



Factors influencing employee motivation and their performance in rural banks: Basis for policy enhancement

Andrea Paige Perales Cuba

Jose Rizal Memorial State University, Dapitan City, Philippines

DOI: <https://doi.org/10.5281/zenodo.14869220>

Corresponding Author: Andrea Paige Perales Cuba

Abstract

The study examines the relationship between motivation and performance in rural banks in Zamboanga del Norte, Philippines, using Herzberg's two-factor theory. Through a quantitative approach with 135 respondents, it analyzed intrinsic and extrinsic motivators using statistical methods. Results show a strong correlation between intrinsic factors like personal development and recognition and performance, while extrinsic factors like salary and peer relationships also played a role. The study highlights the need for policy enhancements in compensation, career development, and work environment to improve employee engagement and productivity.

Keywords: Employee motivation, performance, intrinsic factors, extrinsic factors

Introduction

The banking sector plays a crucial role in the economic development of any region, and rural banks, in particular, serve as vital financial intermediaries in rural communities. In the context of Zamboanga del Norte province in the Philippines, rural banks are instrumental in providing financial services to underserved populations, thereby supporting local economic activities and promoting financial inclusion. However, the effectiveness of these banks largely depends on the motivation and performance of their employees.

According to Abdi (2017) ^[1], employee motivation is an important factor that significantly affects employee performance. Employees who are motivated tend to be more involved and committed to their work, resulting in greater dedication to their tasks. This study aims to determine the relationship between employee motivation and performance. Employee motivation is defined as the level of enthusiasm, energy, and commitment with which employees approach their work. Various factors influence employee motivation, such as recognition, rewards, career development opportunities, and a positive work environment. Motivated employees are more likely to exert the effort needed to achieve their goals and meet performance targets, leading to increased productivity, higher-quality work, and better overall performance. In contrast, employees who lack

motivation may struggle to perform effectively, which can negatively impact both their performance and the organization as a whole.

In conclusion, employee motivation is a critical factor that significantly affects employee performance. Organizations that prioritize employee motivation are likely to see improved performance, increased productivity, and a positive work environment. Therefore, it is essential for organizations to invest in strategies that promote employee motivation and create a culture that values and recognizes employee efforts.

This research benefit researchers by providing a comprehensive overview of existing literature and studies on motivation and its effect on employee performance. By synthesizing and analyzing existing research, this study allows researchers to identify gaps in the current body of knowledge and areas for further investigation. For readers, it serves as a valuable resource for understanding the various factors that influence employee motivation and how these, in turn, affect performance within organizations.

Objectives

This study aimed to determine the factors that influence employee motivation to employee performance in rural banks within Zamboanga del Norte during years 2024-2025. Specifically, it sought to answer the following questions:

1. How do the respondents rate the factors that influence employee motivation in terms of:
 - 2.1 Intrinsic motivation
 - 2.1.1 Achievement;
 - 2.1.2 Advancement;
 - 2.1.3 Work Itself;
 - 2.1.4 Recognition; and
 - 2.1.5 Growth?
 - 2.2 Extrinsic motivation
 - 2.2.1 Company Policy;
 - 2.2.2 Relationship with Peers;
 - 2.2.3 Work Security;
 - 2.2.4 Relationship with Supervisor;
 - 2.2.5 Money; and
 - 2.2.6 Working Conditions?
- 3 Is there a significant difference in the influence employee motivation when analyzed according to their profile?
- 4 What is the performance of employees in rural bank?
- 5 Is there is a significant relationship between the factors of employee motivation and their performance?

Theoretical/Conceptual Framework

This study is anchored on Herzberg's two-factor theory of motivation, considered one of the most effective theories for explaining satisfaction issues. Herzberg discovered that factors like recognition, challenge, responsibility, and achievement—referred to as intrinsic motivators—influence job satisfaction, while other factors, known as "hygiene factors" or extrinsic motivators, impact job dissatisfaction (Sleimi & Davut, 2015) ^[13].

According to Njambi (2014) ^[7], this theory seeks to understand the process of motivation, which shapes an individual's behavior and actions in the workplace. It aims to explore why individuals exhibit certain levels of effort and choose specific paths in their work. Moreover, Kalhoro *et al.* (2017) ^[10] cited the study of Khan *et al.* (2013) ^[11], which revealed that both extrinsic and intrinsic factors equally influence employee motivation. Kalhoro *et al.* (2017) ^[10] concluded, based on empirical evidence from 223 private commercial bankers in Pakistan, that Herzberg's theory is supported by the findings. The study validates that intrinsic and extrinsic factors cause internal and external motivation. The theory provides guidance on how organizations can motivate their employees to effectively utilize their abilities, contribute to organizational objectives, and fulfill personal needs.

The variable of the study, as reflected in the schema, were extracted from Herzberg's two-factor theory of motivation, namely: Intrinsic Motivation which consisted of achievement, advancement, work itself, recognition and growth, while other factors, known as Extrinsic Motivation consisted of company policy, relationship with peers, work security, relationship with supervisor, money and working conditions.

Intrinsic Motivation

Intrinsic motivation refers to the internal drive to perform an activity for the inherent satisfaction it provides, rather than for external rewards or pressures (Hennessey *et al.*, 2015) ^[9].

This type of motivation stems from personal fulfillment, enjoyment, or the meaningfulness of the activity itself. Emphasized several intrinsic factors that influence employee motivation, including achievement, recognition, the nature of work, responsibility, advancement, salary structure, appreciation, and employees' perceptions of their jobs. These elements inspire individuals to engage in tasks voluntarily and with enthusiasm.

Achievement

Achievement is a critical component of motivation that directly influences individual performance, productivity, and job satisfaction. It refers to the sense of accomplishment individuals feel when they meet or exceed expectations, complete challenging tasks, or make meaningful contributions to their work. Numerous studies emphasize the significance of achievement motivation in driving employee engagement, performance, and overall organizational success.

Advancement

Advancement is a key component of motivation, particularly within the framework of Herzberg's Two-Factor Theory, where it is identified as an intrinsic motivator that drives employees to excel in their roles. Herzberg defines advancement as the opportunity for professional growth and the potential for employees to move to higher or more responsible positions within the organization. This upward mobility often symbolizes recognition of an employee's contributions, fostering a sense of accomplishment and satisfaction that enhances overall motivation.

Work Itself

The nature of the work itself is a critical factor in motivating employees and fostering creativity, engagement, and job satisfaction. According to Raza *et al.* (2015) ^[12], employee creativity, which is vital for an organization's competitive advantage, is often enhanced when employees are provided with challenging tasks, competitive environments, and opportunities to tackle diverse responsibilities.

Recognition

Recognition is a critical component of employee motivation and engagement, directly influencing job satisfaction, productivity, and overall organizational success. Positive recognition refers to the acknowledgment, honors, or compensation that employees receive for achieving objectives or delivering exceptional work. Alshmemri *et al.* (2017) ^[13] emphasized that positive recognition creates an atmosphere where employees feel valued and appreciated, boosting their confidence and motivation to sustain high performance.

Extrinsic Factor

Extrinsic factors are external elements that significantly influence employee motivation, often involving tangible rewards or external conditions that affect an individual's behavior and performance. Hennessey *et al.* (2015) ^[9] define extrinsic motivation as the drive to perform tasks to achieve an external goal or meet an imposed constraint. These factors often shape employee behavior by providing external rewards, such as monetary incentives, or by establishing

favorable working conditions, recognition, and opportunities for growth. Unlike intrinsic factors, which stem from internal satisfaction, extrinsic factors are crucial for meeting employees' basic and practical needs.

Company Policy

Company policies are formal guidelines established by organizations to regulate employee behavior, ensure fairness, and align the workforce with the company's objectives. These policies significantly impact job satisfaction and employee engagement by setting expectations, providing clarity, and fostering a structured work environment. According to Edward *et al.* (2021) [14], a positive path coefficient between corporate policy and job satisfaction highlights that well-designed and effectively implemented policies contribute to higher levels of employee satisfaction. Conversely, poorly executed or unclear policies can lead to dissatisfaction, negatively affecting engagement, performance, and retention.

Relationship with Peers

The relationship employees have with their peers significantly impacts their motivation, job satisfaction, and overall workplace experience. A co-worker, defined as someone holding a similar position or rank in the same organization, forms an integral part of the working environment. Employees often expect their colleagues to collaborate harmoniously, as positive peer relationships are essential for fostering a conducive work atmosphere. These relationships extend beyond task coordination to provide emotional and social support, contributing to both immediate job satisfaction and long-term professional growth.

Work Security

Work security, as described by Herzberg, encompasses various aspects of a job that protect employees' physical, emotional, and personal well-being while ensuring their continued employment. It is a critical component of workplace stability, providing employees with the assurance that their jobs are safe and their livelihood is not at risk. The absence of this assurance can result in significant stress and decreased motivation, as fear and uncertainty about job loss are powerful deterrents to engagement and productivity (Yousaf, 2020; Nemteanu *et al.*, 2021) [15, 16].

Relationship with Supervisor

A strong and positive relationship between employees and their supervisors is a crucial factor in fostering motivation, engagement, and job satisfaction. Supervisors play a central role in shaping the work environment and directly influencing employees' performance and overall well-being. According to Njambi (2014) [7], supervisors who actively maintain good relationships with their employees exhibit behaviors such as aiding with job-related issues, demonstrating awareness of employees' difficulties, fostering open communication, and offering regular

feedback about performance. These actions create an environment where employees feel supported and valued, leading to higher levels of motivation and productivity.

Money/Salaries

Salaries, as defined by Boselie (2020) [17], represent the monthly payments organizations provide to employees in exchange for the services they render, as outlined in their employment contracts. Salaries serve as a fundamental component of an organization's compensation system and are typically allocated to permanent employees or long-serving contractual staff Pratheepkanth, (2015) [18]. Beyond being a means of financial sustenance, salaries play a critical role in employee motivation, job satisfaction, and retention.

Working Conditions

The quality of working conditions plays a vital role in influencing employee motivation, satisfaction, and overall productivity. Working conditions encompass the physical environment, workplace culture, available resources, and the degree to which employees find their work meaningful. According to Yazdani *et al.* (2015) [19], while there is a positive correlation between a comfortable physical environment and employee motivation, the impact of managerial behavior on motivation tends to be stronger. This highlights that while an ergonomically designed, safe, and pleasant workplace is important, effective management practices and interpersonal relationships also significantly shape employees' experiences.

Employees Performance

Employee performance is a key indicator of an individual's ability to meet or exceed organizational standards and contribute effectively to the achievement of organizational goals. It reflects not only the competence of an employee in fulfilling their duties but also the extent to which their output aligns with the organization's expectations. According to Cicih (2020) [5], the effectiveness of human resources plays a crucial role in attaining high levels of performance. In the banking sector, for example, employees are expected to be dependable, knowledgeable, and well-organized to deliver exceptional service and remain competitive in an industry characterized by intense competition.

Motivation and employee's performance

Motivation plays a crucial role in influencing employee performance, serving as a driving force that determines the level of effort, commitment, and productivity employees bring to their work. Motivation is broadly categorized into two types: intrinsic motivation, which is driven by internal factors such as a sense of purpose and personal growth, and extrinsic motivation, which is influenced by external rewards such as monetary compensation and recognition. Both types of motivation significantly impact employee performance, as demonstrated in numerous studies.

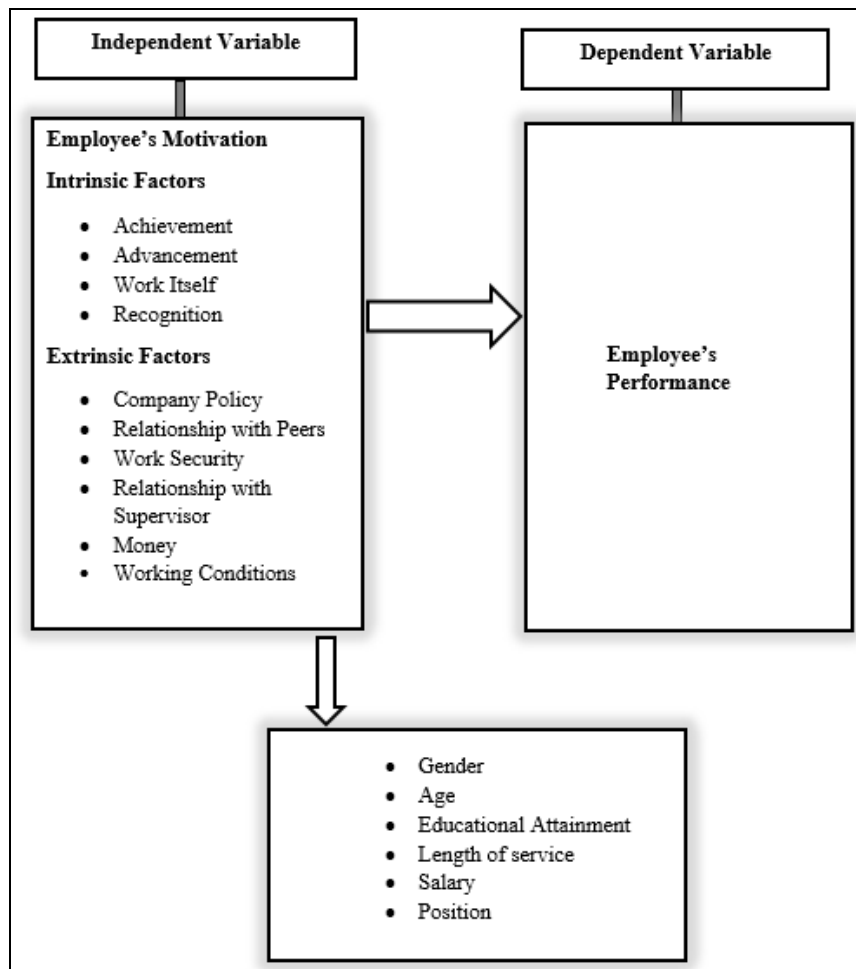


Fig 1: Schema of the Study

Methods

This study employed a quantitative descriptive survey design to assess the factors influencing employee motivation and performance in the rural banks in Zamboanga del Norte. This research focused on rural banks in Zamboanga del Norte, a region where numerous banking institutions competed fiercely for deposits and lending opportunities. The study covered eight (8) rural banks, each with several branches in the area, contributing to a dynamic and competitive financial environment. The researcher identified rural banks operating in Zamboanga del Norte by searching the Philippine Deposit Insurance Corporation (PDIC) website and the Rural Bankers Association of the Philippines (RBAP). These individuals were selected using purposive sampling to ensure their relevance to the study's objectives. The initial sample size was determined using Slovin's formula, with a margin of error set at 0.05, resulting in a target sample size of 199 respondents.

Results and Discussion

Table 1: Factors Influencing Employees' Motivation on Intrinsic

Indicators	X	Description
Achievement	4.40	Very well Motivated
Advancement	4.31	Very well Motivated
Work Itself	4.25	Very well Motivated
Recognition	4.36	Very well Motivated
Grand Mean	4.33	Very well Motivated

Table 1 presents the summary of intrinsic factors influencing employees' motivation, with a grand mean of 4.33, classified as "very well motivated." This suggests that factors like achievement, recognition, advancement, and work itself are strongly motivating employees in their roles. The highest-rated factor is Achievement 4.40, underscoring the importance of employees feeling accomplished in their work. Achievement is a key intrinsic motivator as it satisfies the need for competence, a concept central to Deci, *et al* (2017) [6] Self-Determination Theory, which highlights the positive impact of competence on engagement and job satisfaction. Similarly, Herzberg's Two-Factor Theory emphasizes that personal accomplishment is a significant contributor to intrinsic motivation, leading to higher job satisfaction and performance.

Table 2: Employees' Motivation on Extrinsic

Indicators	Mean	Description
Company Policy	4.20	Well Motivated
Relationship with Peers	4.28	Very well Motivated
Work Security	4.22	Very well Motivated
Relationship with Supervisor	4.09	Well Motivated
Money	3.77	Well Motivated
Working Condition	4.12	Well Motivated
Grand Mean	4.33	Well Motivated

Table 2 highlights extrinsic factors influencing employee motivation, with a grand mean of 4.33 "Well Motivated".

Company policy 4.20 and supervisor relationships 4.09 moderately impact motivation. These findings align with research by Bock (2019) [14] shown that fair and transparent policies can enhance employee engagement and satisfaction. Similarly, Kim, *et al.* (2020) [17] claims that positive

relationships with supervisors are known to foster trust and collaboration, which are essential for job satisfaction and motivation, emphasizing fair policies and positive leadership in enhancing engagement, trust, and job satisfaction.

Table 3: Significant Difference on the factors Influencing Employee Motivation when analyzed as to Profile

Indicators	U-Value	H-Value	P-Value	Description	Decision
Genders	2.89	-	0.071	Not Significant	
Age	-	3.01	0.093	Not Significant	
Educational Attainment	-	4.29	0.005	Significant	Accept H ₁
Years of Service	-	3.72	0.101	Not Significant	
Salary	-	4.21	0.001	Significant	Accept H ₁
Positions	-	2.78	0.097	Not Significant	

Table 3 analyzes differences in employee motivation based on demographics, highlighting education $p = 0.005$ and salary $p = 0.001$ as key factors, while gender, age, years of service, and position showed no significant effects. These findings align with prior research with Zhao, *et al.* (2021) [20], who suggested that employees with higher educational qualifications tend to have higher motivation, particularly

for roles that require continuous learning and development. Salary also significantly impacted motivation, with a p -value of 0.001, supporting the findings of Peccei (2021) [21] that salary is a powerful extrinsic motivator in job satisfaction, emphasizing the need to tailor motivation strategies based on education and compensation to enhance workplace motivation.

Table 4: Employees' Performance in the Bank

Items	Managers		Employees	
	AWV	Description	AWV	Description
1. My salary is based on my performance	4.10	Very Good	4.24	Excellent
2. I will perform well if am promoted	4.01	Very Good	4.18	Very Good
3. Satisfaction has to do with my performance on my job	4.22	Excellent	4.19	Very Good
4. Communication is most important in employee's performance	4.23	Excellent	4.15	Very Good
5. Performance and attitude help towards achieving organizational goals	4.15	Very Good	4.12	Very Good
6. I am clear about what I need to do and how my job performance will be evaluated	4.22	Excellent	4.17	Very Good
7. I perform well if I am given the opportunity to	4.20	Very Good	4.15	Very Good
8. I feel compelled to resume early to work	4.19	Very Good	4.09	Very Good
9. My aim is self-knowledge and the most important thing to me is realizing my ultimate personal potential	4.25	Excellent	4.31	Excellent
10. I am satisfied with communication between the staffs and management	4.23	Excellent	4.29	Excellent
11. Training and development are important if workers must perform well	4.19	Very Good	4.05	Very Good
12. The location of my job is convenient	4.23	Excellent	4.32	Excellent
13. I make sure I complete any task assigned to me	4.19	Very Good	4.21	Excellent
14. I engage in tasks that are not assigned to me	4.20	Very Good	4.19	Very Good
15. I do not need to be told to do things needed to be done	4.18	Very Good	4.12	Very Good
Mean	4.19	Very Good	4.18	Very Good

Alalade SY, Oguntodu JA. Motivation and employees performance in the Nigerian banking industry. *International Journal of Economics, Commerce, and Management*. 2015;3(4):78-92.

Table 4 provides an insightful comparison of how managers and employees perceive the factors influencing their performance in the bank. Both groups rate performance as "Very Good," with an overall mean score of 4.19 for

managers and 4.18 for employees. Key performance-related factors such as salary, communication, promotion opportunities, and self-knowledge are viewed positively by both groups.

Table 5: Significant Relationship Between the factors Influencing Employee Motivation and Employee's Performance

Indicators	Mean	X Difference	r-Value	P-Value	Description	Decision
Intrinsic and Performance	4.33	0.15	0.29	0.003	Significant	Accept H ₂
	4.18					
Extrinsic and Performance	4.11	0.07	0.20	0.042	Significant	Accept H ₂
	4.18					

Table 5 shows a significant positive correlation between motivation and performance, with intrinsic motivation $r = 0.29$, $p = 0.003$ having a stronger impact than extrinsic motivation $r = 0.20$, $p = 0.042$. Since p -values are below

0.05, the alternative hypothesis is accepted. This highlights the importance of fostering autonomy, skill development, and personal fulfillment, while also recognizing the value of extrinsic factors for optimal performance.

Conclusion

The study concluded that salary is a key factor in employee motivation in rural banks, while gender, age, years of service, and position had no significant effects. Intrinsic factors like achievement and recognition, along with extrinsic factors such as supportive leadership and favorable policies, strongly motivated job satisfaction and performance with grand mean 4.33. Both managers and employees rated their performance positively mean scores: 4.19 and 4.18. A strong positive correlation was found between motivation and performance, with intrinsic motivation having a greater impact. The study emphasized the importance of a supportive work environment, education, and salary in enhancing employee motivation and performance.

References

1. Abdi Mohamud S, Ibrahim AA, Hussein JM. The effect of motivation on employee performance: Case study in Hormuud company in Mogadishu Somalia. *International Journal of Development Research*. 2017;9(11):17009-17016.
2. Alalade SY, Oguntodu JA. Motivation and employees performance in the Nigerian banking industry. *International Journal of Economics, Commerce, and Management*. 2015;3(4):78-92.
3. Alshmemri M, Shahwan-Akl L, Maude P. Herzberg's two-factor theory. *Life Science Journal*. 2017;14(5):12-6.
4. Bock L. *The New Rules of Work: The Modern Playbook for Navigating Your Career*. New York: Grand Central Publishing; c2019.
5. Cich R. Analysis of employee performance of banking companies: a case in Indonesia. *Russian Journal of Agricultural and Socio-Economic Sciences*. 2020;101(5):39-46.
6. Deci EL, Olafsen AH, Ryan RM. Self-determination theory in work organizations: The state of a science. *Annual Review of Organizational Psychology and Organizational Behavior*. 2017;4(1):19-43.
7. Njambi C. Factors influencing employee motivation and its impact on Employee Performance: a case of AMREF health Africa in Kenya [dissertation]. United States International University-Africa; c2014.
8. Nguyen M, Xuan M, Hoang V, Pham V. Research on factors affecting employee motivation at commercial banks. *International Journal of Economics*. 2024;9(3):21-31.
9. Hennessey B, Moran S, Altringer B, Amabile TM. Extrinsic and intrinsic motivation. *Wiley Encyclopedia of Management*; c2015. p. 1-4.
10. Kalhor M, Jhatial AA, Khokhar S. Investigating the influence of extrinsic and intrinsic motivation on work performance: Study of bank officers. *Global Management Journal for Academic and Corporate Studies*. 2017;7(1):9.
11. Khan A. An empirical analysis of HR policies on the performance of employees in the banking industry: A case study of State Bank of India (SBI). *International Journal of Multidisciplinary Research and Development*. 2015;2(2):308-312.
12. Raza MY, Akhtar MW, Husnain M, Akhtar MS. The impact of intrinsic motivation on employee's job satisfaction. *Management and Organizational Studies*. 2015;2(3):80-88.
13. Sleimi MT, Davut S. Intrinsic and extrinsic motivation: Pivotal role in bank tellers satisfaction and performance: Case study of Palestinian local banks. *International Journal of Business and Social Science*. 2015;6(11):127-136.
14. Edward DA, Ausiello D, Salzman J, Devlin T, Langer R, Beddingfield BJ, *et al*. Exhaled aerosol increases with COVID-19 infection, age, and obesity. *Proceedings of the National Academy of Sciences*. 2021;118(8):e2021830118.
15. Yousaf H, Mehmood A, Ahmad KS, Raffi M. Green synthesis of silver nanoparticles and their applications as an alternative antibacterial and antioxidant agents. *Materials Science and Engineering: C*. 2020;112:110901.
16. Nemteanu MS, Dabija DC. The influence of internal marketing and job satisfaction on task performance and counterproductive work behavior in an emerging market during the COVID-19 pandemic. *International Journal of Environmental Research and Public Health*. 2021;18(7):3670.
17. Knies E, Leisink P, Boselie P. A high performance work system in amulti-stakeholder context. In *Case Studies in Work, Employment and Human Resource Management*; c2020. p. 45-51. Edward Elgar Publishing.
18. Pratheepkanth P, Samanthala H, Chris S W. Effects of board structure on firm performance: a comparison between Australia and Sri Lanka. *Proceedings of 4th Global Business and Finance Research Conference*; c2015.
19. Yazdani R, Imhoff P, Han B, Mei C, Augenstein D. Quantifying capture efficiency of gas collection wells with gas tracers. *Waste Management*. 2015;43:319-327.
20. Zhao B, Bilien H. Dataset condensation with differentiable siamese augmentation. In *International Conference on Machine Learning*; c2021. p. 12674-12685. PMLR.
21. Beijer S, Peccei R, Van Veldhoven M, Paauwe J. The turn to employees in the measurement of human resource practices: A critical review and proposed way forward. *Human Resource Management Journal*. 2021;31(1):1-7.

Creative Commons (CC) License

This article is an open access article distributed under the terms and conditions of the Creative Commons Attribution (CC BY 4.0) license. This license permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited.