

**CONTRIBUTION OF EMPLOYEES' MOTIVATION ON THE PERFORMANCE OF  
COMMERCIAL BANKS IN RWANDA**

**A CASE OF COGEBANQUE PLC**

**PERIOD: 2018-2022**

**BY**

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Master's Degree in Finance**

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**SEPTEMBER 2023**

**DECLARATION**

I, **Jean Leonard MICOMYIZA**, do declare that this thesis entitled “*Contribution of employees’ motivation on the performance of commercial banks in Rwanda. A Case of Cogebanque Plc (2018-2022)*” is my own work and it has never been presented to any institution for any academic award, and all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

Date...../...../2023

Signature.....

**Jean Leonard MICOMYIZA**

**APPROVAL**

I, **Prof. Dr. Jeyakumar RUFUS** herewith certify that this thesis entitled *contribution of employees' motivation on the performance of commercial banks in Rwanda. A Case of Cogeбанque Plc (2018-2022)*” has been conducted by **Jean Leonard MICOMYIZA** under my guidance and supervision as a partial fulfillment for the award of the Master’s degree in Finance.

Signature.....

Date: ..... / ..... / 2023

**Supervisor: Prof. Dr. Jeyakumar RUFUS**

## **DEDICATION**

To:

Colette MUKARUTAMU and her Family

INGABIRE Florence and her Family

NGENEYE Silas and his Family

Francisco NZEYIMANA and his Family

KALINIJABO Philppe and his Family

Michel and his Family

Jean Claude NTEZIRIZAZA and his Family

KWIZERA Maritha and her Family

DUSABE Dinah and her Family

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To all, May God bless them.

**Jean Leonard MICOMYIZA**

## LIST OF ABBREVIATIONS AND ACRONYMS

**Cogebanque** ; Compagnie Generale des Banques

**e** : Margin of error

**Fr.** : Frequency

**Frw** : Franc Rwandais

**HR** : Human Resource

**ICT** : Information and Communications Technology

**M** : Mean

**n** : Sample size,

**N** : Population

**Plc** : Public Limited Company

**ROE** : Return on Equity ratio

**Sig.** : Significance

**SPSS** : Statistical Package for Social Sciences

**Std** : Standard Deviation

**ULK** : Universite Libre de Kigali

**%** : Percentage

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## ABSTRACT

The main objective of the study is to analyse contribution of employees' motivation on the performance of commercial banks in Rwanda. The specific objectives are to analyse the financial motivation applied by Cogebanque Plc, to examine the non-financial motivation applied by applied by Cogebanque Plc, to determine the financial performance of Cogebanque Plc and to find out the relationship between employees motivation and performance of Cogebanque Plc, the research questions are what are the financial motivations applied by Cogebanque Plc?, what are the non-financial motivations applied by applied by Cogebanque Plc?, what is the level of the financial performance of Cogebanque Plc? and what are the relationship between employees motivation and performance of Cogebanque Plc? The research design of the study used a descriptive survey design particularly a descriptive design because the researcher was looking at relationship between employees motivation and performance of COGEBANQUE PLC. The population of the study is 125 employees of COGEBANQUE PLC with a sample size of 56 respondents whereby the census method was used to determine sample size. The statistical package for social science (SPSS) version 22 was used to code and enter quantitative data for analysis. The results of the findings are the ROE was positive for every years of research period. Return on Equity of COGEBANQUE PLC was 12.6% in 2018, 13.6% in 2019, 11.5% in 2020, 13.1% in 2021 and 19.1% of 2022. The ROE serves to pay the capital invested in shareholders what involves that 100 Rwf of invested capital allow recovering about 13.6 Rwf in 2019, 11.5 Rwf in 2020; 13.1 Rwf in 2021 and 19.1 Rwf in 2022. The use of Employee motivation tools COGEBANQUE PLC has greatly improved on the profits and profitability of the bank through motivation tools have expended sources of revenues for the bank. The respondents' employees of Cogebanque Plc confirmed that salary increases encourage employees to work harder, ( $M = 4.29$ ) stands for excellent extent and the standard deviation of 0.66 ( $\sigma > 0.5$ ) refers to big dispersion of data (heterogeneity). At this point, it is clear that, increase in salaries lead to excellent performance in Cogebanque Plc. This implies that the employees' efforts and abilities are considered in salary fixation in Cogebanque Plc. Employees in Cogebanque Plc Receive a proper salary in proportion to one's dedication and performance as the mean ( $M = 4.24$ ), this implies excellent extent. It is evident that salaries are performance is proportional in Cogebanque Plc.

**Key words:** Employees, Motivation, Bonus, Salary, Fringe benefits and performance



## **CHAPTER 1: GENERAL INTRODUCTION**

### **1.0. Introduction**

Employee motivation is the level of commitment, energy and innovation that a company's staff holds during the working day. It's as important as it is difficult to track; maintaining and improving motivation in the workplace can be a problem for many companies, as not every task was interesting. Therefore businesses must find ways to keep their employees engaged, with motivation monitored and nurtured too while Performance is the quality of results achieved from firm activities (Frich, 2009). Financial performance refers to an entity's financial condition in a given time. It is also a measure of how well a firm can use its resources to generate revenue of achieve its set financial objectives.

### **1.1. Background of the study**

In today's businesses, the world has been so challenging and competition has reached another level. Many changes are always observed in the global economy, technology, work force, cultural and demographic environment. They are permanent and affect the way of business in many organizations (McClelland, 2011).

Motivation is the underlying force or drive that guides a person's action and behavior. It categorizes employees' energies to accomplish given tasks that contribute to organizational growth. (Pang and Lu, 2018). Baumeister, (2016), defines motivation as the psychological forces that determine the direction of a persons' level of effort as well as a person persistence in the face of obstacles. Human capital is the largest component of wealth of nations overall World Bank, (2018). In a dynamic business environment, effective employees' practices help managers attract and retain the best, highly engaged and talented employees. In organizations, recruitment of employees must be robust enough to guarantee the recruiter with the better understanding to acquire the best human capital, Al-Madi, (2017). Human capital refers on the knowledge, expertise, and skill one accumulates through education and training (Noko & Nwuzor, 2021). The emphasis on motivation in organizations reflects the view that market value depends on human resources and intellectual capital, therefore, motivation dynamics consists of human capital, customer capital, structural capital, social capital, technological capital, and spiritual capital Pablos and Tennyson, (2018).

Many organizations generally don't consider employee's motivation issues as a part of their competitive edge and strategy formulation. This form can be barrier on them in their development and achievement of goal and objectives. The employees' motivation is considered as a competitive strategy that helps many firms to achieve its goals efficiently and effectively. Closer to home, a number of studies have also been done to establish the effect of employee motivation on organization performance. For instance, in Ghana Masud and Veronica (2015) study sought to examine the impact of employee motivation on organizational performance in the financial sector in Ghana. Findings from the study suggested that leadership opportunities, recognition and employee appraisal, meeting employee expectations and socialization are the key factors that motivate employees. The findings further revealed that managerial standards, motivation, commitment, employee evaluations, positive work environment, technology, lack of incentives, comfort level and poor management are factors that affect employees' performance. Further, the study established that the impact of motivation on organizational performance improves employees' level of efficiency, help employees to meet their personal goals, employee satisfaction and helping employees' bond with the organization.

All the factors of production-men, machine and materials- should be wisely managed. Among the factors of production the human resource constitutes the biggest challenge because unlike other inputs employee management calls for skillful handling of thoughts, feelings and emotions to secure highest productivity. Employee motivation delivers long- term benefits in the form of higher productivity. A motivated employee is a valuable asset, delivers immense value on the organization in maintaining and strengthening its business and revenue growth (Lee, 2018).

This is due to fact that motivates employee's changes continuously (Buford, 2013). In Rwanda some studies conducted by MIFOTRA (2004), found that most of public and private institutions don't consider employees motivation in their strategy formulation and implementation. In addition some of them don't care about management of their employees.

The employees' motivation is required in the company and is very important as everyone prefers someone who is friendly, who serves on them and who smiles at them and wishes them a nice journey even if they don't mean it, but evidences exist that a company which produces such services was preferred to its competitors.

On the major concerns of the organization is its profitability, hence the need for efficiency. In this era, organizations are in a continuous state of competition and this has intensified the need to improve employees performances and invariably that the organization (Barney, 2013). In Cogeбанque Plc Motivation of employee is very essential on the growth, development and success of any business entity being it small or big. In the business word or better still the workplace human resources are the most valued and appreciated resources above all others. Motivated employees are productive, happy and highly committed on their job.

## **1.2. Problem statement**

Financial institutions are still under pressure with its employees who are not doing what they are supposed to as jobs description and these guide to unacceptable and deteriorate services delivered, embezzlement, problems of transparency or accountability in management of banks which affect financial performance. All these issues are causing liquidity problems, insufficient income respectively, the customers do not agree with services receive, sometimes fraudulent reported to bank shareholders. By all these challenges faced by financial institutions are coming from unhappy employees, and the researchers' wandered weather the employees are motivated and contribute to the financial performance. Companies face the challenges of increasing the level of commitment, motivation and job satisfaction among their employees. Employees of COGEBANQUE PLC who lack motivation usually leave fairly quickly and move into other jobs. Unmotivated staffs, who are suffering from low morale, can have a huge negative effect on the business (Cogebanque Annual Report, 2017). However, the relationship between employee's motivation and performance is not implemented accurately at Cogeбанque Plc.

### **1.3. Objectives of the study**

The objective of the study was classified into general and specific objectives.

#### **1.3.1. General objective**

The main objective of the study is to analyse contribution of employees' motivation on the performance of commercial banks in Rwanda.

#### **1.3.2. Specific objectives**

- (i) To analyse effect of the financial motivation on performance of Cogeбанque Plc
- (ii) To examine the effect of non-financial motivation on performance of Cogeбанque Plc
- (iii) To find out the relationship between employees motivation and performance of Cogeбанque Plc

### **1.4. Research Questions**

The research questions are the following:

- (i) What are the effect of the financial motivation on performance of Cogeбанque Plc?
- (ii) What are effect of non-financial motivation on performance of Cogeбанque Plc?
- (iii) What is the level of the financial performance of Cogeбанque Plc?
- (iv) What are the the relationship between employees motivation and performance of Cogeбанque Plc?

### **1.5. Scope of the study**

Scope of the study was divided into Domain, Geographical and Time Scope.

#### **1.5.1. Scope in Domain**

The study was carried out in the domain of Human resource Management especially motivation.

#### **1.5.2. Geographical scope**

The study was narrowed to Cogeбанque Plc and the researcher decides to conduct research in Cogeбанque Plc in order to evaluate the contribution of employees motivation on performance of commercial banks.

### **1.5.3. Scope in time**

The study covered a period of four years from 2018 up to 2022. The researcher choose this period because is where they was able to obtain the updated data which helped researcher to accomplish their study.

### **1.6. Significance of the study**

This study is of a great immeasurable importance on the researcher who believes that it brings about the standard of employees motivation and it benefited commercial banks in Rwanda by providing awareness and detailed information. This study presents three different interests which are personal, academic and scientific and social interest.

#### **1.6.1. Personal interest**

After this research, the researcher gained more knowledge about the contribution of employees motivation on performance of commercial banks in Rwanda, by putting into practice of all theories that the researcher have learned from post graduate education.

#### **1.6.2. Academic and scientific interest**

Academically, the realization of this work complies with the academic requirements by which any student completing the provided Postgraduate program of courses has to conduct research, compile and present a dissertation in order to be awarded a Master's degree in Finance.

This research will help the future researchers as the documentation for realizing their research projects for having good skills about how employees motivation was used in commercial banks sector.

#### **1.6.3. Social interest**

To know how the effect of employees motivation is more important for Rwandan society because after understanding it's functioning, it has to help the community in working with it.

The research provided relevant information about employees motivation functions that can be relied on when setting up policies and strategies aiming at improving commercial banks activities.

## **1.8. Structure of the thesis**

This study is organized into five chapters:

Chapter one is the general introduction comprising the background on the study, problem statement, objectives of the research, significance of the research and scope of the research and structure of the study.

Chapter two revealed the literature review which reviews in brief the ideas of preceding authors about the topic.

Chapter three dealt with the methodological aspects of how data was collected, processed and analyzed.

The chapter four presented and analysed the findings and interprets the data collected and chapter five is composed of the summary of the major findings, conclusion, recommendation and suggestions for further research.

## **CHAPTER 2: LITERATURE REVIEW**

### **2.0. Introduction**

This chapter contains a combination of different definitions, opinions as well as criticisms that was put forward by different scholars, writers and researcher about the concepts of motivation, how it's carried out, the benefits or users it provides when practiced as well as the challenges involved. The performance is the results activities of an organization or investment over a given period of time. Performance is the end result of motivation that performance is a function of ability and motivation. Motivation and ability are very necessary for the company to perform. If either ability or motivation is low, performance will also be low and the reverse is true.

### **2.1. Definition of key concepts**

#### **2.1.1 Employees**

Employee is an individual who works part-time or full-time under a contract of employment whether oral or written, express or implies and has recognize rights and duties (Michael, 2015).

An employee is a person who works in the service of another person under an express or implied contract of hire, under which the employer has the right to control the details of work performance, (Daniel, 2016).

The American Heritage dictionary of the English Language (2016) defined employee as “a person who works for another in return for financial or another compensation”. Employees do not only work for payment of salary but for other numerous factors. People work because they have goals to achieve which surpass financial gains from their employment. There are various factors that bother on employment. These factors include: employer, employee, working environment, working terms and conditions and type of products and services provided by employer.

### 2.1.2 Motivation

According to Zinabu, (2016) Motivation is the driving force by which we achieve our goals, motivation is said to be intrinsic or extrinsic. The term is generally used for humans but it can also be used to describe the causes for animal behavior as well. This article refers to human motivation. According to various theories, motivation may be rooted in a basic need to minimize physical pain and maximize pleasure, or it may include specific needs such as eating and resting, or a desired object, goal, state of being, ideal, or it may be attributed to less-apparent reasons such as altruism, selfishness, morality, or avoiding. Conceptually, motivation should not be confused with either volition or optimism. Motivation is related to, but distinct from emotion.

According to David A. Cenzo, (2014) Motivation is the willingness to do something and conditioned by this action's ability to satisfy some needs for an individual. They further defined a need as some internal state that makes certain outcomes appear attractive.

Motivation is one of the most important factors affecting human behavior and profitability. This is reason why managers attach great important to motivation organizational setting. According on the dictionary called Petit Robert (2005), the motivation is the whole of the determining factors the behavior of the agent as an economic agent, but more particularly the behavior consumer.

Other authors like Stefan M. (2012), define the motivation as being the need oriented on the objectives. Etymologically, the motivation term in beginning, an Anglo-Saxon term and preserved some the original meaning be-with-to say that this term recovers a whole of factors playing a part paramount in the life of the man to work.

According to Boddit David (2005) the concept motivation represents hypothetical builds used in order to wish the internal and external forces producing release, the direction, the intensity and the persistence of the behavior.

Hughes and Curphy (2012) gave an explanation on motivation. He quoted that motivation as an influence that channels and sustains people's behaviors. He urged that motivation springs from the desire to satisfy a need. A need to him is a strong feeling of deficiency in particular area of a person's life. This sense of deficiency creates an uncomfortable tension, which the individual strives to reduce, usually by taking some action to satisfy the need.



As Pklar and Bostjancic (2012) observed” human being “is far more complicated than he appears to be. He is a total man interested in himself and therefore conscious of the input. According to Raymond J. (2002), Motivation is generally defined as an internal state that induces an employee to engage in particular behaviors; or as a set of factors that cause employees to behave in certain way but it is extremely complex.

Motivation theory is concerned with what determines goal directed behavior. It is about, how behavior is initiated by needs and by expectations on the achievement of goals which will satisfy those needs, how the achievement of goals and /or feedback on their achievement reinforces successful behavior and how belief in one’s ability to carry out a specific task will actuate behavior which is expected to achieve the successful performance of that task (Armstrong, et al., 2004).

According to Hoy and Miskel (2017), employees’ motivation is the complex forces drives, needs, tension states or other mechanism that starts and maintains voluntary activity directed towards the achievement of personal goals.

Mullin (2016), refers motivation on the forces within a person that affect his or her direction, intensity and persistence of voluntary behavior. He added that motivated employees are willing to exert a particular level of effort (intensity), for a certain amount of time (persistence) toward a particular goal or direction.

Motivation is a decision making process, through which the individual chooses the desired outcomes and sets in motion the behavior appropriate on them. Motivation can therefore be thought of as the degree to which an individual wants and chooses to engage in certain behavior (Matoka, 2011).

### **2.1.3. Motivated employees**

According to Steers (2014), employee motivation is the process of enabling or authorizing an individual to think, behave take action, control work and decision making in an autonomous way.

Koestner (2014) wrote that if employees’ motivation is crucial for initiating behavior, then performance exists at the opposite end of the spectrum and is defined as the outcome of a motivated act.

Posti, C. (2014) says that people need motivation just as pieces of equipment need fuel and operators. This is highly demanded to ensure that they are always at their optimum working condition. In turn, this will absolutely lead to optimum productivity. People are one of the most important assets in business. They have unlimited potential to contribute in the achievement of objectives. Their aggregate productivity propels the operations of the company.

### **1.1.2. Performance**

According to Sabine (2016) Performance is one of the words which definition is very flexible as everyone places the concept that suits best, and letting the context take care of the definition. Nevertheless in general terms performance can be seen as the result of activities (e.g. of an organization) over a given period of time. It comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives).

Performance is what one does within the limits of position created by an organization to achieve goals. This definition seems to be narrow and ignores the fact that performance varies from person to person. Some people may do things within the limits of a position but aimed at achieving organization goals should also be considered performance (KANE, 2016).

### **2.1.5. Commercial Banks**

Commercial Bank is an organization that provides financial services to low-income clients or solidarity lending groups including consumers and the self-employed, who traditionally lack access to banking and related services. More broadly, it is a movement whose object is "a world in which as many poor and near-poor households as possible have permanent access to an appropriate range of high quality financial services, including not just credit but also savings, insurance and fund transfers". Those who promote microfinance generally believe that such access helped poor people out of poverty (Richard Rosenberg, 2013).

## **2.2. Theoretical Framework**

### **2.2.1. Theories of motivation**

Motivation is the process used to allocate energy to maximize the satisfaction of needs. Motivation has many different theories:

#### **2.2.1.1. Hierarchy of Needs theory**

Maslow's needs hierarchy theory has enjoyed widespread acceptance since it was introduced around 1943. Maslow hypothesized five levels of needs. These needs are (1) Physiological, (2) safety, (3) social, (4) esteem, and (5) self-actualization.

Maslow states that if all of a person's needs are unsatisfied at a particular time, satisfaction of the more predominant needs was more pressing than the others. Those that come first must be satisfied before a higher-level need comes into play. Let us briefly examine each need level:

#### **Physiological needs**

According to Donnelly (2010) asserts that the theory consists of the human body's primary needs, such as food, water, and sex. Physiological needs dominated when they are unsatisfied, and no other needs served as a basis for motivation. As Maslow states, a person who is lacking food, safety, love, and esteem probably would hunger for food more strongly than for anything else.

According to Griffin (2012) are necessary to survival and include food, water, shelter, and sleep. Businesses address these needs by providing both comfortable working environments and salaries sufficient to buy food and shelter at the bottom of the hierarchy are needs based on physical drives needs for food, water, sleep and sex. Fulfillment of those lowest level needs enables the individuals to survive, and nothing else is important when these bodily needs have not been satisfied (Kreitner, 2004)

According to Dorothy (2007) these are the most basic human physical needs, including food, water and oxygen. In the organizational setting, these are reflected in the needs for adequate heat, air and base salary to insure survival.

### **Safety needs**

According to Donnelly (2010) when physiological needs are adequately met, the next higher level of needs assumes importance. Safety needs include protection from physical harm, ill health, economic disaster, and the unexpected. From a managerial standpoint, safety needs show up in an employee's attempts to ensure job security and fringe benefits.

According to Griffin (2012) Security needs: include the needs for stability and protection from the unknown. Many employers thus offer pension plan and job security. Security needs are essentially to be free of fear of physical danger and depreciation of the basic physiological needs.

According to Ebert (2012) include the needs for stability and protection from the unknown many employers thus offer pension plans and job security.

### **Social needs**

According to Donnelly (2010) these needs are related on the social nature of people and their need for companionship. Here, the hierarchy departs from the physical or quasi-physical needs of two previous levels. Non-satisfaction of this level of need may affect the mental health of the individual.

According Paul (2003) social needs they have a need to belong and be accepted into various groups, when social needs become dominant a person strived for meaningful relations with others. Since people are beings they need to belong and be accepted by others people try to safety their need for affection, acceptance and friendship by nature individuals desire to give and receive friendship and love by others.

According to Ebert (2012) Social needs include the needs for friendship and companionship, making friends.

### **Esteem needs**

According to Ronald, the needs for status and recognition as well as the need for self-respect for respected job titles and large offices are among the things that businesses can provide to address these needs.

According to Paul, asserts that most people have a need for high evaluation of themselves that is finally based in really recognition and respect from others. Satisfaction of this esteem need produces feelings of self-confidence, prestige power and control people begin to feel that they are useful and have some effect on their environment.

According to Ronald (2003), esteem that the needs of people who perceive themselves a worthwhile are said to possess high self-esteem, self-respect is the key to esteem needs much of human self-respect and therefore such esteem comes from being accepted and respected by others.

### **Self-Actualization need**

According to Kreitner (2004) self-actualization needs at the very top of Maslow's hierarchy is the open ended category of self-actualization needs. It is open-ended because, as Maslow pointed out, it relates on the need to become more and more what one is, to become everything that one is capable of becoming.

According to Donnelly (2010) self-actualization defines these needs as the desire to become more and more what one is capable of becoming. This means that the individual realized fully the potentialities of talents and capabilities.



**Figure 1. Maslow's hierarchy of needs**

**Source:** Robbins H. (2009)

### 2.2.1.2. Herzberg's two factor theory

According to Ebert, the two factor theory hygiene factors affect motivation and satisfaction only if they are absent or fail to meet expectations for example, workers was dissatisfied if they believe that they have poor working conditions. If working conditions was not necessarily became satisfied, they was simply less dissatisfied. On the other hand, if workers receive no recognition for successful work, they may be neither dissatisfied nor satisfied. If recognition is provide, they was probably become more satisfied.

Note that motivation factors lie along a continuum from satisfaction to no satisfaction. Hygiene factors on the other hand are likely to produce feeling is that lie on a continuum from dissatisfaction to no dissatisfaction. While motivation factors are directly related on the work that employees actually perform, hygiene factors refer on the environment in which perform it.

According to Donnelly, another content explanation of motivation was advanced by Frederick Herzberg in 1959. He based his theory on study of need satisfactions and on the reported motivational effects of these satisfactions. The theory is referred to as the two-factor theory of motivation.

### 2.2.1.3. Theory X and Y

**Theory X:** Theory of motivation holding that people are naturally irresponsible and incorporative

**Theory Y:** Theory of motivation holding that people are naturally responsible and growth oriented, self-motivated and interested in being productive.

According to Ricky Griffin, in an important study behavioral, conclude that managers have different beliefs about how best to use the human resources at a firm's disposal. He classified these beliefs into sets of assumptions that he labeled "theory X and theory Y" tend to believe that people are naturally energetic, growth-oriented, self-motivated, and interested in being productive.

McGregor generally favored theory Y beliefs, thus he argued that with theory Y, managers are more likely to satisfy and motivate employees. Of course theory X and Y distinctions are somewhat simplistic and offer little concrete basic for action.

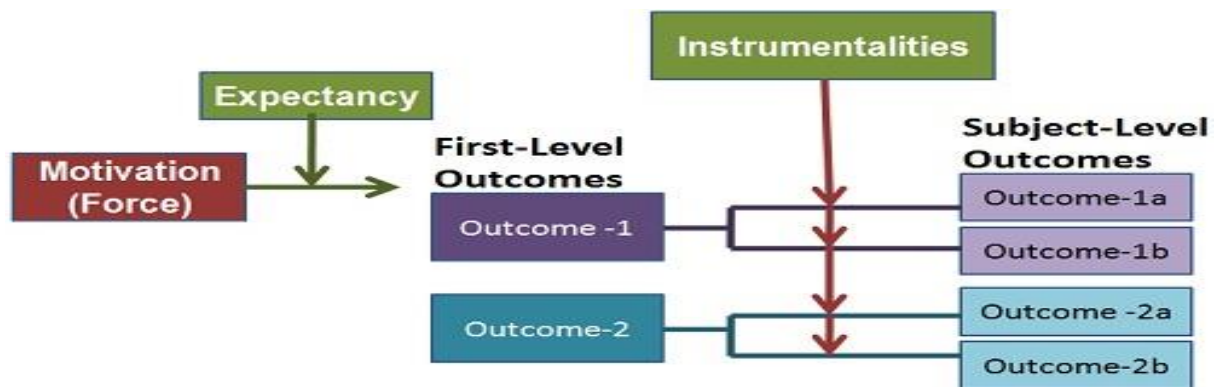
Their value lies primarily in their ability to highlight and classify the behavior of managers in light of their attitudes towards employees.

#### **2.2.1.4. Expectancy theory**

According to Ebert (2012), expectancy theory suggests that people are motivated to work rewards that they want and they believe they have a reasonable chance, or expectancy, of obtaining reward that seems out of reach, for example, is likely to be undesirable even if it is intrinsically positive. Consider the case of an assistant department manager who learns that a division manager has retired and the firm is looking for a replacement. Even though he/she wants the job, he/she does not apply for it because she wants the job, he/she does not apply for it because he/she doubts that she would be selected. He/she also learns that the firm is looking for a production manager on a later shift. He/she thinks that could get this job but doesn't apply because he/she doesn't want to change shifts.

Ricky W. Griffin (2014) asserted on this expectancy theory as a theory of motivation holding that people are motivated to work towards rewards which they want and which they believe they have a reasonable chance of obtaining. A reward that seems out of reach, for example, is likely to be under able even if it is intrinsically positive. According to Kreitner (2004) expectancy theory is a motivation model based on the assumption that motivational strength is determined by perceived probabilities of success. The term expectancy refers on the subjective probabilities or expectations that one thing leaded to another. Work related expectation like all other expectations, are shaped by ongoing personal experience for instance an employee's expectation of a raise is diminished after being turned down, later rebounds when the supervisor indicates a willingness to reconsider the matter.

According to James (2004) about expectancy theory suggests that motivation depends on people's expectations about their ability to perform tasks and receive desired rewards. Expectancy theory is associated with that of Victor H. Vroom, who believed that people are motivated to perform activities to achieve some goal on the extent they expect that certain actions on their part would help them to achieve the goal. Expectancy theory's concerned not with identifying types of needs but with the thinking process that individuals use to achieve rewards. The algebraic representation of Vroom's Expectancy theory is: Motivation (force) =  $\sum$ Valence x Expectancy.



**Figure3. Victor H. Vroom's Expectancy Theory**

**Source:** James H. Donnelly, (2007)

### **Elements of expectancy theory**

Expectancy theory is based on the relationship among the individual's effort, individual's profitability, and the desirability of outcomes associated with high profitability. The key to expectancy theory are the expectancies for the relationships among effort, profitability, outcomes with the value of the outcomes on the individual.

Expectancy involves whether putting effort into a task that led to high profitability for this expectancy to be high, the individual must have the ability, previous experience and necessary machinery, tools and opportunity to perform (James H. Donnelly, 2007).

Expectancy involves whether successful profitability led to the desired outcome. In the case of a person who is motivated to win a job-related award, this expectancy concerns the belief that high profitability led to the award.

**Valence:** It refers to the value that an individual places on a particular outcome or strength of an individual's preference for the expected rewards of the outcome.

To have a positive valence, one should prefer attaining the outcome to not attaining it. For example, if an employee gets motivated by promotions, then he/she might not value offers of increased incentives. The valence is zero if an individual prefers not attaining outcomes to attaining it. In the above example, an employee agrees with the increased incentives (James H. Donnelly, 2007).



**Instrumentality:** Another major input in the valence is the instrumentality of first level outcome in obtaining the second level outcome, i.e. a degree to which the first level leads on the second level outcome. For example, suppose an employee desires promotion and he/she feels that superior profitability is a key factor to achieve the goal. Thus, his first level outcomes are superior, average and poor profitability and the second level outcome is the promotion. Hence, the first level outcome of high profitability acquires the positive valence so as to have the expected relationship with the second level outcome of the promotion. Thus, an employee was motivated to perform efficiently with a desire to get promoted (James H. Donnelly, 2007).

Expectancy theory attempts not to define specific types of needs or rewards but only to establish they exist and may be different for every individual. One employee might want to be promoted to a position of increased responsibility and another might have high valence for good relationships with peers. Consequently, the first person was motivated to work hard for a promotion and the second for the opportunity for a team position that will keep him or her associated with a group. Expectancy is therefore another factor that determines the motivation, refers on the probability that a particular action led on the desired outcome. The expectancy is different from the instrumentality in the sense; it relates efforts on the first level outcome, whereas the instrumentality relates to first and second-level outcomes to each other. Thus, expectancy is the probability that a particular action led to a particular first-level outcome (Dorothy, 2007).

#### **2.2.1.5. Equity theory**

According to Ronald Theory, theory of motivation holding that people evaluate their treatment by employers relative on the treatment of others.

It holds that people begin by analyzing what they contribute on their job (time, effort, education, experience, and so forth) they get in return (salary, benefit, recognition, security) (Dorothy, 2007).

The result is a ratio of contribution to return, and then they compare their own ratios to those of other employees. Depending on their assessments, they experience feelings of equity or inequity.

According to Higgins (2013) equity theory contends that people seek rewards only if they perceive that the rewards were distributed equitably. The term equity implies that a person's being treated equally or fairly compared to others who behave in similar way.

Employees compare their inputs and outcomes (rewards) with those of other employees, especially those who are performing the same basic job. When they find evidence of inequity, they must adjust their behavior to make the situation acceptable (Dorothy, 2007).

If they feel that they are in an inequitable situation they can reduce their inputs-amount of effort, for example or they can increase their outputs by trying to build psychological benefits for themselves (Deci and Gagne, 2005).

They can also attempt to secure greater rewards, or they can leave the job. Conversely, if they feel that they are benefiting unduly from a situation, they can increase their inputs or seek to have their outcomes reduced. A worker in a unionized, organization, for example, may produce a higher-quality product, be more diligent, and pay more attention to details than a peer while receiving the same amount of pay. Such a worker may perceive the situation as inequitable and feel that something should be done to correct it.

The worker may make this adjustment by decreasing inputs or increasing rewards. If inputs are adjusted, the worker put in less effort. If rewards are increased, they had to be non-financial rewards because wages are fixed by the union contract (Deci and Gagne, 2005).

The worker might, for example, seek praise for his or her efforts or talk about how enjoyable the work. If the employee still considers the situation inequitable, he or she may quit. In some instances, workers steal from their employers to compensate for it has been proposed that people have varying degrees of sensitivity on the equity of a situation.

This sensitivity varies along continuum based on the preferred ratio of inputs to outcomes relative to those of co-workers. Generally, the manager should attempt to create a situation that subordinates perceive as equitable, and this can be accomplished both by providing actual equity and by maintaining good communication regarding no equitable outcome distributions (Rhodes, 2012).

## **2.2.2. Types of motivation**

According to Perencevich, (2004) Motivation can be divided into two types: intrinsic (internal) motivation and extrinsic (external) motivation.

### **2.2.2.1. Intrinsic motivation**

**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 external pressures or a desire for reward. Intrinsic motivation has been studied since the early 1970s. Students who are intrinsically motivated are more likely to engage in the task willingly as well as work to improve their skills, which increased their capabilities. Students are likely to be intrinsically motivated if they attribute their educational results to factors under their own control, also known as autonomy believes they have the skills to be effective agents in reaching their desired goals, also known as self-efficacy beliefs are interested in mastering a topic, not just in achieving good grades (Perencevich, 2004).

### **2.2.2.2. Extrinsic motivation**

**Extrinsic motivation** refers on the profitability of an activity in order to attain an outcome, whether or not that activity is also intrinsically motivated. Extrinsic motivation comes from outside of the individual. Common extrinsic motivations are rewards (for example money or grades) for showing the desired behavior, and the threat of punishment following misbehavior. Competition is in an extrinsic motivator because it encourages the performer to win and to beat others, not simply to enjoy the intrinsic rewards of the activity. A cheering crowd and the desire to win a trophy are also extrinsic preload. A form of motivation that involves rewards, both monetary and nonmonetary is often called incentive motivation.

Many people are driven by the knowledge that they was rewarded in some manner for achieving a certain target or goal. Bonuses and promotions are good examples of the type of incentives that are used for motivation (Gray Johns 2014).

They are the other types of motivation that are following:

#### **2.2.2.3. Fear motivation**

Fear motivation involves consequences. These types of motivation are often one that is utilized when incentive motivation fails. In a business style of motivation often referred to as the, “carrot and stick,” incentive is the carrot and fear is the stick. Punishment or negative consequences are a form of fear motivation. This type of motivation is used to motivate students in the education system and also frequently in a professional setting to motivate employees. If we break the rules or fail to achieve the set goal, we are penalized in some way (Darel, 2013).

#### **2.2.2.4. Achievement motivation**

Achievement motivation is also commonly referred to as the drive for competency. We are driven to achieve goals and tackle new challenges. We desire to improve skills and prove our competency both to others and to ourselves. Generally, this feeling of accomplishment and Achievement is intrinsic in nature. However, in certain circumstances be motivation for achievement may involve external recognition. We often have a desire or need to receive positive feedback from both our peers and our superiors. This may include anything from an award to a simple pat on the back a job well done (Nelson, 2016).

#### **2.2.2.5. Growth motivation**

The need for self-improvement is truly an internal motivation .a burning desire to increase our knowledge for ourselves and of the outside world can be a very strong from of motivation.

We seek to learn and grow as individuals. Motivation for growth can also be seen in our yearning for change. Many of us are wired by our personality or upbringing to constantly seek a change in either our external or internal environment or knowledge. We view stagnation to be both negative and undesirable, (Nelson, 2016).

#### **2.2.2.6. Power motivation**

The motivation of power can either take the form of a desire for autonomy or other desire to control others around us. We want to have choices and control over our own lives.

We strive for the ability to direct the manner in which we live now and the way our lives will unfold in the future. We also often aspire to control others around us. The desire for control is stronger in some people than others.

In some cases, the craving for power induces people to harmful, immoral, or illegal behavior. In other situations, the longing for power is merely a desire to affect the behavior of others we simply want people to do what we want, according to our timetable, and the way we want it done (Nelson, 2016).

#### **2.2.2.7. Social motivation**

Many people are motivated by social factors .this may be a desire to belong and to be accepted by a specific peer group or a desire to relate on the people in our sphere or in the larger world. We also have the need for acceptance and affiliation. A genuine and passionate desire to contribute and to make a difference in the lives of others can be another form of social motivation. If we have a longing to make a contribution on the world around us, it is generally a sign that we are motivated by social factors. The real importance of understanding the different types of motivation is in our ability to determine which form of motivation is the most effective for inspiring the desire behavior either others or ourselves . None of these styles of motivation is inherently good or bad, the positive or negative outcome is truly determined by the way they are used, (Perencevich, 2004).

#### **2.2.2.8. Techniques of Motivation**

According to Gupta, (2005), he mentioned two main approaches to motivation as explained below.

##### **2.2.2.8.1. Carrot and stick Approach to Motivation**

This approach is based upon the old belief that the best way to get work from a person isto put a reward (carrot) before him or to hold out the threat of punishment (stick). Carrot isthe reward for working and stick is the punishment for not working. Under carrot and stick approach, employees who perform the task well are given rewards in the form of bonus, pay raise and promotion. While employees avoiding work (showing undesired behavior) are given punishment in the form of demotion, termination from service, transfer and to an unpleasant job.

Employees who adopt this approach believe that a person seeks employment because he expects to earn money with the help of which he can satisfy the needs of himself and of his family.

He knows that if he does not perform his job satisfactorily he will lose his job. Stick pushes people to engage in positive behavior or to avoid negative behavior. Carrot and stick approach is, therefore a reward and punishment system for motivating employees. Steps which may be taken to make the carrot and stick approach more effective:

- (a) Reward (carrot) is more effective motivator when it is directly linked with performance. Accurate and unbiased appraisal of performance consistent (equitable) reward structure and prompt payment of reward are also helpful in improving the effect of reward.
- (b) Punishment (stick) is more effective if applied at the time when the undesirable behavior actually occurs.
- (c) Punishment should be administered with extreme care so that it does not become a reward for undesirable behavior.
- (d) Punishment should be used to modify the behavior and to force person to adopt desirable behavior, which is rewarded.
- (e) The mixture of reward and punishment should be judiciously applied to reinforcedesirable behavior patterns.

#### **2.2.2.8.2. Motivation through Job Enrichment**

Job enrichment is a non-financial technique of motivation. It is an outgrowth of Herzberg's' two factor theory of motivation. It is based on the assumption that factors surrounding the work are not effective motivators of behavior.

In order to motivate employees the job itself must provide opportunities for achievement, recognition, responsibility, advancement and growth. Job enrichment is an attempt to design job in such a way as to build in the opportunity for achievement, recognition, responsibility and personal growth.

It provides a worker greater autonomy and responsibility in carrying out a complete task and with timely feedback on his performance (Gupta, 2005).

Job enrichment involves designing jobs with variety of work content that requires a high level of knowledge and skill. It provides a meaningful work experience and greater responsibility for planning and controlling his/her own performance. It requires decentralization of decision making authority on the worker. The task is redefined, restructured and broadened in scope and responsibility. The worker gets the freedom and discretion in scheduling his work (Gupta, 2005).

Job enrichment is said to be a key to higher motivation and productivity. It removes the labor management distinction. It creates a self-managed job where the worker himself plans and controls his tasks. It offers job satisfaction in the whole man (Gupta, 2005).

### **2.2.2.9. Strategies of Employees motivation**

#### **2.2.2.9.1 Salaries and Wages**

According to Surbhi (2015), compensation are the aggregate winning a laborer gets for the execution of administrations inside a timeframe while salary is a fix payment to employee's on weekly, monthly, or annual rate of pay. Wages are equivalent on the result of hourly rate, times the amount of pieces notwithstanding houses, premiums and coincidental points of interest. In this way a rate of pay may be established on time yield or guaranteed hourly rate notwithstanding a reward customarily in view of the measure of additional work put past the standard required.

Agburu (2012) contends that low compensations system in many firms because of poor wages and pay rates organization. Workers are paid without considering their requirements which incorporate sustaining, lodging, dress and other higher needs.

Kanzunnudin (2007) contends that wages and compensations specialists get from the association are critical on them in three noteworthy ways: monetary, mental development and inspiration. The financial significance of wages and pay rates is that they fill in as a method for getting the necessities and extravagances individuals need and need. Numerous laborers do not have wellsprings of salary other than their wages and pay rates.

### **2.2.2.9.2 Incentive Plans**

Incentive plans are additional remunerations given to workers over their normal wages and compensations (Investopedia, 2016). This incentive can be advice of rewards, profit sharing and merit pays. Incentive designs can be used as a reward for finishing specific targets set by the association, or for sense of duty regarding the association. Heathfield (2016) suggests incentive designs are remuneration well past the measure of pay decided as a base pay or hourly rate of pay. Which is specified by Bardot (2014), incentive designs have a backward-looking and usually discretionary. Achieving a particular benefit or some imperative breakthroughs for the association, or in an absolutely optional way however characterized a motivating force as a course of action which is forward-looking. Part is associated with the accomplishment of particular concentrates on that have been pre-picked and conceded on the specialists that are on the strategy (Dunn and Jasinski, 2009).

When employee's performance outperforms an objective, they tend to be given a kind of motivating force (Appelbaum and Mackenzie, 2016). This payout can be an irregular portion, a reward, or show up as an expansion to base pay which by then remains until the point when the accompanying choice time allotment.

The motivation later on then winds up as a determinant for future execution while the base pay end up being a remuneration scene once it is conceded.

Sometimes, open entryways for calling development are seen as an inspiration to workers since they eventually involve money related prizes and, in a considerable measure of cases, include open doors for development and advancement.

### **2.2.2.9.3. Employee Benefits**

Employee benefits, for example, life and medical coverage, pension and retirement plans, and perquisites, for example, or transportation or company cars represent a significant pay component in most extensive firms.

Notwithstanding tax advantages and purchasing economies of scale that make it monetarily beneficial for the firm to give these benefits, the remuneration writing has generally seen benefits as a method for pulling in and holding wanted employees. Dye and Antle (2009), for instance, exhibit that if candidates with a more prominent marginal rate of substitution



amongst salary and fringe benefits likewise have lower reservation compensation, at that point firms can reduce employing costs. Ippolito (2012) contends that deferred benefits like benefits enable firms to pull in laborers with low discount rates who are intrinsically less likely to switch jobs.

For instance, it might be troublesome for employee's to supplant their current advantages in the event that they change occupations, particularly when potential outside managers don't offer similar advantages (because of elements, for example, buying economies of scale or different limitations) (Millicent, 2015), or when certain advantages are not given until the point that the new worker has worked for the firm for a stipulated measure of time. Different advantages, for example, annuities, may have vesting arrangements that expect workers to remain with the firm for various years previously any advantages are gotten, and these plans ordinarily increment in esteem the more drawn out the representative remains with the firm. On the off chance that a worker leaves the firm rashly, the gathered annuity advantages can be relinquished or altogether lessened in esteem (Heery and Noon, 2011).

#### **2.2.2.9.4. Bonuses**

A reward is an additional compensation given to a specialist over his/her regular wage (Investopedia, 2016). Heathfield (2016) proposes remunerate pay is pay a long way past the measure of pay demonstrated as a base pay or hourly rate of pay.

The base measure of pay is resolved in the delegate offer letter, in the specialist workforce archive, or in an assertion. Organizations can disperse remunerate pay subjectively as the understanding. Which is specified by Bardot (2014), a bonus have a retrogressive looking and normally optional or if nothing else not anticipated from the employee(s). Achieving a particular benefit or some critical points of reference for the association, or in an absolutely optional way yet characterized a motivating force as an arrangement which is forward-looking.

#### **2.2.2.9.5. Commissions**

Commission is a kind of impetus construct wage that is figured with respect on the measure of business done. A portion of the commissions incorporate level of offers, level of gross or net benefits and single amount instalments per exchange (Barongo, 2013). A representative ordinarily needs to fulfil an assortment of conditions before commission is earned. These

conditions might be as a composed business contract, verbally consented to or set up by past training or industry standard (Marwan, 2012).

Work contract decide when a commission is earned and sketched out the correct idea of the worker's obligations in this procedure. In deciding if the lowest pay permitted by law has been paid to a representative who is paid altogether or mostly by commission, the measure of commission earned is contrasted with what the worker would have gotten had the lowest pay permitted by law been paid. In the event that the aggregate commission is not as much as the lowest pay permitted by law, the representative must be paid in any event the lowest pay permitted by law. On the off chance that the commission is more prominent than the lowest pay permitted by law, at that point the commission must be paid (Erbaşı and Arat, 2012).

#### **2.2.2.9.6. Additional Privileges**

Employees in organisations may have different benefits, for example, the utilization of organization vehicles, club enrolment, travelling allowance, acknowledgment and opportunities for training and development (Khan et al., 2011). Firms similarly offer prizes to its workers in view of their enrolment in that organisation or on the premise of finishing superior. Which is specified by Millicent (2015), natural prizes are self-created rewards which are secured on self-happiness emerging from the activity itself and this frequently alluded to as immaterial rewards, for example, being in a group and self-fulfillment emerging from one's own particular work/exertion. Additional privileges in type of monetary prizes to workers helps to support the money related and social status.

Be that as it may, non-budgetary prizes increase the workers confidence like long term service award, best employee of the year and so on. Firms additionally offer performance based and enrolment based prizes to its workers in light of their participation in that association or on the premise of achieving high performance (Khan et al., 2011).

#### **2.2.2.9.7. Employee Involvement**

According to Catherine et al., (2013) there is a direct correlation between how involved employees are in the decision making in their department or team and their overall morale, motivation, and satisfaction with their jobs. Companies and departments who have a higher level of employee involvement in decision making show higher levels of employee

motivation and satisfaction. Buckingham and Coffman, (2005) argues that involving employees in the decision making of your company or department has many benefits to both company and employee. They posit that employees feel they are a valued part of the company. When associates are involved in the decision making, they feel that people in ownership and management positions value them as a significant contributor on the team's success. When people feel valued, they usually raised their level of effort and commitment to ensure the department's or company's success. Additionally, morale and motivation is higher in organizations where associates are involved in the department or company's decision making. When people are involved in the decision making, they know they make a difference on the department's or company's success. When people know they make a difference, they find it easier to be motivated and satisfied with their job (Catherine et al., 2013).

Kahn (2010) posit that "satisfaction" with the workplace alone is not enough to make employees feel completely involved in the organization. An employee who is satisfied with his salary or the amount of annual leave is not necessarily, of his own free will, going to lend full support to his employer and his employer's goals. Literatures have shown that employees can be satisfied and yet still be indifferent. There is more value in optimizing the work environment, thereby increasing emotional engagement on the organization by rigorously fulfilling employees' core needs and expectations. The stronger the engagement, the more likely it is that the employee acted in the interests of the employer and the more engaged employees there are, the more productive the organization was. According to Bhatla (2011) employees who are involved in some form of planning within the organization tend to own the process and hence get committed to implement what he took part in planning.

#### **2.2.2.9.8. Employee Empowerment**

Employee empowerment involves giving employees the authority to make decisions about their jobs. Empowered employees may be given the authority to decide work schedules, productivity goals, and even daily priorities. The more employees feel like they have the authority to make decisions about how their work is done, the more engaged they become in their work and company. Empowerment leads to greater collaboration and sharing of ideas. It can also lead to productivity gains and increased performance. Employee engagement suffers if employees don't have the authority to do their jobs on the best of their abilities (Slatten & Mehmetoglu, 2011). Employee engagement describes how committed and energized employees are about their jobs.

Because empowerment is only a component of engagement, an employee can be entirely empowered without being engaged. To achieve employee engagement an organization needs some level of empowerment, but employee empowerment alone does not ensure employee engagement (Slatten & Mehmetoglu, 2011).

#### **2.2.2.9.9. Delegation**

Effective delegation is an essential component of a manager's responsibility. It is an important leadership skill for improving the efficiency and motivation of employees as well as keeping them engaged. Delegating responsibility is a powerful statement to employees about how much they are trusted and how competent and valued they are considered to be on the company. Managers that delegate are likely to foster the formation of high quality relationship with their subordinates characterized by mutual trust, respect and loyalty; in turn subordinates experiencing trust and respect are likely to reciprocate by strengthening and encouraging the superior. As such, delegation can be viewed as a mechanism that builds and nourishes superior-subordinate relationships.

Delegated responsibility sends signals of trust and competence (Leanna, 2001) on the subordinate contributing on the social bonding within the organization.

#### **2.2.2.8. Purpose of HRM**

This is to establish, develop, maintain and communicate office policies throughout the entire company and to represent, help, advice and consult with the employees, while simultaneously keeping the overall best interests of the company in mind. A human resource department develops hiring plan and recruiting policies, as well as handles compensation and salary administration. It also works for affirmative action and handles employee relations. Separations, contracts performance reviews, benefits and pension plans. Most human resource departments also develop official documentation, workforce ethics code of conduct, employee handbooks and employee training programs and community connections as well. The purpose of HRM is to maximize the potential of their staff thereby contribute on the success of the institution. People are one the biggest assets of institution. People are one of the biggest assets of institution's large part of the operating budget. In order to be effective, microfinance institutions need to ensure that this is well managed (Philip, 1998:124).

### **2.2.2.11. HR basic concepts**

Human resource have different concepts which are; performance appraisal, organization growth, promotion of employees, career growth, job satisfaction, recognition, grievance and conflict handling as well as training and development. At the organization level, a successful human resources development program prepares the individual to undertake a higher level of work, “organized learning over a given period of time, to provide the possibility of performance change in these settings, human resources development is the framework that focuses on the organizations competencies at the first stage, training and then developing the employee, through education, to satisfy the organizations long-term needs and the individuals career goal and employee value on their present and future employers (Denise & Griffin, 2005: 403).

Human resources development can be defined simply as developing the most important sections of any business, its human resource, by attaining or upgrading employee skills and attitudes at all levels to maximize enterprise effectiveness. The people within an organization are its human resource. HR development from a business perspective is not entirely focused on the individual’s growth and development”, development occurs to enhance the organization’s value, not solely for individual improvement. Individual education and development is a tool and a means to an end heal itself. The broader concept of national and more strategic attention to development of HR is beginning to emerge as newly independent countries face strong competition for their skilled professionals and the accompanying brain-drain they experience (Denise & Griffin, 2005).

### **2.2.2.12. Importance of HRM**

In recent years, HR has been recognized as an important source of sustained competitive advantage. Much of the human resources and theoretical and empirical work has been grounded in the source- based view (RBV) of the firm. This theory maintains that in order to develop a sustainable competitive advantage, organization must create resource in a manner that is rare, non-imitable, and non-substitutable. Also have argued that because of the resource that have historically provided organization with competitive advantage are easily and rapidly imitated. The human resource of the organization may be an extremely important source of sustained competitive advantage (Mager & Robert, 1994).

HR functions enable institutions to achieve their objectives by taking initiatives providing guidance and support on all matters related to its employees. The basic aim is to ensure that management deals effectively with everything concern the employment and development of people and their relationship that exists between management and the workforce. HRM emphasizes controlling and directing employees towards achievement of institution performance by identifying and trapping that untapped resource that employees have. Also HRM functions play a major part in creation an environment which enables people to make the best use of their capacities and to realize their potential to benefit of both institutions and themselves. HRM does not emphasize on design of institutional structures process and jobs which people work.

### **2.2.2.13. Function of HRM**

Human Resource Management (HRM) is all about balancing the organization's people and processes to best achieve the goals and the strategies of the organization, as well as the goals and the needs of employees. The main role an HR manager has to fulfill is integrating business operations and strategies across a wide array of culture, products, and ideas, while effectively delegating work among human resource specialists and line management. Apart from being concerned with local issues of employees, HR must also consider these basic functions and effects of workforce diversity, legal restriction, performance management, training and professional development of the organization.

#### **2.2.2.13.1. HR planning**

Human resource planning has been defined as technique to facilitate the acquisition, utilization, development and retention of company's human resource. These resources are considered by some to be organization's most valuable asset and therefore, need to be deployed with the maximum efficiency and effectiveness (Abraham, 2001). According to E.W. Vetter, human resource planning is "the process by which a management determines how an organization should make from its current manpower position to its desired manpower position. Through planning a management strives to have the right number and the right kind of people at the right places, at the right time to do things which result in both the organisation and the individual receiving the maximum long range benefit." Dale S. Beach has defined it as "a process of determining and assuring that the organization will have an

adequate number of qualified persons available at the proper times, performing jobs which meet the needs of the enterprise and which provide satisfaction for the individuals involved.”

In the words of Leon C. Megginson, human resource planning is “an integration approach to performing the planning aspects of the personnel function in order to have a sufficient supply of adequately developed and motivated people to perform the duties and tasks required to meet organisational objectives and satisfy the individual’s needs and goals of organizational members.” On the analysis of above definitions, human resource planning may be viewed as foreseeing the human resource requirements of an organization and the future supply of human resources and making necessary adjustments between these two and organization plans, and foreseeing the possibility of developing the supply of human resources in order to match it with requirements by introducing necessary changes in the functions of human resource management (Hay, 2016).

### **2.2.3. Steps of employee motivation**

**Sizing up:** it involves ascertaining motivational needs, all employees need motivation but of varying kinds and varying degrees.

**Preparing a set of motivation tools:** this requires a selection of specific tools of motivation. From an executive agent personal experience and experiences of others and with the help for the personnel department may draw up a list of devices types of people under different circumstances (Bateman, 2016).

**Selecting and applying motivation:** This executive should decide about the policies, the processes, work condition and other mediums to be used and make a necessary rehearsal for their proper use. Besides it has also to be considered where and when motivation is to be applied. The place and time for this purpose are important Robert, (2016).

**Prepare a set of motivation tools:** it require a selection of specific tools of motivation. From personal experience, from the experiences of others and with the help of the personnel department, an executive can draw up a list of the devices that may motivate different types of employees under different circumstances.

**Selecting and apply an appropriate motivation:** The executives should decide about the words, the tone of voice, the gesture and others to be used and make a necessary rehearsal for their proper use. He/she must know where and when motivation is to be applied its place and timing (Armstrong, 2013).

**Following up the results of the application:** it involves the finding out of whether an individual has been motivated. If not some other device may be applied.

#### **2.2.3.4. Importance of motivation**

Argued that “lack of motivation may lead to frustration or to irrational Behavior “that is why motivation is an important aspect in managing people (Decenzo S. (2015). Its advantage is as follows:

##### **Higher efficiency**

According to Captain, (2016) it is realized through motivation of employees. There is no activity that can take place until individual is willing to perform that activity. Motivation employees therefore, give high productivity than not motivated ones:

##### **Optimum utilization of resources**

Motivation inspires employees to make best possible use of different factors of production .employees work whole heartedly to apply their abilities and potentials in minimizing wastes and cost (Robert, 2013).

##### **Reduction in labor turn-over**

It has been found out that high labor our turnover or movement of employees from one organization to another is caused by poor motivation strategies that have been adapted such as rating pay job performance and job enrichment, higher motivation leads to satisfaction of workers, which make employees loyal and committed to the organization (Michael, 2015).

##### **Better industrial relations**

Motivational schemes create integrations of individuals interests with organization objectives .there arises a sense of belonging and mutual cooperation at all levels.



## **Better image**

A firm that provides opportunities for financial and personal advancement has a better image in the employment market; people prefer to work for an enterprise because of opportunities for development and sympathetic outlook. This helps in attracting qualified personnel and simplifies the staffing function (Armstrong, 2015).

### **2.2.3.5. Factors that can affect motivation**

Different factors that's motivation have been advanced, identified three key factors: differences in individual characteristics, differences in job characteristics, and differences in organizational characteristics (Hellriegel, 2015).

According to Hellriegel, (2015) individual characteristics are those needs, values, attitudes and interests that people bring their job. These characteristics vary from one person to another. This means that different people are motivated by different things. Some people are motivated by money and therefore want high paying job. Others are motivated by security may accept a lower paying few risk.

**Job characteristics:** job characteristics are dimension of job such as autonomy, the variety of skills required, the degree the employee can identify with tasks from start to finish, the significance attributed to job and type and extent of performance feedback that the employees receive Tosi, (2015) if specific job characteristics are present, employees will experience a positive self-generated response when they perform well and this internal kick will provide an incentive for continued efforts towards good performance". They also indicates that a person who has striking needs for growth and advancement was more responsive when his or her work has a variety, autonomy task identity ,and feedback and friendship opportunities.

**Organizational characteristics:** These are rules and regulations, personal policies, managerial practices and reward systems that contribute to organizations' performance. Policies such as paid variations and rewards in form of bonus can attract employees and retain them in the organization. According to Bateman and Zenithal, (2016) pointed out that, "Once managers take steps to provide a variable opportunity to perform at higher levels, the proper stimulation provides extra motivation that will lead to higher performance". Reward must however; be fairly administered if they are to motivate people.

### **Basic characteristics of motivation**

According to John, A. (2015) motivation can formally define as the extent to which persistent effort is directed toward a goal.

**Effort:** The first characteristics of motivation are strength of the person's work related or the amount of effort the person exhibits on the job. Clearly this involves different kind activities on different kind of jobs.

**Persistence:** The second characteristics of motivation are persistence that individuals exhibit in applying effort to their work. The researchers who makes an important discovery early in this career and then rests on his laurels for five years would not be considered highly motivated. In this case, the work has not been persistent in application of his effort.

**Direction:** Effort and persistence refer mainly to the quantity of work individual produce. Of equal importance is the quality of a person's work. Thus, the third characteristic of motivation is the direction of a person's work related behavior. In other word, do workers channel persistent efforts in a direction that benefits an organizational? Thus, motivation means working smart as well as working hard (Naveed, 2016).

**Goals:** Ultimately, all motivated behavior has some goals or objectives toward which it is directed. From the above discussions, is presented an organizational prospective, that is, we assume that motivated people act to enhance organization objectives.

#### **2.2.4. Role of Human Resource Planning in Organizational Success**

A company succeeds in large measure because of the skill, creativity and dedication of its managers and employees. Human resource planning is the process of making sure the company has the right people in the right positions -- those who possess the skills, experience and spirit of teamwork required for the company to grow and effectively compete.

Assuring adequate staff levels is a primary function of human resources planning is making certain that various company departments have sufficient staff to complete all the work required to meet the organization's goals. The business owner also must make sure that the workload is balanced -- no individual or department should be so overburdened with work that it is impossible to complete all assigned tasks on time.

The results of this type of poor human resource planning include heightened stress levels for employees, burnout, missing deadlines and mistakes and errors. All of these outcomes negatively affect productivity and may result in higher employee turnover (Hay, 2016).

The second one is matching skills to current organizational needs. As the company grows, the management function becomes more complex. Instead of everyone reporting on the owner, layers are added on the organization structure. The management team must supervise additional employees. Addressing these changing needs requires the business owner to determine if the current management team has the necessary experience and skills to succeed in a larger, more structured, more complex organization. If he identifies gaps, he creates new positions and hires new people. The third is building an ethical business culture. A business owner often creates a code of conduct for employees to follow which defines what is considered ethical good conduct in dealing with customers, suppliers and co-workers. The aim of building an ethical culture can be furthered by bringing on new hires that have a track record of high ethical behavior. This may require a more in-depth interviewing process in which the hiring manager asks candidates how they have dealt with ethical dilemmas on the job. Just because a sales manager has a track record of meeting or exceeding quotas in past positions, he may not live up on the ethical standards the owner wants to set for his organization (Hay, 2016:148).

The fourth is the finding team players. A critical but difficult aspect of human resource planning is determining whether prospective new hires will fit in with existing members of the team. The owner wants to foster a harmonious work environment characterized by open and honest communication, so the more specifically he can articulate the corporate culture he seeks to create, the better the chances that candidates for new positions can articulate why they believe they would fit in. And the last is identifying employees ready for advancement. Human resource planning should include creating a path for advancement for each employee. The business owner must assess which employees are ready to move up in the organization and which might need more seasoning in their current positions. He wants to make sure his organization is developing its own in-house managerial talent, and he may provide education and training opportunities to move the employees down the path toward taking on additional responsibilities (Hay, 2016:148).

### **2.2.5. Ways used to achieve Human resource planning**

To achieve human resource planning company need to determine and facilitate the levels and types of recruitment that may be required; to identify the need for training and development and to assess current employment costs in relation to other organizational cost. HR directors are usually members of the board and as such, they have specific role to play in the formulation of human resource objectives, policies, procedure, plans and strategies. These highlight the types of plans that contribute on overall corporate and strategic plan, along with the financial plan, operation plan, marketing plan, production plans and distribution plan helps in formulation of the overall strategic plan (Hay, 2016).

### **2.2.6. Recruitment and selection**

A great deal of attention and resources is required to attract, hire and retain an experienced, committed and well-motivated workforce. This is perhaps one of the most basic HR functions. There are several elements to this task such as developing a job description, advertising the job postings, screening applicants, conducting interviews, making offers and negotiating salaries and benefits. Companies that value their people put a serious amount of investment in recruiting and staffing services. As the right set of talented employees can not only raise the companies profile but also help it achieve profitability and keep it running effectively and successfully (Wayne, 2010).

Recruitment is the process of identifying that the organization needs to employ someone up on the point at which application forms for the post have arrived at the organization. Selection then consists of the processes involved in choosing from applicants a suitable candidate to fill a post. Training consists of a range of processes involved in making sure that job holders have the right skills, knowledge and attitudes required to help the organization to achieve its objectives (Wayne, 2010:158).

Recruiting individuals to fill particular posts within a business can be done either internally by recruitment within the firm, or externally by recruiting people from outside. The advantages of internal recruitment are that considerable savings can be made. Individuals with inside knowledge of how a business operates will need shorter periods of training and time for 'fitting in'. The organization is unlikely to be greatly 'disrupted' by someone who is used to working with others in the organization. And the internal promotion acts as an incentive to all staff to work harder within the organization.

Also from the firm's point of view, the strengths and weaknesses of an insider will have been assessed. There is always a risk attached to employing an outsider who may only be a success 'on paper'. The disadvantages of recruiting company will have to replace the person who has been promoted; and an insider may be less likely to make the essential criticisms required to get the company working more effectively. And promotion of one person in a company may upset someone else.

A selection is the process of choosing from a group of applicants the individual best suited for a particular position and the organization. Property matching people with jobs and the organization is the goal of selection process (Wayne, 2010:158).

### ❖ Principles of recruiting and selection

The following principle provides a framework for policies which promote good merit selection process are: recruitment and selection was from appropriately qualified individuals selected in fair and open competition solely based on merit, assessed in relation on the position involved; all staff should be treated fairly, equitably without discrimination; Opportunities should be offered to staff to enhance their career development as well as current skill and experience; and All staff should be deployed efficiently and effectively with regard to organizational objectives individual skills and needs (Gibson, 2005:146).

#### **2.2.7. HR policies, systems, standard and processes**

Human resources may develop policies, standard, system and processes that will help to implement its strategies in whole organization. The characteristic of a wide range of organizations are: organizational design and development; performance, conduct and behavior management; business transformation and change management and industrial and employee relations. HR (workforce) analysis and workforce personnel data management implementation of such policies, processes or standards may be directly managed by the HR function itself, the function may indirectly supervise the implementation of such activities by managers (Robert and Peter 2014).

Compliance with labor, tax and employment laws is a vital part of safeguarding the organization's continued existence. HR has to be aware of all the mandate laws and policies regarding employment practices, working conditions, tax allowances, required working

hours, overtime, break times, minimum wage, and discrimination policies as noncompliance can affect productivity and ultimately, profitability of the company.

### **2.2.8. Techniques of motivation**

Increasing motivation in your workplace can help improve performance, raise morale and boost productivity. While different motivators work for different types of employees, there are several common techniques for getting employees excited and energized. If in doubt, ask employees what you can do to increase motivation (Deci and Gagne, 2005).

#### **2.2.8.1. Create a Positive Work Environment**

Motivate employees by offering an upbeat, positive work environment. Encourage teamwork and idea-sharing, and make sure staffers have the tools and knowledge to perform well.

Be available when employees need you to be a sounding board or a dispute mediator. Eliminate conflict as it arises, and give employees freedom to work independently when appropriate (Gray Johns, 2014).

#### **2.2.8.2. Set Goals**

Help employees become self-motivated by helping establish professional goals and objectives. Not only does this give employees something to strive for, but your business benefits when goals are tied to corporate contributions.

Make sure goals are reasonable and achievable so employees don't get discouraged. Offer encouragement when workers hit notable milestones achievement (Meyer, 2006).

#### **2.2.8.3. Provide Incentives**

Increase motivation by providing incentives to work toward. You can create individual incentives for each employee or team incentives to motivate employees as a group. Financial incentives can include cash prizes, gift cards or restaurant gift certificates. Nonfinancial incentives can include extra vacation days, compressed work weeks or choice office space or parking spots (Dorothy, 2007).

#### **2.2.8.4. Recognize Achievements**

Celebrate employee achievements through employee-of-the-month or star performer awards. Make a big deal out of accomplishments by celebrating at staff meetings. Print certificates or engrave plaques, issue a press release or post a notice on your company website. Recognize team accomplishments as well as individual efforts (Robbins H. 2009).

#### **2.2.8.5. Share Profits**

Motivate employees with the incentive of a profit-sharing program. In this way, employees increase earnings while helping the business income rise. This approach simultaneously promotes collective goal-setting and teamwork. It also gives employees a sense of pride in ownership and can improve performance and reduce turnover as well as raise morale (Dorothy, 2007).

#### **2.2.8.6. Solicit Employee Input**

Regularly survey employee satisfaction. You can conduct anonymous polls or hire an independent party to conduct a formal focus group. This will help you catch potential morale breakers before they get out of hand. Soliciting employee input also shows staffers that you care about the opinions of workers and want to continually improve working conditions (Meyer, 2006).

#### **2.2.8.7. Provide Professional Enrichment**

Encourage employees to pursue additional education or participate in industry organizations. Provide tuition reimbursement or send employees to skills workshops and seminars.

If an employee is motivated to an upward career path, offer mentoring and job shadowing opportunities. Promote from within whenever possible and create opportunities to help employees develop from a professional standpoint (Deci and Gagne, 2005).

## **2.3. Empirical Review**

This part aimed at explaining the various past studies in relation to my research.

### **2.3.1. Empirical Studies in the World**

Orpen (1997), conducted study on the effect of formal mentoring on employee work motivation, organization commitment and job performance in UK. The study revealed that mentoring can improve employees' attitude without necessarily raising their performance. The study mainly focused on the aspect of mentoring on performance. It neglected the aspect of motivation on job performance which my study intends to address.

Okan and Mustafa, E. (2012), conducted a study on Universality of Factors motivating employees in Banking Sector of Northern Cyprus. Their study revealed that the most important factors motivating employees are equitable wage and promotion, extended health benefits and working environment. Furthermore, when compared with a similar study in Finland, it is found out that the most important factor motivating employees in both countries is wage.

This study shows the gap of place where it conducted in a developed country while a researcher study is focused in banking sector located in Tanzania as a less developing country.

Abdul Hakeem (2008) conducted a research focused on the relationship between motivation and job satisfaction on employee performance in University of Utera Malaysia. The Thesis found that job satisfaction has significance positively influence on the employee performance rather than motivation. In this study, there is a gap of time of 6 years to date.

Gure, Naima Abdullahi (2010), also researched on the impact of motivation on employee performance at Nationlink Telecom Somalia. On her thesis she found that motivation has strong positive influence on employee's performance rather than job satisfaction. Satisfaction has low significant on employees performance. However, the study concluded that motivation among support staff contributes more on the employees' performance of support employees of Nationlink Telecom Somalia.



There is an industrial gap from the fact that it was conducted in Nationlink Telecom which provides telecommunication services, while the selected bank provides financial services.

Uzma Ghaznav (2011), conducted study on the employee motivation on job performance. The purpose of his study was to determine the importance of employee motivation on Faysal Bank in Karachi, Pakistan. Uzma in his study found that 50% of his employees were not happy about their salary. That is to say salary was no given priority to employees, though employees were satisfied with their job security. There is a gap of financial incentives and fringe benefits.

### **2.3.2. Africa Related Studies**

Thomas Owusu (2012) conducted study on the effect of motivation on employee job performance. The purpose of his study was to analyze and determine the motivational package that influences the performance of employees at Ghana commercial Bank.

The bank achieved its corporate goals as well as employee job performance simply because the company was using extrinsic motivation package which covers periodic enhanced salaries to employees, fringe benefits and promotions. The study had a gap because the study was conducted in different organization background as compared to one in question.

Karanja Silvana (2012) conducted a research on the Effects of reward system on employees performance in Cooperative bank headquarter in Nairobi, Kenya. The study adopted explanatory research design. The target population was employees of Cooperative Bank of Kenya.

The result from his study revealed that motivation, creativity, job satisfaction and team work had a positive and significant effect on employee performance. The gap of this study can be seen as it is focused on the effects of rewards system on employee performance in cooperative bank in Nairobi while a researcher study focused on the impact of employee motivation on job performance on Tanzania Postal Bank. Insimire Patricia (2011) researched on the Motivations and Sales performance of employees the case of Niko Insurance Uganda. The objective of her research was to establish the relationship between employee motivation and sales performance.

From her findings, it revealed that, there was various motivation techniques used by NIKO Insurance which include promotion, delegation of authority, participation in decisionmaking, bonus and commission to good performers. It was also discovered that Niko sales performance was greatly affected by the quality of supervision, increased employee commitment, level of education, condition under which they perform their duties, the quality and management of operations and the number of hours worked.

The above study shows that, there is industrial gap from the fact that it was conducted in Niko Insurance which provides insurance services, while the selected bank provides financial services.

However, non-financial rewards like job security and recognition were not given attention.

Nchorbune Dominic Abonam (2011) conducted a research on the Roles of Motivation on employee performance in university for Finance-WA Campus. He found that motivational packages available to employees in the university were largely inadequate. Hostile environment within the university were not promoting efficient work. Since workers were found to be poorly motivated, this resulted into poor attitude towards work, lateness to work, absenteeism and indiscipline hence poor job performance.

There is a gap in this study conducted by Nchorbune because his research was of motivation and employee performance, but was done in University which is quite different to banking sector.

Opu Stella (2008) did a research focusing on motivation measures and improving workers performance in Kitgum district in Uganda. She found that, workers were not performing well in Kitgum district because salaries and allowances at the district were very inadequate and not able to meet people's basic needs. Team work was not there between managers and subordinates which also hindering good performance. However, intrinsic motivators such as achievement, advancement, responsibility and recognition were identified to be well expressed in the district.

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### **2.3.3. Tanzania Related Studies**

Muhimbili University of Health and Allied Science (2012) conducted a study on the "Influences on the Motivation, performance and Job satisfaction of Primary Health Care Provider in Rural Tanzania. The aim of the study seeks to improve the quality of Maternal and Neonatal Health (MNH) provider motivation, performance and job satisfaction.

The findings were that, the influences on MNH provider motivation, performance and satisfaction are shown to be complex and to span different levels. Variations in the use of term and concept pertaining to motivation are revealed, and further clarification is needed. The study however, highlights the complex and spans different levels of motivation and performance and provides suggestion for its improvement.

There is an industrial gap conducted on this study because it focused on Health and allied Science while the selected Study is focused on banking sector.

Kingazi (2016) conducted a study on the Understanding of the Impact of Incentives and Motivation on Productivity at Tanzania Sisal Industry in Morogoro and Tanga regions.

He found that the problem of declining productivity has not only been caused by non-provision of incentives, but also by the nature, frequency and amount of incentives provided to workers.

There is a gap in this study conducted by Kingazi because his research was of motivation, but was done in the sisal industry which is of agricultural sector of is quite different to banking sector.

Newaho E. Mkisi (2008) conducted a study focused on Application of Human Resource Management Initiative for Workers Motivation and Organization performance in Telecommunication sector in Tanzania. She used empirical evidence from three telecommunication companies Tanzania. Her study found that the gap between public and private has narrowed. That is to say, both public and private companies provide all the incentives such as job security, fringe benefits, and salaries benefits to motivate its workers. She also found that the difference in performance between public and private companies is not because of incentives structure but rather than the performance management system practices (strategic planning, clear organization mission, training sanction, workers job description clear compensation policy and mentoring and performance appraisal). There is an industrial gap conducted by Newaho because it focused on telecommunication services while the selected bank focusing on financial services.

Wilfred, U. Lameck (2011) conducted study on Non-financial motivation as a strategy for improving performance of police force a case study of police force headquarter in Tanzania. He used purposive sampling to select the key informants for interview and stratified simple random was used to ensure representation of respondents from different strata.

His study revealed that employees are quite positive towards the use of monetary incentives in the work place and can be effective in motivating them and can be used to compliment monetary incentives.

His findings suggest that non-monetary incentives may have a high motivating power in this organization if they are valued highly by the employees and management.

There is a gap in this study because it is focused on police force while the selected study is focusing in banking sector.

Mtagwa, A.R. (1990) also conducted a study on Workers Motivation in Tanzania public and private enterprises. He concluded that the problem of workers lack of motivation is caused by lack of proper identification of worker's needs.

Workers in private enterprises were more motivated to work than those employed in public enterprises. There is a gap of time whereby the study was conducted 23 years ago.

## 2.4. Theories of Performance

It is very important to monitor a wide range of 'performance indicators' in your business, in order to ensure that appropriate and timely decisions and plans can be made.

Given that sales, profit margins and cash flow are the lifeblood of any business, owners should place particular emphasis on receiving regular reports on these areas of the business. Knowing the financial position becomes even more important as the business grows, especially if your plan is to grow the business substantially. Lack of a precise and timely knowledge of the current financial position can lead to business failure and have other consequences for the directors/owners.

### 2.4.1. Profitability ratios

The main objective of a business is to earn a satisfactory return on the funds invested in it. Financial analysis helps in ascertaining whether adequate profits are being earned on the capital invested in the business or not. It also helps in knowing the capacity to pay the interest and dividend. Profitability ratios measure the efficiency with which the company uses its resources. The most commonly used profitability ratios are gross profit margin, net profit margin, return on assets and return on stockholders' equity.

**Gross profit margin:** This ratio measures the firm's efficiency of operation. It reflects the relationship of prices, volume and costs. Gross margin profitability ratio should be calculated as follows:

$$\text{Gross profit margin} = \frac{\text{sales Revenue} - \text{Cost of good sold}}{\text{sales Revenue}}$$

**Net profit margin:** Net profit margin is the percentage of profit earned on sales long run. Net profit ratio should be calculated as follows:

$$\text{Net profit} = \frac{\text{Net income}}{\text{Sales Revenue}}$$

**Return on Total assets:** This ratio measures the profit earned on the employment of asset. Return on total asset ratio should be calculated as follows:

$$\text{Return on Total Assets} = \frac{\text{Net income available to common stockholders}}{\text{Total Assets}}$$

**Return on stockholder's equity:** This ratio measures the percentages of profit earned on common stockholders' investment in the company. In theory a company attempting to maximize the wealth of its stockholders should be trying to maximize this ratio. Return on stockholder's equity should be calculated as follows:

$$\text{Return on Stockholders' Equity} = \frac{\text{Net Income Available to Common Stockholder}}{\text{stockholders' equity}}$$

#### 2.4.2 Liquidity Ratios

Liquidity ratios measure the short term solvency of financial position of a firm. These ratios are calculated to comment upon the short term paying of a concern or the firm's ability to meet its current obligations. Following are most important liquidity ratios (John, 2002).

**a. Current ratios:** The current ratio measures the extent to which the claims of short term creditors are covered by assets that can be quickly converted into cash. Most companies should have a ratio of at least one because of failure to meet commitments can lead to bankruptcy. The current ratio is calculated as follows:

$$\text{Current ratio} = \frac{\text{Current Asset}}{\text{Current liability}}$$

**b. Quick ratio:** The quick ratio measures a company's ability to pay off the claims of short term creditors without relying on the sale of its inventories. This is a valuable measure since in practice the inventories are often difficult. The quick ratio is calculated as follows:

$$\text{Quick ratio} = \frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$$

## 2.5. Relationship between employees motivation and performance

According to (Shahid K. 2009), people did what they want to do or otherwise motivated to do either by themselves or through external stimulus. Are they born with self-motivation or drive? Yes and no. If no, they can be motivated, for motivation is a skill which can and must be learnt. This is essential for any business to survive and succeed. He stated further that performance is considered to be a function of ability and motivation.

Ability in turn depends on education, experience and training and its improvement is slow and a long process. On the other hand motivation can be improved quickly. There are many options and initiated manager may not even know where to start. As a guideline, there are broadly seven strategies for motivation.

Positive reinforcement/high expectations effective discipline and punishment treating people fairly satisfying employees needs setting work related goals restructuring jobs.

Base rewards on performance essentially, there is a gap between an individual's actual state and some desired state where by the manager tries to reduce this gap. Motivation is a means to reduce this gap. Motivation involves getting the members of the group to pull weight effectively, to give their loyalty on the group, to carry out properly the purpose of the organization.

Employees skills development is a process whereby the manager and employee work together to create a development plan. Organizations should endeavor to invest on their workforce. In LinkedIn; 2022, workforce learning report, professionals listed upskilling and reskilling employees as the primary focus of LinkedIn programs in 2022. Employee skill development enhances organizations standards, cuts down replacement costs and improve workplace performance.

Organizations that do not provide enough growth opportunities risk lower employee engagement, difficulties in maintaining a talented workforce and possibility of losing high performers.

Botke et al., (2018), states that soft skills refer both to interpersonal skills, such as ability to manage oneself, and interpersonal skills such as managing interactions with others. A solid developed plan meets organisations' skill requirements, drives employees' retention and

increases workplace engagement. A changing world means professional development will need to be constantly pursued and prioritized.

According to (Cacciolatti et al., 2017), skills refer to characteristics related to communication, as well as about attributes that enhance individual interaction as well as job performance and career prospects. Employees have their own career goals and are always looking for ways to reach their full potential. Skill development reduces the risk of losing employees due to lack of opportunities and equips them to take new roles and responsibilities.

According to Ishani Vats, a technical content writer, investing in employees today means creating managers for tomorrow. Without strong leadership, teams fall apart. Career growth keeps employees motivated with a clear plan and well define goals that enhances employee performance and yield better outcomes, attract new customers and treat existing ones better.

Supriyantini et al (2019), reiterates that incorporating workshops, industry- specific conferences and learning materials about new development can all be effective tools in making sure that organizations workforce is ahead of the curve in the industry and this enhances healthy competition. Determining the most important skills should be encouraged and deploying the best strategic to develop skills is vital to help in identifying weaknesses drive retention, increase productivity and help employees adapt to changing roles and responsibilities that improve their performance.

Diamantidis and Chatzoglou (2019), reiterated that managers needs roadmaps for career progression to enable the organizations keep up with market trends. They should endeavor stay updated with the ever changing learning development system requirements and implementation with is vital to accelerating business operations and organizational performance. Promoting and encouraging communication among colleagues or level positions relates well with methods that are favourable in skill development that ranges from team building meetings, training, coaching and mentoring, team interactions, feedback and performance review.

Hisham Makki Hannafi & Siddig Balala (2018), carried out a study on the impact of employee skills on service performance. The study was descriptive and cross-sectional; a quantitative method was used and self-completion questionnaire was distributed on the customers of Sudanese telecommunication companies in Khartoum, to test the relationship



between employees' competencies and service performance based on customers experience. The findings revealed that skills have a significant positive and direct impact on service performance. It also revealed that skills are vital for better performance in service business and managers need to pay more attention on employees' skills to ensure successful service performance.

Saihu Akla & Rhiani Indradewa (2022), in their study, aimed to examine The Effect of Soft Skill, Motivation and Job Satisfaction on Employee Performance through Organizational Commitment. The test was carried out by testing the main influence of soft skills, motivation and job satisfaction to employee performance. The population was from marketing employees of Bank Mandiri in Regional office 4. A questionnaire was distributed to 400 respondents. The results showed a significant effect on soft skills, motivation and satisfactions on employee performance through organization commitment.

Abdiwali and Musa (2020) study examined the "relationship between on-the-job training and employee performance in petroleum companies in Uganda". The study was based on the following objectives: the relationship between job rotation, coaching, induction and employee performance in petroleum companies. The study used a correlational research design and collected data using a self-administered questionnaire. The results obtained highlighted that; there was a statistically significant positive relationship between job rotation and employee performance in petroleum companies. Further, the findings revealed that there was a statistically significant positive relationship between coaching and employee performance in petroleum companies.

## **2.6. Research Gap**

From the above discussion, it can be seen that much has been done on employees' motivation. Kingazi (2016) conducted a study on the Understanding of the Impact of Incentives and Motivation on Productivity at Tanzania Sisal Industry in Morogoro and Tanga regions, Mtagwa, A.R. (1990) also conducted a study on Workers Motivation in Tanzania public and private enterprises. The research revealed various findings and some of the findings are contradicting because researcher has focused on different variables, organizations and even countries. However, the question remains, why do organizations still experience motivational problems which result in decreasing the degree of organizational performance.

This present study reviewed other studies related to this present study. The other studies revealed examined reward strategies and employee performance in different part of this world, and Africa inclusive. Where Coffey (2013) examined the Relationship between reward management and recognition in the workplace. The study looked at influence organization to consider an appropriate and effective approach to recognition that would result in a way of motivating employee and to investigate the role of recognition of employees could play on how they are motivated. The study has a population of 275. Simple least square regression method to test hypotheses. The study found out that employee who get recognized tend to have higher self-esteem, more confidence, more willingness to take on new challenges and more eagerness to be innovative.

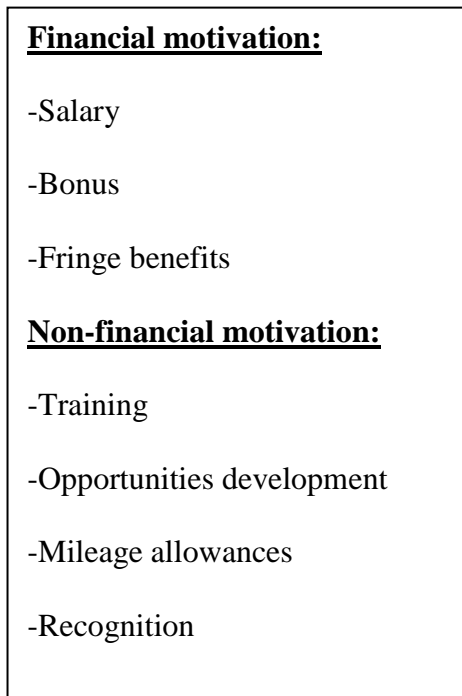
In another study conducted by Ozcelik and Ferman (2010) on impact of the working environment on employee performance, indicated that employees with a good working environment was highly motivated to get to work compared to those who indicated that they did not like their work environment. Respondents who indicated that they had good working environment exhibited high performance levels. This was attributed to the fact that good work environment made employees get to work early and leave late. As a result, they put in more compared to employees who did not like their workplace and who came in late and left work early. Soderquist, (2010) posits that a poor working environment, coupled with poor working relations can have a negative effect on the emotional well-being of the employees.

However, none of the studies reviewed to the best of knowledge of the researcher was carried out in COGEBANQUE PLC, let alone carried out in any bank in Rwanda. In addition, some of the incentives motivators seem to be in place while other incentives are missing thus the study establishes the research so as to fill the gap.

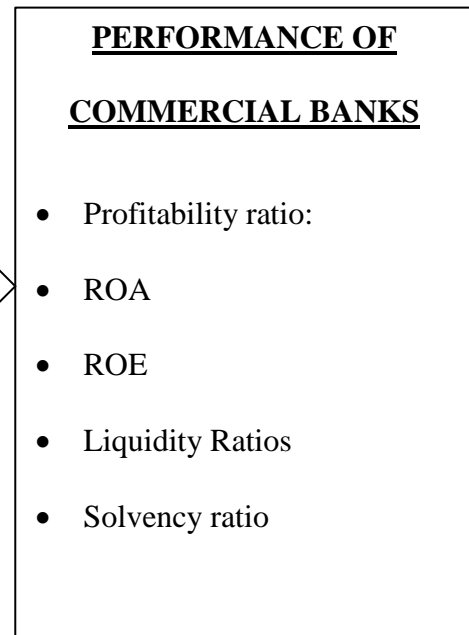
## 2.7. Conceptual Framework

### INDEPENDENT VARIABLES

#### EMPLOYEES MOTIVATION



### DEPENDENT VARIABLE



Source: Researcher's design, 2023

**Figure 2.1:** Conceptual Framework

## CHAPTER 3:

### RESEARCH METHODOLOGY

#### 3.0. Introduction

This research study is focused on the Cogeбанque Plc, with the key emphasis on the influence of employees motivation on the performance of commercial banks in Rwanda. Methodology is a set of methods and principles used to perform a particular activity.

#### 3.1 Research design

The research design was adopted for this study is a case study design. The study used descriptive research which refers on the investigation in which data is collected and analyzed in order to describe the specific phenomena in its current trends, current events and linkages between different factors at the current time. Descriptive research design was used because it enabled the researcher to generalize the findings to a larger population.

#### 3.2. Population of the study

In this study the population was comprised by employees of COGEBANQUE PLC. The researcher chooses this population because researcher realized that employees are involved in the day-to-day relationship with COGEBANQUE PLC. After analyzing financial annual report of COGEBANQUE PLC, the population was 125 employees.

#### 3.3. Sample size determination

William (2014) defines a sample size as the number of objects in the sample. A sample can also be defined as all the people or classes selected to take a part in a research study. A sample was use out of the entire population under study. Due on the nature of the research without also forgetting time, money and size of the institution as the major limitation of the assignment, Sample is a subset, or same part of larger population and the researcher choose 56 employees of COGEBANQUE PLC. Thus, the computerizing size of sample proposes to use the formula:

$$n = \frac{N}{1 + Ne^2}$$

Where

- n is sample size,

- N is the entire population
- e is the margin of error 10%

Therefore, the sample size was the following:

$$N = \frac{125}{1 + 125(0.1)^2} = 56$$

### **3.4.1. Sampling technique**

The researcher used purposive techniques where the researcher classified the concerned people in order to get information which contribute to survey results. Each variable is chosen by the researcher entirely by reason and each variable of the population has an equal chance of being included in the sample. Every possible sample of a given size has the same chance of selection; i.e. each member of the population is equally likely to be chosen at any stage in the sampling process.

## **3.4. Data collections Techniques**

### **3.4.1. Questionnaire Techniques**

According to Williams, (2014), A questionnaire is a research instrument consisting of a series of questions and other prompts for the purpose of gathering information from respondents; the questionnaires technique was used to collect information about the contribution of employees motivation on performance of commercial banks, the 56 respondents was selected by giving them the questionnaires to respond. The questionnaires were addressed to employees of COGEBANQUE PLC in order to arise free expression on the employees motivation and performance of COGEBANQUE PLC. This technique gave a clear understanding on how the employee's motivation contributed on performance of COGEBANQUE PLC.

### **3.4.2: Documentary Technique**

According to Pinto and Grawitz (2012), the documentary technique is oriented toward a systemic search of all that is written with a link to research field. Secondary data was mainly collected through review of various documents for the purpose of attaining sufficient and reliable information where the researcher analysed COGEBANQUE PLC annual reports,

laws and regulations, procedures manuals in order to get real information on employees' motivation and performance of COGEBANQUE PLC.

### **3.4.3: Interview**

According to Javeau (2011), this technique consists of giving interview on the limited number of people in order to give a general idea of the range. Interview is a conversation between two people (interviewer and interviewee) where question are interred-asked by interviewer to interviewee in order to obtain information (Kothari, 2004).

In this research, the primary data is composed of information gathered from the interviewees. The researcher used primary data in which interview technique used to get some information that has not been studied on; the researcher designed interview questions which enabled the researcher to assess role the employee's motivation on performance of COGEBANQUE PLC. Face to face interview was used by using the questionnaire where the researcher asked questions to employees of COGEBANQUE PLC.

## **3.5. Validity and reliability tests**

### **3.5.1. Validity of Instruments**

Validity is a concept used to evaluate the quality of research (Trochim, 2006). Next, validity refers to how well the results among the study participants represent true findings and it's about accuracy of a measure. It is the extent to which an instrument measures what it intends to measure and describes the truth of research findings (Zohrabi, 2013). Instrument of this research was measured through the opinion of experts especially the research supervisor, who is more knowledgeable. In case uncertainty occur or non-clarity observed, it was corrected before data collection at the field of study.

The validity was tested using Content Validity Index (CVI)

$$CVI = \frac{\text{Total numbers of relavant items in the instruments}}{\text{Total numbers of items in the instruments}}$$

If the calculated CVI was closer to 1 not less to 0.6 Sounders. 2010, the questionnaires was as considered valid.

### 3.5.2 Reliability of Instruments

According to Drost (2011) reliability is the degree to which measurement is consistent or dependable. Reliability is also referred to as a stability of a measurement over a variety of conditions in which the results should be obtained (Nunnally and Drost, 2011). Internal consistency reliability measure consistency of different items of the same construct, Cronbach's alpha coefficient is used to determine internal consistency between items (Cronbach, 1951). If Cronbach's Alpha coefficient is greater or equal to 0.7, then the instrument was considered reliable.

$$\alpha = \frac{N * \bar{c}}{\bar{v} + (N - 1) * \bar{c}}$$

N = the number of items

$\bar{c}$  = average covariance between item pairs

$\bar{v}$  = average variance

### 3.6. Data processing

As said by Roth (2016); processing data is concerned with classifying responses into meaning categories called codes.

Data processing refers on the transformation of the respondents' views into meaning form. Data processed and relevant data on the objectives of the study that is considered and transformed into meaningful information for interpretation and understanding. This process consists of editing, coding and tabulation.

#### 3.6.1. Editing

According to Cochran (2013); editing is the process whereby the completed questionnaires and interview scheduled analyzed in the hope of amending/ recording errors, or at least deleting data that are obviously erroneous. Editing was used in order to check completeness, accuracy, uniformity, eligibility and comprehensibility. Editing was used as a routine task after every response.

### **3.6.2. Coding**

According to Kalton (2016); defined coding as classifying answers into meaning categories so as to come out with their responses, in this study coding was applied for classify the data aimed at easy manipulation, interview and receiving questions.

### **3.6.3. Tabulation**

According to Nachmias (2016); tabulation is putting the data into some kind of statistical tables such as percentage and frequency occurrence of responses to particular questions. According to Baily (2008); not all data can be presented in their entirety. The variables to be presented are those central on the goals of the sturdy. She defines data analysis variables records in order to obtain quantitative data about the past. The edited and coded data was transferred into tables constructed basing mainly on the variables considered under the study.

## **3.7. Data analysis methods**

The process of data analysis was used by the researcher after data collection in order to make deep interpretation and understanding by using analysis methods as follow:

### **3.7.1. Analytical method**

It is particularly useful to develop a critical typology of financial analysis. It is at the health of models development analysis; (Grawitz, 2016). Therefore, the analytical method was used to analyze data collected and other information pertaining on the researcher in Cogebanque Plc.

### **3.7.2. Historical method**

The historical method “refer to a study of event, process, and institutions of past civilizations for the purpose of finding the origins or antecedents of contemporary social life and thus understanding its natural and working” (Shankar, 2016). This method helped the researcher in getting and interpreting the past events such as: Human resources management performance of COGEBANQUE PLC and other results found during the period of study.



### **3.7.3. Synthetic method**

According to Grawitz (2012), it is synthesized, that is to say globalized information and data into a coherent whole. This method allowed the researcher to synthesize the information gathered from different sources. It helped the researcher to summarize the data collected during the research process.

### **3.7.4. Statistic method**

Statistic is a set of mathematical methods which, from the collection and analysis of real data, can develop probabilistic models allowing predictions, the statistical method offers the opportunity to measure and quantify the results of research as noted by Grawitz, (2012).

Moser and Kalton (2016) asserts that, after data has been edited and coded, it is then combined together in some form tables, bar graphs and pie charts for statistical analysis. This method was used to quantify and to count the results of the study. By this method, quantitative data was interpreted and presented in tables by the formula of tallying frequencies and percentages.

### **3.8. Limitation of the study**

During the process of undertaking the study, the following limitations are experienced by the researcher:

High costs to finance the research, such as stationary costs, air time costs and transport costs are very high. However, assistance is obtained from different group like friends, and relatives.

Some respondents are not cooperative at the beginning and accept to give the necessary data on time. Related on the above some respondents had tight schedules and are not to get ample time to respond on the questionnaires on a timely basis. This resulted in to delays in the accomplishment of this work.

### **3.9. Ethical considerations**

Research ethics is about the responsibility of researcher for being honest and respectful to all individuals who may be affected by the research study results.

The primary data was collected from field and only was used for academic purpose. Besides, as effective book keeping is considered as a competitive edge by various institutions, the secondary information gathered was sensitive. The researcher ensured that all the information gathered was solely used for the intended purpose and that it was treated with confidentiality. In data processing and analysis, there was no data manipulation and the interpretation was impartially in order to reflect on the reality.

## CHAPTER 4: DATA PRESENTATION AND ANALYSIS

### 4.0. Introduction

The solutions on the research questions and testing of the hypotheses are included in this chapter. Each study question was validated using primary data collected from staffs of Cogeбанque Plc. Personal identifications of respondents and other results relevant on the research goals make up the findings.

### 4.1. Identification of respondents

The researcher was interested in knowing personal identification of respondents in terms of gender of respondents, age of respondents, marital status of respondents and educational level of respondents and time-period of respondents being employees in Cogeбанque Plc.

#### 4.1.1. Gender

This refers to understanding how gender or the sex of respondent is associated on the developmental programs in which Cogeбанque Plc is involved. The gender of the respondents was categorized and useful to identify the number of males and females that composed the sample size in-order to know their views on the research understudy. Therefore the respondents according on the gender were presented as follows:

**Table 4.1: Gender of respondents**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	26	46.4	46.4	46.4
Female	30	53.6	53.6	100.0
Total	56	100.0	100.0	

**Source:** Primary data, 2023

The researcher was curious about the gender of the responders. Table 4 shows that females made up 53.6 percent of the consumers that responded, while males made up 46.4 percent of the respondents. Because both males and females participated in the study, this suggests that it was gender sensitive.

#### 4.1.2. Age of respondents

As this study deals with the respondents' welfare promotion through entrepreneurship and innovative activities, the respondents' age identification is very crucial as young people usually work harder than old ones.

**Table 4.2: Age**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 21- 30 years	12	21.4	21.4	21.4
31- 40 years	26	46.4	46.4	67.8
41- 50 years	14	25.0	25.0	83.0
51 years and above	4	7.0	7.0	100.0
<b>Total</b>	56	100.0	100.0	

**Source:** Author's computation of primary data (2023) using IBM SPSS Statistics 23

According to table 4.2 presents that 46.4 percent of respondents are between the ages of 31 and 40, 25 percent are between the ages of 41 and 50, 21.4 percent are between the ages of 21 and 30, and only 7 percent are 51 and up. Because the majority-of responders were mature, the researchers pretended to receive genuine replies from them.

#### 4.1.2. Marital status of the respondents

As part of the characteristics of the underlying demographic features of households, the researcher was interested in civil status of the respondents. This is in-order to get information from different persons with different marital status such as single, married, widow/widower, and divorce people because all of them are concerned.

**Table 4.3: Marital status of the respondents**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Single	14	25.0	25.0	25.0
Married	34	60.8	60.8	85.8
Divorced	4	7.1	7.1	92.9
Widower	4	7.1	7.1	100.0
Total	56	100.0	100.0	

**Source:** Author's computation of primary data (2023) using IBM SPSS Statistics 23

Table 4.2 shows that 60.8 of respondents are married, 25% are single, 7.1% are divorced and widowers. Having a diverse group of people adds on the confirmation of study findings.

#### 4.1.3. Educational level of the respondents

The education level is a factor which influences the individual behavior and his capacity of analysis. The diversity of knowledge and skills required allow someone to be competent in one or another domain.

**Table 4.4: Educational level of the respondents**

	Frequency	Percent	Valid Percent	Cumulative Percent
Bachelors' degree	29	51.8	51.8	51.8
Advanced level (A2)	10	16.9	16.9	68.7
Masters' degree	17	30.3	30.3	100.0
Total	56	100.0	100.0	

**Source:** Author's computation of primary data (2023) using IBM SPSS Statistics 23

The results in above table 4.4 shown that 51.8% of the respondents have bachelors' degree level of education, 16.9% of the respondents have Advance level (A2) as level of education and 30.3% of the respondents have Masters' degree as level of education. These results are showing that investigated respondents were not ignorant, so, for this reason, the research findings must be valid and reasonable.

#### 4.1.4. Experience of respondents

The following table shows the time period of respondents being employee of COGEBANQUE PLC.

**Table 4.5: Time period of respondents being employee of COGEBANQUE PLC**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1 - 3 years	19	33.9	33.9	33.9
4- 6 years	25	44.6	44.6	78.5
7 years and above	12	21.5	21.5	100.0
Total	56	100.0	100.0	

**Source:** Author's computation of primary data (2023) using IBM SPSS Statistics 23

According to table 4.5 revealed that 55 percent of respondents have worked for COGEBANQUE PLC for 4-6 years, 33.9 percent have worked for COGEBANQUE PLC for 1-3 years, and 21.5 percent of respondents have worked for COGEBANQUE PLC for 7 years or more. It is extremely true to certify that the given information was correct and legitimate if the sampled respondents have been in the bank for a long time.

## 4.2. Financial motivation in COGEBANQUE PLC

Financial motivation can be seen as a motivational factor, where employees may benefit, either from promotion or a bonus, it could be seen as an appraisal system.

### 4.2.1. Salary

Increasing motivation through financial rewards is a method that is most common when business rely on the quantity of the output of employees and this is no doubt a major factor for creating economic opportunities for people living in poverty.

**Table 4.6. Salary**

Items	Mean	Std
Salary increases encourage employees to work harder	4.29	0.66
Receiving the appropriate salary for one's efforts and abilities	4.03	0.66
Receiving a proper salary in proportion to one's dedication and performance	4.24	0.47
Employees motivation that is efficient and effective	3.96	0.71

**Source:** Author's computation of primary data (2023) using IBM SPSS Statistics 23

The above table presents the respondents' employees of Cogeбанque Plc confirmed that salary increases encourage employees to work harder, (M = 4.29) stands for excellent extent and the standard deviation of 0.66 ( $\sigma > 0.5$ ) refers to big dispersion of data (heterogeneity). At this point, it is clear that, increase in salaries lead to excellent performance in Cogeбанque Plc.

Receiving the appropriate salary for one's efforts and abilities is a culture in Cogeбанque Plc as the mean (M = 4.03) which implies excellent extent. This implies that the employees' efforts and abilities are considered in salary fixation in Cogeбанque Plc. Employees in Cogeбанque Plc Receive a proper salary in proportion to one's dedication and performance as the mean (M = 4.24), this implies excellent extent. It is evident that salaries are performance is proportional in Cogeбанque Plc.

Employees motivation that is efficient and effective at moderate extent as it is indicated by the mean (M = 3.96). Majority of the respondents have indicated that the employees motivation is ranked at moderate extent.

This implies that they are some weaknesses in its employees motivation, this is why, this study must provide some recommendations about the ways of strengthening the employees motivation in Cogeбанque Plc.

### 4.2.2. Bonus

A bonus is a financial compensation that is above and beyond the normal payment expectations of its recipient. Companies may award bonuses to both entry-level employees and to senior-level executives. While bonuses are traditionally given to exceptional workers, employers sometimes dole out bonuses company-wide to stave off jealousy among staffers.

**Table 4.7. Bonus**

Items	Mean	Std
Getting a yearly bonus	4.51	0.55
Recognizing the additional work and taking it into account when deciding on a reward	4.26	0.71
Bonus payment is reasonable and equitable in light of the work and qualifications	4.36	0.73
Increasing employee commitment on the task by incorporating an incentive plan	3.89	0.81

**Source:** Author's computation of primary data (2023) using IBM SPSS Statistics 23

The findings from the table 4. indicated that employees in CogeBanque Plc get a yearly bonus. This is indicated by the mean of 4.51 which stands for excellent extent. Recognizing the additional work and taking it into account when deciding on a reward is a culture in CogeBanque Plc as many respondents have agreed the statement (M = 4.26).

In CogeBanque Plc Bonus payment is reasonable and equitable in-light of the work and qualifications, (M = 4.36) indicated that majority of the respondents agreed the statement. Increasing employee commitment on the task by incorporating an incentive plan was confirmed at a moderate extent as mean is 3.89. For this reason this area needs to be strengthened. Provided that CogeBanque Plc provides bonus to its employees, it is a good evidence that there is effectiveness in employees motivation in CogeBanque Plc, the overall mean equals 4.14 which implies excellent effectiveness.



### 4.2.3. Fringe benefits

Fringe benefits are additions to compensation that companies give their employees. Some fringe benefits are given universally to all employees of a company while others may be offered only to those at executive levels. Some benefits are awarded to compensate employees for costs related on their work while others are geared to general job satisfaction.

**Table 4.8. Fringe benefits**

Items	Mean	Std
Adapting fringe benefits on the needs of employees	3.09	1.02
At the conclusion of each year, the employee's leave policy is refunded	4.64	0.48
Allowing for flexible travel expenses and allowances	4.26	0.71
In comparison to other companies, providing equitable fringe benefits	4.25	0.62

**Source:** Author's computation of primary data (2023) using IBM SPSS Statistics 23

The findings in table 4.8 indicated that adapting fringe benefits on the needs of employees is at moderate extent in Cogeбанque Plc as the mean is 3.09. This is indicating that this area must be strengthen in Cogeбанque Plc in-order to enhance the performance.

At the conclusion of each year, the employee's leave policy is refunded as it has been confirmed by majority of the respondents' employees of Cogeбанque Plc, (M = 4.64). Cogeбанque Plc allows for flexible travel expenses and allowances as it was indicated by a mean of 4.26. In comparison to other companies, Cogeбанque Plc provides equitable fringe benefits (M = 4.25).

The interviewees pointed out that these fringe benefits in Cogeбанque Plc include health insurance, life insurance, tuition assistance, childcare reimbursement, cafeteria subsidies, below-market loans, employee discounts, employee stock options, and personal use of a company-owned vehicle in the time of wedding ceremonies of employees.

Conclusively, it is very true to confirm that financial motivation in terms of salary, bonus and fringe benefits are applied effectively in CogeBanque Plc, though it is understandable to determine if it influences performance in CogeBanque Plc.

#### 4.2.4. Financial incentives offered by CogeBanque Plc

Money is a crucial incentive to work motivation. It is a medium of exchange and the means by which employees can purchase things to satisfy their needs and desires. It also serves as a scorecard by which employees assess the value that the organization places on their services.

**Table 4.9. Financial motivation given to employees of COGEBANQUE PLC**

	2019	2020	2021	2022
Salaries and wages	4,114,885	5,205,479	5,409,006	6,094,123
staff allowances	467,920	316,207	142,764	153,095
Employers' contributions to RSSB	221,395	255,528	261,737	269,090
Staff leave entitlement	257,934	396,420	380,266	308,022
Mileage allowances	59,857	66,571	71,428	89,029
Employees Training costs	109,667	48,151	7,849	9,126
Staff meals	158,168	144,012	150,299	163,455
Contribution to staff solidarity fund	44,800	35,000	50,000	50,000
Staff life insurance	16,214	22,290	41,300	59,223
Other HR costs	41,618	316,207	142,764	176,459
<b>Total employees incentives</b>	<b>5,168,760</b>	<b>7,076,600</b>	<b>6,749,545</b>	<b>7,371,622</b>

**Source:** COGEBANQUE PLC, Annual Report 2018-2022

This table 4.9. shows the different incentives given to its employees in terms to motivate them. This shows that salaries and wages spent to employees of COGEBANQUE PLC are 4,114,885 in 2019, 5,205,479 in 2020, 5,409,006 in 2021 and 6,094,123 in 2022; Other staff allowances was 467,920 in 2019, 316,207 in 2020, 142,764 in 2021 and 153,095 in 2022, Employers' contributions to RSSB shifted from 221,395 up to 269,090 from 2018-2022. Staff leave entitlement was 257,934 from 2019 and 308,022 in 2022.

Staff life insurance was 16,214 in 2019 and 59,223 in 2022 with total employees incentives of 5,168,760 in 2019, 7,076,600 in 2020; 6,749,545 in 2021 while 7,371,622 in 2022. This shows the incentives cost spent on employees of COGEBANQUE PLC in order to motivate them.

### 4.3. Non-financial motivation in COGEBANQUE PLC

Effective non-financial incentives for employees reach out and touch the emotions to make the employee feel welcomed, appreciated, and valued. Employees respond well to non-financial incentives but be careful that they do not come off as cheap or thoughtless. Companies need to remember that employees “get” why companies are cutting costs.

#### 4.3.1. Opportunities for career development

Career development is the support an organization provides to employee professional growth, especially to employees' movement to a new position or project within the organization. This support often includes coaching, mentoring, skills development, networking and career pathing. Career development is often facilitated by HR functions (such as learning and development, talent management or recruiting) and by HR business partners or managers in the organization.

**Table 4.10. Opportunities for career development**

Items	Mean	Std
Individual performance is used to promote people	4.64	0.48
Promoting in an open and transparent manner	4.40	0.54
Improving career prospects	3.09	1.02
Motivating and dedicating oneself on the work	4.24	0.49

**Source:** Author's computation of primary data (2023) using IBM SPSS Statistics 23

In COGENABQUE PLC, individual performance is used to promote people. This was confirmed by majority of respondents, (M = 4.64). Promoting in an open and transparent manner is a culture in COGENANQUE PLC as employees confirmed it with a mean of 4.40, which refers to agree.

There are still some challenges in improving career prospects as the mean has been 3.09 which means moderate extent. In COGEBANQUE PLC, employees agreed that motivating and dedicating oneself on the work is a culture in their workplace (M = 4.24). At this point it is very true to confirm that there are opportunities for career development in COGENANQUE PLC.

#### 4.3.2. Development Opportunities

Employee development is the process of working with your employees to develop, improve, and hone existing skills and train them on new skills. Employee development aims to build a talent pool that supports the organization's mission while creating highly engaged employees. But employee development isn't just about paying for some seminars or having employees complete training exercises.

**Table 4.11. Development Opportunities**

Items	Mean	Std
Job-specific education and training	4.38	0.56
Having a clear plan for staff development	2.94	1.07
Participating in events that can help you grow as a professional	4.40	0.49
A training program can assist you in being more adaptive and active at work	4.42	0.51

**Source:** Author's computation of primary data (2023) using IBM SPSS Statistics 23

COGEBANQUE PLC provides Job-specific education and training to its employees as the mean is 4.38. COGEBANQUE PLC does not have a clear plan for staff development as many employees disagreed (M = 2.94).

Employees' respondents pointed out that they participate in events that can help you grow as a professional (M = 4.40). A training program can assist employees in being more adaptive and active at work as it was agreed by the respondents (M = 4.42). From this point of view, it is very clear that there is opportunities development in COGEBANQUE PLC.

### 4.3.3. Job Related Non-financial Incentives

Non-financial incentives focus mainly on the fulfillment of these needs and thus cannot be measured in terms of money. There are chances that a particular non-financial incentive may also involve the financial incentive as well. When a person is promoted his psychological needs are fulfilled as he gets more authority, his status increases but at the same time, he has benefitted monetarily also as he gets a rise in salary.

**Table 4.12. Job Related Non-financial Incentives**

Items	Mean	Std
Participating in crucial decisions	3.08	1.03
Assigning greater responsibilities and opportunities for growth at work	4.23	0.48
Autonomy to deal with the majority of the issues	4.56	0.51
Allowing employees to do delegated tasks in their own way	4.51	0.57

**Source:** Author's computation of primary data (2023) using IBM SPSS Statistics 23

Employees in COGEBANQUE PLC do not Participate effectively in crucial decisions, (M = 3.08). Assigning greater responsibilities and opportunities for growth at work is a policy in COGEBANQUE PLC as the mean is 4.23. Employees in COGEBANQUE PLC have autonomy to deal with the majority of the issues (M = 4.56). COGEBANQUE PLC Allows employees to do delegated tasks in their own way, (M = 4.51). As matter of the fact, it is very true to confirm that job related non-financial incentives are provided effectively in COGEBANQUE PLC. This effectiveness within the employees motivation in COGEBANQUE PLC has been confirmed by the Director of Human Resource in COGEBANQUE PLC during interview. He pointed out that, COGEBANQUE PLC provides both financial motivation and non-financial motivation in order to motivate employees.

#### 4.3.4. Participation of employees to decision making in COGEBANQUE PLC

An enormous number of writers permitted to say that the participation in decisions making leads on the motivation that makes possible employees to contribute for the operation of the organization through their ideas and proposals. In COGEBANQUE PLC, there is a culture in which staffs are empowered and take responsibility for their individual activities.

**Table 4.13: Employees participation in COGEBANQUE PLC**

<b>Employees participation</b>	<b>Frequency</b>	<b>Percent</b>
Agree	40	71.4
Disagree	6	10.7
Neutral	10	17.9
<b>Total</b>	<b>56</b>	<b>100</b>

**Source:** Primary data, June 2023

From the table 4.13, 71.4% of respondents agreed that employees of COGEBANQUE PLC participate in decision making process, 10.7% of the respondents disagreed their participation in decision making within COGEBANQUE PLC and 17.9% of the respondents were neutral about the question. It can thus be concluded that the participation of the personnel in the process of decision making within COGEBANQUE PLC is an authenticity. This participation is seen through the provision of ideas to managers. The respondents have said that employee participation in decision making is used in COGEBANQUE PLC for the success of the organization, empowerment in the workplace. In COGEBANQUE PLC, team members or workers are encouraged to provide the opinion and suggestion and consultation about the bank problems and prospects in the future. Employee participation in decision making encourages employees in COGEBANQUE PLC to take responsibility for maintaining quality services in terms of carrying out activities, which meet the requirements of their customers.

#### 4.3.5. Employees treatment within COGEBANQUE PLC

The working condition refers on the physical environment, conditions in which an employee is working. The relational climate and individual perception play a vital role in creation and maintaining a high level of motivation as well as physical motivation. With excessive noise,

cramped quarters, poor lighting and obsolete equipment will affect the motivation at work as well as difficulties of working condition related to downsizing, overlord of work. The table below therefore shows how working condition within COGEBANQUE PLC is evaluated by respondents.

**Table 4.14: Respondents' views on employees treatment as way of motivating employees within COGEBANQUE PLC**

		<b>Frequency</b>	<b>Percent</b>
Opportunity	Segregation	2	3.6
	Nepotism	18	32.1
	Equal chance	36	64.3
	<b>Total</b>	<b>56</b>	<b>100</b>
Consideration	Positive consideration	50	89.3
	Negative consideration	6	10.7
	<b>Total</b>	<b>56</b>	<b>100</b>

**Source:** Primary data, June 2023

From the table 4.14, according to responses got on the physical condition at COGEBANQUE PLC on equal opportunity, 3.6% of total respondents agree that in COGEBANQUE PLC there is segregation in terms of motivating employees. 32.1% of respondent said that employees motivation are depended on nepotism while 64.3% respondents revealed that there is an equal chance for motivating employees of COGEBANQUE PLC. Concerning on consideration of employees of COGEBANQUE PLC, only 89.3% of respondent said that in COGEBANQUE PLC has a positive consideration in route to motivating employees of COGEBANQUE PLC. 10.7% of respondents said that in COGEBANQUE PLC there is a negative consideration. Those psycho sociological conditions by motivating their employees and staffs that COGEBANQUE PLC provides that led to promote on the performance of institutions.

### 3.3.6. Human relation in COGEBANQUE PLC

Human relations is the study of the ways in which people relate to each other in group situation, especially work and communication skills, and also sensitivity to others people's feelings can be improved. The table below show respondents views on how they appreciate collaboration among them.

**Table 4.15: Degree of appreciation on the collaboration among employees in COGEBANQUE PLC**

Collaboration	Frequency	Percent	Valid percent	Cumulative percent
Excellent	20	35.6	35.6	35.6
V .Good	26	46.4	46.4	82
Valid Satisfactory	8	14.3	14.3	96.3
Weak	2	3.7	3.7	100.0
<b>Total</b>	<b>56</b>	<b>100.0</b>	<b>100.0</b>	

**Source:** Primary data, December 2020

As it is indicated in the table the majority of respondents 46.4% find that the collaboration among them or among employees is very good, 14.3% find that it is satisfactory, the same to 35.6% who agree that it is excellent while where by 3.7% of respondents find it weak. In fact there is a satisfactory collaboration among employees in COGEBANQUE PLC.

They also mentioned that there are some factors that reinforce these relations such as visit done to one another, regular communication by using phone, ceremonies (weddings, births, etc) which brings people together as well as financial contribution (IBIMINA) known as solidarity group these are practiced in COGEBANQUE PLC even though there still to be improved.

### 4.4. Analysing the financial performance of Cogebanque Plc

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. The term is also used as a general measure of a firm's overall financial health over a given period.



#### 4.4.1. Evolution of deposits in COGEBANQUE PLC

Under this section, the researchers would like to assess the evolution of clients' deposits in COGEBANQUE PLC from the period of 2018 up to 2022, as follow:

**Table 4.16: Evolution of deposits in COGEBANQUE PLC/main branch**

Years	Deposits Frw (000)	Variation in amount Frw(000)	Variation in %
2018	135,918,807	-	-
2019	131,040,681	-4,878,126	-0.04
2020	169,686,398	38,645,717	0.295
2021	189,115,267	19,428,869	0.114
2022	188,317,918	-797,349	-0.004

**Source:** COGEBANQUE PLC, annual report and financial statement, 2018-2022

The above table shows the evolution of deposit in COGEBANQUE PLC from 2018 to 2022, deposits of customers were increased at the following percentages in 2018-2019 deposit was -4%, in 2019 up to 2020 were increased at 29.5% and from 2020 up to 2021 was 11.4%, and from 2021 up to 2022 was -0.004% COGEBANQUE PLC has realized this important increase because it has come up with motivating employees. Employee motivation is very important to COGEBANQUE PLC on the increase of the bank deposits because many depositors have joined COGEBANQUE PLC to enjoy good, friendly and quick services delivered by motivated employees. Once employees are motivated, they love their job, they treat customers well as they think that they share the benefits with the bank through different motivational tools. The deposits of COGEBANQUE PLC are the sources of loans delivered to both customers and employees that is why employees are more concerned by the increase of deposits.

#### 4.4.2. Evolution of loan distribution

To create and maintain a solid loan distributed, each bank must set up a clearly defined evaluation method to efficiently and prudently make an independent and objective evaluation of loan applications.

**Table 4.17: Evolution of loan distribution in COGEBANQUE PLC (amount in Rwf)**

<b>Year</b>	<b>Loan distribution in (Rwf000)</b>	<b>Variation in amount Frw(000)</b>	<b>Evolution (%)</b>
2019	123,818,397	-	-
2019	143,629,758	19,811,361	0.16
2020	157,820,211	14,190,453	0.099
2021	173,989,552	16,169,341	0.102
2022	139,908,453	-34,081,099	-0.196

**Source:** COGEBANQUE PLC annual report, 2018-2022

The above table shows how the COGEBANQUE PLC conducted its credits distribution. Therefore, the researchers have found out that from 2018 to 2019 loan distributed to its customers as key source of income increased with 16%, from 2019 up to 2020 loans distributed has increased by 9.9%, in 2021 loans distributed were increased by 10.2% and in 2022 loans distributed increased up -19.6% compared to previous year 2020. Well-motivated employees treat customers well; they provide all the required information on the loan to facilitate the customers to request and to take the loan. Well-motivated employees are very happy to help COGEBANQUE PLC to expand its sources of income and it is also known that loan distribution is among the main source of income for the bank.

#### **4.4.3. Evolution net operating income in COGEBANQUE PLC**

Net operating income is very important factor as well as profitability indicators, since it became in Rwanda market. COGEBANQUE PLC has come up with various innovations these were helping a company to achieve its targets, vision, mission, vision, this show how COGEBANQUE PLC gets income from its normal business activities which are to sale Products and services on the customers.

**Table 4.18: Evolution on net operating income in COGEBANQUE PLC**

<b>Year</b>	<b>Net operating income in (Rwf'000)</b>	<b>Variation in amount Frw(000)</b>	<b>Evolution (%)</b>
2018	15,552,090	-	-
2019	18,121,966	2,569,87	0.17
2020	18,975,722	853,756	0.047
2021	21,669,182	2,693,460	0.142
2022	27,886,849	6,217,667	0.287

**Source:** COGEBANQUE PLC annual report, 2018-2022

As it is shown by the above table COGEBANQUE PLC had made increment net operating income which varied in year 2019, net operating income in 2019 was at rate of 17% net operating income in 2020 has increased by 4.7%, in 2021 has increased up to 14.2% and in 2022 there was high increase of 28.7% compared on the previous years.

For all these variations of year, there has been the increment even though effective of employees motivation, COGEBANQUE PLC has increased its net operating income by collecting revenues in various sources and employee motivation tools are inclusive.

From 2018 up to 2022, there is a positive evolution of operating income, this income was obtained due on the effort made by well-motivated employees, they worked hard so that all costs and expenses are all covered and the bank made the net profit from its operations performed by well-motivated employees.

#### **4.4.4. Evolution of Net profit in COGEBANQUE PLC**

The net profit is defined as the turn over minus the cost of return purchasing of sells product. Or sells prices minus the net profit of return to find the net profit of company in brief, He must subtract the turnover some changes which realized.

As all other factors which complete for the profitability of COGEBANQUE PLC. Researchers analyzed the evaluation of COGEBANQUE PLC.'s net profit from 2018-2022 in the following table.

**Table 4.19: Evolution of net profit in COGEBANQUE PLC (amount in Rwf'000)**

Year	Net profit	Variation	Evolution in %
2018	3,335,028	-	-
2019	4,012,631	677,603	0.203
2020	3,836,164	-176,467	-0.044
2021	5,007,183	1,171,019	0.305
2022	9,056,876	4,049,693	0.809

**Source:** COGEBANQUE PLC, Annual report, 2018-2022

In 2018-2019 the net income was 20.3% and become -4.4% in 2019-2020, the net income has increased at 30.5% in 2020-2021 while net income increased up to 80.9%. According the result obtained the net profit of COGEBANQUE PLC increased year to year, because of many thing such good services delivery on the customers particularly employee motivation tools in 2019 the net profit increased because of use employees motivation tools because in these years Rwandan population has been aware on the use of employee motivation tools. Due to motivation tools used by COGEBANQUE PLC, employees of this bank have worked hard to increase the net profit and the bonuses they receive are delivered based on the level of the net profit obtained by the bank.

#### **4.4.5. Ratio analysis of COGEBANQUE PLC**

In this part of the chapter we are going to talk about the contribution of Employee motivation tools on the profitability of COGEBANQUE PLC. To arrive there, we are going to base ourselves on the ratio of commercial, financial and economical profitability as well as the study of profitability to show the evolution of some parameters of the profitability. As we already know it that the profitability of a company is its capacity to produce profits, to calculate it we use several methods, here in this work we want to use the method of the ratios.

A ratio is a relationship between two financial great nesses. This relationship must be significant that she has to combine two amounts which takes place of causality and the link of which allows to understand better and to interpret an aspect of the company in study. The ratios of profitability are subdivided into three categories namely: ROE, ROA and Net profit margin ratio.

#### 4.4.6. Net Profit Margin ratio

Net profit margin can be used to compare a company with its competitors. More efficient firms were usually seeing a higher margin. Also, it provides clues about company's pricing, cost structure and production efficiency. Net profit margin ratio measures the firm's efficiency of operation. It reflects the relationship of prices, volume and costs.

The formula:

$$\text{Net profit margin} = \frac{\text{Net Income}}{\text{net operating income}} * 100$$

**Table 4.20: Net profit margin ratio (in Rwf'000)**

Period	2018	2019	2020	2021	2022
Net Profit	3,335,028	4,012,631	3,836,164	5,007,183	9,056,876
Total operating income	15,552,090	18,121,966	18,975,722	21,669,182	27,886,849
<b>Net profit ratio</b>	<b>0.214</b>	<b>0.221</b>	<b>0.202</b>	<b>0.231</b>	<b>0.325</b>

**Source:** COGEBANQUE PLC, Annual reports, 2018-2022

The above table indicates that for each Rwandan franc remaining after all cost and expenses have been deducted, COGEBANQUE PLC has earned 21.4% in 2018; 22.1% in 2019; 20.2% in 2020 and 23.1% in 2021 and 32.5% in 2022, this shows that the bank was able to cover all costs and expenses and was able to make profits from its operations during the period of study. From 2018 to 2022 Net Profit Margin ratio because of higher rate of investment COGEBANQUE PLC invests in employee motivation tools.

COGEBANQUE PLC has made good net profit margin ratio in the period of this study. These good results were obtained due on the effort made by employees who are very courageous to work hard, to enable the bank to succeed because the bank shares with them some benefits through motivation tools.

#### 4.4.7. Return on Equity ratio (ROE)

Return on Equity measure the rate of return flowing on the shareholders of the company .It is the rate of return that shareholders receive as motivation for having invested their funds in the company. ROE is the most important indicator of a bank's profitability and growth potential.

It is the rate of return to shareholders or the percentage return on each Rwf of equity invested in the bank.

The formula:

$$\text{Return on Equity} = \frac{\text{Net Profit}}{\text{Equity Shareholder/s}} * 100$$

**Table 4.21: Return on Equity (000)**

Year	2018	2019	2020	2021	2022
Net Profit	3,335,028	4,012,631	3,836,164	5,007,183	9,056,876
Shareholder' equity	26,436,833	29,448,954	33,287,120	38,294,303	47,351,179
<b>ROE</b>	<b>0.126</b>	<b>0.136</b>	<b>0.115</b>	<b>0.131</b>	<b>0.191</b>

**Source:** COGEBANQUE PLC, Annual reports, 2018-2022

The above table show for this kind of ratios, the ROE was positive for every years of research period. Return on Equity of COGEBANQUE PLC was 12.6% in 2018, 13.6% in 2019, 11.5% in 2020, 13.1% in 2021 and 19.1% of 2022. The ROE serves to pay the capital invested in shareholders what involves that 100 Rwf of invested capital allow recovering about 13.6 Rwf in 2019, 11.5 Rwf in 2020; 13.1 Rwf in 2021 and 19.1 Rwf in 2022. The use of Employee motivation tools COGEBANQUE PLC has greatly improved on the profits and profitability of the bank through motivation tools have expended sources of revenues for the bank.

#### **4.4.8. Return on Asset**

The company needs all assets to generate its profit. It is thus important to measure the profitability which it generates on its investment. The return on asset/Investment is the indicator of the efficiency of management.

It indicates how the management is able to convert the company's assets into earning computation of Return on asset. This ratio is reckoned by comparing the net income with means implemented to know the total assets.

**Table 4.22: Return on assets (in Rwf'000)**

Period	2018	2019	2020	2021	2022
Net Profit	3,335,028	4,012,631	3,836,164	5,007,183	9,056,876
Total assets	204,573,632	226,900,951	269,683,614	291,159,333	293,864,661
<b>Return on assets</b>	<b>0.016</b>	<b>0.018</b>	<b>0.014</b>	<b>0.017</b>	<b>0.031</b>

**Source:** COGEBANQUE PLC, Annual reports, 2018-2022

According to above table 4.22 shows that COGEBANQUE PLC got a lot of return in the period under the study; the study showed that the return on assets was 1.6% in 2018, 1.8% in 2019 and 1.4% in 2020, 1.7% in 2021 and in 2022 the ROA was 3.1%. This means that for 100 Rwf invested in assets in COGEBANQUE PLC has generated 1.8Rwf in 2018, 1.4 Frw in 2020 and in 2021 was 1.7 Frw and 3.1 Frw in 2022. On the role of employee motivation tools on return on asset ratio indicated that COGEBANQUE PLC has participated in providing employees motivation and this showed that employees motivation has a positive strong relationship of return on asset ratio in COGEBANQUE PLC.

#### 4.5. Correction between employees motivation and Performance

The following table presents the correlation between employees and performance of Cogebanque Plc.

**Table 4.23: Correlations between variables**

		Employees motivation	Performance
Employees motivation	Pearson Correlation	1	.832**
	Sig. (2-tailed)		.000
	N	56	56
Performance	Pearson Correlation	.832**	1
	Sig. (2-tailed)	.000	
	N	56	56

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

The findings from the table 4.23 indicate that the Pearson correlation coefficient is equal to 1 which means that there is a strong relationship between employees motivation and performance as stated by the rule of correlation coefficient saying that if the Pearson correlation coefficient is equal to 1 means that there is a strong relationship between two variables. This means that the change in employees' motivation is strongly correlate with the change in the performance.

It also shows that the significant coefficient between employees motivation and performance is equal to 0.000 which means that there is a statistically significant correlation between employees motivation and performance as stated by the rules of significant coefficient which says that if the significant coefficient is less than 0.05, it means that there is a strong relationship between your two variables.



## CHAPTER 5: SUMMARY, CONCLUSION AND SUGGESTIONS

### Introduction

This section involves summary of the findings, conclusion drawn from the findings and recommendations for policy and practice. Both the conclusions and recommendations were made as per the general and specific objectives of the study. The purpose of the study was to examine the contribution of employees' motivation on the performance of commercial banks in Rwanda.

### 5.1. Summary of the Findings

#### 5.1.1. To analyse the effect of financial motivation on performance of Cogeбанque Plc

The study found that the analysis of the financial motivation applied by Cogeбанque Plc where employees of Cogeбанque Plc confirmed that salary increases encourage employees to work harder, ( $M = 4.29$ ) stands for excellent extent and the standard deviation of 0.66 ( $\sigma > 0.5$ ) refers to big dispersion of data (heterogeneity). At this point, it is clear that, increase in salaries lead to excellent performance in Cogeбанque Plc. Receiving the appropriate salary for one's efforts and abilities is a culture in Cogeбанque Plc as the mean ( $M = 4.03$ ) which implies excellent extent. This implies that the employees' efforts and abilities are considered in salary fixation in Cogeбанque Plc. Employees in Cogeбанque Plc Receive a proper salary in proportion to one's dedication and performance as the mean ( $M = 4.24$ ), this implies excellent extent. It is evident that salaries are performance is proportional in Cogeбанque Plc. Employees in Cogeбанque Plc get a yearly bonus. This is indicated by the mean of 4.51 which stands for excellent extent. Recognizing the additional work and taking it into account when deciding on a reward is a culture in Cogeбанque Plc as many respondents have agreed the statement ( $M = 4.26$ ).

In Cogeбанque Plc Bonus payment is reasonable and equitable in-light of the work and qualifications, ( $M = 4.36$ ) indicated that majority of the respondents agreed the statement. Increasing employee commitment on the task by incorporating an incentive plan was confirmed at a moderate extent as mean is 3.89. For this reason this area needs to be strengthen. Provided that Cogeбанque Plc provides bonus to its employees, it is a good evidence that there is effectiveness in employees motivation in Cogeбанque Plc, the overall mean equals 4.14 which implies excellent effectiveness.

The adapting fringe benefits on the needs of employees are at moderate extent in Cogeбанque Plc as the mean is 3.09. This is indicating that this area must be strengthened in Cogeбанque Plc in-order to enhance the performance. At the conclusion of each year, the employee's leave policy is refunded as it has been confirmed by majority of the respondents' employees of Cogeбанque Plc, (M = 4.64). Cogeбанque Plc allows for flexible travel expenses and allowances as it was indicated by a mean of 4.26. In comparison to other companies, Cogeбанque Plc provides equitable fringe benefits (M = 4.25). The interviewees pointed out that these fringe benefits in Cogeбанque Plc include health insurance, life insurance, tuition assistance, childcare reimbursement, cafeteria subsidies, below-market loans, employee discounts, employee stock options, and personal use of a company-owned vehicle in the time of wedding ceremonies of employees.

### **5.1.2. To examine the effect of non-financial motivation on performance of Cogeбанque Plc**

The second objective examine the examine the non-financial motivation applied by applied by Cogeбанque Plc where in COGENABQUE PLC, individual performance is used to promote people. This was confirmed by majority of respondents, (M = 4.64). Promoting in an open and transparent manner is a culture in COGENANQUE PLC as employees confirmed it with a mean of 4.40, which refers to agree. There are still some challenges in improving career prospects as the mean has been 3.09 which means moderate extent. In COGEBANQUE PLC, employees agreed that motivating and dedicating oneself on the work is a culture in their workplace (M = 4.24). At this point it is very true to confirm that there are opportunities for career development in COGENANQUE PLC.

COGEBANQUE PLC provides Job-specific education and training to its employees as the mean is 4.38. COGEBANQUE PLC does not have a clear plan for staff development as many employees disagreed (M = 2.94). Employees' respondents pointed out that they participate in events that can help you grow as a professional (M = 4.40). A training program can assist employees in being more adaptive and active at work as it was agreed by the respondents (M = 4.42). From this point of view, it is very clear that there is opportunities development in COGEBANQUE PLC. Employees in COGEBANQUE PLC do not Participate effectively in crucial decisions, (M = 3.08). Assigning greater responsibilities and opportunities for growth at work is a policy in COGEBANQUE PLC as the mean is 4.23. Employees in COGEBANQUE PLC have autonomy to deal with the majority of the issues (M = 4.56).

COGEBANQUE PLC Allows employees to do delegated tasks in their own way, ( $M = 4.51$ ). As matter of the fact, it is very true to confirm that job related non-financial incentives are provided effectively in COGEBANQUE PLC.

### **5.1.3. To find out the relationship between employees motivation and performance of Cogeбанque Plc**

The fourth objective find out the relationship between employees motivation and performance of Cogeбанque Plc where the Pearson correlation coefficient is equal to 1 which means that there is a strong relationship between employees motivation and performance as stated by the rule of correlation coefficient saying that if the Pearson correlation coefficient is equal to 1 means that there is a strong relationship between two variables. This means that the change in employees' motivation is strongly correlate with the change in the performance.

It also shows that the significant coefficient between employees motivation and performance is equal to 0.000 which means that there is a statistically significant correlation between employees motivation and performance as stated by the rules of significant coefficient which says that if the significant coefficient is less than 0.05, it means that there is a strong relationship between your two variables.

## **5.2. Conclusion**

The main purpose of this study is to analyze the financial motivation applied by Cogeбанque Plc where employees of Cogeбанque Plc confirmed that salary increases encourage employees to work harder, ( $M = 4.29$ ) stands for excellent extent and the standard deviation of 0.66 ( $\sigma > 0.5$ ) refers to big dispersion of data (heterogeneity). At this point, it is clear that, increase in salaries lead to excellent performance in Cogeбанque Plc. Receiving the appropriate salary for one's efforts and abilities is a culture in Cogeбанque Plc as the mean ( $M = 4.03$ ) which implies excellent extent. This implies that the employees' efforts and abilities are considered in salary fixation in Cogeбанque Plc. Employees in Cogeбанque Plc Receive a proper salary in proportion to one's dedication and performance as the mean ( $M = 4.24$ ), this implies excellent extent. It is evident that salaries are performance is proportional in Cogeбанque Plc. Employees in Cogeбанque Plc get a yearly bonus. There are still some challenges in improving career prospects as the mean has been 3.09 which means moderate extent. In COGEBANQUE PLC, employees agreed that motivating and dedicating oneself on

the work is a culture in their workplace ( $M = 4.24$ ). At this point it is very true to confirm that there are opportunities for career development in COGENANQUE PLC.

COGEBANQUE PLC provides Job-specific education and training to its employees as the mean is 4.38. COGEBANQUE PLC does not have a clear plan for staff development as many employees disagreed ( $M = 2.94$ ). Employees' respondents pointed out that they participate in events that can help you grow as a professional ( $M = 4.40$ ). A training program can assist employees in being more adaptive and active at work as it was agreed by the respondents ( $M = 4.42$ ). From this point of view, it is very clear that there is opportunities development in COGEBANQUE PLC. For all these variations of year, there has been the increment even though effective of employees motivation, COGEBANQUE PLC has increased its net operating income by collecting revenues in various sources and employee motivation tools are inclusive.

In 2018-2019 the net income was 20.3% and become -4.4% in 2019-2020, the net income has increased at 30.5% in 2020-2021 while net income increased up to 80.9%. According the result obtained the net profit of COGEBANQUE PLC increased year to year, because of many thing such good services delivery on the customers particularly employee motivation tools in 2019 the net profit increased because of use employees motivation tools because in these years Rwandan population has been aware on the use of employee motivation tools. Due to motivation tools used by COGEBANQUE PLC, employees of this bank have worked hard to increase the net profit and the bonuses they receive are delivered based on the level of the net profit obtained by the bank. kind of ratios, the ROE was positive for every years of research period. Return on Equity of COGEBANQUE PLC was 12.6% in 2018, 13.6% in 2019, 11.5% in 2020, 13.1% in 2021 and 19.1% of 2022. The ROE serves to pay the capital invested in shareholders what involves that 100 Rwf of invested capital allow recovering about 13.6 Rwf in 2019, 11.5 Rwf in 2020; 13.1 Rwf in 2021 and 19.1 Rwf in 2022. The use of Employee motivation tools COGEBANQUE PLC has greatly improved on the profits and profitability of the bank through motivation tools have expended sources of revenues for the bank.

Rwandan franc remaining after all cost and expenses have been deducted, COGEBANQUE PLC has earned 21.4% in 2018; 22.1% in 2019; 20.2% in 2020 and 23.1% in 2021 and 32.5% in 2022, this shows that the bank was able to cover all costs and expenses and was able to make profits from its operations during the period of study. From 2018 to 2022 Net Profit

Margin ratio because of higher rate of investment COGEBANQUE PLC invests in employee motivation tools.

COGEBANQUE PLC has made good net profit margin ratio in the period of this study. These good results were obtained due on the effort made by employees who are very courageous to work hard, to enable the bank to succeed because the bank shares with them some benefits through motivation tools.

COGEBANQUE PLC got a lot of return in the period under the study; the study showed that the return on assets was 1.6% in 2018, 1.8% in 2019 and 1.4% in 2020, 1.7% in 2021 and in 2022 the ROA was 3.1%. This means that for 100 Rwf invested in assets in COGEBANQUE PLC has generated 1.8Rwf in 2018, 1.4 Frw in 2020 and in 2021 was 1.7 Frw and 3.1 Frw in 2022. On the role of employee motivation tools on return on asset ratio indicated that COGEBANQUE PLC has participated in providing employees motivation and this showed that employees motivation has a positive strong relationship of return on asset ratio in COGEBANQUE PLC.

the Pearson correlation coefficient is equal to 1 which means that there is a strong relationship between employees motivation and performance as stated by the rule of correlation coefficient saying that if the Pearson correlation coefficient is equal to 1 means that there is a strong relationship between two variables. This means that the change in employees' motivation is strongly correlate with the change in the performance.

It also shows that the significant coefficient between employees motivation and performance is equal to 0.000 which means that there is a statistically significant correlation between employees motivation and performance as stated by the rules of significant coefficient which says that if the significant coefficient is less than 0.05, it means that there is a strong relationship between your two variables.

### **5.3. Suggestions**

The study found that the rewarding system has a significant contribution on employees' performance. In this way, some suggestions are recommended on the management of COGEBANQUE PLC so that its rewarding system can contribute more on employees' performance.

- Provided that Incentive programs motivate employees to push and challenge themselves to achieve higher degrees of productivity, COGEBANQUE PLC should improve its incentive plan.
- COGEBANQUE PLC should enhance adapting fringe benefits on the needs of employees. This is because, Fringe benefits serve as additional compensation and providing unique fringe benefits to employees helps the company stand out from its competitors. It provides a greater opportunity to attract high value and talented employees from schools or from competing companies.
- COGEBANQUE PLC should initiate proper plan for staff development. This employee development plan will help workers to acquire new skills for their current job while expanding their talents for new roles in the Bank. When done well, it can help them stay within the bank, happier and longer.
- COGEBANQUE PLC should plant the culture of improving career prospects. This will enhance the probability or chance for future success in a profession on the employees.
- COGEBANQUE PLC should let employees to have a great role in participating in crucial decisions. This participation in the decision-making process will give each employee the opportunity to voice their opinions, and to share their knowledge with others. While this improves the relationship between manager and employee, it also encourages a strong sense of teamwork among workers.
- COGEBANQUE PLC should create a favourable environment workplace feeling improvement. This will lead to better performance often leads to improved productivity.

#### **5.4. Areas for further research**

Since this research project focused on the analysis of the impact of employees motivation on financial performance of COGEBANQUE PLC, we only examined the issues related on the subject matter of study. Then we encourage the future researcher to make research on other determinants of employees' performance in financial institutions. Researchers may also conduct a study on the factors that hinder effectiveness of rewarding system in financial institutions. Examining the contribution of employees' commitment towards employees' performance is needed for further researchers.

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### **D. ELECTRONIC SOURCES**

1. [www.cogebanque.co.rw](http://www.cogebanque.co.rw)

# **APPENDICES**

## QUESTIONNAIRE ON THE EMPLOYEES OF COGEBANQUE PLC

Dear sir/Madam

I am students at Kigali Independent University ULK pursuing Master's Degree in Finance on the title *“Contribution of employees' motivation on the performance of commercial banks in Rwanda. Case study: Cogebanque Plc (2018-2022)”* request you to fill the questionnaire and return the same.

**APPENDIX 1: QUESTIONNAIRE RESERVED ON THE EMPLOYEES OF  
COGEBANQUE PLC**

**Instructions**

1. Tick the answer that you think is the most right to each question by putting the sign” ✓ “in the appropriate reserved space

**SECTION A: PROFILE OF RESPONDENTS**

**a. Gender**

Male

Female

**b. Age**

21- 30 years

31- 40 years

41- 50 years

51 and above

**c. Marital status**

Single

Married

Divorced

Widower

**d. Educational level**

Advanced level (A2)

Diploma (A1)

Bachelors' degree (A0)

Masters' degree

**e. How long have you been working in COGEBANQUE?**

1 - 3 years

4– 6 years

7 years and above

**SECTION B: To analyse the effect of financial motivation on performance of Cogeбанque Plc**

This section has statements regarding the financial motivation applied by Cogeбанque Plc. Kindly respond with the response that matches you opinion. Please tick as appropriate in the boxes using a tick (√) or cross mark (x). Strongly agree (SA) =1, Agree (A) =2, Neutral (N) =3, Disagree (D) =4, Strongly disagree (SA)= 5

<b>Q1</b>	<b>Salary as motivation factor</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	Salary increases encourage employees to work harder					
2	Receiving the appropriate salary for one's efforts and abilities					
3	Receiving a proper salary in proportion to one's dedication and performance					
4	Compensation system that is efficient and effective					
<b>Q2</b>	<b>Bonus as motivation factor</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	Getting a yearly bonus					
2	Recognizing the additional work and taking it into account when deciding on a reward					
3	Bonus payment is reasonable and equitable in light of the work and qualifications					
4	Increasing employee commitment on the task by incorporating an incentive plan					



<b>Q3</b>	<b>Fringe benefits as motivation factor</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	Adapting fringe benefits on the needs of employees					
2	At the conclusion of each year, the employee's leave policy is refunded					
3	Allowing for flexible travel expenses and allowances					
4	In comparison to other companies, providing equitable fringe benefits					

**SECTION C: To examine the non-financial motivation applied by applied by Cogebanque Plc**

This section has statements regarding the non-financial motivation applied by applied by Cogebanque Plc. Kindly respond with the response that matches you opinion. Please tick as appropriate in the boxes using a tick (√) or cross mark (x). Strongly agree (SA) =1, Agree (A) =2, Neutral (N) =3, Disagree (D) =4, Strongly disagree (SA)=5

<b>Q4</b>	<b>Opportunities for career development as motivation factor</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	Individual performance is used to promote people					
2	Promoting in an open and transparent manner					
3	Improving career prospects					
4	Motivating and dedicating oneself on the work					
<b>Q5</b>	<b>Development Opportunities as motivation factor</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	Job-specific education and training					
2	Having a clear plan for staff development					
3	Participating in events that can help you grow as a professional					
4	A training program can assist you in being more adaptive and active at work					

<b>Q6</b>	<b>Job Related Non-Financial Incentives as motivation factor</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	Participating in crucial decisions					
2	Assigning greater responsibilities and opportunities for growth at work					
3	Autonomy to deal with the majority of the issues					
4	Allowing employees to do delegated tasks in their own way					

**SECTION D: To find out the relationship between employees motivation and performance of CogeBanque Plc**

<b>Q7</b>	<b>Relationship between employees motivation and performance of CogeBanque Plc</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	Positive					
2	Negative					

**Thanks for your cooperation**

## **INTERVIEW GUIDES**

1. What are the types of motivation mostly offered by COGEBANQUE PLC?
2. How is the employees performance after getting motivation in COGEBANQUE PC?
3. 9. Which recommendations can suggest so that the employees motivation in COGEBANQUE PLC can be more improve?