Effect of Employees Motivation on Financial Performance of Insurance Companies in Emerging Economies in Nigeria

Emmanuel Opeyemi Oladunni[1], Chukwuma Benjamin Agbaji [2], Umunnakwe Ishmael Agbo[3]

[1]*Department of Actuarial Science and Insurance, Ahmadu Bello University, Zaria Nigeria*

[2] *Department of Insurance and Risk Management, Enugu State University of Science and Technology, Enugu Nigeria*

[3]*Department of Insurance and Risk Management, Enugu State University of Science and Technology, Enugu Nigeria*

***Abstract*: Diminishing financial performance of insurance companies in recent years in Nigeria as a result of improper personnel management has done harm to financial system and provided shortfall in investors expectation in emerging economies. This study examined the effect of employees' motivation on financial performance of insurance companies in emerging economies in Nigeria. The specific objectives of the study were to determine the extent at which intrinsic and extrinsic motivation strategies affect financial performance of insurance companies. The employed mixed research design using both research survey and ex-post facto. The sample size was 175 which was derived from a targeted population of 313 employees of insurance companies in Kaduna state, Nigeria. Data for the study was collected using structured questionnaire, annual publications of the Nigerian Insurance Digest (NIA) and financial reports of insurance company for 12 years' period 2008-2019. Regression results revealed that intrinsic motivational strategies significantly affect financial performance of insurance companies while extrinsic motivational strategies have no statistical significant effect on financial performance of insurance companies in emerging economies in Nigeria. The findings supported the prediction of Herzberg two-factor and self-determination theories. The study recommended that decision makers of insurance companies should put effective and efficient strategies in place by using the right ways to motivate both management and non-management staff in order to achieve increased financial performance that significantly justify opportunities in emerging economies.**

***Keywords:* Financial performance, employees, emerging economies, intrinsic motivation and extrinsic motivation.**

I. INTRODUCTION

Motivation can be described as a decision making process, through which goal-directed behavior is initiated, energized, directed and maintained. Improving productivity is one big challenge that has engaged the attention of employers whether private or public. Emerging economies unveil the need for insurance companies to prioritize efforts in managing emerging risks which require employees' motivation towards attaining increased financial performance that would meet shareholders' expectation (Hallett, 2000). For years, employers are experimenting different strategies in an attempt to effectively relate motivation of employees to their performance. Strategies such as salary/wage increase, promotion, job satisfaction and improvement in work environment have been deployed by organization in an attempt to motivate their employees to achieve a higher performance (Ajaz and Sumaya, 2018).

Nigeria's insurance industry is one of the major player in the financial services sector of the Nigerian economy. Competition in the industry is very intense as there were 55 companies operated in the Nigerian insurance market as at 2019, comprising 11 specialist life companies, 26 non-life companies, 14 composite companies, 2 Takarful insurance companies and 2 Reinsurance companies. There were 460 registered insurance brokers and about 15,000 insurance agents (Insurance Digest, 2019). Unlike other players in the Nigerian financial system, insurance companies are facing many challenges which affect their financial performance as growth trajectories in different parts of the world.

Insurance companies spend huge sums of money and efforts on satisfaction of their officers so as to make them more productive aimed at achieving profitability. This study adopts intrinsic and extrinsic motivation strategies as they affect insurance companies' financial performance.

Barbosa and Louri (2005) assert that financial measure of performance is one of the tools indicating the financial strengths, weakness, opportunities and threats. According to them, the financial performance measurements include return on assets, return on investment, return on sales, gross operating profit, return on equity etc. These are referred to as short term financial performance or accounting measures. There are other measures of financial performance that are called long term performance or market performance. These include price per share to the earning per share, market value to book of equity, Tobin's Q etc. The indicator measuring financial performance used in this work is return on equity (ROE). In addition to this financial measure, there are other factors that influence financial performance of insurance companies known as firm specific factors (control variables). The control variable used in this study is firm's age.

In developing countries like Nigeria, some of these named motivational strategies are negatively affected by logical conditions, which brings about the controversy between the behavioral scientists and the management theorists as to the motivational power of money in inducing high level of job performance among employees which is yet unresolved despite several decades of research (Banjoko, 2006).

Motivation as a convolution of psychological factors has been studied more than any other known factor. A lot of researches have been focused on intrinsic and extrinsic motivations (Ekundayo, 2018; Olawumi, 2013; Obikeze, 2012). Many of these works have related motivation with employees' performance, job satisfaction and organization's productivity. However, there is no known existing research on how employees' motivation affect financial performance of insurance companies using ex-post facto in the last four years in Nigeria.

The particular demand is how does employees' motivation affect financial performance of insurance companies in emerging economies? It is against this contingent that this work examined the relationship between employees' motivation and financial performance of insurance companies in emerging economies in Nigeria.

The major objective of this study is to examine the effect of employees' motivation on financial performance of insurance companies in emerging economies in Nigeria while the specific objectives are to:

i. investigate the effect of intrinsic motivation on financial performance of insurance companies in emerging economies in Nigeria
ii. examine the effect of extrinsic motivation on financial performance of insurance companies in emerging economies in Nigeria

The study hypothesized that intrinsic and extrinsic motivation strategies have no significant relationship with insurance companies' financial performance in emerging economies in Nigeria.

This study groups employees motivation into intrinsic (using employees recognition and acknowledgement (ERA), employees job enrichment (EJE) and employees purpose and performance (EPP) as measuring variables) and extrinsic motivation (using employees' salaries and wages (ESW), employees training and development (ETD) and employees other benefits (EOB) such as staff loans, entertainment and profit sharing as measuring variables) for independent variables while return on equity (ROE) is used as proxy for financial performance and firm age (FA) as control variable.

The other sections of the work include conceptual and theoretical framework; empirical literature review; Methodology; Data presentation and analysis; summary of findings, conclusion and recommendations.

II. LITERATURE REVIEW

Conceptual Review

Employee Motivation

Koontz, Weihrich and Cannice (2008) define motivation as a general term applying to the entire class of drives, desires, needs, wishes, and similar forces; While Kreitner (1995) sees motivation as the psychological process that gives behavior purpose and direction. Greenberg and Baron (2003), segregate the concept of motivation into three main parts. The first part looks at arousal that deals with the drive, or energy behind individual (s) action. People tend to be guided by their interest in making a good impression on others, doing interesting work and being successful in what they do. The second part referring to the choice people make and the direction their behavior takes. The last part deals with maintaining behavior, clearly defining how long people have to persist at attempting to meet their goals. However, some researchers define motivation as all those inner-striving conditions described as wishes, desire, drives etc. to satisfy an unsatisfied need. (Rothberg, 2005, Ajaz and Sumaya, 2018).

Ovidiu-Iliuta (2013) concludes that a motivated and qualified workforce is essential for any company that wants to increase productivity and customer satisfaction. In this context, motivation means the willingness of an individual to do efforts and take action towards achieving organizational goals. Ghafoor Tahir (2015) adds to this conclusion that working environment is helpful in increasing motivation and employee's level of productivity. Factors like supervisor support, good relation with co-workers, training and development, attractive incentives, recognition plans and adequate work load are helpful in developing a working environment that has positive impact on motivation and employee's level of productivity in the organization.

Motivational strategies of employees can be characterized as intrinsic and extrinsic factors. Motivational strategies help in recompensing people fairly, equitably, consistently and reliably as determined by the objective and goals of the organization. Management of the reward entails analysis and control of the employee remuneration for the benefits of the employees (Rainey, 2009). It has been termed as critical for organizations to maintain a high level of motivational strategies if the organizations are to progress and achieve growth (Millete & Gagne, 2008).

McCullagh (2005) defines intrinsic motivation as an individuals' need to feel competency and pride in something while extrinsic motivation is defined as the performance of an activity in order to attain some separate outcome. He noted that, people can be both intrinsically and extrinsically motivated. Akanbi (2011) opines that intrinsically motivated employees are committed to their work to the extent which the job inherently contains tasks that are rewarding to him or her. This means that highly engaged employees who were intrinsically oriented towards their job did not manifest satisfaction commensurate with company evaluations of performance. This work uses employee recognition and acknowledgement, job enrichment, and purpose and performance as proxies of intrinsic motivation.

Extrinsic motivation are those factors that are external to the task of the job such as pay, fringe benefits, security, promotion, contract of service, work environment and conditions of work. According to Ajila (2001) an extrinsically motivated individual will commit to the extent that he or she can gain or receive external rewards for the job. Employee's salaries and wages, cost of training and development, and employee's other benefits (staff loans, entertainment and profit sharing) are used to measure extrinsic motivation in this work.

Financial Performance

Financial performance has been defined by various scholars. Trivedi (2010) defined it as the process of measuring the results of a firm's policies and operation in monetary terms. He further explains that financial performance is a way of measuring the overall health of an organization over a period of time and it is used in making comparison across industry or to compare industries or sectors. Mwangi and Murigu (2015) define financial performance as a measure of an organization's earning, profits, appreciation evidenced by the rise in entity's share price. Financial performance is defined as an outcome of organization activities in pecuniary terms. This study uses return on equity to measure financial performance of insurance company.

Return on equity (ROE) is a profitability ratio that measures the company's ability to generate profit from the investment of its shareholders. Thus, return on equity shows how much each naira of common shareholders' equity generates. Return on equity is obtained by dividing net income with shareholders' equity. Net income is derived from the income statement of an organization and it is net profit after tax.

Firm Age

The relationship between a company's age and performance has been investigated by many researchers (Choi, 2010; Mehari & Aemiro, 2013; Burca & Batrinco, 2014; Kramaric *et al.*, 2017). According to Kramaric *et al.* (2017), as firms get older, the weight of external financial sources steadily decreases while the equity ratio steadily becomes a more important financial source. As used by Kramaric *et al* (2017), this study employed number of years of a company from date of incorporation as proxy for firm's age

Theoretical Framework

Herzberg Two-Factor Theory

The two-factor model of satisfiers and dissatisfiers was developed by Herzberg et al. (1959). The theory was based on the question- What do people want from their jobs? (Harpaz, 1990). From the responses received, Herzberg concluded that removing dissatisfying characteristics from a job does not necessarily make the job satisfying (Armstrong, 2010). Herzberg identified the two major factors; motivators and hygiene factors that could lead to job satisfaction (Herzberg, 2003). He noted that the motivators are intrinsic factors that permit psychological growth and development on the job such as achievement, recognition, responsibility, advancement, challenges and the work itself (Wilson, 2010; Ajila & Abiola, 2004).

Efficient reward system can be a good motivator but an inefficient reward system can lead to demotivation of employees in an organization. Reio and Callahon (2004) conclude that both intrinsic and extrinsic rewards motivate employee which result to higher productivity. This theory unveiled that identifying the needs of employees and meeting them would provide succor for employees' performance which positively affect financial performance of an organization.

Self-Determination Theory

Self-determination theory was propounded by Edward Deci and Richard Ryan, who first introduced their ideas in 1985 through the book titled "Self-Determination and Intrinsic Motivation in Human Behavior". This theory focuses primarily on internal sources of motivation (known as intrinsic motivation) such as a need to gain knowledge or independence.

Deci (1985) suggested that giving people extrinsic rewards for already intrinsically motivated behavior can undercut autonomy. As employee's comportment becomes increasingly controlled by external rewards, they activate less in control of their own behavior which reduces intrinsic motivation. Offering unexpected positive encouragement and feedback on a person's performance on a task can increase intrinsic motivation. This type of feedback helps people to feel more competent which is one of the impetus for personal growth towards contributing to organization financial performance.

Empirical Review

Ekundayo (2018) studied the impact of motivation on employee performance in selected insurance companies in Nigeria. Structured questionnaire was used as instrument. The study used stratified random sampling and simple random sampling techniques in selecting the respondents. A sample of 100 respondents which included management, senior and junior staff members of the selected insurance company was used for primary data. Simple percentages, distribution tables and pie chart statistical tools were used to analyze the primary data while Chi-Square (X^2) was applied to test the hypothesis formulated for the study. The findings revealed that motivation was the major factor that affected employee performance. Furthermore, the study showed a direct strong and positive relationship between motivation of employees and their performance.

Ajaz and Sumaya, (2018) carried out comparative analysis research on employee motivation in insurance sector. The paper was to understand the differences of motivation levels in the six insurance companies of Jammu and Kashmir on a five pointer Likert scale. The overall motivation of a company was measured on a six dimension - thirty factor five pointer scale and the ANOVA was run to understand dimension-wise comparison. Each of the six insurance companies was analyzed through Post Hoc study of SPSS for micro comparisons. Their findings indicated that there was significant difference in each dimension between public and private sector insurance companies. The post hoc analysis revealed that while there was a significant level of difference between public and private sector insurance companies, there was also a difference within public and private sector companies.

Husam, Faiz, and Dia (2017) investigated the impact of motivating the front line employees of retail stores in Jordan on the organizational commitment. The research was conducted with a convenience sample. A total of 97 respondents from C-Town retail stores and Sameh Mall have participated in the research survey. Data collected were analyzed by the application of statistical tests. Results showed significant impact from employee motivation of front line employees on organizational commitment.

Obikeze (2016) conducted a study on the effects of motivation on sales force performance in Guinness Nigeria and the mobile telecommunication network in South East Nigeria. The study adopted a survey design from both the primary and secondary areas. The study revealed that the most effective motivational tools used for sales performance in the manufacturing and service companies was the insurance scheme offered to the sales agents, commission and regular salary payment. Motivation of sales personnel improves and maintains enthusiasm at work due to the repetitive nature of a salesman job it is easy for them to be apathetic and loose interest in their work. He concluded that motivational strategies encourage the sales force to work on opportunities that are most likely to produce increasing returns on their efforts.

Ssekakubo, Lwanga, and Ndiwalana (2014) investigated the impact of motivation on organizational performance in the public security sector in Nairobi county, Kenya. The unit of analysis was the regular police. The study used a mixed research design of exploratory, descriptive and quantitative designs with the list of regular police officers serving as the sampling frame. The questionnaire was used to gather relevant information from the respondents. Data collected was analyzed using both the descriptive and inferential statistics. The study established that there was a strong influence on performance of the regular police officers attributable to units of change in motivation. The study recommended that government and other concerned stakeholders should adequately motivate the police for improved performance/service delivery.

Akinola and Akinbobola (2014) analyzed the relationship between motivational strategies and organizational performance in the food, beverage and tobacco industry in Nigeria. The data adopted a descriptive design. The companies implemented twelve motivational strategies for their workers for the food, beverage and tobacco industry: bonuses, commission, profit sharing, non-cash incentives were grouped under high salary and fringe benefits. Enriched job and employee stock ownership were under good welfare packages strategy. The workers also enjoyed prompt promotion on their various jobs to avoid monotony. The study concluded that use of motivational strategies had significantly improved organizational performances.

Shilpa, Ali, Sathyanarayana and Rani (2013) conducted a study on impact of job enrichment practices towards employee satisfaction at HDFC standard life insurance. The study adopted a descriptive design. Both primary and secondary data was used in the study. The study found out that there was significant relationship between the employee experience and job that provides many feature additional to pay such as pension, top-ups and extra holidays. There was also significant relationship between the employee gender and satisfaction with the pay, the job provides any opportunity for personal growth, job provides opportunity to use employee personal talents, education and training. They concluded that majority of the employees are aware and satisfied with the job enrichment practices at HDFC standard life Insurance.

Kimiru (2012) investigated on motivation and satisfaction as functions of perception of reward. The study employed descriptive research design. The study showed that there was a significant relationship between the sub-dimensions of work motivation and satisfaction that include work content, payment, and promotion, recognition, working conditions, benefits and personal leadership. Rewards perceived as equitable can foster job satisfaction and performance while rewards perceived as inequitable can inhibit key work results.

III. METHODOLOGY

Research Design

This research adopted mixed research design using both descriptive survey and ex-post facto. Descriptive survey design was used to collect detailed and factual information that describe an existing phenomenon. In this study, descriptive survey via the use of structure questionnaire was used to solicit information on intrinsic motivation. The design has enough provision for prevention of bias and maximize reliability (Cresswell, 2013). In the same vein, ex-post research design was used to elicit already published information on extrinsic motivation.

Population and Sample Size

The population of the study constituted all 313 employees of insurance companies in Kaduna State, Nigeria. A purposeful sample size of 175 was selected from the population representing 56% of the total population. This figure was justified based on Krericie and Morgan (1970) sample size determination guideline, which considered 175 adequate for a population size of 320. The justification for the use of secondary data in this research is that; it is available (Nigeria insurers' Digest and insurance companies' financial reports from 2008 to 2019) which is entirely appropriate and wholly adequate to draw conclusions and answer the question or solve the problem raised in the study.

Model Specification

The following models were adapted and used for the study:

$FPx = \alpha + \beta1\ (ERAit) + \beta2\ (EJEit) + \beta3\ (EPPit) + \beta4\ (FAit) + \varepsilon it$ ………...….1

$ROEit = \alpha + \beta1\ (ESWit) + \beta2\ (ETDit) + \beta3\ (EOBit) + \beta4\ (FAit) + \varepsilon it$ ……….....2

FPx = Financial performance of insurance company i at time t

ROEit = Return on equity of company i at time t

ERAit = Employee's recognition and acknowledgement of insurance company i at time t

EJEit = Employee's Job enrichment of insurance company i at time t

EPPit = Employee's purpose and performance of insurance company i at time t

ESWit = Employee's salaries and wages of insurance company i at time t

ETDit = Employee's training and development of insurance company i at time t

EOBit = Employee's other benefits of insurance company i at time t

FAit = Age of insurance company i at time t

α = Constant term

β1, 2...4 = Coefficient

ε = Composite error term

The model 1 variables were measured and belted on a 5-points Likert Scale. Operationalized in a five Likert scale ranging from Strongly agree - SA (5), Agree - A (4), Undecided- UD (3) Disagree - D (2), and Strongly disagree - SD (1) in order to measure adequacy of the data. Only hypothesis one was tested using ANOVA statistical tool. Model 2 is operationalized in a log-linear econometric construct to imbibe the coefficients of elasticity of the variables while lessening the probable effect that any outlier may have and was used to test hypothesis two using OLS via E-View 10.0 software package.

IV. DATA PRESENTATION, ANALYSIS AND RESULTS

Features of the Respondents on Intrinsic Motivation Strategies

Table 1: Gender, Marital Status, Age and Job Designation of Respondents

Variables		No. of Respondents	Percentage (%)	Total No. of Questionnaire
Gender	Male	108	61.7	175
	Female	67	38.3	
Marital Status	Single	77	44	175
	Married	97	55.4	
	Divorcee	1	0.6	
Age	20-30years	7	4	175
	31-40years	111	63.4	
	41-50years	47	26.85	
	51years and above	10	5.7	
Job Designation	Underwriting/Claims Department	34	19.4	175
	Sales/Marketing Department	85	48.6	
	Human Resource/Finance Department	28	16	
	Clerical/others	28	16	

The illustration in table 1 shows that the survey yielded a usable response rate of 100% which was analyzed and presented in this section. First, the respondents were classified on the basis of sex because gender could influence employee motivation strategy. The analysis revealed that 108 or 61.7% of the respondents were male while 67 or 38.3% were female. The lower percentage of female to male may not be unconnected with the nature of the insurance business operation that demands a lot of resilience, persuasiveness and constant follow-up virtually in all departments.

Turning to marital status of the respondents, data analysis revealed that 77 or 44% of the total respondents were single while 97 or 55.4 % were married and 1 or 0.6% divorcee. Higher number of married employee may be as a result of the nature of the job i.e. the job demands a lot of patience and possibly to reduce the level of labor turn-over of employees in the marketing department.

Recognizing the fact that age could play a significant role in employee motivation, the respondents were further classified according to their age groups. It was found that 7 (4%) respondents were youth between 20 and 30 years of age; 111 (63.4%) respondents were younger adults from 31 to 40 years; 47 (26.85%) were older adults in the range of 41 to 50years; and 10 (5.7%) respondents were between 51years and above. The data revealed that the maximum percentage of employees in insurance companies in Nigeria were in the range of 31 to 40years of age.

Concerning job designation, 34 or 19.4% respondents were from underwriting/claims department; 85 or 48.6% respondents were from sales/marketing department. Human resource/finance and clerical/other departments have 28 respondents representing 16% each. The highest percentage of sales/marketing staff unveiled the inevitability of marketing staff in insurance business.

Regarding how intrinsic motivation affect financial performance of insurance companies, 168 or 96% out of 175 respondents agreed that employee motivation affect financial performance of the company, 4 or 2.3% respondents disagreed while 5 or 3% were undecided about this.

Extrinsic Motivation Strategies Descriptive Statistics

Table 2: Descriptive Statistics on Extrinsic Motivation Strategies

	ROE	EWS	ETD	EOB	FA
Mean	0.161374	6.108992	4.618845	5.312719	43.50000
Median	0.148850	6.063833	4.624597	5.500264	43.50000
Maximum	0.314202	6.405174	5.090272	5.899016	49.00000
Minimum	0.056194	5.933741	4.093562	4.107176	38.00000
Std. Dev.	0.080794	0.150451	0.313410	0.618245	3.605551
Skewness	0.493207	0.953112	-0.088206	-0.990062	0.000000
Kurtosis	2.130385	2.683983	2.012448	2.728780	1.783217
Jarque-Bera	0.864621	1.866778	0.503190	1.997227	0.740281
Probability	0.649008	0.393219	0.777560	0.368390	0.690637
Sum	1.936490	73.30790	55.42614	63.75263	522.0000
Sum Sq. Dev.	0.071805	0.248991	1.080485	4.204490	143.0000
Observations	12	12	12	12	12

Source: E-View 10.0 Output (2021)

Descriptive Statistics of the variables were presented in table which shows that the variables are normally distributed. The Mean, Median, Maxima and Minima were all normally represented. ROE and EWS and FA were positively skewed while ETD and EOB were negatively skewed. In the Kurtosis, all the variables were Leptokurtic as they are less than 3.

Reliability Test

Table 3: Reliability Test for Dependent and Independent Variables

Variables	Cronbach's Alpha	No. of Items	Sample	Variables	Jacque-Bera Statistics	P-Value	Normality of Distribution
RAx	0.759	4	175	**ROE**	0.864621	0.649008	*Normal*
PPx	0.823	4	175	**EWS**	1.866778	0.393219	*Normal*
JEx	0.785	4	175	**ETD**	0.503190	0.777560	*Normal*
FPx	0.921	4	175	**EOB**	1.997227	0.368390	*Normal*
Source: SPSS 20.0 Output (2021)				**FA**	0.740281	0.690637	*Normal*
				Source: E-View 10.0 Output (2021)			

From Table 3, the Cronbach's alpha ranges from 0.76 to 0.92 for the variables in the questionnaire used for the study, meaning that the instrument was reliable. Hence, the instrument had good reliability as far as internal consistency is concerned. That is, the instrument can give consistent results on the financial performance of insurance companies in emerging economies in Nigeria.

The secondary data used for the study were relatively reliable as they conformed to the provisions of Statement of Accounting Standard (SAS) and International Financial Reporting Standard (IFRS). Also, the Nigeria Insurers' Association (NIA) and National Insurance Commission (NAICOM) have made it compulsory that all financial statements presented to the organizations must comply with the provision of SAS produced by the Nigerian Accounting Standard Board (NASB).

Moreover, the Jarque-Bera statistics result of the variables are in line with a priori; meaning that the variables must be tending towards 3. Under the Jarque-Bera statistics (p-value), ROE is 0.864621 (0.65); EWS is 1.866778 (0.39), ETD is 0.503190 (0.78), EOB is 1.997227 (0.37) and FA is 0.740281 (0.69). Since all corresponding probability of Jacque-Bera values were greater than 5%, it means that all the variables were normally distributed.

Test of Hypotheses

The formulated hypotheses were tested using ordinary least square regression and a test of Co-integration was used to determine the long run relationship of the variables under study.

Statement of Decision Criteria

Accept H_0 if probability of P-Statistics is > 0.05 meaning not significant.

Reject H_0 if probability of P-Statistics is < 0.05 meaning significant.

Hypothesis One

H_{01}: There is no significant relationship between intrinsic motivation and financial performance of insurance companies in emerging economies in Nigeria

Table 4: Regression Results of the Effect of Intrinsic Motivation on Financial Performance

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.656[a]	.430	.420	.53781	2.230
a. Predictors: (Constant), PPx, RAx, JEx; b. Dependent Variable: FPx					

Table 5: Anova Results of Intrinsic Motivation and Financial Performance

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	37.317	3	12.439	43.006	.000[b]
	Residual	49.460	171	.289		
	Total	86.777	174			
a. Dependent Variable: FPx; b. Predictors: (Constant), PPx, RAx, JEx						

Table 6: Coefficient Results of Variables Used for Intrinsic Motivation

Coefficients[a]				
Unstandardized Coefficients		Standardized Coefficients	T	Sig.
B	Std. Error	Beta		
.836	.272		3.073	.002
.181	.091	.212	1.989	.048
.260	.128	.239	2.028	.044
.291	.117	.254	2.485	.014

The results in table 4-6 reveal a positive statistically significant coefficient value of 18.1% in employee's recognition and acknowledgement (ERA), 26% in employee's job enrichment (EJE) and 29.1% employee's purpose and performance (EPP). Also from the results, the estimation reveals that the explained variation is fairly good meaning that the independent variable significantly explained dependent variable by 42%. The remaining 58% was not explained by explanatory variables. The probability of F-statistic is 0.000 and there is no autocorrelation because the Durlin-Watson statistics (2.23) falls within the acceptable region (1.5-2.4). Based on the decision criteria, overall results of the analysis show RAx, JEx and PPx P-values of 0.02, 0.48 and 0.44 respectively which are less than 0.05, meaning that H_0 is rejected. Also, ANOVA p-value of 0.000<0.05 presented goodness of fit of the model in making future forecast on employee's motivation and financial performance of insurance companies. This means there is significant relationship between intrinsic motivation and financial performance of insurance companies in emerging economies in Nigeria.

Hypothesis Two

H_{02}: There is no significant relationship between extrinsic motivation and financial performance of insurance companies in emerging economies in Nigeria.

TABLE 7

REGRESSION RESULT OF THE IMPACT OF EXTRINSIC MOTIVATION ON FINANCIAL PERFORMANCE

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.127683	0.696419	-0.183343	0.8597
EWS	-0.035652	0.132943	-0.268174	0.7963
ETD	-0.125584	0.072827	-1.724413	0.1283
EOB	0.047760	0.037016	1.290256	0.2379
FA	0.019153	0.007509	2.550669	0.0381

R-squared	0.720223	Mean dependent var	0.161374
Adjusted R-squared	0.560350	S.D. dependent var	0.080794
S.E. of regression	0.053572	Akaike info criterion	-2.721257
Sum squared resid	0.020089	Schwarz criterion	-2.519212
Log likelihood	21.32754	Hannan-Quinn criter.	-2.796061
F-statistic	4.504976	Durbin-Watson stat	1.989382
Prob(F-statistic)	0.040783		

Source: E-View 10.0 Output (2021)

The result in table 7 above reveal a statistical insignificant negative coefficient value of 4% in employee salaries and wages (EWS), 13% in employee's training and development (ETD) but positive value of 4% in employee's other benefits (EOB) and statistical significant coefficient value of 2% in firm age. From the result, the estimation reveals that the explained variation is moderately good, meaning that the independent variable explained dependent variable by 56%. The remaining 44% was not explained by explanatory variables. The probability of F-statistic is 0.041 and there is no autocorrelation because the Durlin-Watson statistics (1.99) falls within the acceptable region (1.5-2.4). Thus, based on the decision criteria, overall results of the analysis above on extrinsic motivation had F-statistic probability of 0.040783 which is less than 5% but none of the explanatory variables used to measure extrinsic motivation was statistically significant except firm age which is control variable. Therefore, H_0 is accepted. This means there is no statistical significant relationship between extrinsic motivation and financial performance of insurance companies in emerging economies in Nigeria.

Discussion of Findings

The major objective of this study was to determine the effect of employees' motivation on financial performance of insurance companies in Nigeria. From the test of hypothesis one, it was found that intrinsic motivation operationalized by employee's recognition and acknowledgement (ERA), employee's job enrichment (EJE) and employee's purpose and performance (EPP) had significant effect on financial performance of insurance companies in emerging economies in Nigeria. The positive significant relationship between intrinsic motivation and financial performance implies that, the higher the commitment of employers at intrinsically motivating their employees in emerging economies, the greater the profitability of insurance companies which brings about increased return on shareholders' funds. This finding is in line with that of Akinola and Akinbobola (2014), Vijay and Indradevi (2015), Obikeze (2016) and Ekundayo (2018).

However, hypothesis two test results revealed that employee salaries and wages (EWS), employee training and development (ETD) have negative statistical insignificant relationship with financial performance of insurance companies in emerging economies in Nigeria but employee other benefits (EOB) have positive statistical insignificant relationship with financial performance of insurance companies in emerging economies in Nigeria. This implies that higher wages and salaries to employees are not as important as right recognition, acknowledgement, freedom at work, job satisfaction enrichment. This also means that training employees out of the context of insurance professionalism aimed at meeting underwriting and claims management needs of emerging economies risks would lead to wastage of financial resources which impedes financial performance of insurance companies. This finding contradicts that of Ollukkaran and Gunaseelan (2012), Kimiru (2012) but it is in line with self-determination motivation theory propounded by Deci (1985) which suggested that giving people extrinsic rewards for already intrinsically motivated behavior can undermine autonomy to contribute effectively to organizational performance.

V. CONCLUSION AND RECOMMENDATION

This study focused on the effect of employee motivation on financial performance of insurance company in emerging economies in Nigeria. The research findings indicated that employee motivation (intrinsic) had significant effect on financial performance of insurance companies in emerging economies in Nigeria but extrinsic motivational strategies had statistical insignificant relationship with financial performance of insurance companies in emerging economies in Nigeria. Special motivational techniques include using intrinsic (employee's recognition and acknowledgement, job enrichment and purpose and performance) and extrinsic (commensurate salaries and wages, training and development and other employee's benefits) are keys to increasing financial performance aimed at effectively managing emerging risks unveiled by emerging economies in Nigeria.

Based on the findings of this study, the researchers recommended that:

i The managements of insurance companies in Nigeria need to increase employees' recognition, job enrichment and employee purpose and performance programs offered because employees are motivated when purposefully recognized by their employers. This can be done by offering opportunities for promotions and advancement for employees than they are currently doing.

ii Adequate and timely payment of employees' salaries and wages, periodic staff training, and other financial rewards to make employees more committed to effectiveness and efficiency in discharging their mandates should be inevitable engagements by employers in Nigerian insurance industry. Capturing these employees' motivation strategies in insurance companies' operational guidelines issued by insurance regulatory bodies would provide lasting solution to weakening financial performance of insurance companies in Nigeria.

REFERENCES

[1]. Ajaz, A. M., & Sumaya, I. (2018). Employee motivation in insurance sector: A comparative study. *International Journal of Academic Research and Development*. 3(1): 700-704.

[2]. Akanbi, P. A. (2011). Influence of extrinsic and intrinsic motivation on employees' performance. *Organizational Psychology Review*, 5(3), 191-223.

[3]. Akinola, G.O & Akinbobola, A. O. (2014). Motivational strategies and enhancement of employees' performance in the Nigerian food, beverage and tobacco (fobeto) industry. *Global Journal of Management and Business Research*: A Administration and Management, 14(6), 123-131.

[4]. Armstrong, M. (2010). A handbook of human resource management practice. 10th ed. Kogan Page: London.

[5]. Banjoko, S.A. (2006). Managing corporate reward system, Pumark limited, Nigeria.

[6]. Barbosa, N. & Louri, H. (2005). Corporate performance: does ownership matter? A comparison of foreign and domestic owned firms in Greece and Portugal. *Review of Industrial Organization*, 27(1), 73-102.

[7]. Burca, A. M., & Batrinca, G. (2014). The determinants of financial performance in the Romanian insurance market. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 4(1), 299-308.

[8]. Choi, B. P. (2010). The U.S. property and liability insurance industry: Firm growth, size and age. *Risk Management and Insurance Review*, *13*(2), 207-224.

[9]. Deci E, and Ryan, R. (2000). The what and why of goal pursuit; human needs and the self determination of behavior. London: John Wiley & Sons Limited.

[10]. Ekundayo, A.O. (2018). Impact of motivation on employee performance in selected insurance companies in Nigeria. *International Journal of African Development*, 5(1), 31-42.

[11]. Ghafoor, M. M. (2015). Organizational Effectiveness. A case study of Telecommunication and Banking Sector of Pakistan. *East Journal of Psychology and Business*, *2(1), 132-140*

[12]. Herzberg, F., Mausner, B., & Snyderman, B.B. (1959). *The motivation to work*. New York: John Wiley & Sons.

[13]. Husam, A., Faiz, S. & Dia, Z. (2017). The impact of employee motivation on organizational commitment. *European Journal of Business and Management*. 9(15), 137-145

[14]. [Kimiru, V. W. (2012). Motivation and satisfaction as functions of perceptions of reward: a case study of employees of Kenya revenue authority (Doctoral dissertation).

[15]. Kramaric, T. P, Miletic, M. & Pavic, I. (2017). Profitability determinants of insurance markets in selected central and eastern European countries. *International Journal of Economic Sciences*,1(2), 100-123.

[16]. Kreitner R. (1995). Management theory-6th Edition, Boston Houghton Mifflin.

[17]. Mehari, D. & Aemiro, T. (2013). Firm specific factors that determine insurance companies' performance in Ethiopia. *European Scientific Journal*, *9*, 245–255.

[18]. Mugenda, O.M. & Mugenda, A.G. (2003) Research Methods: *Quantitative and Qualitative Approaches. Nairobi*: African Centre for Technology Studies.

[19]. Nigeria Insurance Industry Digests, 2008-2019.

[20]. National Insurance Commission (NAICOM) published balance sheets of insurance companies in Nigeria, 2008-2019.

[21]. Obikeze, C. O. (2016). Effects of motivation on salesforce performance in Guinness Nigeria plc and mobile telecommunication network in South-East, Nigeria (Doctoral dissertation).

[22]. Ollukkaran, B. A., & Gunaseelan, R. (2012). A study on the impact of work environment on employee performance. *Namex International Journal of Management Research*, 2, 70-85.

[23]. Ovidiu-Iliuta D (2013). Employee motivation and organizational performance. *Review of Applied Socio- Economic Research*. 5(1):53-60.

[24]. Rothberg, G. (2005). The Role of idea in the managers' workplace: Theory and Practice. *Pakistan Review*. 42(4), 48-73.

[25]. Shilpa, R., Ali, A. A., Sathyanarayana, N., & Rani, R. A. (2013). Impact of Job Enrichment Practices towards Employee Satisfaction at HDFC Standard Life Insurance. *Mediterranean Journal of Social Sciences*, 3(1), 114-122.

[26]. Ssekakubo, J., Bwire M. C, Lwanga, F. & Ndiwalana, G. (2014). Employee Motivation, Job Satisfaction and Organizational Performance in Uganda's Oil Sub-sector. *Global Advanced Research Journal of Management and Business Studies*, 3(7), 315-324.

[27]. Vijay, M. V., & Indradevi, R. (2015). A Study on Job Enrichment and Individual Performance among Faculties with Special Reference to a Private University. *Mediterranean Journal of Social Sciences*, 6(1), 252-564