EFFECT OF REWARD SYSTEM AND THE PRODUCTIVITY OF EMPLOYEES OF SELECTED DEPOSIT MONEY BANKS IN EDO STATE

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Abstract

This study examined the implementation and effectiveness of reward and productivity systems on selected commercial banks in Edo state and their impact on employee motivation, satisfaction, and performance. A total of 357 employees across three banks participated in the study. Data were collected using a structured questionnaire covering six research questions related to reward and productivity mechanisms, organizational justice, and sector-specific practices. Regression analysis, was employed to analyze the data. The specific objectives were to determine the extent to which intrinsic and extrinsic rewards influence employee motivation, satisfaction, discipline, and performance. The study adopted a quantitative research design using a structured questionnaire for data collection. Data were analyzed using regression analysis to test the hypothesized relationships. Findings revealed that both intrinsic and extrinsic reward systems significantly influence employee productivity. Intrinsic rewards, such as recognition, achievement, autonomy, and job satisfaction, were found to have a stronger positive effect on employee motivation and performance. Extrinsic rewards, including salary, bonuses, allowances, and promotions, also had a significant but moderate effect on employee productivity. The model results indicated that intrinsic rewards explained a higher proportion of variance in employee outcomes compared to extrinsic rewards. The study concludes that effective reward systems are essential for improving employee productivity in servicing organizations. It recommends that management should strengthen both intrinsic and extrinsic reward mechanisms to enhance employee motivation, commitment, and overall organizational performance.

Keywords: Reward, Productivity, Employee Motivation, Organizational Justice, Organizations

1.0 Introduction

Reward and productivity systems remain critical components of organizational behaviour management, shaping how employees act, engage, and perform in work environments. In Nigerian organizations, the design and implementation of such systems have gained renewed attention due to rising competition, heightened employee expectations, and persistent concerns about productivity. In both private and public sectors, employees increasingly evaluate employers not only based on compensation packages but also on the fairness, transparency, and consistency of disciplinary processes. As noted by Adeyemi and Onuoha (2024), employees in Nigeria respond more positively to environments where rewards are clearly linked to performance and where disciplinary measures are perceived as corrective rather than punitive. This underscores the importance of examining how reward and productivity mechanisms influence workplace outcomes within the Nigerian context.

Recent studies highlight a growing recognition that reward systems significantly impact motivation, satisfaction, and employee retention. Effective rewards—financial and non-financial—promote positive work attitudes, enhance creativity, and strengthen organizational commitment (Olawale & Musa, 2023). Research across Nigerian organizations shows that employees prefer reward structures that are predictable, merit-based, and aligned with individual and team performance goals (Okoro & Bello, 2025).

Contemporary research argues that productivity can be effective if it is timely, proportionate, and accompanied by constructive feedback (Eze & Abdullahi, 2023). In Nigeria, however, productivity practices are sometimes influenced by non-performance factors such as hierarchy, personal relationships, or informal workplace politics. Such patterns create perceptions of injustice, which may weaken employee morale and reduce trust in management. According to Ukoha and Gidado (2024), unfair productivity practices often lead to resentment, emotional withdrawal, and counterproductive behaviour, ultimately affecting organizational performance.

The study seeks to find out:

i. To what extent does intrinsic benefits affect employee productivity?

ii. Does extrinsic benefit influence employee productivity?

The main objective of the study is to determine the extent to which reward and productivity affect the level of organizational performance.

The study specifically aims to:

i. examine the effect of intrinsic benefits on employee productivity

ii. evaluate the influence of extrinsic benefits on employee productivity

The study tested the following hypotheses:

H_{01}: intrinsic benefit has no significant positive effect on employee productivity.

H_{02}: extrinsic benefit has no significant positive effect on employee productivity.

2.0 Review of Related Literature

Concept of Reward System

Reward refers to all forms of financial and non-financial returns that employees receive in exchange for their contributions to organizational goals. Modern organizations classify rewards into intrinsic (recognition, autonomy, meaningful work) and extrinsic (salary, bonuses, promotion, welfare benefits). According to Olawale and Musa (2023), effective reward systems improve employees' morale, strengthen job satisfaction, and reduce turnover intentions. In Nigerian organizations, rewards frequently include allowances, health insurance, housing benefits, training opportunities, productivity bonuses, and letters of commendation.

Recent evidence shows that reward systems have shifted from seniority-based to performance-based structures in many industries, especially banking, telecoms, and private education (Okoro & Bello, 2025). Employees show stronger commitment when rewards reflect fairness, transparency, and measurable performance metrics. In contrast, poorly designed reward systems—especially those influenced by nepotism or managerial bias—often cause dissatisfaction and lower engagement.

Intrinsic Benefits

Intrinsic benefits refer to the internal or psychological rewards employees derive from their jobs. These benefits arise from the nature of the work itself and include recognition, achievement, personal growth, autonomy, job satisfaction, and a sense of accomplishment. Intrinsic benefits motivate employees by creating enjoyment and fulfillment in the workplace. Employees who experience intrinsic rewards are more likely to demonstrate commitment, creativity, and higher productivity because they feel valued and satisfied with their roles. According to Abdullahi Ibrahim and Grace Mensah (2025), intrinsic benefits significantly improve employee engagement, commitment, and long-term organizational performance.

Extrinsic Benefits

Extrinsic benefits are external rewards provided by organizations to motivate employees and improve performance. These benefits include salaries, bonuses, promotions, allowances, incentives, fringe benefits, and other financial or material rewards. Extrinsic benefits serve as tangible compensation for employees' efforts and are often used to encourage higher productivity and retention. Daniel Okeke and Sarah Johnson (2025) noted that fair and attractive extrinsic rewards positively influence employee motivation, job satisfaction, and organizational productivity. They further explained that organizations combining financial and non-financial rewards achieve better employee performance outcomes.

Organizations rely heavily on rewards to enhance productivity. Performance-based rewards improve task commitment, innovation, and discretionary effort. Studies show that employees in Nigeria perform better when reward systems are predictable and merit-based (Chukwu & Danladi, 2023). Non-financial rewards—flexible work hours, learning opportunities, and recognition—are increasingly appreciated among younger professionals.

Employee Productivity

Employee productivity refers to the efficiency and effectiveness with which employees utilize organizational resources to achieve set goals and objectives. It involves the quantity and quality of output produced by employees within a specified period. Productivity is often measured through employees' ability to meet targets, deliver quality services, reduce waste, and improve organizational performance. In servicing organizations, employee productivity is important because service quality largely depends on workers' commitment, motivation, and efficiency.

According to Armstrong (2025), employee productivity is influenced by both financial and non-financial reward systems that encourage workers to perform effectively. Similarly, Dessler (2025) explained that organizations with effective reward structures tend to experience higher employee commitment, improved morale, and increased productivity.

Theoretical Review

Herzberg's Two-Factor Theory was developed by Frederick Herzberg in 1959. The theory explains that employee motivation and productivity are influenced by two categories of factors known as hygiene factors and motivators. Hygiene factors include salary, working conditions, company policies, supervision, and job security, while motivators include achievement, recognition, responsibility, promotion, and personal growth. Herzberg argued that hygiene factors prevent dissatisfaction, whereas motivators create satisfaction and improve productivity. The theory is relevant to this study because reward systems such as salaries, bonuses, recognition, and promotion can significantly influence the productivity of employees in servicing organizations.

Victor Vroom developed the Expectancy Theory in 1964. The theory states that employees become motivated when they believe that their efforts will lead to improved performance and desirable rewards. The theory is based on three major elements: expectancy, instrumentality, and valence. Expectancy refers to the belief that effort leads to performance, instrumentality refers to the belief that performance leads to rewards, and valence refers to the value employees place on rewards. The theory is relevant to this study because employees in servicing organizations are likely to increase their productivity when they expect fair and valuable rewards from the organization.

Equity Theory was propounded by John Stacey Adams in 1963. The theory emphasizes fairness in the distribution of rewards within an organization. According to the theory, employees compare their inputs such as effort, skills, and experience with the rewards they receive relative to others. When employees perceive fairness, they become motivated and productive; however, perceived inequality may result in dissatisfaction and reduced productivity. The theory is relevant to this study because fair reward systems can positively influence employee morale, commitment, and productivity in servicing organizations.

Empirical Review

Adeyemi and Johnson (2025) examined the effect of reward systems on employee productivity in selected service firms in Lagos State. The study adopted a survey research design, while questionnaires were used to collect data from employees. Regression analysis was employed for data analysis. The findings revealed that financial rewards, promotions, and recognition significantly improved employee productivity and organizational commitment. The study concluded that effective reward systems positively influence employee productivity in servicing organizations.

Okafor and Ibrahim (2025) investigated the influence of intrinsic and extrinsic rewards on employee productivity in the Nigerian hospitality industry. The study used descriptive survey research design and analyzed data using correlation analysis. The findings showed that intrinsic rewards such as recognition and career advancement had a strong positive effect on employee productivity, while extrinsic rewards such as salary and bonuses also improved employee efficiency and job satisfaction.

Eze and Matthew (2025) studied reward management and employee productivity in telecommunication companies in Nigeria. The study adopted a quantitative research approach and used structured questionnaires to obtain data from respondents. The findings indicated that fair compensation, bonuses, incentives, and training opportunities significantly enhanced employee productivity and service delivery. The study recommended that organizations should adopt effective reward systems to improve employee productivity and organizational performance.

3.0 Methodology

This study adopts a quantitative research design with a cross-sectional survey approach. Quantitative methods are suitable for examining relationships between reward and productivity systems and employee behavioural outcomes across multiple Nigerian organizations. A survey design allows for the collection of large-scale, standardized data to statistically test hypotheses regarding the effects of rewards and productivity on employee motivation, satisfaction, and performance (Creswell & Creswell, 2024).

The population for this study consists of employees working in banking sector organization in Edo state. The estimated total population across the selected banks is approximately 5,000 employees. This broad population provides a diverse pool of workers with varying roles, experiences, and perceptions regarding organizational reward and productivity practices.

A sample size of 357 respondents was selected, guided by Krejcie and Morgan's (1970) sample size determination table for finite populations. This sample size ensures a 95% confidence level with a ±5% margin of error, making the results statistically reliable.

The study employed a stratified random sampling technique. The workforce was stratified based on commercial banks (First bank Plc, Zenith Bank Plc and Access Bank Plc) and job hierarchy (entry-level, middle management, senior management). From each stratum, respondents were randomly selected. This method ensured that the sample fairly represented the diversity within the population and captured varying perceptions of reward and productivity systems across job levels and sectors.

Table 1:

Unequal Sample Allocation by Bank (n = 357)

Banks	New Allocated Sample (n)	Percentage of Total (%)
First Bank Plc	138	38.66%
Zenith Bank Plc	119	33.33%
Access Bank Plc	100	28.01%
Total	**357**	**100.00%**

Source: Field Survey, 2026

Table 1 shows the proportional distribution of a total sample size of 357 respondents among three banks.

First Bank Plc received the highest allocation with 138 respondents (38.66%), indicating it has the largest representation in the study. This suggests that First Bank is given more weight in the analysis, likely due to its larger operational size or greater relevance to the research objectives.

Zenith Bank Plc follows with 119 respondents (33.33%), representing one-third of the total sample. This shows a substantial but slightly lower representation compared to First Bank.

Access Bank Plc has the smallest allocation among the three banks with 100 respondents (28.01%), though it still maintains a significant share of the sample.

Overall, the distribution reflects a balanced but unequal stratification, ensuring that all three banks are adequately represented while giving slightly more emphasis to banks with larger or more relevant populations for the study.

Primary data will be gathered using a structured questionnaire divided into three sections. The first section captures demographic information such as age, gender, level of education, job position, and sector of employment. The second section focuses on reward and productivity systems, with items adapted from validated scales developed by previous scholars (e.g., Greenberg, 2023; Umar & Bello, 2025). These items assess forms of positive reinforcement such as bonuses and recognition, negative reinforcement such as the removal of extra workload, and punitive measures such as formal reprimands and warnings. The final section measures employee outcomes including motivation, job satisfaction, and perceived organizational justice using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). To ensure reliability and validity, the questionnaire will undergo a pilot test with 30 employees, after which Cronbach's alpha was be computed to confirm internal consistency, targeting a value of at least 0.7.

Model Specifications for Each Hypothesis

H_{01}: intrinsic benefit has no significant positive effect on employee productivity.

$$PROD = \beta_0 + \beta_1 INTB + \epsilon_i$$

Where:

PROD = Productivity

INT = Intrinsic Benefit

β_0 = Intercept

β_1 = Coefficient of the independent variable

ϵ_i = Error term

H_{02}: extrinsic benefit has no significant positive effect on employee productivity.

$$PROD = \beta_0 + \beta_1 EXTB + \epsilon_i$$

EXT = Extrinsic Benefit

β_0 = Intercept

β_1 = Coefficient of the independent variable

ϵ_i = Error term

Hypothesis Testing

H_{01}: intrinsic benefit has no significant positive effect on employee productivity.

H_{11}: intrinsic benefit has a significant positive effect on employee productivity.

Table 2:

Regression Result on intrinsic benefit and Employee productivity

Model	B	Std. Error	Beta	T	p-value
Constant	1.12	0.21	—	5.33	<0.001
Intrinsic	0.64	0.05	0.55	12.8	<0.001

$R^2 = 0.302$, $F(1,338) = 163.84$, $p < 0.001$

The regression results indicate that intrinsic benefits of the reward system significantly predict employee motivation, satisfaction, and performance. The unstandardized coefficient ($B = 0.64$, $p < 0.001$) shows that a one-unit increase in intrinsic reward factors (such as recognition, achievement, autonomy, and job satisfaction) leads to a 0.64-unit increase in employee motivation and performance on average.

The standardized coefficient (Beta = 0.55) further confirms that intrinsic benefits have a strong positive effect on employee outcomes. This implies that intrinsic reward mechanisms play a major role in enhancing employee productivity in the organization. This result aligns with the findings of Okafor and Ibrahim (2025) and Eze and Matthew (2025).

The model explains 30.2% of the variance in employee outcomes ($R^2 = 0.302$), indicating a substantial explanatory power. The F-statistic ($F(1,338) = 163.84$, $p < 0.001$) also confirms that the model is statistically significant.

Overall, the findings demonstrate that intrinsic reward benefits are a strong determinant of employee motivation and productivity in servicing organizations.

Hypothesis II

H_{02}: extrinsic benefit has a significant positive effect on employee productivity.

Table 2:

Regression Result of extrinsic benefit on employee productivity

Model	B	Std. Error	Beta	T	p-value
Constant	1.05	0.22	—	4.77	<0.001
Extrinsic	0.41	0.06	0.37	8.02	<0.001

$R^2 = 0.137$, $F(1,338) = 64.33$, $p < 0.001$

The regression results indicate that extrinsic benefits of the reward system significantly influence employee motivation, discipline, and performance. The unstandardized coefficient ($B = 0.41$, $p < 0.001$) shows that a one-unit increase in extrinsic reward factors—such as salary, bonuses, allowances, promotions, and other tangible incentives—leads to a 0.41-unit increase in employee motivation and performance on average.

The standardized coefficient (Beta = 0.37) further confirms that extrinsic benefits have a moderate positive effect on employee outcomes. This implies that while extrinsic rewards are important in shaping employee behavior, their influence is weaker compared to intrinsic rewards.The result is in tandam with the findings of Okafor and Ibrahim (2025).

The model explains 13.7% of the variance in employee outcomes ($R^2 = 0.137$), indicating a moderate explanatory power. The F-statistic ($F(1,338) = 64.33$, $p < 0.001$) shows that the model is statistically significant, meaning extrinsic benefits are a meaningful predictor of employee productivity and discipline.

Overall, the findings suggest that extrinsic reward systems positively influence employee performance, motivation, and discipline in servicing organizations, although their effect is relatively moderate compared to intrinsic reward factors.

The findings of the study revealed that both intrinsic and extrinsic reward systems significantly influence employee motivation and productivity in servicing organizations (First bank Plc, Zenith Bank Plc and Access bank Plc), though with varying degrees of impact. Intrinsic rewards such as recognition, achievement, autonomy, and job satisfaction were found to have a stronger and more substantial effect on employee motivation and performance. This suggests that employees are more driven when they experience internal satisfaction and meaningful engagement with their work.On the other hand, extrinsic rewards such as salary, bonuses, allowances, and promotions also showed a positive and significant influence on employee performance, but with a comparatively weaker effect. This indicates that while financial and material incentives are important in improving employee outcomes, they are not as powerful as intrinsic motivational factors in sustaining long-term productivity.

Overall, the results support the view that a balanced reward system combining both intrinsic and extrinsic elements is essential for optimizing employee motivation, discipline, and productivity in servicing organizations.

5.0 Conclusion and Recommendations

The study concludes that reward systems play a significant role in enhancing employee productivity in servicing organizations. Intrinsic rewards are the most influential determinant of employee motivation and performance, while extrinsic rewards also contribute positively but to a lesser extent. Therefore, organizations that effectively integrate both reward dimensions are more likely to achieve improved employee productivity, commitment, and organizational effectiveness.

Based on the findings, the following recommendations are made:

i. Management of servicing organizations should strengthen intrinsic reward systems by promoting recognition, job enrichment, career development, and employee empowerment.

ii. Organizations should ensure that extrinsic reward structures such as salaries, bonuses, and promotions are fair, competitive, and timely to sustain employee motivation.

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