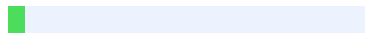




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SCHOOL OF ECONOMICS AND BUSINESS STUDIES
DEPARTMENT OF ACCOUNTING
P.O.BOX: 2280 KIGALI

Dissertation submitted to the school of Economics Business Studies in partial fulfillment of the academic Requirements for the award of a Bachelor's Degree with Honors in Accounting

By MUTESI Claudine

Roll Number: 202010193

Supervisor: NSENGIYUMVA Jacques

Kigali, August 2024

DECLARATION

I, MUTESI Claudine hereby declare that the work presented in this dissertation titled: "Role of Employees Motivation on Performance of Commercial Banks in Rwanda. Case Study: Bank of Kigali Plc (2020-2023)" is my original work. To the best of my knowledge no work of the same kind has ever been presented before in any university or institute of higher education.

MUTESI Claudine

Signature :

Date...../...../2024

APPROVAL

This is to certify that this work in titled "Role of Employees Motivation on Performance of Commercial Banks in Rwanda. Case Study: Bank of Kigali Plc (2020-2023)" has been conducted by MUTESI Claudine under my guidance and supervision.

Supervisor: NSENGIYUMVA Jacques

Signature.....

Date...../...../2024

DEDICATION

ACKNOWLEDGMENTS

First and foremost, I would like to acknowledge the Almighty God who unceasingly provides me strength to go and makes everything happen. So, praises and Glory to him from the deepest bottom of my heart forever and ever.

I would like first of all to extend my gratitude to the mind behind the establishment of a great institution of high learning, especially Prof. Dr. RWIGAMBA Balinda the founder of ULK.

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Finally, I wish to acknowledge with thanks to my friends and classmates with whom I used to share ideas during the course of my studies up to the final project report especially for great support and good advices.

May God bless you abundantly!!!

MUTESI Claudine

LIST OF ABBREVIATIONS AND ACRONYMS

AQR : Asset Quality Ratio

BIS : Bank for International Settlement

BNR : Banque Nationale du Rwanda

\bar{c} : Average Covariance between item pairs

CAMEL :

CAR : Capital Adequate Ratio

CV : Curriculum Vitae

CVI : Content Validity Index

D/E : Debt to Equity

EBIT : Earnings Before Interest and Taxes

FS : Financial Statement

GP : Gross Profit

GPM : Gross Profit Margin

HR : Human Resource

HRM : Human Resource Management

IFRS : International Financial Reporting Standards

LTD : Total loan to customer deposits

Ltd : Limited

M : Mean

N : Number of items

NBR : National Bank of Rwanda

NI : Net Income

NIM : Net Interest Income Margin

NP : Net Profit

NPLs : Non-Performing Loans

NS : Net Sales

OP : Operating Profit

P&L : Profit and Loss

PLC : Public Limited Companies

Rfw : Rwandan Franc

ROA : Return On Assets

ROCE : Return On Capital Employed

ROE : Return On Equity

ROI : Return On Investment

S.A : Société Anonyme

Sig. : Significance

Spss : Statistical Package for Social Sciences

Std : Standard Deviation

TI : Total Amount Invested

U.S. : United State

ULK : Université Libre de Kigali

UNCTAD : United Nations Conference on Trade and Development

\bar{v} : Average Variance

% : Percentage

LIST OF FIGURES

Figure 1: Maslow's Hierarchy of Needs 9

Figure 2: The two-factor theory of motivation 13

Figure 3: Conceptual Framework 28

LIST OF TABLES

Table 4.1: Gender of respondents 35

Table 4.2: Age of respondents 36

Table 4.3: Marital status of the respondents 36

Table 4.4: Educational level of the respondents 36

Table 4.5: Time period of respondents being employee of Bank of Kigali Plc 37

Table 4.6. Salary 38

Table 4.7. Bonus 39

Table 4.8. Fringe benefits 40

Table 4.9. Financial motivation given to employees of Bank of Kigali Plc 40

Table 4.10. Opportunities for career development 42

Table 4.11. Development Opportunities 42

Table 4.12. Job Related Non-financial Incentives 44

Table 4.14: Capital Adequacy Ratio (CAR) of Bank of Kigali Plc 45

Table 4.15: Asset Quality Ratio of Bank of Kigali Plc 46

Table 4.16: Comparison between nonperforming loans and credit issued within Bank of Kigali Plc 47

Table 4.17. Number of active borrowers to management staffs 48

Table 4.18. Cost per Loan Made on employees motivation of Bank of Kigali Plc 49

Table 4.19. Return on Equity of Bank of Kigali Plc 50

Table 4.20: Return on assets (ROA) of Bank of Kigali Plc 51

Table 4.21. Current ratio of Bank of Kigali Plc 52

Table 4.22: Loan to asset ratios of Bank of Kigali Plc 53

Table 4.23: Loans to deposit ratio of Bank of Kigali Plc 54

Table 4.24: Correlation between employees motivation and performance of Bank of Kigali Plc 55

TABLE OF CONTENTS

DECLARATION ii

APPROVAL iii

DEDICATION iv

ACKNOWLEDGMENTS v

LIST OF ABBREVIATIONS AND ACRONYMS vi

LIST OF FIGURES viii

TABLE OF CONTENTS ix

CHAPTER 1: GENERAL INTRODUCTION 1

1.1. Background of the study 1

1.2. Problem statement 3

1.3. Objectives of the study 4

1.3.1. General objective 4

1.3.2. Specific objectives 4

1.4. Research Questions 4

1.5. Hypothesis 5

1.6. Scope of the study 5

1.6.1. Scope in Domain 5

1.6.2. Geographical scope 5

1.6.3. Scope in time 5

1.7. Significance of the study 5

1.7.1. Personal interest 5

1.7.2. Academic and scientific interest 6

1.7.3. Social interest 6

1.8. Structure of the thesis 6

CHAPTER II: LITERATURE REVIEW 7

2.1 Definition of key concepts 7

2.1.1 Employees 7

2.1.2. Motivation 7

2.1.3. Employees Motivation 8

2.1.4. Performance 8

2.2. Theories related to employees motivation 8

2.2.1. Maslow Hierarchy of Needs 9

2.2.1.1 Physiological needs 10

2.2.1. Safety Needs 11

2.2.1.3 Needs of love and Belongingness 11

2.2.1. Esteem Needs 12

2.2.1.5 Self-actualization Needs 12

2.2.2. Herzberg's two-factor theory 13

2.2.3. Vroom's Expectancy theory 14

2.2.4. McGregor's theory X and Theory Y 15

2.2.4.1 Theory X 15

2.2.4.2 Theory Y 16

2.2.5. Factors of Employees motivation 17

2.2.5.1. Salaries and Wages 18

2.2.5.2. Incentive Plans 18

2.2.5.3. Employee Benefits 19

2.2.5.4. Bonuses 19

2.2.5.5. Commissions 20

2.2.5.6. Additional Privileges	20
2.2.5.7. Compensation	21
2.2.5.8. Development Career	21
2.2.5.9. Training and development	21
2.3. Theories related to performance	22
2.3.1. Capital Adequacy	22
2.3.4 Earning ability	24
2.3.5 Liquidity	25
2.4. Relationship between employees motivation and performance of commercial banks	26
2.5. Empirical studies	26
2.6. Research gap	27
2.7. Conceptual Framework	28
CHAPTER 3: RESEARCH METHODOLOGY	29
3.0. Introduction	29
3.1 Research design	29
3.2. Population of the study	29
3.3. Sample Size	29
3.4. Sampling techniques	30
3.5. Data collections Techniques	30
3.5.1. Questionnaire Techniques	30
3.5.2. Interview	31
3.5.3: Documentary Review	31
3.6. Validity and reliability tests	31
3.6.1. Validity of Instruments	31
3.7. Data processing	32
3.7.1. Editing	32
3.7.2. Coding	32
3.7.3. Tabulation	33

3.8. Data analysis methods 33

3.8.1. Analytical method 33

3.8.2. Historical method 33

3.8.3. Synthetic method 33

3.8.4. Statistic method 34

3.9. Limitation of the study 34

3.10. Ethical considerations 34

CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION OF THE FINDINGS 35

4.0. Introduction 35

4.1. Identification of respondents 35

4.1.1. Gender 35

4.1.2. Age of respondents 35

4.1.2. Marital status of the respondents 36

4.1.3. Educational level of the respondents 36

4.1.4. Experience of respondents 37

4.2. Effectiveness of employees motivation applied by Bank of Kigali Plc 37

4.2.1. Financial motivation in Bank of Kigali Plc 37

4.2.1.1. Salary 38

4.2.1.2. Bonus 39

4.2.1.3. Fringe benefits 39

4.2.1.4. Financial incentives offered by Bank of Kigali Plc 40

4.2.2. Non-financial motivation in Bank of Kigali Plc 41

4.2.2.1. Opportunities for career development 41

4.2.2.2. Development Opportunities 42

4.2.2.3. Job Related Non-financial Incentives 43

4.4. Contribution of employees motivation on performance of Bank of Kigali Plc 44

4.3.1 Capital Adequacy Ratio (CAR) 44

4.3.2 Asset Quality Ratio 46

4.3.2. Nonperforming Loans to credit granted in Bank of Kigali Plc	47
4.3.3. Management Quality Ratios	48
4.3.4 Earnings	50
4.3.4.1. Return on equity (ROE)	50
4.3.4.2. Return On Assets (ROA)	51
4.3.5 Liquidity ratios	52
4.3.5.1. Current Ratio	52
4.3.6. Leverage ratios	53
GENERAL CONCLUSION AND RECOMMENDATIONS	56
SUMMARY OF THE FINDINGS	56
GENERAL CONCLUSION	58

CHAPTER 1: GENERAL INTRODUCTION

This chapter provides the background to the study, statement of the problem, objectives of the study, research questions, hypothesis and significance of the study. It also contains the scope and the organization of the study.

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 their 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. A motivated employee is a valuable asset, delivers immense value on the organization in maintaining and strengthening its business and revenue growth (Lee, 2018).

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 Bank of Kigali 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. The aim of this research study is to analyze the role of employees on performance of commercial banks in Rwanda.

1.2. Problem statement

The continuing proliferation of labor disputes and the unwarranted safety stoppages tarnish the image of commercial banks in Rwanda (Martinez J. 2013). In a highly competitive, global environment, organizations are constantly under pressure to retain their workforce (Deci, 2013). Highly skilled, reliable and experienced employees are a valuable asset for any organization.

Numerous researchers have examined the gauge the influence of employee motivation on organizational performance of commercial banks in different countries using different variables to measure motivation for instance in Mogadishu-Somalia, Jimale (2015) examined the performances of commercial banks grounded on the workforce performance and productivity and operational performance have not enhanced the overall performances of commercial banks significantly. Yaqoob, (2019) establish that effect of leadership

development on employee performance of commercial banks in in Pakistan. Ali & Mohamud (2013) carried out that proper motivational factors reduced organizations exposure to moral risks and provides an opportunity to stabilize and improve employees' performance. Not all these studies addressed employee motivation of commercial banks with specific attention on workforce performance and productivity and operational performance of commercial banks in Rwanda. In organizations with employee motivational factors in place tend to have a high level of employee performance than those that do not motivate their employees (Patrick, 2012).

It's unreasonable for an employee to work for many years without being promoted or rewarded in any way leads to poor performance of employees and being discouraged. This means that motivation of employee has a significant impact on employee performance. However, there is a problem many organizations that have continued to perform poorly due to less employee performance and have not motivated their employees because they lack sufficient information on the various ways though which motivation leads to employee performance.

Bank of Kigali Plc may have implemented various employee motivation strategies over the years to enhance job satisfaction, engagement, and overall performance. These strategies could include competitive compensation packages, career development opportunities, recognition programs, work-life balance initiatives, and a positive organizational culture. Performance of Bank of Kigali Plc can be assessed through key financial metrics such as return on assets (ROA), return on equity (ROE), net profit margin, efficiency ratios, and other relevant indicators where total interest income rose by 21.4% y-o-y to FRw 176.6 billion, while our net loan book grew by 16.4% to FRw 990.3 billion y-o-y. Total interest expenses increased by 23.3% y-o-y to FRw 40.3 billion, in line with the growth in customer deposits to FRw 974.5 billion. Overall, the net interest margin increased to 10.9% from 10.7% in 2020. Non-interest income totaled to FRw 37.9 billion, an increase of 41.4% y-o-y driven by the increase in trade volume and economic activities. Total operating income rose by 24.8% to FRw 174.2 billion, while total operating expenses rose by 39.2% to FRw

63.2 billion. Loan loss provision rose to FRw 37.7 billion. Bank of Kigali Plc served 424,011 Retail customers and over 36,700 corporate clients by the end of 2021. By comparing these ratios with changes in employee motivation levels or initiatives implemented by the bank, it is possible to identify correlations between employee engagement and organizational performance. By conducting a comprehensive analysis of employee motivation levels and their impact on performance ratios at Bank of Kigali Plc, it was possible to determine whether there is a direct relationship between motivated employees and improved financial outcomes. This assessment can provide valuable insights for future strategic planning and human resource management decisions within the organization. Therefore, this study seeks to examine role of employees motivation on performance of commercial banks in Rwanda.

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 the contribution of employees motivation on performance of commercial banks in Rwanda.

1.3.2. Specific objectives

- (i) To analyse effectiveness of employees motivation of Bank of Kigali Plc
- (ii) To find out the role of employees motivation on performance of Bank of Kigali Plc

1.4. Research Questions

The research questions are the following:

- (i) Does Bank of Kigali Plc effectively motivate its employees?
- (ii) Does employees motivation contribute to performance of Bank of Kigali Plc?

1.5. Hypothesis

- (i) Bank of Kigali Plc effectively motivate its employees
- (ii) Employees motivation contribute to performance of Bank of Kigali Plc

1.6. Scope of the study

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

1.6.1. Scope in Domain

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

1.6.2. Geographical scope

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

1.6.3. Scope in time

The study covered a period of four years from 2020 up to 2023. The researcher choose this period because is where they was able to obtain the updated data which helped researcher to accomplish their study.

1.7. 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.

1.7.1. 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.

1.7.2. Academic and scientific interest

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

This research helped 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.

1.7.3. Social interest

To know how the role 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 four 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 present and analyse the findings and interprets the data collected and study was ended by conclusion, recommendation and suggestions for further research.

CHAPTER II: LITERATURE REVIEW

This chapter refers to the definition of key words used in the work in order to facilitate the interested reader to have the same understanding with the authors about such important concepts. It also analyzed and made reference to theories of different authors, scholars and researchers on how employee's motivation has affect the performance of the company.

2.1 Definition of key concepts

This section clearly defines the key concepts of the research topic to help the readers' understanding.

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, 2012).

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 profitability (Daniel, 2016).

The American Heritage dictionary of the English Language (2006) 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 had goals to achieve which surpass financial gains from their 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, (2011) 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.

According to David A. Cennzo, (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.

2.1.3. Employees Motivation

According to Steers (2010), 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 (2010) wrote that if employees' motivation is crucial for initiating behavior, then profitability exists at the opposite end of the spectrum and is defined as the outcome of a motivated act.

Posti, C. (2011) 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 had unlimited potential to contribute in the achievement of objectives.

2.1.4. 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 profitability 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 profitability 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 profitability (Kane, 2016).

2.2. Theories related to employees motivation

Motivation theories can help management teams determine the best way to achieve a business goal or work toward a desired outcome. Successfully applying motivation theories also can help managers support their employees more efficiently. This can help businesses enhance their productivity, which can improve workplace morale and increase profits.

2.2.1. Maslow Hierarchy of Needs

The first theory of motivation which is used as a theoretical base for this study is Abraham Maslow's motivation theory. Abraham Harold Maslow (1908–2012) is an American psychologist who is well-known for his theory of Hierarchy of Needs. The theory illustrates five different stages of human needs in a hierarchic order, starting from the most basic to the most complex ones. In a survey "Review of General Psychology" published in 2002, Maslow was named among the tenth most famous psychologists in the 20th century (McGahhey, 2002).

There are some needs that are fundamental to human beings, and without their existence nothing else matters. We living persons consider needs as a motivator. We always start with the lowest level of needs (Skemp & Toupence 2010) and strive for satisfaction fulfilment; once achieved, we are then looking to satisfy higher needs. In other words, "a person cannot move to the next level of needs without satisfying the previous level" (Maslow 2008).

Maslow's Hierarchy of Needs is often described in a pyramid shape with the largest and most elementary levels of need at the bottom, and the need for self-actualization at the top (Steere 2012).

"Maslow used the terms 'physiological', 'safety', 'belongings' and 'love', 'esteem', and 'self-actualization' to describe the pattern that human motivations generally move through. The goal of Maslow's theory is to attain the highest level of stage: self-actualization needs" (McEwen & Wills 2014).

Figure 1: Maslow's Hierarchy of Needs

Source: Finkelstein, 2006

The most basic and essential four layers of Maslow's Hierarchy of Needs pyramid are called "deficiency needs" or "d-needs": physiology needs, safety needs, love and belongings, and esteem. If there is a deficiency on this level, an individual's all behaviors was directed to content the deficits (Cherry, 2015).

Furthermore, if these “d-needs” are not met with the exception of physiology needs: a fundamental level of need which must be fulfilled with satisfaction in the first place the individual will feel nervous and scared. For example, if you have not slept well or eaten adequately, you will not be interested in your belongings desires. It is suggested by Maslow that the most essential level of needs must be met and achieved before a person moving to satisfy higher levels of needs (Goble 2012). In addition, the “d-needs” itself classified into basic needs (including physiological and safety needs) and psychological needs (including love and belonging and esteem) (McLeod, 2016).

2.2.1.1 Physiological needs

The needs that are usually taken as the starting point for motivation theory are the so-called physiological drives (Maslow, 2007). According to Maslow, the physiological needs of the organism are those which enable the process of homeostasis and that appetites (preferential choices among foods) are a fairly efficient indication of actual needs or lacks in the body. It is often the basic reason why organisms move toward certain goals in their environment. These consist mainly of the need to breathe, the need to drink water, the need to regulate homeostasis, the need to eat, and the need to dispose of bodily wastes. Every human requires all needs above because they are the basic needs of a human being.

Homeostasis refers to the body's automatic efforts to maintain a constant, normal state of the bloodstream. Cannon has described this process for the water content of the blood, salt content, sugar content, protein content, fat content, calcium content, oxygen content, constant hydrogen-ion level (acid-base balance), and constant temperature of the blood. This list can be extended to include other minerals, hormones, vitamins, etc. (Maslow, 2007).

But, we cannot identify all physiological needs as homeostatic. That sexual desire, sleepiness, sheer activity, and maternal behavior in animals, are homeostatic, has not yet been demonstrated. Furthermore, this list would not include the various sensory pleasures (tastes, smells, tickling, stroking) which are probably physiological and which may become

the goals of motivated behavior (Maslow, 2007).

Therefore, physiological needs consist of needs for oxygen, food, water, and a relatively constant body temperature. Maslow felt that physiological needs are adequately met for most people in our society. When these needs are met, the next need on the hierarchy emerges as a dominant force in controlling and directing behavior.

2.2.1.2 Safety Needs

When all physiological needs are satisfied and are no longer controlling thoughts and behaviors, the security needs can become active (Boeree, 2009). These needs represent a need for safety or security in our environment. Like physiological needs, safety needs are primarily triggered in emergencies. Higher needs become unimportant when one's life is endangered, and our behavior reflects our attempts to remain secure.

An example of, child's need for safety is his preference for some kind of undisrupted routine or rhythm. He seems to want a predictable, orderly world. For instance, injustice, unfairness, or inconsistency in the parents seems to make a child feel anxious and unsafe. This attitude may be not so much because of the injustice per se or any particular pains involved, but rather because this treatment threatens to make the world look unreliable, or unsafe, or unpredictable (Maslow, 2007).

Safety needs dominate our behavior primarily in times of emergency. Maslow, however, felt that working on the safety needs can also be seen in people's preference for familiar surroundings, secure jobs, savings accounts, and insurance. Safety needs are most evident in your children, as shown when an infant cries if it is dropped suddenly, is startled by a loud sound, or a stranger enters the room (Petri, 2003).

2.2.1.3 Needs of love and Belongingness

If both the physiological and the safety needs are fairly well gratified, then there will emerge the love and affection and belongingness needs (Maslow, 2007). These needs involve a hunger for an affectionate relationship with others, a need to feel part of a group, or a feeling that one belongs. The love needs are not equivalent to sexual needs (which are physiological), though sexual intimacy can serve to satisfy one's need to belong (Petri,

2003). Maslow argues that individuals seek to overcome feelings of loneliness and alienation. This involves both giving and receiving love, affection, and a sense of belonging.

Humans generally need to feel belonging and acceptance, whether it comes from a large social group (clubs, office culture, religious groups, professional organizations, sports teams, gangs) or small social connections (family members, intimate partners, mentors, close colleagues, confidants). They need to love and be loved (sexually and non-sexually) by others. This love and belonging need can often overcome the physiological and security needs, depending on the strength of the peer pressure. E.g. an anorexic ignores the need to eat and the security of health for a feeling of belonging.

2.2.1.4 Esteem Needs

If the love needs have been adequately met, they too slip into the background about guiding behavior, and the esteem needs become dominant. These are needed for a positive, high evaluation of oneself. This evaluation can be broken down into two subcategories a need for self-esteem and a need for esteem from others (Petri, 2003). The need for self-esteem motivates the individual to strive for achievement, strength, confidence, independence, and freedom. The need for esteem from others involves a desire for reputation, status, recognition, appreciation by others of one's abilities, and a feeling of importance.

Then, Maslow classified into two subsidiary sets. These are, first, the desire for strength, for achievement, for adequacy, for confidence in the face of the world, and independence and freedom. Secondly, we have what we may call the desire for reputation or prestige (defining it as respect or esteem from other people), recognition, attention, importance, or appreciation. (Maslow, 2007).

2.2.1.5 Self-actualization Needs

When one has satisfied the first four-level of need, the final level of development, which Maslow termed self-actualization, can be reached. At the self-actualization level, the person's behavior is motivated by different conditions than at the lower levels. It means, at

this level, the individual differences are greatest.

The self-actualized individual has satisfied all the deprivation needs of the first four levels of the hierarchy. The behavior of the self-actualized person is, as a result, motivated by a new set of needs, which Maslow termed the being needs (Bmotivation, or meta motivation). These B-motives are values such as truth, honesty, beauty, and goodness, and they provide meaning to the life of the self-actualized individual. The clear emergence of these needs usually rests upon some prior satisfaction of the physiological, safety, love, and esteem needs. (Petri, 2003).

Maslow said that there are several characteristics of self-actualizing people, those are: embrace the facts and realities of the world (including themselves) rather than denying or avoiding them, are spontaneous in their ideas and actions, are creative, they are interested in solving problems; this often includes the problems of others, solving these problems is often a key focus in their lives, they feel a closeness to other people, and generally appreciate life, they have a system of morality that is fully internalized and independent of external authority, they have discernment and can objectively view all things.

In short, self-actualization is reaching one fullest potential and intrinsic growth of what is already in the organism, or more accurately of what the organism is. Self-actualization is a useful concept; there is no proof that every individual has this capacity or even the goal to achieve it, but it is a difficult construct.

2.2.2. Herzberg's two-factor theory

The theoretical study of this thesis continues with Frederik Herzberg's motivation theory. Frederick Herzberg's two-factor theory demonstrated that human's behavior is influenced by two sets of factors which are the satisfaction factor and the dissatisfaction factor. He believes that those factors result in human motivation and job satisfaction in the workplace and the absence of them does not cause dis- satisfaction but not motivation either. Based on the theory, Frederik Herzberg also pointed out the two components which contribute to the state of satisfaction and dissatisfaction, called motivator factors and hygiene factors as show in figure below (Herzberg 2013).

Figure 2: The two-factor theory of motivation

Source: Weiner (2012)

Motivator factors, including personal achievement, status, recognition, the work itself, responsibility, growth, promotion, and opportunity for advancement, are described as intrinsic factors (Herzberg 2013). The intrinsic factors tend to be intangible and deal with more emotional needs. A typical example of it would be referred to doing something with interest and enjoyment. The presence of motivator factors can lead to an increase in motivation, satisfaction and, thus, higher commitment, but the absence of it will not certainly reduce motivation (Pardee 2015).

On the contrary, hygiene factors, for instances, interpersonal relationships, company policies and administration, working conditions, quality of supervision, job security, salary, and wages and other benefits, and work-life balance, are characterized as extrinsic factors (Herzberg 2013). The extrinsic factors are tangible and classified as basic needs since it refers to doing something for external rewards such as money, fame, or status. It is opposite to intrinsic factors which influence a person's behavior by his or her inner desire and motivation. Also, unlike motivator factors, the presence of hygiene factors will not motivate, but could avoid dissatisfaction, however the absence will surely lead to demotivation (Chapman, 2017).

According to Herzberg (2013), there exist a complex connection between satisfaction and dissatisfaction. They both have a great influence on a person's behavior and the state of being satisfied or dissatisfied; however, they are affected by different factors and preceded independently of each other (Herzberg 2015). For example, a person indicates himself/herself as a cause to satisfaction, whilst blaming the external factors like the situation or environment for resulting in dissatisfaction (House & Wigdor 2014).

2.2.3. Vroom's Expectancy theory

The last motivation theory chosen as a basement for this study is Vroom's expectancy

theory. The theory, which was established by Victor H. Vroom (2014) cited the connection between a person's effort and motivation with the expected desired outcomes.

It explains the procedure of how a person selects to perform a set of behaviours over another one, and how the decision made is related to the goals (Skemp & Toupenca 2010).

According to Vroom (2014), an individual's motivation to reach a desired outcome is determined by the three important components, which are expectancy, instrumentality, and valence.

The first component in the equation is expectancy, which is defined as a person's belief that their effort will result in desired outcomes, such as profitability or success. It is also a person's evaluation of what kind and how much effort should be put in order to achieve better results or higher profitability. For example, an employee working in the customer services department believes that if he/she tries harder, the work profitability will lead to customer satisfaction. When the employee has a strong feeling of it and is aware that he/she is able to accomplish the goal, then he/she was likely to put more effort to work. In this way, we say he/she has high expectancy.

The second component instrumentality refers to a person's belief that his/her profitability is linked to later results, such as reward or punishment. For instance, if a person believes that his/her hard-work was recognized and resulted in rewards, he/she is likely to put more effort to work. Finally, valence component demonstrates a person's perception about the amount of reward or punishment received as a result of profitability. If a person feels that the reward or punishment is well-earned with his/her effort and financial performance, he/she will put more effort to achieving it (Skempt, 2010).

2.2.4. McGregor's theory X and Theory Y

Employee motivation was the main subject of discussion when McGregor developed the two theories and he explained the factors which motivate people at the place of work.

McGregor developed this theory to explain the behavior of employees towards different management strategies adopted by various organizations (Burke, 2011). The two theories

developed by McGregor have great impact on the organizational processes.

The theories have similarities and some differences concerning the manner in which organizations motivate their employees. However, the overall concept that was developed was that motivation is an important factor that determines the performance of employees in an organization. McGregor explains that motivation affects almost all activities of an organization and managers should motivate their employees if good results are to be achieved (Kane, 2016).

2.2.4.1 Theory X

Waddell, Jones, George (2011) explained that McGregor proposed that people do not like work and they attempt to avoid it at all costs. This theory assumes that people have no ambition in life and they try to avoid responsibilities as much as possible.

Leadership is not an aspiration to this category of people and they expect to follow others instead of being leaders. Resistance to change is a common feature of this category of people and they tend to shun new things. Employees applying this theory are not focused on achieving the goals of the organization but they tend to promote their personal goals more than those of the organization. McGregor was of the opinion that this group of people are gullible and that they lack intelligence. Employees are assumed to work for money and to have security at the place of work (Russ, 2011).

According to Kopelman, Prottas and Davis, (2008) opined that managers can apply hard or soft approach to enhance employees change their motivational goals. Through the use of the hard approach managers coerce, threaten, supervise employees closely and put tight control measures to ensure that employees comply with the goals of the organization.

The soft approach applies the use of harmony and permissiveness to encourage employees to cooperate with the top management. When the hard approach is applied employees become hostile, the output declines and trade unions put tough measures to reduce deviance against the set laws. The soft approach results into reduction in output and an increase in the rewards for the employees. Applying a small amount of each approach is the best to achieve optimal management of an organization (Waddell, Jones,

George, 2011).

Theory X has the weakness that it promotes the idea that once employees are satisfied by a particular motivator, they seek a higher level motivator and the previous one becomes useless. This theory is therefore similar to Abraham Maslow's theory of hierarchy of needs whereby people are motivated by higher needs in the hierarchy.

McGregor therefore suggests that managers should use monetary rewards to improve the level of motivation in an organization. The motivations are no longer important once they are provided to the employees and this makes the managers to seek more benefits to motivate their employees (Weisbord, 2011).

2.2.4.2 Theory Y

The assumptions of this theory are that employee should perceive work to be natural and that people are supposed to work to improve their wellbeing. This theory suggests that employees should take work in a positive manner and they should develop self-motivated positive attitude towards work. In his theory, McGregor explained that employees can achieve organizational goals if they are motivated. Commitment to achieve the goals of the organization determines the ability of the employees to achieve them.

He explained that people are satisfied by needs as they continue getting better opportunities in the organization. Existence of higher needs in an organization determines the ability of the employees to get the motive to get these needs and this creates opportunities to exploit the highest goals in an organization. Creativity is a major ingredient in achieving goals in an organization and people can handle this (Russ, 2011).

To capture the motivational energy of employees in an organization using theory Y can be achieved by decentralizing control and delegating duties to subordinates. Delegating duties enhances decision making by promoting the level of responsibilities assigned to each subordinate. In addition, theory Y encourages managers to enlarge the business operations. As such, the scope of business activities is broadened to enable the employees satisfy their ego (Russ, 2011).

Theory Y enhances participation of all stakeholders in the management of the business.

Managers are encouraged to consult their subordinates about issues affecting the organization and this improves the decision making process. It also improves the creativity of people by providing opportunities to all stakeholders.

In addition, theory Y encourages managers to appraise the performance of the employees. This is achieved by setting objectives and participating in the evaluation processes of the organization. The evaluation process determines how successful employees are in achieving the goals of the organization (Kopelman, Prottas & Davis, 2008).

When employees are motivated they will seek opportunities to achieve the goals of the organization. Additionally, Head (2011) is of the opinion that when people are committed to achieve the goals of the organization they was self-directed and makes them avoid laziness. People have the potential to accomplish many goals of the organization and they should be motivated to contribute towards achieving these goals.

2.2.5. Factors of Employees motivation

Employee motivation refers to the level of energy, commitment, and creativity that a company's workers bring to their jobs. It is a crucial aspect of organizational behavior and management, as motivated employees are more likely to perform better, exhibit higher levels of job satisfaction, and contribute positively to the workplace environment.

Understanding the factors that influence employee motivation can help organizations enhance productivity and retain talent.

2.2.5.1. Salaries and Wages

According to Surbhi (2015), employees motivation 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 to 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 compensation 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 (2010) contends that wages and employees motivations specialists get from the association are critical to 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.

2.2.5.2. Incentive Plans

Incentive plans are additional remunerations given to workers over their normal wages and employees motivations (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 to 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, 2014). 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.

2.2.5.3. 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 employees' motivation, 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).

2.2.5.4. Bonuses

A reward is an additional employee's motivation 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.

Sturman (2011) observed that bonus gave off an impression of being the best budgetary impetus. He utilized three unique speculations to portray why workers are impacted by monetary motivating forces: financial hypothesis, value hypothesis, and hope hypothesis.

2.2.5.5. Commissions

Commission is a kind of impetus construct wage that is figured with respect to the measure of business done. A portion of the commissions incorporate level of offers, level of gross or net benefits and single amount installments per exchange (Barongo, 2013). A representative ordinarily needs to fulfill 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).

2.2.5.6. Additional Privileges

Employees in organizations 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 organization 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).

2.2.5.7. Compensation

Organizations which involve innovative strategies to motivate their employees are the ones generally recognizing the importance of employee motivation for more productivity and target achievement (Mwangi, 2014). Remuneration can be alluded as the bundle of quantifiable prizes got for the endeavours put in by the worker and is otherwise called benefits (Gomez et al, 2015). Pay is the key driver of inspiration as people normally have a tendency to perform better when they see something consequently was gotten for their endeavours (Mwangi, 2014).

2.2.5.8. Development Career

Career development has been defined as a succession of related jobs, arranged in a hierarchy of prestige, through which persons move in an ordered, predictable sequence (Wilensky, 2016). Careers consist, objectively, of a series of status and clearly define offices... Subjectively, a career is the moving perspective in which the person sees his life as a whole and interprets the meaning of his various attributes, actions and things which happen to him (Hughes, 2017). There is often a distinction between the objective and the subjective career. The objective career is affected by opportunities for promotion along with continuous learning. This learning and development modify their orientation to the role, their relationship at work, and experience they gain from their working lives: their subjective

career. The ever-increasing changeability of employment and career is expected to set in motion an even more active connection between subjective and objective career (Arthur, Khapova and Wilderom, 2005).

2.2.5.9. Training and development

Employee training and development play a crucial role in a comprehensive human resource management (HRM) strategy, which seeks to optimize the skills and talents of the workforce and cultivate a culture of ongoing enhancement. Training refers to a series of focused educational interventions that are strategically planned to provide employees with the necessary skills and knowledge required to effectively and efficiently carry out their job responsibilities. In contrast, the concept of development encompasses a more comprehensive outlook, fostering the professional advancement of individuals by refining their skills beyond the confines of their present job responsibilities.

2.3. Theories related to performance

The profitability is the results activities of an organization or investment over a given period of time. Profitability is the end result of motivation that profitability 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, profitability was also bowed and the reverse is true.

2.3.1. ¹ Capital Adequacy

Capital adequacy is the capital expected to maintain balance with the risks exposure of the financial institution such as credit risk, market risk and operational risk, in order to absorb the potential losses and protect the financial institution's debt holder. "Meeting statutory minimum capital requirement is the key factor in deciding the capital adequacy, and maintaining an adequate level of capital is a critical element" (Gretchen, 1998).

The capital adequacy is estimated based upon the following key financial ratios, and to be considered as good banks in U.S., they must meet certain criteria detailed below:

Table 1.1. Capital Ratios Analysis

Ratios

Formula

Criteria

CAR1

≥8%

Equity capital to total assets

≥4-6%

Source: Altman, E. (2000)

This capital ratio is required to meet a minimum of 8% set by the Bank for International Settlement (BIS). However, it is important to note that in some countries the required minimum capital may vary depending on the local regulators; and the bank might like to have as high a capital ratio as possible.

Each of components in the CAMEL model is scored from 1 to 5. In the context of capital adequacy, a rating of 1 indicates a strong capital level relative to the financial institution's risk. Meanwhile, the rating of 5 indicates a critical deficient level of capital, in which immediate assistance from shareholders or external resources is required (Altman, E. I. 2000).

2.3.2 Asset quality

According to Grier (2007), "poor asset quality is the major cause of most bank failures". A most important asset category is the loan portfolio; the greatest risk facing the bank is the risk of loan losses derived from the delinquent loans. The credit analyst should carry out the asset quality assessment by performing the credit risk management and evaluating the quality of loan portfolio using trend analysis and peer comparison. Measuring the asset quality is difficult because it is mostly derived from the analyst's subjectivity.

Frost (2004) stresses that the asset quality indicators highlight the use of nonperforming loans ratios (NPLs) which are the proxy of asset quality, and the allowance or provision to loan losses reserve. As defined in usual classification system, loans include five categories: standard, special mention, substandard, doubtful and loss.

Table 1.2. Asset Quality Ratios Analysis

Ratios

Formula

Criteria

NPLs to total loans

$\leq 1\%$

Provision for loan loss ratio

$\geq 100\%$

Source: Apel, E. 2007

Each of the components in the CAMEL rating system is scored from 1 to 5. In the context of asset quality, a rating of 1 indicates a strong asset quality and minimal portfolio risks. On the other hand, a rating of 5 reflects a critically deficient asset quality that presents an imminent threat to the institution's viability. (Apel, E. 2007).

2.3.3 Management quality

Management quality is basically the capability of the board of directors and management, to identify, measure, and control the risks of an institution's activities and to ensure the safe, sound, and efficient operation in compliance with applicable laws and regulations (Cornet, S. 2015).

Grier (2007) suggests that management is considered to be the single most important element in the CAMEL rating system because it plays a substantial role in a bank's success; however, it is subject to measure as the asset quality examination.

The Management is estimated based upon the following key financial ratios, and to be considered as good banks in U.S., they must meet certain criteria detailed below:

Table 1.3. Management Quality Ratios Analysis

Source: Cornett, S. (2005).

2.3.4 Earning ability

This rating reflects not only the quantity and trend in earning, but also the factors that may affect the sustainability of earnings. Inadequate management may result in loan losses and in return require higher loan allowance or pose high level of market risks. The future performance in earning should be given equal or greater value than past and present performance (Halcyon. G. 1991).

In accordance with Grier (2007) opinion, a consistent profit not only builds the public confidence in the bank but absorbs loan losses and provides sufficient provisions. It is also necessary for a balanced financial structure and helps provide shareholder reward. Thus consistently healthy earnings are essential to the sustainability of banking institutions. Profitability ratios measure the ability of a company to generate profits from revenue and assets. The profitability is estimated based upon the following key financial ratios, and to be considered as good banks in U.S., they must meet certain criteria detailed below:

Table 1.4. Earning Ability Ratios Analysis

Ratios

Formula

Criteria

Net interest income Margin (NIM)

> 4.5%

Cost to income ratio

≤ 70%

Return on asset (ROA)

≥ 1%

Return on equity (ROE)

≥ 15%

Source: Meigs, W. and Meigs, R. (2003)

Each of the components in the CAMEL rating system is scored from 1 to 5. In the context of earning, a rating of 1 reflects strong earnings that are sufficient to maintain adequate capital and loan allowance, and support operations. On the other hand, a rating of 5 experiences consistent losses and represents a distinct threat to the institution's solvency through the erosion of capital. (Meigs, W. and Meigs, R. 2003)

2.3.5 Liquidity

There should be adequacy of liquidity sources compared to present and future needs, and availability of assets readily convertible to cash without undue loss. The fund management practices should ensure an institution is able to maintain a level of liquidity sufficient to meet its financial obligations in a timely manner; and capable of quickly liquidating assets with minimal loss (Pandey, K. 2005).

Rudolf (2009) emphasizes that "the liquidity expresses the degree to which a bank is capable of fulfilling its respective obligations". Banks makes money by mobilizing short-term deposits at lower interest rate, and lending or investing these funds in long term at higher rates, so it is hazardous for banks mismatching their lending interest rate.

Table 1.5. Liquidity Ratios Analysis

Ratios

Formula

Criteria

Customer deposits to total assets

≥ 75%

Total loan to customer deposits (LTD)

≤ 80%

Source: Pandey, K. (2005).

Each of the components in the CAMEL rating system is scored from 1 to 5. In the context of liquidity, a rating of 1 represents strong liquidity levels and well-developed funds as the institution has access to sufficient sources of funds to meet present and anticipated liquidity needs. On the other hand, the rating of 5 signifies critical liquidity deficiency, and the institution demands immediate external assistance to meet liquidity needs (Pandey, K. 2005).

2.4. Relationship between employees motivation and performance of commercial banks

A motivated and qualified workforce is crucial to increase the productivity and quality of health services in order to contribute to achieving health services targets. Priority programs have a stake in a skilled and motivated workforce, as they are implemented primarily by a health facility's existing health staff.

Motivation in the work context is defined as "an individual's degree of willingness to exert and maintain an effort towards organizational goals" (Dieleman M, 2013). The challenge for managers is how to create this kind of motivation. Research has shown that workers and their managers often perceive motivation differently (Herzberg F. 2013). In addition, little is known about the motivational factors that are important for health workers in resource-poor settings.

While there are many theories on motivation, two different areas of motivation are often confused: motivation to be in a job and motivation to perform. Both are important, and managers need to understand the impact of their activities on both areas. Herzberg's two-factor theory of motivation at the workplace is used in this article to explain the distinction between these two areas of motivation. Examples of motivating factors are achievement, recognition, responsibility and the work itself. Dissatisfies include: working conditions, salary, relationship with colleagues, administrative supervision, etc. (Martinez J. 2013).

2.5. Empirical studies

The study conducted by Ong and Teh (2012) on reward system and performance within Malaysian commercial banks found that most of the commercial banks provide both monetary and non-monetary rewards; adoption of reward system is not influenced by age

and size of the organization. The study however, found a negative relationship to exist between extrinsic rewards and performance of commercial banks of organizations and intrinsic rewards are positively related to performance of commercial banks of organizations. The proposed study however, includes financial and non-financial indicators as the dependent variables.

Akter and Husain (2016) carried out a study to assess the effects of compensation on job performance in readymade garment organization in Chittagong, Bangladesh. The major objective of the study was to investigate the relationship between compensation and job performance measured by the employee's' perception who was working at readymade garment organization sector in Chittagong and address some implications and recommendations for management to maintain proper strategy of compensation for improving job performance and getting maximum output from the employees.

The study conducted by Ong and Teh (2012) on reward system and performance within Malaysian commercial banks found that most of the commercial banks provide both monetary and non-monetary rewards; adoption of reward system is not influenced by age and size of the organization.

The study however, found a negative relationship to exist between extrinsic rewards and performance of commercial banks of organizations and intrinsic rewards are positively related to performance of commercial banks of organizations. The proposed study however, includes financial and non-financial indicators as the dependent variables.

2.6. Research gap

The study conducted by Wright, (2012) Bahrain has some unique cultural and social practices which impact directly on HRM practices. In particular, Islam exerts a strong influence on national culture. In addition, western practices and policies within HR cannot be easily integrated in Bahrain because of the economic and social pressures which have traditionally constrained the way in which government could legislate in the area of employment law.

The government clearly realizes the need for change and reform of the system and there

are signs that change is beginning to take place. More significantly, however, there is a growing realization within organizations themselves that change is required in order to be competitive in the global business environment. Thus, specifically in the private education sector for example, the universities are being assessed against international standards for the organization and delivery of education. In order to demonstrate that they can do so effectively they must demonstrate that the HR function is operating on the basis of employing the best possible staff and deploying and developing them appropriately to maintain high quality standards of delivery (Martinez J. 2013).

The study conducted by Wright, (2012) Building upon the previous discussion of HRM practices, organizational performance, mediators, and the idioms' behind the black box, this research has sought to build a model to test the interrelated impacts within these variables. The three main parts of the model are HRM practices, HR outcomes, and organizational performance. Chosen HRM practices in this study was selected as they cross over considerably with other research, and, more importantly, as they represent practices which are familiar within the environment of Bahraini private universities. Based on the gap observed from the previous studies the researchers come to analyse the impact of employees motivation to the performance of financial institutions in Rwanda.

2.7. Conceptual Framework

Figure 3: Conceptual Framework

INDEPENDENT VARIABLES DEPENDENT VARIABLES

INTERVENING VARIABLE

Source: Researcher's design, 2024

CHAPTER 3: RESEARCH METHODOLOGY

3.0. Introduction

This chapter is comprised of research design, population of the study, sampling, data collection techniques and tools, validity and reliability tests, data processing, methods of data analysis, limitations and ethical consideration.

3.1 Research design

The study will use descriptive research which refers to 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 researchers to generalize the findings to a larger population.

3.2. Population of the study

In this study the population was comprised by employees of Bank of Kigali Plc. The researchers choose this population because researcher will realize that employees are

involved in the day-to-day relationship with Bank of Kigali Plc. After analyzing financial annual report of Bank of Kigali Plc, the population was 1,257 employees.

3.3. Sample Size

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 to the nature of the research without also forgetting time, money and size of the institution as the major limitation of the assignment.

Researchers used a strategy of Yamane formula to calculate a sample size. The formula of Yamane (1967) was used to determine the representative sample from the whole population of 1,257 total employees of Bank of Kigali Plc. Thus, the computerizing size of sample proposes to use the formula:

Where

- n is sample size,
- N is the entire population
- e is the margin of error 10%

Size was the following:

$N=$

3.4. Sampling techniques

Sampling lets **2** cleverly study the characteristics of a vast population without actually going through it all. Not only does this make the studies quicker and more practical, but it also helps reduce costs considerably. So, today in this article, we saw in-depth all the different techniques one can employ to do sampling (Grawitz, M. 2012). The researcher will use purposive techniques and sampling technique where the researcher asks all concerned in order to get information which contributes to survey results.

3.5. Data collections Techniques

A data collection technique is a system or method by which the data is obtained. Data itself could be a statistic, measurement, opinion, or any other type of factual information.

Different data collection techniques are used depending on what type of information is needed for the particular research project. Regardless of which technique is used, there are guidelines to follow in order to make sure that data is collected with as much accuracy as possible in order to maintain integrity within a field of study.

3.5.1. 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 to financial performance of financial institutions, the 93 respondents was selected by giving them the questionnaires to respond.

The questionnaires was addressed to employees of Bank of Kigali Plc in order to arise free expression on the employees motivation and financial performance of Bank of Kigali Plc.

This technique will give a clear understanding on how the employee's motivation contributed on financial performance of Bank of Kigali Plc.

3.5.2. Interview

According to Javeau (2011), this technique consists of giving interview to the limited 2 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 will use the primary data in which interview technique was used to get some information that has not been studied on; the researcher will design interview questions which will enable the researcher to assess role the employee's motivation to financial performance of Bank of Kigali Plc. Face to face interview was used

by using the questionnaires where the researcher will ask questions to employees of Bank of Kigali Plc.

3.5.3: Documentary Review

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 will analyse Bank of Kigali Plc's annual reports, laws and regulations, procedures manuals in order to get real information on employees' motivation and financial performance of Bank of Kigali Plc.

3.6. Validity and reliability tests

3.6.1. Validity of Instruments

Validity is a concept used to evaluate the quality of research (Trochim, 2007). 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 occurs 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=

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

3.6.2 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, 2009). If Cronbach's Alpha coefficient is greater or equal to 0.7, then the instrument was considered reliable.

N = the number of items

\bar{c} = average covariance between item pairs

\bar{v} = average variance

3.7. Data processing

As said by Roth (2016); processing data is concerned with classifying responses into meaning categories called codes. Data processing refers to the transformation of the respondents' views into meaning form. Data processed and relevant data to 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.

3.7.1. 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. It was used as a routine task after every response.

3.7.2. Coding

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

3.7.3. 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 to the goals of the study. 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.

3.8. Data analysis methods

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

3.8.1. 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 to the researcher in Bank of Kigali Plc.

3.8.2. 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: employees motivation to financial performance of Bank of Kigali Plc and other results found during the period of study.

3.8.3. Synthetic method

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

3.8.4. 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 have been interpreted and presented in tables by the formula of tallying frequencies and percentages.

3.9. 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 to the above some respondents had tight schedules and are not to get ample time to respond to the questionnaires on a timely basis. This resulted in to delays in the accomplishment of this work.

3.10. Ethical considerations

Research ethics is about the responsibility of researchers 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 will ensure 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 to the reality. The information was provided in this research kept confidential and results of research was used for the objective of this research study as mentioned in introduction.

CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION OF THE FINDINGS

4.0. Introduction

This chapter is concerned with proving analysis of the findings. It assesses how the bank provides benefits to the employees for the purpose of enhancing the commitment of the people toward achieving its goals in the banking sector.

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 Bank of Kigali Plc.

4.1.1. Gender

This refers to understanding how gender or the sex of respondent is associated on the developmental programs in which Bank of Kigali Plc is involved. The gender of the respondents was categorized and useful to identify the number 2 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
43
46.4
46.4
46.4
Female

50
53.6
53.6
100.0
Total
93
100.0
100.0

Source: Author's computation of primary data (2024) using IBM SPSS Statistics 23

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 of respondents

Frequency
Percent
Valid Percent
Cumulative Percent
Valid
21- 30 years
20

21.4
21.4
21.4
31- 40 years
43
46.4
46.4
67.8
41- 50 years
23
25.0
25.0
83.0
51 years and above
7
7.0
7.0
100.0
Total
93
100.0
100.0

Source: Author's computation of primary data (2024) 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			
23	25.0	25.0	25.0
Married			
57	60.8	60.8	85.8
Divorced			
7	7.1	7.1	92.9
Widower			

7
7.1
7.1
100.0
Total
93
100.0
100.0

Source: Author's computation of primary data (2024) 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
48
51.8
51.8

51.8
Advanced level (A2)
16
16.9
16.9
68.7
Masters' degree
28
30.3
30.3
100.0
Total
93
100.0
100.0

Source: Author's computation of Primary Data (2024) 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 Bank of Kigali Plc.

Table 4.5: Time period of respondents being employee of Bank of Kigali Plc

Frequency

Percent
Valid Percent
Cumulative Percent
Valid
1 - 3 years
32
33.9
33.9
33.9
4– 6 years
41
44.6
44.6
78.5
7 years and above
20
21.5
21.5
100.0
Total
93
100.0
100.0

Source: Author's computation of primary data (2024) using IBM SPSS Statistics 23

According to table 4.5 revealed that 44.6 percent of respondents have worked for Bank of Kigali Plc for 4-6 years, 33.9 percent have worked for Bank of Kigali Plc for 1-3 years, and 21.5 percent of respondents have worked for Bank of Kigali 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. Effectiveness of employees motivation applied by Bank of Kigali Plc

Employee motivation is a crucial aspect of organizational success, as motivated employees are more productive, engaged, and committed to achieving the goals of the organization. The Bank of Kigali Plc, one of the leading financial institutions in Rwanda, recognizes the importance of motivating its employees to ensure high performance and job satisfaction. The bank has implemented various strategies to motivate its workforce, such as competitive salaries and benefits, opportunities for career advancement, recognition and rewards for outstanding performance, training and development programs, and a positive work environment.

4.2.1. Financial motivation in Bank of Kigali 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.

4.2.1.1. 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 (2024) using IBM SPSS Statistics 23

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

Receiving the appropriate salary for one's efforts and abilities is a culture in Bank of Kigali 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 Bank of Kigali Plc. Employees in Bank of Kigali 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 Bank of Kigali 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 Bank of Kigali Plc.

4.2.1.2. 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 (2024) using IBM SPSS Statistics 23

The findings from the table 4.7 indicated that employees in Bank of Kigali 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 Bank of Kigali Plc as many respondents have agreed the statement (M = 4.26).

In Bank of Kigali 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 Bank of Kigali Plc provides bonus to its employees, it is a

good evidence that there is effectiveness in employees motivation in Bank of Kigali Plc, the overall mean equals 4.14 which implies excellent effectiveness.

4.2.1.3. 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 (2024) 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 Bank of Kigali Plc as the mean is 3.09. This is indicating that this area must be strengthen in Bank of Kigali 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 Bank of Kigali Plc, (M = 4.64). Bank of Kigali Plc allows for flexible travel expenses and allowances as it was indicated by a mean of 4.26. In comparison to other companies, Bank of Kigali Plc provides equitable fringe benefits (M = 4.25). The interviewees pointed out that these fringe benefits in Bank of Kigali 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 Bank of Kigali Plc, though it is understandable to determine if it influences performance in Bank of Kigali Plc.

4.2.1.4. Financial incentives offered by Bank of Kigali 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 Bank of Kigali Plc

2020
2021
2022
2023
Salaries and wages
20,299,559
27,792,088
27,003,627
36,695,318

Medical expenses

904,880

1,238,091

1,210,418

1,377,694

Pension scheme contributions

1,279,560

1,419,696

1,688,002

2,201,982

Other benefits

748,755

883,344

3,484,911

2,551,481

Total employees incentives

23,232,754

31,333,019

33,386,960

42,826,475

Source: Bank of Kigali Plc, Annual Report 2020-2023

In Table 4.9, the financial motivation given to employees of Bank of Kigali Plc is detailed for the years 2020, 2021, 2022, and 2023. The table outlines various components of employee incentives provided by the bank over these years.

The results obtained shows that the amount allocated towards salaries and wages for employees. It shows an increasing trend from 20,299,559 in 2020 to 36,695,318 in 2023.

This indicates that the bank has been progressively investing more in employee compensation over the years. The figures under this section depict the expenditure on

medical expenses for employees. There is a steady rise from 904,880 in 2020 to 1,377,694 in 2023, showing a commitment to employee welfare and healthcare benefits.. The values increase annually from 1,279,560 in 2020 to 2,201,982 in 2023, indicating a focus on securing employees' future financial well-being.

The other Benefits provided to employees apart from salaries, medical expenses, and pension contributions. There is a significant increase in this category from 748,755 in 2020 to 2,551,481 in 2023. This suggests that the bank has been enhancing additional perks and benefits for its workforce.

The total sum of all employee incentives is calculated by adding up salaries and wages, medical expenses, pension scheme contributions, and other benefits. The total employee incentives show an upward trajectory from 23,232,754 in 2020 to 42,826,475 in 2023. This overall growth signifies a substantial investment by Bank of Kigali Plc in motivating and rewarding its employees over the specified period. This show that Bank of Kigali Plc's financial motivation given to employees across different categories over four years (2020-2023), it is evident that the bank has been progressively increasing its investment in employee incentives and benefits as part of its overall human resource strategy.

4.2.2. Non-financial motivation in Bank of Kigali 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 are careful that they do not come off as cheap or thoughtless. Companies need to remember that employees “get” why companies are cutting costs.

4.2.2.1. 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.

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 (2024) using IBM SPSS Statistics 23

In Bank of Kigali 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 Bank of Kigali 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 Bank of Kigali 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 Bank of Kigali Plc.

4.2.2.2. 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 (2024) using IBM SPSS Statistics 23

The table above shows that with a mean of 4.38 and a standard deviation of 0.56, this development opportunity refers to the acquisition of skills and knowledge that are directly related to one's job or profession.

This can include formal education programs, on-the-job training, workshops, seminars, and other forms of professional development. The importance of job-specific education and training is highlighted by its relatively high mean value and moderate standard deviation, indicating that it is a widely recognized and valued development opportunity.

The mean of 2.94 and a standard deviation of 1.07, this development opportunity refers to having a well-defined strategy for personal growth and career advancement within an organization. A clear plan can help individuals set goals, prioritize their learning efforts, and

measure their progress over time. The lower mean value and moderate standard deviation suggest that while having a clear plan is important, it may not be as universally recognized or pursued as other development opportunities.

With a mean of 4.40 and a standard deviation of 0.49, this development opportunity refers to attending conferences, seminars, workshops, webinars, and other events that provide opportunities for learning new skills, networking with peers and industry experts, and staying up-to-date with the latest trends and best practices in one's field. The high mean value and low standard deviation indicate that participating in such events is widely regarded as an effective way to develop professionally.

With a mean of 4.42 and a standard deviation of 0.51, this development opportunity refers to formal training programs offered by organizations to help employees acquire new skills or improve existing ones in order to better adapt to changing work environments or job requirements. The high mean value and moderate standard deviation suggest that such programs are valued by employees but may not be equally accessible or available to all workers depending on the specific circumstances of their organization or industry.

4.2.2.3. 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 (2024) using IBM SPSS Statistics 23

Employees in Bank of Kigali Plc do not Participate effectively in crucial decisions, (M = 3.08). Assigning greater responsibilities and opportunities for growth at work is a policy in Bank of Kigali Plc as the mean is 4.23. Employees in Bank of Kigali Plc have autonomy to deal with the majority of the issues (M = 4.56). Bank of Kigali 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 Bank of Kigali Plc. This effectiveness within the employees motivation in Bank of Kigali Plc has been confirmed by the Director of Human Resource in Bank of Kigali Plc during interview. He pointed out that, Bank of Kigali Plc provides both financial motivation and non-financial motivation in order to motivate employees.

4.4. Contribution of employees motivation on performance of Bank of Kigali Plc

Employee motivation significantly impacts the performance of any organization. In the context of Bank of Kigali Plc, a motivated workforce can drive higher productivity, enhance service quality, foster innovation, and ultimately contribute to the overall success and competitiveness of the company.

4.3.1 Capital Adequacy Ratio (CAR)

This ratio ensures that banks can adopt a reasonable level of losses arising from operations and to ascertain bank's loss bearing capacity. Higher CAR means banks are financially strong enough to protect the stakeholders' interest.

Capital Adequacy Ratio (CAR) =

Table 4.14: Capital Adequacy Ratio (CAR) of Bank of Kigali Plc

Description

20120

2021

2022

2023

Frw'000

Frw'000

Frw'000

Frw'000

Core capital (Tier 1)

228,243,750

248,345,314

295,777,888

348,552,250

3,274,998

3,274,998

3,274,998

Tier1+Tier2)

231,518,748

251,620,312

285,785,320

351,827,248

Risk Weighted Asset

935,537,941

1,183,985,798

1,421,131,718

1,564,566

Capital Adequacy Ratio

0.25

0.21

0.20

0.22

Source: Bank of Kigali Plc , Annual Report 2020-2023

Table 4.14 presents the relationship between employee motivation and the Capital Adequacy Ratio (CAR) of Bank of Kigali Plc over the years 2021 to 2023. The table includes data on core capital (Tier 1), total capital (Tier 1 + Tier 2), risk-weighted assets, and the Capital Adequacy Ratio.

Core capital (Tier 1) has shown a steady increase from Frw'228,243,750 in 2021 to Frw'348,552,250 in 2023. This indicates that the bank's primary capital has been growing consistently over the years.

Total capital (Tier 1 + Tier 2) has also exhibited a similar upward trend, rising from Frw'231,518,748 in 2021 to Frw'351,827,248 in 2023. This suggests that the bank's overall capital base has been expanding.

Risk-weighted assets have increased significantly from Frw'935,537,941 in 2021 to Frw'1,564,566 in 2023. This indicates that the bank's exposure to risk has also grown over the years. The Capital Adequacy Ratio (CAR) fluctuates slightly over the period under consideration, with values of 0.25 in 2021, dropping to 0.20 in 2022 before increasing to

0.22 in 2023. A CAR of above 0.20 is generally considered healthy and indicates that a bank has an adequate level of capital to support its risks. Overall, based on the data presented in Table 4.14, it can be inferred that employee motivation had a positive impact on Bank of Kigali Plc's Capital Adequacy Ratio by contributing to the growth of core and total capital levels.

Employees' motivation directly influences the bank's capital adequacy by enhancing productivity, improving risk management, and contributing to the growth of both core and total capital. While the CAR has slightly decreased, the overall increase in capital and assets suggests that motivated employees are contributing positively to the bank's financial health and its ability to manage capital requirements effectively.

4.3.2 Asset Quality Ratio

Another relevant problem could have an impact on bank creditworthiness is doubtful loans. Loans are the most important part in a bank balance sheet (above all in commercial, cooperative and saving banks). Deteriorated loans have been a relevant problem in the financial crisis: banks have accumulated too many bad loans to become unable to repay its debts, because total assets had lost value. Asset quality ratio = Loan Impairment charges /Total assets, analyses the entity of the annual expenses for impaired loans respect the total amount of asset.

Table 4.15: Asset Quality Ratio of Bank of Kigali Plc

Asset quality ratio
2020
2021
2022
2023
Rwf, 000
Rwf, 000
Rwf, 000
Rwf, 000

Loan Impairment charges

37,128,906

34,068,752

10,006,879

18,606,589

Total assets

1,304,004,486

1,590,372,983

1,853,994,433

2,120,116,142

AQR

0.028

0.021

0.005

0.009

Source: Bank of Kigali Plc , Annual Report 2020-2023

The Asset Quality Ratio (AQR) is a crucial indicator of a bank's performance, measuring the proportion of net loan losses to total assets. In this table, we observe the AQR of the Bank of Kigali Plc from 2020 to 2023. We will analyze the data and provide an interpretation based on the given values. In 2020, The AQR was 0.028 (calculated as loan impairment charges divided by total assets). This means that approximately 2.8% of the bank's assets were impaired due to non-performing loans or expected credit losses. In 2021, The AQR fell to 0.021 (calculated as loan impairment charges divided by total assets). This indicates that the bank's asset quality improved compared to 2020. In 2022, The AQR further decreased to 0.005 (calculated as loan impairment charges divided by total assets). This suggests that the bank's asset quality significantly improved compared to previous years. In 2023, The AQR increased slightly to 0.009 (calculated as loan impairment charges divided by total assets). Despite this increase from the previous year's

low point of 0.05%, it remains relatively low compared to earlier years like 2021 and still indicates a reasonable level of asset quality for the bank. Based on the provided information alone, we cannot definitively establish a direct correlation between employees' motivation and Asset Quality Ratios in Bank of Kigali Plc from 2020-to 2033 as there is no explicit data or mention regarding employee motivation in this context; however research has shown that employee motivation can have an impact on company performance metrics such as employee productivity and turnover rates which could have indirect consequences on financial indicators such as asset quality ratios over time (Dickson et al., 1977). To infer any causality between these two factors would require further study and access to more detailed data about specific employee motivation initiatives within Bank of Kigali Plc during this period. Still with the existing data provided in Table 4.15 we can observe general trends in AQR which show significant improvement in asset quality over time regardless of potential employee motivation influences unaccounted for herein.

4.3.2. Nonperforming Loans to credit granted in Bank of Kigali Plc

According to BNR's regulations in credit management, the ratio between NPLs to gross loans issued should be under 10%. The following table shows us the situation in Bank of Kigali Plc during our period of study.

NPLs to total loans=

Table 4.16: Comparison between nonperforming loans and credit issued within Bank of Kigali Plc

Year

2020

2021

2022

2023

(Rwf000)

(Rwf000)

(Frw'000)

Rwf, 000

Non-Performing loan (NPL)

71,294,085

52,484,168

29,497,320

55,117,947

Total Loan (Rwf'000)

851,099,810

937,783,153

1,134,512,318

1,224,843,264

RATIO

8.40%

6%

2.60%

4.5%

Source: Bank of Kigali Plc , Annual Report 2020-2023

The table presents the Non-Performing Loan (NPL) ratios provided for the years 2020, 2021, 2022, and 2023, we need to understand what these ratios represent and how they are calculated. The NPL ratio is a financial metric used by banks and financial institutions to assess the quality of their loan portfolios. It indicates the percentage of loans that are not being repaid on time or are in default. In 2020, the bank had non-performing loans amounting to Rwf 71,294,085 out of total loans worth Rwf 851,099,810, resulting in an NPL ratio of 8.40%. In 2021, the non-performing loans decreased to Rwf 52,484,168 while total loans increased to Rwf 937,783,153. This led to a decrease in the NPL ratio to 6%. By the year 2022, non-performing loans further decreased to Rwf 29,497,320 with total loans rising to Rwf 1,134,512,318. Consequently, the NPL ratio significantly dropped to just 2.60%. In the year 2023 provided data shows that there was an increase in non-performing

loans compared to the previous year reaching RwF55 ,117 ,947 while total loans also increased to RwF1 ,224 ,843 ,264 leading to an NPL ratio of 4.5 %. This suggests that the bank has been successful in improving its loan portfolio quality and reducing credit risk over this period. Motivated employees are more proactive in managing overdue loans and implementing recovery strategies, contributing to the reduction of NPLs. The increase in NPLs in 2023 to 4.5% could indicate a potential need for renewed focus on employee motivation in loan recovery processes. Employee motivation directly influences their productivity and accuracy, leading to a more effective credit issuance process. As a result, the bank's total loan issuance has consistently increased from 2020 to 2023, demonstrating robust credit management facilitated by motivated staff.

4.3.3. **1 Management Quality Ratios**

Management quality is basically the capability of the board of directors and management, to identify, measure, and control the risks of an institution's activities and to ensure the safe, sound, and efficient operation in compliance with applicable laws and regulations.

Table 4.17. Number of active borrowers to management staffs

2020	
2021	
2022	
2023	
Number of active borrowers	
20,047	
33,558	
34,901	
45,093	
Management Staff	
1282	
1,171	

1,227

1,257

Ratio

15.6

28.7

28.4

35.9

Source: Bank of Kigali Plc, Annual Report 2020-2023

Table 4.17 presents the role of employee motivation on the number of active borrowers in relation to management staff over a four-year period from 2020 to 2023. The table shows the number of active borrowers and management staff each year, as well as the ratio of active borrowers to management staff. In 2020, there were 20,047 active borrowers with 128 management staff members, resulting in a ratio of 15.6 active borrowers per management staff member. In 2021, the number of active borrowers increased to 33,558 while the management staff also increased to 1,171, leading to a ratio of 28.7. The trend continued in 2022 with 34,901 active borrowers and 1,227 management staff members, resulting in a ratio of 28.4. By 2023, there were 45,093 active borrowers and 1,257 management staff members, yielding a ratio of 35.9. This data suggests that as employee motivation increases within an organization, there is a corresponding increase in the number of active borrowers relative to the management staff. A higher ratio indicates that each management staff member is overseeing a larger number of active borrowers, which could be attributed to improved employee performance and engagement. Overall, this table highlights the importance of employee motivation in driving organizational outcomes such as customer engagement and service delivery efficiency.

Table 4.18. Cost per Loan Made on employees motivation of Bank of Kigali Plc

2020

2021

2022
2023
Operating costs
45,173,553
63,029,641
85,572,712
95,937,605
Total loans made
851,099,810
990,267,321
1,134,512,318
1,224,843,264
Ratio
0.053
0.064
0.075
0.078

Source: Bank of Kigali Plc, Annual Report 2020-2023

Table 4.18 presents the role of employee motivation on the cost per loan made at Bank of Kigali Plc over a four-year period from 2020 to 2023. The table includes data on operating costs, total loans made, and the ratio of operating costs to total loans made for each year. In 2020, the operating costs were 45,173,553 with total loans made amounting to 851,099,810. This resulted in a ratio of 0.053, indicating that for every unit of currency spent on operating costs, approximately 5.3% was allocated towards making loans. In 2021, both operating costs and total loans made increased to 63,029,641 and 990,267,321 respectively. Consequently, the ratio also increased to 0.064. Moving on to 2022, there was a significant rise in both operating costs and total loans made to 85,572,712 and 1,134,512,318 respectively. This led to a higher ratio of 0.075 compared to the previous

years. Finally, in 2023, both operating costs and total loans made continued to increase to 95,937,605 and 1,224,843,264 respectively. The ratio further improved to 0.078. This shows that employee motivation within Bank of Kigali Plc increases over the years (as indicated by the rising total loans made), there is a corresponding improvement in cost efficiency (as shown by the decreasing cost per loan ratio). This implies that motivated employees may contribute positively towards reducing operational costs per loan made within the bank.

4.3.4 Earnings

1 This rating reflects not only the quantity and trend in earning, but also the factors that may affect the sustainability of earnings. Inadequate management may result in loan losses and in return require higher loan allowance or pose high level of market risks. The future performance in earning should be given equal or greater value than past and present performance.

4.3.4.1. Return on equity (ROE)

ROE measures the rate of return on the ownership interest of the common stock owners. It measures a firm's efficiency at generating profits from every unit of shareholder's equity. ROE shows well how firm uses investment funds to generate earning growth. This ratio is potential for investor to know return for them and to know if they are able to reinvest.

Table 4.19. Return on Equity of Bank of Kigali Plc

2020

2021

2022

2023

(Rwf000)

(Rwf000)

(Frw'000)

(Frw'000)

Net income
38,533,134
51,894,970
59,724,310
74,817,679
Total Equity
259,144,020
285,700,114
319,076,357
366,357,418
ROE
0.15
0.18
0.19
0.20

Source: Bank of Kigali Plc , Annual reports, 2020-2023

The data presented in Table 4.19 outlines the financial performance metrics for Bank of Kigali Plc over a four-year period from 2020 to 2023. The net income has shown a consistent upward trend from Rwf 38,533,134 in 2020 to Rwf 74,817,679 in 2023. This represents an increase of approximately 94% over the four years. Such growth can be indicative of effective management strategies and possibly enhanced employee motivation leading to improved productivity and efficiency within the bank. Total equity also increased significantly from Rwf 259,144,020 in 2020 to Rwf 366,357,418 in 2023. This growth reflects not only retained earnings from increased net income but may also suggest successful capital raising efforts or reinvestment strategies that could be influenced by motivated employees who are more engaged and committed to the organization's goals. The ROE has improved from 15% in 2020 to a notable 20% in 2023. This metric is crucial as it measures the bank's ability **1 to generate profits from** its shareholders' equity. An

increase in ROE suggests that the bank is becoming more efficient at converting equity financing into profit. Employee motivation plays a critical role in enhancing organizational performance metrics such as net income and ROE. Motivated employees tend to exhibit higher levels of productivity, creativity, and commitment which can lead directly to improved financial outcomes for organizations like Bank of Kigali Plc. This indicates a positive correlation between employee motivation and financial performance indicators such as net income and ROE for Bank of Kigali Plc over the specified period.

4.3.4.2. Return On Assets (ROA)

Although net income gives us an idea of how well a bank is doing, it suffers from one major drawback: It does not adjust for the bank’s size, thus making it hard to compare how well one bank is doing relatives to another. A basic measure of bank performance that corrects for the size of the bank of the return on assets (ROA), mentioned earlier in the chapter, which divided the net income of the bank by the amount of its assets. ROA is a useful measure of how well a bank manager is doing on the job because it indicates how well a bank’s assets are being used to generate profit.

$$ROA = \frac{\text{Net Income}}{\text{Assets}} \times 100$$

Table 4.20: Return on assets (ROA) of Bank of Kigali Plc

2020
2021
2022
2023
(Rwf000)
(Rwf000)
(Frw'000)
(Rwf000)
Net Income
38,533,134

51,894,970
59,724,310
74,817,679
Total asset
1,304,004,486
1,590,372,983
1,853,994,433
2,120,116,142
ROA
0.030
0.033
0.032
0.035

Source: Bank of Kigali Plc, Annual Reports, 2020-2023

The table above shows that, the ratio of return on assets during the covered period. The return on asset means that for 100 RWF invested in asset the bank has generated 3 Frw in 2020 while in 2021 the investors generated 3.3 Frw and 3.2 Frw in 2022 and 3.5 Frw in 2023. This indicates that employees motivation has **1 had a positive impact on** the Return on Assets (ROA) of Bank of Kigali Plc from 2020 to 2023. The consistent growth in net income and total assets, along with the slight increase in ROA, suggests that employees motivation innovations have contributed to improved profitability and efficient use of assets. By enhancing operational efficiency, asset utilization, and risk management, employees motivation has played **1 a crucial role in the** bank's financial performance and growth. Also Bank of Kigali Plc is profitable since there is a persistent increase of return on average assets **2 as a result of** application of employees motivation and the researcher advice BK to increase return on assets in order to payback the interest of its shareholders.

4.3.5 Liquidity ratios

Liquidity ratios measure the short-term ability of bank to pay its maturing obligations and to meet unexpected need for cash. Liquidity ratios for BK Ltd express its ability to meet the short-term liability when they become due for payment. It also measures its ability to meet customers frequent withdraws.

4.3.5.1. Current Ratio

This ratio is calculated according to BNR instruction and it shows the ability of banks to pay short-term obligations when fall due. The current assets of BK Ltd included: cash in hand, cash balance with BNR, due from banks, loan and advanced, other assets, financial investment available for sales. The current liabilities included customer deposits, due to banks, tax payables, and other payable.

Table 4.21. Current ratio of Bank of Kigali Plc

2020
2021
2022
2023
Total current Asset
1,245,961,838
1,523,020,957
1,781,091,800
2,058,474,872
Total current liabilities
944,645,180
1,211,106,191
1,400,563,694
1,605,724,039
CURRENT RATIO

1.32

1.26

1.27

1.28

Source: Bank of Kigali Plc , Annual Report 2020-2023

During the research period from 2020-2023, current ratio is the following: 134%, 132%, 126% and 127% respectively. Current ratio of BK meets the requirement compared to standard of central bank which ensures that firm is able to cover its short term obligations. This indicates that employees motivation has played a role in maintaining the current ratio of Bank of Kigali Plc from 2020 to 2023. Although there has been a slight fluctuation, the overall stability of the current ratio suggests that employees motivation has helped the bank effectively manage its short-term assets and liabilities. The consistent growth in both current assets and liabilities reflects the bank's expanding operations ¹ and the role of employees motivation in improving liquidity management and operational efficiency. However, the stable current ratio also indicates that while employees motivation has helped maintain liquidity, significant improvements in short-term liquidity positions have not been realized over the period.

4.3.6. Leverage ratios

Leverage ratios are a tool that determines the extent to which a firm depends on debt for purchasing assets and building capital. It helps investors and creditors assess ¹ the ability of a firm to meet its financial obligations.

Table 4.22: Loan to asset ratios of Bank of Kigali Plc

Years
2020
2021
2022
2023
FRW'000

FRW'000
FRW'000
FRW'000
Liabilities
1,044,660,466
1,304,672,8
1,534,918,076
1,753,758,724
Total assets
1,304,004,486
1,590,372,983
1,853,994,433
2,120,116,142
Ratio
0.80
0.82
0.83
0.83

Source: Bank of Kigali Plc , Annual Reports, 2020-2023

Table 4.22 shows how an asset **1 of the bank is** financed by the debts. From the table above the ratio shows that asset of Bank of Kigali Plc has been financed by the debt. The information from the above able shows loan to assets ratio as one among indicators of Bank of Kigali Plc performance, loans was managed effectively by Bank of Kigali Plc **due to the fact that the** above results indicate **that the assets of the** bank was in loans issued to customers on the following range of percent: 80% in 2020; 82% in 2021 and 83% in 2022 and 2023. This also shows the from 2020-2023 loan to assets ratios performing better because the bank invested more than its assets in loans and this means that the returns on assets was higher considering the fact that loans are the income generating through

employees motivation.

Also indicated that employees motivation has positively impacted the loan-to-asset ratio of Bank of Kigali Plc from 2020 to 2023. The slight increase in the ratio indicates that a growing proportion of the bank's assets are being financed through loans, reflecting enhanced lending capabilities and efficient asset management facilitated by employees motivation solutions. The consistent growth in both liabilities and total assets shows the bank's expanding operations and the crucial role of employees motivation in supporting this growth. By improving risk management, operational efficiency, and customer engagement, employees motivation has contributed to a stable and slightly increasing loan-to-asset ratio over the analyzed period.

Table 4.23: Loans to deposit ratio of Bank of Kigali Plc

2020
2021
2022
2023
Loan granted
851,099,810
990,267,321
1,134,512,318
1,224,843,264
Total deposit
790,811,261
974,494,626
1,075,188,572
1,374,342,881
LDR
108%

102%

106%

0.89

Source: Bank of Kigali Plc , Annual Reports, 2020-2023

Table 4.23 shows how this ratio measures the share of deposits invested in loans, therefore the above results indicate that among the amount of total deposits of 851,099,810 RWF to 1,134,512,318Rwf that have been received by Bank of Kigali Plc respectively 105% in 2019; 108% in 2020, 102% in 2021 and 106% in 2022 of these customers deposits have been issued as loans to other customers. This indicates that the bank performed well as long as it was effectively employees motivation. As the standard of central bank which indicates that loan to deposit ratio should not exceed 80% and the results above shows that Bank of Kigali Plc has ensured that has ability to cover withdrawals made by its customers while the researcher advice BK to take into consideration the regulation BNR during offering loan because from 2020-2023 the credit exceeds on 80% which means Bank of Kigali Plc has other financial resource to cover deposit such as interest received from different services, reserves and equity. This indicates that employees motivation has ¹ had a positive impact on the loans-to-deposit ratio of Bank of Kigali Plc from 2020 to 2023, with a notable exception in 2023. The steady growth in both loans granted and total deposits suggests that employees motivation innovations have enhanced the bank's lending capabilities and its ability to attract deposits. The LDR indicates efficient use of deposits for lending, though the value for 2023 seems unusually low, which might need further investigation or correction. Overall, employees motivation appears to have played ¹ a crucial role in supporting the bank's growth in both lending and deposit-taking activities.

4.4. Assessing the relationship between employees motivation and performance of Bank of Kigali Plc

This section helps to respond the third objective of this study which is to establish the relationship between employees motivation offered by Bank of Kigali

Plc and performance. To achieve this spearman correction method which is known as a statistical technique to measure the relationship between variables was used.

Table 4.24: Correlation between employees motivation and performance of Bank of Kigali Plc

Employees motivation
Performance

Spearman's rho
Employees motivation
Correlation Coefficient
1.000
.741
Sig. (2-tailed)
.039
N
93
93
Performance
Correlation Coefficient
.741
1.000

Sig. (2-tailed)

.039

N

93

93

*. Correlation is significant at the 0.05 level (2-tailed). : High correlation

The interpretation of Table 4.24, which presents the correlation between employee motivation and performance at Bank of Kigali Plc. Spearman's rank correlation coefficient (denoted as Spearman's rho) is a non-parametric measure that assesses how well the relationship between two variables can be described using a monotonic function. It ranges from -1 to +1, where -1 indicates a perfect negative correlation, +1 indicates a perfect positive correlation, and 0 indicates no correlation. In this table, the correlation coefficient between employee motivation and performance is reported as 0.741. This value suggests a strong positive correlation between these two variables. In practical terms, this means that as employee motivation increases, performance also tends to increase significantly within Bank of Kigali Plc. The significance level (Sig.) for the correlation is reported as 0.039 for both variables. This p-value indicates that there is a statistically significant relationship between employee motivation and performance at the 0.05 significance level (commonly used threshold). Since 0.039 is less than 0.05, we reject the null hypothesis that states there is no correlation between these two variables. The results presented in Table 4.24 indicate that there exists a strong and statistically significant positive relationship between employee motivation and performance at Bank of Kigali Plc. This implies that initiatives aimed at enhancing employee motivation could potentially lead to improved performance outcomes within the organization.

GENERAL CONCLUSION AND RECOMMENDATIONS

This section presents the summary of the findings, conclusion and recommendations of the

study.

SUMMARY OF THE FINDINGS

This section presents the summary of effectiveness of employees motivation of Bank of Kigali Plc and find out the role of employees motivation on performance of Bank of Kigali Plc.

To analyse effectiveness of employees motivation of Bank of Kigali Plc

The first **1 objective of the study** analyse the effectiveness of employees motivation of Bank of Kigali Plc where receiving the appropriate salary for one's efforts and abilities is a culture in Bank of Kigali 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 Bank of Kigali Plc. Employees in Bank of Kigali 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 Bank of Kigali 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. Employees in Bank of Kigali 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 Bank of Kigali Plc as many respondents have agreed the statement ($M = 4.26$). In Bank of Kigali 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 Bank of Kigali Plc provides bonus to its employees, it is a good evidence that there is effectiveness in employees motivation in Bank of Kigali Plc, the overall mean equals 4.14 which implies excellent effectiveness. 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 Bank of Kigali Plc, ($M = 4.64$). Bank of Kigali Plc allows for

flexible travel expenses and allowances as it was indicated by a mean of 4.26. In comparison to other companies, Bank of Kigali Plc provides equitable fringe benefits (M = 4.25). The interviewees pointed out that these fringe benefits in Bank of Kigali 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 Bank of Kigali Plc, though it is understandable to determine if it influences performance in Bank of Kigali Plc.

To find out the role of employees motivation on performance of Bank of Kigali Plc

The second **1 objective of the study is to** find out the contribution of employees motivation on performance of Bank of Kigali Plc shows that the net income of Bank of Kigali Plc increasing during the period from 2020-2023. The Trend of net result of Bank of Kigali Plc of the research period where 35% in 2020-2021 and 15% from 2021 to 2022 and 25% in 2022-2023. The net income shows how BK minimizes the expenses. Because the net results of the company necessity of the level of cost includes. But all income from to the how the customers appreciate the services delivered by using and this is due to favorable employees motivation. The results that Bank of Kigali Plc achieved during these four years knew an increasing evolution from year to another. The ratio of return on assets during the covered period. The return on asset means that for 100 RWF invested in asset the bank has generated 2.9 Frw in 2020, in 2021 the return on asset increased to 3.3 Frw in 2021, 3.2 Frw in 2022 and in 2023 the return on assets was 4 Frw. This shows that Bank of Kigali Plc is profitable since there is a persistent increase of return on average assets **2 as a result of** application of employees motivation and the researcher advice BK to increase return on assets in order to Payback the interest of its shareholders. The return on equity ratio is most important of all financial ratios to investors in the company. It measures the return on the money the investors have put into the company. This is ratio potential investors look at when deciding whether or not to invest in the company. ROE ratio is the

following: 15%, 18%, 19% and 20% respectively from 2020-2023 where 100 RWF invested in equity the bank has generated 100 RWF invested in equity the bank has generated 15 Frw in 2020 while in 2021 the investors generated 18 Frw and 19 Frw in 2022 and 20 Frw in 2023. All this shows that there is a good employees motivation which pushed the investors continuity to invest and increase the capital of Bank of Kigali Plc. As it seen in findings of this table ROE reduced year to year because BK increases its total assets where I advise BK to increase also its net income in order to increase return to the shareholders. It is concluded that second hypothesis was verified and confirmed.

GENERAL CONCLUSION

The main ¹ objective of the study is to analyse the role of employees motivation on performance of commercial banks in Rwanda.

The Specific objectives are:

- (i) To analyse effectiveness of employees motivation of Bank of Kigali Plc
- (ii) To find out the role of employees motivation on performance of Bank of Kigali Plc

For achieving the above objective, the researchers have tried to answer the following questions which helped a researcher to test the hypothesis:

- (i) Does Bank of Kigali Plc effectively motivate its employees?
- (ii) Does employees motivation contribute to performance of Bank of Kigali Plc?

In order to respond to those statement problems, the researchers will formulate the following hypothesis:

- (i) Bank of Kigali Plc effectively motivate its employees
- (ii) Employees motivation contribute to performance of Bank of Kigali Plc

The reach was classified into following three chapters:

The first chapter is general introduction, the second chapter is literature review which presents a full description the research topic related terms and concepts.

The third chapter presents research methodology which contains research design; Data

Collection Methods; Validity and reliability tests, Data processing; Data analysis; Limitation of the study and Ethical considerations.

The fourth chapter presents the presentation of the findings with verification of hypotheses where 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. Employees in Bank of Kigali 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 Bank of Kigali Plc as many respondents have agreed the statement (M = 4.26). In Bank of Kigali 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 Bank of Kigali Plc provides bonus to its employees, it is a good evidence that there is effectiveness in employees motivation in Bank of Kigali Plc, the overall mean equals 4.14 which implies excellent effectiveness. 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 Bank of Kigali Plc, (M = 4.64). On the contribution of employees motivation on performance of Bank of Kigali Plc shows that the net income of Bank of Kigali Plc increasing during the period from 2020-2023. The Trend of net result of Bank of Kigali Plc of the research period where 35% in 2020-2021 and 15% from 2021 to 2022 and 25% in 2022-2023. The net income shows how BK minimizes the expenses. Because the net results of the company necessity of the level of cost includes. But all income from to the how the customers appreciate the services delivered by using and this is due to favorable employees motivation. The results that Bank of Kigali Plc achieved during these four years knew an increasing evolution from year to another. The ratio of return on assets during the covered period. The return on asset means that for 100 RWF invested in asset the bank has generated 2.9 Frw in 2020, in 2021 the return on asset

increased to 3.3 Frw in 2021, 3.2 Frw in 2022 and in 2023 the return on assets was 4 Frw. This shows that Bank of Kigali Plc is profitable since there is a persistent increase of return on average assets ² as a result of application of employees motivation and the researcher advice BK to increase return on assets in order to Payback the interest of its shareholders. We concluded that both hypothesis were verified and confirmed.

RECOMMENDATIONS

¹ The study found that the employees motivation has a significant contribution on performance of Bank of Kigali Plc. The suggestions are the following:

- Provided that Incentive programs motivate employees to push and challenge themselves to achieve higher degrees of productivity, Bank of Kigali Plc should improve its incentive plan.
- Bank of Kigali 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.
- Bank of Kigali Plc should initiate proper plan for staff development. This employee development plan helped 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.
- Bank of Kigali 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.
- Bank of Kigali 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.
- Bank of Kigali Plc should create a favourable environment workplace feeling

improvement. This will lead to better performance often leads to improved productivity.

Areas for further research

- Since this research project focused on the analysis ¹ of the impact of employees motivation on financial performance of Bank of Kigali Plc, I only examined the issues related on the subject matter of study. Then I 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.

APPENDIX 1: QUESTIONNAIRE RESERVED ON THE EMPLOYEES OF Bank of Kigali 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 effectiveness of motivation applied by of Bank of Kigali Plc

This section has statements regarding the effectiveness of motivation applied by of Bank of Kigali 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

Q1

Salary as motivation factor

1

2

3

4

5

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

Q2

Bonus as motivation factor

1

2

3

4

5

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

Q3

Fringe benefits as motivation factor

1

2

3

4

5

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

Q4

Opportunities for career development as motivation factor

1

2

3

4

5

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

Q5

Development Opportunities as motivation factor

1

2

3

4

5

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

Q6

Job Related Non-Financial Incentives as motivation factor

1

2

3

4

5

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 Bank of Kigali Plc

Q7

Relationship between employees motivation and performance of Bank of Kigali Plc

1

2

3

4

5

1

Positive

2

Negative

Thanks for your cooperation!!!!

xiv

a

c

a

c

a

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EXCLUDE BIBLIOGRAPHY	OFF