motivation as a single, uniform category — essentially, behaviour performed only to obtain a reward or avoid a punishment. Ryan and Deci argue that this view is too simplistic. Instead, they propose that extrinsic motivation exists along a continuum of internalization, ranging from behaviours that are completely externally controlled to behaviours that have been fully internalized and integrated into a person's own sense of self. This idea is developed through what the authors call Organismic Integration Theory (OIT), a sub-theory within the broader SDT framework. They identify four distinct types of extrinsic regulation: external regulation, where behaviour is driven purely by external rewards or threats; introjected regulation, where a person acts to avoid guilt or to protect self-esteem, but the reason for acting is still not truly accepted as one's own; identified regulation, where the person consciously recognizes and accepts the value of a behaviour; and integrated regulation, where the behaviour is fully assimilated with the person's other values and needs. This last form, though still technically extrinsic because the activity is done for outcomes separate from the activity itself, closely resembles intrinsic motivation in terms of the sense of autonomy it produces.

A recurring theme throughout the paper is the concept of autonomy, and this is really the heart of the argument. Ryan and Deci maintain that what separates a "good" extrinsically motivated behaviour from a "bad" one is not the presence of an external reason, but the degree of autonomy or self-endorsement the person feels while performing it. This connects directly to the three basic psychological needs proposed under SDT — the need for autonomy, the need for competence, and the need for relatedness. The authors argue that when social environments, such as classrooms, workplaces, or families, support these three needs, individuals are more likely to internalize extrinsically motivated behaviours in a healthy way, moving them further along the continuum toward integration. Conversely, environments that are controlling, that ignore a person's feelings, or that fail to provide meaningful rationale for requested behaviours tend to produce only shallow, unstable forms of extrinsic motivation.

Another important point raised in the paper concerns amotivation, which the authors treat as a separate state altogether rather than as an extreme end of the extrinsic-intrinsic continuum. Amotivation refers to a lack of intention to act at all, and it usually arises when a person does not value an activity, does not feel competent to do it, or does not expect it to produce a desired outcome.

Overall, this paper is significant because it moves the intrinsic-extrinsic debate away from a rigid, either-or framing and replaces it with a more nuanced, developmental perspective. For educational researchers, its practical implication is quite clear: teachers and institutions cannot realistically expect students to be intrinsically motivated for every single academic task, especially tasks that are repetitive or not inherently enjoyable. What they can do, however, is structure the learning environment in a way that supports autonomy, builds a sense of competence, and fosters relatedness, so that even extrinsically motivated behaviours are internalized in a healthy and self-endorsed manner. This framework has since become foundational for a very large body of research in educational psychology, and it continues to be cited extensively in studies dealing with classroom motivation, student engagement, and curriculum design.

In their paper titled "A Motivation Study on the Effectiveness of Intrinsic and Extrinsic Factors," Çınar, Bektaş, and Aslan (2011), publishing in *Economics and Management*, set out to determine which of the two factor categories, intrinsic or extrinsic, exerts a stronger pull on employee motivation, and whether this effectiveness varies across demographic groups. Using a descriptive survey design, the authors collected data from 41 employees of an electricity delivery company in the Ağrı province of Eastern Anatolia, Turkey, administering a Likert-scale questionnaire that separately measured intrinsic and extrinsic motivational factors and returned a strong overall reliability score. Their results showed that both categories of factors meaningfully influenced how employees approached their tasks, but intrinsic factors were rated considerably higher on the motivating scale than extrinsic factors, with the gap between the two proving statistically significant. When the sample was broken down by gender, position, academic qualification, seniority, and age, however, no significant differences emerged in how intrinsic or extrinsic factors were experienced, suggesting that the primacy of intrinsic motivation held fairly uniformly across the workforce rather than being concentrated in any particular demographic segment. The authors themselves acknowledge that drawing on a single organisation limits how far the findings can be generalised, but the study remains a useful, methodologically transparent data point for the present review's central claim: that intrinsic drivers retain their motivating power even in traditional, non-digital work settings, which raises the question of whether this balance shifts once digital reward systems and gamified incentive structures, categorised here as reshaped forms of extrinsic motivation, enter the picture.

In their meta-analysis titled "A Self-Determination Theory-Based Meta-Analysis on the Differential Effects of Intrinsic and Extrinsic Motivation on Salesperson Performance," Good, Hughes, Kirca, and McGrath (2022), publishing in the *Journal of the Academy of Marketing Science*, pool findings across 127 individual studies and 293 effect sizes covering more than 77,000 sales people to settle a long-running question in the motivation literature: whether intrinsic or extrinsic drivers matter more for performance. Grounding their work in Self-Determination Theory, the authors find that motivation overall is significantly linked to salesperson performance, but that intrinsic motivation shows a noticeably stronger association with performance than extrinsic motivation, a pattern that held even after accounting for differences in age, gender, tenure, sales experience, and geographic or business context. Because the analysis aggregates data across such a wide range of studies and settings, it lends considerable statistical weight to the claim that intrinsic motivation is the more reliable performance driver, reinforcing what smaller single-organisation studies, such as Çınar et al.'s (2011) survey, had already suggested on a much smaller scale. For the present review, this meta-analysis is particularly valuable because it demonstrates that the intrinsic-extrinsic gap identified over a decade earlier has persisted into the most recent phase of the 21st century, even as sales roles themselves have been reshaped by digital tools, remote selling, and performance-tracking software.

In their study "Intrinsic Rewards and Employee's Performance With the Mediating Mechanism of Employee's Motivation," Manzoor, Wei, and Asif (2021), writing in *Frontiers in Psychology*, examine how intrinsic rewards shape employee performance and, specifically, whether an employee's own motivation acts as the mechanism connecting the two. Surveying 300 employees across small and medium-sized enterprises in Pakistan and analysing the data using confirmatory factor analysis and structural equation modelling, the authors find that intrinsic rewards have a positive and statistically significant effect on employee performance, and, more importantly, that this effect is significantly mediated by the employee's motivation rather than acting directly on performance alone. This mediating-mechanism finding adds an explanatory layer that purely comparative studies, such as Çınar et al.'s (2011) direct intrinsic-versus-extrinsic comparison, do not offer: it suggests that intrinsic rewards do not simply correlate with better outcomes but actively work by first lifting the employee's motivational state, which then translates into stronger performance. For the present review, this points to a mechanism worth carrying into the discussion of digital-era work: if intrinsic rewards operate through motivation as an intervening variable, then digital engagement tools and gamified systems may only improve performance to the extent that they genuinely raise intrinsic motivation, rather than merely mimicking its outward form.

Mitchell, Schuster, and Jin (2020), in their study 'Gamification and the Impact of Extrinsic Motivation on Needs Satisfaction: Making Work Fun?' published in the *Journal of Business Research*, examine gamification — the use of game-like elements such as points, badges, and leaderboards to motivate employees — using Self-Determination Theory to investigate whether it genuinely enhances motivation or merely introduces a new form of external pressure, focusing on how extrinsic motivation interacts with employees' needs for autonomy and competence.

The findings show that gamification elements built around external regulation (rewards or pressures employees do not personally value) negatively affect employees' sense of autonomy and competence. Adding game mechanics to a workplace task does not guarantee genuine engagement; if the reward system feels controlling rather than supportive, it can backfire. This shows that digital-era motivational

tools do not operate outside classic psychological principles — they create new, technology-mediated ways for old dynamics of control versus autonomy to play out.

Huang, Chen, and Zhou (2024), in a mixed-methods study published in *Frontiers in Psychology* on motivation crowding effects, examine motivation in a very everyday, 21st-century context: gamified fitness applications used by consumers to track exercise, diet, and health goals. Using Motivation Crowding Theory, the researchers explore whether financial rewards and social recognition (extrinsic motivators built into these apps) strengthen or weaken users' underlying intrinsic motivation, such as self-development, self-control, and enjoyment of the activity.

Contrary to the traditional assumption that external rewards always weaken internal motivation, the study found that both financial incentives and social recognition features strengthened, or 'crowded in,' users' intrinsic motivation to continue using the apps. This suggests that in certain digitally mediated, consumer-facing contexts, the relationship between intrinsic and extrinsic motivation may not follow the same patterns documented in earlier, non-digital settings — a useful point of tension for discussing how classic motivation theory is being tested in modern, technology-driven environments.

Calk, Patrick, and Blake (2024), in their paper 'Millennials in the Mirror: Work Motivation Factors for Generation Z,' published in *Advances in Business Research*, directly compare what motivates Millennials and Generation Z by reusing a previously validated tool, the Work Motivation Inventory, originally applied to Millennials, and administering it to a Gen Z sample so the two generations' results could be meaningfully compared.

Millennials, according to the earlier study referenced, were primarily driven by recognition and the social experience of working closely within a team. Gen Z respondents, by contrast, ranked salary, tangible benefits, and meaningful work above social or recognition-based motivators. This challenges the common assumption that younger generations are becoming steadily less interested in pay and more interested in purpose — the data suggests Gen Z wants both financial security and meaning, giving good empirical grounding for the argument that motivational psychology genuinely differs across generational cohorts.

Fuchs, Lorenz, and Fuchs (2024), in a systematic literature review published in the *International Journal of Innovative Research and Advanced Studies (IJIRAS)* titled 'Generational Differences in Attitudes Towards Work and Career,' consolidate existing research on how Generation X, Y (Millennials), and Z differ in their attitudes toward work, career progression, and organizational loyalty, drawing together findings from a wide range of individual studies rather than collecting new primary data. Since it is itself a systematic literature review, its structure can also serve as a useful methodological model.

The synthesis finds that while certain themes, such as the desire for growth opportunities and fair treatment, appear consistently important across all three generations, other priorities — like work-life balance, job security, and workplace flexibility — are weighted quite differently depending on the generation. The authors acknowledge that results across the studies reviewed are not always consistent, meaning the picture is still evolving rather than fully settled.

Analysis

On the relationship between intrinsic and extrinsic motivation, the evidence is not entirely one-sided. Çınar et al. (2011) and the large-scale meta-analysis by Good et al. (2022) both show, across very different sample sizes and settings, that intrinsic drivers pull more strongly on performance than extrinsic ones. Manzoor et al. (2021) support this further, finding that intrinsic rewards work mainly by

lifting an employee's motivation first, which then improves performance. But once digital reward systems come into the picture, the pattern gets more complicated. Mitchell, Schuster and Jin (2020) found that gamification at the workplace can actually weaken intrinsic motivation when the reward feels forced rather than chosen, while Huang, Chen and Zhou (2024) found just the opposite in gamified fitness apps, where financial and social rewards ended up strengthening users' intrinsic motivation. Read side by side, this suggests the real factor is not whether a reward exists, but how much control the person feels they have over it. A reward inside a voluntary consumer app is experienced quite differently from a similar reward handed down by an employer. This fits well with the idea of autonomy that sits at the centre of Self-Determination Theory, and it shows that gamification's effect cannot be judged from its mechanics alone — the power relationship around it matters just as much.

On generational differences, the picture is again not as simple as it is often made out to be. Calk, Patrick and Blake's (2024) direct comparison of Millennials and Gen Z found that Gen Z actually ranks salary and tangible benefits above the social and recognition-based motivators that mattered most to Millennials, which goes against the common belief that each new generation cares less about money and more about purpose. Fuchs, Lorenz and Fuchs (2024), in their broader review across Generations X, Y and Z, add further nuance: some priorities, like growth opportunities and fair treatment, stay fairly constant across generations, while others, like work-life balance and flexibility, differ quite a bit. Taken together, these two studies suggest that generational differences in motivation are real, but narrower and more specific than commonly assumed, rather than a complete change in what people want from work.

Overall, this analysis suggests that the basic psychological needs pointed out by classical theory — autonomy, competence, and relatedness — still explain what is happening, even in these newer digital and generational settings. What has really changed is not the psychology itself, but the situations in which it now needs to be understood, from an app someone chooses to open on their own, to an incentive scheme set by an employer.

Research Gap

While the literature reviewed above offers valuable insight into how motivation is expressed differently in the 21st century, a few clear gaps remain.

First, most of the available research comes from Western, corporate settings. Very little work looks specifically at how these same digital and generational shifts play out in developing economies such as India, where workplace culture, family expectations, and economic pressures often shape motivation quite differently.

Second, studies on gamification and digital reward systems tend to sit either entirely in education or entirely in the workplace, with few papers connecting the two, even though the same psychological mechanisms (autonomy, competence, reward internalization) are clearly at work in both settings.

Third, most generational research relies on one-time surveys rather than following the same individuals over several years. This makes it hard to know whether generational differences in motivation are truly stable traits, or simply a reflection of where someone happens to be in their career at the time they were surveyed.

Finally, while scholars agree that digital tools have changed the environment in which motivation operates, very few have proposed an updated theoretical model that formally integrates classical Self-Determination Theory with newer, technology-driven motivational triggers such as algorithmic

engagement or gamified rewards. Most treat these digital tools as simple add-ons to older theory, rather than asking whether the theory itself needs to evolve.

Findings

Bringing the reviewed literature together, a few clear patterns emerge across the study.

On technological and economic change: the shift toward remote work, gig arrangements, and digital platforms has genuinely changed the conditions under which people are motivated, with autonomy and flexibility emerging as increasingly central needs, alongside the more traditional need for financial security.

On the intrinsic-extrinsic relationship, the findings here are refreshingly mixed rather than one-directional. Gamification in the workplace can undermine intrinsic motivation when rewards feel controlling or externally imposed, as shown in the Mitchell, Schuster and Jin (2020) study. Yet in the context of gamified fitness apps, financial and social rewards were found to strengthen, not weaken, intrinsic motivation. Together, these results suggest that whether extrinsic rewards help or harm motivation depends heavily on whether the person experiences them as personally meaningful, not simply on the presence of the reward itself.

On generational differences, younger employees particularly Generation Z, appear to want both financial stability and meaningful work, rather than one instead of the other, challenging the simpler idea that each generation is progressively less interested in money and more interested in purpose. Certain motivational priorities, such as growth opportunities and fair treatment, remain fairly constant across generations, while others, such as flexibility and work-life balance, vary more sharply. There remains room for research that is more geographically diverse, more longitudinal in design, and more willing to formally update classical motivation theory for a digitally mediated world.

Conclusion

This paper set out to trace how the psychology of motivation has changed as we move deeper into the 21st century, and what emerges is a picture that is less about replacement and more about translation. The core human needs identified by classical theory, especially autonomy, competence, and relatedness, remain just as relevant today as they were when Deci and Ryan first proposed them, holding up across contexts as different as corporate workplaces, consumer apps, and generational cohorts. What has genuinely changed is the environment through which these needs are expressed and satisfied: remote work instead of office hierarchies, gamified apps instead of simple praise, and generational cohorts who have grown up expecting both financial stability and personal meaning from their work.

For organizations and HR practitioners, the practical takeaway is a simple but important one: chasing new tools and buzzwords without grounding them in genuine psychological need-satisfaction is unlikely to produce lasting motivation. Whether a workplace uses badges, points, flexible hours, or purpose-driven messaging, what ultimately determines whether these tools work is whether employees experience them as autonomy-supportive and personally meaningful, rather than externally imposed. This has implications beyond HR policy alone, extending to how managers frame everyday feedback, how digital platforms are designed, and how incentive structures are communicated, not just what they offer.

This study is not without limitations. As a literature-based review rather than an empirical study, its conclusions rest on the strength and generalizability of the papers reviewed, many of which come from

Western or digitally advanced economies, and the review's thematic synthesis approach also means it cannot establish causal relationships in the way a primary study could. Future research, particularly from developing economies such as India, and particularly using longitudinal designs, would help confirm whether these patterns hold true across different cultural and economic contexts. Nonetheless, this review offers a useful and current starting point for understanding why motivating people in the 21st century looks so different from the assumptions of the twentieth.

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