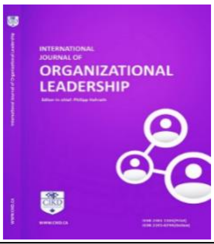

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The Impact of Motivation on Employee Performance of Non-Governmental Organizations in Mogadishu

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ABSTRACT

The study's objective is to examine the impact of motivation on employee performance in local non-governmental organizations in Mogadishu, Somalia, and it offers valuable insights into the efficacy of both financial and non-financial incentives. The study ensured a representative and statistically significant dataset by employing a quantitative research design and utilizing a sample of 105 employees selected through simple random sampling. Using structured questionnaires for data collection, coupled with advanced analytical tools such as SPSS and smart PLS, facilitated a robust evaluation of the relationship between incentives and employee performance. The findings underscore the importance of a multifaceted approach to employee motivation. Financial incentives, including salary, bonuses, and compensation, significantly influenced employee performance, highlighting the continued relevance of monetary rewards in motivating staff. Equally significant were non-financial incentives, such as improved working conditions, recognition, and opportunities for personal development, demonstrating a substantial positive impact on employee performance. These results emphasize the necessity for organizations to implement a balanced motivation strategy that addresses their employees' financial and personal growth needs. The study's recommendations for adopting such a balanced approach and maintaining transparent communication about incentive programs provide actionable insights for local non-governmental organizations seeking to enhance their employee motivation strategies and improve overall organizational performance.

In this age of globalization, motivation is critical to improving employee performance. Organizations pay more attention to human resource management as they realize the importance of human resources. As a result, organizations work hard to develop and motivate their workforce since they know that achieving this will help them perform better (Abimbola, 2021).

These days, staff are more knowledgeable and competent, making it harder for employers to recruit and retain this talent. As a result, employers must enhance employee motivation through various means, including monetary and non-monetary awards. Employers who correctly incentivize employees can increase employee performance; hence, improved employee motivation will also boost organizational effectiveness (Kumari et al., 2021). Therefore, all organizations in today's changing setting must balance the requirements of their workers, their capacity, and the importance of having qualified personnel for their development (Hassan, 2016).

Motivation is becoming increasingly essential as organizations expect capable and skilled individuals who desire to work hard and obtain maximum job outcomes (Tupti, 2020). It is critical for reducing staff turnover and underperformance as it is the mechanism that compels individuals to work towards and achieve any goal because motivation assists employees in coordinating and cooperating so that human resources may be used most effectively (Siddiqui & Rida, 2019). Motivated workers enjoy excellent physical and emotional health, appreciate their jobs, and suffer less stress. They also show less dissatisfaction and disobedience and are more devoted to their groups. Furthermore, their increased creativity, inventiveness, and client-focused nature indirectly contribute to the institution's long-term success. Therefore, motivated people are an organization's most valuable asset (Ek & Mukuru, 2013). The significance of the influence of employee motivation on employee performance has captured the interest of scholars in the past few decades and indicated a significant association between motivation and employee performance. Nevertheless, motivating employees in non-profit organizations has received limited attention due to the challenges posed by organizational downsizing and the complexities of managing a diverse workforce (Ndukw & Ofondu, 2018).

Over the last two decades, the role of non-governmental organizations in developing nations has transformed from modest and underappreciated actors concerned with the welfare of people with low incomes to key pivotal actors on the global stage of development, hence the need to determine the factors that improve performance (Omolo, 2019). Recent statistics in non-governmental organizations revealed that employees' performance has changed, resulting in project reports not being delivered on time, employees arriving late, an increase in absenteeism, employees taking leave without alerting their supervisors, and an increase in employee resignation (Omolo, 2019) .

Previous studies found that employee motivation increases productivity, reduces costs, and improves efficiency. Motivation strengthens behavior and triggers continuation (Hussein, 2017; Kumari et al., 2021). A notable gap persists in the scholarly literature concerning the influence of employee motivation on performance within the African context. Extant research has concentrated mainly on financial incentives as primary motivational mechanisms (Hassan, 2016). Employee motivation presents a significant challenge for multinational organizations operating in developing nations such as Somalia. Research examining the correlation between motivation and organizational performance in Somalia remains limited, underscoring the necessity for further investigation (Hussein, 2017). In Somali non-governmental organizations, numerous operational challenges arise from inadequate staff motivation (Mohamud, 2015). NGOs in Mogadishu encounter human resource challenges, including labor strikes, employee dissatisfaction, high turnover rates, and suboptimal performance, which adversely affect organizational effectiveness. Prevalent issues encompass corruption, misappropriation of funds, lack of commitment, and underperformance. Consequently, several organizations have faced near-collapse due to these circumstances (Seng & Arumugam, 2017). The lack of employee motivation can significantly impair organizational effectiveness through diminished productivity and elevated staff turnover rates (Hassan, 2016; Kumari et al., 2021). This study aims to investigate the impact of motivation on employee performance among non-governmental organizations in Mogadishu, Somalia, with an explicit focus on the effects of financial and nonfinancial incentives on employee performance.

Literature Review

Motivation

According to Abimbola (2021), motivation is obtained from the Latin word 'movere,' which implies shift. It signifies the psychological processes that induce arousal, direction, and persistence of goal-directed voluntary activities. However, Noorazem et al. (2021) defined motivation as a factor that primarily supports behavioral change, enabling someone to act in a way that advances a specific objective. According to Muogbo (2013), motivation is a group of courses concerned with an individual's strength that boosts performance and steers toward achieving particular goals. At the same time, all the authors concur on similar descriptions of motivation, and the study adopts the definition of Muogbo (2013), who defined motivation as a group of courses concerned with an individual's strength that boosts performance and steers toward achieving specific goals. This definition is deemed appropriate because it takes motivation to increase performance as it relates to our study’s dependent variable.

All organizations need human, financial, and material resources to accomplish their goals, so employee motivation is essential. Human resources can only be used entirely through motivation, which may be achieved by raising the staff's readiness to work (Mulyani et al., 2019). Every organization strives for success today by continuously employing such motivation sources to establish and sustain strong relationships and improve performance (Khan et al., 2020). Additionally, institutions where employees perform well produce a more motivated workforce with a desire for greater throughput, value, quantity, devotion, and ambition (Ek & Mukuru, 2013).

Numerous studies have demonstrated strong relationships between employee performance and motivation. A study by Kamau and Nyang’au (2019) in Kenya examined the correlation between motivation and performance in non-profit organizations. A total of 45 respondents were included in the sample. The study utilized a descriptive survey-type research design. While the results indicated that remuneration, career growth, supervision, and recognition influenced the performance of the employees, there are several limitations of the study, such as the sample size, which limits generalization, especially for large organizations. Besides that, the self-administered questionnaires could also introduce bias and threaten the reliability of the results. This study extends the findings using a larger sample size and statistically analyzing it using Smart Pls. It brings potent insight into the varying motivations, particularly in a resource-constrained context like Somalia.

Another research by Muogbo (2013) focused on specific insurance companies in Nigeria using a sample size of 100 respondents, comprising staff members at different levels. The study used statistical tools and a standardized questionnaire for analysis. The results showed that employee performance was significantly influenced by motivation and that there was a substantial and positive correlation between the two. However, the context of this study is limited to private insurance firms in Nigeria, which may not give sufficient generalization to nonprofit organizations such as NGOs, which usually encounter specific problems, including lack of certain resources and higher employee turnover. Furthermore, while it emphasizes financial rewards, this study also sheds light on the nonfinancial incentives that are not focused on in the study. This research fills these gaps by investigating financial and nonfinancial incentives within NGOs and provides an understanding related to the nonprofit sector in Mogadishu.

Financial Incentives

Kuya and Kalei (2022) defined financial incentives as a type of compensation provided to employees directly proportional to their performance, meaning that the higher their performance, the greater the incentive they receive. However, Lucas et al. (2016) defined financial incentives as measures to fulfill basic human needs, motivate people to excel, and enhance their skills, including prompt salary payments, bonuses, allowances, profit sharing, and rewards. Also, Chrissy et al. (2022) Defined financial incentives as presents or cash responses offered to employees whose output surpasses the stated benchmark. The definition utilized for this study is the one provided by Lucas et al. (2016), which defined financial incentives as a set of measures aimed at fulfilling basic human needs, motivating people to excel, and enhancing their skills. These measures include prompt salary payments, bonuses, allowances, profit sharing, and rewards. This is because it identifies the incentives as human needs that raise the level of performance.

Garbers and Konradt (2014) indicated that financial incentives are widely recognized as effective for motivating individuals and improving their performance. Thus, incentives such as compensation, bonuses, fringe benefits, health and life insurance, transportation, and advantages such as paid vacation and food services are popular strategies for increasing individual motivation and consequent performance (Abubakar et al., 2020). An employee prefers to remain within an organization that offers robust incentives instead of actively participating in other organizations that need a clearly defined future. As a result, organizations must establish methods that incorporate incentives or employee rewards for high-performance (Chrissy et al., 2022). Monetary rewards for successful completion are primarily intended to incentivize and motivate people to do well at work. Because of this, financial incentives are essential in all workplaces, whether public or private (Al-Belushi & Khan, 2017). Monetary incentives are the most helpful tool for managers to influence employees' behavior and inspire them to achieve higher organizational goals. However, if competent people are not motivated, receiving insufficient financial incentives may limit their performance (Seng & Arumugam, 2017).

Numerous studies highlight that monetary rewards tend to be the most critical factor in enhancing the performance of employees, as demonstrated by the findings of a study by Kuya and Kalei (2022) at Mombasa Ferry Service. The study selected 268 people through stratified random sampling with non-proportionate sample size allocation adopted to choose participants from the intended audience. The researcher used questionnaires to gather subjects' data and concluded that monetary rewards significantly affected staff performance at the Mombasa Ferry Service. The setting in a public ferry service means its applicability to other areas, more so non-profit organizations, remains limited. The study extends such insights by investigating how financial incentives feature within NGOs operating in Mogadishu, where resource limitations and organizational challenges are very different. Similarly, Chrissy et al. (2022) Discovered that pay and incentives considerably influenced employee performance. As a result, financial incentives may positively affect worker performance, yet the amount of this impact varies according to the environment and organization. While Chrissy et al. (2022) focused on public institutions in Rwanda, this study extends the discussion to NGOs in Mogadishu, Somalia. Chrissy's research findings provide a foundation for understanding how structured reward systems influence performance, but the unique challenges faced by non-profit organizations, such as limited resources and high employee turnover, necessitate a more nuanced exploration. This study bridges the gap by addressing financial and non-financial incentives within the NGO sector, offering insights specific to resource-constrained environments and their impact on employee motivation and productivity.

Nonfinancial Incentives

According to Abubakar et al. (2020), nonfinancial incentives are payments made in transactions that do not need currency. It benefits an employee in the workplace by going beyond increased salary. Organization cars, recognition, training, and job promotions are just a few examples of non-monetary incentives. In another definition (Chrissy et al., 2022), nonfinancial incentives are rewards that boost worker performance and motivation without directly involving money and state that intrinsic motivators, including work satisfaction, recognition, and chances for personal development, are examples of nonfinancial rewards. The definition adopted for this study is that nonfinancial incentives are rewards that boost worker performance and motivation without directly involving money and include job satisfaction, recognition, and opportunities for personal development (Vallerand, 2000).

Managers inspire employees to demonstrate their potential abilities and skills to achieve the organizational Goal. They do this by meeting their needs for self-actualization, love, esteem, and psychological and social support (Abubakar et al., 2020). Furthermore, non-cash benefits such as acknowledgment, a healthy work-life balance, job advancement, and a comfortable workplace significantly affect worker performance. These nonfinancial rewards are essential for promoting employee satisfaction and output (Mittal, 2018). In the context of non-governmental organizations, Kerubo and Thomas (2022) identified healthful workplace settings, balance between work and life, health and safety, professional advancement, and employee dedication as the key factors or issues associated with nonfinancial incentives among the staff in non-governmental organizations, which are fundamental to performance.

Prior research indicated that nonfinancial incentives significantly impact employee performance. For instance, a survey conducted by Mohamud (2015) evaluated the influence of non-monetary incentives on the performance of staff within organizations and found that non-monetary rewards are critical in raising employee engagement, motivation, teamwork, work-life balance, and skill development, which in turn increases work satisfaction, staff well-being, and performance levels in organizations. Mohamud (2015) mentioned that professional development opportunities, flexible work arrangements, recognition programs, and team-building activities are important non-monetary incentives that enhance employee motivation and performance. The study is general organizational settings and does not address the specific challenges NGOs face in resource-constrained contexts such as Mogadishu, Somalia. This study extends the work of Porwal by determining how non-monetary incentives might be fitted into NGOs that work with small budgets and a high level of employee turnover. The inclusion of contextual variables and variations within the local culture adds a level of localization in perspective and operational strategies toward effectively using non-monetary incentives to enhance employee performance in low-resource environments. Similarly, Henseler et al. (2015) examined how nonfinancial incentives, with an emphasis on training and development, flexible work schedules, and recognition and prizes, affected the productivity of Nigerian public sector workers. The authors found that the incentives significantly improve efficiency. However, the study narrowly focuses on efficiency as the sole performance metric; other dimensions of employee performance, like retention, motivation, and engagement, were not explored. It did not consider the key non-monetary motivations, such as mentorship and wellness programs, and did not analyze how to apply employee feedback in designing incentives. Moreover, the sustainability and cost-effectiveness of providing these incentives were not discussed. In this research, these are bridged by including wider performance metrics, testing varied non-monetary motives tailored to the irregular challenges of NGOs, and making it relevant to feedback and sustainability. This study, therefore, provides the practical ways NGOs in Mogadishu can ensure better performance from their employees despite resource limitations. Therefore, it is sought that nonfinancial incentives are a crucial part of successful human resource management strategies since all this empirical research continuously demonstrated their significant impact on worker productivity.

Employee Performance

Employee performance refers to the activities and actions of a worker. It comprises several elements, such as utility, amount and quality of output, attendance at work, and a helpful attitude (Akerele et al., 2024) In another scenario by Mulyani et al. (2019), performance refers to the work a worker completes to fulfill his obligations and commitments in quantity and quality. Furthermore, performance is the outcome or degree of an individual's accomplishment over time when performing tasks, so it is essential to consider many alternatives, such as labor standards, objectives, or predefined criteria (Al Mehrzi & Singh, 2016). The study defines Performance as the level of work that an employee completes, both in quantity and quality, to fulfill his duties and commitments. This is because it is based on quality and quantity, which are based on the set of responsibilities.

Organizations need high-performing workers to fulfill objectives and offer goods and services (Noorazem et al., 2021). Eloyee performance is a vital organizational building block, and prospective high-performance variables are constantly accessible because every step of dependent collaborative effort affects all organization members (Khalifa Elgelal & Noermijati, 2014). Organizational managers have long been concerned with the performance of employees since it has an immediate influence on the organization's ability to innovate. Innovative ideas for new goods or services are produced by a successful effort of fulfilled, inspired, and committed people resources, which immediately improves quality performance, operational performance, and customer happiness. Inuwa (2016). Therefore, organizations should constantly adapt to the factors that improve employee performance regarding quality and output (Muogbo, 2013).

Motivation, a key determinant of employee performance, is instrumental in achieving organizational goals. Employees motivated from within are more likely to take action and perform well, contributing to the organization's success (Akerele, 2023). For instance, a study by Simamora et al. (2023) at Radjak Hospital Salemba in Indonesia examined the connection between discipline, motivation, and performance. After analyzing quantitative data from 221 hospital patients using the SPSS version 23 tool, the researchers discovered a substantial correlation between work discipline, employee performance, and motivation. The study exposed motivation and discipline as critical variables. Yet, it has a small scope on them, without observing other contributors like employee engagement or even non-monetary benefits such as recognition programs. It also lacks strategies for sustaining motivation and adapting these approaches to dynamic and resource-constrained environments. In contrast, this research covers a wider scope of performance drivers, both financial and non-financial incentives, while addressing sustainability and adaptability within the peculiar challenges of NGOs in Mogadishu. This, therefore, provides holistic insights into ways of improving employee performance in low-resource settings.

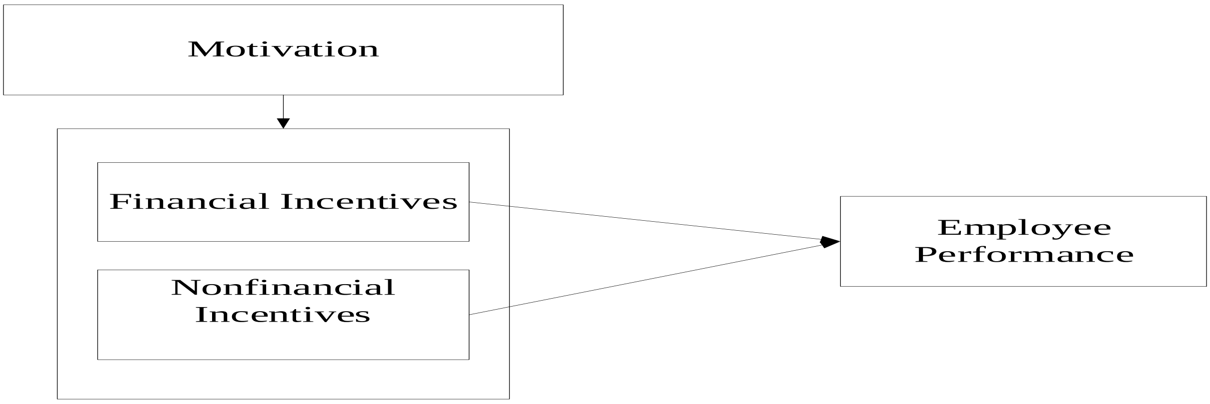
Theoretical Framework

Goal-setting, expectation, and Herzberg's two-factor theories are the foundation of this investigation. According to Ek and Mukuru (2013), the two-factor theory proposed by Herzberg addresses individual wants and aspirations, and it aims to determine the most significant incentives as it differentiates between hygiene and motivators or development forces. Conversely, the theory of Goal-Setting (Locke & Latham, 2002) asserts that the Goal-Setting hypothesis argues that an employee's goals motivate them to do better work. Furthermore, the expectancy theory, introduced by Victor Vroom in 1964, argues that individuals modify their behavior inside organizations based on their anticipated achievement of desired goals. Individuals change their behavior to increase the likelihood of attaining their objectives. According to the hypothesis, workers are more likely to feel inspired to work harder and achieve better if they feel that doing so would lead to a high-performance assessment score. This, in turn, will enable them to achieve their own goals through various incentives (Okoth, 2019).

Conceptual Framework

The research assesses how motivation affects non-governmental organizations' employees' performance. The conceptual framework describes the relationship between employee performance, the study's dependent variable, and motivation, evaluated through financial and nonfinancial incentives as the research's independent variables. Research model is presented in Figure 1.

Figure 1
Research Model



Method

Research Design

The study utilizes a correlational research design to evaluate the relationship between employee motivation and performance. According to Leedy (2015), a correlational study aims to find correlations between two or more factors in the same population or between two groups of the same variables. Correlational research design is essential as it seeks connections between respondents' traits and their stated behaviors and opinions (Asenahabi, 2019). In this regard, it is deemed helpful for this study.

Sample

According to a report published by Israel (1992), it has 87 members, 32 of which are local NGOs and 55 international NGOs operating in all regions of Somalia/Somaliland. Therefore, this study concentrated on 116 employees of selected local non-governmental organizations in Mogadishu with a sample size of 105 employees derived using Slovin's formula. The study utilized a probability sampling technique, simple random sampling, to select participants from the local non-governmental organizations.

Data Collection and Instrument

The researcher utilized a combination of secondary and primary data for the study and collected primary data from the participants through a standardized questionnaire. A questionnaire is a tool used to gather data, entailing questions and prompts created to obtain information from individuals (Karim et al., 2013) A questionnaire was deemed appropriate because it is the most prevalent technique for gathering quantitative data. It allows quantitative data to be collected and standardized, ensuring that it exhibits internal consistency and coherence and is suitable for examination (Rowley, 2014).

A five-point Likert scale was used in the questionnaire (Key 1= strongly disagree, Key 2= disagree, Key 3 = neutral, Key 4 = agree, and Key 5 = strongly agree). The questionnaire tool was divided into two sections, each designed to collect specific information. The first portion contains statements regarding background information, whereas the second section includes statements concerning the dimensions established within the research. The elements of five financial incentives were adapted from the studies conducted by Ndukw and Ofondu (2018) and Siddiqui and Rida (2019). Additionally, the items for nonfinancial incentives consisted of

5 items drawn from the research done by Ndukw and Ofondu (2018). Furthermore, the employee performance measures comprised seven items derived from research of Inuwa (2016), and Siddiqui and Rida (2019). The questionnaire instrument contained a total of 17 items.

Data Analysis

The researcher used SPSS version 26 to examine the participant's demographic data. Furthermore, Smart PLS 4 was employed to ascertain the study's measurement and structural model, analyzing the constructs' validity and reliability and the correlations between the variables.

Ethical Considerations

The researcher maintained the respondent's openness, privacy, and confidentiality throughout the research. Due to ethical concerns, the researcher understood and gave informed consent to the participants, stating that the facts supplied would only be utilized for scholarly purposes. This research was done ethically, with all copyrights respected, and permission necessary to replicate for other uses was upheld fully.

Results

Characteristics of the Respondents

In Table 1, the study revealed that most respondents were male, accounting for 74 (70.5%) of the total sample population, while females constituted 31 (29.5%). Hence, the study revealed a male-dominated workforce. Additionally, 51 (48.6%) of the respondents were aged between 20 and 30, 45 (42.9%) were between 31 and 40, and the rest 9 (8.6%) were between 41 and 50. Therefore, the age distribution shows that the most significant portion fell between 20 and 30. Furthermore, it revealed that in the sample of 105, a considerable number of 46 (43.8%) were single, almost half 51 (48.6%) were married, and a small portion of 8 (7.6%) were divorced. Hence, this concludes that married people comprised most of the participants. Finally, the distribution of experience was studied where 23 (21.9%) of the participants knew of less than a year, a significant portion of 54 (51.4%) had 1-5 years of experience, and 28 (26.7%) knew of above five years. Hence, most respondents had significant experience of between 1 and 5 years.

Table 1

Demographic Characteristics

Characteristic		Frequency	Percent
Gender	Male	74	70.5
	Female	31	29.5
Age	20-30	51	48.6
	31-40	45	42.9
	41-50	9	8.6
Marital Status	Single	46	43.8
	Married	51	48.6
	Divorced	8	7.6
Education	Secondary	6	5.7
	Diploma	15	14.3
	Degree	65	61.9
	Masters	19	18.1
Experience	Less than a year	23	21.9
	1-5 years	54	51.4
	Above five years	28	26.7
	Total	105	100.0

The Measurement Model

The measurement model assesses the quality of the constructs (latent variables) and related indicators to assess the study's validity and reliability. The research assessed factor loadings, average variance extracted, discriminant validity, and composite reliability. The findings of the assessments are given in Table 2.

The average variance extracted, composite reliability, and outer loadings for all the items assessing the study's variables are presented in Table 2. Hair and Alamer (2022) recommend that indicator loadings larger than .70 be used since this indicates that the construct explains over 50% of the variance in the indicator, suggesting a satisfactory level of indicator reliability. The analysis showed that all the factor loadings exceeded .70, meaning the items met the acceptable criteria. The study evaluated and measured the Average Variance Extracted (AVE) and the composite reliability for each construct. According to the analysis, the average variance extracted values for all the constructs were above the .50 threshold suggested by Sarstedt et al. (2022). Furthermore, the study assessed the composite reliability to measure the internal consistency, and all the values were above .70, as shown in Table 2, hence meeting the requirement recommended by Hair et al. (2012), indicating that the model is good.

Table 2

Outer Loading, Composite Reliability, AVE and VIF

Variables	Indicators	Loadings	CR	AVE	VIF
Employee Performance	EP1	.89			3.85
	EP2	.86			3.31
	EP3	.80			2.51
	EP4	.74	.93	.70	1.96
	EP5	.82			2.81
	EP6	.88			3.64
	EP7	.85			3.05
Financial Incentives	FI1	.78			2.03
	FI2	.84			2.30
	FI3	.86	.89	.69	2.42
	FI4	.82			2.14
	FI5	.86			2.51
Nonfinancial Incentives	NFI1	.90			3.42
	NFI2	.84			2.22
	NFI3	.76	.89	.69	1.74
	NFI4	.81			2.34
	NFI5	.83			2.24

Validity

The degree to which a concept varies from other constructs in the measuring model is evaluated by discriminant validity. Two methods were used to examine the study's discriminant validity: the Fornell and Larcker Criterion and the Heterotrait-Monotrait Ratio (HTMT). According to Fornell and Larcker (1981), the Fornell and Larcker Criterion is a method that compares the square root of the AVE values of each construct to the latent variable correlations. It states that the square root of AVE for each latent variable should be more significant than its correlation with any other latent variable. As illustrated in Table 3, each construct's square root of the AVE is more critical than the correlation value below, indicating that the study model's construct has well-established discriminant validity.

Table 3

Fornell-Larcker Criterion

	Employee Performance	Financial Incentives	Nonfinancial Incentives
Employee Performance	.84		
Financial Incentives	.77	.83	
Nonfinancial Incentives	.73	.70	.83

Henseler et al. (2015) established the HTMT as an improved and additional method of assessing discriminant validity. A threshold value of less than .90 was recommended. According to the test of the data in Table 4, all of the HTMT values satisfy the requirements and are below the threshold.

Table 4

Heterotrait-Monotrait Ratio (HTMT)

	Employee Performance	Financial Incentives	Nonfinancial Incentives
Employee Performance			
Financial Incentives	.84		
Nonfinancial Incentives	.81	.78	

Model Fit

When assessing the model fit, several significant factors contribute to a satisfactory match between the model and the observed data. An acceptable fit is indicated by the Standardized Root Mean Square Residual (SRMR) value of .05, less than the generally recognized criterion of .08 (Hair & Alamer, 2022), as shown in Table 5. Moreover, the result is supported by the values of the squared Euclidean distance (dULS) and the geodesic distance (dG), which are .50 and .33, respectively, and represent slight differences between the empirical and model-implied correlation matrices (Henseler et al., 2015). Lastly, the model explains a significant variation, as seen by the Normed Fit Index (NFI) of .86, which is just below the optimal cutoff of .90 but still shows an adequate fit. Therefore, this concludes that the model is fit.

Table 5

Model Fit

SRMR	d_ULS	d_G	Chi-square	NFI
0.057	.50	.33	201.69	.86

Structural Model

After the measurement model was evaluated, the structural model was used to determine the strength of the relationships for the model's constructs. According to Hair and Alamer (2022), the structural model should emphasize path coefficients' importance and relevance, collinearity, coefficient of determination (R2), F-square, and Q-square.

Collinearity

The method bias was assessed by examining the model's Variance Inflation Factor (VIF) values. Table 2 demonstrates that all VIF values were below 5, indicating acceptable collinearity levels as Vinzi et al. (2009) recommended.

The coefficient of determination (R2), The predictive relevance (Q2) and Effect size (F2)

The coefficient of determination is used to evaluate the accuracy of predictions for endogenous components. This illustrates the proportion of the fluctuation in the dependent variable that can be predicted by examining the independent variables. According to Hair and Alamer (2022), a threshold value of .75, .50, and .25 is regarded as substantial, moderate, and weak, respectively. Therefore, as the results in Table 6 indicate, $R^2 = .67$ (67.5%) is significant, indicating that the combined impact of financial and non-financial incentives can account for 67.5% of the variability in the dependent variable employee performance.

The study also assessed the Predictive Relevance (Q2) used to measure how well the model predicts the dependent variable. The outcomes in Table 6 show that the value of Q2 is greater than 0, as recommended by (Chin, 2015). Thus, the model has good predictive relevance. The F2 is usually employed to evaluate the effect of an exogenous variable on an endogenous variable's R2 value. According to the guidelines proposed by (Cohen, 2013), F2 values of .02, .15, and .35 are considered small, medium, and large effect sizes, respectively. as presented in Table 6, the analysis revealed that independent variables (financial and non-financial incentives) have large effect sizes.

Table 6

The coefficient of determination (R2), The predictive relevance (Q2) and F2

	R-square	R-square adjusted	Q2	F2
Employee Performance	.67	.66	.65	
Financial Incentives				.39
Nonfinancial Incentives				.22

The Significance and Relevance of Path Coefficients

The study's hypothesis was examined using a bootstrapping procedure. Table 7 indicates the path coefficients, t statistics, and p values, and the results revealed that financial and non-financial incentives significantly positively impact employee performance. With a highly significant T statistic of 5.29 (p-value = .000) and a β coefficient of .50, the relationship between financial incentives and employee performance is agreed. A β coefficient of .38 and a T-statistic of 3.94 ($p < .000$) show that non-financial incentives also favorably impact employee performance.

Table 7

The Significance and Relevance of Path Coefficients

	β	*t*	*p*	Conclusion
Financial Incentives -> Employee Performance	.50	5.29	.000	Accepted
Nonfinancial Incentives -> Employee Performance	.38	3.94	.000	Accepted

Discussion

The Impact of Financial Incentives on Employee Performance

The study revealed that financial incentives highly impact employee performance at NGOs in Mogadishu. The highly significant T-statistic of 5.29 ($p < .000$) and the path coefficient (β) of .50 for financial incentives indicated a robust positive link. The study underscores that financial incentives such as pay, bonuses, and salary considerably increase employee performance in non-governmental organizations in Mogadishu, Somalia. The outcomes of this study are consistent with those of prior studies. For instance, Kamau and Nyang'au (2019) study sought to ascertain the connection between the performance of employees at NGOs in Nairobi County, Kenya, and their financial assistance. 14,323 NGO workers in Nairobi County were the target group of a cross-sectional survey study design. Purposive, stratified, and simple random sampling techniques were used to choose a sample size of 391 workers, and SPSS was used for data analysis. The results showed that employee financial support and performance were positively and significantly correlated, mainly when top management commitment was considered. Therefore, this study concludes that NGOs should implement financial assistance programs to boost staff morale and productivity. While this concurs with our research, it further adds that Other non-monetary incentives that would be as crucial to maintaining dedication and participation in the severely resource-constrained environment of Somali NGOs were recognition and chances for expansion and development. This disparity in priorities indicates how effective motivational techniques will be in situations with limited resources to support employees' ongoing performance through a balanced combination of monetary and non-monetary incentives. In addition, Yulia et al. (2023) investigated the effect of incentives and compensation on employee performance in Indonesia by utilizing job motivation as a mediating factor. The analysis results, conducted using Smart PLS, indicated that both incentives and compensation substantially and positively impact employee performance. Similarly, Khan et al. (2020) researched to assess the connection between job performance and monetary incentives in Pakistan. They discovered that financial rewards have a substantial positive effect on employee performance. The study underscored the importance of providing significant financial incentives to ensure staff retention and, as a result, enhanced employee performance. Moreover, the current research's findings are substantiated by the combined results of these studies, which underscore the effectiveness of financial incentives in improving employee performance.

The Impact of Nonfinancial Incentives on Employee Performance

The research also revealed that non-financial incentives significantly improved employees' productivity in the context of non-governmental organizations in Mogadishu, Somalia. The analysis found a β coefficient of .38, a T statistic of 3.94, and a p-value of .000, indicating that non-financial incentives positively affect employee performance. The study emphasized the importance of non-monetary incentives in improving employee performance, such as recognition, working conditions, and opportunities for personal growth. Several studies agree with the findings; for example, Kerubo and Thomas (2022) looked into how employee performance was affected by non-monetary incentives. To provide non-monetary benefits to employees to boost productivity, engagement, and retention, the research focused on four motivating critical issues: recognition, professional development, work-life balance, and team building. Using a qualitative methodology, the study demonstrated how non-monetary rewards have improved employee well-being and motivation to improve work performance. These results relate to our investigation's findings, demonstrating the same importance of non-financial and financial motivators in raising performance. Though the study found particular benefits of non-monetary incentives in engagement and work-life balance, our study goes beyond these results by demonstrating how financial and non-financial incentives are used in resource-constrained contexts to increase employee engagement and productivity. Similarly, Mulyani et al. (2019) conducted a study demonstrating that non-financial compensation, training, and promotions significantly and positively influenced work satisfaction. These components enhance employee performance and job satisfaction. Equally, Deci et al. (2017) demonstrated that intrinsic rewards, which are non-monetary incentives, positively affect employee performance by satisfying psychological needs and promoting inherent drive. These studies validate the current findings by exploring the critical role that non-financial incentives play in improving performance, particularly in the environments of non-governmental organizations where funding may be limited.

Theoretical Implications

This study strengthens and broadens the comprehensive understanding of the established theories by illustrating their relevance to motivating employees in non-governmental organizations. The application of Goal-Setting Theory in NGOs operating in Mogadishu, Somalia, an area marked by political instability, resource constraints, and a minimal job opportunities environment, contributes to the general knowledge of established theories by demonstrating their applicability in motivating employees in NGOs. Traditional theories of motivation, such as Vroom's Expectancy Theory and Herzberg's Two-Factor Theory, were developed in corporate environments with unlimited resources; therefore, their applicability in volatile and resource-constrained settings like Somalia remains largely unexplored. Both monetary and non-monetary rewards have a significant role in employee motivation. Most NGOs in Somalia frequently run on strict budgets that restrict their capacity to provide financial incentives, even if the concrete monetary element compensations through salaries and bonuses, among other monetary forms, may lead to more excellent performance. Therefore, non-monetary motivators such as recognition, personal growth, and the inherent fulfillment of humanitarian work are crucial to sustaining employee engagement. The current study added to Herzberg's theory by demonstrating that a proper balance between monetary and non-monetary incentives is necessary to maintain motivation under demanding situations since the conventional monetary reward may not be sufficient.

Practical Implications

To maximize the positive effect of monetary incentives on the performance of employees, non-governmental organizations need to develop comprehensive incentive programs that include balanced salary increments, bonuses, and other cash incentives. Regular evaluation and modification of these schemes are crucial to ensure their ongoing relevance and effectiveness. Organizations might adapt to their staff's evolving demands and expectations by integrating employee feedback and performance metrics. Clear and straightforward communication about the criteria and advantages of financial rewards is also essential to improve efficiency and promote employee fairness and trust. Nonfinancial incentives are also deemed beneficial in improving employee performance. In this regard, non-governmental organizations might implement systematic non-monetary programs that emphasize the accomplishments and contributions of their staff. These incentives include recognition, better working conditions, and development opportunities.

In general, to substantially enhance the overall performance of staff among non-governmental organizations in Mogadishu, NGOs need to establish a comprehensive strategy that includes financial and non-financial incentives. This approach guarantees that employees are given the recognition and professional development opportunities essential for lengthy engagement and productivity, in addition to their economic incentives.

Conclusion

The study aimed to assess the impact of motivation on employee performance, specifically focusing on financial and non-financial incentives. The study has comprehensively understood how these factors influence staff performance in non-governmental organizations. The results indicated that staff performance is substantially enhanced by monetary incentives such as salary, bonuses, and compensation, which outlined the critical role that financial incentives play in enhancing employee productivity and retention. Additionally, the study's findings noted a prediction that non-financial incentives also increase staff performance among non-governmental organizations. The study revealed that recognition, good working conditions, and opportunities for personal growth are significant non-monetary incentives that motivate employees and are essential for enhancing employee morale and performance.

Limitations and Future Research

The study is constrained by the researcher's exclusive use of questionnaires to collect data, and the sample size is limited to a few chosen non-governmental organizations. The researcher adopted a quantitative approach rather than a qualitative one. Furthermore, this study was confined to non-governmental organization employees operating in Mogadishu; it did not include other organizations, so the findings may not be easily generalized. In another case, there was a language barrier since certain responders may need help comprehending the questionnaire's questions. Nonetheless, the researcher thoroughly explained this to them. Future researchers might investigate the limits of this study to improve the comprehension of these motivating elements in the context of non-governmental organizations. The researcher only employed the quantitative method through structured questionnaires, potentially limiting the depth of the responses. Future research may utilize a qualitative mixed method to explore the topic of motivation and employee performance more. Additionally, the study focused on several NGOs in Mogadishu, limiting the findings' generalization. Therefore, future researchers may expand the sample size and explore a broader area to provide a more comprehensive understanding. Additionally, the researchers used a cross-sectional approach to data collecting, which restricts the study because all variables were collected at the same time. Therefore, in order to properly capture the links between employee performance and motivation over time, future researchers might use a longitudinal design.

Declarations

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Ethics Approval

Not applicable.

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