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Microfinance Banks: A Case of AB Bank Rwanda Plc.**

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## Effect of Employee Engagement on The Performance of Microfinance Banks: A Case of AB Bank Rwanda Plc.

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### Abstract

This research project investigated the relationship between employee engagement and the performance of AB Bank Rwanda Plc, focusing on four specific objectives: evaluating the impact of internal communication on employee engagement, analyzing the influence of leadership, assessing the connection between employee well-being and engagement, and examining the effect of training and development on employee growth. A combination of descriptive and correlational research designs was employed to determine the effect size of these objectives. The study targeted a population of 257 individuals, with a sample size of 157 respondents calculated using the Yamane formula, selected through simple random and purposive sampling methods. Data was collected using questionnaires and documentation. The findings reveal valuable insights not only for AB Bank Rwanda Plc but also for the broader microfinance sector in Rwanda. The study showed that staff recognized the positive effects of internal communication, evidenced by a beta value of 0.742 ( $p < 0.05$ ), indicating a strong association between e-tendering and the bank's organizational performance. Additionally, there was a substantial positive link between leadership and organizational performance, with a beta value of 0.639 ( $p < 0.05$ ). The regression analysis further demonstrated a strong positive correlation (beta = 0.705,  $p < 0.05$ ) between employee well-being and organizational success at AB Bank Rwanda Plc. Lastly, the analysis indicated a significant positive relationship between training and development and organizational performance, shown by a beta value of 0.660 ( $p < 0.05$ ). The study confirms the positive relationships between internal communication, leadership, employee well-being, and training and development as critical factors contributing to the performance of AB Bank Rwanda Plc. These findings suggest strategies for optimizing operations and enhancing employee engagement within the microfinance sector.

**Keywords:** *Employee Engagement, Organizational Performance, Internal Communication, Leadership, Training and Development*

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## **1.1 Background to the Study**

In today's competitive business landscape, organizations must leverage their existing capabilities while remaining adaptable to sustain and enhance their competitive advantage (McCann, 2015). A key focus for businesses is fostering a conducive work environment that prioritizes employee engagement, which has become a significant topic for management. With the pressures of a globalized economy, a high-performing workforce is essential for driving growth and ensuring sustainability. Employee engagement, influenced by emotional and rational factors related to the work experience, is characterized by a favorable attitude toward the organization and a collaborative spirit among colleagues, underscoring the mutual responsibilities shared between employers and employees (Robinson et al., 2004).

The distinction between employee engagement and job satisfaction is crucial; while job satisfaction pertains to contentment, engagement reflects a deeper commitment to the organization's success (Fernandez, 2007). This commitment involves passion and the willingness to invest discretionary effort, positioning engagement as vital for retaining top talent. Scholars caution that mere satisfaction might indicate a superficial relationship dependent on incentives, whereas true engagement fosters a stronger connection to the organization's mission (Blessing White, 2008; Erickson, 2005; Macey and Schneider, 2008).

In the context of East Africa, particularly within the microfinance sector, employee engagement is critical for addressing regional challenges like poverty and economic instability (Morduch & Rice, 2006; Bateman & Chang, 2012). Microfinance institutions have expanded significantly, focusing on financial services for low-income populations. Engaged employees in these institutions contribute to improved customer service, loan origination, and overall operations, making their commitment to the mission essential for success. This workforce engagement directly impacts the organizations' capacity to fulfill their roles effectively.

The government of Rwanda has recognized microfinance's importance in poverty alleviation and has supported its growth through favorable policies. As microfinance institutions continue to provide essential financial services to underserved individuals and small businesses, the correlation between employee engagement and organizational performance becomes increasingly evident. Research consistently shows that engaged employees drive higher retention, productivity, profitability, and customer loyalty, contributing to revenue growth that often surpasses industry averages (Harter, Schmidt, & Hayes, 2002). This analysis highlights the necessity of prioritizing employee engagement to optimize procurement performance and overall organizational success in Rwanda's microfinance sector.

## **1.2 Problem Statement**

Employee satisfaction remains a critical challenge in organizational management, particularly in the context of global changes and economic uncertainty. Alarming, 59% of employees are silently disengaged, leading to reduced productivity, increased error rates, and higher turnover. According to Gallup's 2022 report, 82% of employees seek recognition as individuals, emphasizing the need for employers to enhance workforce contentment. Engaged employees drive business success; Gallup's 2017 study shows that high engagement correlates with a 22% increase

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in profits and a 21% boost in productivity. In microfinance banks, empathetic leadership is crucial, as effective supervision can instill confidence and motivate employees beyond their perceived limits.

Poor working conditions threaten engagement and productivity, making it essential for employers to address these challenges promptly. Employee well-being significantly influences engagement; engaged employees connect deeply with their organizations and contribute to their growth. This study will evaluate how employee engagement impacts performance at AB Bank Rwanda Plc, exploring the dynamics of engagement, leadership practices, working conditions, and overall well-being to foster a sustainable work environment.

### 1.3. Objective of Study

#### 1.3.1. General Objective

The primary goal of this study is to evaluate the influence of employee engagement on the performance of microfinance bank in Rwanda, with a focus on AB Bank Rwanda Plc.

#### 1.3.2. Specific Objectives

- i. Evaluate the impact of internal communication on performance at AB Bank Rwanda Plc.
- ii. Investigate the influence of leadership on performance within AB Bank Rwanda Plc.
- iii. Determine the correlation between employee well-being and performance at AB Bank Rwanda Plc.
- iv. Analyze the effect of training and development on Performance at AB Bank Rwanda Plc.

#### 1.4. Research Hypotheses

- i. **H<sub>01</sub>**. Internal communication significantly effects on performance t at AB Bank Rwanda Plc.
- ii. **H<sub>02</sub>**. Effective leadership practice significantly contributes to performance at AB Bank Rwanda Plc.
- iii. **H<sub>03</sub>**. Improved employee wellbeing is positively associated with performance at AB Bank Rwanda Plc.
- iv. **H<sub>04</sub>**. There is no statistically significant impact of training and development on performance at AB Bank.

### 2.1 Theoretical Framework

The purpose of employee engagement goes beyond mere business sustainability and profit optimization. It also includes the critical aspect of ensuring the satisfaction so that they can contribute to the achievement of organizational goal. There are different theory or models developed by the theorist on employee engagement. In this research, we will explore Gallup's Q12 model, Maslow's hierarchy of needs, Hackman and Oldham's Job Characteristics Model, and Social Exchange Theory.

#### 2.1.1 Gallup's 12 Model

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Gallup's Q12 Model is a widely acknowledged and frequently employed framework for both assessing and improving employee engagement. It consists of 12 questions that focus on different aspects of engagement, such as having clear expectations, receiving recognition, and opportunity for growth. By assessing employees' responses to these questions, organizations can identify areas for improvement and take action accordingly.

Although Gallup's Q12 Model is primarily focused on evaluating and enhancing employee engagement, it can be loosely connected with various theories and concepts concerning the performance of microfinance institutions. This alignment is particularly evident in areas such as setting clear expectations, providing recognition and praise, offering opportunities for growth, and providing feedback and development opportunities, all of which are crucial for effective organizational management.

### 2.1.2 Maslow's Hierarchy of Needs

Abraham Maslow, a well-known psychologist, developed the theory of Maslow's hierarchy of needs. This theory, depicted as a five-tier pyramid, illustrates the relationship between basic human needs and the drive for action. Similarly, Bryan E. Robinson has adapted this framework to outline the fundamental necessities that writers must satisfy to pursue their goals for success in the writing domain.

#### 2.1.2.1 Maslow's Hierarchy Of Needs Chart

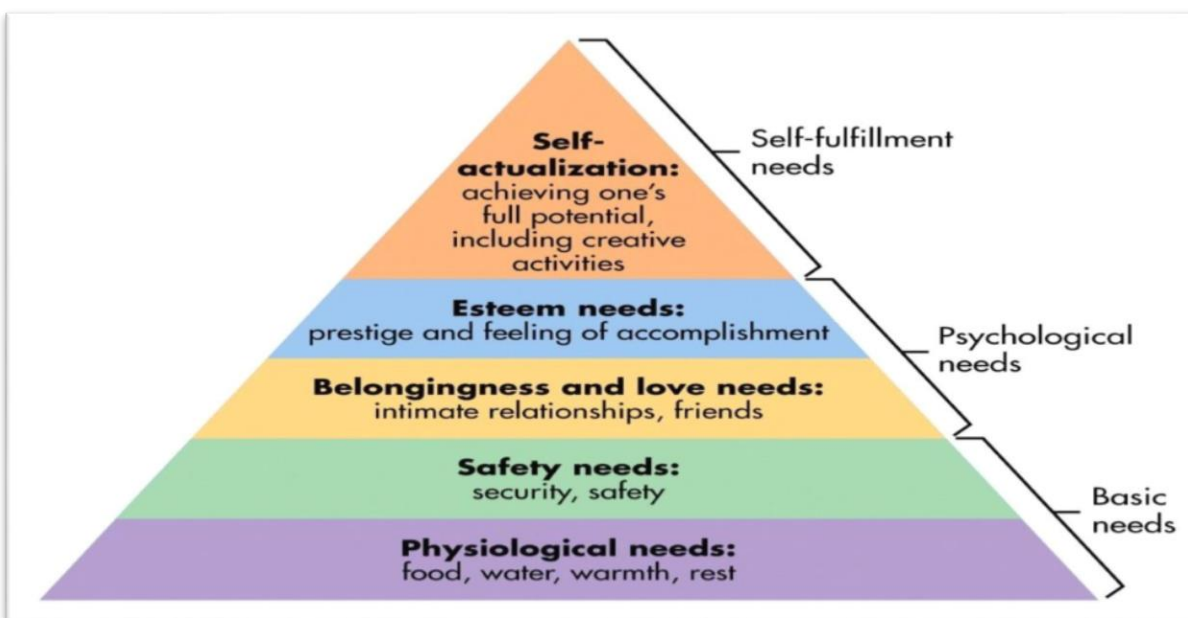


Figure 1: Maslow's Hierarchy of Needs

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### Source: Researcher (2023)

Physiological needs are fundamental for survival, encompassing sustenance, hydration, rest, and oxygen. When individuals experience hunger, thirst, fatigue, or drowsiness, their ability to produce quality work diminishes significantly. This highlights the critical importance of self-care, which is often seen as an ultimate goal. Healthy eating, adequate sleep, and regular exercise form the foundation for successful creative endeavors. Additionally, embracing the Italian concept of "il dolce far niente," or "the sweetness of doing nothing," underscores the value of idle moments. These pauses allow for the incubation of creative ideas, integrating various aspects of life, such as leisure, relationships, and spiritual well-being, which are essential for fostering creativity.

Safety and security needs are vital for well-being in various life aspects, including physical safety, psychological health, financial stability, job security, and overall health. In the writing context, having a safe and comfortable workspace free from distractions is crucial. Writers often have different preferences for their ideal environments; some thrive in quiet, clutter-free spaces, while others may find inspiration in organized chaos. Natural settings or the accompaniment of music can also enhance creativity. Moreover, factors like lighting and temperature significantly affect the ability to concentrate and meet writing goals, making it essential to create an environment conducive to focus and creativity.

Love and belonging needs emphasize the emotional support that writers require in the often isolating world of writing. Many experience heartache and rejection, making community support vital. Being part of a writing tribe—through groups, classes, or online networks—provides a valuable sounding board for discussing challenges and creative ideas, fostering connections among like-minded individuals. Such engagement not only helps writers persevere but also serves as a powerful motivator toward achieving their writing goals. In this context, addressing the various needs within the workplace can enhance employee engagement, particularly in organizations like microfinance banks, by ensuring that fundamental needs such as equitable compensation and job security are met while also focusing on opportunities for career advancement and personal development. By fostering an environment that caters to both basic and aspirational needs, organizations can cultivate greater employee commitment and engagement.

#### 2.1.3 Hackman and Oldham's Job Characteristics Model

The Job Characteristics Model, developed by Hackman and Oldham, serves as a theoretical framework for understanding how job design impacts employee engagement. This model identifies five essential attributes that influence employee motivation, satisfaction, and involvement: skill variety, task significance, autonomy, feedback, and task identity. Skill variety refers to the range of skills and abilities required in a job, with diverse tasks being more engaging as they allow employees to develop various competencies. Task significance highlights the importance of an employee's work in influencing others or the organization, enhancing motivation when individuals perceive their contributions as meaningful. Autonomy involves the degree of independence employees have in decision-making, fostering a sense of responsibility and engagement. Feedback

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is crucial for employees to assess their performance and receive guidance for improvement, while task identity emphasizes the ability to see tangible outcomes from one's work, promoting a sense of achievement.

In the context of microfinance banks, applying the Job Characteristics Model can reshape job roles to enhance employee engagement. This involves assigning diverse tasks that require different skills, providing responsibilities that impact clients' financial well-being, and allowing autonomy in decision-making. Regular performance feedback and opportunities for employees to observe the outcomes of their work further contribute to this engagement. By implementing these principles, microfinance banks can create a more motivating work environment that leads to increased employee satisfaction and motivation, ultimately improving overall performance.

### **2.1.3 Social Exchange theory**

Social Exchange Theory investigate dynamic between employees and their organization, with a primary emphasis on the reciprocal exchange of resources like loyalty, commitment, and efforts. According to this theory, when employees feel that their organization provides them with advantageous returns, such as acknowledgment, assistance, and opportunities for growth, it increases their likelihood of engagement and enhanced performance. By cultivating favorable social interactions, organizations can elevate employee engagement.

### **2.1.4 Strengths-based Approach**

The strengths-based approach highlights the importance of recognizing and connecting employees' individual strengths and talents. This model proposes that when individuals have the opportunity to apply their strengths in their work, results in increased engagement, motivation, and enhanced performance. Microfinance institutions can introduce initiatives such as strengths assessments, personalized development plans, and role alignment to enhance employee engagement by leveraging their unique strengths. It is crucial to acknowledge that each model has its own set of advantages and limitations, and their relevance can vary depending on the specific context of the microfinance institution. Employing a blend of these models and customizing them to the organization's requirements can offer a more comprehensive insight into employee engagement and its effects on performance.

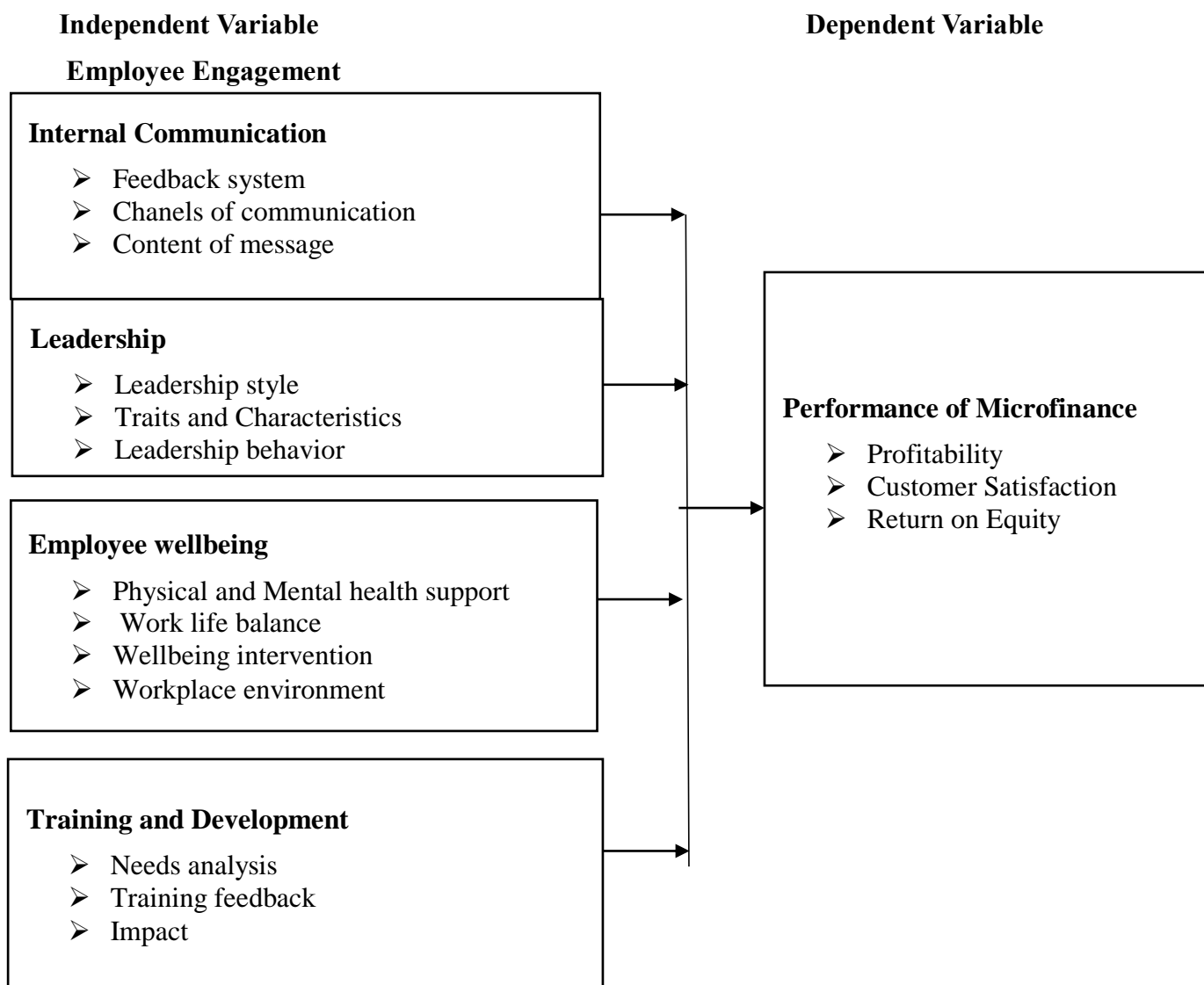
## **2.2 Empirical Literature**

This section reviews empirical research examining the impact of employee engagement on the success of microfinance banks, particularly focusing on the roles of internal communication, leadership, employee well-being, and training and development. Research by NIYATA V. Patra (2017) underscores the significance of internal communication in enhancing employee engagement, highlighting the effectiveness of tools such as social media, intranet, and instant messaging in facilitating real-time interactions that boost organizational efficiency, motivation, and loyalty. The study suggests further exploration of various communication dynamics, including

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top-down and bottom-up communication, and the potential neutral or negative effects of these channels. Additionally, research by Bass and Riggio (2006) indicates that transformational leadership fosters employee engagement through a shared vision and motivation, while transactional leadership has a lesser positive effect. Furthermore, Greenhaus and Allen (2011) found that promoting work-life balance in microfinance banks leads to increased employee engagement and job satisfaction. Effective training and development programs, as noted by Noe (2013), enhance employee skills, job satisfaction, and a culture of continuous learning, further contributing to engagement within microfinance institutions.

### 2.3 Conceptual Framework





The literature emphasizes the critical role of employee engagement and effective contract management in enhancing the performance of microfinance banks in Rwanda. While studies by Ilyas (2016) and Gakunde et al. (2018) explored employee engagement in various sectors, none have specifically addressed its impact on microfinance banks. This gap underscores the necessity for the researcher to investigate the influence of employee engagement on the performance of AB Bank Plc.

### **3.0 Research Methodology**

The research employed a Descriptive Research Design to effectively capture and describe the current state of affairs relevant to the study's objectives. The target population consisted of 257 individuals, with a sample size of 157 determined using the Yamane formula and a 5% margin of error. A stratified sampling technique was implemented to ensure representation from various departments, particularly those with higher employee numbers, such as Business, Administration, and IT. Data collection involved both primary methods, primarily through structured questionnaires administered to staff at AB Bank Rwanda Plc, and secondary methods, including document reviews. To ensure reliability and validity, the questionnaires were tested and retested before distribution. Data analysis utilized Statistical Product and Service Solutions (SPSS) version 26.0, with results presented using tables and charts. A multivariate analysis assessed the impact of employee engagement on microfinance bank performance, utilizing a regression equation for quantitative analysis. Ethical considerations were taken into account by assuring respondents of confidentiality, promoting voluntary participation, and educating them about the study's objectives to enhance engagement.

### **4.0 Results and Discussion**

This section details the findings of the study. It includes the descriptive and inferential results. The findings are as shown below:

#### **4.1 Descriptive Statistics**

##### **4.1.1 Internal communication and Organizational Performance**

Determining the impact of internal communication on AB bank Rwanda plc's performance was the study's primary goal. Using a scale of 1 to 5, where 5 represents highly agree, 4 represents agree, 3 represents neutral, 2 represents disagree, and 1 represents strongly disagree, the study assessed the respondents' degree of agreement with various statements on internal communication as an employee engagement. The results are displayed in Table 1

**Table 1: Respondents’ Level of Agreement with Statements on Internal Communication**

Statements	Mean	Std. Dev
Effectiveness of internal communication channels are currently in use At AB Bank	4.259	0.5153
To what extent you rate the effectiveness of internal communication in your organization	3.941	0.6788
To what extent do you believe internal communication influences the performance of the AB Bank Rwanda Plc	4.271	0.6434
How would you rate the role of internal communication in promoting collaboration and teamwork within your department or team	4.388	0.5995
The relationship between internal communication and its impact on AB Bank performance	4.329	0.6247

The study results presented on Table 4.3 above indicate staff of the Banks of that the

The rate the role of internal communication in promoting collaboration and teamwork within your department or team (mean = 4.388); The relationship between internal communication and its impact on AB Bank performance (mean = 4.329); the extent which believe internal communication influences the performance of the AB Bank Rwanda Plc (mean = 4.271); Effectiveness of internal communication channels are currently in use at AB Bank (mean = 4.259) and that the effectiveness of internal communication in organization (mean = 3.941). This implied that internal communication as an employee engagement played a significant role in enhancing the performance AB bank Rwanda plc.

#### 4.1.2 Leadership and Organizational Performance

The study's second goal was to investigate how leadership affected AB bank Rwanda plc's performance. Using a scale of 1–5, where 5 represents highly agree, 4 represents agree, 3 represents neutral, 2 represents disagree, and 1 represents severely disagree, the study assessed the respondents’ degree of agreement with various statements on leadership as an employee engagement practice. The results are shown in Table 2.

**Table 2: Respondents’ Level of Agreement with Statements on Leadership**

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Statements	Mean	Std. Dev
How would you describe the leadership style dominant within AB Bank Rwanda Plc	3.988	0.9697
To what extent do you believe the current leadership style positively influences the performance of employees and the organization as a whole	4.294	0.6514
The leadership in involving employees in the decision-making process	4.282	0.7337
How inclusive is the leadership in involving employees in the decision-making process	3.165	1.1217
How effective is the leadership in communicating the organization's goals and vision to the employees	3.859	0.9778
How regularly do you receive feedback from your immediate supervisor or leadership regarding your performance	4.294	0.6514
How satisfied are you with the leadership within AB Bank Rwanda Plc	3.165	1.1217

The study results shown on Table 2 above indicate that the staff AB bank Rwanda plc were in agreement that leadership style positively influences the performance of employees and the organization as a whole and immediate supervisor or leadership regarding performance (mean = 4.294); The leadership in involving employees in the decision-making process (mean = 4.282); Leadership had enhanced the level of competitive bank services (mean = 3.988) and that how effective is the leadership in communicating the organization's goals and vision to the employees (mean = 3.859). However, the staff AB bank Rwanda plc neither agreed nor disagreed with the satisfaction with the leadership within AB Bank Rwanda Plc (mean = 3.165). This implied that Leadership as an employee engagement practice was integral in efforts to enhance the performance of AB bank Rwanda plc.

#### 4.1.3 Employee Wellbeing and Organizational Performance

The study's third goal was to investigate how employee well-being affected AB bank Rwanda plc's performance. On a scale of 1–5, where 5 represents highly agree, 4 represents agree, 3 represents neutral, 2 represents disagree, and 1 represents strongly disagree, the study assessed the respondents' degree of agreement with various assertions on employee wellbeing as an employee engagement. The results are displayed in Table 3.

**Table 3: Respondents’ Level of Agreement with Statements On Employee Wellbeing**

Statements	Mean	Std. Dev
How would you rate the work-life balance at AB Bank Rwanda Plc	4.141	0.6753
How often do you feel stressed in your current role	4.353	0.6850
To what extent are you satisfied with your current job	4.388	0.5793
Are there health and wellness programs in place at AB Bank Rwanda Plc and how effective do you find them	4.047	0.7385
To what extent do you believe there is a correlation between employee well-being and performance at AB Bank Rwanda Plc	4.353	0.6850
How well do you believe the organization supports you in achieving your performance goals	4.212	0.6564

According to the study findings shown on Table 4.5 above, the staff of the Banks of

Devolution and Planning in Rwanda agreed that employee wellbeing can lead to improve job satisfaction within organization (mean = 4.388); The extent showed correlation between employee well-being and performance at AB Bank Rwanda Plc(mean = 4.353); employee wellbeing can organization supports in achieving the better performance goals (mean = 4.212); employee wellbeing contributes to increased work-life balance at AB Bank Rwanda Plc (mean = 4.141) and health and wellness programs in place at AB Bank Rwanda Plc with its effectiveness (mean = 4.047). This clearly showed that employee wellbeing as an employee engagement was critical in the efforts to enhance the performance AB bank Rwanda plc.

**4.1.4 Training and development on organizational Performance**

The study's final goal was to ascertain how training and development affected AB bank Rwanda plc's performance. Using a scale of 1–5, where 5 represents highly agree, 4 represents agree, 3 represents neutral, 2 represents disagree, and 1 represents strongly disagree, the study assessed the respondents’ degree of agreement with various statements on training and development as an employee engagement. The results are displayed in Table 4

**Table 4: Respondents’ Level of Agreement with Statements on Training And Development**

Statements	Mean	Std. Dev
Have you participated in any training or development programs provided by AB Bank Rwanda Plc in the past year	4.247	0.7854
How effective do you perceive the training programs you have attended	3.835	0.8570
Training and development programs have positively impacted your performance	3.977	0.9509
Are there specific performance metrics or key performance indicators (KPIs) that you believe have improved as a result of the training and development programs	4.282	0.5693
How satisfied are you with the overall quality of training and development programs at AB Bank Rwanda Plc	4.141	0.7891

Based on the results shown on Table 4 above, the staff AB bank Rwanda plc concurred that training and developments were specific performance metrics or key performance indicators (KPIs) that you believe have improved as a result of the training and development programs (mean = 4.282); use of training and development had simplified employees participated in any training or development programs provided by AB Bank Rwanda Plc. (mean = 4.247); training and developments enhanced overall quality of training and development programs at AB Bank Rwanda Plc (mean = 4.141); use of training and development was cost saving in settling operations expenses (mean = 3.977) and that use of training and development granted the Banks convenience in operations payments (mean = 3.835). This implied that training and development as an employee engagement played an important role in helping enhance the performance AB bank Rwanda plc.

**4.1.5 Employee Engagement on Organizational Performance**

The survey also assessed the degree to which the respondents agreed with different assertions regarding the evaluation of employee involvement on AB bank Rwanda plc's performance. One was assigned to strongly disagree, four to agree, three to neutral, two to disagree, and five to strongly agree on a five-point rating system. The results are shown in Table 5.

**Table 5: Respondents’ Level of Agreement with Statements on Effect of Employee Engagement On Performance Microfinance Banks**

Statements	Mean	Std. Dev
Use of employee engagement has led to reduced costs in operations	4.200	0.7037
Use of employee engagement has contributed to improved efficiency in operations	4.224	0.5428
Use of employee engagement has contributed to improved staff productivity	4.306	0.6367
Use of employee engagement has led to timely generation of operations information	3.741	1.0018
Use of employee engagement has contributed to improved monitoring of operations transactions	4.341	0.6995
Use of Employee engagement has led to reduced lead time in operations	3.953	0.6884

Based on the results shown on Table 5 above, the staff AB bank Rwanda plc agreed that use of employee engagement has contributed to improved monitoring of operations transactions (mean = 4.341); use of employee engagement has contributed to improved staff productivity (mean = 4.306); use of Employee engagement has contributed to improved efficiency in operations (mean = 4.224); use of Employee engagement has led to reduced costs in operations (mean = 4.200); use of Employee engagement has led to reduced lead time in operations (mean = 3.953) and that use of Employee engagement has led to timely generation of operations information (mean = 3.741). This implied that Employee engagement played a significant role in the performance of AB bank Rwanda plc.

#### 4.2 Inferential Statistics

These are mathematical techniques that make use of probability theory to infer—or determine—the characteristics of a population by examining the characteristics of a sample of data taken from it. Based on data analysis of a sample drawn from the population, they enable predictions or generalizations about the population. This study applied linear regression analysis to analyze the relationship between the study variables. Before conducting the regression analysis, the researcher performed tests of normality and heteroscedasticity as described below.

##### 4.2.1. Correlation analysis

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**Table 6: Summary of Correlation**

		Internal communication	Leadership	Employee wellbeing	Training and development
Internal communication	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	242			
Leadership	Pearson Correlation	.663**	1		
	Sig. (2-tailed)	.000			
	N	242	242		
Training and development	Pearson Correlation	.358**	.207*	1	
	Sig. (2-tailed)	.000	.000		
	N	242	242	242	
Employee wellbeing	Pearson Correlation	0.342**	0.41	0.562	1
	Sig. (2-tailed)	.000	.000	.000	

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

Key 1- Internal communication, 2- Leadership 3- Training and development, 4- Employee wellbeing.

Results in Table 6, Pearson correlation revealed that there was a strong positive relationship between Leadership and performance AB bank Rwanda plc Internal communication at the coefficient of correlation was 0.663. The probability value = .000 which is less than 0.05. This means that there is a relationship of 66.3% between Leadership and performance AB bank Rwanda plc Internal communication in AB bank Rwanda plc. Secondly, correlation analysis indicated a weak relationship between Training and development and performance AB bank Rwanda plc Internal communication of 0.358 The probability value = .000 which is less than 0.05. This implies that there is a relationship of 35.8% between Training and development and performance AB bank Rwanda plc Internal communication of AB bank Rwanda plc. Last, the result of correlation indicated moderate relationship between Employee wellbeing and performance AB bank Rwanda plc Internal communication of 0.342. The probability value = .000 which is less than 0.05. This implies that there is a relationship of 34.2% between Employee wellbeing and performance AB bank Rwanda plc Internal communication.

#### 4.2.2 Regression Analysis

Regression analysis was used to examine the connection between the variables under investigation. The process involved regressing the dependent variable (organizational performance) against the independent factors (internal communication, leadership, employee well-being, and training and development). The following is a summary of the findings:

**Table 7: Model Summary**

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.845 <sup>a</sup>	0.714	0.700		.7378

Predictors: (Constant), internal communication, leadership, employee wellbeing and training and development

The coefficient of determination, or R square, indicates how much variation in the dependent variable results from adjustments to the independent variables, as shown in Table 4.10 above. According to Table 4.10 above, the R square value was 0.714, meaning that differences in internal communication, leadership, employee welfare, and training and development were responsible for 71.4% of the variance in the AB BANK's performance. Therefore, other factors not included in the model or not the focus of the current study accounted for 28.6% of the difference in the performance of the AB BANK.

**Table 8: ANOVA (Analysis of Variance)**

Model	Sum of Squares	df	Mean Square	F	Sig.	
	Regression	114.088	4	28.522	50.528	.0000 <sup>a</sup>
1	Residual	45.723	81	0.5645		
	Total	159.811	85			

a. Predictors: (Constant), internal communication, leadership, employee wellbeing and training

and development

b. Dependent Variable: Organizational performance

The computations used in Analysis of Variance (ANOVA) give insights into the degree of variability in a regression model and serve as a foundation for significance tests. A statistic for comparing the null hypothesis, which is that = 0, to the hypothesis that all 0 is provided by the "F" column (Weisberg, 2005). The model is statistically significant in predicting how internal communication, leadership, employee welfare, and training and development affect the performance of AB Bank Rwanda, according to the data, where the significance value is.0000, which is less than 0.05. Moreover, 6.26 was the F crucial at the 5% significance level. The fact that F calculated (value = 50.528) is higher than F crucial (6.26) confirms the significance of the model as a whole.

**Table 9: Regression Analysis Results**

Variables	B	Std. Error	Beta	t	Sig.
(Constant)	4.793	0.612	-	7.832	0.000
Internal communication [X1]	0.742	0.161	0.577	4.609	0.000
Leadership [X2]	0.639	0.279	0.452	2.29	0.0246
Employee wellbeing [X3]	0.705	0.198	0.519	3.561	0.0006
Training and development [X4]	0.66	0.251	0.481	2.629	0.0102

Based on the regression results shown on Table 4.12 above, the regression model became;

$$Y = 4.793 + 0.742 X_1 + 0.639 X_2 + 0.705 X_3 + 0.660 X_4 + \epsilon$$

From the regression equation above, taking all factors (internal communication, leadership, employee wellbeing and training and development) constant at zero, organizational performance microfinance banks would be 4.793. According to the results, an increase of one unit in internal communication would result in an increase of 0.742 in organizational performance; an increase of one unit in leadership would lead to an increase of 0.639 in organizational performance; an increase of one unit in employee wellbeing would result in an increase of 0.705 in organizational performance; and an increase of one unit in training and development would result in an increase of 0.660 in organizational performance. At a 95% confidence level, e-tendering had a significance level of 0.0000, leadership had a significance level of 0.0246, e-employee well-being had a significance level of 0.0006, and training and development had a significance level of 0.0102

**Table 10: Hypotheses Tests Results Summary**

Hypotheses	Sig.	Beta	Remark
H01. Internal communication has no significant effect on performance AB bank Rwanda plc	0.000	0.05	Reject null hypothesis
H02. Leadership has no significant effect on performance AB bank Rwanda plc	0.0246	0.05	Reject null hypothesis
H03. Employee wellbeing has no significant effect on performance AB bank Rwanda plc	0.0006	0.05	Reject null hypothesis
H04. Training and development have no significant effect on performance AB bank Rwanda plc	0.0102	0.05	Reject null hypothesis

The study accepted the alternate hypotheses that internal communication, leadership, employee well-being, and training and development had a significant impact on the performance of AB bank Rwanda plc, and rejected the four null hypotheses because all four independent variable p values were less than 0.05.

### 5.0 Summary

The study findings at AB Bank Rwanda Plc highlighted the positive impact of internal communication, leadership, employee well-being, and training and development on organizational performance. Employees recognized that effective internal communication streamlined procurement processes and improved accountability, with a regression analysis showing a strong positive correlation (beta = 0.742,  $p < 0.05$ ) between e-tendering and performance. Leadership was also seen as crucial in eliminating biases, enhancing service quality, and fostering competitiveness, evidenced by a beta value of 0.639 ( $p < 0.05$ ). Furthermore, employee well-being was linked to improved client relationships and operational visibility, demonstrating a strong correlation (beta = 0.705,  $p < 0.05$ ) with organizational success. Lastly, training and development were recognized for their role in reducing financial improprieties and enhancing employee accountability, with a significant relationship indicated by a beta value of 0.660 ( $p < 0.05$ ). Collectively, these factors underscore the importance of employee engagement in driving organizational performance, aligning with previous studies that emphasize their positive contributions to operational effectiveness.

### 6.0 Conclusions

The study concluded that internal communication significantly enhances the performance of AB Bank Rwanda Plc, with a strong positive correlation between performance and internal communication. Additionally, effective leadership emerged as a crucial element of employee

engagement necessary for improving the bank's performance, also demonstrating a strong positive correlation with organizational success. Furthermore, employee well-being was identified as critical in enhancing the bank's performance, showing a significant positive correlation with organizational outcomes. Finally, the study highlighted that employee engagement through training and development plays a vital role in improving performance, with a noteworthy favorable correlation observed between these initiatives and AB Bank Rwanda Plc's overall success.

## 7.0 Recommendations

The study recommends that AB Bank Rwanda Plc adopt a holistic approach to reform its internal communication, extending beyond automation to include capacity building for both staff and clients on effectively using the communication platform, given its positive impact on organizational performance. Additionally, the bank should implement leadership strategies to attract new clients and conduct regular evaluations of existing clients to ensure compliance with business qualifications. To enhance employee well-being and operational performance, the bank should focus on improving employees' lives and well-being initiatives. Furthermore, leveraging existing training and development channels, such as MTM Money and AIRTEL Money, is proposed to mitigate risks associated with cash transactions. By integrating these platforms into the dues settlement process, the bank can enhance efficiency, accuracy, and transparency while reducing cash-related risks. Overall, these recommendations advocate for aligning training and development efforts with strategic objectives to optimize performance and adapt to evolving industry trends and customer preferences.

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