

Monetary Incentives and Employee Productivity in the Nigerian Banking Sector

Obinna Solomon Eboh

Department of Business Administration, Chukwuemeka Odumegwu Ojukwu University, Igbariam, Anambra State, Nigeria; ebohobinna1652@gmail.com


Chinelo Patience Ohanyere

Department of Business Administration, Chukwuemeka Odumegwu Ojukwu University, Igbariam, Anambra State, Nigeria; cp.ohanyere@coou.edu.ng

Ekwutosi Theresa Ezeanolue

Department of Business Administration, Chukwuemeka Odumegwu Ojukwu University, Igbariam, Anambra State, Nigeria; teezeanolue76@gmail.com

Corresponding Author: cp.ohanyere@coou.edu.ng

ARTICLE INFO	Abstract
<p>Keywords: <i>Monetary incentives, employee value, productivity, job satisfaction, banking sector.</i></p> <p>©2026 Author(s): This is an open-access article distributed under the terms of the Creative Commons Attribution 4.0 International</p> 	<p><i>Employee productivity in the Nigerian banking sector remains inconsistent despite significant investments in monetary incentives, raising concerns about the effectiveness of financial rewards alone in driving performance and sustaining employee commitment. The study uses a case study approach to examine incentive strategies and employee productivity in three Nigerian banks. A triangulation method combining qualitative and quantitative techniques was adopted. Data were collected through questionnaires, interviews, observation, and bank records. A sample of 300 employees was selected using stratified random sampling. Quantitative data were analyzed using SPSS, while qualitative insights supported interpretation. The approach ensured a comprehensive understanding of how monetary incentives, motivation, and job satisfaction influence employee productivity. Monetary incentives were generally rated critical, with strong emphasis on performance-based rewards, though non-monetary incentives were less valued. Motivation factors were mostly critical, especially recognition, job security, and management openness, while few factors were low. Employees were moderately perceived as organizational assets, with concerns about external hiring and limited training. Correlation results showed a weak but significant relationship between monetary incentives and productivity, and stronger links between employee factors, productivity, and job satisfaction. In conclusion, the study establishes that monetary incentives alone are insufficient to drive optimal employee productivity in the Nigerian banking industry. A holistic approach that integrates financial rewards with employee development, recognition, and supportive work environments is essential for improving performance and achieving sustainable organizational success.</i></p>

1. Introduction

The relationship between monetary incentives, employee value, and productivity in the banking industry remains a critical issue in human resource management, particularly in a highly competitive and performance-driven sector. The central problem addressed is whether monetary incentives alone are sufficient to drive employee productivity, or whether factors such as employee value and job satisfaction play a more significant role. Despite substantial investments in compensation systems, many banks still experience moderate productivity levels, suggesting that financial rewards alone may not fully address employee motivation and performance (Alabi et al, 2022). Monetary incentives, including salaries, bonuses, and performance-based rewards, are widely

used in the banking sector to enhance employee output and align individual goals with organizational objectives. Empirical studies show that such incentives can significantly improve productivity. For example, Sahan and Phimister (2022) found that performance-based incentives can increase employee output in financial institutions. Similarly, monetary rewards have been associated with improved morale, retention, and employee job performance (Wilson, 2020; Umeokafor, 2026a). However, their effectiveness is often limited when not supported by other motivational factors.

Employee value, which refers to how employees are recognized and treated as strategic assets, plays a crucial role in influencing productivity. Research indicates that while compensation is important, other factors such as organizational culture, leadership, and employee development are equally significant in driving performance (Ng et al., 2024). Employees who feel valued through training, fair treatment, and career growth opportunities tend to be more engaged and committed. This suggests that productivity is not solely driven by financial rewards but also by how employees perceive their importance within the organization. Job satisfaction is another key factor linking incentives and productivity. Studies have shown that job satisfaction positively influences employee performance, commitment, and efficiency. Satisfied employees are more likely to be motivated and productive in their roles (Đula-Ercegović, 2025). However, job satisfaction is influenced by both financial and non-financial factors. While monetary incentives contribute to satisfaction, aspects such as recognition, communication, and working conditions often have a more lasting impact. This explains why financial rewards alone may not guarantee sustained productivity.

Furthermore, the effectiveness of monetary incentives depends on employees' perceptions of fairness and adequacy. When employees perceive compensation as insufficient or inequitable, its motivational impact diminishes (Akuffo-Aduamah, 2025). This highlights the need for organizations to design fair and competitive compensation systems. In addition, combining financial and non-financial incentives has been found to produce better outcomes than relying solely on monetary rewards (Đula-Ercegović, 2025; Umeokafor, 2026b). The link between monetary incentives, employee value, and productivity in the banking industry is complex and multidimensional. While monetary incentives are essential for motivating employees and enhancing performance, they are not sufficient on their own. Employee value and job satisfaction act as critical mediating factors that strengthen this relationship. Employee value, reflected through proper manpower planning, recognition, and development, strengthens the impact of monetary incentives on productivity. Anaekwe et al. (2025) emphasize that effective manpower planning ensures optimal utilization of human resources, which directly improves organizational performance. Similarly, motivation and job satisfaction have been found to significantly enhance employee productivity, indicating that financial rewards alone are insufficient without supportive work conditions (Ohanyere et al., 2025a).

Furthermore, organizational dynamics such as office politics and human resource policies can moderate the relationship between incentives and productivity. Negative workplace practices may undermine employee morale and reduce the effectiveness of incentives (Ohanyere et al., 2025c; Eboh et al., 2026). Conversely, management approaches like management by objectives promote goal alignment and improve non-financial performance outcomes, thereby enhancing productivity (Ohanyere et al., 2026). Additionally, broader organizational strategies that integrate employee welfare and profitability, such as sustainable practices, reinforce long-term productivity (Ohanyere et al., 2025b). Existing literature shows that monetary incentives positively influence employee performance. For example, Sahan and Phimister (2022) found that incentive-based compensation improves productivity in banking institutions. Similarly, Akuffo-Aduamah (2025) reported that monetary benefits enhance employee motivation and performance. However, these studies also reveal a gap: financial rewards are not the only determinants of productivity. Recent research emphasizes the importance of employee value, including recognition, training, and fair treatment, in driving performance. Ng et al. (2024) argue that employee development and organizational support significantly influence productivity alongside compensation. Furthermore, Đula-Ercegović (2025)

highlights that combining financial and non-financial rewards yields better outcomes than relying solely on monetary incentives. Thus, a key gap exists in integrating monetary incentives with employee value and job satisfaction into a comprehensive framework. This study addresses that gap by examining how these variables jointly influence productivity in the Nigerian banking sector.

Objectives

1. To examine the relationship between monetary incentives and employee productivity in the banking sector.
2. To determine the relationship between motivation and monetary incentives.
3. To assess the relationship between employee value (as an asset) and job satisfaction.
4. To evaluate the relationship between productivity and job satisfaction.

Hypotheses

H₀₁: Monetary incentives have no significant relationship with employee productivity.

H₀₂: Motivation has no significant relationship with monetary incentives.

H₀₃: Employee value has no significant relationship with job satisfaction.

H₀₄: Productivity has no significant relationship with job satisfaction.

2 Methodologies

The study adopts a case study methodology to examine incentive strategies as a motivating factor for employee productivity in GT Bank, Access Bank, and First Bank Nigeria Plc. Methodology is viewed as the logical application of scientific methods to research. A triangulation approach was employed, combining qualitative and quantitative methods to ensure a comprehensive analysis. The qualitative aspect is grounded in interpretivism, focusing on understanding employees' subjective experiences regarding motivation, incentives, job satisfaction, and productivity. This involved unstructured interviews and observations to capture deeper insights into employee behavior and perceptions.

The quantitative approach involved the use of structured questionnaires designed on a 5-point Likert scale, enabling the collection of measurable data. Secondary data, including salaries, wages, and gross earnings from banks' annual reports, were also analyzed statistically to establish relationships between monetary incentives and productivity. Data were analyzed using SPSS, employing descriptive statistics, correlation, and regression techniques. The study population consisted of 12,783 employees across the three banks, excluding contract staff to avoid bias. A sample size of 300 respondents was selected due to time and resource constraints, with equal representation (100 each) from the three banks. Additionally, six participants (two from each bank) were interviewed for qualitative insights. A stratified random sampling technique was used, dividing employees into managers, senior staff, and junior staff in a 10:50:40 ratio to ensure representativeness.

Data collection involved questionnaires, interviews, observation, and document analysis. Questionnaires were self-administered, while interviews and observations provided supporting qualitative data. Monetary incentives were measured with 10 items in the research instrument. Since the items were designed using 5 point Likert Scale, the expected maximum mean score is 5 while the expected minimum mean score is 1. This section presents table showing descriptive statistics which shows the means and standard deviations of the items. The analysis of the means is based on the following standard: Below 2.0=Extremely low factor/variable; 2.1 – 2.5=Low factor/variable; 2.5 – 3.0=Fairly critical factor/variable; 3.1 – 4.0=Critical factor/variable; Above 4.0=Very critical factor/variable

3. Result

Table 1: Descriptive Statistics on Monetary Incentives

	N	Mean	Std. Deviation
I want reward system that is attached with productivity.	240	4.12	1.034
I prefer salary reduction than job loss	240	4.02	1.161
My salary is not commensurate with what others in other organizations are receiving	240	3.87	1.254
Promotion that reward system is not attached will not be appreciated	240	3.84	1.409
Monetary incentives are very important to all employees in the banking sector	240	3.78	1.080
I will move to another bank or organization that is ready to pay higher than this bank no matter the risk attached	240	3.13	1.540
My needs and that of my family cannot be met with the present salary this bank is paying	240	3.00	1.555
Salary and wage payment in the banks is one of the best in the country	240	2.93	1.361
Too much emphasis should not be placed on monetary incentives in the banking sector	240	2.78	1.124
I prefer non-monetary incentives such as promotion, children education sponsorship	240	2.48	1.360
Valid N (listwise)	240		

From Table 1 above two (2) are very critical factors because their measure is above 4.0. These include “I want reward system that is attached with productivity” as the most critical with a mean score of 4.12; and the item “I prefer salary reduction than job loss” measures 4.02. Also 4 out of the 10 items are critical since they measure between 3.0 and 4.0. The item “My salary is not commensurate with what others in other organizations are receiving” measures 3.87 while the last critical item is “I will move to another bank or organization that is ready to pay higher than this bank no matter the risk attached” with a measurement of 3.13 mean score. Other three items are fairly critical factors with a measurement of between 2.78 and 3.0. Only one item is a low critical factor with a measurement of 2.48 which is between 2.0 and 2.5.

Table 2: Descriptive Statistics on Motivation

	N	Mean	Std. Deviation
Public recognition by management of job well done may be a motivator to me	240	3.92	1.117
Clashes in my goals and that of the bank's has no consequence on my motivation to work	240	3.83	1.212
Assurance of job security will motivate me in this bank	240	3.80	1.036
Fear of losing my job will motivate me to greater productivity if assurance is given by the management	240	3.76	1.001
Openness of management of this bank tends to increase my productivity	240	3.63	1.379
Assurance of getting results for my efforts will motivate me more than financial rewards	240	3.25	1.223
Retrenchment as a result of merger and acquisition reduce my desire to perform	240	3.12	1.443

Participation in decision making in this bank will motivate me to high level of productivity	240	2.82	1.411
Management style of not taking good care of employees of this bank has no impact on my productivity.	240	2.48	1.316
Increase in my status will have no impact in motivating me in this bank	240	2.12	.830
Valid N (listwise)	240		

From Table 2 above none of the items is very critical. However, 7 items are critical since they measure between 3.0 and 4.0. These include “public recognition of job well done by management may be a motivator to me” with the highest mean score measurement of 3.92. Only one item is a fairly critical factor with measurement of between 2.50 and 3.0. Other two items have low critical factor with measurement between 2.0 and 2.5.

Table 3: Descriptive Statistics on Employee as a critical Asset

	N	Mean	Std. Deviation
This bank rather than promote from within hires from outside	240	3.54	1.356
Training and mentoring of employees is not a great priority in this bank	240	3.36	1.477
This bank easily retrench her employees	240	2.78	1.406
This bank does not recognize the importance of employees	240	2.33	1.292
Some employees do not matter when considering this bank competitiveness	240	1.69	1.013
Valid N (listwise)	240		

From Table 3 above none of the items is very critical. However, 2 items are critical since they measure between 3.0 and 4.0. These include “this bank rather than promotes from within hires from outside” as it measures of 3.54 while the item “training and mentoring of employees is not a great priority in this bank” measures 3.36. One item each is a fairly critical factor, a low critical factor and a very low critical factor.

Table 4: Correlations

		Monetary Incentive	Motivation	Employee	Productivity	Job Satisfaction
Monetary Incentive	Pearson Correlation	1	.048	-.117	.127(*)	.082
	Sig. (2-tailed)		.464	.070	.049	.207
	N	240	240	240	240	240
Motivation	Pearson Correlation	.048	1	.073	-.030	-.090
	Sig. (2-tailed)	.464		.263	.649	.163
	N	240	240	240	240	240
Employee	Pearson Correlation	-.117	.073	1	.121	.271(**)
	Sig. (2-tailed)	.070	.263		.060	.000
	N	240	240	240	240	240

Productivity	Pearson Correlation	.127(*)	-.030	.121	1	.221(**)
	Sig. (2-tailed)	.049	.649	.060		.001
	N	240	240	240	240	240
Job Satisfaction	Pearson Correlation	.082	-.090	.271(**)	.221(**)	1
	Sig. (2-tailed)	.207	.163	.000	.001	
	N	240	240	240	240	240
* Correlation is significant at the 0.05 level (2-tailed).						
** Correlation is significant at the 0.01 level (2-tailed).						

Table 4 shows the results of the Pearson Correlation statistics which was processed using SPSS. From the table correlation that is significant at 0.05 level was flagged with one star while the one that is significant at 0.01 level was flagged with two stars. Thus, the correlation between monetary incentives and productivity is .127(*). Also, correlation coefficient between employee and job satisfaction is .127(*) and correlation coefficient between productivity and job satisfaction is .221(**). Other correlation is not significant.

Relating this with the three hypotheses above, it could be stated that reward system has relationship with productivity, hence the H_0 of hypothesis one is rejected. For hypothesis two the correlation coefficient of .464 was not flagged by the computer indicating that the relationship is not significant there by accepting the H_0 . For the third hypothesis, there is significant relationship between productivity and job satisfaction, thus the H_0 is also rejected.

4. Discussion

The findings on monetary incentives (Table 1) reveal that employees strongly value reward systems tied to productivity (mean = 4.12) and job security over salary cuts (mean = 4.02). This finding agreed with Sahan and Phimister (2022), who found that performance-based incentives significantly enhance employee output in financial institutions. In contrast, the relatively low preference for non-monetary incentives (mean = 2.48) contradicts Ercegović (2024), who reported that non-financial rewards such as recognition and development opportunities can be equally influential in improving performance. Furthermore, dissatisfaction with salary competitiveness (mean = 3.87) aligns with Stanikzai (2024), who emphasized that perceived pay inequity reduces employee motivation and productivity.

Regarding motivation (Table 2), most factors were rated as critical, particularly recognition (mean = 3.92) and job security (mean = 3.80). In a related study, Nga et al. (2024) found that recognition and organizational support are key drivers of employee performance in the banking sector, supporting the present findings. However, the low influence of status (mean = 2.12) contrasts with findings by Ali et al. (2023), who reported that status and career advancement significantly motivate employees in service industries. This suggests contextual differences in motivational drivers across sectors.

For employee value (Table 3), the results indicate moderate concern about external hiring (mean = 3.54) and inadequate training (mean = 3.36). This finding agreed with Kim and Park (2022), who highlighted that lack of internal development opportunities negatively affects employee engagement. In contrast, the very low perception that some employees do not matter (mean = 1.69) suggests that employees still perceive some level of organizational value, differing from findings by Nguyen et al. (2023), where employees reported low perceived organizational support.

The correlation results (Table 4) show a weak but significant relationship between monetary incentives and productivity ($r = .127$). This finding agreed with Sahan and Phimister (2022), who also reported modest correlations between incentives and performance. However, in contrast, Stanikzai (2024) found a stronger relationship, suggesting that contextual factors may influence the strength of this link. Additionally, the significant relationship between productivity and job satisfaction ($r = .221$) supports Ercegović (2024), who established that satisfied employees tend to be more productive. The significant relationship between employee factors and job satisfaction ($r = .271$) also aligns with Nga et al. (2024), emphasizing the role of employee support systems.

5. Conclusion

This study examined the link between monetary incentives, employee value, and productivity in the Nigerian banking industry, with evidence drawn from selected banks. The findings reveal that monetary incentives remain an important factor in influencing employee behavior and performance, particularly when they are directly tied to productivity. Employees showed strong preference for reward systems linked to output and expressed concerns about salary competitiveness, indicating that financial rewards play a significant motivational role.

However, the study also established that monetary incentives alone are not sufficient to drive optimal productivity. Employee value reflected in recognition, training, fair treatment, and internal growth opportunities which emerged as a critical complementary factor. Where employees perceived inadequate development opportunities or external hiring practices, their level of engagement was affected. This highlights the importance of treating employees as strategic assets rather than mere contributors to organizational output.

Furthermore, job satisfaction was found to significantly influence productivity, suggesting that a supportive work environment, effective communication, and positive interpersonal relationships are essential for sustaining performance. The weak but significant relationships between some variables indicate that productivity is influenced by a combination of financial and non-financial factors rather than a single determinant.

References

- Akuffo-Aduamah, C. C. N. (2025). The impact of compensation on employees performance in organizations. *International Journal of Multidisciplinary Studies and Innovative Research*, 13(1), 57-69.
- Alabi, O. A., Olonade, Z. O., Omotoye, O. O., & Odebode, A. S. (2022). Non-Financial rewards and employee performance in money deposit banks in Lagos State, Nigeria. *ABUAD Journal of Social and Management Sciences*, 3(1), 58-77.
- Anaekwe, V. B., Okoye, N. S., Okoye, E., & Ohanyere, C. P. (2025). Manpower planning and organizational performance: A study of Anambra State Ministry of Environment, 2018-2022. *Humanities Horizon*, 2(3), 143-155.
- Đula-Ercegović, M. (2025). The impact of financial and non-financial rewarding system on employee motivation and productivity: Balancing incentives in modern workplaces. *Global journal of management and business research*, 24(A5), 5-11.
- Eboh, O. S., Ezeanolue, E. T., Ohanyere, C. P., & Anaekwe, V. B. (2026). Effectiveness of human resource policies and challenges in managing office politics in Nigeria. *Journal of Human, Culture, Society, and Education*, 2(2), 7-12.
- Ng, C., Wider, W., Yang, C., Jiang, L., Vasudevan, A., Bhandari, P., & Lee, H. P. T. (2024). Keys factor affecting employee performance in the banking sector: a Delphi study. *Cogent Business & Management*, 11(1), 2409942.

- Ohanyere, C. P., Akwaeze, E. A., Odieli, J. I., & Ezeanorue, E. T. (2025c). An In-Depth Study on the Prevalence and Organizational Implications of Office Politics in Selected Nigerian Companies. *International Journal of Management and Business Intelligence*, 3(6), 549-556.
- Ohanyere, C. P., Eboh, O. S., & Theresa, E. E. (2025a). Impact of motivation and job satisfaction on employees' performance at Central Bank of Nigeria, Awka Branch. *Ecobankers: Journal of Economy and Banking*, 6(2), 65-85.
- Ohanyere, C. P., Ezeanorue, E. T., & Akwaeze, E. A. (2026). Assessing the impact of management by objectives on non-financial dimensions of organizational performance. *Research Trend in Technology and Management*, 4(1), 1-10.
- Ohanyere, C. P., Gloria, N. E., Okeke, C. F., & Eboh, O. S. (2025b). Sustainable entrepreneurship and profitability of manufacturing firms in Anambra state. *INJOSEDU: International Journal of Social and Education*, 2(7), 2336-2350.
- Sahan, S., & Phimister, E. (2022). Worker incentives in the banking industry. *Journal of Financial Services Research*, 61(2), 259-284.
- Umeokafor, C. C. (2026a). Impact of Absenteeism and Organizational Conflict on Employee Performance in Enugu State Civil Service, 2010–2019. *Indonesian Development of Economics and Administration Journal*, 4(2), 182-191.
- Umeokafor, C. C. (2026b). Participation in Decision Making as a Non-Financial Incentive for Enhancing Employee Performance in the Enugu State Civil Service (2010–2019). *ROE: Research of Economics and Business*, 2(1), 63-70.
- Wilson, L. (2020). Employee-retention strategies, from boosting morale to promoting CE. *MLO: Medical Laboratory Observer*, 52(8), 22-24.