Effect of Motivational Strategies on Employee Performance in Nigerian Commercial Banks

Taiwo Akinsola ©, Hadiza Abubakar Saidu ©, Taiwo Adewale Muritala ©, Akeem Adewale Bakare ©

Department of Business Administration, Nile University of Nigeria, Abuja, Nigeria
Email: Taiwo29akinsola@gmail.com, saidu.abubakar@nileuniversity.edu.ng, muritala.adewale@nileuniversity.edu.ng, akeem.bakare@nileuniversity.edu.ng


Received: June 21, 2023
Accepted: September 16, 2023
Published: September 19, 2023

Copyright © 2023 by author(s) and Scientific Research Publishing Inc. This work is licensed under the Creative Commons Attribution International License (CC BY 4.0).

http://creativecommons.org/licenses/by/4.0/

Abstract

The objective of this research is to investigate the connection between motivational strategies and employee performance, as well as the role of employee formal recognition as a mediator between these motivational strategies and performance. Data were collected from a sample of 579 employees using a simple sampling technique, resulting in 497 usable responses and a response rate of 85.84%. Structural equation modeling (SmartPLS 4.0) was employed to analyze the relationships between the variables. Among the 10 hypothesized paths, 8 were supported. Motivational strategies (salary satisfaction, working environment, bonus and fringe benefit & training and development) except job security significantly influence employee performance; herein training and development has the greatest effect on employee performance. This study also reveals that employee formal recognition partially mediates in the link between motivational strategies and employee performance except for job security. These findings will provide valuable insights for banks and other stakeholders in understanding the importance of motivational strategies and employee formal recognition in enhancing employee performance within the banking sector. This study is one of the first of its kind to explore the mediating role of employee formal recognition in the relationship between motivational strategies and employee performance specifically in the Nigerian banking sector.

Keywords

Motivational Strategies, Employee Formal Recognition, Employee Performance

1. Introduction

In today’s competitive business environment, organizations across the globe
strive to enhance employee performance as a key strategic concern. The performance of employees plays a vital role in the pursuit of gaining sustaining market share (Hemakumara, 2020). While developed economies have witnessed higher productivity levels, attributed in part to effective motivational strategies and favorable environmental factors (Alase & Akinbo, 2021), the challenge remains for organizations operating in developing countries, such as Nigeria, to unlock the full potential of their workforce.

Motivating employees is recognized as a critical factor in improving performance, as motivated individuals tend to be more productive, content, and committed to their organizations (Sajjad et al., 2019; Noko & Nwuzor, 2021). Traditionally, monetary rewards, such as salary satisfaction, have been considered primary motivators for employees. However, empirical evidence indicates that factors such as job satisfaction, service delivery, and working environment also significantly influence employee performance (Badrianto & Ekhsan, 2020; Nnubia, 2020). This highlights the importance of identifying a comprehensive set of motivational strategies that align with employees’ needs and aspirations, fostering a work environment conducive to high performance. Moreover, the limitations of relying solely on monetary incentives have been recognized within the banking sector, as excessive personnel turnover persists despite above-average compensation (Aiyebelehin et al., 2020). This implies the existence of other non-financial motivators that can effectively enhance employee performance. Individual differences in motivational factors further emphasize the need for managers and supervisors to adopt personalized approaches, tailored to the specific needs and preferences of their employees (Okwelle & Okubo, 2022).

Despite a growing body of literature exploring the link between employee motivation and performance, inconsistencies in research findings have emerged. Some studies emphasize the effectiveness of factors such as job satisfaction, service delivery, and working environment as influential motivators (Badrianto & Ekhsan, 2020; Nnubia, 2020). Consequently, there is a pressing need to gain a deeper understanding of the impact of different incentive tactics on employee performance and determine their significance in the banking sector.

Building upon the existing body of research, this study aims to investigate the mediating role of employee formal recognition in the relationship between motivational strategies and employee performance within Nigerian commercial banks. Employee formal recognition, which encompasses public acknowledgment, appreciation, and rewards for outstanding performance, has been identified as a potential mediator between motivational strategies and enhanced employee performance. By exploring the impact of different motivational strategies, such as salary satisfaction, working environment, bonus and fringe benefits, and training and development, on employee performance, and examining how employee formal recognition influences this relationship, we aim to contribute to the understanding of effective employee motivation in the Nigerian banking sector.

To the best of our knowledge, no previous study has specifically examined the
mediating role of employee formal recognition in the relationship between motivational strategies and employee performance within the Nigerian banking sector. This research fills a critical gap in the literature and provides valuable insights for banks and other stakeholders in designing and implementing effective motivational strategies to improve employee performance. By identifying the factors that contribute to enhanced employee motivation and performance, this study aims to facilitate the development of evidence-based approaches for talent management and organizational growth in the banking industry.

2. Literature Review

2.1. Motivational Strategies and Employee Performance

Motivation is a concept used to understand and describe why people behave and have certain needs. It serves as an explanation for employees’ actions and desires (Morris et al., 2022). Scholars argue that motivation is crucial for both employee performance and organizational performance (Bawa, 2017). Without adequate motivation, it is unlikely for employees to experience satisfaction in their work. Ryan and Deci (2020) defined motivation as a collection of mental processes that lead to the start, direction, intensity, and continuity of behavior. Motivation is commonly categorized into two types: intrinsic and extrinsic motivation.

Intrinsic motivation refers to an internal drive that inspires employees to actively participate in organizational goals and objectives because they find satisfaction and enjoyment in the process (Butt, 2018). Employees who are intrinsically motivated demonstrate autonomy and willingly take on challenging tasks (Altejar & Javed, 2021). They exhibit perseverance in completing the tasks they undertake. When employees are intrinsically motivated, their actions are driven by the enjoyment or challenge involved, rather than external rewards, pressures, or incentives (Bawa, 2017). On the other hand, extrinsic motivation motivates employees to engage in tasks for external reasons (de Juana-Espinosa & Rakowska, 2018). An employee who performs their work because they believe it is valuable for their chosen career is also extrinsically motivated, as they are driven by its instrumental value rather than finding it personally interesting (Morris et al., 2022).

Previous research has examined different dimensions of motivational strategies that play a crucial role in employee performance, categorizing them into intrinsic motivation and extrinsic motivation. For instance, Mussagulova et al. (2019) highlighted the significance of job security, particularly during times of organizational instability, as it can impact employee performance. Job security is a critical factor that can influence various work outcomes such as job satisfaction (Bakr et al., 2019), and commitment (Toosi et al., 2020). Additionally, Tadia and Singh (2020) emphasized the importance of factors like competitive salaries, promotion opportunities, and adequate training in enhancing employee performance. Wu et al. (2022) further supported this notion, stating that a reliable and well-compensated salary that considers factors like educational background,
years of employment, and skill development incentives can motivate employees to enhance their professional skills, overall competence, and reduce turnover.

Chandrasekar (2011) suggested that the organizational work environment has a significant influence on employee performance. Similarly, Badrianto and Ekhsan (2020) expressed the opinion that the quality of the workplace environment affects employees’ commitment, which subsequently impacts their performance. Furthermore, Moukhtar (2019) stated that apart from providing fair wages and salaries, offering bonuses and fringe benefits is crucial for performance. Bonuses and fringe benefits are additional components of the total reward package given to employees, supplementing their base or performance pay. When implemented effectively, these bonuses and fringe benefits can serve as retention strategies, making employees less inclined to seek employment elsewhere. Lastly, Ngcobo (2022) observed that while training and development may not solve all the challenges faced by organizations in the 21st century, they have significant implications for employee performance and overall organizational performance. It is evident that training and development are vital concerns for every organization (Osewe & Gindicha, 2021). Training and development contribute to the development of collective competencies and organizational learning by equipping employees with new skills, providing training to enhance their capabilities, and facilitating better career planning, coaching, and internal mobility (Rahayu et al., 2019). Therefore, to examine the relationship between motivational strategies and employee performance, the following hypotheses were formulated.

However, on the other hand, employee performance is considered as principal mechanism to enhance organization wellbeing and is one of the imperative management subjects that receive central focus. According to James and Mutasa (2022), factors affecting employee performance include trainings, motivation, leadership style and work environment. Putra and Mujia (2022) pointed out that performance has been viewed as sensitive to framework and its outcomes are affected by several aspects.

Putra and Mujia (2022) expressed that employee performance is primarily built on the quantity of time that the worker is mentally and physically present on the job or efficiently working. This total client experience is the key to satisfying customers and clients, and almost all highly productive companies use this to gain customer loyalty (James & Mutasa, 2022). However, a company doesn’t provide incentive to increase performance, an employee may want to start looking for another job because the lifeblood of a company is running out. In relation to the reviewed studies on the relationship between motivational strategies and employee performance, the following hypotheses were formulated:

**Hypothesis 1**

H1. Motivational strategies do not have significant impact with employee performance.

H1a. Job security does not have significant impact with job satisfaction.

H1b. Salary does not have significant impact with job satisfaction.

H1c. Working environment does not have significant impact with job satisfac-
tion.

H1d. Bonuses and Fringe Benefits do not have significant impact with job satisfaction.

H1e. Training and development does not have significant impact with job satisfaction.

2.2. Mediating Effect of Employee Formal Recognition

Recognition has been held to be a constructive response and a judgment made about a person’s contribution, reflecting not just work performance but also personal dedication and engagement on a regular or ad hoc basis, and expressed formally or informally, individually or collectively, privately or publicly, and monetarily or non-monetarily (Brun & Dugas, 2008).

Sidhu and Nizam (2020) demonstrated that rewards and recognition mediate the relationship between workplace coaching and employee performance in Malaysia. Kwarteng, Frimpong, Asare, and Wiredu (2023) examined the effect of employee recognition and engagement on productivity, with the moderating role of transformational leadership in the Ghana Health Service. Their findings indicated that employee recognition positively influenced productivity, and employee engagement was a strong predictor of productivity. Chan and Hooi (2023) found that rewards and recognition significantly influenced employee motivation, while employee motivation had a significant impact on employee performance. Kariuki and Kiuru (2021) discovered that employee recognition had a positive and statistically significant effect on employee performance. Chantal, Manyange, and Asuman (2022) found that employee recognition had a small and unfavorable effect on employee performance. The study suggested that in addition to basic compensation, including promotions and providing employees with the necessary abilities, could enhance employee performance.

In summary, formal recognition is a more structured and organized approach to acknowledging employee contributions, often involving predefined processes and organization-driven initiatives. Formal recognition can include awards ceremonies, employee of the month/year programs, performance-based bonuses, promotions, or public announcements of achievements. Also, in relation to the reviewed studies on the relationship between employee formal recognition as a mediating factor between motivational strategies and employee performance, the following hypotheses were postulated:

H2. Employee formal recognition does not have significant between motivational strategies and employee performance.

H2a. Employee formal recognition does not have significant between job security and employee performance.

H2b. Employee formal recognition does not have significant between salary satisfaction and employee performance.

H2c. Employee formal recognition does not have significant between working environment and employee performance.
H$_{2d}$. Employee formal recognition does not have significant between bonus and fringe benefit and employee performance.

H$_{2e}$. Employee formal recognition does not have significant between training and development and employee performance.

Furthermore, Figure 1 below shows the conceptual framework linkage among the mediating factor (employee recognition), motivational strategies and employee performance.

### 2.3. Theoretical Consideration

The Herzberg Two-Factor Theory offers valuable insights into how motivational strategies relate to employee performance and the role of formal recognition. This theory identifies two sets of factors that influence employee motivation and job satisfaction: hygiene factors and motivators (Alshhemri, Shahwan-Akl, & Maude, 2017). Motivators, as defined by Herzberg (1974), include job-related aspects that increase satisfaction and improve performance, such as achievement, recognition, increased responsibilities, advancement, and growth opportunities (Alrawahi et al., 2020). These factors are intrinsic to the job and act as motivators (Armstrong & Taylor, 2017; Mansaray, 2019). On the other hand, hygiene factors are related to the work environment and function as preventive measures. They include elements like salary satisfaction, job security, and working conditions, which are crucial for avoiding dissatisfaction and decreasing employee performance when they are inadequate or absent (Alrawahi et al., 2020).

However, the presence of hygiene factors alone does not necessarily lead to high motivation or performance. While hygiene factors prevent job dissatisfaction,
they have limited impact on positive job attitudes (Upathissa, 2022). For instance, an unpleasant working environment can make employees miserable, but resolving such issues can potentially enhance motivation.

Formal recognition plays a vital role in establishing a connection between motivational strategies and employee performance (Kibria, Saha, & Howlader, 2016). When employees are formally recognized for their accomplishments, it acts as a motivator and reinforces their positive behaviors and performance. This recognition can take various forms, including awards, certificates, public appreciation, or other tangible means of acknowledgment (Armstrong & Taylor, 2017). Formal recognition contributes to a sense of achievement, boosts self-esteem, and reinforces desired behaviors, resulting in increased employee motivation and enhanced performance (Safin & Kiner, 2020).

Furthermore, formal recognition acts as a mediator in the relationship between motivational strategies and performance. It strengthens the connection between motivators, such as challenging work or growth opportunities, and employee performance by creating a positive feedback loop (Kibria et al., 2016). When employees receive formal recognition for their efforts, they feel valued and motivated to sustain their high-level performance. In summary, this study proposes that formal recognition plays a critical role in bridging the gap between motivational strategies and employee performance (see Figure 2). By providing acknowledgment for achievements, it motivates employees, reinforces positive behaviors, and fosters sustained performance improvement.

![Figure 2. Conceptual framework of employee performance.](image-url)
3. Research Methodology

3.1. Research Design

Quantitative survey research design was adopted in this study. This research design aligns with the positivism research design where data was collected through a survey of respondents. The reason for adopting the quantitative survey design is due to the number of variables to be measured at a point in time. The research used structured questionnaire to be able to gather valuable information from the respondents. This design has been applied in many previous studies (Butt, 2018; Bakr et al., 2019).

3.2. Population and Sample Size

Employees in the banking sector are often faced with the pressure of ensuring customer satisfaction, while operating in a highly technologically-driven environment. To accommodate the nature of the sector, this study primarily utilized an online survey instead of traditional methods. Permission to conduct the study was sought from the human resources managers of all commercial banks in Nigeria, with a letter explaining the research purpose and ethical considerations. The minimum sample size of 386 employees was determined using the Taro Yamane formula, considering a population of 11,321 employees. However, a total of 579 employees provided their consent, and 524 employees completed the online questionnaire, resulting in a response rate of 90.50%. The population as well as the sample size of the study was represented in Table 1 below.

3.3. Measures

This study utilized measurement scales that have been previously validated for the variables under investigation. Each construct’s items were measured using a five-point Likert scale ranging from “strongly disagree” to “strongly agree”. The items used to collect data for each construct are presented in Table 2 below.

4. Data Analysis and Interpretation

Table 3 below provides an overview of the demographic characteristics of employees working in selected commercial banks in the north central region of Nigeria, including the Federal Capital Territory (FCT). The participants were initially asked to indicate their gender. Table 2 reveals that out of the 497 respondents, 310 individuals, accounting for 62.37% of the sample, identified as male, while 187 individuals, representing 37.63% of the sample, identified as female. In terms of age distribution, 85 respondents (17.10%) fell within the 20 - 29 years age bracket, 225 respondents (45.27%) fell within the 30 - 39 years age bracket, 140 respondents (28.17%) fell within the 40 - 49 years age bracket, and 47 respondents (9.46%) were 50 years of age and above. Furthermore, Table 2 provides information on the distribution of respondents across various units within the banks. Among the respondents, 99 individuals (19.92%) worked in the customer service unit, 124 individuals (24.95%) worked in the cash management
Table 1. Commercial banks population and sample size.

<table>
<thead>
<tr>
<th>S/N</th>
<th>BANKS</th>
<th>STAFF STRENGTH</th>
<th>SAMPLE SIZE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Access Bank Plc</td>
<td>1482</td>
<td>76</td>
</tr>
<tr>
<td>2</td>
<td>First Bank of Nigeria Limited</td>
<td>783</td>
<td>40</td>
</tr>
<tr>
<td>3</td>
<td>Zenith Bank Plc</td>
<td>1980</td>
<td>101</td>
</tr>
<tr>
<td>4</td>
<td>United Bank for Africa Plc (UBA)</td>
<td>1157</td>
<td>59</td>
</tr>
<tr>
<td>5</td>
<td>Guaranty Trust Bank Plc (GTBank)</td>
<td>1132</td>
<td>58</td>
</tr>
<tr>
<td>6</td>
<td>Ecobank Nigeria Plc</td>
<td>573</td>
<td>29</td>
</tr>
<tr>
<td>7</td>
<td>Fidelity Bank Plc</td>
<td>1043</td>
<td>53</td>
</tr>
<tr>
<td>8</td>
<td>Stanbic IBTC Bank Plc</td>
<td>335</td>
<td>17</td>
</tr>
<tr>
<td>9</td>
<td>Sterling Bank Plc</td>
<td>337</td>
<td>17</td>
</tr>
<tr>
<td>10</td>
<td>Union Bank of Nigeria Plc</td>
<td>323</td>
<td>17</td>
</tr>
<tr>
<td>11</td>
<td>Wema Bank Plc</td>
<td>128</td>
<td>7</td>
</tr>
<tr>
<td>12</td>
<td>Polaris Bank Limited</td>
<td>173</td>
<td>9</td>
</tr>
<tr>
<td>13</td>
<td>Heritage Bank Plc</td>
<td>154</td>
<td>8</td>
</tr>
<tr>
<td>14</td>
<td>Keystone Bank Limited</td>
<td>121</td>
<td>6</td>
</tr>
<tr>
<td>15</td>
<td>Titan Trust Bank Limited</td>
<td>92</td>
<td>5</td>
</tr>
<tr>
<td>16</td>
<td>Providus Bank Limited</td>
<td>97</td>
<td>5</td>
</tr>
<tr>
<td>17</td>
<td>SunTrust Bank Nigeria Limited</td>
<td>89</td>
<td>5</td>
</tr>
<tr>
<td>18</td>
<td>Globus Bank Limited</td>
<td>98</td>
<td>5</td>
</tr>
<tr>
<td>19</td>
<td>Jaiz Bank Plc</td>
<td>207</td>
<td>10</td>
</tr>
<tr>
<td>20</td>
<td>First City Monument</td>
<td>130</td>
<td>7</td>
</tr>
<tr>
<td>21</td>
<td>Unity Bank Plc</td>
<td>219</td>
<td>11</td>
</tr>
<tr>
<td>22</td>
<td>Citibank Nigeria Limited</td>
<td>323</td>
<td>16</td>
</tr>
<tr>
<td>23</td>
<td>Standard Chartered Bank Ltd</td>
<td>177</td>
<td>9</td>
</tr>
<tr>
<td>24</td>
<td>Parallex Bank Limited</td>
<td>168</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>11,321</td>
<td>579</td>
</tr>
</tbody>
</table>

Source: Authors Computations, (2023).

Table 2. Items used in the study.

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Items</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Security</td>
<td>I am confident that I will be able to work for my organization as long as I wish</td>
<td>Kraimer et al. (2005)</td>
</tr>
<tr>
<td></td>
<td>The only way employees leave this organization is by resigning or retiring</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employees in this organization hardly lose their job</td>
<td></td>
</tr>
<tr>
<td>Salary Satisfaction</td>
<td>I feel I am being paid a fair amount for the work I do</td>
<td>Halcomb &amp; Bird (2020); Delobelle et al. (2011)</td>
</tr>
<tr>
<td></td>
<td>I am satisfied with the salary I receive</td>
<td></td>
</tr>
<tr>
<td></td>
<td>I like the salary structure we have in place.</td>
<td></td>
</tr>
</tbody>
</table>
Continued

**Working Environment**

- I get respect from others at work
- I feel supported by my coworkers
- We have a team atmosphere at work

Einarsen (1999); Brotheridge & Lee (2007)

**Bonus and Fringe Benefit**

- I am satisfied with the benefits that I receive in this bank
- The benefits I receive are adequate to fulfill my basic needs
- The benefits in my bank are equal with the external labour market.

Adeniji et al. (2018)

**Training and Development**

- I have the opportunity to attend training courses
- I have the opportunity to learn new skills
- Selection for training is done fairly/equitably

Delobelle et al. (2011); Halcomb & Bird (2020)

**Recognition**

- During meetings, my leader talks about excellent employees, and they get extra praise and written recommendation
- When an employee works well, my leader especially recognizes and praises him/her.
- When an employee performs well, my leader always gives him/her positive feedback.

Walumbwa, Wu, & Orwa (2008); Yang, Jiang, & Cheng (2022)

**Employee Performance**

- I always complete the duties specified in my job description
- I never neglect any aspects of the job that my is obligated to perform
- I never neglect aspects of the job that I am obligated to perform

Nam & Park (2019); Walker (2013)

Source: Authors Computations, (2023).

**Table 3.** Demographic characteristics of respondents.

<table>
<thead>
<tr>
<th>Demographic Profile</th>
<th>Categories</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td>Male</td>
<td>310</td>
<td>62.37</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>187</td>
<td>37.63</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td></td>
<td>497</td>
<td>100.00</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td>20 - 29 yrs</td>
<td>85</td>
<td>17.10</td>
</tr>
<tr>
<td></td>
<td>30 - 39 yrs</td>
<td>225</td>
<td>45.27</td>
</tr>
<tr>
<td></td>
<td>40 - 49 yrs</td>
<td>140</td>
<td>28.17</td>
</tr>
<tr>
<td></td>
<td>50 yrs and above</td>
<td>47</td>
<td>9.46</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td></td>
<td>497</td>
<td>100.00</td>
</tr>
<tr>
<td><strong>Unit/department</strong></td>
<td>Customer Service Unit</td>
<td>99</td>
<td>19.92</td>
</tr>
<tr>
<td></td>
<td>Cash Management Unit</td>
<td>124</td>
<td>24.95</td>
</tr>
<tr>
<td></td>
<td>Funds Transfer Unit</td>
<td>107</td>
<td>21.53</td>
</tr>
</tbody>
</table>

Source: Authors Computations, (2023).
unit, 107 individuals (21.53%) worked in the funds transfer unit, 84 individuals (16.90%) worked in the clearing unit, 63 individuals (12.68%) worked in the domestic treasury operations unit, and 20 individuals (4.02%) worked in the international operations unit.

Furthermore, with regards to the respondents’ educational background, 36 individuals (7.24%) held an ND/NCE degree, 347 individuals (69.82%) held an HND/B.Sc degree, and 114 individuals (22.94%) held a postgraduate degree. Similarly, in terms of employment period, 37 respondents (7.44%) had less than 5 years of work experience, 157 respondents (31.59%) had 5 - 9 years of work experience, 154 respondents (30.99%) had 10 - 14 years of work experience, 85 respondents (17.10%) had 15 - 19 years of work experience, and 64 respondents (12.88%) had 20 years and above of work experience. Additionally, respondents were asked to indicate their marital status, with 187 individuals (37.63%) indicating they were single and 310 individuals (62.37%) indicating they were married. This demographic profile is significant to the study as it reflects the characteristics of employees in commercial banks in Nigeria, thereby confirming that the data was collected from the intended respondents.

4.1. Measurement Model

Researchers utilized two approaches developed by Kline (2015) for conducting data analysis using Structural Equation Modeling (SEM). The first step involved
evaluating the measurement model, which assessed the reliability of individual items, internal consistency reliability, convergent validity, and discriminant validity of the research instrument or collected data (Hair et al., 2021). The second step involved employing SEM to test the hypotheses and examine the causal relationships among the latent variables in the study. In Figure 3, it can be observed that all the factor loadings for the studied constructs range from 0.743 to 0.919. These factor loadings indicate that all the constructs' indicators have values greater than 0.7, which is considered reliable for measuring indices according to Hair et al. (2021).

Two commonly used methods for assessing the internal consistency reliability of reflective measures are composite reliability and Cronbach’s alpha (Hair et al., 2021). However, Sarstedt et al. (2021) have suggested that composite reliability is more suitable for PLS-SEM. Therefore, in this study, composite reliability (CR) was employed to evaluate internal consistency reliability. According to Hair et al. (2021), a satisfactory level of composite reliability should be 0.70 or higher. Table 3 presents the results, indicating that the composite reliability (CR) values for all the reflective constructs in this study range from 0.633 to 0.709, meeting the recommended threshold.

In order to assess convergent validity, this study examined the Average Variance Extracted (AVE) of each variable, as recommended by Hancock and Mueller (2018). To achieve satisfactory convergent validity, it is suggested by Chan and Lay (2018) that the AVE of each variable should be 0.50 or higher.

![Figure 3. Measurement model.](image-url)
Consistent with Chan and Lay (2018), the AVE values (refer to Table 4) demonstrated high loadings (>0.50) on their respective variables, indicating acceptable convergent validity.

Discriminant validity refers to the degree to which a latent construct differs from other latent constructs (Hancock & Mueller, 2018). To assess discriminant validity, the square root of the AVE values is compared to the correlations between latent variables. If the square root of the AVE is consistently higher than the highest correlation with any other construct, it indicates the presence of discriminant validity (Hair et al., 2021). Additionally, Hancock and Mueller (2018) recommended using an AVE cutoff of 0.50 or higher as a guideline for assessing discriminant validity. As presented in Table 4, the AVE values range from 0.838 to 0.879, indicating satisfactory values.

Furthermore, Table 5 below compares the relationships between latent variables with the square root of the AVE values (values in bold) using the Fornell-Larcker criterion. Table 5 also demonstrates that the square root of the AVE values is consistently higher than the correlations between latent variables, confirming appropriate discriminant validity (Hancock & Mueller, 2018).

Table 4. Measurement model: reliability and convergent validity.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Item</th>
<th>Loadings</th>
<th>AVE</th>
<th>CR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonus and Fringe Benefit</td>
<td>BOFRI1</td>
<td>0.831</td>
<td>0.845</td>
<td>0.645</td>
</tr>
<tr>
<td></td>
<td>BOFRI2</td>
<td>0.806</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>BOFRI3</td>
<td>0.771</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee performance</td>
<td>EMP1</td>
<td>0.800</td>
<td>0.870</td>
<td>0.691</td>
</tr>
<tr>
<td></td>
<td>EMP2</td>
<td>0.865</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EMP3</td>
<td>0.828</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job Security</td>
<td>JOBSE1</td>
<td>0.787</td>
<td>0.867</td>
<td>0.684</td>
</tr>
<tr>
<td></td>
<td>JOBSE2</td>
<td>0.851</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>JOBSE3</td>
<td>0.842</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Formal recognition</td>
<td>RECOG1</td>
<td>0.762</td>
<td>0.838</td>
<td>0.633</td>
</tr>
<tr>
<td></td>
<td>RECOG2</td>
<td>0.800</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RECOG3</td>
<td>0.823</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salary satisfaction</td>
<td>SAL1</td>
<td>0.796</td>
<td>0.879</td>
<td>0.709</td>
</tr>
<tr>
<td></td>
<td>SAL2</td>
<td>0.865</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SAL3</td>
<td>0.863</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training and Development</td>
<td>TRADE1</td>
<td>0.752</td>
<td>0.842</td>
<td>0.640</td>
</tr>
<tr>
<td></td>
<td>TRADE2</td>
<td>0.846</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>TRADE3</td>
<td>0.799</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Working Environment</td>
<td>WOENV1</td>
<td>0.824</td>
<td>0.855</td>
<td>0.664</td>
</tr>
<tr>
<td></td>
<td>WOENV2</td>
<td>0.787</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>WOENV3</td>
<td>0.832</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Authors Computations, (2023).
Table 5. Latent constructs correlations and square roots of average variance extracted.

<table>
<thead>
<tr>
<th>Variables</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Bonus and Fringe Benefit</td>
<td>0.803</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Employee Performance</td>
<td>0.362</td>
<td>0.831</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Job Security</td>
<td>0.274</td>
<td>0.498</td>
<td>0.827</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Formal recognition</td>
<td>0.209</td>
<td>0.660</td>
<td>0.335</td>
<td>0.795</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Salary satisfaction</td>
<td>0.173</td>
<td>0.606</td>
<td>0.448</td>
<td>0.504</td>
<td>0.842</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Training and Development</td>
<td>0.193</td>
<td>0.607</td>
<td>0.412</td>
<td>0.506</td>
<td>0.625</td>
<td>0.800</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Working Environment</td>
<td>0.186</td>
<td>0.537</td>
<td>0.471</td>
<td>0.415</td>
<td>0.575</td>
<td>0.534</td>
<td>0.815</td>
<td></td>
</tr>
</tbody>
</table>

Source: Authors Computations, (2023).

4.2. Structural Model

The path analysis in this study utilized SMART PLS 4.0 software to estimate path coefficients and assess the overall goodness-of-fit indices of the hypothesized structural model. The standardized coefficients, along with their corresponding $t$-values and $p$-values, are presented in Table 6. The results of the structural equation model in Table 6 indicate that salary satisfaction ($\beta = 0.168$, $p$-value $= 0.000$, $p < 0.05$), working environment ($\beta = 0.061$, $p$-value $= 0.046$, $p < 0.05$), bonus and fringe ($\beta = 0.059$, $p$-value $= 0.025$, $p < 0.05$), and training and development ($\beta = 0.176$, $p$-value $= 0.000$, $p < 0.05$) all have positive and significant relationships with employee performance. However, job security ($\beta = 0.031$, $p$-value $= 0.216$, $p > 0.05$) shows a positive but not significant relationship with employee performance. As a result, this study supports hypotheses H1b, H1c, H1d, and H1e, but fails to support hypothesis H1a (see Figure 4).

Mediation refers to the involvement of a third variable that comes between two connected constructs (Hair et al., 2017). Specifically, changes in the independent variables lead to changes in the mediator construct, which subsequently lead to changes in the dependent variable in the PLS path model. This is known as the mediation effect. In this study, SmartPLS 4 software was used to examine the structural model, including the mediator variable (employee formal recognition), using the bootstrapping method. This method is considered to be moderately rigorous for evaluating mediation effects (Hair et al., 2021).

Table 6 presents the findings regarding the mediation role of employee formal recognition on the proposed hypotheses. The results indicate that employee formal recognition mediates four out of the five hypotheses. Specifically, employee formal recognition acts as a mediator between salary satisfaction and employee performance in Nigerian commercial banks ($\beta = 0.168$, $t = 4.718$, $p < 0.05$), supporting hypothesis H2b. Similarly, it mediates the relationship between working environment and employee performance ($\beta = 0.061$, $t = 1.996$, $p < 0.05$), supporting null hypothesis H2c. Furthermore, employee formal recognition mediates the relationship between bonus and fringe benefit and employee performance ($\beta = 0.059$, $t = 2.235$, $p < 0.05$), supporting null hypothesis H2d.
<table>
<thead>
<tr>
<th>Hyp</th>
<th>Relationship</th>
<th>Beta</th>
<th>T statistics</th>
<th>p values</th>
</tr>
</thead>
<tbody>
<tr>
<td>H01</td>
<td>Job security -&gt; Formal recognition -&gt; Employee performance</td>
<td>0.031</td>
<td>1.237</td>
<td>0.216</td>
</tr>
<tr>
<td>H02</td>
<td>Salary satisfaction -&gt; Formal recognition -&gt; Employee performance</td>
<td>0.168</td>
<td>4.718</td>
<td>0.000</td>
</tr>
<tr>
<td>H03</td>
<td>Working environment -&gt; Formal recognition -&gt; Employee performance</td>
<td>0.061</td>
<td>1.996</td>
<td>0.046</td>
</tr>
<tr>
<td>H04</td>
<td>Bonus and fringe benefit -&gt; Formal recognition -&gt; Employee performance</td>
<td>0.059</td>
<td>2.235</td>
<td>0.025</td>
</tr>
<tr>
<td>H05</td>
<td>Training and development -&gt; Formal recognition -&gt; Employee performance</td>
<td>0.176</td>
<td>5.281</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Source: Authors Computations, (2023).

Additionally, it mediates the relationship between training and development and employee performance ($\beta = 0.176$, $t = 5.281$, $p < 0.05$). However, hypothesis H2a, which suggests a mediating effect of employee formal recognition between job security and employee performance, was not supported as the mediating effect was found to be insignificant ($\beta = -0.031$, $t = 1.237$, $p > 0.05$).

4.3. Summary of Results

The results from the structural model used in this study revealed that all four
dimensions of motivational strategies (salary, working environment, bonus and fringe benefit & training and development) have a positive and significant effect on employee performance. However, job security has a negative and insignificant effect on employee performance. In addition, out of the five indirect relationships, employee recognition was found to mediate the relationship between four dimensions of motivational strategies (salary, working environment, bonus and fringe benefit & training and development) and employee performance. However, employee recognition was found not to significantly mediate the relationship between job security and employee performance. Subsequently, these results were repeated in the mediating role of formal employee recognition between motivational strategies dimensions and employee performance.

4.4. Discussion of Findings

Employee performance is crucial for businesses to maintain and expand their market share (Hemakumara, 2020). Motivating employees is widely acknowledged as a key driver for enhancing performance, as it leads to increased productivity, employee performance, and organizational commitment (Noko & Nwuzor, 2021). However, the results from the structural model used in this study, it was revealed that all four dimensions of motivational strategies (salary, working environment, bonus and fringe benefit & training and development) have a positive and significant effect on employee performance. However, job security has a negative and insignificant effect on employee performance. These results are all in line with the submissions of Kwabiah et al., 2016; Umrani et al., 2019; Elsahory et al., 2022; Ricardo, 2022; Khaliq, 2021; Bulińska-Stangrecka & Bagieńska, 2021; Taheri et al., 2020; Junejo et al., 2020; Reza et al., 2021; Mabaso & Dlamini, 2021; Rahayu et al., 2019; Osewe & Gindicha, 2021; Khan et al., 2020. In addition, out of the five mediating role of employee recognition between motivational strategies dimensions (salary, working environment, bonus and fringe benefit & training and development) and employee performance. It was found that employee recognition was not significantly mediating between job security and employee performance while it mediates positively and significantly with other four motivational strategies dimensions (salary, working environment, bonus and fringe benefit & training and development) and employee performance. These findings agree with the submissions of Asaari et al., 2019; Ewool et al., 2021; de Juana-Espinosa & Rakowska, 2018; Okwelle & Okubo, 2022; Oluwafemi & Okon, 2018; Mpongoshe, 2022.

5. Conclusion

The findings of this study highlight the significance of employee formal recognition as a mediator in the relationship between motivational strategies and employee performance within Nigerian commercial banks. The results demonstrate that factors such as salary satisfaction, working environment, bonus and fringe benefits, and training and development have positive and significant associations
with employee performance. Moreover, employee formal recognition was found to mediate the relationships between salary satisfaction, working environment, bonus and fringe benefits, and training and development with employee performance. These findings suggest that providing formal recognition to employees enhances their employee performance, thereby positively impacting their overall performance. However, it is important to note that the mediating effect of employee formal recognition was not significant in the relationship between job security and employee performance. Organizations in this sector can benefit from understanding the importance of implementing effective motivational strategies, including formal recognition programs, to foster job satisfaction and ultimately improve employee performance.

5.1. Theoretical Implications

This research study makes a valuable contribution to the field of human resource management by providing clarity on the mediating role of employee formal recognition in the relationship between other motivational strategies and employee performance within Nigerian commercial banks. While previous literature has examined the connection between employee motivation and performance, inconsistencies in research findings have been identified by various studies (Badrianto & Ekhsan, 2020; Nnubia, 2020). As a result, there is a critical need to deepen our understanding of the impact of different incentive approaches on employee performance and ascertain their significance within the banking sector.

The findings of this study have several theoretical implications that contribute to the understanding of the relationship between various factors and employee performance in Nigerian commercial banks. Firstly, regarding job security, the study found a positive but insignificant relationship with employee performance. This suggests that job security may not significantly contribute to employees’ employee performance, indicating that it may not be central to their physical and psychological well-being. This result aligns with previous studies such as Kwabiah et al. (2016). That also found no significant correlation between job security, organizational commitment, and performance. However, it contradicts the study of Umrani et al. (2019) that demonstrated a positive impact of job security and organizational support on job performance through job satisfaction.

Secondly, salary satisfaction was found to have a positive and significant relationship with employee performance. This implies that salary satisfaction is a crucial factor in determining employees’ satisfaction with their jobs. This finding is supported by previous studies such as Elsahoryi et al. (2022) and Ricardo (2022) that also revealed a positive influence of salary satisfaction on employee performance. It suggests that higher salaries contribute to higher levels of employee performance among employees. Similarly, studies on teachers and dietitians have shown the significant and positive effects of salary satisfaction on employee performance (Khaliq, 2021). These findings emphasize the importance of
fair and competitive salary structures in organizations to promote employee performance.

Thirdly, the study demonstrated a positive and significant relationship between the working environment and employee performance. This implies that the quality of the working environment plays a vital role in determining employees’ satisfaction with their jobs. The physical work environment, including factors such as workplace design and social interactions among coworkers, can influence employee performance (Bulińska-Stangrecka & Bagieńska, 2021). This result is consistent with previous studies (i.e.; Junejo et al., 2020; Taheri et al., 2020) that also identified a positive impact of the working environment on employee performance. It underscores the importance of creating a conducive and supportive work environment to enhance employee performance.

Fourthly, bonuses and fringe benefits were found to have a positive and significant relationship with employee performance. This suggests that these additional rewards beyond the basic salary are important contributors to overall employee performance. The perception of receiving benefits beyond the employment contract can enhance employee performance. While this finding aligns with the study of Reza et al. (2021) who revealed the positive correlation between fringe benefits and employee performance, one study conducted in a South African context by Mabaso and Dlamini (2021) did not find a significant relationship.

Fifthly, training and development showed a positive and significant relationship with employee performance. This implies that providing employees with opportunities for learning, skill development, and career growth contributes to their employee performance (Rahayu et al., 2019; Paposa & Kumar, 2019). Training and development initiatives tailored to address employees’ needs and enhance their competencies can lead to higher employee performance. This finding is consistent with previous studies such as Khan et al. (2020) that also identified a positive relationship between training and development practices and employee performance among employees. It emphasizes the importance of investing in employee training and development programs to promote employee performance.

Next, the results showed that formal recognition does not mediate the relationship between job security and employee performance. This could be because permanent employees, who have a higher sense of job security, may react differently to changes in job security as they are accustomed to the stability of their positions (Aman-Ullah et al., 2022). The findings also indicated that formal recognition does mediate this relationship, implying that higher levels of formal recognition, including competitive salaries and total compensation packages, lead to increased employee performance. These results align with previous studies that have shown a positive and significant relationship between rewards, motivation, and employee performance (Asaari et al., 2019). Additionally, Ewool et al. (2021) found that salary satisfaction positively influences employee en-
gagement and moderates the relationship between employee formal recognition and engagement. The results also revealed that formal recognition does mediate this relationship, suggesting that formal recognition is crucial for organizational success and is embraced by companies aiming to thrive in a competitive era. This finding is consistent with previous research by de Juana-Espinosa and Rakowska (2018), who found a significant effect of working environment and formal recognition on employee performance in Nigerian commercial banks. Similarly, Okwelle and Okubo (2022) found that positive reinforcement and an enabling working environment greatly influence employee performance among teachers in technical colleges in Rivers State.

The findings indicated that formal recognition does mediate this relationship. This may be because many of the benefits offered to employees are discretionary decisions made by the organization (Kulikowski & Sedlak, 2020). Moreover, some firms may offer more favorable fringe benefits. This finding aligns with previous studies, such as Nisar and Siddiqui (2019), who found a positive and significant relationship between recreation leaves, health protection benefits, and employee performance. Similarly, Adjeikwame (2019) demonstrated that fringe benefits positively and significantly impact employee performance. Reza et al. (2021) also found a positive and significant effect of fringe benefits on employee performance. The findings also indicated that formal recognition mediates this relationship, suggesting that when employees are recognized through training and development opportunities, their employee performance increases. This finding aligns with previous research by Oluwafemi and Okon (2018), who found a significant positive relationship between training, reward and formal recognition, employee performance, and work engagement. Similarly, Mpongoshe (2022) found that formal recognition and training are influential factors in the employee performance of professional nurses.

By implication, this study provides valuable theoretical implications for understanding the factors influencing employee performance in Nigerian commercial banks. It highlights the significance of salary satisfaction, working environment, bonuses and fringe benefits, and training and development in shaping employees’ satisfaction with their jobs. Additionally, it emphasizes the role of formal recognition as a mediator in the relationship between certain factors and employee performance. These findings contribute to the existing literature and offer directions for future research in the field of employee performance.

5.2. Practical Implications

The finding that job security has a positive but insignificant relationship with employee performance suggests that banks could focus on other factors besides job security to enhance employee performance. Emphasizing stability and providing reassurance regarding job security may not significantly impact employee performance. Instead, organizations can prioritize other motivational strategies such as salary satisfaction, formal recognition, and training to foster employee
performance among employees.

The positive and significant relationship between salary satisfaction and employee performance highlights the importance of fair and competitive salary structures. In the context of the banking sector, bank managers should ensure that they offer salaries that are perceived as fair and adequate by employees. This may require conducting regular salary benchmarking exercises and considering market rates to attract and retain talented individuals. Additionally, organizations should communicate transparently about their salary policies and practices to avoid any perceptions of inequity.

The positive and significant relationship between the working environment and employee performance emphasizes the need for organizations to create a conducive and supportive workplace. Bank managers can focus on improving factors such as workplace design, physical conditions, social interactions, and relationships among coworkers. Organizations should strive to create a positive work atmosphere that promotes collaboration, open communication, and employee well-being. Providing comfortable and well-equipped workspaces, addressing safety concerns, and encouraging positive relationships among employees can contribute to employee performance.

The positive and significant relationship between bonuses, fringe benefits, and employee performance suggests that organizations should consider offering additional rewards beyond the basic salary. Bank managers can explore ways to provide bonuses, performance-based incentives, and attractive fringe benefits to employees. This may include benefits such as healthcare coverage, paid time off, retirement plans, and other non-monetary perks. Offering such benefits can enhance employees’ perception of being valued and recognized, leading to increased employee performance.

The positive and significant relationship between training and development and employee performance highlights the importance of investing in employee learning and growth opportunities. Bank managers can prioritize employee training programs, workshops, and skill development initiatives. Providing employees with opportunities to enhance their competencies and advance their careers can lead to higher employee performance. Organizations should conduct needs assessments to identify relevant training areas, design effective training programs, and evaluate their impact on employee performance.

The mediating role of formal recognition in the relationship between different factors and employee performance suggests that organizations should prioritize creating a culture of formal recognition and appreciation. Bank managers can implement formal recognition programs that acknowledge employees’ efforts, achievements, and contributions. Formal recognition can go beyond monetary rewards and include public appreciation, performance-based awards, certificates, and career advancement opportunities. By emphasizing formal recognition, organizations can enhance employee performance and motivation among employees.
Overall, the practical implications of this research emphasize the importance of considering various factors, including salary satisfaction, working environment, bonuses and fringe benefits, training and development, and formal recognition, to enhance employee performance in the context of the banking sector. Bank managers should assess their current practices, align them with employee expectations, and make improvements accordingly. By focusing on these factors, organizations can create a positive work environment, attract and retain talented employees, and foster higher levels of job satisfaction, ultimately contributing to improved organizational performance and success.

5.3. Limitations and Future Research

The findings and implications of this study are based on the context of Nigerian commercial banks. Therefore, caution should be exercised when generalizing these findings to other industries or countries with different cultural, economic, and organizational contexts. The specific characteristics of the banking sector in Nigeria may influence the relationships between the studied variables, and these findings may not be applicable in different settings. While this study focused on several factors, such as job security, salary satisfaction, working environment, bonuses and fringe benefits, and training and development, there are other variables that may also influence employee performance. Future research could consider additional factors, such as job autonomy, work-life balance, and organizational culture, to provide a more comprehensive understanding of employee performance in the context of banking sector. Lastly, this study examined the mediating role formal recognition on relationship between five dimensions of motivational strategies (job security, salary satisfaction structure, working environment, bonus and fringe benefit, training and development) and employee performance. Future research could explore additional mediating and moderating variables that may influence the relationships between motivational strategies and employee performance. For example, organizational climate, job characteristics, or individual differences could moderate the impact of motivational strategies on employee performance. Considering the multi-level nature of organizations, future research could adopt a multi-level analysis to examine how factors at the individual, team, and organizational levels interact to influence employee performance. This approach would provide a more comprehensive understanding of the complex dynamics within organizations.

Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

References


Bulińska-Stangrecka, H., & Bagieńska, A. (2021). The Role of Employee Relations in Shaping Job Satisfaction as an Element Promoting Positive Mental Health at Work in...


Hemakumara, M. G. G. (2020). The Impact of Motivation on Job Performance: A Review


