
Influence of Employee Recognition on Employee Motivation and Job Satisfaction in the Nigerian Banking Industry

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Abstract

Employee productivity in the banking industry is influenced by multiple factors, with compensation and motivation being critical determinants. Ensuring that employees are rewarded and motivated is essential for organizational performance. The study employs a case study approach to examine how incentive strategies influence employee productivity in GT Bank, Access Bank, and First Bank Nigeria Plc. Using a triangulation method, it integrates qualitative interviews and observations with quantitative questionnaires and secondary data on salaries and earnings. A stratified random sample of 300 employees was selected, representing managers, senior, and junior staff. Data were analyzed using SPSS, with descriptive and correlation statistics employed to assess relationships between compensation, motivation, and productivity. Productivity results showed moderate perceptions, with only two items rated as critical, while others were fairly or weakly significant. Job satisfaction was generally high, with strong satisfaction in working conditions, effort, relationships, and communication, though retention was weaker. Regression analysis revealed a weak relationship between monetary incentives and predictors (low R^2), though ANOVA indicated statistical significance. Among variables, only employee factors significantly influenced incentives. Secondary data showed a strong positive relationship between salaries and gross earnings, with high correlation ($r = 0.863$) and substantial explanatory power ($R^2 = 74.4\%$), confirming that monetary incentives significantly relate to productivity. Findings indicate that while compensation strongly influences productivity, motivation and job satisfaction play supportive roles. Inequities in promotion and limited non-financial incentives can reduce engagement. The study concludes that integrating fair compensation with effective motivational strategies is crucial for optimizing performance in the banking sector.

Keywords: Compensation, Motivation, Productivity, Job Satisfaction, Banking Industry

Introduction

The relationship between compensation, motivation, and productivity has attracted significant scholarly attention due to its implications for organizational performance. Compensation represents the financial and non-financial rewards employees receive, motivation refers to the internal and external forces driving behavior, while productivity reflects the efficiency of

converting inputs into outputs. These three variables are strongly interconnected, forming a critical framework for understanding employee performance. Despite increasing investment in human resource practices, many organizations still face declining productivity due to ineffective compensation systems and low employee motivation. Inadequate pay structures, lack of incentives, and perceived inequity often lead to disengagement and reduced work output. Empirical studies show that when compensation systems are poorly aligned with employee expectations and performance, motivation declines, thereby negatively affecting productivity (Ampong, 2024; Zhu et al., 2022). This highlights the need to understand how compensation influences motivation and, ultimately, productivity.

Compensation plays a foundational role in shaping employee motivation. It includes direct financial rewards such as salaries and bonuses, as well as indirect rewards like benefits and recognition. Research indicates that fair and competitive compensation significantly enhances employee morale and encourages greater effort (Reddy, 2020). Similarly, a systematic review by Hameed et al., (2014) found that compensation has a direct positive relationship with employee performance, as higher rewards tend to increase employees' willingness to contribute effectively to organizational goals. Motivation serves as the mediating factor between compensation and productivity. Employees who perceive their compensation as fair are more likely to experience higher job satisfaction, which in turn boosts motivation. Twum et al. (2024) emphasize that job satisfaction significantly mediates the relationship between compensation and employee performance, suggesting that compensation alone is insufficient unless it translates into psychological satisfaction. Furthermore, both intrinsic motivation (e.g., personal growth, recognition) and extrinsic motivation (e.g., pay, bonuses) are necessary for sustained performance.

Productivity, as an outcome variable, is strongly influenced by both compensation and motivation. Empirical evidence demonstrates that well-structured compensation systems lead to improved labor productivity, particularly when linked to performance outcomes (Zhu et al., 2022). Additionally, firm-level studies reveal that employee compensation has varying but generally positive effects on productivity, depending on organizational context and industry characteristics (Zhao et al., 2025). The relationship among the three variables is therefore dynamic and interdependent. Compensation enhances motivation by fulfilling employees' economic and psychological needs, while motivation drives employees to exert effort, leading to increased productivity. However, research also shows that compensation alone cannot sustain productivity without complementary factors such as organizational culture, training, and work environment (Twum et al., 2024; Ampong, 2024). This underscores the importance of a holistic human resource strategy.

Moreover, the effectiveness of compensation in motivating employees depends largely on fairness and performance linkage. Studies on reward systems indicate that performance-based compensation significantly improves employee output and organizational efficiency (Figueiredo et al., 2025). Inequitable compensation structures can negatively affect employee motivation and job satisfaction, leading to reduced productivity within organizations. When employees perceive disparities in pay or rewards, feelings of unfairness emerge, which often translate into disengagement and lower performance. In the Nigerian banking sector, where performance targets are high and the work environment is competitive, such inequities can be particularly detrimental. Ohanyere, Eboh, and Theresa (2025a) demonstrated that motivation and job satisfaction directly influence employees' performance at the Central Bank of Nigeria, highlighting the critical role of equitable reward systems in sustaining productivity. Similarly, studies on organizational dynamics indicate that management practices, including compensation, interact with factors such as office politics and human resource policies to

shape employee outcomes (Ohanyere, Akwaeze, Odieli, & Ezeanorue, 2025c; Eboh, Ezeanolue, Ohanyere, & Anaeke, 2026).

Despite these insights, there remains a gap in sector-specific research connecting compensation, motivation, and productivity across all employee levels in Nigerian banks. Most existing studies either focus on executive performance (Ohanyere, Gloria, Okeke, & Eboh, 2025b) or examine non-financial organizational outcomes (Ohanyere, Ezeanorue, & Akwaeze, 2026), leaving limited understanding of how equitable compensation affects the broader workforce. Addressing this gap is essential for developing policies that enhance motivation, minimize dissatisfaction, and ultimately improve productivity (Anaeke, Okoye, Okoye, & Ohanyere, 2025). While compensation has been widely linked to improved employee performance, much of the evidence is derived from general organizational settings, with limited sector-specific focus on banking institutions. For example, Yakubu et al., (2023) established that compensation significantly influences employee productivity in Nigeria, yet their findings are not tailored to the operational realities of the banking sector, which is characterized by high performance targets and regulatory pressures.

Existing studies within the banking industry tend to emphasize executive compensation and financial outcomes, often neglecting how reward systems influence motivation and productivity among lower- and mid-level employees. Research by Olaniyi (2023) highlights the link between executive pay and firm performance in Nigerian banks but does not address employee motivation as a mediating factor. This creates a critical gap in understanding workforce dynamics. Furthermore, there is an overreliance on monetary compensation, with limited attention to non-financial rewards such as recognition and career development, which are essential for sustaining motivation (Zhu et al., 2022). Methodological limitations, particularly the dominance of cross-sectional designs, also restrict deeper insights into causal relationships. Addressing these gaps is essential for developing effective compensation strategies that enhance motivation and productivity in Nigerian banks.

Objectives

1. To examine the relationship between monetary incentives and employee productivity in the banking sector.
2. To determine the effect of motivation, employee factors, productivity, and job satisfaction on monetary incentives.
3. To assess the relationship between job satisfaction and employee productivity.
4. To evaluate the relationship between salaries and gross earnings (productivity) in the banking sector.
5. To investigate whether employee-related factors significantly influence monetary incentives.

Hypotheses

1. Employee-related factors do not significantly influence monetary incentives.
2. Monetary incentives have no significant relationship with employee productivity.
3. Motivation, employee factors, productivity, and job satisfaction have no significant effect on monetary incentives.
4. Job satisfaction has no significant relationship with employee productivity.
5. Salaries and wages have no significant relationship with gross earnings.

Methodologies

The study adopts a case study methodology to investigate incentive strategies as a motivating factor for employee productivity in three Nigerian banks: GT Bank, Access Bank, and First Bank Nigeria Plc. Methodology is defined as the logical application of scientific methods to research, while the research method outlines how research questions are addressed. The study employs a triangulation approach, combining qualitative and quantitative methods to ensure a comprehensive and reliable analysis. The research design integrates data collection methods, instruments, and analytical procedures to link empirical data with the study's objectives. The qualitative component is grounded in interpretivism, which emphasizes understanding human behavior through subjective experiences. This approach is suitable because motivation, job satisfaction, and productivity are complex and context dependent. Through interviews and observations, the researcher explores employees' perceptions, attitudes, and behaviors, aiming to understand their motivations and actions within the banking environment.

The quantitative aspect involves structured data collection and statistical analysis. Data were gathered using questionnaires designed on a 5-point Likert scale, allowing respondents to express varying levels of agreement. Secondary data, including salaries, wages, and gross earnings, were obtained from annual reports to measure monetary incentives and productivity. These data were analyzed using statistical techniques, ensuring objectivity and precision. The study population consists of 12,783 employees across the three banks, including managers, senior staff, and junior staff, while contract staff were excluded to avoid bias. Due to resource constraints, a sample size of 300 respondents was selected, with equal representation from each bank. Additionally, six participants (two from each bank) were chosen for in-depth interviews. A stratified random sampling technique was used to ensure representativeness, categorizing employees into managers, senior staff, and junior staff in a 10:50:40 ratio.

Data collection methods included questionnaires, interviews, observation, and document analysis. The structured questionnaire enabled efficient data collection from busy respondents, while interviews provided deeper insights into areas not captured by the questionnaire. Observation allowed the researcher to assess employee reactions, particularly during salary payments. Documentary evidence from bank reports supplemented primary data. Data analysis was conducted using the Statistical Package for Social Sciences (SPSS). Descriptive statistics, such as means and standard deviations, were used to summarize responses, while correlation analysis tested the study's hypotheses. Significance levels were used to determine whether relationships between variables were statistically meaningful. Secondary data were also analyzed to examine the relationship between wages and productivity.

Result

	N	Mean	Std. Deviation
Relatively, productivity in this bank can be compared with other sectors in the economy	240	3.53	1.360
Productivity in the banking sector does not reflect in the entire economy	240	3.30	1.447

Employee productivity is related to length of service and experience in this bank	240	2.82	1.432
My salary is not commensurate with my level of productivity	240	2.66	1.353
Promotion is not entirely attached to employee productivity in this bank	240	2.04	1.239
Valid N (listwise)	240		

From Table 1 above none of the items is very critical. However, 2 items are critical since they measure between 3.0 and 4.0. These include “Relatively, productivity in this bank can be compared with other sectors in the economy” as it measures 3.53 while the item “Productivity in the banking sector does not reflect in the entire economy” measures 3.30. Two items are fairly critical factors because they measure between 2.5 to 3.0. An item has a low critical factor since it measures 2.04 which is between 2.0 and 2.5.

Table 2: Descriptive Statistics on Job Satisfaction

	N	Mean	Std. Deviation
I am satisfied with the working conditions in this bank	240	4.18	1.036
I am ready to put in extra hours for this bank	240	3.98	1.128
My relationship with my other colleagues create satisfaction	240	3.85	1.094
The level of communication between me and my boss create job satisfaction	240	3.72	1.194
I will not leave this job to another even if high salary is offered to me	240	2.89	1.196
Valid N (listwise)	240		

From Table 2, one of the items is very critical since its mean score is 4.18. Also, 3 items are critical since they measure between 3.0 and 4.0. An item has a fairly critical factor since it measures 2.89 which is between 2.5 and 3.0.

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.218(a)	.048	.032	4.13588

a Predictors: (Constant), Job Satisfaction, Motivation, Productivity, Employee

Table 4 ANOVA(b)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	201.390	4	50.347	2.943	.021(a)
	Residual	4019.794	235	17.106		
	Total	4221.183	239			

a Predictors: (Constant), Job Satisfaction, Motivation, Productivity, Employee

b Dependent Variable: Monetary Incentive

Table 5 Coefficients(a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	29.200	3.025		9.653	.000
	Motivation	.070	.062	.073	1.133	.258
	Employee	-.223	.089	-.166	-2.498	.013
	Productivity	.170	.088	.127	1.934	.054
	Job Satisfaction	.164	.106	.105	1.553	.122

a Dependent Variable: Monetary Incentive

Table 3 – 5 present the regression analysis of the variables regression coefficient is 0.218 while the R^2 is 0.48 and adjusted R^2 is 0.32. These measurements are very low. The ANOVA table shows $p = 0.021$ and F statistics = 2.943. The regression equation as shown by Table 4.8 will be $Y = X_1 + X_2 + X_3 + X_4$ where $X_1 =$ motivation, $X_2 =$ Employee, $X_3 =$ Productivity and $X_4 =$ Job satisfaction. The constant = 29.200. Substituting the coefficient values to the regression equation, $Y = 29.200 + 0.70X_1 + -0.223X_2 + 0.170X_3 + 0.164X_4$

This section presents the correlation and regression statistics of secondary data collected through the banks' annual report and accounts. The gross earning and total salaries of the workers were analysed using correlation and regression. This was to serve as a confirmatory result and to show if monetary incentives (salaries and wages correlate with productivity (gross earnings). The regression statistics is to show the extent of relationship between gross earning and salaries and wages.

Table 6 Banks' number of employees, Salaries and Gross Earning

Banks	Year	Gross Earning	Salaries and Wages	No of Staff
		Million	Million N	
GT Bank	2010	138,347	15,120	2,589
	2009	151,698	15,220	2,566
	2008	77,464	8,026	1,894
Access Bank	2009	104,495	9,087	1,434
	2008	57,627	4,048	1,067
	2007	27,881	2,145	729
First Bank	2006	13,360	1,138	484
	2010	207,524	47,313	7,603
	2009	175,390	43,841	8,195
	2008	130,600	31,305	8,495
	2006	61,243	14,679	7,053
	2005	49,475	11,936	6,692

Table 6 shows the data for the analysis of correlation and regression statistics which are presented. Because of inavailability of data the three banks were combined.

		Gross Earning	Salaries and Wages	Number of staff
Gross Earning	Pearson Correlation	1	.863(**)	.534
	Sig. (2-tailed)		.000	.074
Salaries and Wages	Pearson Correlation	.863(**)	1	.820(**)
	Sig. (2-tailed)	.000		.001
Number of staff	Pearson Correlation	.534	.820(**)	1
	Sig. (2-tailed)	.074	.001	

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

Table 7 shows that there is relationship between gross earning and salaries with correlation coefficient of .863(**) at 1% level. This confirms the result obtained in Table 4.5 where the Pearson coefficient correlation is 0.127(*) which indicates that there is relationship between monetary incentives and productivity.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.863(a)	.744	.719	32532.141

a Predictors: (Constant), Salaries and Wages

Table 8 shows the regression summary of the secondary data. Regression coefficient shows that the relationship between salaries and gross income and the extent of relationship account for 74.4 percent

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	30825266401.445	1	30825266401.445	29.126	.000(a)
	Residual	10583402204.555	10	1058340220.455		
	Total	41408668606.000	11			

a Predictors: (Constant), Salaries and Wages
b Dependent Variable: Gross Earning

Table 9 shows the p value of the ANOVA statistics to be .000 and F statistics to be 29.126, hence the HO that there is no relationship is failed to be accepted since α of 0.05 is higher.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	41813.960	14241.162		2.936	.015
	Salaries and Wages	3.401	.630	.863	5.397	.000

a Dependent Variable: Gross Earning

Table 10 presents the regression coefficients table showing the constant for the regression equation. The linear regression equation is: $Y = 41813.96 + 3.401X$ where Y is gross earning (productivity) and X is salaries and wages.

Discussion

The descriptive statistics on productivity (Table 1) revealed that respondents agreed that productivity in this bank could be compared with other sectors in the economy (mean = 3.53) and that productivity in the banking sector does not fully reflect in the economy (mean = 3.30). This finding agreed with Ohanyere, Eboh, and Theresa (2025a), who noted that employee performance in Nigerian banks is influenced by organizational factors and often does not translate directly into broader economic indicators. In contrast, lower-rated items such as promotion being detached from productivity (mean = 2.04) highlight limited linkage between reward systems and performance, which is consistent with Anaekwe, Okoye, Okoye, and Ohanyere (2025), who reported gaps in manpower planning and its effect on employee outcomes in public institutions.

Regarding job satisfaction (Table 2), the high mean score for satisfaction with working conditions (4.18) and willingness to put in extra hours (3.98) corroborates the findings of Twum, Ahman, Santoso, and Rofaida (2025), who reported that positive working conditions and intrinsic motivation enhance employee engagement. In a related study, Ohanyere, Gloria, Okeke, and Eboh (2025b) emphasized that employee satisfaction significantly impacts productivity and firm performance, aligning with the moderate mean scores for communication and colleague relations (3.72–3.85). Conversely, the relatively low willingness to stay despite higher external salary offers (2.89) suggests potential limitations in retention, which contrasts with the stronger retention effects observed in some Ghanaian banking contexts (Ampong, 2024).

Regression and correlation analyses (Tables 3–10) revealed a significant but modest relationship between monetary incentives and productivity. The correlation between salaries and gross earnings ($r = .863$, $p < .01$) confirmed that compensation strongly predicts productivity, supporting the findings of Yakubu, Abubakar, and Ogohi (2023). In contrast, the low regression coefficients for motivation and job satisfaction ($\beta = 0.07$ and 0.164 , respectively) indicate a weaker predictive effect of these variables on monetary incentives, differing from studies in Chinese enterprises where compensation restrictions significantly reduced labor productivity (Zhu, Ma, & Qu, 2022). The combined data from three banks demonstrated that salaries and wages accounted for 74.4% of variations in gross earnings, which is consistent with Zhao et al. (2025), who highlighted the critical role of compensation

in driving firm-level labor productivity. These results indicate that while compensation is a major determinant of productivity in Nigerian banks, other factors such as promotion policies, intrinsic motivation, and organizational dynamics play secondary roles. The findings partly align with previous studies (Ohanyere et al., 2025a; Twum et al., 2025) but also reveal sector-specific nuances, highlighting the need for tailored HR policies that integrate financial and non-financial motivational strategies.

Conclusion

The study on evaluating the relationship between compensation, motivation, and productivity in the Nigerian banking industry established that compensation is a key driver of employee productivity, while motivation and job satisfaction play supportive but important roles. Monetary incentives, such as salaries and wages, were found to have a strong positive influence on productivity, demonstrating the importance of fair and adequate compensation. At the same time, inequities in promotion, limited recognition, and insufficient non-financial incentives were identified as factors that can reduce motivation and lower employee engagement. The findings indicate that for Nigerian banks to optimize performance, compensation strategies must be complemented by non-financial motivators, including career development, recognition, and effective communication. Ensuring fairness in pay and linking promotions to performance emerged as critical steps in sustaining employee commitment. The study highlights that the combined effect of equitable compensation and well-designed motivational strategies is essential for enhancing productivity. Banks that align their reward systems with employee needs and organizational goals are better positioned to achieve high performance, maintain workforce engagement, and improve overall organizational efficiency.

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