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EDITORIAL NOTE

This is the third volume, first issue of the Pan-African Journal of Business Management (PAJBM) hosted at the Faculty of Business Management at the Open University of Tanzania. This issue includes articles covering employee performance and commitment, women empowerment and consumers intention to use e-payment systems. All areas are of interest to scholars in Africa. The researchers in this issue deal with conditions in Tanzania and Nigeria.

The Editorial Board hopes that the readers will find the articles useful and contribute to the academic knowledge in the respective areas.

Prof. Jan-Erik Jaensson

Chief Editor

General information

The Journal is produced by the Faculty of Business Management at The Open University of Tanzania. It will accept theoretical, conceptual and research-based papers in a wide range of topics on business management concerning Africa. It also accepts cases, book reviews and summaries of dissertations.

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Demographic Characteristics as Antecedents of Organisational Commitment

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Abstract: *The purpose of this study was to investigate employees' demographic characteristics as antecedents of organisational commitment. Using a combination of descriptive statistics and multiple regression analysis on data collected from a population of staff at CNG Rwanda, the study finds the following: Employees recorded high levels of organisational commitment. Age and gender significantly negatively affected overall organisational commitment, continuance and normative commitment, while marital status affected the same significantly positively. Work experience and duty station affected affective commitment positively but continuance commitment negatively. Employee's work location significantly affected continuance and normative commitments. Level of formal education insignificantly affected all types of commitment consistently. The findings imply that demographic characteristics played a significant role as antecedents of organisational commitment. Generalization of these findings is, however, limited to the studied organisation. It is therefore recommended that a bigger sample from a well-mixed set of organisations across Rwanda should be studied.*

Keywords: antecedents, demographic characteristics, organisational commitment, Rwanda

Introduction

Organisational commitment (OC) is an important concept in organisational psychology literature. However, the concept is arguably a very broad construct to have a single definition or an effective analysis of (Benkhoff, 1997). For example, Porter, *et al.* (1974) defines OC as “the strength of an individual’s identification with, and involvement in a particular organisation” (p. 604). Attempts have been done to handle the broadness of the construct. Porter, *et al.* (1974), for example, identifies three components of OC as (i) the strong belief in organisation values and goals; (ii) the willingness to expend considerable effort for it; and (iii) the strong intent or desire to remain employed by the organisation. Later on, Meyer and Allen (1991) came up with three components; namely, the affective commitment (AC) which refers to the state in which an employee wants to stay with an organisation as a result of the “emotional attachment to, identification with and involvement in the organisation”; continuance commitment (CC) referring to the feeling of being stuck” and staying because it is too costly to leave; and normative commitment (NM) which refers to feeling of a moral obligation to stay with the organisation. However, it is the latter set of components which has dominated (and still is dominating) the assessment of OC to date.

Employees' commitment to organisations has attracted researchers' interest for decades. One of the reasons has been the belief and empirical evidence that it is an antecedent to several work behavioural outcomes such as productivity (Balfour and Wechsler, 1991) turnover and turnover intention (Angle and Perry, 1981), job performance (Abdul-Rashid *et al.*, 2003; Fu and

Deshpande, 2014), organisation citizenship behavior (Ibrahim and Aslinda, 2013), employees' absenteeism (Angle and Perry, 1981), among others. Another reason is connected to the idea that OC plays an important role in deciding the success or failure of the organisation (Fornes *et al.*, 2008; Viêt, 2015). Studies on OC are therefore of interest to organisations' stakeholders because it is an important variable in understanding the work behaviour of employees (Meyer and Herscovitch, 2001; Mowday *et al.*, 1979) and that it is a factor that links employees to the organisation (Meyer and Allen 1997 cited in Yahaya and Ebrahim, 2016).

One of the many strands of research in OC is the strand that focuses on its antecedents. Four groups of these antecedents have dominated the empirical analysis; namely, (i) personal characteristics (e.g., sex, personality factors); (ii) job characteristics (e.g., task significance, skill variety); (iii) work experiences (e.g., leader behaviours, organisational characteristics); and (iv) role related characteristics (e.g., role ambiguity, role conflict) (Mowday *et al.*, 1982 cited in Mathieu and Hamel, 1989). By understanding when and how commitment develops and how it helps shape attitudes and behaviours of employees, organisations will be in a better position to anticipate the impact such changes will have, and manage it more effectively (Meyer and Allen, 1997). Such benefits are even higher when managers know the level of employees' OC and the factors that drive its. One group of such factors is that of demographic characteristics.

Previous studies on demographic characteristics as determinants of OC have covered such characteristics as age, length of service (tenure), level of education, gender, marital status, job position and job location. The studies are many; but a few examples include: Affum-Osei *et al.* (2015), Al-Kahtan (2012), Allen and Meyer (1990), Amangala (2013), Angle and Perry (1981), Aven *et al.* (1993), Bakan *et al.* (2011); Choong *et al.* (2012), Cogaltay (2015), Dodd-McDuff, and Wright (1996), Iqbal *et al.* (2011), Jena (2015), Joiner and Bakalis (2006), Khalili and Asmawi (2012), Konya *et al.* (2016), Marsden *et al.* (1993), Mathieu and Hamel (1989), Mathieu and Zajac (1990), Meyer *et al.* (2002), Nifadkar and Dongre (2014), Pala *et al.* (2008), Pourghaz *et al.* (2011), Salami (2008), Steers (1997), Viet, (2015), among others. A number of these studies have been linked to both role and exchange theories. Yahaya and Ebrahim (2016), for example, cite the side bet theory of Becker (1960), which suggests that changes in factors like age, tenure, job position and roles, as well as differences in gender or marital status increase individuals' investment in, and cost associated with leaving, an organisation. The implication of this theory is that employee's OC would vary with demographic characteristics.

However, many of the aforementioned studies were carried out in the Western and Eastern economies with very few in Africa. Equally many were carried out in business organisations, educational institutions, medical, and other service organisations like banks. More importantly, these studies have produced disparate findings, opening up the debate as to whether the demographic characteristics can consistently explain the variations in employees' OC. Furthermore, it is argued in Viêt (2015) that prior research suggests the possibility that demographic factors may differentially relate to OC in a different setting. It is in this context therefore that the present study was carried out in order to contribute additional empirical evidence in this research front from a frontier market – Rwanda, using employees of a specially chosen organisation – The National Commission for the Fight Against Genocide (CNLG). Thus, the aim of the study was to assess whether, in such a context, OC would still be influenced by employees' demographic characteristics. Specifically, the study assessed the level of OC among employees of CNLG and determined the effect of demographic characteristics, namely gender, age, education, marital status, work experience and duty station on OC. Understanding the level of OC among these employees and its variability across

employees' groups based on their demographic characteristics would inform management's efforts to build a committed workforce consistent with the organisation's mission. Managers of similar organisations can also benefit from the results. The next section presents the study's context, followed by a literature review.

The study's context

CNLG is a Government organisation constitutionally created in 2008 following the Genocide perpetrated against Tutsi in Rwanda in 1994. It is a National Commission, an independent and permanent institution with legal status, as well as administrative and financial autonomy. It collaborates with the responsible Ministry in carrying out its mission to prevent, fight against genocide, and address its consequences both inside and outside the country through its attributions. Its structure, as well as some of its key functions, can be accessed on its website <http://www.cnlg.gov.rw/home/>. The organisation is headquartered near Chez Lando Hotel in Remera Sector, Gasabo District, Kigali City. It also operates a research centre in Kigali and coordination offices – one in every two districts totalling 15 district centres from the country's 30 districts. The research centre is responsible for the "Gacaca" documentation. CNLG has a workforce of 135 employees (68 at the headquarters, 35 at the research centre and 32 in the district centres). The nature of this organisation and its mission, imply that the society places high expectations on it to fulfil its mission by attaining high levels of organisational and functional outcomes. The society expects the organisation and the employees to be committed to preventing, fighting against genocide and addressing its consequences through the fulfilment of the attributions of the organisation.

Similarly, the nature of the organisation and the expectations placed upon it make it a natural avenue for studying OC because these expectations in many ways can be attained if employees are committed to the organisation and/or its goals. CNLG represents a public commission for a specific purpose as detailed here and it may call for different management strategies, hence a relatively unique environment for testing the hypothesized prediction of OC by demographic characteristics. It follows therefore that CNLG presents one such different settings to explore the effect of demographic factors on OC.

Literature review

Organisational commitment

Porter *et al.* (1974) define OC as "the strength of individual's identification with, and involvement in, a particular organisation" (p. 604). However, the concept of organisational commitment has evolved over time and in terms of perspectives. Early studies like those of Becker (1960) and Alluto *et al.* (1973) viewed organisational commitment as the binding of an individual to behavioural acts, a view referred to as behavioural perspective in the literature. This perspective was followed later by the attitudinal commitment perspective of Porter *et al.* (1974) in which organisational commitment was defined in three components, namely; (a) a strong belief in, and acceptance of, organisational goals and values; (b) a willingness to exert considerable effort on behalf of the organisation; and (c) a strong desire to maintain membership in the organisation. Later on, Meyer and Allen (1991) came up with three components; namely the affective commitment (AC) which refers to the state in which an employee wants to stay with an organisation as a result of the "emotional attachment to, identification with and involvement in the organisation"; continuance commitment (CC) referring to the "feeling of being stuck" and staying because it is too costly to leave (costs in terms of, for example, reduction in pay, pension, benefits, facilities, etc.); and normative commitment (NM) which refers to feeling of a moral obligation to stay with the organisation

which in turn could arise from work culture and other socially accepted norms. However, it is the latter set of components which have dominated (and still is), the assessment of OC to date. Moreover, of the three components, relatively less is known about NM and how it develops (Meyer and Allen, 1997 cited in Yahya and Ebrahim, 2016).

Demographic characteristics

Demography is the study of human population in terms of size, density, location, age, gender, race, occupation and other statistics (Kotler and Armstrong, 2014, p. 70). Thus, demographics are the quantifiable statistics of a given a population and are used to identify the study of quantifiable sub-set within a given population which characterize that population over a specific point in time. In the studies of the antecedents of employees' OC, employees' demographic characteristics are some of the most commonly used variables, but the results have so far been neither consistent nor conclusive. See, for example, Mathieu and Zajac (1990) and Al-Qarioti and Al-Enezi (2004).

The side-bets theory of organisational commitment

Becker (1960) described commitment generally as "a disposition to engage in *consistent lines of activity*" (p. 33) as a result of the accumulation of "side bets" (or investments) valued by the individual that would be lost or deemed worthless if the activity was to be discontinued. In this case, "consistent line of activity" refers to maintaining membership (i.e., employment) in the organisation. In Becker's (1960) own words;

"The man who hesitates to take a new job may be deterred by a complex of side-bets: the financial costs connected with a pension fund he would lose if he moved; the loss of seniority and "connections" in his present firm, which he promise quick advance if he stays; the loss of ease in doing his work because of his success in adjusting to the particular condition of his present job; the loss of ease in domestic living consequent on having to move his household, and so on..." (p. 38-39)

Ritzer and Trice (1969) reasoned that side bets should accumulate over time and that, age, therefore, should be the "best single indicator" (p. 476) of actions taken to stake something of value in the employing organisation. This was also supported by Alutto *et al.* (1973) who argued that there should be a strong positive relationship between age and the number of side-bets accrued in an employing system. Ritzer and Trice (1969) also connected the accumulation of side-bets with tenure. Through increased tenure, employees gain seniority and connection within the organisation making it more difficult for them to leave. Other researchers like Uraon *et al.* (2015) argue that the side bet theory suggests an inverse relationship between education qualification and OC due to the scarcity of career opportunities for less educated employees. In addition, they also argue that the side bet theory suggests that the married employees may be more committed to their organisation due to their responsibilities towards family and fear of losing the engagement in the employing organisation. It is also important to point out that side-bets theory would link to Meyer and Allen's (1991) definition CC than to the rest of the components. Thus, finding a relationship between age and tenure, for example, would indicate support to the side-bets theory. However, empirical evidence is divided, some lending support to it (e.g. Powell and Meyer, 2004), while others like Ritzer and Price (1969) finding evidence against the same.

Demographic characteristics and organisational commitment

Studies have investigated the influence of demographic characteristics on employees' OC over the years, but the results have not been consistent or conclusive. While some studies report that demographic variables such as age, tenure, education, gender and marital status played a significant role in enhancing employees side bets (Becker, 1960; Hrebiniak and Aluto, 1972; Stevens *et al.*, 1978), others report insignificant relationship between these variables and OC (Aven *et al.*, 1993; Ritzer and Trice, 1969). Moreover, other studies like Mottaz (1988) found that the influence of demographic variables was indirect through work reward and work values. The following subsections present the arguments, empirical evidence, and develop the respective hypotheses.

Gender and organisational commitment

Gender of employees has been active in the literature on antecedents of OC. Of interest, here is whether there are gender differences in OC, and the evidence so far is that female employees have recorded significantly higher levels of OC than their male counterparts. Among such studies are those of Aven *et al.* (1993) and Marsden *et al.* (1993). These two studies meta-analytically analyzed a number of researches in which these differences were reported. They attributed the differences to the idea that women face a significant number of challenges in getting jobs and also when they are on the jobs. These researchers, therefore, argue that there should be no such differences if both male and female employees are subjected to the same work settings and conditions. Contrarily, Dodd-MacCue and Wright (1996), using a sample of accountants and internal auditors in Canada, report lower commitment among female employees than their male counterparts. This study attributed these differences to a culture where male and female are given equal opportunities in education but not so in workplaces. However, in more recent studies (Khalili and Asmawi, 2012; Kónya *et al.*, 2016, Ling and Yuen, 2014), statistically insignificant gender differences in OC are reported. Consequently, the following is hypothesized in this study:

- H₁. Gender is not related to OC*
- H_{1(a)} Gender is not related to AC*
- H_{1(b)} Gender is not related to CC*
- H_{1(c)} Gender is not related to NC*

Age and organisational commitment

Age is expected to be related to OC – where generally employees' level of commitment is expected to increase as one gets older. Kitchen (1989) cited in Al-Kahtan (2012) associates this to the scarcity of alternative employment for older workers because many organisations are reluctant to hire older workers whose length of contribution to the organisation would necessarily be brief. Quite a number of studies have investigated this link over the years. Examples of such studies include Affum-Osei *et al.* (2015), Al-Kahtani (2012), Allen and Meyer (1990), Amangala (2013), Angle and Perry (1981), Azeem (2010), Dodd-MacCue and Wright (1996), Pourghaz *et al.* (2012), and Salami (2008). These studies covered many countries and industry subsectors in which age was captured either categorically or in number of years. Evidence in many of these studies indicates that age is significantly positively related to OC where older employees were more committed than younger ones. A few exceptions do exist. For example, Salami (2008) found no significant correlation between age and OC while Pourghaz *et al.* (2011) found AC in the 21 - 28 years old group of tour agency drivers to be higher than that of those in the 29 - 39 years old and ≥ 40 years groups. Pourghaz's *et al.* study also suggest that age may be linked differently to the different components of OC. It is therefore hypothesized that:

- H₂. Age is not related to OC*
H_{2(a)} Age is not related to AC
H_{2(b)} Age is not related to CC
H_{2(c)} Age is not related to NC

Level of education and organisational commitment

Studies investigating the effect of level of education on OC are many; examples of which include: Affum-Osei *et al.* (2015), Angle and Perry (1981), Bakan *et al.* (2011), Chughtai and Zafar (2006), Iqbal *et al.* (2011), Deen (2015), Joiner and Bakalis (2006), Mathieu and Zajac (1990), Nifadkar and Dongre (2014), Pala *et al.* (2008), Salami (2008), Steer (1977), just to mention a few. However, the evidence is as mixed as in the other demographic characteristics. Iqbal *et al.* (2011) report that the level of education has a significant negative impact on the commitment of a sample of 65 faculty members of five universities in the Kingdom of Saudia. Nifadkar and Dongre (2014) find a negative relationship between education and OC in a sample of 52 teachers of girls' college in India. Pala, *et al.* (2008), in a sample of health care staff reported that staff with technical school education qualification had lower OC than staff who had university degrees – bachelor, master or higher.

The negative relationship between OC and the level of education has been explained by various researchers. Examples of such explanations include (i) higher education levels increase external job alternatives (Mathieu and Zajac, 1990); (ii) higher level of education increases opportunities to change jobs (Chughtai and Zafar, 2006; Joiner and Bakalis, 2006); (iii) higher level of education makes an employees to develop more expectation from the organisation than it can provide, leading to lower commitment (Mowday *et al.*, 1982, cited in Mathieu and Hamel, 1989); and (iv) education is an individual investment which in turn encourages the individual to seek for better returns on investment by searching for better paying jobs (Al-Kahtani, 2004)

On the other hand, there are studies which have reported a positive effect of education level on OC See for example, Salimi (2008). Salami associated these results with the notion that employees with higher levels of education stand a chance to occupy higher job ranks leading to having more responsibilities which invariably require more commitment to the organisation. Significant differences in OC are also reported in a sample of 275 employees of the textile industry in Turkey by Bakan *et al.* (2011). In addition, Deen (2015) reports significant differences in each of the three types of OC between groups based on the level of education in a sample of 269 employees of a construction equipment manufacturing industries in Tamil Nadu. The present study, therefore, hypothesizes that:

- H₃ Level of education does not affect OC*
H_{3a} Level of education does not affect AC
H_{3b} Level of education does not affect CC
H_{3c} Level of education does not affect NC

Marital status and organisational commitment

Married employees have been shown to be more committed than those that are single. Said differently, employees' marital status has been shown to significantly positively predict their organisational commitment (Affumu – Osei *et al.* 2015; Angle and Perry, 1981; Mathieu and Zajac, 1990; Salami, 2008). Affumu – Osei *et al.*, for example using a sample of 206 employees in 10 branches of a commercial bank in Ghana, found that married employees were significantly more committed than their single and divorced counterpart. Similar results are reported in Salami (2008) on a sample of 320 employees from five services and five

manufacturing organisations in Oyo state in Nigeria, where the marital status of employees was found to be a significant positive predictor of their organisational commitment. Choong, *et al.* (2012) argue that married people crave for job stability and security due to their perceived responsibility for their families and as a result, their higher commitment comes from concern for the economic safety of their families. Angle and Perry (1983) associated this to the financial burden and family responsibility of married employees. Opposite findings are also reported. Joiner and Bakalis (2006) reported that married casual academicians in Australia were less committed as compared to their unmarried counterparts. In the middle are studies which report no effect of marital status on employee's organisational commitment (Çoğaltay, 2015; Chughtai and Zafar, 2006; Ghaffaripour, 2015). Çoğaltay, 2015 for example, reviewed meta-analytically studies carried out on teachers in Turkey in the period 2008 – 2014 covering 17 independent studies with a sample of 5,467 teachers and found no evidence to suggest that marital status affected organisational commitment. Ghaffaripour (2015) focused on a sample of 234 personnel in the oil refining industry in Iran and report also that employees' marital status was not a significant predictor of their organisational commitment. From this review, the present study, therefore, hypothesised that:

H₄ Marital status does not affect OC

H_{4a} Marital status does not affect AC

H_{4b} Marital status does not affect CC

H_{4c} Marital status does not affect NC

Working experience and organisational commitment

Working experience (tenure or length of service) is predicted in the literature to have a positive effect on OC, suggesting that a long working experience signals a high level of commitment. Meyer and Allen (1997) cited in Yahya and Ebrahim (2016) suggest that uncommitted employees tend to leave the organisation and that only the committed would remain. Iqbal *et al.* 2011 found that length of service was the best predictor of OC among faculty member of five universities in the Kingdom of Saudi Arabia. Meyer and Allen (1997) cited in Yahya and Ebrahim (2016) associate the positive effect with the notion that an employee's emotional attachment to an organisation grows with time. This notion suggests a positive relationship between AC and length of service. The time spent in an organisation can also be taken to be a proxy for personal investment in the organisation and as this investment grows, so are the difficulties an employee faces in arriving at the decision to leave. This also suggests that there would be a positive relationship between CC and length of service, consistent with Becker's (1960) side-bets theory. Studies reporting a positive effect of length of service on OC are many (e.g. Iqbal *et al.* 2011; Mathieu and Zajac, 1990; Mayer and Allen, 1997; Salami, 2008). However, other studies like Walumbwa *et al.* (2005) found that tenure was negatively related to OC of a sample of bank employees in both Kenya and USA. Moreover, Chughtai and Zafar (2006) and Balfour and Wechsler (1996) reported results suggesting that tenure is not a significant predictor of OC. Thus, the present study hypothesizes that:

H₅ Working experience does not affect OC

H_{5a} Working experience does not affect AC

H_{5b} Working experience does not affect CC

H_{5c} Working experience does not affect NC

Duty station and organisational commitment

CNLG is mandated to carry out its mission to prevent, fight against Genocide, and address its consequences both inside and outside the country through its attributions. It also operates a research centre in Kigali and Coordination offices – one in every two districts totalling 15 district centres from country's 30 districts. The research centre is responsible for the "Gacaca"

documentation. It is expected that employees working at the district centres would be much closer to the affected and needy people. Those who are assigned to the research centres are also expected to re-live the experiences through their work as researchers. It is hypothesized therefore that the level of employee commitment to the organisation would be different depending on one's duty station.

H_6 Duty station has no effect on OC

H_{6a} Duty station has no effect on AC

H_{6b} Duty station has no effect on CC

H_{6c} Duty station has no effect on NC

Conceptual framework

Figure 1. presents the study's conceptual framework as generated from the preceding literature review.

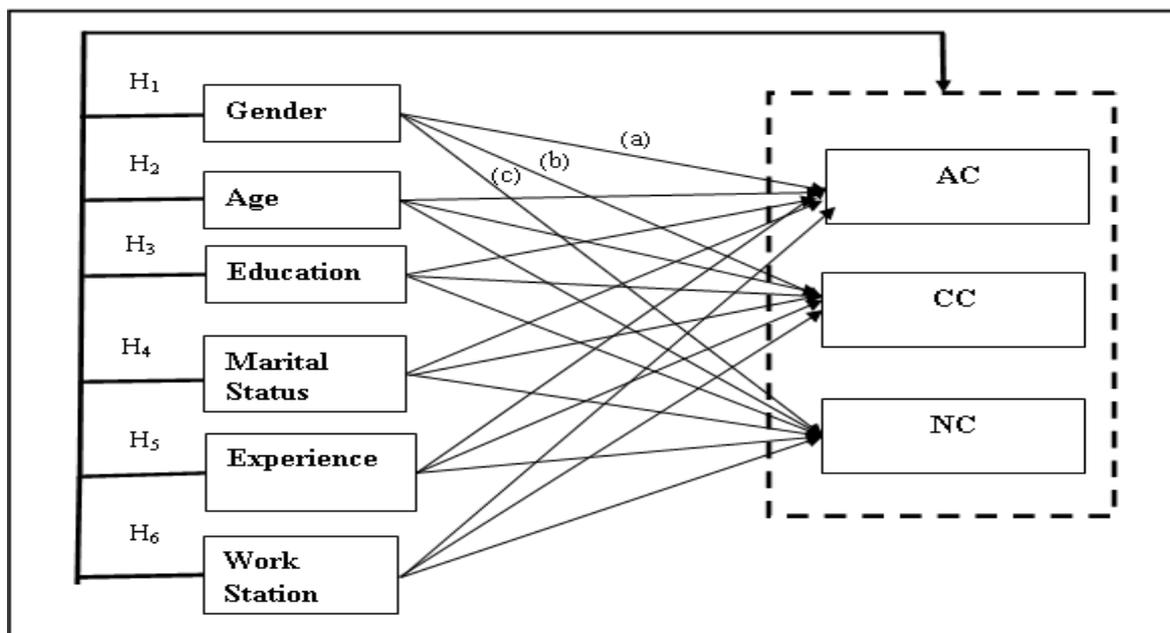


Figure 1: Conceptual framework

Methodology

Participants

Participants to this study were employees of CNLG. It has its headquarters and a research centre in Kigali and 15 district centres all over Rwanda, where each District centre coordinates two administrative districts. The organisation had a population of 135 employees across Rwanda (at the time of this study), where 68 were at the headquarters, 35 were at the research centre and the remaining 32 were at the district centres. Due to the small population and initial consideration of possible non-response related challenges, no attempt was made to sample. All employees were therefore targeted with a structured questionnaire. After several reminders and follow-ups, a total of 120 responses were received back. After screening them, only 119 were retained for further analysis including some of those which had some missing responses to some of the questions.

Instrument and Measurements

The study adopted a descriptive research design, cross-sectionally collecting primary data from the entire population using a structured questionnaire. The instrument had two main parts –

the OC section with 15 items split according to the three types of OC, and the demographic characteristics part with the six items – age, gender, education, marital status, working experience and duty station.

The 15-item scale used to measure OC was adapted from the short form of the Organisational Commitment Questionnaire (OCQ) originally developed by Mowday, *et al.* (1979). The respondents indicated the extent to which each item reflected their commitment to the organisation on a 7-point Likert-like scale ranging from 1 = strongly disagree to 7 = strongly agree, where a higher score indicated a higher commitment to the organisation. A scale test for reliability analysis was carried out on the data generated by this scale to assess their internal consistency. Both the OC and CC scales generated Cronbach's Alphas of .66 and .57 respectively each with a potential of rising to the Cronbach's alpha level of $>.7$ if one item was deleted from the CC scale items. Implementing this step, the new Cronbach's alpha and items included in brackets were OC (14) = .721; AC (5) = .780; CC (4) = .777; and NC (5) = .797 (Table 2). All alpha coefficients were above the recommended level of .7 (DeVellis, 2003, cited in Pallant, 2016), indicating a good internal consistency. These alphas were very similar to those reported in previous studies, e.g. Allen and Meyer (1990) who reported Cronbach's alphas of .8, .87, .75, .79 for OC, AC, CC and NC scales respectively. Individual participant's commitment scores reported were generated as the mean score of the responses across items in the OC or sub-scales of OC.

Participants gender was captured by respondents indicating on the questionnaire whether male or female. Three age groups were used to capture respondents' age, i.e. < 35 years, 36-45 years, and > 46 years. Level of education was captured by respondents indicating years of formal schooling by choosing either 18 or 20 years. In Rwanda, these translate to bachelor's and Master degree awards, respectively. Respondents were asked to indicate their status of marriage in four categories – single, married, divorced and widowed. The working experience was captured in three-time categories, i.e. ≤ 1 year, 2-5 years, and > 6 years. Finally, respondents were asked to indicate their duty station by choosing from headquarters, research centre or district centre. The distribution of participants in the categories of each variable was found to be skewed, with some categories having less than five observations. Thus, regrouping was done resulting in dichotomized variables. The attempt was also consistent with the requirements of the analytical models – correlation and regression analysis.

Analysis

Descriptive statistics (means, standard deviations) were computed for the overall and each subscale of OC across respondents and used to determine the level of OC among the employees of CNLG. To interpret the mean scores, into low, moderate and high levels of OC, the cut-off points recommended in Albdour and Altarawneh (2014, p. 200) were followed. The cut-off points were respectively < 2.0 ; 2.0 – 3.5; and > 3.5 , on a five-point rating scale, translating mechanically to < 2.8 ; 2.8 – 4.9; and > 4.9 respectively on a seven-point scale.

Pearson correlation analysis was used to test for the correlation among the variables – both the OC and demographic variables. This step was done for three reasons. First, it was to check for the correlation of the OC items following the findings of a meta-analysis study by Meyer *et al.* (2002) in which the three components of OC were found to be related, yet distinguishable from one another. Secondly, to check for the correlations among the independent variable. Finding high correlation coefficients between pairs of independent variables would indicate possible multicollinearity problems. Thirdly, it was done to check for linearity between independent

variables and the dependent variable(s). The last two were among the assumptions of the multiple linear regression analysis techniques. For the results of regression analysis to be meaningful, there should be some indication of bivariate correlations between independent variables and the dependent variable(s). Table 2 shows that the correlation coefficients among pairs of the independent variables are below the recommended level ($r > |.7|$) (Pallant, 2016), suggesting non-presence of multicollinearity problem. As a follow-up, collinearity diagnostics were requested for in the regression process and the variance inflation factors (VIF statistics) were below 1.5, which is far lower than the cut-off of 10, beyond which multicollinearity problems would have been suspected. For the independent variables to have some predictive power, it is recommended that many of the IVs have some correlations with the DVs. Results in Table 2 show that about 30 per cent of the coefficient of correlations between the independent variables and the dependent variables have $r > |.3|$, the highest having $r = |.425|$. Four standard multiple regression analysis (MRA) models were run to test the hypotheses of the study.

$$OC = \alpha + \beta_1 Gen + \beta_2 Age + \beta_3 Educ + \beta_4 MS + \beta_5 Exp + \beta_6 WS + \varepsilon \quad (1)$$

$$AC = \alpha + \beta_1 Gen + \beta_2 Age + \beta_3 Educ + \beta_4 MS + \beta_5 Exp + \beta_6 WS + \varepsilon \quad (2)$$

$$CC = \alpha + \beta_1 Gen + \beta_2 Age + \beta_3 Educ + \beta_4 MS + \beta_5 Exp + \beta_6 WS + \varepsilon \quad (3)$$

$$NC = \alpha + \beta_1 Gen + \beta_2 Age + \beta_3 Educ + \beta_4 MS + \beta_5 Exp + \beta_6 WS + \varepsilon \quad (4)$$

Where OC= Organisational commitment, AC = Affective commitment, NC = normative commitment, Gen = gender (1 = male, 0 = female); Age (1 = >35 years, 0 = ≤ 35 years), Educ = level of education (1 = 20 years, 0 = 18 years of formal schooling); MS = marital status (1 = married or divorced; 0 = single), Exp = working experience (1 = ≥ 2 years, 0 = < 2 years), WS = work station (1 = headquarters and research centres, 0 = district centres). β_1 to β_6 are the coefficients of interest in terms of testing the six hypotheses of the study. Each was used to determine whether a demographic variable has a significant effect on the OC, or its components, at the .05 level of statistical significance, holding the other demographic variables constant.

Results

Sample description

In the results (Table 1), about two-thirds of the respondents were male and 35 years old or younger. This represents the social-political situation in the country following the effects of genocide. The majority (about 82.6 per cent) had bachelors' qualification (18 years of formal schooling). About half of the participants were single, the rest being either married or divorced. Slightly above two-thirds of the participants had worked for CNLG for two or more years, and almost three-quarters of the employees were located in Kigali (headquarters and research centre). Again, these work experience results represent the nature of the workforce in Rwanda following the effects of genocide, where many organisations had to recruit fresh employees.

Table 1
Description of the sample.

Attribute	Frequency	Percentage
Gender [<i>N</i> = 119]		
Male	74	62.2
Female	45	37.8
Age [<i>N</i> = 118]		
≤ 35 years	79	66.9
> 35 years	39	33.1
Years of formal schooling [<i>N</i> = 115]		
18 years	95	82.6
20 years	20	17.4
Marital Status [<i>N</i> = 118]		
Single	58	49.2
Married or divorced	60	50.8
Experience [<i>N</i> = 116]		
< 2 years	35	30.2
≥ 2 years	81	69.8
Working Department [<i>N</i> = 119]		
Headquarters and Research Centres	87	73.1
District Centres	32	26.9

Organisational Commitment

All OC scales were rated on a seven-point scale and the mean scores and standard deviations were computed and presented (Table 2). The results indicate that all mean scores are above 4.9 with standard deviation varying from .47 to .95. Following Albdour and Altarawneh (2014), it can be concluded that OC was relatively high among the employees of CNLG with AC recording the highest commitment score. NC highly correlated with OC and CC but it is not as highly correlated with AC as suggested in Cohen (2014). CC is also highly correlated with OC.

Demographic characteristics as predictors of Organisational commitments

A standard multiple regression analysis was carried out to determine the effect of the six demographic variables on OC and its three components. In the results (Table 3), all four model fit statistics (F-statistics) were significant implying that the independent variables in the model had power in predicting OC as well as its three components. The six demographic characteristics jointly explain 52 per cent of the variations in overall OC, 13 per cent in AC, 30.3 per cent in CC and 64.1 per cent in NC, among the CLNG employees. Gender significantly negatively predicted OC, CC and NC implying that being a male employee is associated with lower overall OC, CC and NC relative to female employees. Age was significantly positively related to both OC and its three components, implying that OC increases with age.

Table 2.
Descriptive Statistics, Reliability Analysis and Correlation Results

Var.	Mean	S.D.	1	2	3	4	5	6	7	8	9
1. OC	5.72	0.47	0.721								
2. AC	6.07	0.55	.104	0.780							
3. CC	5.59	0.95	.775**	-.373**	0.777						
4. NC	5.47	0.78	.862**	-.172	.602**	0.797					
5. Gen			-.377**	.091	-.359**	-.360**					
6. Age			.395**	.148	.241**	.332**	-.005				
7. Educ			-.029	-.136	.087	-.032	.031	.009			
8. MS			-.263**	.108	-.109	-.425**	-.144	.294**	-.024		
9. Exp			.092	-.198*	.220*	.079	-.011	.182	.113	-.059	
10. WS			-.362**	.112	-.293**	-.414**	.417**	-.102	.086	.015	.288**

** p < 0.01; * p < 0.05

OC = Organisational Commitment; AF = Affective Commitment;

CC = Continuance Commitment; and NC = Normative Commitment, Gen = Gender; Educ = highest level of education; MS = marital status; Exp = employees' work experience, WS = employees' duty station

That is, being aged above 35 years, employees are more committed to the organisation than those who are aged 35 years or less. Marital status significantly negatively predicted OC and its dimensions except for the AC. This implies that being married or divorced, an employee recorded lower commitment than single counterparts. Work experience returned mixed results. Having worked for more than two years is significantly negatively associated with AC, significantly positively associated with CC but insignificantly positively associated with OC and NC. Working at the Headquarters, or at the research centre, relative to working at a district centre was significantly negatively associated with both CC and NC but significantly positively associated with AC. Using standardized coefficients, age was the most important determinant of OC ($\beta = .51$) while the most important determinant of AC was the working experience ($\beta = -.29$). For CC it was gender ($\beta = -.30$), and for NC it was marital status ($\beta = -.62$). The effect of the level of education across all OC variables was negative but insignificant.

Discussion

The present study found that the gender of employees significantly affected their OC negatively, implying that being a male is associated with significantly lower OC than being a female employee. Same results were recorded with both AC and NC but not with CC, which returned an insignificant positive coefficient. While the results are consistent with the results reported in Angle and Perry (1981), Aven *et al.* (1993), Marsden *et al.* (1993), and Mathieu and Zajac (1990), they are inconsistent with those reported in studies like Affum-Osei *et al.* (2015) and Dodd-McCue and Wright (1996) which reported higher commitment in male employees. Moreover, the results are also inconsistent with those of Abebe and Markos (2016), Al-Ajmi (2006), Aydin *et al.* (2011), Cho and Mo Barak (2008), Joiner and Bakalis (2006), Khalili and Asmawi (2012), Kónya *et al.* (2016) and Ling and Yuen (2014), which reported statistically insignificant relationship or gender differences.

Table 3.
Demographic Characteristics as Predictors of OC and its dimensions

Variable	OC	AC	CC	NC
Constant	6.07**	6.105**	5.871**	6.22**
Gender	-.367**	.001	-.588**	-.573**
Age	.511**	.257*	.483**	.803**
Education	-.026	-.181	.208	-.046
Marital Status	-.436**	.022	-.388*	-.955**
Experience	.011	-.347**	.437*	.018
Duty Station	-.136	.252*	-.396**	-.320**
R ²	52.3	13.4	30.3	64.1
F-Statistics	19.18**	2.72*	7.59**	31.3**

** p < 0.01; *p < 0.05

OC = Organisational Commitment; AF = Affective Commitment; CC = Continuance Commitment; and NC = Normative Commitment; VIF < 1.5

In conclusion therefore, only hypothesis H_{1b} was accepted implying that gender had insignificant effect on AC (H_{1a}) but a significant negative effect on OC (H₁) as well as on the CC (H_{1b}) and NC (H_{1c}) in which female employees are more committed to the organisation than their male counterparts. Thus, H₁ and H_{1b} and c were rejected in favour of the alternative hypotheses. These results are consistent with the general view presented in the meta-analytic studies of Aven *et al.* (1993) and Marsden *et al.* (1993) and lends support to their conclusion that female employees may be facing a significant number of challenges in getting jobs and also when they are on the job, which in turn make them more committed to the present job than their male counterparts.

The present study found age to be significantly positively related to both OC and its three components. Hypotheses H₂ and H_{2 a-c} were rejected. These results were consistent with many previous studies (e.g. Affum-Osei *et al.* 2015; Al-Khatami, 2012; Allen and Meyer 1990; Amangala, 2013; Angle and Perry, 1981; Azeem, 2010; Dodd-MacCue and Wright, 1996; Pourghaz *et al.* 2012; Salami, 2008). Moreover, the results may lend support to the idea of Kitchen (1989) cited in Al-Kahtan (2012) that older employees face scarcity of alternative employment due to the reluctance of many organisations to hire them fearing that the length of their contribution to the organisation would necessarily be brief. They also lend support to the side-bet theory of Becker (1960) which suggest that employees consider the value of their investment in an organisation, which would be lost if they quit and that this value grows with age. The older the employee, therefore, the more committed he or she becomes to the organisation in fear of losing these side bets.

The present study also found an insignificant relationship between education and OC. Hypotheses H₃ and H_{3a-c} were accepted. The results are inconsistent with the previous studies which reported positive relationships like Iqbal *et al.* (2011) in Saudia Arabia and those that report negative relationship like Nifadkar and Dongre (2014) in India. Furthermore, the present study found that marital status significantly negatively affects OC. Being married or divorced, relative to being single was significantly negatively associated with OC, CC and NC. Thus, H₄ was rejected together with sub-hypotheses b and c. Only H_{4a} was supported. The results are

consistent with those reported in the previous studies like Affumu-Oseit *et al.* (2015); Angle and Perry (1981); Chughtai and Zafar (2006); Mathieu and Zajac (1990); Salami (2008); but contradicts those reported in Cogaltay (2015); Ghaffaripour (2015); and Joiner and Bakalis (1996). Thus, the results of the present study lend support to the notion that married or divorced employees carry with them the family and financial burden, and that rather than being more committed to the present organisation because they need job security, job and financial stability to help them cope with these responsibilities, they may instead be busy looking for greener pastures with more pay and other benefits. This conclusion is reinforced by the results that marital status is not a significant predictor of affective commitment (emotional attachments) but a significant negative predictor of continuance (cost-benefit) and of normative commitment (obligatory).

Unlike the prediction in the OC literature that working experience (tenure or length of service) has a positive effect on OC, this study finds a significant relationship between work experience and AC contrary to the notion by Meyer and Allen (1997) that emotional attachment to an organisation grows with time. However, the study also finds a significant positive relationship between work experience and CC. Thus, H₅ and H_{5c} were accepted but not H_{5a} and b. In addition to these results being consistent with previous studies (Iqbal *et al.* 2011; Mathieu and Zajac, 1990; Meyer and Allen, 1997 cited in Yahya and Ebrahim, 2016; Salami, 2008), the significant positive relationship with CC is consistent with the notion that the time spent in an organisation is a proxy for the personal investment in the organisation and as it grows, so are the difficulties employees face in arriving at a decision to leave. These results, therefore, lend support to Becker's (1960) side-bets theory.

The present study found that being stationed at the headquarter or the research centre relative to being stationed at district centres, is significantly negatively associated with CC and NC, significantly positively associated with AC (H_{6b-c} rejected) but insignificantly associated with OC (H₆ accepted). CNLG deals with the aftermath of genocide in Rwanda. It is possible that employees who work at the district centres are closer to the victims. This is presumed to have developed in them the sense of "must help them, otherwise who else would", leading to higher commitment than that of their counterparts at the Headquarters or at the research centre, both of which are located in the city of Kigali.

Conclusions and recommendations

The study concludes that employees at CLNG are highly committed to the organisation but show more affective commitment than the rest of the commitment dimensions. It also concludes that of the six demographic characteristics examined – gender, age, and marital status significantly predicted OC. While age consistently positively predicted all three dimensions of OC significantly, the results are mixed for gender, experience, marital status and duty station depending on the dimension being analyzed. Education produces insignificant results consistently across the OC dimensions. The positive and significant relationship for age and working experience (tenure) with continuance commitment lends support to the side-bet theory. It is recommended therefore that organisational managers should consider differences in the demographic characteristics in the plans to enhance employees' commitment to the organisation.

However, it is important to recognize that the findings of these study are limited in generalizability as they are based on one organisation with a unique mission. A possible extension is to test for the other demographic characteristics, other organisational concepts

such as job satisfaction, job involvement, employee motivation, emotional intelligence, to mention but a few. All these have been shown elsewhere to be antecedents of OC. On the other hand, testing for the outcomes of OC such as employee performance, turnover intention, organisational citizen behaviour, employee counterproductive behaviour is warranted in the frontier markets where they have been sketchily researched. As growing economies, a better understanding of levels of OC its antecedents and consequences would be very useful in enhancing OC in organisations. Longitudinal studies are not to be left out because it has been shown elsewhere that OC does evolve over time. Use of a sample size that also considers multi-industry mix is also recommended.

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Determinants of Consumers' Intention to Use E-payment System in Shopping Malls in Dar es Salaam, Tanzania: Modified UTAUT Model Approach

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Abstract: *The aim of the study was to determine factors that influence customers' intention to use the e-payment system in Dar es Salaam's shopping malls. Bearing the importance of financial inclusion, there is no doubt electronic payment development will strongly contribute to improving countries competitiveness in many ways. However, despite the growth rate of ICT utilization particularly internet and mobile phones and an exponential rate of online communication and interactions, Tanzania is yet to harness the opportunities for e-payment.*

The study applied the modified UTAUT model to investigate factors that influence customers' intention to use the e-payment system in Dar es Salaam shopping malls. Data were collected from a sample of 460 customers selected from 5 shopping malls in Dar es Salaam and tested against the research model using SEM. The results showed that three factors (Social Influence and Perceived Security and Effort Expectancy) had a significant positive effect on customers' intention to use the e-payment system in Tanzania; Perceived Security being the strongest determinant. Conversely, Perceived Cost was found to have a significant negative effect on customer intention on the use e-payment system in Tanzania.

Keywords: e-payment, UTAUT.

Introduction

Given the importance of financial inclusion, there is no uncertainty that electronic payment system development will intensely make a contribution to cultivating countries' effectiveness in different ways (Kamulegeya, 2010). Modernizations in the payment business have been directed to superior financial presence globally, where electronic payment service suppliers assist in facilitating payment transactions into the official financial system even in the exclusion of traditional bank accounts. This idea/position has also been reinforced by the World Bank which recommended that electronic payment is vital for economic progress (World Bank, 2014). Fast developing and spreading digital stages, including electronic payment, can offer all the mechanisms to raise financial inclusion at the desired scale. The World Bank suggests that security, transparency, speed, and cost efficiencies can be facilitated by an electronic payment system (World Bank, 2014).

An extensive drift in the direction of a globalized market has extended more the need for countries to be equipped with a competent system of payment to nurture all-inclusive efficiency to the whole economy and offer meaningful cost saving (Chou *et al.*, 2004; Humphrey *et al.*, 2001; Kim *et al.* 2010). The redistribution of assets used for manually or semi-automatically

processing payments (which intensively use more assets) will be easily achieved with the use of efficient payment systems like an electronic payment system. As such, businesses, consumers, and other stakeholders, including the government, are required to transfer to e-payment to realize the named economic benefits (Humphrey *et al.*, 2006).

Tanzania is among the countries that are named as a cash payment based country (BOT, 2016). Furthermore, the World Bank delineated that 59 percent of adults in developing economies, inclusive of Tanzania, do not have an official bank account. This situation makes it harder to alleviate inequality and spur economic growth in these countries (World Bank, 2014). However, on the report of Audiencescapes survey of Tanzania, which was executed in July 2010 by the Tanzania Communications Regulatory Authority (TCRA), the application of the Internet has evidently grown in Tanzania at the rate of 4 percent annually (Oreku *et al.*, 2013). With this increased speed of ICT application, mainly the internet and mobile phones, an exponential rate of online dealings and communication among the general populace is observed. However, with the enormity of businesses on the internet, Tanzania is yet to exploit the opportunities for optimal financial advantage (Oreku *et al.*, 2013). One area which is underutilized to take advantage of the sprouting ICT sector is the improvement of the payment system. Therefore, it is the researcher's quest to study the factors that influence customers' intention to use the e-payment system in Tanzania.

Few studies have explored the causes of low intention to use and adopt e-payment. These studies showed patchy evidence, but in addition, most of them intensively applied Technology Acceptance Model (TAM), whether in its original state or modified (Oreku *et al.*, 2013; Makame *et al.*, 2014). This research extended this position by studying the factors that influence consumers' intention to use the e-payment system in Tanzania using the Unified Theory of Acceptance and Use of Technology modified model (UTAUT).

The Unified Theory of Acceptance and Use of Technology (UTAUT)

There are different research models that have been developed to define user acceptance of technological information. Among the earlier models developed to determine the behavior of computer usage include the Technology Acceptance Model (TAM). According to this model, behavioural intention and attitude of the users of information technology are predicted by two constructs, namely perceived usefulness (PU) and perceived ease of use (PEOU) (Davis *et al.*, 1989).

Venkatesh *et al.* (2003) developed a model known as the unified theory of acceptance and use of technology (henceforth UTAUT) which is utilized to discover the enthusiastic application of technology. The UTAUT hypothesis originated from a broad-spectrum amalgam and homogenization of the following eight theories; Theory of Reasoned Action (TRA), the Technology Acceptance Model (TAM), Motivational models, Theory of Planned Behaviour (TPB), Combined TAM and TPB, Innovation Diffusion Theory, the model of the Personal Computer Utilization and Social Cognitive Theory.

As claimed by the UTAUT, performance expectancy, effort expectancy, social influence, and facilitating conditions, are the four constructs that affect the intention and use of technology (Gholami *et al.*, 2010; Venkatesh *et al.*, 2003).

The model used in this study is based on the UTAUT to study the factors that influence consumers' intention to use e-payment technology in Tanzania. The ability of the UTAUT model to clarify 70 percent of the variation in the original paper in utilization desire of technology which is superior to the eight preceding models validates the use of this model (Venkatesh *et al.*, 2003). Different studies have been carried out and remodeled on the foundation of the UTAUT model to obtain variables that tally to the setting of their study. The remodeling of UTAUT has taken three forms which include UTAUT application, UTAUT integration and UTAUT extension (Venkatesh *et al.*, 2016). This study focused on the determinants intention to use electronic payment/adoption of electronic payment and not on the use of electronic payment. The latter led to exclusion of facilitating condition since it directly affects the use of electronic payment system. Therefore, in this propounded model extension, there are two (2) peripheral variables attached to the UTAUT model; Namely, Perceived Security and Perceived Costs. The two variables are important factors in the study of electronic payment system and e-commerce (Chitungo and Munongo, 2013; Dass and Pal, 2011; Huang and Cheng, 2012; Maroofi *et al.*, 2012) in most of the developing countries because of the economic status, literacy level, and exposure of most individuals (Masinge, 2010).

Literature review

Performance Expectancy

According to Kamal (2012), an imagined belief that one's adoption and use of technology will lead to performance improvement on the job is referred to as performance expectancy. Performance expectancy is the users' belief that the performance of technology to be supreme in terms of improving efficiency, output, and quality of work. With such a belief, the adoption of such technology becomes of significance, and the opposite is true (Kamal, 2012). Low-performance expectancy of technology from the probable users implies low adoption or resistance of such technology.

H1: Performance Expectancy has a significant positive effect on the intention to use the electronic payment system

Effort Expectancy

Effort expectancy can be referred to the comfort and ease by which individuals adopt and employ technology for their jobs (Jung *et al.* 2007). When a technology requires less intellectual effort to use and apply, adopters will take it on with ease. After all, less effort is required to learn, apply and use it. Conversely, if too much effort must be devoted to learning, using, or executing such technology, the level of resistance is likely to be high.

H2: Effort Expectancy has a significant positive effect on the intention to use the electronic payment system.

Perceived Security

Security is a set of processes, devices and computer programs to authenticate the source of information and ensure the integrity and privacy to avoid the problems of the data and the network (Huang and Cheng, 2012). Security responds to how the electronic payment system can shield customer settlements. View of security is affected by many elements including clear and open declarations that security is effortlessly established by customers and technical guard of users' privacy anxieties against outsiders (Maroofi *et al.*, 2012). Furthermore, security is

similarly related to regulatory and legal protection perceived by customers (Huang and Cheng, 2012).

H3: Perceived Security has a significant positive effect on the intention to use the electronic payment system.

Perceived Cost

Cost can be defined in numerous ways but in the perspective of this study it is described as the level at which an individual trust that using e-payment would cost money (Chitungo and Munongo, 2013). The transactional cost in the practice of provision charges, network charges for conveying communication traffic and device costs are some of the costs (Chitungo and Munongo, 2013). According to Masinge (2010), low-income people have low purchasing power and are price sensitive. Nonetheless, Micheni *et al.* (2013) postulate that if consumers perceive that the cost of electronic payment is acceptable the adoption and use will be easier. The financial cost has an adverse effect on the intention to use electronic payment (Dass and Pal, 2011).

H4: Perceived Cost has a significant negative effect on the intention to use the electronic payment system.

Social Influence

In accordance with the old saying, the old birds teach the young ones how to fly, is relevant here. Social influence from elders, friends, top management buy-in/support, and parents highly influences the intention to adopt, and the actual adoption of, technology. Social influence offers self-assurance to new consumers of the technology of its worthiness and significance; therefore, new users will easily buy in to adopt it (Vannoy and Palvia, 2010). According to Kulviwata *et al.* (2009), the intention to accept high-tech innovations, as being positively affected by social influence, is confirmed.

H5: Social Influence has a significant positive effect on the intention to use the electronic payment system.

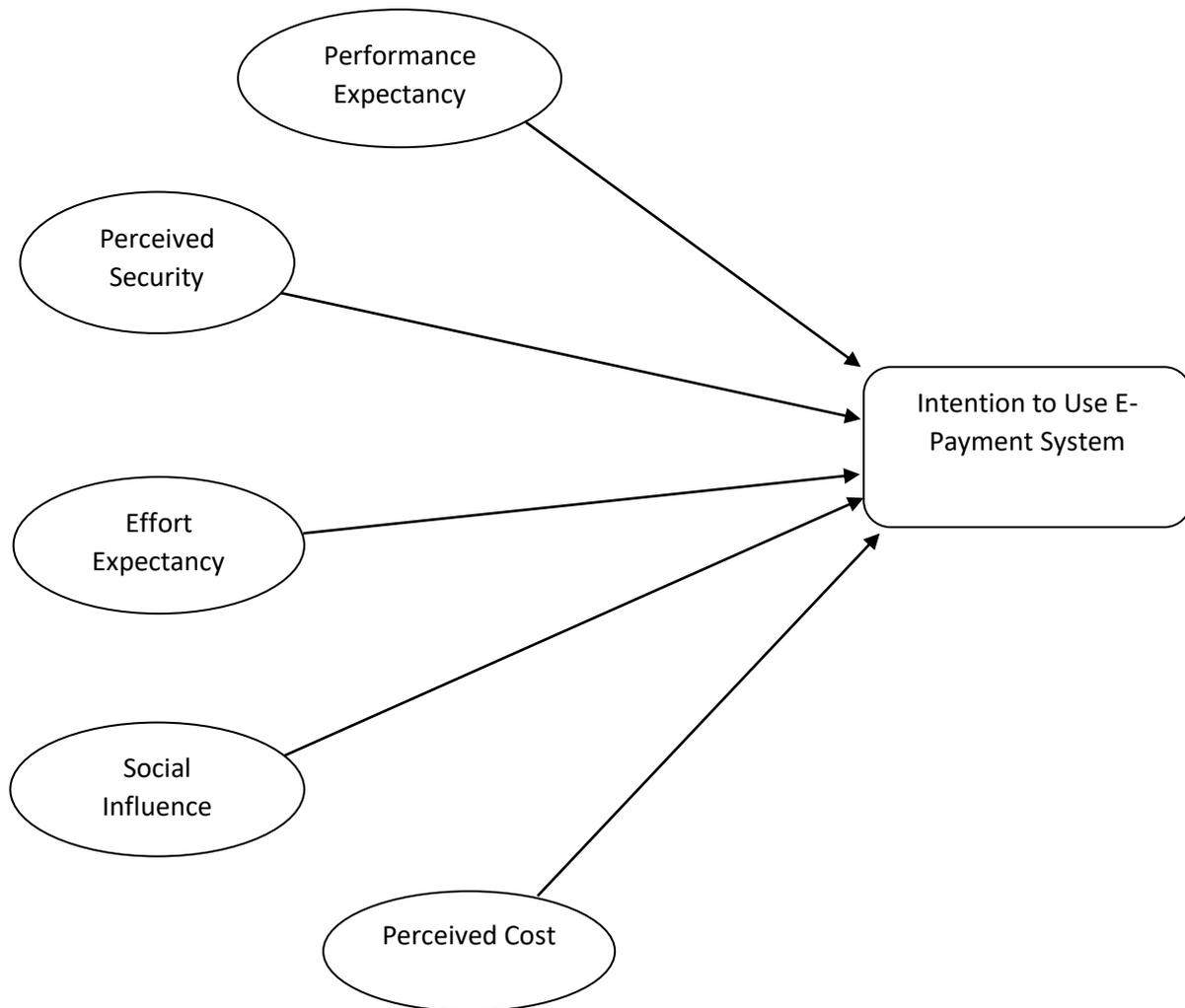


Figure 1: A Model of Factors Influencing Consumers' Intention to Use E-Payment

Methodology

The targeted population was customers doing their purchases in shopping malls located in different places in Dar es Salaam. The shopping malls were selected since they attract customers with different demographic attributes like gender, age, income level, and education level. Thus, these customers are the best representatives of the population of this study. Five malls were chosen using the convenient sampling method. These malls were Baraka plaza mall, Mlimani city mall, Quality center mall, GSM mall Msasani, and Dar es Salaam free market mall. Communication was priority made to the management of the selected malls to propagate the intention of the research; that it was only for academic purposes, and that the identity of the respondents would be treated with utmost confidentiality. Mall Intercept Survey was used for providing the questionnaire to customers. Data collection was covered in a month period which involved interviewing each customer passing the interview line after every 45 minutes, from Mall entrance from 10:00 am to 08:00 pm. Each questionnaire was individually handed, and directives were specified to each participating shopper before filling the questionnaire.

Two versions of the questionnaire were prepared. The first version was prepared in English, and the second was a translation of the English version. Considering the effect of missing data, normality, the strength of factor loadings and sensitivity of Chi-square to a small sample, a large sample of 460 copies of the questionnaire was used for analysis. The sample size selection is supported by the study of Wolf *et al.* (2016) which states that a sample size of 30 to 460 is acceptable. The data was analyzed using Statistical Packages for Social Science (SPSS) version 25 with an extension of AMOS software.

Measurement of Variables

This research borrowed a research tool established by Venkatesh *et al.* (2003) which employs a five-point Likert scale varying from 1 (strongly disagree) to 5 (Strongly agree). The questionnaire was re-formulated and improved to meet the framework of the current study.

Performance Expectancy (PE)	PE1	I would discover e-payment beneficial in my transactions.
	PE2	Using e-payment will assist me to complete payment transactions more rapidly.
	PE3	Using e-payment will push up my productivity.
Effort Expectancy (EE)	EE1	My interaction with the e-payment system would be simple and comprehensive.
	EE2	It would be effortless for me to become competent at using e-payment system.
	EE3	I would find the e-payment system easy to use
	EE4	Studying to maneuver e-payment system is going to be easy for me.
Perceived Security (PS)	PS1	I would use e-payment if Technical protection of my privacy is guaranteed.
	PS2	I would use e-payment if security statements are easily found and easily understood.
	PS3	I would use e-payment if it is supported by the government and Central Bank regulations.
Perceived Cost (PC)	PC1	I think the electronic payment supporting device costs are expensive.
	PC2	I think it is expensive to access and use e-payment.
	PC3	I think the transaction fee of e-payment is expensive.
Social Influence (SI)	SI1	Individuals (family/relatives/friends) who inspire my behavior will consider that I should use e-payment.
	SI2	Individuals (family/relatives/friends) who are significant to me will consider that I should use e-payment.
	SI3	The important people (family/relatives/friends) support the use of e-payments.
Intention to use the electronic payment system (IU)	IU1	I aim to use the e-payment system in the future.
	IU2	I anticipate I will use e-payment in the future.
	IU3	I plan to use e-payment in the coming times.

Rating scale description: 1. Strongly disagree 2. Disagree 3. Neither agree nor Disagree 4. Agree 5. Strongly agree.

In scientific studies, one amongst the most important elements includes measuring and relating the variables and revealing causality (if any). In this study, both observable variables and latent variables were used. However, observable variables can be directly measured, while latent variables such as social influence, perceived security, performance expectancy, perceived cost, effort expectancy, and the intention to use electronic payment system cannot be directly measured. In such cases, it is of great value to develop the regression equalities that show endogenous structures (predicted-endogenous) are linked with exogenous structures (predictive-exogenous) (Yilmaz *et al.*, 2006). To benefit from a multivariate statistical analysis approach which has a wide usage area in combining measurement principles (Hair *et al.* 1998), statisticians have developed a very simple and influential analysis technique – the Structural Equation Modeling (SEM) which comprises an amalgamation of multivariate statistical techniques.

SEM has the capacity of making more than one regression analysis at a time because of its: (i) perpetuation from general regression analysis; (ii) ability to combine factor analysis and regression analysis; and (iii) capacity to accommodate nonlinear situations and to perform correlation among independent variables. In addition it measures error inclusion in the model, considers measurement errors that have correlation among themselves, and discloses and tests multiple independent and dependent latent variables relations, each of which is measured with more than one observed variable. Consequently, it was considered that applying SEM, which is an analysis method that can accommodate the stated variables more comprehensively, significantly, and reliably, would contribute to answering the questions as to why electronic payment adoption in Tanzania is still minimum.

Analysis and findings

Reliability Test, Convergent Validity and Discriminant Validity

A reliability assessment is performed to check for the underlying dimension of the success factors generated through factor analysis. According to Hair *et al.* (2010) to establish reliability, the composite reliability (CR) of each factor should be greater than 0.7 ($CR > 0.7$). On the other hand, to establish convergent validity the average variance extracted (AVE) should be greater than 0.5 and CR factor should be greater than AVE factor. Discriminant Validity, Maximum shared variance (MSV) should be less than the average variance extracted (AVE) (Hair *et al.*, 2010). Table 1 displays a reflection of the CR, AVE and MSV scores of all the reaction ranking of the factors that influence the intention to use the electronic payment system. All factors show a coefficient that meets minimum scores, indicating that the questionnaire has attained reliability and validity. Therefore, all variables are taken.

Table 1: Coefficients for The Composite Reliability (CR), Convergent Validity (AVE) And Discriminant Validity (MSV) Measurement

	CR	AVE	MSV
IU	0.818	0.601	0.336
PS	0.719	0.553	0.336
PE	0.716	0.566	0.186
EE	0.733	0.510	0.268
SI	0.788	0.554	0.128
PC	0.707	0.549	0.048

Another measure to ensure construct validity was performing Confirmatory Factor Analysis (CFA). The analysis showed promising feedback by displaying high loadings on the hypothesized factors.

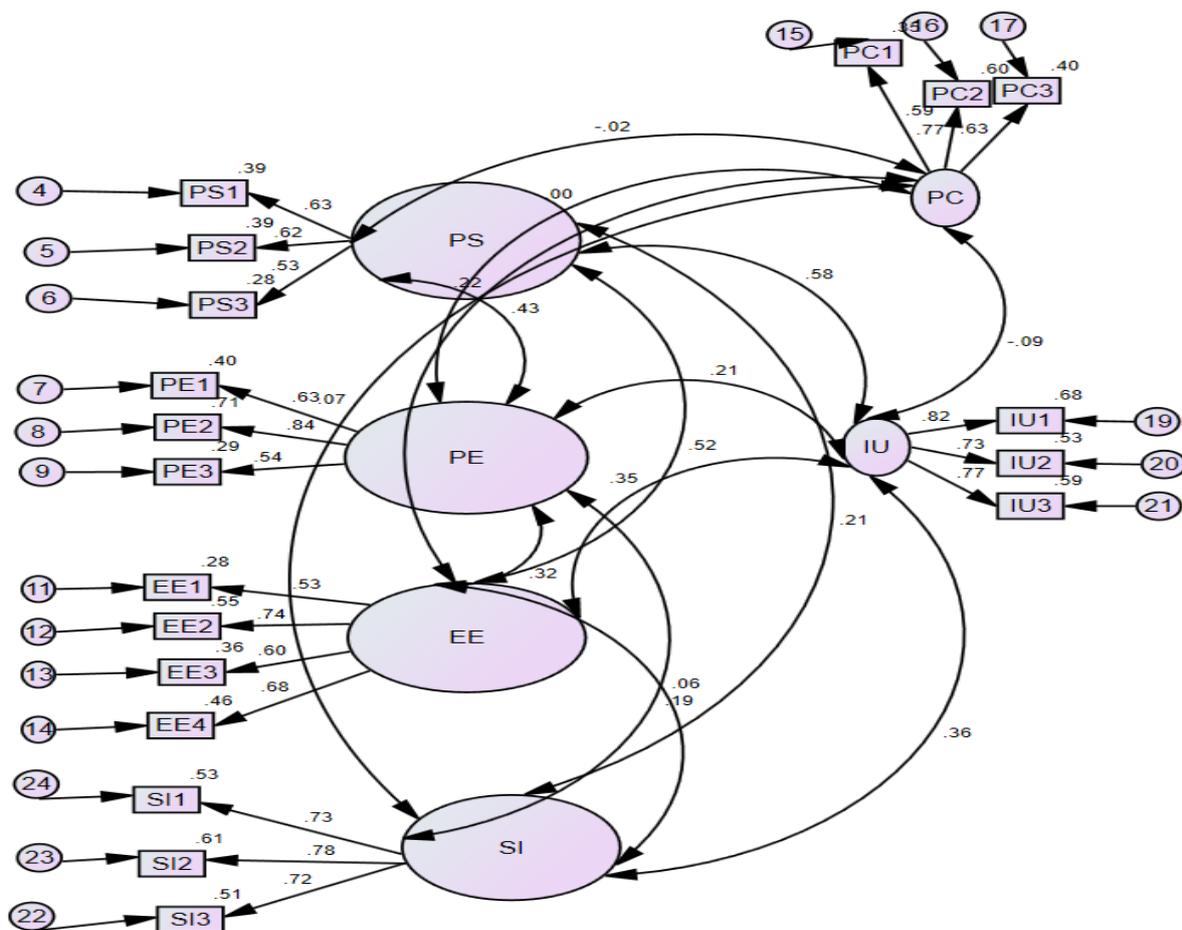


Figure 2: Factor Loadings (CFA)

The purpose of the factor analysis was to show whether the linked elements assembled under the same concept. The lowest factor loading must be 0.500 (Hair *et al.*, 2010). The factor loadings per individual elements are shown in Figure 2. All elements in the study tool loaded well.

Results and Discussions

In the study, two issues were examined: firstly, setting an appropriate model for the factors influencing customers' intention to use e-payment system, and secondly, the effects of the variables taking part in this model were assessed. For model testing, the common five fit indices that are used in testing the appropriateness of the models were applied, and the rates found with their acceptable ranges are given in Table 2.

Table 2: Model Fit Indices

Fit Indices	Calculated rate	Acceptable Rate
χ^2/df	1.77	< 5
GFI	0.948	>0.90
CFI	0.954	>0.90
TLI	0.943	>0.90
RMSEA	0.041	<0.08

When the results in Table 2 are evaluated, all the five fit indices rates are seen to be in acceptable ranges. According to Kline (2005), appropriate indices to include an advocate are the Chi-Square test, the RMSEA, the GFI, the CFI, and the SRMR. Boomsma (2000) has comparable endorsement nonetheless has an additional of the squared multiple correlations of each equation to be reported. Thus, it is unquestionable that the model is a suitable fit for the collected data.

From the given hypothesis, it was found that perceived security construct positively affected intention to use electronic payment which supports the third hypothesis ($\beta = 0.70$, $p < .001$). The results further show that perceived security has the strongest influence on the intention to use electronic payment as compared to other constructs. These results are similar to findings from other scholars (Huang and Cheng, 2012; Maroofi *et al.*, 2012; Kim *et al.*, 2010). This means that technical reliability and the resistance against attacks is of pivotal importance in influencing customers to adopt electronic payment systems (Kalakota and Whinston, 1997). Furthermore, the technical infrastructure, application, well-defined transaction rules, and legal framework are of profound importance to a customers' intention to use electronic payment system. Despite all these variables influencing intention to use electronic payment systems Romdhane (2005) insists that service providers must assure the prospective customer about the authentication, fraud prevention, confidentiality, divisibility, transferability, duplicate spending prevention, payment privacy, payment anonymity, and payer traceability.

Also, security statements influence intention to use electronic payment systems (Miyazaki and Fernandez, 2000). This finding is also sustained by the idea of information asymmetry whereby one of the parties in a business does not have access to all the information required for decision making' (Kim *et al.*, 2010).

Social influence is another construct that has a significant positive influence on intention to use electronic payment system ($\beta = 0.31, p < .001$), which supports the fifth hypothesis. and it is the third most influential construct according to this study This finding is consistent with findings from previous studies of Vannoy and Palvia (2010) and Kulviwata *et al.* (2009). These findings signify that the influence of family members, relatives and friends recommendation, use, and support of e-payment system providers will influence them to opt for e-the the payment system.

Effort expectancy is a third construct that indicated a significant positive contribution to customers' intention to use e-payment ($\beta = 0.19, p < .001$), supporting the second hypothesis. Logically, if technology involves less intellectual effort to use and apply, adopters will take it on with ease after all, less effort is required to learn, apply and use it. The vice versa could also be true. These findings concur with the finding from the previous studies conducted by Muhayiddin *et al.* (2011), Schierz *et al.* (2010), and Venkatesh *et al.* (2003).

Moreover, perceived cost resulted in a significant negative contribution to consumers' intention to use e-payment (resp., $\beta = -.137, p = .023$) which supports the fourth hypothesis, and it is the second influential construct in this study, This result means that an increase in cost will result in a significant decrease in intention to use the electronic payment system. This finding is also in support to the studies conducted by Dass and Pal (2011), Masinge (2010), and Micheni *et al.* (2013) in which it is argued that financial cost has an adverse effect on the acceptance of electronic payment system.

Finally, this study did not find any significant impact of performance expectancy on the customers' intention to use the electronic payment system in Tanzania ($\beta = 0.044, p > .05$). There is no sufficient statistical evidence to support the assertion that the degree to which an individual believes that using the electronic payment system will benefit him/her in terms of purchasing power, asset preservation, and self-haven capability, influences his/her intention to use the electronic payment system in Tanzania.

TABLE 3: Parameter Estimate of The Fitted Structural Equation Model

			Estimate	S.E.	C.R.	P-Value
IU	<---	PS	.701	.121	5.792	<0.001
IU	<---	EE	.193	.055	3.529	<0.001
IU	<---	SI	.311	.056	5.552	<0.001
IU	<---	PC	-.137	.060	-2.280	.023
IU	<---	PE	.044	.082	.538	.591

The standardized regression coefficients with their respective *p*-values for the constructs entered in the model are presented in Table 3 and Figure 3.

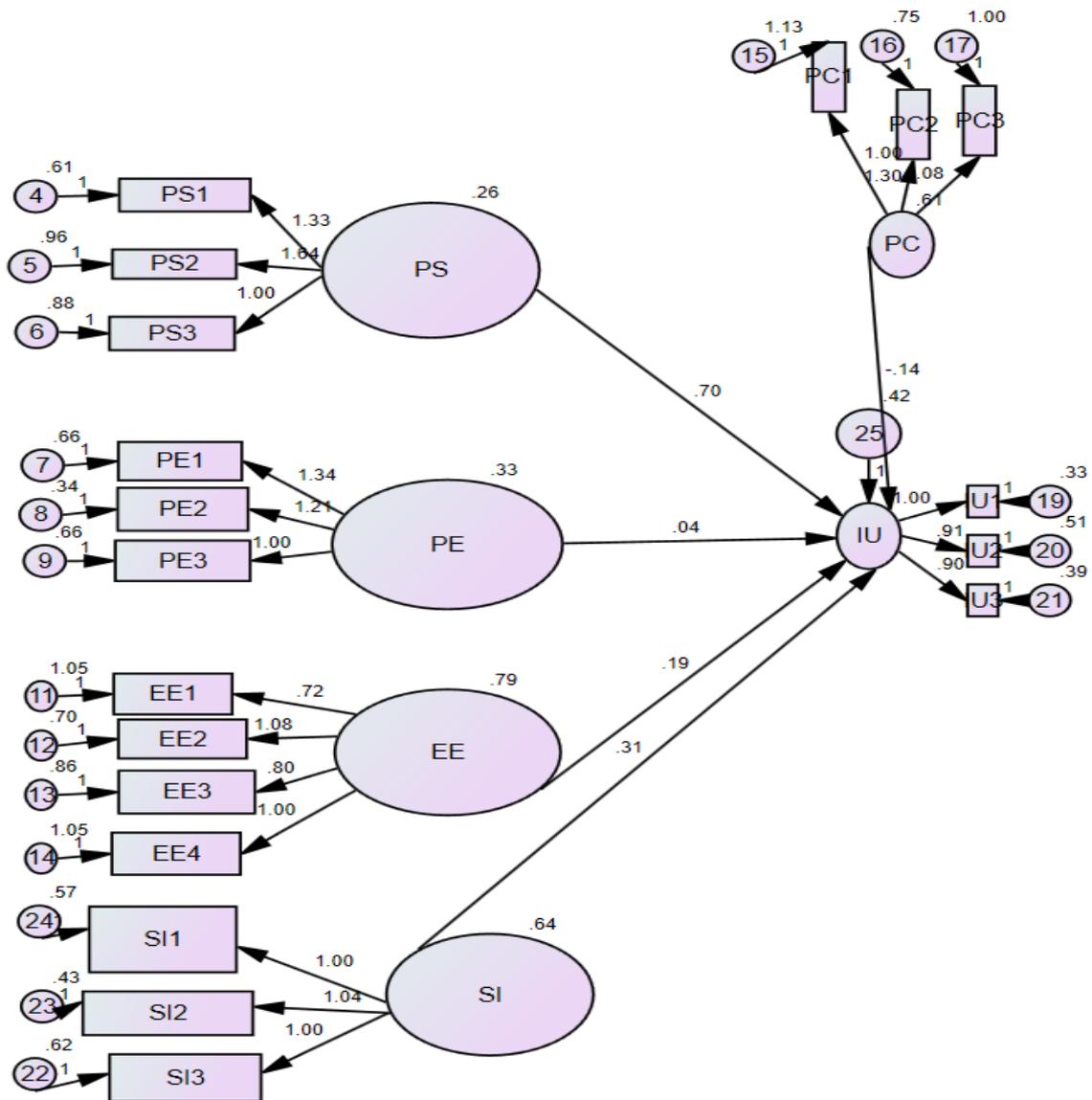


Figure 3: Parameter Estimate of the Fitted Structural Equation Model

Conclusion and Recommendations

The findings of this study suggest that the financial institutions providing e-payment services and technology should make sure that they provide statements that ensure security and technical protection of customer privacy concerns against outsiders are provided (Maroofi *et al.*, 2012). Furthermore, education provision related to regulation and legal issues should be given to customers.

E-payment providers should also provide coaching and awareness to early adopters who are already operating the electronic payment system. The early adopters have the capacity to inspire their colleagues and friends to adapt to use e-payment.

On the other side, electronic payment service providers should strive to keep the cost of electronic transactions as low as possible because it has a negative influence on customers' intention to use the electronic payment system. Electronic payment systems should be simple and easy to use to the customers.

The discoveries of this study add considerably to the mastery of some factors that affect consumers' intention to use e-payment systems in shopping malls. These results will help those who are involved in planning and developing e-payment systems to develop e-payment systems that are relevant and acceptable to customers, with greater concentration on the security and influence of the early adopters to the intended users. This study also gives a room for future studies by including other constructs in the UTAUT model i.e., facilitating conditions, other moderating factors and the actual usage of the electronic payment system. The research dropped actual usage which is directly affected by facilitating condition due to an insignificant group of electronic payment users in Tanzania and therefore lack enough population for analysis.

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Empowering Women Through MFIs in Tanzania: Myth or Reality? Evidence from Empirical Literature Review

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Abstract: *This paper presents the analysis of the role of microfinance institutions on women empowerment in Tanzania from the empirical literature review. The paper identifies the variables of women empowerment related with MFIs and suggests the gaps to be filled by the future studies in Tanzania. Finally, the paper concludes whether is a myth or reality in using MFIs to empower women in Tanzania.*

Keywords: Women empowerment, MFIs, Tanzania

Introduction

Badugu and Tripathi (2016) defined Microfinance as the provision of credit, savings, insurance, remittance, training and other related financial services to the poor and disadvantaged groups of individuals including women and people with disability. Therefore, Microfinance institutions (MFIs) are institutions which have been established to provide the Microfinance services to the poor and disadvantaged people (Khan, Sajid and Rehman, 2011).

Kabeer (2005) asserted that empowerment occurs when the least privileged people in the society gain access to productive resources, earning opportunities, goods and services and participate in the development and decision-making process. Malhotra, Schuler and Boender (2002) classified the empowerment into economic, socio-cultural, familial/interpersonal, legal and psychological categories and they further classified the empowerment into household, community and national levels (More details of the variables are indicated in Appendix 1).

Sheikh, Meraji and Sadaqat (2016) stated that women empowerment is a dynamic and multidimensional process that promotes women to realize their full potentials in aspects of independence, decision-making ability and control of resources. Empowerment of women through MFIs coincides with empowerment theory which was established by Rappaport (1981) who emphasized that empowerment occurs when individuals access opportunities, make decisions and allocate resources independently. This theory was later developed and used by various scholars including Sevefjord and Olsson (2000), Malhotra *et al* (2002), Shakya (2016) and Mecha (2017), to mention but a few.

MFIs in Tanzania serve women of different categories such as youths, married, head of the families and those with disabilities (Kaaya and Magali, 2018). Fletschner and Kenney (2011) asserted that a woman acquires the family head status if she has the ability to make all decisions, if she is the main provider of the family due to male's illness or unemployment, or when the female's spouse is temporarily or fully absent and woman run the households on his behalf. Some studies, for example, Ayen (2016), Chirkos (2014) and Mahmood, Abbas and Fatima

(2017) studied the role of MFIs on the empowerment of female-headed households. However, some studies argue that female-headed households face some challenges when using MFIs services. These challenges include high-interest rates, cultural barriers and discrimination (Cheng and Ahmed 2014; Giang, Wang and Chien 2015; Siyoum, Hilhorst and Pankhurst, 2012).

Magali (2018) argues that establishment of semi-formal and formal MFIs after the financial liberalization in the 1990s has promoted the accesses of financial services to the majority of Tanzanians who were denied access before. Therefore, provision of financial services to the disadvantaged groups enabled them to access loans, savings, insurance and training services. The loans from MFIs are used as capital in agriculture, production, and business. The loans also enable the MFI clients to own assets, increase the number of meals per day, and income (Mwanga, 2016). MFIs also offer various training programmes to their members. The training covers issues related to MFIs, loan management and social-economic aspects such as health, legal right, political rights and other relevant issues (Magali, 2018). Verhan, Magesa, and Akidda (2014) reported that training VICOBA clients, one of MFIs in Arusha region in Tanzania have empowered its clients to participate in economic activities and to make decisions. Amin, Wahab, Mazumder and Su (2014) asserted that training leaders and clients in MFIs improved their literacy in health and other social issues. Addai (2017) reported that MFIs services of training, insurance and saving services empowered the women in Ghana. Samandar (2014) asserted that MFIs in Ghana provided women with training, credit, insurance and saving services and hence empowered them in terms of boosting their self-esteem and self-confidence and assets' ownership.

Pomeranz (2014) asserted that MFIs in developing countries have played a great role in providing the credits, insurance, and savings in and hence have empowered women. However, there are still gender gaps since the majority of MFIs beneficiaries are men and sometimes borrowing a loan from MFIs for married couples requires men's authorization in some countries. Shaheen, Hussain and Mujtaba (2018) revealed that the MFIs empowered the women positively by reducing their dependencies and have empowered them to meet their children's expenses in Pakistan.

United Nations (UN, 2009) asserts that women almost everywhere in the world are disadvantaged relative to men in terms of their access to assets, credit, social network, employment and education. Khan and Noreen (2012) revealed that about 70 percent of World's poor are women and about 60 percent of women have no access to credit and other financial services. Arunachalam (2007) argued that despite women having very little access to assets, some Microfinance Institutions (MFIs) in Uganda demanded collateral against which loans are disbursed. This condition increased debts to women and made women be less empowered than men. World Food Programme (WFP, 2017) asserted that access to various services to women smallholders in Tanzania such as post-harvest technologies, financing, insurance, information, extension services and inputs is limited. Richardson (2018) asserted that since it is difficult to measure women empowerment and recommended that researchers should devise comprehensive and most accurate measures of empowerment which will be comparable in all settings.

The empirical literature shows that there is no consensus on whether the MFIs influence women empowerment. Scholars have reported both positive and negative influence of MFIs on women

empowerment in various countries. Most studies by such scholars reveal that MFIs influence women empowerment economically. Examples include: Modi, Patel and Patel (2014), Mula and Sarker (2013) and Poominathan, Amilan and Muthukrishnan (2016) in India; Wanjiku and Njiru (2016) in Kenya; and Ndawi, Mtindya, Mwasebya, Ngoboka, Ndekwa, and Kalugendo (2018), Shekilango (2012), Gwahula and Mrema (2016), Kyara (2013) and Mwanga (2016) in Tanzania. Other studies focused on economic and social dimensions; for example, Gnawali (2018) in Nepal, Addai (2017) in Ghana, Rathirane (2017) in Sri Lanka, Aruna and Jyothirmayi (2011) in India, Shakya (2016) in Nepal and Fwamba, Matete, Nasimiyu, and Sungwacha (2015) in Kenya, to mention but a few. Moreover, Josephat, Fulment and Matunga (2017) reported the influence of MFIs on the socio-cultural, legal and familial/interpersonal empowerment dimensions in Tanzania.

Moreover, some studies show a negative influence of MFIs on women empowerment. For example, Arunachalam (2007) argued that MFIs in Uganda have increased the debts for women and stress in loan repayment when there is a poor performance of loans' economic activity (Frohberg and Müller 2007), confiscation of assets which increases the level of the poverty to the clients (Magali, 2013) and workload increase among women (Kato and Kratzer, 2013). Goetz and Gupta (1996) argue that women lacked the ability of loan control, while Rahman (1998) reports the increase of violence for women who participated in Grameen Bank. In addition, Driscoll (2010) asserted that MFIs is not a means of reducing violence for women in developing countries while Ringkvis (2013) revealed that the size of the loan reduced the women empowerment in Burma. However, some of the scholars found no influence of MFIs on women empowerment. Examples of such studies include: Vaessen *et al.* (2014), Awaworyi (2014), and Tarozzi, Desai and Johnson (2015). This paper assesses if there is evidence of women empowerment caused by MFIs in Tanzania. At the end of the paper, the paper will answer the question whether empowering women through MFIs in Tanzania is a myth or reality?

Statement of the Problem

Various studies have examined the role of MFIs on women empowerment in Tanzania, examples of which include Shekilango (2012), Kyara (2013), Kato and Kratzer (2013), Magali (2013), Gwahula and Mrema (2016), Mwanga (2016), Josephat *et al.* (2017) and Ndawi *et al.* (2018). However, to the best of the researcher's knowledge, there is no comprehensive study which has analysed these studies to unearth the role of MFIs on women empowerment in Tanzania. Such an analysis is important because it will explicitly identify the variables used in previous studies and reveal the research gaps for future studies. This paper is designed to serve such a purpose.

The objective of the paper

The main objective of this paper is to investigate, from the empirical literature review, the studies that were done to assess the role of MFIs on women empowerment in Tanzania. The paper specifically concentrates on the coverage of variables from the studies done to assess the role of MFIs on women empowerment in Tanzania and beyond based on the broad range of

variables outlined by Malhotra *et al.* (2002). The paper also identifies the gaps of variables from the studies done to assess the role of MFIs on women empowerment in Tanzania. At the conclusion the paper asserts whether the studies done in Tanzania on the role of MFIs on women empowerment describe adequately all variables related to women empowerment. Moreover, the paper will ascertain whether using MFIs to empower women in Tanzania in a myth or reality. Finally, the paper links the role of MFIs, women empowerment to the empowerment theory.

Methodology

This paper used the empirical literature from the studies done to assess the role of MFIs on women empowerment worldwide. The databases used to download the articles include ScienceDirect, Emerald, JSTOR, ResearchGate, Google scholar, Taylor and Francis and SAGE. The search words were: Women empowerment, MFIs and women empowerment, women empowerment and Tanzania, the role of MFIs in women empowerment and MFIs and women empowerment and Tanzania. By using the search word and articles' database, 107 papers were retrieved. However, the papers which were included in the study were those which possessed the required information regarding women empowerment. The criteria for inclusion were studies which: were recently published (which are published from 2010 onwards); analyzed the role of MFIs services on women empowerment; linked clearly the role of MFIs on women empowerment and variables of women empowerment; analyzed multiple empowerment variables; and described the empowerment theory. Studies from Tanzania were also given high priority. Therefore, only 53 papers met such criteria and were used in the analysis. Then the discussion of the findings was done to identify the empowerment variables and the studies' gaps.

Literature Review

The Theory of Empowerment and the role of Microfinance Institutions

Julian Rappaport was the first scholar to introduce the concept of empowerment theory in 1981. According to Rappaport (1981) empowerment is obtained when people in a particular community increase their autonomy and self-determination. Rappaport (1981) further asserted that empowerment makes people more independent and able to make decisions and at the same time. It makes them able to allocate their resources independently. Various scholars later developed this theory. An example of such scholars is Sevefjord and Olsson (2000) who asserted that empowerment is gained when an individual gain the ability to make strategic choices.

Malhotra *et al.* (2002) added more variables of the empowerment theory and they classified the variables of women empowerment into individual, community and a broader level. According to Malhotra *et al.* (2002), empowerment should be considered in a holistic view in terms of economic, socio-cultural, familial/interpersonal, legal, psychological and political dimensions at individual, community at a broader level. Subsequently, various scholars have assessed the role of microfinance on the empowerment, linking it to the empowerment variables of Malhotra *et al.* (2002). To list a few; scholars who linked Malhotra *et al.* (2002)'s empowerment variables and the role of MFIs are Shakya (2016) who stressed that MFIs empower women by increasing their self-reliance, independence, decision-making ability and

resources control, leading to their improved livelihood. Another study by Mecha (2017) found that MFIs empower youths by creating employment, offering leadership opportunities and building skills. Thus, this study will link the empowerment theory, broader variables of empowerment of Malhotra *et al.* (2002) and the roles which MFIs play to empower women in Tanzania

Empirical literature review

Various scholars agree that MFIs has managed to empower women worldwide, for example, Poominathan *et al.* (2014), Shakya (2016), Addai (2017), Gnawali (2018), Ndawi *et al.* (2018), to mention but a few). Based on Malhotra *et al.* (2002)'s empowerment variables, this paper synthesizes the articles done to assess the role of MFIs on women empowerment by using the recently published articles (from 2010 onwards), and studies done in Tanzania. The grouping of the variables is presented in the following section:

Women Economic empowerment from MFIs

The studies which covered the MFIs economic variables are Khan *et al.* (2011) who revealed that microcredit empowered women to access the education and health services, increase in income and owning of assets. Ndawi *et al.* (2018) reported women to have a control of resources in Iringa, Tanzania. Poominathan *et al.* (2016) revealed increases in women's income after participating in MFIs in Karaikal district in India. Rathirane (2017) reported improved credit access as MFIs economic empowerment for women in Sri-Lanka. Gnawali (2018) found that MFIs promoted women's well-being, access to capital and control of resources in Nepal. Addai (2017) reported that MFIs empowered women economically in terms of providing the credit, savings opportunity and insurance services in Ghana. Fwamba *et al.* (2015) disclosed that MFIs in Kenya promoted self-employment, increase in savings, control over resources, and access to microcredit services for women. Wanjiku and Njiru (2016) revealed that MFIs in Kenya provided start-up and working capital and savings opportunities for women.

In Tanzania, the studies which reported women empowerment are Mwanga (2016) who revealed that MFIs empowered women in terms of assets' ownership, access to, and increase of, business capital and access to education and health services. Shekilango (2012) revealed that MFIs empowered women to access business capital and own assets. Gwahula and Mrema (2016) reported that MFIs enabled saving, loan access, and reduced interest rate for women and Ndawi *et al.* (2018) reported that MFIs empowered women by increasing business capital, improving standard of living, enabling the access and control of resources and boosting the economic activities of women in Tanzania. Josephat *et al.* (2017) revealed that MFIs empowered women in terms of contribution and control of family income, loan access and assets ownership in Tanzania.

Women Socio-Cultural empowerment from MFIs

Scholars reported that MFIs empowered women in terms of making improvement of socio-cultural variables such as training and literacy reduction (Addai, 2017; Rathirane, 2017; Wanjiku and Njiru, 2016; Mwanga, 2016; Vasantha, 2015; Khan *et al.*, 2011; Fwamba *et al.*, 2015), taking part in economic and social decisions (Gnawali, 2018; Wanjiku and Njiru, 2016; Mwanga, 2016) and reducing the harsh condition for women (Gwahula and Mrema, 2016).

Women Familial/Interpersonal empowerment from MFIs

The women MFIs variables which indicate the familial/interpersonal empowerment are: becoming more economically independent and increase of the bargaining power (Vasantha, 2015; gaining self-confidence (Vasantha, 2015; Khan *et al.* (2011). Moreover, Josephat *et al.* (2017) reported that women were empowered on interpersonal dimensions which include decision-making ability in the households and familial dimensions including control over sexual relations and other marriage-related decisions after their participation in MFIs activities.

Women Legal empowerment from MFIs

Josephat *et al.* (2017) revealed that MFIs in Kondoa district Tanzania empowered women on legal dimensions such as the ability to use judicial system and participation in legal literacy campaigns and awareness, rule-making forums, public hearings, and use of legal aid clinics.

Women Psychological empowerment from MFIs

Khan *et al.* (2011) revealed that microcredit empowered women to recognize their self-identity. Kato and Kratzer (2013) revealed that MFIs women clients were empowered on decision-making, self-efficacy, self-esteem, freedom of mobility and increased outside home responsibilities. Gnawali (2018) and Vasantha (2015) found that MFIs boosted women's self-esteem. Gwahula and Mrema (2016) found that participation of women in PRIDE Tanzania has reduced the harsh condition for them.

Some scholars have concentrated their studies on female-headed households (FHHs) and reported both positive and negative influence of MFIs on their empowerment levels. Examples of such studies include: Ayen (2016) who reported the influence of MFIs on economic empowerment of FHHs in Ethiopia. Mahmood *et al.* (2017) found that in Pakistan FHHs who participated in MFIs earned the higher income than male-headed households. Other scholars have reported the challenges which FHHs face when participating in MFIs activities. These scholars include Cheng and Ahmed (2014) who revealed that rural credit cooperatives (RCCs) in China were discriminating the FHHs. Giang *et al.* (2015) found that poor male-headed households' microcredit borrowers were having a high probability of earning a higher income than a female-headed household in Vietnam. Chirkos (2014) reported the high-interest rates as a challenge towards female-headed households' empowerment in Ethiopia. Similarly, Siyoum *et al.* (2012) revealed that it is difficult for female-headed households to repay the loan because of higher labour charges in Ethiopia. Dupas, Green, Keats, and Robinson (2012) found that Female-headed households in Kenya were less (9%) banked than married women. Table 1 presents the summary of key studies done to assess the empowerment of women worldwide.

Table.1: Summary of key Empirical Literature

Author, Year and Country	Title of the Study	Data Analysis Methods Sample Size and Type of MFIs	Findings-MFIs Women Empowerment variables
Gnawali (2018) in Nepal	Impact of microfinance institutions in women economic empowerment: with reference to Butwal Sub-Municipality	Correlation and regression, 400 MFIs clients	MFIs empowered women by enabling access to capital and control of resources, eradicating illiteracy, participating in economic decisions and boosting the self-esteem
Rathirane (2017) in Sri Lanka	Microfinance interventions and empowerment of women entrepreneurs in Sri Lanka.	337 women entrepreneur clients, factor analysis and Linear multiple regression analysis	MFIs influenced women an empowerment through credit access, education and training
Fwamba <i>et al.</i> (2015) in Kenya	Impact of microfinance institutions on economic empowerment of women entrepreneurs in developing countries	10 MFIs and 40 MFIs clients and data were analysed by using descriptive and regression analysis	Microfinance services are a key of women entrepreneurs' economic empowerment. However, empowerment is reduced due to the low level of women participation in MFIs
Addai (2017) in Ghana	Women empowerment through microfinance: Empirical evidence from Ghana	using 500 MFIs women clients and probit model	MFIs empowered women economically and socially
Wanjiku and Njiru (2016) in Kenya	Influence of microfinance services on economic empowerment of women in Olkalou constituency, Kenya	Descriptive analysis interviewed 120 MFIs women clients	MFIs empowered women economically by providing the start-up and working capital, training, savings and decision making
Poominathan <i>et al.</i> (2016) in India	Impact of microfinance on women empowerment through self-help groups	Descriptive analysis, one-way- ANOVA, chi-square and regression analysis and 100 MFI women clients	MFIs empowered women economically in terms of income increment in Karaikal districts in India
Shakya (2016) in Nepal	Microfinance and woman empowerment	Descriptive analysis, 2 cooperative association and one MFI, sample size not indicated	52% and 78% of women in the city and village respectively were trusted to assume leadership positions and to

Author, Year and Country	Title of the Study	Data Analysis Methods Sample Size and Type of MFIs	Findings-MFIs Women Empowerment variables
			participate in decision making in their families
Vasanth (2015) in India	Microfinance through self-help group as a catalyst for poverty reduction and women empowerment.	300 clients, factor and regression analysis	MFIs empowered women to be economically independent, increased their bargaining power, and decision-making ability, knowledge, self-confidence and self-esteem
Modi <i>et al.</i> (2014) in India	Impact of microfinance services on rural women empowerment: an empirical study	205 MFIs clients and correlation and multiple regressions	MFIs in rural India influenced women on socio-economic status, life choices autonomy, and the position of women in the family and in the society.
Mula and Sarker (2013) in India	Impact of microfinance on women empowerment: An economic analysis from Eastern India.	144 MFIs clients, t-test and descriptive analysis	Income, employment, investment, savings, assets and consumption influenced the women economic empowerment
Ringkvis (2013) in Burma	Women's empowerment through microfinance- A case study on Burma	Regression analysis, about 1,000 clients	Size of the loan reduced the women empowerment
Khan and Noreen (2012) in Pakistan	Role of microfinance in the empowerment of female population of Bahawalpur District	400 clients and multiple regression analysis	Age, education of husband, number of live sons and inherited assets from the father influence women empowerment through MFIs
Khan <i>et al.</i> (2011) in Pakistan	Women's empowerment through microcredit: A case study of District Gujrat, Pakistan	75 clients, descriptive statistics and Wilcoxon Sign Rank	Microcredit empowered women in children education, health care, self-identity, literacy, budget and assets
Aruna and Jyothirmayi (2011) in India	The role of microfinance in women empowerment: A study on the SHG bank	150 borrowers and 150 non-borrowers, multivariate regression	MFIs empowered women in women's economic status, decision making

Author, Year and Country	Title of the Study	Data Analysis Methods Sample Size and Type of MFIs	Findings-MFIs Women Empowerment variables
	linkage Program in Hyderabad (Andhra Pradesh).	analysis and factor analysis,	power, knowledge and self-worthiness
Ndawi <i>et al.</i> (2018) in Iringa Tanzania	Microcredit as a strategy for poverty reduction and empowerment of women entrepreneurs	Regression analysis, 136 clients	Microcredit empowered women through increasing business capital, improving the standard of living, enabling the access and control of resources and boosting economic activities
Josephat <i>et al.</i> (2017) in Kondo District Tanzania	Women's empowerment and microfinance: Evidence from Kondo District	Descriptive and Logistic regression analysis, 415 women (214 members and 201 non-members), PRIDE, SACCOS, BRAC and VICOBA were used	Women were empowered in economic, interpersonal and familial dimensions and legal dimensions
Gwahula and Mrema (2016), Shinyanga, Tanzania	Assessing the role of microfinance on women empowerment: A case of PRIDE (T) – Shinyanga	92 women clients, PRIDE Tanzania, regression analysis	MFIs reduced harsh condition, equipped entrepreneur skills, enabled saving, loan access and reduced the interest rates for women
Mwanga (2016), Siha district, Kilimanjaro region, Tanzania	Impact of microfinance institutions on livelihood improvement of women: A Case Study of Siha District	150 clients from Umoja SACCOS, women development fund and Uchumi commercial (local) bank, descriptive analysis	MFIs empowered women positively on businesses, income, assets, education, housing building and maintenance, food intake, household decision making, crops productivity, nutrition and health
Kyara (2013) in Kilimanjaro region Tanzania	Challenges of micro-finance institutions towards women empowerment in Kilimanjaro Region Tanzania: A case study of Moshi Municipality	Descriptive analysis, 70 MFIs clients, Opportunity Limited Moshi, BRAC Tanzania, VICOBA, and FINCA and SACCOS	Barriers towards women empowerment were poor repayment, politics, delay of funds, bureaucracy, corruption, and unfaithful staff

Author, Year and Country	Title of the Study	Data Analysis Methods Sample Size and Type of MFIs	Findings-MFIs Women Empowerment variables
Kato and Kratzer (2013) in Arusha, Manyara and Morogoro regions- Tanzania	Empowering women through microfinance; Evidence from Tanzania	Mann-Whitney U test, 305 and 149 women MFI members and non-members, PRIDE, SEDA and SIDO	MFIs empowered women in savings control business management, decision making, self-efficacy and self-esteem, and freedom of mobility and increased outside home responsibilities
Magali (2013), Morogoro, Dodoma and Kilimanjaro Regions, Tanzania	Impacts of credits risk management on rural SACCOS' performance and borrowers' welfare in Tanzania	Descriptive statistics and regression, 37 rural SACCOS, 431 borrowers	73.5% of the rural SACCOS' clients realized the improvement in education and health, physical assets, crop yields and business capital.
Girabi and Mwakaje (2013), Iramba district, Siginda, Tanzania	Impact of microfinance on smallholder farm productivity in Tanzania: the case of Iramba District	SACCOS, 98 clients and non-clients, regression analysis	SACCOS increased the productivity of crops
Shekilango (2012) in Mbeya rural district Tanzania	Microcredit and empowerment of rural women experience from Mbeya region Tanzania.	Qualitative analysis, 12 SACCOS	SACCOS empowered women economically and increased the business capital, assets and improved access to health and education services' and leadership skills to women

Discussion of the literature and the study gaps

The empirical literature shows both positive and negative influence of MFIs on women empowerment and generally; there is no consensus. Most of the studies, for example, Mula and Sarker (2013), Poominathan *et al.* (2016), Wanjiku and Njiru (2016), Ndawi *et al.* (2018), Shekilango (2012), Gwahula and Mrema (2016), Kyara (2013) and Mwanga (2016) Gnawali (2018), Addai (2017), Rathirane (2017), Aruna and Jyothirmayi (2011), Shakya (2016), Fwamba *et al.* (2015) to mention a few, revealed the positive influence of MFIs services on women empowerment economically, socially and few scholars on cultural and legal dimensions. Some studies also show a negative influence of MFIs on women empowerment, for example, Arunachalam (2007), Frohberg and Müller (2007), Magali (2013), Kato and Kratzer (2013), Rahman (1998) and Driscoll (2010), to mention a few. In addition, some other studies such as Vaessen *et al.* (2014), Awaworyi (2014), and Tarozzi, *et al.* (2015) revealed that MFIs did not empower women. Therefore, the literature indicates that some MFIs have

empowered women while some MFIs disempowered them and some did not influence women in either way.

The literature also shows that there are some gaps to be filled by future studies. For the purpose of this paper, the author analyses the studies done in Tanzania regarding the role of MFIs in Women empowerment to identify the gaps to be filled by future studies. Mwanga revealed that MFIs in Siha district in Kilimanjaro region has empowered women economically. However, Mwanga (2016) argued that confiscation of some clients' assets to recover the loans made the women clients not able to realize the impacts of these MFIs, hence it limited their empowerment. However, Mwanga (2016) did not focus on the role of MFIs on political and legal empowerment. The study also was done in one district of Kilimanjaro region and it used descriptive analysis which gives a general picture of the findings. The study also did not specify the role of MFIs in different groups of women such as female-headed households, youths and female with disabilities.

Shekilango (2012) analyzed the role of Savings and Credit Cooperative Societies (SACCOS) on women empowerment by using only 12 SACCOS in Mbeya rural district hence the generalization of the finding is limited. The study also did not analyze in depth the influence of SACCOS on political and legal and dimensions. Moreover, Shekilango (2012) did not ascertain how SACCOS empowered different categories of women. Furthermore, it was only one type of MFIs (i.e SACCOS) which was used in the study.

While Shekilango (2012) is the only author who analyzes the role of MFIs on women empowerment in Tanzania using SACCOS; some studies analyzed the role of a range of MFIs on women empowerment. For example, Kato and Kratzer (2013) analyzed the role of MFIs on women empowerment using Promotion of Rural Development Enterprises (PRIDE), Small Enterprises Development Assistance (SEDA), and Small Industries Development Organization (SIDO) in Arusha, Manyara and Morogoro regions. Also, Kyara (2013) used the Opportunity Limited Moshi, Bangladesh Rural Advancement Committee (BRAC) Tanzania, Village Community Bank (VICOBA), Foundation for International Community Assistance (FINCA), and SACCOS to study the role MFIs on women empowerment in Moshi Tanzania. Therefore, this paper is of the view that, using a mixed type of MFIs to analyze the role of women empowerment in Tanzania offers a better analysis.

The literature indicates that only Josephat *et al.* (2017) considered the empowerment variables of economic, legal, interpersonal and familial dimensions but their analysis did not consider the political and socio-cultural empowerment variables. The types of MFIs used by Josephat *et al.* (2017) were PRIDE, SACCOS, BRAC and VICOBA which is a good mix. However, there is no information on the categories of women who were involved such as female-headed, youths or adults. Having information on such groupings could help the readers to know what group of women is empowered most by MFIs. Josephat *et al.* (2017) further revealed that culture constrained women to attain the full MFIs empowerment. Therefore, more studies on the influence of culture and other variables on women empowerment through MFIs should be conducted.

The literature indicates that only a few scholars who studied the role of MFIs on empowerment of female-headed households (FHHs). Such scholars include Chirkos (2014), Giang *et al.* (2015), Ayen (2016) and Mahmood *et al.* (2017). The factors identified to slow down empowerment of FHHs through MFIs include high-interest rates (Chirkos, 2014),

discrimination in credit borrowing (Cheng and Ahmed, 2014), and high probability of default because of the high labour charges (Siyoun *et al.*, 2012).

Therefore, to the best of the researcher's knowledge, the empirical literature indicates that there is no study which has concentrated to assess the role of MFIs on empowerment female-headed households or groups of women in Tanzania. Shekilango (2012) used only two female households from 12 SACCOS from Mbeya rural district to analyze the role of SACCOS in empowering women. This paper argues that two female households only cannot be used to conclude on the role of MFIs on FHHs in Tanzania. Therefore, based on this analysis; it is asserted that there are study gaps on the role of MFIs in empowering different groups of women in Tanzania.

Conclusion, recommendations and direction for the future studies

The empirical literature indicates that there is no comprehensive study which analyzes the role of MFIs on empowering women of different categories in Tanzania. The analysis of empirical literature review reveals that MFIs through their credit, insurance, saving and training services have empowered women in economic, socio-cultural, psychological, familial/interpersonal and legal dimensions. However, most scholars who conducted their studies in Tanzania; studied the role of MFIs on empowering women on economic, socio-cultural, psychological, familial/interpersonal dimensions concentrated on one or two variables of women empowerment and only Josephat *et al.* (2017) studied the role of MFIs on women empowerment in economic, legal, interpersonal and familial dimensions. Josephat *et al.* (2017) also is the only paper which analyzed the role of MFIs on legal dimension of women empowerment. The literature indicates that none of the author has analyzed the role of MFIs on political dimensions of the women empowerment in Tanzania.

Empowering women through MFIs in Tanzania: Myth or reality? Generally, the authors confirm that MFIs have strived to empower women in Tanzania to say by 70%. Hence, the roles of MFIs clearly match with the empowerment theory because MFIs in Tanzania have empowered women to make a decision, to access various socio-economic opportunities and allocate their resource independently. However, there are some few cases when MFIs have failed to empower women at 100% because of the influence of cultural factors, high interest and other factors.

The author recommends that future studies may be conducted to assess the role of MFIs on empowerment of women on Tanzania, focusing the specific or mixed MFIs which have never been studied so as to capture the detailed information. Studies also may be conducted to assess the role of MFIs on empowerment on different categories of women, the role of MFIs on women empowerment focusing the broad coverage on community and broader arenas based on the empowerment variables which have been recommended by Malhotra *et al.* (2002). Studies may also be conducted to assess the relationship between the variables under the empowerment theory and MFIs' women empowerment as well as the factors which influence the strength of the relationship between MFIs' services and women empowerment in Tanzania.

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Appendix 1: Women Empowerment Variables

In the household, community, and broader arenas. Dimension	Household	Community	Broader Arenas
Economic	Women's control over income; relative contribution to family support; access to and control of family resources	Women's access to employment; ownership of assets and land; access to credit; involvement and/or representation in local trade associations; access to markets	Women's representation in high paying jobs; women CEO's; representation of women's economic interests in macroeconomic policies, state and federal budgets
Socio-Cultural	Women's freedom of movement; lack of discrimination against daughters; commitment to educating daughters	Women's visibility in and access to social spaces; access to modern transportation; participation in extra-familial groups and social networks; a shift in patriarchal norms (such as son preference); a symbolic representation of the female in myth and ritual	Women's literacy and access to a broad range of educational options; Positive media images of women, their roles and contributions
Familial/ Interpersonal	Participation in domestic decision-making; control over sexual relations; ability to make childbearing decisions, use contraception, access abortion; control over spouse selection and marriage timing; freedom from domestic violence	Shifts in marriage and kinship systems indicating greater value and autonomy for women (e.g. later marriages, self-selection of spouses, reduction in the practice of dowry; acceptability of divorce); local campaigns against domestic violence	Regional/national trends in timing of marriage, options for divorce; political, legal, religious support for (or lack of active opposition to) such shifts; systems providing easy access to contraception, safe abortion, reproductive health services
Legal	Knowledge of legal rights; domestic support for exercising rights	Community mobilization for rights; campaigns for rights awareness; effective local	Laws supporting women's rights, access to resources and options; Advocacy for rights and legislation;

In the household, community, and broader arenas. Dimension	Household	Community	Broader Arenas
		enforcement of legal rights	use of the judicial system to redress rights violations
Political	Knowledge of political system and means of access to it; domestic support for political engagement; exercising the right to vote	Women's involvement or mobilization in the local political system/campaigns; support for specific candidates or legislation; representation in local bodies of government	Women's representation in regional and national bodies of government; strength as a voting bloc; representation of women's interests in effective lobbies and interest groups
Psychological	Self-esteem; self-efficacy; psychological well-being	Collective awareness of injustice, the potential of mobilization	Women's sense of inclusion and entitlement; systemic acceptance of women's entitlement and inclusion

Source: Malhotra *et al.* (2002)

Compensation, Employee and Organisational performance in Guarantee Trust Bank Plc: A Secondary Data Analysis.

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Abstract: *In this paper, we moved away from the questionnaire and interview data gathering approach to test the fundamental assumption of human resource management (HRM) practices as they impact both employee and organisational performance using financial data. We argued that performance is better appraised “a posteriori”. Thus, we extracted financial data from the annual financial reports from the year 2002 to 2017 and the Pearson Correlation method was used for analysis. The analysis reveals that there is a strong positive and statistically significant relationship between, (i) compensation and employee performance (0.815); (ii) compensation and organisational performance (0.666); and (iii) between employee performance and organisational performance (0.903). However, the findings should be treated with caution as these relationships do not imply a causal one. Importantly, the results strengthen the fundamental role of HRM practice of compensation as one of the important drivers of employee performance that culminates into the overall improved organisational performance.*

Keywords: Compensation, organisation performance, employee performance, HRM Practices

Introduction

One of the central practices of high-performing Human Resource Management (HRM) is the ability to design a compensation system that fosters the competitiveness of an organisation. As globalisation and technological changes revolutionise our workspace, there is a corresponding need for organisations around the world to acquire the required manpower to cope with the globally competitive business environment. The capability of an organisation to stay more competitive resides in the ability not only to access, acquire and retain quality and high-performing workforce but also, and more importantly, to reward them adequately than other competitors. Designing an attractive compensation package is an essential responsibility of the Human Resource (HR) unit of a high-performing workforce. This challenge is often dealt with by the HRM practice of compensation management – effective management of the organisation’s manpower and setting the appropriate reward system that reinforces effectively organisational objectives as well as the use of workforce.

The conventional assumption is that compensation in an organisation influences the quality of the people who apply, and get hired, the likelihood of job acceptance, the motivation and performance level of the workforce and the quality of those who stay with the organisation (Gupta and Shaw, 2014; Samnani and Singh, 2014). In the long run, this also has a corresponding effect on the economic performance of the organisation (Resurrection, 2012; Yan and Sloan, 2016). The offshoot of this assumption is that the compensation system of an organisation influences employees’ effectiveness, efficiency and innovativeness (Onishi, 2013), and consequently, the profitability and competitiveness of an organisation. But in the event of economic crisis and organisational restructuring, the employee compensation is usually the first point of call in order to reduce operational costs and boost profitability. This

is because compensation often constitutes a huge operational cost in most organisations, especially in the service industry, and an important HRM practice (Van Jaarsveld and Yanadori, 2011). The need for organisations to be globally competitive through attracting and retaining the most talented high-performing workforce is a critical challenge. This talented high-performing workforce comes at such a cost.

Previous studies such as Chang, Ou and Wu (2004), Huselid (1995), Seip and McNown (2015), Yan and Sloan (2016) examined the relationship between compensation and employee performance and the corresponding effects on organisational performance. This study, however, departs from the previous studies by assuming that performance is best measured "a posteriori" rather than the "a priori" approach that has characterised survey-based research in HRM practices and performance. Often, survey-based research used questionnaires to elicit information about the performance of both the employees and the organisations. Such an approach is inherent with bias as the employee and organisational performance can best be understood after the performance had been carried out (a posteriori). This bias informs the use of organisational financial information as recommended by Huselid (1995) for the study of HRM practice research.

Theoretical Underpinning

Fundamental theories have evolved over time to explain the influence of compensation on employee performance and the corresponding effects on the overall organisational performance. These fundamental theories include such theories as the expectancy theory, agency theory and the economic model of efficiency wages. The expectancy theory, for example, posits that there are three essential factors that must be met for compensation to be motivational. The first is that the reward must be attractive; secondly, the requested tasks must be within the expectation of the employee; and thirdly, the perceived probability that on successful completion of the required tasks, the employee will get the rewards (Samnani and Singh, 2014). Consequently, the anticipation that there is an attractive reward for successfully completing a task as expected influences employees to give their best performance to the task. Thus, it is expected that there will be a corresponding effect on both employees' and the organisation's performance. Where this expected reward is missing, employee may not give their best in performing the assigned tasks and correspondingly, the organisation's goals and objectives are affected negatively.

The agency theory on the other hand, moved away from the anticipation of an attractive reward to recognise the differences in the objectives of both the organisation and the employee (Akdere and Azevedo, 2005). The premise upon which the theory is built is that the major aim of the organisation is to maximise profit for the owners while the employee seeks to maximise utility. The implication is that since the employee is an agent of the owner of the organisation, the organisation must pay the employee a premium for taking on any risk in pay uncertainty because the employees are risk averse. The fundamental trade-off in the assumption is that employees' effort is good for the organisation and bad for the employee while pay (compensation) is bad for the organisation but good for the employee (Larkin, Pierce and Gino, 2012). However, in the long run, *ceteris paribus*, both the organisation and employee are expected to benefit. Importantly, the organisation and its owners must compensate the employees adequately to bring out the best out of them and to avert an unproductive attitude that is dangerous for the growth of the organisation.

The efficiency wage theory however moved away from the industrial relations understanding that informed both the expectancy and the agency theory of the relationship between compensation and employee performance on one hand, and compensation and organisation performance on the other. The theory reckons that an organisation may find it profitable to pay greater than competitive wages to unionised employees and to maintain industrial peace (Lawrence, 1986). The implication of this theory is that a non-unionised organisation often pays higher wages than necessary to attract top-talents for the purpose of avoiding unionisation. Thus, the organisation gets healthier and more productive workers if they pay higher wages (Lawrence, 1986). The theory advocates for the payment of wages in excess of market clearing levels since premium wages can help reduce turnover, prevent employee's malfeasance and collective actions, attracts high-quality workforce and facilitate the elicitation of effort by creating a feeling of equitable treatment among employees.

The general assumption upon which these theories are built is the link between compensation and how employees respond to tasks in an organisation and the corresponding implication on organisational performance (profitability). Where compensation is relatively higher than the market clearing levels, both the employees' and the organisation's performance are improved. However, these assumptions have their shortcomings. For example, the assumption that attractive compensation or bonding mechanism can solve effort elicitation, turnover and adverse selection problems in an efficient manner is flawed. This is because employees are not only motivated by the attractiveness of compensation. There are some intrinsic elements in the job that motivates the employees to give their best in the performance of the job (Sing, 2016; Turner, 2017). Such intrinsic elements include, among others, the work environment and supervisory approach. It becomes critical to examine variables beyond compensation. This certainly has given credence to practices inherent in HRM as an embodiment of a complex managerial process that elicit the best from employees. Of such practices is compensation, often describes as the reward system. There are copious evidence linking organisational performance as well as employee performance to the organisation compensation system. The following section presents prior empirical studies in the same area.

Prior Empirical Studies

Studies have examined, empirically, the nature of the relationship between compensation and employee performance, compensation and organisation performance and between employee performance and organisation performance. For example, Onishi (2013) examines how monetary compensation plans for employee inventions affect their research and development productivity. Based on the revelation of an increase in revenue-based compensation plans that pay according to contribution to organisation's sales, profits and royalties, the panel data analysis of 360 Japanese indicated that the monetary incentives based on patent performance were effective in enhancing the motivation of employee inventions. Basically, monetary incentive enhances employee desire to evolve patentable inventions that improve organisation competitiveness. In a similar undertaking, Resurrection (2012) examined the extent of the implementation of selected performance management and compensation practices in Filipino-owned SMEs and the underlying relationships with organisational competitiveness. The study found that HRM practices of performance management and compensation, particularly, employee benefits were significant predictors of organisational competitiveness.

Seip and McNown (2015) raised the question of whether employees' compensation varies with corporate profit and connect with the potential factors that can help explain the recent decline

in compensation relative to profit - i.e. whether compensation increases are followed by increases in employees' performance. The study showed that there is a varying relationship between employee compensation and corporate profitability. For example, between 1963-1983, the increase in compensation with rising profit had been greater than the decrease following the decrease in profit in the USA. But between 1983 -2013, the decrease in compensation has been less than the increase in compensation. By implication, the study suggests that compensation increases have a corresponding influence on corporate profitability.

In the educational sector, Nawab and Bhatti (2011) examined the influence of employee compensation on job satisfaction and their organisational commitment among teachers in Pakistani universities. The findings from the study revealed that, firstly, there is a positive and significant relationship between employee compensation and job satisfaction, and secondly, there is a positive and significant relationship between employee compensation and organisational commitment. These findings basically imply that compensation influences employees' perception of satisfaction with their job and it also makes them be committed to the organisation. Like Nawab and Bhatti (2011), Osibanjo, Adeniji, Falola and Heirmsac (2014) examined the effect of compensation packages on employees' job performance and retention in selected private universities in Ogun state, Nigeria. They found that, apart from incentives offering in addition to wages or salaries and are being directly related to performance, there is a strong correlation between salary, bonus, incentives, allowance and fringe benefits and the employees' performance.

Subsequent studies like Nzyoka and Orwa (2016) examined the relationship between total compensation and employee performance in an insurance organisation in Kenya, namely Mayfair Insurance Company Limited. Specifically, the study focused on various components of compensation, e.g. basic pay, incentives, benefits, non-financial rewards including career development. Using descriptive statistics, the study found that there is a positive and significant relationship between total compensation and employee performance. Like Nzyoka and Orwa (2016), Yan and Sloan's (2016) examined the impact of employee compensation on financial performance on non-profit organisation and found a positive relationship between them.

Contradicting this evidence of positive and significant relationship between compensation and employee's performance, Gunawan and Amalia (2015) found a significantly negative effect of wages on employees' performance. Using a sample size of 100 employees of a manufacturing company, they further revealed that the significant negative relationship is a result of the presence of a moderator - quality work life, that weakens the wage effect (compensation). This simply means compensation is not the only factor that influences employee performance. Rather there are other intrinsic factors such as quality of work life and type of supervision, to mention but a few. In a close call, Samnani and Singh (2014) examined performance-enhancing compensation practices and employee productivity. They contend that compensation may breed counter-productive behaviours in a desperate attempt to meet the set performance benchmark.

There are situations where employers set employee pay and benefits based on a level of employee productivity. Though these compensation practices typically produce high performance, the means through which the performance increases or is achieved may be associated with unintended and undesirable consequences. For example, there were events in the Nigerian Banking industry where banks set unrealistic deposit targets for their marketing officers (Fadare, 2016). These targets lead these officers into various unscrupulous acts in order to attract large deposits to the Bank so as not only to keep their jobs but also to meet the set

targets (Fadare, 2016; Nzeshi, 2016). The reality is that performance-related pay may have a greater effect at lower organisational levels, where job responsibilities are less ambiguous, contradicting the assumptions that contingent pay plan will be more effective at the higher-level organisation (Perry, Engbers and Jun, 2009).

The challenge however with these empirical researches is often found in the methodology. This is because they build largely on primary data. Huselid (1995) raised the need for a different approach to data gathering. Huselid (1995) reckons that employee performance is best measured 'a posteriori' rather than 'a priori' approach that has characterised HRM practices research. This study takes a clue from the previous studies' limitations and used the financial information of GT Bank Plc published annual reports as sources of the secondary data. The use of secondary data extends the methodological frontier for the HRM practices research that has been dominated by the use of primary data.

Methodology

In order to examine the real influence of compensation on both employee performance and organizational performance, a secondary data gathering method is used as recommended by Huselid (1995). The data for this study were extracted from the Guarantee Trust (GT) Bank Plc's published annual financial reports from 2003 to 2016 (GT Bank Plc, 2003; 2005; 2006; 2008; 2009; 2011; 2013; 2014; 2016 and 2017). Using the published annual financial reports, the study is able to move away from the over-reliance on primary data sources (use of questionnaire and interviews) that has characterised HRM practices research. The challenge with such research (use of questionnaire and interviews) as identified by Huselid (1995) is that employee performance measured via the questionnaire gives room to respondent bias.

Thus, a performance analysis using published annual financial reports is adopted, the information in the financial reports is often relied upon as vital data for market participants. Yet, this does not mean that there are no problems with the secondary data. Often, the bias in the original data may question the credibility of the findings from the secondary data. The reliability and validity of secondary data is based on similar approaches by Huselid (1995) and Tsai (2005). They employed financial information (secondary data) to examine the relationship between HRM practices and employee performance on one hand, and HRM practices and organisational performance, on the other. The extracted data are contained in Table. 1.

The analysis consists of bivariate correlation analysis (Pearson's Product Moment correlation). This analytical method allowed us to measure, firstly, the linearity of the relationship between compensation and employee performance, and secondly, compensation and organizational performance of GT Bank Plc. The fundamental assumption from the study is that compensation influence employee performance in GT Bank Plc. Compensation, as an encompassing concept, captures the financial and non-financial rewards employees receive for rendering their services for the organisational goal and objective. Where these employees are adequately compensated, it is assumed that their performance level should increase (Seip and McNown, 2015; Resurrection, 2014; Onishi, 2013). For the purpose of this study, our study variables - compensation, Employee performance and organizational performance, are operationalised as follows:

Table 1: Data from the published annual financial reports of GT Bank Plc from 2002 – 2017

S/N	Year	No. of Employees	Salaries and Benefits (₦'000)	Gross Earnings (₦'000)	Earnings Per Share (₦)
1	2002	413	893,418	11,168,687	1.3
2	2003	615	1,308,206	16,522,413	1.8
3	2004	760	2,010,078	18,917,299	1.38
4	2005	1103	2,536,261	25,459,000	1.12
5	2006	1269	3,448,453	33,615,000	1.42
6	2007	1871	5,180,751	49,051,000	1.62
7	2008	3154	15,220,149	151,689,107	1.85
8	2009	3711	18,414,598	162,550,418	1.27
9	2010	3746	16,932,927	112,396,831	1.36
10	2011	3565	20,484,007	126,471,509	1.69
11	2012	3747	23,660,091	223,064,885	3.05
12	2013	4651	23,761,448	242,665,011	3.17
13	2014	4929	29,442,101	278,520,814	3.32
14	2015	5144	27,721,723	301,850,111	3.51
15	2016	5206	29,453,465	414,616,000	4.67
16	2017	5237	32,832,341	419,226,000	6.03

Compensation was operationalized as “salaries and benefits” of the employees. Though Huselid (1995) further reckon that the challenge with this operationalisation and measurement is that it includes a number of items not directly related to wage and salary expenses and excludes some wages that were directly linked to production in an organisation. In this study, compensation is conceptualised as “Salaries and benefits” as stated in the GT Bank Plc annual financial report. This “salaries and benefits” excludes selling, general and administrative expenses, something mentioned by Huselid (1995) as a critical challenge in the measurement of High-Performance Work Practices. From the GT Bank Plc annual financial reports, the salaries and benefits encompass the salaries, allowance and pensions paid annually to the employees who are made up of the executive directors, management and non-management employees. This study extracts annual figure (in million naira - ₦) for “salaries and benefits” for fifteen (16) years period (2002 – 2017). The figures are standardised through the natural logarithm for further analysis.

Employee Performance was operationalised as the average contribution of each employee to the annual net profit of GT Bank Plc, that is, net profit per employee (dividing GT Bank Plc annual net profit by the annual number of the employee). This approach is rarely adopted in HRM practice research as these studies are significantly primary data reliance. However, this measurement is similar to Koch and McGrath’s (1996) measurement of labour productivity in which net sales are divided by the number of employees.

Organizational Performance was operationalised as the annual net profit. Beyond the recommendation by Huselid (1995), financial measurement of organisational performance has been hinged on profitability – often, the net profit. Studies by Yan and Sloan (2016) and Chang, Ou and Wu (2004) have employed a similar measure to examine organisational performance.

There are other economic/financial measures such as net sales, return on investment (ROI), return on capital and earning per share. But because of the behavioural nature of HRM practices research, these measurements are rarely used. Thus, this study adopted the “net profit” as a measure of organizational performance for the GT Bank Plc.

Table 2: Variable Conceptualisation

Year	Compensation (₦'000)	Employee Performance (₦'000)	Organisational Performance (₦)
2002	6,893,418	27,042.83	1.3
2003	1,308,206	26,865.71	1.8
2004	2,010,078	24,891.18	1.38
2005	2,536,261	23,081.60	1.12
2006	3,448,453	26,489.36	1.42
2007	5,180,751	26,216.46	1.62
2008	15,220,149	48,094.20	1.85
2009	18,414,598	43,802.32	1.27
2010	16,932,927	30,004.49	1.36
2011	20,484,007	35,475.88	1.69
2012	23,660,091	59,531.59	3.05
2013	23,761,448	52,174.80	3.17
2014	29,442,101	56,506.56	3.32
2015	27,721,723	58,680.04	3.51
2016	29,453,465	79,641.95	4.67
2017	32,832,341	80,050.79	6.03

Data Standardisation

For the data standardisation, the data from the variable conceptualisation (Table 2) were Log-transformed (Log10). Each data set, Compensation (Log_Comp), Employee Performance (Log_EmpPerf) and Organisational Performance (Log_OrgPerf) was subjected to normality test to check for skewness (Table 3).

Analysis and Results

Table 4 presents the means and standard deviations of the study variables (compensation, employee performance and organisational performance). This is followed by the statistical analysis (Pearson Correlation analysis) to determine the relationship between, firstly, compensation and employee performance, secondly, the relationship between compensation and organisational performance, and lastly, the relationship between employee performance and organisational performance (Table 5).

Table 3: Data Standardisation

Year	Log_Comp	Log_EmpPerf	Log_OrgPerf
2002	6.838435	4.432052	0.113943
2003	6.116676	4.429198	0.255273
2004	6.303213	4.396046	0.139879
2005	6.404194	4.363266	0.049218
2006	6.537624	4.423071	0.152288
2007	6.714393	4.418574	0.209515
2008	7.182419	4.682093	0.267172
2009	7.265162	4.641497	0.103804
2010	7.228732	4.477186	0.133539
2011	7.311415	4.549933	0.227887
2012	7.374016	4.774748	0.4843
2013	7.375873	4.717461	0.501059
2014	7.468969	4.752099	0.521138
2015	7.44282	4.76849	0.545307
2016	7.469136	4.901142	0.669317
2017	7.516302	4.903366	0.780317

Mean compensation is 7.03 and a standard deviation of 0.47. Mean employee performance is 4.60 while the corresponding standard deviation is 0.19. For organisational performance, the mean is 0.78 with a standard deviation of 0.23.

Table 4: Descriptive and Inferential Statistics

	N	Minimum	Maximum	Mean	Std. Dev.
Compensation	16	6.12	7.52	7.0343	.47329
Employee Performance	16	4.36	4.90	4.6019	.18687
Organisational Performance	16	.05	.78	.3221	.22662

From Table 5, the relationship between compensation and employee performance is examined using Pearson's correlation (R) method. There is a significant relationship between compensation and employee performance ($r = .851, p < .001$). Based on this (coefficient of correlation of 0.851 – 85.1%), it implies that compensation has a strong positive and statistically significant relationship with employee performance in GT Bank Plc.

Table 5: Correlation Analysis of The Relationship Between Compensation and Employee Performance

Variable	1	2	3
1. Compensation	1.		
2. Employee performance	.851**	1	

3. Organisational performance	.666**	.903**	1
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N = 16; **. Correlation is significant at the .001 level (2-tailed)

There is a strong positive and significant relationship between compensation and organisational performance ($r = 0.666$, $p < .001$). Based on this (coefficient of correlation of 0.666 – 66.6%), it implies that compensation has a strong positive and statistically significant relationship with organisation performance (financial performance) in GT Bank Plc.

The results also show that there is a significant relationship between employee performance and organisational performance ($r = .903$, $p < .001$). Based on this (coefficient of correlation of 0.903– 90.3%), it implies that employee performance has a strong positive and a statistically significant relationship with the organisational performance (financial performance) in GT Bank Plc. Both variables are measure of performance and the high correlation coefficient between them confirms it.

Discussion and Conclusion

Previous research work on HRM practices from both the academics and HR practitioners has given credence to it as a critical organisational practice that ensures better performance of both the organisation and the employees, that is, the impact of the HRM practice of compensation on organisation performance is due to the influence on employee performance. This study provides supportive evidence of this assertion in the Nigerian Banking Industry. Though, the results from the analysis are in consistence with other works on HRM practices and employee performance; HRM practices and organisational performance; and employee performance and organisational performance. However, the methodological approach is obviously different as data for the study were extracted from the financial information of GT Bank Plc.

Firstly, the study examines the relationship between compensation and employee performance using the correlation analysis; It tested whether compensation, measured by “Salaries and benefits” paid by GT Bank Plc from 2002 to 2017, was correlated with employees’ performance, measured by the “gross earnings per employee”. Based on the Pearson Correlation analysis of 85.1% (Table 5), the study concludes that compensation has a strong positive and significant correlation with employee performance at GT Bank Plc. This means that as compensation is increased, employees’ performance in terms of grossing earnings contribution per employee in GT Bank Plc also increase significantly. This is also in agreement with previous studies (Osibanjo *et al* 2014; Ressurrection, 2012) that have found a positive and significant relationship between compensation and employee performance.

Secondly, like previous studies that argued for the strong and positive relationship between compensation and organisation performance, this study also examined such relationship. Compensation is measured as “salaries and benefits” while the organisational performance is measured using the GT Bank Plc annual “earnings per share”. From the analysis, the Pearson Correlation is 66.6% (Table 5). Thus, the study concludes that there is a positive relationship between compensation and organisational performance. Importantly, this simply means that as compensation is increased (salaries and benefits paid to employees of GT Bank Plc),

organisational performance (Earning Per Share) also increases. The finding is similar to Yan and Sloan (2016), Seip and McNown (2015), Tsai (2005) and Chang *et al* (2004) who have all found a positive and a significant relationship between compensation and financial performance of organisations.

Lastly, the relationship between employee performance and organisational performance is examined. The fundamental assumption, *ceteris paribus*, is that improved employee performance should culminate into increased organisational performance. The Pearson correlational method used for the analysis reveals a relationship level of 90.3% (Table 5). This very high correlation implies that employee performance and organizational performance could be used interchangeably in measuring performance responses to changes in employees' compensation. This finding is in agreement with findings from Seip and McNown (2015) and Resurrection (2014) who had earlier found a similar relationship between employee performance and organisational performance.

From this summary, the study concludes that there is a strong positive relationship among compensation, employee performance and financial performance of GT Bank Plc. However, these results must be accepted with caution. Firstly, the relationship found is not necessarily a causal one. This is because there may be some inherent elements within GT Bank Plc that are not captured in the annual financial reports. For example, Gunawan and Amalia (2015) reckon that factors such as work-life balance, leadership style, office structure, team formation, and other social factors do have a significant influence on the level of employee productivity beyond those economic indicators of salaries and benefits. There are obviously real-life situations where an employee abandons a high paying job for one that offers a more socially enduring one, that give work-life balance. Sometimes, due to leadership and management style, an employee may opt out of a highly paid job for a lower one.

Also, the economic theory of 'diminishing returns' must be weighed in the analysis and implementation of the compensation strategy. Though the study findings suggest a strong link between improved or increased employee performance and organisational performance to increases or improvements in compensation, this does not imply that organisations should continuously increase employee compensation (Salaries and Benefits) in order to get the best out of the employee for the growth of the organisation. Salaries and benefits are among the largest operational costs in most organisations, and when the law of diminishing returns takes its course, compensation (increased) may not necessarily translate into an improved performance but a greater economic burden to the organisation. It becomes imperative that, though important, compensation as an HRM practice must be treated with extreme caution.

Notwithstanding the compelling evidence from this study, the use of an individual organisation to generalize on an industry is obviously weak. This certainly has necessitated the need for future study to employ a broader data gathering and analysis technique, for example, the use of industry data and cross-sectional analysis as used by Huselid (1995). Such broader methodological approach can give a more robust generalisation about the industry. There is obviously few, if any, cross-sectional study (using the secondary data) of the relationship between HRM Practice of compensation and employee performance and organisation performance on one hand, and the relationship between employee performance and

organisational performance on the other hand, especially from the developing economies. More importantly, these limitations do not mean that the result findings are flawed. Rather, it further strengthens the fundamental role of HRM practice of compensation as one of the important drivers of employee performance that culminates into the overall improved organisational performance.

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