

## Original Research Article

### **Staff Performance and Extraneous Motivation at Microfinance Institutions (MFIs): A case of Microfinance Institutions in Arusha -Tanzania**

#### **Abstract**

The objective of this study was to determine how extraneous motivators influence the performance of staff in Tanzanian microfinance institutions. ~~where by~~ 98 non-deposit-taking microfinance institutions in Arusha completed questionnaires to provide the information. ~~The Data were was~~ analyzed using descriptive statistics and Pearson Coefficient Correlation to determine the significance of the impact of incentives, rewards, and salary packages on employees' performance in the MFIs. According to the results, the majority of respondents thought that employee incentives had a significant impact on how well MFI employees performed. Further, the majority of participants had the view ~~that~~ prizes have a positive influence on performance. Likewise, the majority of respondents were of the view that employees' performance is highly influenced by the salary packages offered by the MFIs. Employee performance and bonuses, rewards, and compensation plans also had statistically significant and positively correlated relationships. According to the study, MFI management should enhance their extrinsic incentives, such as salary packages, allowances, bonuses, commissions, prizes, and non-cash rewards, as a means of encouraging workers to perform.

*Keywords: Staff Performance, Extraneous Motivations, Microfinance Institutions*

#### **Introduction**

Employee motivation is a measure of what drives and increases a worker's productivity. It refers to the internal and external influences that might affect an employee's morale and productivity. It is what drives a person to put in more effort, perform at full capacity, and produce extraordinary outcomes, which would not be the case if the motivating reason did not exist. Since it is always influenced by the drive to meet their physiological, safety, esteem, and self-actualization demands, every organization public or private needs the motivation of hired employees (Maslow, 1954; Zameer et al., 2014). When employees at a firm put in a lot of effort after being properly motivated, the organization achieves its goals. Employee needs and goals are appropriately met. The objectives of the organization they work for and their objectives might occasionally diverge. Every company's management should encourage employees by focusing on their character desires and aspirations to achieve company goals.

Motivation is defined by Kanfer et al., (2017) as standards like goals, needs, rewards, wishes, wants, or desires. Understanding how different employees motivate themselves can help predict their actions, thoughts, and behaviors.

Work motivation is the process of initiating and maintaining goal-directed performance. According to the National Institute of Mental Health in the United States (NIMH), motivation is "the internal energy that gives people the power to achieve organizational and non-public goals in the workplace." Breugh et al., (2018) classified employee motivation into two major categories: intrinsic motivation and ~~Extraneous-extraneous~~ Motivation.

Given the diversity of human desires, several motivational variables have been recognized. Certain elements have a large influence on an employee's personality, while others have no influence. Regardless of whether these aspects are internal or external, it is still true that humans have fundamental needs that must be met. Those circumstances force the person to give the impression of having a good time in one way or another. Therefore, when applications are likely to be met, people are encouraged to work hard to achieve certain key objectives. Motivation has been identified as both internal drivers of movement and external influences that could act as triggers (Mikkelsen et al., 2017).

Sarpong, (2016) published a paper titled "Motivational influences on the performance of the staff of Eco Bank Ghana Limited, Knust Branch, and the Stadium Branch." According to her, the incentive for intellectual activity has gradually increased as a result of the need to increase productivity and efficiency at work or in any other organization. Issues about motivation are expressed by educators as well as human resource experts. Employee pride and productivity often contribute to the success and harmony of the business in a variety of ways, in addition to profitability and productivity through great recruiting and retention of talent.

Organizational leaders and management teams are interested in inspiring their employees to provide their best efforts at work because of the benefits that such activities generate for the firm. Several studies have found a proportionate association between motivation and overall performance.

Investors in developing nations frequently use a range of monetary intermediation mechanisms, such as banks and microfinance institutions (MFIs). MFIs serve 48.6% of the population who cannot access loans from traditional banks, according to the BOT, (2021) report. As a result, it is critical to identify high-quality measures to improve manufacturing in these organizations. Donors employ necessary procedures to influence decision-making, such as the efficiency and productivity of microfinance enterprises. Because of the low-interest rates they offer to their members, microfinance enterprises in Tanzania serve a diverse spectrum of customers. Consequently, this research aims to see how extrinsic motivating factors affect the overall performance of employees in non-reporting microfinance enterprises in Tanzania.

### Literature Review

To examine the effects of Extraneous Motivation on worker performance, Shaikh et al., (2017) conducted a comparative analysis of the food and textile industries in Sindh, Pakistan. The data had previously been gathered using a questionnaire, and the analysis utilized multivariate evaluation techniques, descriptive statistics, Pearson correlation, Analysis of Variance (ANOVA), and the t-test. The research discovered an average relationship between corporate policy, supervision, working conditions, and peer relationships in the food and textile industries. Extrinsic factors were once thought to be crucial workplace tools that accentuate and improve employees' performance through the provision of coaching opportunities that will boost their reputation and boost their self-confidence in how they handle and communicate workplace issues. The researcher claims that for managers and employees to get along, management needs to focus on developing a positive and welcoming workplace.

Kipilelenga, (2019) studied the influence of motivation on organizational performance. The study aims to determine if there is a relationship between employee motivation and performance. The study's empirical design evaluated the data and looked for potential associations using multiple linear regression, descriptive statistics, and factor analysis (community and KMO). The results show that motivation affects both employee and organizational performance. The researcher advises companies to improve employee incentive programs to increase productivity. Since a study has conclusively shown that motivation is crucial to organizational performance, researchers advise businesses to develop alluring compensation plans to increase employee performance. In addition, research has determined that motivation affects employee and organizational performance.

Anyam Gift & Obindah, (2020) studied how motivation impacts organizational productivity at Bayelsa Private Hospital. The survey search for a format used to be employed in this find out about method. The obtained fabric has once analyzed the use of descriptive and inferential data. According to theory, organizational productivity in the private hospitals of Bayelsa State is no longer significantly impacted by motivation. This suggests that if the performance of the organization increases, it will likely be caused by increased motivation. The results indicate that in addition to the rules ingrained in the company's culture, the administration should consult with employees when creating incentive plans and consider organizational motivation. It is a beneficial device for enhancing organizational insurance over time and elevating worker satisfaction. It is a helpful tool to adorn organizational insurance over time while boosting employee performance, productivity, and retention. According to this article, motivation has a significant ecological impact on the productivity of private hospitals.

- The Influence of salary Packages on Employee Performance

Various researches have been carried out to study the influence of salary packages on employee performance such as Kahungya, (2016) studied the effects of motivation on employee performance in the vice president's office. Variables tested in the research showed a positive relationship between motivation and employee performance. Her findings showed that salary was considered to be the main factor that influences hard work among employees and increases morale. Kabiru, (2018) investigated the salary structure and employee performance of a microfinance firm in Nyeri, Kenya. According to this study, compensation has a significant impact on employee performance. The most important type of compensation was the employee's income or performance-based salary. She later found that incentives had a significant impact on employee performance. The researcher suggested that employers should evaluate wage payments annually because bonus distribution should take into account the hours employees worked for the company. Siddiqi & Tangem, (2018) investigated how workers' overall performance in Bangladesh was impacted by the working

environment, salary packages, and motivation. The study found that employee performance is significantly influenced by the work environment, salary, and motivation.

- The impact of Prizes on employee performance

There have been numerous studies conducted to investigate the impact of prizes on employee performance such as Also, the researcher found out that BPO sectors were able to reduce turnover due to an effective reward system. The scholar further suggested areas in which organizations should focus on improving employee performance, such as by creating a healthy and positive working environment. Ngwa et al., (2019) studied the effect of a reward system on employee performance in Cameroon and found that collective bargaining systems have an affirmative impact on employees' cohesiveness. Further, the flat-rate system seems to harm employees' work. Profit-sharing has a favorable impact on employees' dedication to manufacturing companies. Muchiri, (2016) researched the effects of Rwanda on employee performance in the hospitality industry and found that the management of the Nairobi Serena Hotel needs to focus on instilling trust in their employees' capacity to do their jobs.

- The effects of Incentives on Employee Performance,

Some studies have been conducted to investigate the effects of incentives on employee performance. Widhianingrum (2018) conducted a study on the effect of providing incentives on employee performance and discovered that providing incentives has a significant effect on employee performance. Senou et al., (2019) studied incentive schemes and productivity in microfinance institutions in Benin. The study found that non-monetary incentives have a positive impact on employee performance, while financial incentives hurt employee performance. Additionally, Chepkemoi, (2018) investigated how incentives affected worker performance in Kenya, and the results of the study demonstrated how crucial incentives are to the success of an organization.

#### Research gap

Empirical research on the performance of microfinance institutions has produced a variety of conclusions, the majority of which indicate that performance varies among different types of MFIs. According to evidence from Tanzania, microfinance institutions score poorly on financial performance criteria. Nyamsogoro, (2010) used financial performance measures to examine the growth and sustainability of rural microfinance companies in Tanzania. This study showed that institutions at all stages of growth have low sustainability. According to Kipesha, (2013) survey on the efficiency of Tanzanian microfinance institutions, great production efficiency and low intermediation efficiency were found. Financial criteria were employed in all of these studies to assess the performance of microfinance firms.

This study fills a knowledge gap by investigating the impact of Extraneous Motivation factors on employee performance in Tanzanian microfinance institutions. It has identified extrinsic factors that motivate workers, paying particular attention to the connection between rewards and productivity as well as the effects of pay and incentives. For the researcher to fully understand the behavior of the unit under study, the survey method was also used in the study. Many studies in this area of motivating employees have used various theories such as equity theory, expectancy theory, and Maslow's Hierarchy of Needs theory.

#### Data and Methodology

Providing the research tools for this research study used a quantitative approach as the source of data, whereby survey research was employed to assess the effects of extraneous motivation factors on employees' performance in microfinance institutions in Arusha. Given the study population of 129 microfinance companies in the Arusha region, the confidence level of 95%, error margin of 5%, the sample size was estimated to be 98 microfinance companies as given by Sekaran & Bougie, (2016). The sample size was calculated by using the formula:

$$n = \frac{N}{1 + N(e^2)}$$

Where:

n – Sample size

N – Population size

e – Estimated sampling error

$$n = N / 1 + N (e)^2$$

$n = 129 / 1 + 129 (0.05)^2 = 98$  non-deposit taking microfinance companies.

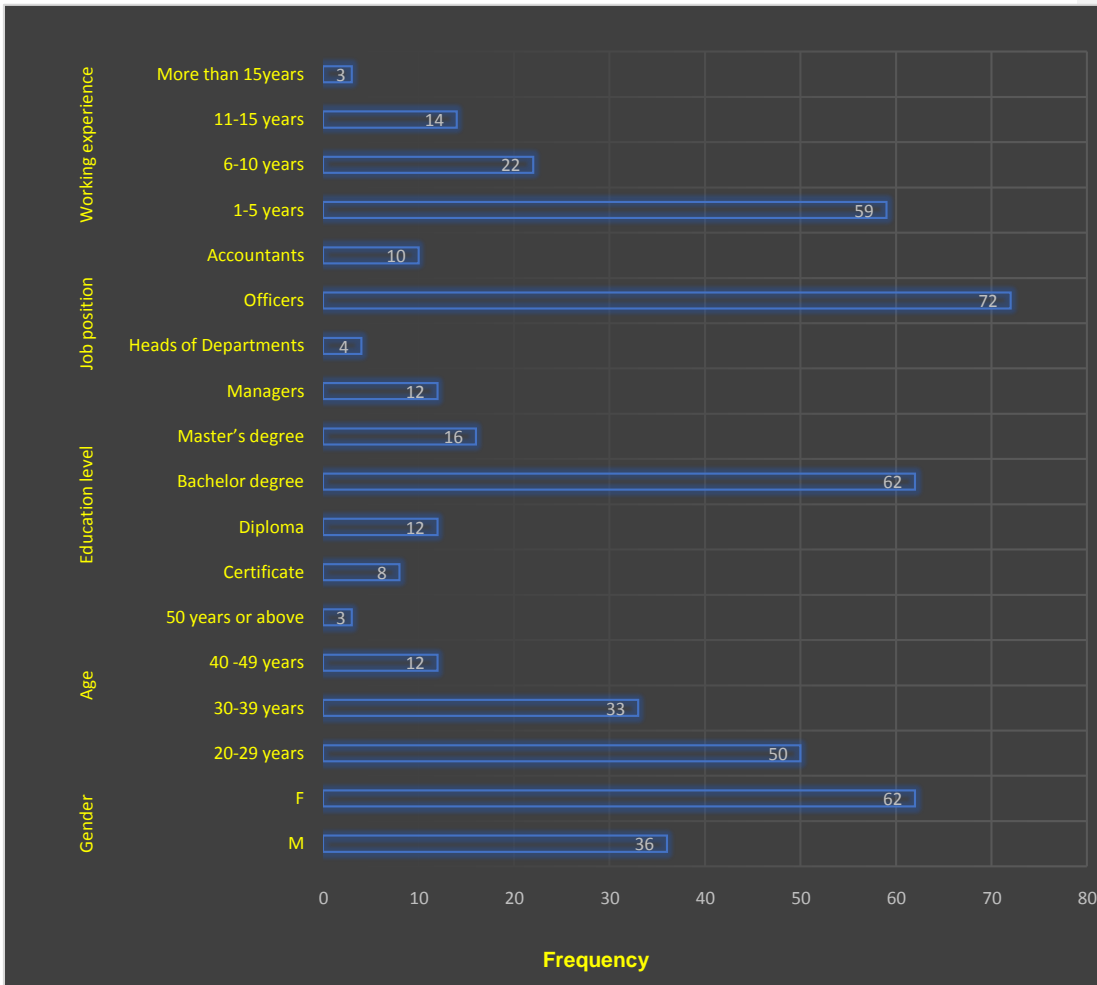
### Findings and Discussion

- Respondent's Characteristics

According to the profile of the respondents in this study, there were 98 respondents, with 2/3 of them being female. This demonstrates that there are many more female MFI employees than male MFI employees, either as a result of women's higher levels of honesty or because women tend to be loan beneficiaries, making it simpler for women to monitor loan repayment than for men. The respondents ranged in age from young adults to older adults, with older adults being the youngest. The majority of respondents had a bachelor's degree in terms of education. This revealed that employees can understand the organization's goals to the level that management will require them to do so. Three-quarters of respondents who reported their jobs were officers. The respondents had different working experiences in the MFIs as follows: more than half of the respondents were junior employees. The interpretation of the data is supported by Kelly's Personal Constructive (Kelly, 1995) Theory which suggests that young start-ups are more likely to leave the industry when they receive a better offer than to concentrate on developing a career there. Various variables for the profile of respondents are presented in figure 1.

Figure 1. Sample Description of Respondents

UNDER PEER REVIEW



Source: Data Analysis

- Salary Packages on Employees' Performance

For the purpose of evaluating the impact of the incentive scale, descriptive statistics (mean, standard deviation, minimum and maximum scores) were computed (Table 1). According to the findings, Employee satisfaction with salary packages influences employees' performance scored highest (M = 4.30, SD = .79), followed by Timely payment of salaries influences employees' performance (M = 4.30, SD = .79). The lowest measurement scale on the influence of salary packages scale was Employee satisfaction with offered salary influences employees' performance (M = 4.06, SD = .81) followed by Salary increment influences employees' performance (M = 4.13, SD = .81)

Table 1: Salary Packages on Employees' Performance.

Item	Minimum	Maximum	Mean	Std. Deviation
Amount of Salary Packages influences employee performance	1.00	5.00	4.19	.86
Timely payment of salary influences employees' performance	1.00	5.00	4.30	.79

Salary Increment influence employees' performance	1.00	5.00	4.13	.81
Employee satisfaction with offered salary influences employee performance	1.00	5.00	4.06	.81
Employee satisfaction with salary packages influence employees' performance	1.00	5.00	4.39	.75

N = 98

Source: Data Analysis

- Effect of Incentives on Employees' Performance

The descriptive statistics were analyzed for the effect of the incentive scale (Table 2). The findings indicate that financial incentives have the greatest influence on the accomplishment of goals ( $M = 4.28$ ,  $S.D. = .45$ ), followed by non-financial incentives that spur employees' performance ( $M = 4.15$ ,  $SD = .63$ ). The lowest measurement scale on the effect incentive scale was Commissions influence employees' performance ( $M = 3.54$ ,  $SD = 1.49$ ) followed by Bonuses influences increase of sales quantity ( $M = 4.09$ ,  $SD = .84$ )

Table 2: Incentives Influencing Employees' Performance.

Item	Minimum	Maximum	Mean	Std. Deviation
Non- financial incentives motivate employee performance	1.00	5.00	4.15	.63
Financial incentives influence the achievement of goals.	1.00	5.00	4.28	.45
Allowances influence labor productivity.	1.00	5.00	4.11	.64
Bonus influence an increase in sales Quantity.	1.00	5.00	4.09	.84
Commission influence employees' performance	1.00	5.00	3.54	1.49

N = 98

Source: Data Analysis

- Prizes on Employees' Performance

To determine the impact of the prize scale, descriptive statistics were examined (Table 3). According to the results, financial prizes had the second-highest score ( $M = 4.17$ ,  $SD = .64$ ), and employee satisfaction with offered prizes had the highest score ( $M = 4.18$ ,  $S.D. = .78$ ). Employee satisfaction with prize structure influence employees' performance was the lowest measurement scale on the effect of prizes scale ( $M = 3.58$ ,  $SD = 1.48$ ), followed by No. of prizes offered per year influence employees' performance ( $M = 4.08$ ,  $SD = .64$ ).

Table 3: Prizes on Employees Performance

Item	Minimum	Maximum	Mean	Std. Deviation
Non-financial prizes influence employee performance	1.00	5.00	4.12	0.65
Financial prizes influence employees' performance	1.00	5.00	4.17	0.64
No. of prizes offered per year influence employees' performance	1.00	5.00	4.08	0.64
Employee satisfaction with offered prizes influence employee performance	1.00	5.00	4.18	0.78
Employee satisfaction with prize structure influence employees' performance	1.00	5.00	3.58	1.48

N = 98

Source: Data Analysis

- Employees Performance

For the employee performance scale, descriptive statistics (mean, standard deviation, minimum and maximum scores) were calculated (Table 4). The findings indicate that high labor productivity scored highest (M = 4.06, S.D. =.86), followed by high goal achievement for MFI (M = 3.86, S.D. =.86). Efficiency is high (M = 3.54, SD =.95) and Quantity of production is high (M = 3.58, SD =.97) were the lowest measurement scales on the employee performance scale.

Table 4: Employees' Performance Variable

Item	Minimum	Maximum	Mean	Std. Deviation
Achievement of MFI's goals is high	1.00	5.00	3.86	.86
Labour productivity is high	1.00	5.00	4.06	.86
Efficiency is high	1.00	5.00	3.54	.95
Quantity of output is high	1.00	5.00	3.58	.97
Quality of output is high	1.00	5.00	3.73	.78

N = 98

Source: Data Analysis

- Reliability, Descriptive Statistics, and Correlation Analysis

Results from the descriptive statistics were analyzed for the effect of incentives on employee performance, the effect of prizes on employee performance, and the influence of the salary package on employees' performance using the cut-off points suggested in Albdour & Altarawneh, (2014) adjusted to 7-point rating levels. The results are shown in Table 5, and the incentive score was moderate (M = 4.03, S.D. =.56). Additionally, the results of the prize were merely insignificant (M = 4.03, SD =.56). Salary packages were found to be a significant factor (M = 4.21, SD = .39). The dependent variable, the employee, had a moderate score (M = 3.76, SD =.57) based on performance.

The relationship between incentives and employee performance was significantly positive and moderately correlated using the original cut-offs from Albdour & Altarawneh, (2014) ( $r = .461^{**}$ ,  $p < .001$ ). Prizes had a statistically significant, correlated, and moderately positive impact on employee performance ( $r = .461^{**}$ ,  $p < .001$ ). The performance of MFIs Companies was also moderately influenced favorably by salary packages ( $r = 4.09^{**}$ ,  $p < .001$ ).

Table 5: Variable Descriptive Statistics, Correlation Analysis, and Reliability

Item	Statistics	MEAN	STD	IN			
IN	Pearson Correlation	4.03	.56	1			
	Sig. (2-tailed)						
RP	Pearson Correlation	4.03	.56	.671 <sup>**</sup>	1		
	Sig. (2-tailed)			.000			
SP	Pearson Correlation	4.21	.39	.204 <sup>*</sup>	.210 <sup>*</sup>	1	
	Sig. (2-tailed)			.044	.038		
EP	Pearson Correlation	3.76	.57	.461 <sup>**</sup>	.461 <sup>**</sup>	.409 <sup>**</sup>	1
	Sig. (2-tailed)			.000	.000	.000	

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

\*. Correlation is significant at the 0.05 level (2-tailed).

N = 98

Source: Data Analysis

IN=Incentives, RP=Prizes, SP= Salary packages, EP=Employee Performance

## Discussion of Findings

The purpose of the study was to investigate the Effect of Extraneous Motivation Factors on Employees Performance in Tanzania Microfinance Institutions. An instance of Arusha's Selected Non-Deposit Taking Microfinance Companies Data was analyzed using descriptive statistics and Pearson correlation analysis. The discussion clarifies the research findings as a result of data analysis, focuses on the study's goals, and contrasts or compares the current findings to those from related studies that have been carried out in the past. Contributions from each discovery are displayed. The Effect of Extraneous Motivation Factors on Employee Performance in Tanzania Microfinance Institutions is better understood by doing this clearly and thoroughly.

- The Influence of Salary Packages on Employees' Performance

The performance of the workforce was positively correlated with the mean score for salary packages, which was moderate and significant. According to the majority of respondents, employee performance in MFIs is influenced by how satisfied they are with their compensation packages and how much they are paid. The results are supported by Maslow's Hierarchy of Needs, which categorizes physical needs in the workplace. By requiring that salaries be in line with the state of the economy and enable employees to meet their basic needs, employers and managers should work to meet these needs.

This study's findings are consistent with those of Kahungya, (2016), who found a positive relationship between salary and workers' performance ( $r = 0.589$ ,  $p < 0.05$ ), indicating that workers' performance is likely to improve when salaries are raised. Siddiqi & Tangem, (2018) research also showed that employee performance is significantly influenced by pay, the workplace, and motivation. According to Muchiri, (2016) the majority of respondents agreed that salaries are essential motivators for workers' performance, implying that the compensation packages provided to workers had an impact on their performance within the company. Additionally, salary increases for employees had an effect on their productivity within the company. According to research done by Kabiru, (2018) salary has a greater impact on improving employee performance. It was emphasized as the most prevalent type of payment.

Salary packages as a motivation factor have a significant impact on how motivated employees are to perform for the organization. Employees who put in more effort and deliver better work should be paid more than those who don't. This technique will motivate workers to put in more effort to earn better compensation. Salaries are a typical form of payment made to employees in exchange for their labour to entice, motivate, and keep them. A successful and equitable compensation structure should be developed and implemented by the human resource management team to motivate employee.

In general, the majority of respondents agreed that the extraneous motivation factors of salary packages, incentives, and prizes have an impact on employees' performance in the workplace. Although to varying degrees, there was a positive correlation between employee performance within the institution and each of the Extraneous Motivation factors of salary packages, incentives, and prizes.

- The Effect of Prizes on Employees' Performance

Prizes' mean score was moderately significant and positively correlated with workers' productivity. Most respondents agreed that using financial prizes and employee satisfaction with the rewards on offer as a tool to improve workers' performance at MFIs. Additionally, the correlation analysis indicates a connection between employee performance and rewards provided by the MFI. The results are consistent with Maslow's Hierarchy of Needs, recognizing the importance of esteem needs such as sense of accomplishment and affiliation.

The researcher came to the conclusion that an appropriate reward system serves as a motivation factor to improve employee loyalty to the organization's goals and targets, which is in line with Walters et al., (2019) finding. According to Muchiri's (2016) analysis, the majority of respondents agreed that incentives must be considered important motivators for workers' performance at the point at which they are viewed as a fair system of rewards in exchange for work completed. According to Alexander, (2020) there is a strong and positive correlation between employee motivation and the reward system. The researcher also emphasized that BPO's ability to lower turnover was a result of an efficient reward system. Furthermore, Njanja et al., (2013) hypothesized that an efficient reward system acts as a catalyst for workers to achieve greater performance and, consequently, the organization's objectives and goals.

In general, reward systems have some influence on motivating employees to produce high levels of performance in the organizations. Additionally, incentive programs and strategies are competitive tools that can spur workers to be more productive and produce high levels of performance within the company. Lack of an appropriate reward structure or system may cause the institution to experience labor problems such as low employee morale, low productivity, subpar goods and services, or a high employee turnover rate. Therefore, organizations should create and put into place reward strategies or systems that will encourage their staff to perform at a high level.

- Effects of Incentives on Employees' Performance

Incentives had a moderately significant mean score that was positively correlated with worker performance. The vast majority of respondents claimed that both monetary and non-monetary incentives affect employees' performance in MFIs. Additionally, the correlation analysis suggests that the MFI's incentives to its employees are related to their performance. The research validated Maslow's hierarchy of needs, especially physiological and safety needs.

The study's results support of Widhianingrum, (2018) who discovered a correlation between providing incentives to employees and their performance ( $r = 0.724$ ,  $p = 0.016$ ). This demonstrates that if employers give their employees incentives, it is expected that their performance will improve. Additionally, Senou et al., (2019) revealed that outreach was positively impacted by non-financial incentives. Incentives have been shown to improve teamwork and cooperation, efficiency, turnover rates, employee satisfaction, productivity, and the accomplishment of organizational targets and goals, according to Chepkemoi, (2018).

The results of this study show that one of the extraneous motivation factors used to motivate employees to raise their performance levels in the workplace is incentives. To recognize employees who go above and beyond predetermined goals, various organizations use both monetary and non-monetary incentives. According to this finding, management must offer incentives to employees to inspire them to perform better for their respective businesses. These rewards are thought to be a key element in boosting employees' motivation, enthusiasm, and ambition at work, which is anticipated to lead to increased productivity and, ultimately, improved performance within the organization.

However, there are some disadvantages when taking financial incentives into account for employee performance. Employees may strictly adhere to incentive systems as a result of monetary incentives, meaning they will only take actions that will earn them rewards. Some employees are likely to concentrate on doing assignments that will give them incentives rather than doing their best to benefit the organization. Financial incentive programs that are linked to achieving specific goals (such as sales, marketing, revenue, and other short-term extrinsic goals) must be implemented with caution because they can stifle creativity and encourage cheating, shortcuts, and unethical behavior. Monetary incentives may also create addiction in the sense that rewarding employees with incentives for a job well-done result in the situation where employees will demand the same or even greater incentives for future tasks of the same nature, that is, each time a greater incentive is needed to motivate improved employees' performance.

## Conclusion

Employee's performance in Tanzanian microfinance institutions is generally greatly impacted by extraneous motivational factors like incentives, rewards, and salary packages.

- Effect of Prizes on Employees' performance in MFIs

In line with previous research, this study finds that prizes in Tanzanian microfinance institutions positively affect employees' performance. Specifically, non-financial prizes, financial prizes, the number of prizes offered to employees per year, employee satisfaction with offered prizes, and prize structure are important dimensions in influencing employee performance in the MFIs. However, the effect of prizes on employees' performance is not significant.

- Effect of Salary Packages on Employees' performance in MFIs

The study also comes to the conclusion that salaries significantly improve employees' productivity in Tanzanian microfinance institutions. The motivation of MFI's employee's performance is influenced by a variety of elements, including the number of salary packages, punctual payment of salary, salary increases, and employee satisfaction with the salary and salary package.

- Effect of Incentives on Employees' performance in MFIs

The results of this study show that incentives significantly and favorably affect employee performance in Tanzanian microfinance firms. Non-monetary and monetary incentives, in particular, are essential elements in encouraging employees' success in MFIs.

### Recommendations

The study's findings established an influence of the specified extraneous motivation factors on employee performance in MFIs. The researcher advises MFI management on how to improve extraneous motivations such as salary packages, allowances, bonuses, commissions, prizes, and non-monetary incentives to encourage their employees to deliver work efficiently.

- Policy Implication of the Study

The study's findings offer some implications for practitioners and policymakers in Tanzania's microfinance business. The findings of this study may aid practitioners and policymakers at the government, the Bank of Tanzania, and other stakeholders in designing, developing, and implementing motivating and rewarding techniques in the microfinance industry.

- Areas for Further Studies

The performance of employees in MFIs was the only factor on which this study concentrated: Extraneous Motivation factors. Given the fact that employees' performance is influenced by various factors, further research is recommended to study a comprehensive list of factors that are considered to affect employees' performance in the organization. Since the Arusha region was the study's sole geographic focus, further research should take a broader geographic perspective and include rural areas.

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