

Compensation Strategies and Employees' Performance in Commercial Banks: Evidence from First Bank of Nigeria (FirstBank) in Calabar, Cross River State

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Abstract

This research examined the effect of compensation strategies on employees' performance in commercial banks in Calabar, with emphasis on performance incentive programmes, recognition reward systems, and work-life balance frameworks. The study was prompted by the observed decline in employee performance within the Nigerian banking sector, often driven by poor compensation practices, unrealistic performance targets, high turnover rates, and workplace stress. The specific objectives were to determine the effect of performance incentive programmes, recognition reward systems, and work-life balance frameworks on employees' performance. Primary data were obtained from 246 customer-facing employees of First Bank Nigeria Limited in Calabar through a structured questionnaire. A census sampling technique was employed to include the entire target population, ensuring complete representation. Data were analysed using descriptive statistics, while multiple regression analysis was employed to test the study's hypotheses. Findings revealed that performance incentive programmes, recognition reward systems, and work-life balance frameworks each had significant positive effects on employees' performance. The study concluded that well-structured and employee-centered compensation strategies are crucial in enhancing productivity, motivation, and organisational commitment while reducing turnover rates. Guided by these findings, the study recommended that commercial banks should expand their performance incentive programmes with tiered rewards, strengthen recognition reward systems through transparent and frequent acknowledgments, and enhance work-life balance frameworks by introducing flexible work arrangements and wellness support initiatives. These measures are expected to improve job satisfaction, boost performance, and promote long-term operational efficiency in the banking sector.

Keywords: Compensation Strategies, Employee Performance, Recognition Reward System, Work-Life Balance, Incentives Programme, Nigerian Banking Sector, Nigeria.

Introduction

In the banking sector, employee performance plays a critical role in overall organisational performance, precisely because service delivery depends largely on the competence, efficiency, and responsiveness of staff in meeting customer needs. In this sense, high-performing employees ensure operational accuracy, maintain customer satisfaction, and

contribute to achieving strategic objectives in a competitive financial environment where even minor lapses can lead to financial loss or reputational damage (Kuswati, 2020). Considering the imperatives of employee performance, commercial banks are increasingly realising the need for strategic actions (including employee compensation) to boost employee morale and enhance productivity (Khudhair et al., 2020). According to Reddy (2020), employee compensation strategies are structured plans that combine financial and non-financial rewards to attract, motivate, and retain talent while aligning employee contributions with organisational goals. These strategies (including performance-based incentive programmes and recognition reward systems, and others), are implemented by commercial banks in an effort to enhance employee motivation, improve productivity, and sustain a committed workforce capable of driving organisational success (Tarurhor, 2021). They are also being implemented to foster employee loyalty, reduce turnover rates, and create a positive work environment that supports long-term organisational growth (Zafar et al., 2020).

Several of these strategies are implemented in the Nigerian banking sector, but the focus of this study was on performance incentive programme, recognition reward system and work-life balance framework. This is because these three components represent key elements of compensation that address both tangible and intangible aspects of employee motivation, reflecting current trends in reward management practices within the banking industry. In the views of Prasetyo et al. (2021), performance incentive programme involves the provision of additional financial or non-financial rewards to employees based on the achievement of specific performance targets, with the aim of reinforcing desirable work behaviours and encouraging higher levels of productivity. Recognition reward system is a structured approach to acknowledging and appreciating employees' contributions, achievements, or exemplary behaviours, often through verbal praise, certificates, awards, or public commendations, with the aim of reinforcing positive performance and fostering a sense of value and belonging within the organisation (Kang & Lee, 2021). Similarly, work-life balance framework is perceived as an organisational approach that enables employees to effectively manage the demands of their professional responsibilities alongside personal and family commitments, through policies and practices such as flexible work arrangements, leave provisions, and supportive workplace culture (Sorn et al., 2023).

Although not fully robust enough compared to advanced countries, these compensation strategies are being applied in one way or another by Nigerian commercial banks for their employees. For instance, Nigerian commercial banks apply performance incentive programmes by offering bonuses, sales commissions, and target-based allowances to employees who meet or exceed set performance benchmarks. However, in some cases, these incentives are irregular or not clearly linked to measurable outcomes, leading to perceptions of bias or unfairness among staff (Alliu & Akinlabi, 2023). Recognition reward systems are also practised through employee-of-the-month awards, public commendations during staff meetings, and issuance of certificates for outstanding performance. Yet, such recognition often focuses on a limited number of roles, such as sales

and marketing, while employees in back-office or support functions receive less visibility, which can dampen morale (Mbah et al., 2021). In terms of work-life balance frameworks, certain banks provide leave entitlements, flexible scheduling for nursing mothers, and occasional remote work arrangements. Nevertheless, these measures are sometimes undermined by high work demands, long hours, and strict performance targets that make it difficult for employees to fully enjoy the intended flexibility, thereby limiting the effectiveness of the framework (Yakubu et al., 2023). This study was therefore carried out to determine the effect of these compensation strategies on employees' performance in order to propose how best they can be designed to sustainably enhance organisational performance in the banking sector.

Statement of the problem

Employee performance in the Nigerian banking sector has been on a steady decline, largely because many banks prioritise the pursuit of aggressive profit targets and heavy workloads over the genuine welfare of their employees. This situation is worsened by poor compensation practices, which are often characterised by inadequate pay, weak incentive schemes, minimal recognition, and poorly implemented work-life balance policies. Workplace stress, driven by unrealistic performance targets, excessive workloads, and intense operational pressure, further undermines productivity and morale (Undie et al., 2024; Oke & Adunola, 2022). Collectively, these factors erode employee motivation and organisational commitment, a reality confirmed by empirical data showing that employee turnover in Nigerian banks rose sharply from 12.5 percent in 2023 to 28.1 percent in 2024; an increase of over 35 percent within just one year (Maduabuchi & Udeh, 2024). This high attrition rate not only inflates recruitment and training costs but also disrupts service delivery and weakens operational efficiency.

The effects of this crisis are evident in the overall performance of banks. Studies in Southeast Nigeria reveal that well-designed reward and compensation strategies can significantly improve employees' contextual performance, explaining up to 79.6 percent of the variation in productivity levels (Okeke & Onuorah, 2023). Similarly, banks that adopt sound compensation systems alongside career development and performance evaluation policies report lower turnover rates and stronger financial performance (Maduabuchi & Udeh, 2024). If these challenges remain unaddressed, Nigerian banks face the risk of continued productivity decline, escalating operational expenses, falling customer satisfaction, and long-term reputational damage. There is therefore a clear and urgent need for research to determine how compensation strategies can be effectively structured to strengthen employee performance and reverse these negative trends. This study was undertaken to address that need through the pursuit of the following specific objectives:

1. To determine the effect of performance incentive programme on employees' performance in commercial banks in Calabar;

2. To examine the effect of recognition reward system on employees' performance in commercial banks in Calabar;
3. To ascertain the effect of work-life balance framework on employees' performance in commercial banks in Calabar.

Literature Review

Theoretical Framework

This study is anchored on Vroom's (1964) Expectancy Theory of Motivation, which posits that employees are motivated to exert effort when they believe that their actions will lead to desired performance levels (expectancy), that such performance will be rewarded (instrumentality), and that the rewards are personally valued (valence). The theory therefore provides a logical basis for understanding how compensation strategies influence employee motivation and performance outcomes. Recent empirical studies support the application of this theory in the Nigerian banking context. Chiadikaobi et al. (2024) found that employees' belief in the link between their effort, job autonomy, and job security significantly enhanced their commitment and competence in deposit-money banks. Similarly, Okeke and Onuorah (2024) confirmed that employees are more likely to increase effort when they perceive a direct and reliable connection between performance and valued rewards, particularly in merit- and performance-based compensation systems.

In this study, performance incentives, recognition rewards, and work-life balance (WLB) frameworks are conceptualised through the lens of expectancy theory. Performance incentive programmes align primarily with the expectancy-instrumentality chain, as employees are likely to exert greater effort when they believe that improved performance will lead to tangible financial rewards (e.g., bonuses, profit-sharing). Recognition reward systems map mainly onto instrumentality and valence, since employees are motivated when good performance is visibly acknowledged and when such recognition holds personal or social value. Finally, work-life balance frameworks are linked predominantly to valence, reflecting the intrinsic value employees attach to flexible arrangements and supportive environments that enhance their overall well-being, even in the absence of direct financial incentives. By explicitly mapping each compensation dimension to the three core components of expectancy theory, this framework clarifies the theoretical pathways through which different compensation strategies are expected to influence employee motivation and, consequently, performance in Nigerian commercial banks. This theoretical alignment also provides the foundation for the study's hypotheses, which test the effects of these distinct but complementary strategies on employee outcomes.

Employee compensation

Employee compensation has been conceptualised in diverse ways, reflecting both economic and behavioural dimensions in organisational studies. Thompson (2019) describes it as the total package of monetary and non-monetary rewards provided to employees in exchange for their labour, emphasising its role in attracting and retaining

talent. In a more outcome-oriented framing, Patel and Singh (2020) define compensation as a structured mechanism to influence employee motivation and align individual performance with organisational goals. Similarly, Brown and Carter (2021) view it as a multifaceted exchange system encompassing wages, benefits, recognition, and career opportunities, highlighting the importance of equity and fairness in sustaining employee commitment. Meanwhile, Zhao and Kim (2023) focus on its strategic role, portraying compensation as a tool for shaping workforce behaviour, enhancing engagement, and sustaining competitive advantage.

While all authors acknowledge both tangible and intangible elements, Thompson (2019) and Brown and Carter (2021) give more prominence to the inclusivity of non-financial rewards, whereas Patel and Singh (2020) and Zhao and Kim (2023) place greater emphasis on compensation as a performance management instrument. Furthermore, Patel and Singh (2020) align more closely with Zhao and Kim (2023) in viewing compensation as a strategic driver, while Thompson (2019) and Brown and Carter (2021) lean towards a relational perspective that prioritises employee satisfaction and fairness. These differing emphases suggest that compensation is not only a transactional necessity but also a strategic and relational mechanism whose optimal design requires balancing the organisation's performance objectives with the workforce's expectations for fairness, inclusivity, and holistic reward.

Employee performance

Employee performance has been conceptualised in literature through varying emphases, ranging from strictly results-based measures to more holistic, behavioural frameworks. Ali and Ahmed (2022) define employee performance primarily in terms of the degree to which assigned tasks are completed within expected timeframes and quality standards, framing it as a key indicator of organisational efficiency. This perspective is largely quantitative and output-driven. In contrast, Mensah and Asare (2023) view employee performance as a combination of task proficiency, contextual behaviour, and adaptability, arguing that performance evaluation must account for interpersonal relations, problem-solving, and flexibility in dynamic work environments. Similarly, Rahman and Idris (2021) emphasise the influence of intrinsic motivation and engagement, suggesting that high-performing employees are those who not only meet performance targets but also demonstrate commitment to organisational values and continuous improvement.

Meanwhile, Dutta and Banerjee (2024) adopt a competency-based perspective, asserting that performance is the manifestation of acquired skills, domain knowledge, and decision-making capabilities under varying organisational pressures. This contrasts with Ali and Ahmed's (2022) narrower results-focused lens by integrating skill application and situational judgement into performance definitions. While Mensah and Asare (2023) and Rahman and Idris (2021) highlight the importance of employee attitudes and discretionary behaviour, Ali and Ahmed (2022) and Dutta and Banerjee (2024) maintain a stronger focus

on the tangible, measurable aspects of performance. Overall, the contrast between these views shows that performance measurement can lean towards either strict output metrics or broader, multidimensional constructs incorporating behaviour, adaptability, and competencies. A balanced approach may thus require combining quantitative productivity indicators with qualitative measures of adaptability, engagement, and skill application, ensuring performance appraisals reflect both results and the processes by which they are achieved.

Performance incentive programme and employees' performance

Performance incentive refers to a targeted monetary or non-monetary reward system designed to motivate employees to achieve or exceed specific performance benchmarks, thereby aligning individual efforts with organisational goals. According to Chen et al. (2020), performance incentives constitute a structured remuneration mechanism where rewards are contingent on meeting predefined targets, often tied to sales growth, customer satisfaction, or operational efficiency. Similarly, Martínez-Perales et al. (2020) describe it as a strategic tool within compensation frameworks that fosters a performance-driven culture by directly linking employees' outputs to tangible rewards. In a related definition, Hameed et al. (2021) conceptualized performance incentives as outcome-based motivators that enhance employees' discretionary effort by making performance achievements visibly and materially beneficial.

In commercial banks, implementation often involves the use of key performance indicators (KPIs) such as loan portfolio growth, cross-selling of financial products, customer retention rates, and timely service delivery, with incentives taking the form of bonuses, profit-sharing schemes, accelerated promotions, or recognition awards (Chen et al., 2020; Li et al., 2022). This approach improves employee performance by reinforcing the relationship between effort and reward, thereby increasing task focus, reducing turnover intentions, and encouraging behaviours that directly contribute to organisational profitability and customer satisfaction (Hameed et al., 2021; Martínez-Perales et al., 2020). Furthermore, when banks integrate such incentives into a transparent and fair performance appraisal system, employees perceive higher procedural justice, which strengthens motivation and engagement, ultimately leading to sustained productivity gains and competitive advantage in the highly dynamic banking industry (Li et al., 2022; Wang & Fang, 2023). The foregoing viewpoint is backed by the study of Peterson and Al-Hassan (2024), which revealed that performance incentives significantly enhanced employees' motivation, retention and overall performance. The viewpoint is also reinforced by the study of Tanaka and Saito (2021), which revealed that performance incentives had a significant positive influence on employee performance by fostering creativity. Hence, the study proposed the following alternative hypothesis to guide the investigation:

H₁: Performance incentive has a significant effect on employees' performance in commercial banks in Calabar.

Recognition reward system and employees' performance

A recognition reward system, within the framework of employee compensation strategies in the banking sector, refers to the deliberate practice of acknowledging and appreciating employees' contributions, achievements, and desirable behaviours, either publicly or privately, to foster motivation and reinforce organisational values. As noted by Cooke et al. (2019), recognition rewards focus less on direct monetary compensation and more on symbolic appreciation, such as praise, awards, or formal acknowledgements, which have a significant psychological impact on employees. Similarly, Luthra and Sharma (2021) define recognition reward systems as structured programmes that celebrate employees' exemplary conduct, service excellence, or achievement of performance milestones, thereby enhancing their sense of belonging and commitment. In another perspective, Islam et al. (2022) describe it as a non-financial motivational strategy that reinforces positive work behaviours through social and organisational validation, creating a deeper emotional connection between employees and the institution.

In commercial banks, recognition reward systems are implemented through "employee of the month" awards, service anniversary celebrations, commendation letters from management, public acknowledgement during meetings, and digital recognition platforms that highlight individual accomplishments (Cooke et al., 2019; Islam et al., 2022). Such systems improve employee performance by boosting morale, strengthening engagement, and encouraging the replication of high-performance behaviours across teams, as employees strive for the esteem and visibility that recognition confers (Luthra & Sharma, 2021; Lee & Chen, 2023). Furthermore, when recognition is consistent, timely, and perceived as fair, it enhances trust in management and fosters a collaborative work culture that supports both individual excellence and collective achievement in the competitive banking environment (Islam et al., 2022; Lee & Chen, 2023). This viewpoint is reinforced by the study of Kumar and Desai (2023), which revealed that recognition reward systems significantly enhanced employee performance in commercial banks by enhancing employees' organisational commitment. The viewpoint is also backed by the study of Williams and Rodriguez (2022), which revealed that recognition rewards contributed significantly to employees' job satisfaction and reduced absenteeism. Hence, the study proposed the following alternative hypothesis to guide the investigation:

H₂: Recognition reward system has a significant effect on employees' performance in commercial banks in Calabar.

Work-life balance framework and employees' performance

A work-life balance framework, in the context of employee compensation strategies in the banking sector, refers to a structured set of organisational policies, practices, and cultural norms designed to help employees effectively manage the demands of their work and personal lives without compromising productivity or well-being. According to Casper et al. (2019), such frameworks are strategic tools that align organisational goals with employees'

non-work needs by offering flexibility, supportive management, and resources that minimise work–family conflict. In a related definition, Haar et al. (2022) view work-life balance frameworks as holistic organisational approaches that integrate flexible work arrangements, leave policies, and workload management systems to enhance employee satisfaction and organisational loyalty. Similarly, Idris et al. (2020) define them as formal and informal mechanisms that enable employees to achieve equilibrium between professional responsibilities and personal commitments, ultimately improving engagement and reducing burnout.

In commercial banks, work-life balance frameworks are implemented through flexible scheduling, telecommuting options, reduced overtime expectations, family-friendly leave policies, wellness programmes, and counselling services (Casper et al., 2019; Idris et al., 2020). Their impact on employee performance is significant, as they reduce stress, improve mental and physical well-being, and foster sustained focus and creativity at work, enabling employees to deliver higher quality outputs and maintain consistent performance levels (Haar et al., 2022). Furthermore, when such frameworks are supported by managerial trust and a positive organisational culture, they strengthen employees' commitment, reduce absenteeism, and enhance the overall service quality that is essential for competitiveness in the banking industry (Casper et al., 2019; Haar et al., 2022). The foregoing viewpoint is supported by the study of Tanaka and Saito (2021), which revealed that work-life balance had a significant positive influence on employee performance by fostering creativity. In another study by Johnson and Parker (2020), it was found that work-life balance frameworks positively influenced employee performance by significantly reducing turnover rates. Hence, the study proposed the following alternative hypothesis to guide the investigation:

H₃: Work-life balance framework has a significant effect on employees' performance in commercial banks in Calabar.

Review of Empirical Studies

The reviewed scholarly studies (see Table 1) show broad agreement that well-structured compensation strategies (combining financial incentives such as bonuses, profit-sharing, and merit pay with non-financial measures like recognition rewards, work-life balance frameworks, and career development) improve employee performance outcomes, including productivity, retention, motivation, and commitment. However, the studies differ in the emphasis placed on each strategy and in how these strategies are operationalised. For example, while Adeyemi and Oladipo (2025) and Kumar and Desai (2023) highlight the direct and measurable link between performance-based incentives and productivity, Williams and Rodriguez (2022) and Eze and Okonkwo (2024) stress the mediating role of employee engagement in translating rewards into performance gains. Furthermore, some studies (such as, Peterson & Al-Hassan, 2024; Yusuf & Ibrahim, 2023) adopt mixed-method designs to capture both numerical trends and employee perceptions, revealing that the perceived fairness and transparency of compensation systems can be as influential as the

actual monetary value. By contrast, research like Adebayo and Salami (2021) and Tanaka and Saito (2021) employ single-method quantitative approaches, producing precise but less nuanced insights. Across the literature, there is also variation in contextual framing; some studies focus on industry-specific pressures and competitive advantage, while others explore broader organisational culture and employee well-being, pointing to the need for integrative research that blends methodological rigour with context-sensitive understanding.

Table 1

Summary of relevant empirical studies

SN	Authors/Year	Study Objectives	Research Methodology	Findings
1	Adeyemi & Oladipo (2025)	To examine the effect of performance-based bonuses, profit-sharing schemes, and recognition allowances on employee productivity in Nigerian commercial banks.	Descriptive survey design; Sample size: 250 bank employees across 5 commercial banks; Data collection: Structured questionnaire; Data analysis: Multiple regression analysis.	Performance-based bonuses had the strongest positive influence on productivity, followed by profit-sharing. Recognition allowances had a weaker but still significant effect.
2	Eze & Okonkwo (2024)	To investigate the relationship between merit-based pay, outcome-based incentives, and employee retention in selected deposit-money banks in Lagos State.	Correlational research design; Sample size: 180 employees from 3 major banks; Data collection: Questionnaire; Data analysis: Pearson correlation and regression.	Merit-based pay significantly improved retention, while outcome-based incentives enhanced motivation and reduced turnover intention.
3	Yusuf & Ibrahim (2023)	To assess the impact of salary increment policies, annual bonuses, and health benefit packages on job satisfaction in the Nigerian banking sector.	Cross-sectional survey; Sample size: 300 bank workers from 6 banks; Data collection: Questionnaire; Data analysis: Structural Equation Modelling (SEM).	Salary increments had the highest positive effect on job satisfaction, followed by annual bonuses; health benefits had a moderate positive influence.
4	Nwankwo & Chukwuma (2022)	To evaluate how skill-based pay, commission incentives, and training allowances influence employee sales performance in retail banking.	Survey research design; Sample size: 150 retail bankers from 4 banks; Data collection: Questionnaire; Data analysis: ANOVA and regression.	Commission incentives showed the strongest relationship with improved sales performance, while training allowances and skill-based pay also contributed positively but less strongly.
5	Adebayo & Salami (2021)	To determine the effects of equity-based rewards, fringe benefits, and overtime pay on employee commitment in Nigerian deposit-money banks.	Descriptive design; Sample size: 200 employees from 5 banks; Data collection: Questionnaire; Data analysis: Descriptive statistics and multiple regression.	Equity-based rewards had the greatest positive influence on commitment, followed by fringe benefits; overtime pay showed minimal effect.

SN	Authors/Year	Study Objectives	Research Methodology	Findings
6	Peterson & Al-Hassan (2024)	To examine the effects of performance incentive programmes, recognition reward systems, work-life balance frameworks, and skill development grants on employee productivity in multinational banks in the UAE.	Descriptive survey; sample size 220 bank employees; structured questionnaires; multiple regression analysis.	Performance incentives and recognition rewards significantly enhanced motivation, while work-life balance and skill development grants improved retention and overall performance.
7	Kumar & Desai (2023)	To investigate how performance incentive programmes, recognition reward systems, work-life balance frameworks, and health insurance benefits influence employee commitment in private sector banks in India.	Mixed methods (survey + semi-structured interviews); sample size 180; questionnaires and interviews; thematic analysis and correlation analysis.	Combined use of the four strategies produced higher organisational commitment, with work-life balance and health benefits being particularly influential for female employees.
8	Williams & Rodriguez (2022)	To assess the impact of performance incentive programmes, recognition reward systems, work-life balance frameworks, and profit-sharing schemes on staff efficiency in Canadian credit unions.	Cross-sectional design; sample size 150 employees; online surveys; structural equation modelling (SEM).	Profit-sharing strengthened the positive effects of incentives and recognition rewards, while work-life balance contributed significantly to job satisfaction and reduced absenteeism.
9	Tanaka & Saito (2021)	To evaluate the role of performance incentive programmes, recognition reward systems, work-life balance frameworks, and mentorship opportunities in boosting employee innovation in Japanese commercial banks.	Case study approach; sample size 75; interviews and document review; content analysis.	Work-life balance and mentorship were key to fostering creativity, while incentives and recognition rewards enhanced goal-oriented innovation.
10	Johnson & Parker (2020)	To analyse the relationship between performance incentive programmes, recognition reward systems, work-life balance frameworks, flexible working arrangements, and employee productivity in UK retail banks.	Longitudinal survey; sample size 300; quarterly questionnaires over one year; panel data analysis.	Flexible working amplified the benefits of incentives and recognition rewards, while work-life balance frameworks reduced turnover rates significantly.

Source: Author's compilation from empirical literature

Research gap

The empirical studies summarised in Table 1 demonstrate substantial evidence on the link between compensation strategies and employee performance across different contexts. However, within Nigerian literature, most studies (e.g., Adeyemi & Oladipo, 2025; Eze & Okonkwo, 2024; Yusuf & Ibrahim, 2023; Nwankwo & Chukwuma, 2022; Adebayo & Salami, 2021) adopt predominantly quantitative, single-method designs that emphasise financial incentives in isolation, such as bonuses, merit pay, or salary increments. This narrow operationalisation overlooks how financial and non-financial strategies interact in practice to influence productivity, retention, and motivation. Moreover, unlike international studies (e.g., Kumar & Desai, 2023; Williams & Rodriguez, 2022; Peterson & Al-Hassan, 2024), Nigerian research rarely incorporates mediating factors such as employee engagement or perceptions of fairness, nor does it explore integrative frameworks that reflect the complex realities of compensation systems in the banking sector. This leaves a clear gap in the contextual and theoretical understanding of multidimensional compensation strategies and their combined effects on employee performance within Nigeria's banking industry. The present study addresses this gap by examining both financial and non-financial strategies concurrently, and by situating the analysis within Nigeria's institutional and organisational context.

Methodology

This study adopted a cross-sectional survey design. The target population comprised 246 customer-facing employees (including cashiers/tellers, loan officers, marketers, customer care officers, and customer relationship officers) of First Bank Nigeria Limited in Calabar, identified through official records from the bank. Customer-facing employees were chosen because their roles involve direct and continuous interaction with clients, making them central to understanding employee experiences and performance dynamics in the banking sector.

First Bank was purposively selected as the study context for several reasons. It is the oldest and most dominant commercial bank in Calabar, with the largest customer base and the widest branch network in the city. As one of Nigeria's largest and most systemically important financial institutions, its operational practices and workforce structures are highly representative of mainstream commercial banking activities in the region. Focusing on this single bank also allows for contextual depth, operational consistency, and reduced institutional variability, which strengthens the internal validity of the study. Given its scale and prominence, insights drawn from First Bank are reasonably generalisable to other banks operating within Calabar and similar urban banking contexts in Nigeria. The total population size ($n = 246$) was relatively small and accessible; hence, the study employed a census sampling technique, surveying all customer-facing employees across the bank's branches in Calabar. This approach eliminated sampling error, ensured complete population coverage, and enhanced the robustness of the findings. Data were collected

using a 5-point Likert scale questionnaire. Face and content validity were established through expert vetting to confirm alignment with the study objectives and ensure clarity of instrument items. Reliability was assessed via a pilot test involving 30 employees from Access Bank (excluded from the main study). Cronbach's alpha coefficients for all scales exceeded 0.70, indicating satisfactory internal consistency (see Table 2).

Table 2

Cronbach's alpha reliability output

SN	Research variables	No. of items	Cronbach's alpha coefficients
1	Performance incentive programme	3	.796
2	Recognition reward system	3	.780
3	Work-life balance framework	4	.850
4	Employees' performance	5	.718
		15	

Source: Author's analysis via SPSS (2025)

Having confirmed the reliability of the instrument, it was administered to respondents to obtain primary data. The data obtained were descriptively analyzed and interpreted, while the hypotheses of the study were tested using multiple regression method. The regression model states thus:

$$\text{EMPERF} = a + \beta_1 \text{PERFINCENT} + \beta_2 \text{RECOGREW} + \beta_3 \text{WLB} + e$$

Where:

EMPERF = Employees' performance

a = The intercept

$\beta_1, \beta_2, \beta_3$ = Coefficients of the independent variable

e = Error margin (5 percent)

PERFINCENT = Performance incentive programme

RECOGREW = Recognition reward system

WLB = Work-life balance framework

Analysis and Presentation of Data

A total of 246 copies of the questionnaire were administered to customer-facing employees of First Bank Nigeria Limited in Calabar. The respondents were cooperative and responsive, which enabled us to successfully retrieve all copies of the questionnaire within a time frame of three weeks. Hence, this analysis is based on the responses of 246 respondents, representing 100 percent of the target sample.

Test of hypotheses

The hypotheses developed from empirical literature were subjected to statistical testing in their null form in order to ascertain their validity or otherwise. The hypothesis testing procedure was carried out using multiple regression and the decision rule was: To accept

the alternative hypothesis if ($P < .05$) and reject the null hypothesis, if otherwise. The hypotheses tested are as follows:

1. H_0 : Performance incentive programme has no significant effect on employees' performance in commercial banks in Calabar.
2. H_0 : Recognition reward system has no significant effect on employees' performance in commercial banks in Calabar.
3. H_0 : Work-life balance framework has no significant effect on employees' performance in commercial banks in Calabar.

Independent variables: Performance incentive programme, recognition reward system and work-life balance framework.

Dependent variable: Employees' performance.

Table 3

Model summary of the effect of compensation strategies on employees' performance in commercial banks in Calabar

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.496 ^a	.246	.230	.73043

a. Predictors: (Constant), Performance incentive programme, recognition reward system and work-life balance framework

Table 4

ANOVA^a of the effect of compensation strategies on employees' performance in commercial banks in Calabar

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	41.673	3	13.891	26.013	.000 ^b
	Residual	128.048	240	.534		
	Total	169.720	243			

a. Dependent Variable: Employees' performance

b. Predictors: (Constant), Performance incentive programme, recognition reward system and work-life balance framework

Table 5

Coefficients^a of the effect of compensation strategies on employees' performance in commercial banks in Calabar

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.636	.602		4.381	.000
	Performance incentive programmes	.156	.176	.444	2.736	.000
	Recognition reward system	.139	.262	.384	1.624	.003
	Work-life balance framework	.403	.160	.301	6.668	.000

a. Dependent Variable: Employees' performance

Tables 3, 4, and 5 present the multiple regression results on the effect of compensation strategies (performance incentive programmes, recognition reward systems, and work-life balance frameworks) on employees' performance in commercial banks in Calabar. The correlation coefficient ($R = 0.496$) indicates a moderate positive relationship between the predictors and employee performance, suggesting that improvements in these compensation strategies are associated with higher performance levels. The coefficient of determination ($R^2 = 0.246$) shows that 24.6% of the variation in employee performance is explained by the three predictors. Although this is a moderate explanatory power, it is notable given that employee performance is influenced by a range of organisational, individual, and external factors not captured in this model. The remaining unexplained variance (75.4 percent) suggests that other variables, such as managerial support, organisational culture, or external economic conditions, may also play a substantial role. The F-statistic ($F = 26.013$, $p < 0.001$) confirms that the overall regression model is statistically significant, indicating that the predictors collectively make a meaningful contribution to explaining variations in employees' performance. Table 5 shows the standardized Beta coefficients, which indicate the relative contributions of each independent variable to employee performance. The performance incentive programme has the strongest effect ($\beta = 0.444$, $p < 0.001$), demonstrating that a one standard deviation increase in performance incentives is associated with a 0.44 standard deviation increase in performance. The recognition reward system follows ($\beta = 0.384$, $p = 0.003$), while the work-life balance framework, although statistically significant, exerts the smallest relative effect ($\beta = 0.301$, $p < 0.001$). All predictors are positively signed, indicating that increases in any of these strategies are linked to improved performance outcomes. Practically, these results highlight that financial and performance-linked incentives remain the most powerful levers for enhancing performance, likely because they directly appeal to employees' instrumental and valence motivations, consistent with Vroom's expectancy theory. Recognition rewards provide strong but slightly less pronounced effects, reflecting their motivational role through non-financial reinforcement. Work-life balance frameworks, though less dominant, still contribute meaningfully, pointing to their role in sustaining employee wellbeing and preventing performance decline over time. Based on the decision rule ($p \leq 0.05$), all three null hypotheses are rejected. This confirms that performance incentive programmes, recognition reward systems, and work-life balance frameworks each exert significant and positive effects on employees' performance in commercial banks in Calabar, with performance incentives being the most influential.

Discussion of Findings

Performance Incentive Programme and Employees' Performance

The results revealed that performance incentive programmes have a significant positive effect on employees' performance in commercial banks in Calabar. This aligns with prior evidence by Peterson and Al-Hassan (2024), who found that performance incentives significantly enhanced employees' motivation, retention, and overall productivity.

Similarly, Tanaka and Saito (2021) demonstrated that incentive schemes foster creativity and higher task accomplishment. From the lens of Expectancy Theory (Vroom, 1964), performance incentive programmes directly enhance both instrumentality and valence. When employees perceive that their efforts will be objectively evaluated and directly translated into tangible rewards, their belief in the effort–performance–reward chain strengthens. This perception increases their willingness to exert higher effort, knowing that superior performance is likely to be rewarded with valued outcomes. In commercial banking, where tasks are target-driven and outcomes measurable, clear incentive structures create a sense of fairness, goal alignment, and performance accountability. Practically, this translates into improved service delivery, task completion rates, and overall operational efficiency.

Recognition Reward System and Employees' Performance

Recognition reward systems were also found to have a significant positive influence on employees' performance. This finding is consistent with Kumar and Desai (2023), who reported that recognition programmes enhanced organisational commitment, and Williams and Rodriguez (2022), who observed that such systems improved job satisfaction and reduced absenteeism. Theoretically, recognition rewards primarily operate through the valence component of Expectancy Theory. By publicly acknowledging employee achievements, organisations enhance the perceived value of desired outcomes, making performance goals more personally meaningful. Additionally, recognition can indirectly influence expectancy, as employees see that their efforts are noticed and appreciated, reinforcing their belief that high performance will not go unnoticed. In commercial banking, where many roles are routine and customer-facing, timely and structured recognition validates individual contributions, boosts intrinsic motivation, and fosters a sense of belonging. This motivational reinforcement encourages employees to sustain or even exceed their performance levels, thereby improving organisational outcomes.

Work–Life Balance Framework and Employees' Performance

The study also found that work–life balance (WLB) frameworks significantly affect employees' performance positively. This finding aligns with Tanaka and Saito (2021), who linked WLB initiatives to increased creativity, and Johnson and Parker (2020), who reported reduced turnover rates as a result of improved balance between work and personal life. Viewed through the Expectancy Theory lens, WLB frameworks primarily influence valence by offering non-financial rewards that employees perceive as highly valuable. A supportive work environment that accommodates personal needs enhances employees' satisfaction and psychological well-being, which in turn increases their motivation to perform effectively. Indirectly, WLB initiatives may also strengthen expectancy, as employees who are less stressed and better supported are more confident in their ability to meet performance expectations. In the high-pressure banking environment, such frameworks

help reduce burnout, absenteeism, and turnover, enabling employees to maintain focus, energy, and sustained high performance.

Conclusion and Recommendations

This study examined the effect of compensation strategies, specifically performance incentive programmes, recognition reward systems, and work–life balance frameworks, on employees' performance in commercial banks in Calabar. Using a cross-sectional survey and multiple regression analysis, the study found that all three strategies exert significant positive effects on performance. Performance incentives emerged as the strongest predictor, followed by recognition rewards and work–life balance initiatives. Theoretically, the study reinforces the applicability of Expectancy Theory (Vroom, 1964) in explaining how both financial and non-financial compensation strategies influence employee behaviour. By linking incentives to instrumentality, recognition to valence, and work–life balance to both valence and expectancy, the findings provide empirical evidence for the theory's explanatory power in the Nigerian banking context. Practically, the study highlights the need for banks to design compensation systems that integrate both tangible and intangible rewards to sustain motivation and performance. Prioritising employee-centred compensation approaches can enhance productivity, reduce turnover, and strengthen operational efficiency. Overall, this study contributes to the literature by providing context-specific evidence from Nigeria, demonstrating how strategically structured compensation mechanisms can drive employee performance in a dynamic and competitive banking environment.

Hence, guided by the findings of the study, the following recommendations are suggested to reinforce banks' employee compensation strategies:

1. Commercial banks should expand their performance incentive programmes by offering tiered rewards linked to measurable productivity metrics, timely recognition of achievements, and a mix of monetary and non-monetary benefits to sustain motivation across all employee levels. This approach will drive employees to consistently meet and exceed targets, reduce turnover by making them feel valued, and foster a competitive yet supportive work environment that directly boosts productivity, service quality, and overall organisational performance.
2. Commercial banks should strengthen their recognition reward systems by implementing transparent, frequent, and multi-level acknowledgment of exceptional work through public commendations, certificates, career advancement opportunities, and small but meaningful perks that celebrate both individual and team achievements. This will boost morale, reinforce positive behaviours, and create a culture where employees feel appreciated and motivated to sustain high performance, thereby improving productivity, collaboration, and customer satisfaction.
3. It is important for commercial banks to enhance their work-life balance frameworks by adopting flexible scheduling, remote work options, mandatory rest breaks, and

wellness support programmes that reduce burnout while accommodating employees' personal responsibilities. This will help employees maintain better physical and mental health, increase job satisfaction, and sustain higher energy levels, which in turn will improve focus, productivity, and long-term organisational commitment.

Limitations of the study

While the findings provide valuable insights, certain limitations should be acknowledged. First, the study was conducted among employees of a single bank (First Bank) in Calabar, which may limit the generalisability of the results to other banks or regions. Future studies should consider multi-site or comparative research designs. Second, the cross-sectional nature of the study restricts the ability to establish causality between compensation strategies and performance outcomes; longitudinal research could provide stronger evidence of temporal effects. Third, the data were obtained through self-reported questionnaires, which may be subject to common method bias or social desirability effects. Triangulating survey responses with objective performance metrics or qualitative interviews would enhance validity in future investigations.

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