

## Reward Packages and Employee Performance of Commercial Banks in Delta State, Nigeria



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**ABSTRACT:** The study assessed reward packages and employee performance of commercial banks in Delta State, Nigeria and determined the effect of recognition on employee performance; the effects of bonuses on employee performance in commercial banks and the effects of health insurance on employee performance in commercial banks in Delta State. The cross-sectional design was used specifically for the survey method. 355 samples were collected from bank employees selected from eight (8) major commercial banks (Zenith Bank, First Bank, United Bank of Africa, United Bank of Africa, Guaranty Trust Bank, Access Bank, Unity Bank, Fidelity Bank and Ecobank) in Delta State were used for the study. The instruments for data collection were research survey method and validated by using Cronbach experimental design and experts in the Department of Business Administration. The reliability of the instrument was established using Cronbach method which yielded co-efficient index as pretest of 0.81. Data were collected by administering 355 copies of the questionnaire of which 342 were retrieved. The data obtained were analyzed using mean, standard deviation, and multiple regressions. The result of the hypotheses tested showed that recognition, bonuses, and health insurance have significant effects on employee performance in commercial banks in Delta State. The study revealed that the facets of reward packages such as recognition, bonuses, and health insurance could significantly affect employee performance in commercial banks in Delta State. It was recommended that commercial banks should consider all factors like recognition, bonuses, and health insurance which have significant effects of employee performance in commercial banks in Delta State. The study contributed to knowledge by revealing the importance of reward packages on employee performance in commercial banks in Delta State.

**KEYWORDS:** Impact, Effects, Reward, Packages, Reward Packages Employee, Performance, Bank, Recognition, Bonuses, Health Insurance.

### INTRODUCTION

Performance or achievement is as crucial as reward packages because when employees achieve a high level of fulfilment, they expect to receive an adequate reward in return. Organizations are managed to effectively use the various human and non-human resources available to achieve specific goals and objectives. One of such resource is human resource management which could generally be considered the most valuable fortune that an organization could use to gain competitiveness and aim (Wilson, 2004). The organization needs employees with high performance to meet goals, deliver products and services, and achieve a competitive advantage in the market (Ojeleye, 2016). It is in doubt whether or not reward motivates employees (Ojeleye, 2016). It has been discovered that reward is not a satisfier irrespective of how individuals have a wistful connection to it. Most employees work just to keep up a huge family responsibility or to address physiological issues not necessarily because they are satisfied with the type of job they do. As observed by Anita (2014), the neglect could be due to lack of employee satisfaction factors which tends to motivate worker's effort and helps them to increase expectations of performance which in turn leads to rewards. These factors have not been effective in many commercial industries especially in the banking sectors. It has also been discovered that reward (in form of (bonuses, recognition, and health insurance benefits), which improve employee performance is inefficient in many commercial banks in Nigeria as there are no incentives provided to encourage staff. It is against this background that this study seeks to examine the various types of reward packages that could affect employee performance in commercial banks in Delta State, Nigeria.

### HYPOTHESES

i. There is no significant effect of recognition on employee performance in commercial banks in Delta State.

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- ii. There is no significant effect of bonuses on employee performance in commercial banks in Delta State.
- iii. There is no significant effect of health insurance on employee performance in commercial banks in Delta State.

### 1.1 Conceptual Model and Literature Review

#### Conceptual Model

This study is hinged on the Need Hierarchy Model as the conceptual model employed. The hierarchy of needs is a theory developed by a famous psychologist, Abraham Maslow, and initially published in 1943. This theory is based on the belief that human behaviour is motivated by 5 groups of needs that need to be met in order—physiological needs, safety, love and belonging, self-esteem, and self-actualization. The model explains that humans have different type of needs and this model tells the needs of the human's motivation, management training, and personal development in order to the importance. Indeed, Maslow's ideas surrounding the Hierarchy of Needs concerning the responsibility of employers to provide a workplace environment that encourages and enables employees to fulfil their own unique potential (self-actualization). This model is given by Abraham Maslow's in his book Motivation and Personality (1954). Everyone has needs and we are motivated if our needs are full fill. This model tells how needs satisfies employee performance. Employers should understand that which needs are more important for employee motivation. As this model indicates that low level of need as physiological needs and safety needs must be satisfied first before high-level needs.

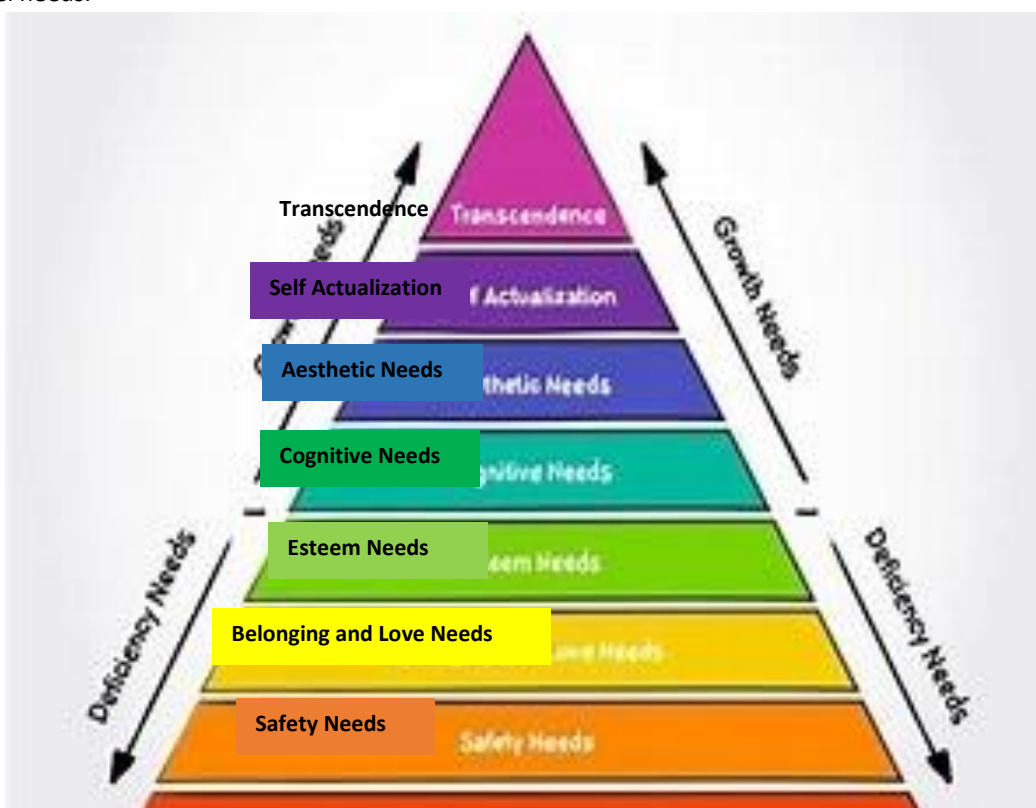


Fig 1: Abraham Maslow's Model of Hierarchy Needs

Source: Abraham Maslow's Motivation and Personality (1954)

### 2.2 LITERATURE REVIEW

The various types of reward packages And how they influence employee performance are discussed as follows;

**Recognition:** Recognition is used by employers to appreciate their employees for performing some specific actions. This kind of appreciation can either be monetary or non-monetary. There are different ways where employers can show appreciation to their employees. However, recognition is one of the most effective ways of improving employee performance. When employers provide the right recognition to their employees, it will affect positively the company's performance and it will lead to better workers performance. Recognition is a constructive and honest feedback that is based on identifying the real employees in the organization.

**Bonuses:** Bonuses are generally paid at the end of a performance period (one year) set by the organization's policy (Romanoff, 2008). He pointed out that bonuses are meant to reward employees for their special efforts during the year to motivate them and that bonuses also serve as incentives to stimulate employee performances and to make the employee do better within an

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organization. Bonuses are usually separated from pay and show appreciation when an employee reaches a performance threshold. Companies usually set compensation periods in the form of fair, clearly defined, and achievable goals.

**Health Insurance Benefit:** Health is one of the most vital assets to humans. It allows us to develop our capabilities. Quality health is essential to everyone in and out of the business environment. Even wealthy people cannot enjoy life if they have poor health. Good health is necessary for economic and social development (WHO, 2000). Improved health increases employee efficiency and improves individuals' performance by improving physical and mental skills necessary for economic growth and development (Ogunjuyigbe & Laisu, 2010). All things being equal, healthy employees earn higher wages than sick employees because they can work longer and are generally more productive than relatively healthy employees (Bakare & Olubokun, 2011). Babatunde (2012) argued that poor healthcare infrastructure; disease and disability shorten people's working lives and reduce their lifetime earnings. Deterioration of health has another important impact, which leads to poverty, where high health care costs can drive families out of business. Health standard is of great importance to every society and needs improvement. A good standard of health is the foundation of a good standard of living and standard of living, health, and productivity are different concepts but they are closely related.

### Performance and Employee Performance

It has been discovered that performance is not a satisfier irrespective of how individuals have a wistful connection to it. However, employee performance when linked to reward packages can be viewed as a reflection of accomplishment, achievement, status, renown or power. Most importantly, there are a few people who need to work so as to keep up a huge family or to address physiological issues. It is very necessary to find out from an employee about the adequacy of his or her pay, whether he is well paid or under paid and ensuring that no measure of human connection can make up for absence of money related rewards. In the event that the employee is performing well, there is need for his reward so as to motivate his or her worker effort by helping to increase expectations of performance leading to rewards. Workers' achievement is critical to the survival of any business because customer satisfaction is essential to the survival of any business and customer satisfaction is the result of the goods and services received from an organization or company's employees. Ahmad, Wasay & Malik (2012) explain that when employees are happy, performance improves, which automatically leads to customer satisfaction. Employee performance can also be measured by how committed employees are to the organizational mission and achievable goals (Ahmad & Shahzad, 2011). In the organizational context of performance, employee performance is defined as the extent to which members of an organization contribute to the achievement of organizational goals (Nurul, Sabiroh, & Eliy, 2021). The employees in the banking sector aim at providing quality service in a competitive market environment, and their efficiency is highly valued by their employers to overcome customer challenges. However, to reduce work pressure, employers must offer incentives and motivational packages to sustain their employees' services. While some employees remain with their current banks, others seek better work environments and reward packages.

### Relationship between Reward Packages and Employee Performance

The extent of the relationship between reward packages and employee performance has been evaluated in different organizational settings. Outcomes of these investigations have not tailored toward one direction. Coetzee (2013) distinguished three key perspectives concerning this relationship. Reward influences employee performance. Anyim, Ikemefuna and Mbah (2011) have conducted in excess of thirty research to find out how reward and employee performance correlate. He found out that there is significant relationship between reward packages and employee performance in most organizations in Nigeria. Fred (2023) showed that reward packages neither relates with turnover nor with production quality. Smith and Cranny (2022), also posit that reward packages positively correlate with employee performance as well as effort, commitment. Studies by Brayfield and Crockett (2020), Fournet (2021), Lee and Chan (2023), have demonstrated that there are connections between reward packages and employee performance and that the higher the level of reward, the greater the effort to increase employee performance. Carroll, Keflas and Watson (2014), found that reward and job employee performance are essential relationships in which every influence the other. They recommend that performance prompts more work effort due to high apparent anticipation of rewards or other positive outcomes. The exertion prompts powerful presentation, which again prompts fulfilment in urgent relationship. David, Joseph and William (2010) recommended that the sort of remuneration framework under which labourers perform emphatically impact the relationship between reward and employee performance. The implication of the last argument (performance lead to reward which in turn improve productivity) is that a manager/management create reward packages by first establishing conditions under which a performer can achieve high performance level and then, by offering equitable rewards for the person's performance. According to David et al. (2010), this view is important for the understanding and managing of

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organizational behaviour, not because it resolves the reward-performance paradox, but because of the proactive research and managerial implications with which it is associated.

### 3. METHODOLOGY

#### 3.1: Study Area Location and Size

This study was carried out in Delta State that is approximately 5°00' and 6°45'E and longitude 55°00' and 6°30' N of the Greenwich meridian. It is bounded by Edo State on the south, Bayelsa State west, River state on the west and Anambra and Imo States on the north. Delta state is a rapidly developing state with a lot of commercial institutions like the banks. It has a population of about 4,112,445 people, National population commission (2015).

#### 3.2 Sampling

This research adopted a cross-sectional design using a survey method. In Nigeria, there are a total of twenty-four (24) banks in operation; this study was limited to Delta State only and with a population of about 3157 staff members from eight (8) major banks in Nigeria: United Bank for Africa, Access Bank, Guaranty Trust Bank, First Bank, Fidelity Bank, Zenith Bank, Unity Bank, and Ecobank. A percentage of junior staffs and operational heads were selected as the sample size for the study. The sample size represented the whole population and was determined using Taro Yamani's statistical formula. This research employed the purposive sampling, which is a non-probability sampling technique. The data was categorized as either primary or secondary. Primary data were derived through questionnaires that were specifically designed for the study and were analyzed accordingly. Conversely, secondary data were sourced from academic sources such as textbooks, journals, online references, and other scholarly contexts. In this study, both primary and secondary sources of data collection were adopted. The simple mean and percentage was utilized to analyze the obtained data. The independent variable, reward packages in the form of recognition, bonus, and health insurance benefits was measured using the slightly modified version of a combination of the questionnaire from a review of past literature and all of these measures have been widely used in a variety of research settings due to their documented high levels of reliability and validity in these studies. For the dependent variables, "employee performance" was measured by the perception of their various banks. Descriptive tools, such as mean, standard deviation, and tables, will be used to analyze the reward packages and employee performance. The calculated mean score was used to compare the standard mean score of 2.50 ascertain whether the researcher is in agreement with the issues raised or not which acted as a guide to answer the research questions earlier designed. To test the four hypotheses (which showed the significant effects of reward packages on employee performance) and the relationship between the dependent and independent variables, the multiple regression analysis was employed. This was done with the aid of the Statistical Package for Social Sciences (SPSS Version, 21) and results obtained were presented in tables.

#### 3.3 Data Analysis

From Table 2, the average calculated mean value of 3.24 is significantly higher than the standard mean value of 2.50 indicating that the respondents agreed that recognition influence employee performance in commercial banks in Delta State with standard deviation value of 1.70. It could be deduced that recognition has significance influence on employee performance in commercial banks in Delta State.

**Table 2: Descriptive Statistics showing the influence of recognition on employee performance in commercial banks in Delta State**

S/N	ITEMS	SA	A	D	SD	Mean	S.D	Remark
1	Staffs are recognized when going above and beyond	301 (88%)	21 (6%)	14 (4%)	7 (2%)	3.80	1.95	Agree
2	Employees feel valued and appreciated by their bank	113 (33%)	154 (45%)	41 (12%)	34 (10%)	3.01	1.73	Agree
3	Employees value the different type of recognition offered by their bank	65 (19%)	99 (29%)	92 (27%)	86 (25%)	2.42	1.15	Disagree
4	Recognition affects employee engagement level	198 (58%)	106 (31%)	21 (6%)	17 (5%)	3.43	1.84	Agree
5	Banks improve on recognition	263 (77%)	21 (6%)	44 (13%)	14 (4%)	3.56	1.85	Agree
	<b>Average</b>					<b>3.24</b>	<b>1.70</b>	<b>Agree</b>

Source: Fieldwork, 2023 Mean >2.50 Agree

<2.50 Disagree

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From Table 3, the average calculated mean value of 2.52 is significantly higher than the standard mean value of 2.50 indicating that bonuses influence employee performance in commercial banks in Delta State with standard deviation value of 1.22. It could be deduced that bonuses have significance influence on employee performance in commercial banks in Delta State.

**Table 3: Descriptive Statistics showing the influence of bonuses on employee performance in commercial banks in Delta State**

S/N	ITEMS	SA	A	D	SD	Mean	S.D	Remark
6	Bonuses should be offer regularly in employee's bank	113 (33%)	96 (28%)	58 (17%)	75 (22%)	2.94	1.71	Agree
7	Offering bonuses can motivate and improve employees performance	92 (27%)	157 (46%)	82 (24%)	10 (3%)	2.45	1.02	Disagree
8	Every employee should be offered bonuses in their workplace	140 (41%)	51 (15%)	127 (37%)	24 (7%)	2.52	1.18	Agree
9	Employee's present workplace operate any bonus-based system of motivation	96 (28%)	79 (23%)	82 (24%)	86 (25%)	2.15	1.04	Disagree
10	Employee's will like their bank to improve on their bonus scheme	65 (19%)	116 (34%)	99 (29%)	62 (18%)	2.55	1.19	Agree
	<b>Average</b>					<b>2.52</b>	<b>1.22</b>	<b>Agree</b>

Source: Fieldwork, 2023      Mean >2.50 Agree      <2.50 Disagree

From Table 4, the average calculated mean value of 2.61 is significantly higher than the standard mean value of 2.50 with standard deviation value of 1.29 indicating that the respondents agreed that health insurance have influence on employee performance in commercial banks in Delta State.

**Table 4: Descriptive Statistics showing the influence of health insurance on employee performance in commercial banks in Delta State**

S/N	ITEMS	SA	A	D	SD	Mean	S.D	Remark
11	Employees rate themselves healthy	157 (46%)	62 (18%)	68 (20%)	55 (16%)	2.72	1.46	Agree
12	During the last 12 months employees enjoyed health insurance benefit all the time	27 (8%)	21 (6%)	34 (10%)	256 (76%)	2.47	1.17	Disagree
13	Health insurance benefit improved employee performance	62 (18%)	130 (38%)	72 (21%)	79 (23%)	2.90	1.53	Agree
14	Anyone (else) in employee household enjoy the health insurance benefit offered by their organization	27 (8%)	103 (30%)	106 (31%)	106 (31%)	2.44	1.15	Disagree
15	Employees rate the health insurance benefit offered by their organization effective	92 (27%)	103 (30%)	48 (14%)	99 (29%)	2.54	1.15	Agree
	<b>Average</b>					<b>2.61</b>	<b>1.29</b>	<b>Agree</b>

Source: Fieldwork, 2023 Mean >2.50 Agree      <2.50 Disagree

### Hypothesis One

There is no significant effect of recognition on employee performance in commercial banks in Delta State.

**Table 5: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.790 <sup>a</sup>	.624	.935	3.0320

Significant at p>0.05

From the table 5, the result showed that there is significant effect of recognition on employee performance in commercial banks in Delta State as shown by the r value of 0.790 which is greater than the significant value of 0.05.

### Hypothesis Two

There is no significant effect of bonuses on employee performance in commercial banks in Delta State.

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Table 6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.606 <sup>a</sup>	.367	.840	.084

Significant at  $p > 0.05$

From the table 6, the result showed that there is significant effect of bonuses on employee performance in commercial banks in Delta State as shown by the r value of 0.606 which is greater than the significant value of 0.05.

### Hypothesis Three

There is no significant effect of health insurance on employee performance in commercial banks in Delta State.

Table 7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.999 <sup>a</sup>	.998	.769	3.48328

Significant at  $p > 0.05$

From the table 7, the result showed that there is significant effect of health insurance on employee performance in commercial banks in Delta State by the r value of 0.999 which is greater than the significant value of 0.05.

## 4. DISCUSSION OF RESULTS

Findings obtained from both the research question one and hypothesis one; there is significant effect of recognition on employee performance in commercial banks in Delta State. The average calculated mean value of 3.24 is significantly higher than the standard mean value of 2.50 indicating that the respondents agreed that recognition have significant influence on employee performance in commercial banks in Delta State since the result obtained from hypothesis one showed that the r value of 0.790 which is greater than the significant value of 0.05. This corroborates with the findings of indeed Harris (1999) who found that recognition is one of the most effective ways of improving employee performance. From the result of the analysis obtained in research questions two and hypothesis two, the average calculated mean value of 2.52 is significantly higher than the standard mean value of 2.50 indicates that there is significant effect of bonuses on employee performance in commercial banks in Delta State. Also, the result obtained from hypothesis two shows that the r value of 0.606 which is greater than the significant value of 0.05 indicates that bonuses have significant influence on employee performance in commercial banks in Delta State as observed by Heathfield, (2016) who found that Bonus plans play an important role in any reward package system. This is also in line with the findings of Bardot, (2014) who found that bonuses are payments that employees cannot expect because they are usually discretionary or retroactive. Nurul, Sabiroh, & Eliy (2021) concluded that bonuses given to employees are based on their current performance in the organization. However, Romanoff (2008) disagreed when he argued that bonuses are not the major factors for rewarding employees rather it is the special efforts of employees that motivates employers to provide incentives in an organization. From the result of the analysis obtained in research questions three and hypothesis three, the average calculated mean value of 2.61 is significantly higher than the standard mean value of 2.50 reveals that, there is significant effect of health insurance on employee performance in commercial banks in Delta State. Also, the result obtained from hypothesis three shows that the r value of 0.999 which is greater than the significant value of 0.05 indicating that health insurance have significant influence on employee performance in commercial banks in Delta State as shown by Ogunjuyigbe & Laisu (2010) who found that improved health increases employee efficiency and improves individuals' performance by improving physical and mental skills necessary for economic growth and development. Babatunde (2012) disagreed when he argued that poor healthcare infrastructure; disease and disability shorten people's working lives and reduce employee lifetime earnings.

## 5. CONCLUSION

The study was conducted to find out the effects of reward packages (recognition, bonuses, and health insurance) on employee performance in commercial banks in Delta State. It was concluded from the study that facets of reward packages such as recognition, bonuses, and health insurance significantly affect employee performance in commercial banks in Delta State. Commercial banks should consider all factors like recognition, bonuses, and health insurance alongside with other package that have significant effects on employee performance in commercial banks in Delta State as proved in this study.

## 6. RECOMMENDATIONS

1. The study recommended that employees should be properly recognized in organizations especially in the banking sectors so as to improve productivity.

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2. The study also recommended that bonuses should be provided among the various banking industries in Nigeria so as to enhance productivity.
3. The study also recommended that health insurance programmes should be organized to enlighten employees so as to enhance quality service delivery and customer satisfaction in the banking industries.

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All authors have read the manuscript and approved the submission.

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