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EFFECT OF REWARD SYSTEM ON EMPLOYEE PERFORMANCE: A STUDY OF SELECTED DEPOSIT MONEY BANKS, MAKURDI METROPOLIS

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ABSTRACT

This study examines the effect of reward system on employees' performance: a study of selected deposit money banks, makurdi. The study specifically examined the effect of bonuses and promotion on employee performance of selected deposit money banks in makurdi. A cross-sectional survey design was used in this study. The study focused on the staff of six selected deposit money banks, makurdi with a population of six hundred and twenty eight (628) employees. The sample size for the study was derived using the Taro Yamane formula, resulting in a total of two hundred and fifty (250) respondents. The study relied on primary data of which a questionnaire was the instrument used for data collection. A regression analysis was used in testing the formulated hypotheses with the aid of statistical packages for social sciences (SPSS, version 21). The study found that Bonus and promotion all have significant positive effects on the employee performance of selected deposit money banks, makurdi. The study concludes that the effective use of reward system significantly enhances the performance of employee of selected deposit money banks, makurdi. Based on the findings and conclusions, the study recommended that management of the selected deposit money banks should broaden their focus beyond financial incentives and adopt a more holistic approach to employee motivation. Strengthening employees' sense of value and overall motivation will better position the organisation to achieve their strategic goals.

KEYWORDS: Reward System, Bonus, Promotion, Employees' Performance.

INTRODUCTION

Organisations worldwide aim to achieve high levels of performance, which largely depend on the dedication and effectiveness of their employees. A reward system constitutes a structured framework within an organisation, designed to recognise, incentivise, and reinforce desired behaviours, often through tangible or intangible rewards. Such systems comprise mechanisms and practices that align individual motivations with organisational goals (Dessler, 2021). In organisational studies, a reward system integrates compensation, benefits, recognition, and intrinsic motivators to influence employee performance (Armstrong & Taylor, 2020).

It encompasses both formal and informal processes through which organisations acknowledge, motivate, and retain employees by compensating them for their efforts and achievements. This typically includes financial rewards, such as salaries, bonuses, and incentives, as well as non-financial rewards, such as recognition, career development opportunities, and flexible working arrangements. A well-structured reward system aligns employee objectives with organisational goals, thereby fostering improved performance and job satisfaction (Adibah et al., 2021). Reward systems play a crucial role in shaping employee behaviour by providing both tangible and intangible incentives that encourage productivity and loyalty (Intan & Manuati, 2020).

When effectively designed, such systems balance extrinsic rewards, such as monetary benefits, with intrinsic rewards, including personal growth and professional development, ultimately enhancing overall organisational performance. Employee performance is a critical determinant of organisational success, reflecting the extent to which employees fulfil their roles and contribute to the achievement of organisational objectives (Armstrong, 2022). It encompasses the outcomes, quality, and efficiency with which employees execute their tasks. Employee performance is commonly conceptualised as the degree to which an individual meets organisational expectations, achieves set goals, and contributes to broader organisational objectives (Ioan, 2020).

It includes the ability to fulfil job responsibilities, deliver high-quality results, adhere to deadlines, and support organisational aims. High-performing employees are typically associated with increased productivity, innovation, and competitiveness, enabling organisations to adapt effectively to dynamic business environments (Hunjra et al., 2023).

Employee performance plays a critical role in the success and sustainability of an organisation. High-performing employees contribute directly to achieving organisational goals through increased productivity, innovation, and quality service delivery. They ensure that the organisation remains competitive in a dynamic business environment by driving efficiency and enhancing customer satisfaction (Dessler, 2021). Moreover, employee performance is closely linked to organizational outcomes such as profitability, growth, and market share. When employees perform optimally, there is a reduction in operational costs due to fewer errors and less supervision, which positively impacts the organization's bottom line (Armstrong & Taylor, 2023).

Employee performance and the reward system are closely interconnected, as rewards serve as a critical motivator for employees to perform effectively and achieve organisational goals. A well-designed reward system enhances employee performance by recognizing and compensating their contributions, thereby fostering job satisfaction, motivation, and loyalty (Adibah, et al.2021). When employees perceive the reward system as fair, transparent, and aligned with their efforts and results, they are more likely to put in extra effort, take ownership of their tasks, and maintain high productivity levels. For example, financial rewards like bonuses and salary increments can incentivize employees to meet or exceed performance expectations. Similarly, non-financial rewards, such as recognition, career advancement opportunities, and work-life balance initiatives, contribute to intrinsic motivation, which also positively impacts performance (Intan & Manuati, 2020).

Statement of the Problem

In an ideal organisational setting, particularly within the banking sector, employees are expected to be highly motivated, committed, and productive, thereby contributing to overall organisational effectiveness and customer satisfaction. A well-structured reward system should encourage employees to perform at their best, foster job satisfaction, reduce turnover, and enhance service delivery. In practice, however, many organisations, including selected deposit money banks in Makurdi metropolis, face persistent challenges such as poor performance, low staff morale, high employee turnover, and declining productivity, often resulting from inadequate or poorly implemented reward systems.

Employees may become disengaged due to repetitive tasks, lack of recognition, limited opportunities for career progression, insufficient training, and unsatisfactory compensation packages. Additionally, the highly regulated banking environment, coupled with the pressure to meet financial targets, contributes to stress and burnout, further undermining both employee efficiency and service quality. Addressing these challenges requires the implementation of a comprehensive and effective reward system that integrates both financial and non-financial incentives. Financial rewards, including bonuses, salary increments, and promotions, should be complemented by non-financial rewards such as recognition, career development opportunities, and training.

This balanced approach promotes motivation, loyalty, and commitment among employees, while reducing turnover and enhancing overall organisational performance. Accordingly, this study seeks to examine the effect of reward systems on employee performance in selected deposit money banks in Makurdi metropolis, offering insights into how an effective reward framework can strengthen productivity and improve employee outcomes within the Nigerian banking sector.

Objective of the Study

The main objective of this study is to ascertain the effect of reward system on employee performance: A study of selected deposit money banks, makurdi metropolis. The specific objectives of the study are to:

1. Evaluate the effect of bonus on performance of selected deposit money banks makurdi metropolis
2. Ascertain the effect of promotion on performance of selected deposit money banks makurdi metropolis

Research Hypotheses

The following null hypotheses were formulated to achieve objectives of the study:

$H0_1$: bonus has no significant effect on performance of selected deposit money banks makurdi metropolis

$H0_2$: promotion has no significant effect on performance of selected deposit money banks makurdi metropolis

Review of Related Literature

Reward System

A reward system is a critical component of human resource management, designed to ensure that employees remain motivated, engaged, and committed to achieving organisational objectives. By incorporating both monetary and non-monetary incentives, organisation can cultivate a work environment that promotes productivity and long-term success (Samatha et al., 2021). Reward is generally understood as the total remuneration both financial and non-financial provided to an employee in exchange for their labour or services.

At times, reward is used interchangeably with remuneration and is considered one of the most significant terms in any employment contract (Samatha et al., 2021). According to Armstrong

(2020), "reward systems consist of the interrelated processes and practices which combine to ensure that reward management is carried out effectively to the benefit of the organisation and the people who work there." Reward systems are guided by the organisation's reward strategy, which derives from the broader business strategy aimed at achieving competitive advantage, and the human resource (HR) strategy, which is influenced by the business strategy.

These systems coordinate the development and operation of reward practices and processes and shape reward policies, which in turn influence the implementation of these practices and procedures (Armstrong, 2019). Essentially, reward systems are a combination of financial and non-financial incentives provided by organisation to employees in return for their contributions and performance. They should be strategically designed to align employee efforts with organisational objectives. In addition, reward can also be conceptualised as a collection of brain structures that regulate behaviour by inducing pleasure, highlighting its psychological dimension (Obiaga & Itakpe, 2021). Effective reward management ensures that human resources are optimally utilised and motivated through the application of diverse and strategically significant techniques.

Bonus

Bonus plays a vital role in motivating the workforce and enhancing employee retention. According to Herzberg's two-factor theory, financial incentives such as bonuses contribute to job satisfaction and help reduce turnover. Bonuses are additional payments made to employees on top of their regular salaries or wages as a reward for meeting or exceeding performance expectations. These payments are typically discretionary and are intended to motivate employees, recognise exceptional contributions, and align individual efforts with organisational objectives (Armstrong & Taylor, 2020).

Bonus may be one-off or recurring and can vary in size depending on factors such as organisational performance, individual achievements, or team contributions. Dessler (2020) notes that bonuses are a critical element of performance-based pay systems, designed to incentivise employees to exceed standard job requirements. They can take various forms, including performance bonuses, holiday bonuses, and profit-sharing bonuses, each serving a distinct purpose in fostering employee engagement and retention. For instance, profit-sharing bonuses reward employees based on the company's profitability, encouraging them to align their efforts with the organisation's financial goals (Milkovich et al., 2019).

In addition to their financial impact, bonuses have a psychological effect, creating a sense of recognition and appreciation. When employees perceive that their efforts are valued, they are more likely to experience higher morale and job satisfaction, which can enhance productivity and reduce turnover (Gupta & Shaw, 2020). However, the effectiveness of bonuses depends on their perceived fairness and the transparency of the criteria used to award them.

Promotion

Promotion within an organisation occurs when an employee is elevated to a higher position, often accompanied by an increase in salary and expanded responsibilities. This advancement generally involves existing members of the workforce (Dosumu et al., 2021). Promotions may take various forms, including the assignment of higher roles, salary increments, enhanced status, or improved facilities. Organisations typically fill higher-level vacancies by promoting employees deemed suitably qualified for the position, based on the skills they have developed through their daily responsibilities (Qalati et al., 2022).

Promotions are significant as they serve as recognition of an employee’s past performance and contribution to the organisation. Many companies consider promotion only after employees have spent a substantial period often around three years demonstrating exceptional performance and acquiring relevant skills (Karim et al., 2021). Essentially, promotion represents the transition of employees from lower-tier to higher-tier positions within the organisational hierarchy, often involving increased compensation and a broadening of job responsibilities. It may include a change in job title, greater managerial authority, expanded benefits, and the assumption of more complex and challenging tasks (Al-Khasawneh et al., 2023). Beyond the material and hierarchical aspects, promotion fosters a sense of enhanced self-worth and elevated status, motivating employees to deliver improved performance and greater commitment to organisational goals (Sikalumbi & Situmba, 2021).

Employee Performance

The concept of employee performance has received increasing attention in recent decades, given its relevance across almost all spheres of human activity. Organisational performance is often regarded as a subjective perception of reality, which accounts for the diversity of definitions and measurement instruments associated with the concept. Ion et al.(2021) argue that employee performance involves “achieving the goals that were assigned in alignment with enterprise objectives.” According to this perspective, performance is not merely the attainment of an outcome but is measured through a comparison between the achieved outcome and the intended objective. In contrast, Didier Noyé contends that performance should be understood primarily as the comparison between outcomes and objectives.

However, this definition is somewhat ambiguous, as both outcomes and objectives frequently vary across different fields of activity. Employee performance can be broadly defined as the extent to which an individual effectively executes their job duties and responsibilities. Many organisations conduct performance assessments on an annual or quarterly basis to identify areas requiring improvement and to reinforce success in areas meeting or exceeding expectations. Performance is a critical determinant of organisational success, contributing not only to enhanced productivity and profitability but also to higher employee morale. Regular assessment allows organisations to pinpoint areas for development, provide appropriate support and training, and ensure alignment with overall organisational goals. While the assessment of organisational performance may vary across industries, roles, and businesses, some common Key Performance Indicators (KPIs) include sales revenue, customer satisfaction, quality of work, attendance and punctuality, efficiency and productivity, time management, and teamwork and collaboration (Air, 2020).

Theoretical Framework

McNutt, (2019) stated that theory is a system of interconnected ideas that condense and organize knowledge about the world. This study was guided by equity theory.

Equity Theory

This theory was propounded by Adams in 1963. The Equity Theory proposes that individuals who perceive themselves as either under-rewarded or over-rewarded will experience distress and that this distress leads to efforts to restore equity within the relationship. The theory focuses on determining whether the distribution of resources is fair to both relational partners. In any organisation, an employee wants to feel that their contributions and work performance are being rewarded. If an employee feels underpaid then it will result in the employee feeling hostile towards the organisation and perhaps their co-workers, which may result in the employee not performing well at work anymore. It is the subtle variables that also play an important role in the feeling of equity. Just the idea of recognition for job performance and the mere act of thanking the employee will cause a feeling of satisfaction and therefore help the employee feel worthwhile and have better outcomes.

Equity theory consists of four propositions whereby; Individuals seek to maximize their outcomes. Groups can maximize collective rewards by developing accepted systems for

equitably apportioning rewards and costs among members. Systems of equity will evolve within groups, and members will attempt to induce other members to accept and adhere to these systems. The only way groups can induce members to equitably behave is by making it more profitable to behave equitably than inequitably. Thus, groups will generally reward members who treat others equitably and generally punish members who treat others inequitably. When individuals find themselves participating in inequitable relationships, they become distressed. The more inequitable the relationship, the more distress individuals feel.
According to equity theory, both the person who gets “too much” and the person who gets “too little” feel distressed. The person who gets too much may feel guilt or shame. The person who gets too little may feel angry or humiliated. Individuals who perceive that they are in an inequitable relationship attempt to eliminate their distress by restoring equity. The greater the inequity, the more distress people feel and the more they try to restore equity (Walster et al. 1978).
The relevance of Equity Theory cannot be overemphasis, the theory developed by Adams (1963), is highly relevant to understanding the effect of the reward system on employees' performance. The theory suggests that employees compare their input-output ratio with that of others in the organisation, influencing their motivation and job performance. A fair reward system enhances job satisfaction, increases productivity, and fosters commitment, leading to improved organisational performance (Gupta & Shaw, 2014). Employees who perceive fairness in rewards, such as salaries, bonuses, and promotions, are more likely to be motivated, reducing turnover and increasing efficiency (Colquitt et al., 2013). Thus, organisation that implement equity-based reward systems create a conducive work environment that boosts performance.

Review of Empirical studies

Adams, and Ama (2024) determined how reward system affect the work performance of the employees in terms of work quality, quantity, and in City of Johannesburg Municipality, South-Africa. Stratified sampling method was adopted in the study. The sample of 371 employees was allocated to the different strata of the population using allocation proportional to size, while participants from each stratum were identified using the simple random sampling method and interviewed using structured questionnaire. The study found that paid leave was the only type of reward the employees received. The respondents disagreed that employees were fairly rewarded for their performance; that the reward system facilitated attracting and retaining the right kind of people, and that the managers have regular meetings to discuss their performance progress. However, the study is methodologically strong but limited in scope, with potential self-report biases and a lack of managerial perspectives. Expanding the research to include a wider range of rewards, a larger population, and qualitative insights would improve its applicability and depth.

Mahbubul et al. (2024), explored the impact of reward and punishment system on employees' performance in Bangladesh's pharmaceutical sectors. Employing a quantitative methodology, primary data were collected during the year 2022. Population of the study comprises of 37187 employees of chosen pharmaceutical companies. The sample size 306 employees were surveyed using a questionnaire selected through purposive sampling techniques. The collected data were analyzed using the statistical software SPSS. The study revealed that both extrinsic rewards and punishment significantly and positively influenced the performance of employees within Bangladesh's pharmaceutical companies. However, the study considers a large population (37,187 employees) from various pharmaceutical firms, indicating a broad industry scope. This helps in understanding overall industry trends rather than just focusing on a single company. The sample size is only 306, which represents less than 1% of the total workforce. Given the diverse roles and job functions within the pharmaceutical sector, this small sample may not be fully representative.

Yvonne and Wabala (2023) explored the effects of rewards management system on employee performance. A case study of international training and motivation Africa Limited, Rwanda. The researcher targeted ITM Africa Ltd employees. Case study design was adopted for the study that also targeted 20 employees of ITM Africa Ltd Company. The census technique was used due to the small study population. The data was collected using pretested questionnaires. Data was analyzed using descriptive and inferential statistics aided by Statistical Package for Social Scientists (SPSS) version 21. The findings revealed that most employees were not content with their pay and also there was uncertainty on whether the current monetary rewards in the firm led to improved employee performance. Second, employee enjoyed communication, teamwork and even collaboration done with the top management of ITMA Ltd Company. Lastly, the study findings also revealed that recognition strategies as currently practiced in the firm were having a considerable outcome on employee performance. However, the study is limited to 20 employees, which is too small to generate generalizable conclusions. Findings may not be applicable to other consulting firms in Rwanda or different industries.

Hussain et al. (2022) examined the role of employee rewards, recognition, and job-related stress towards employee performance considering the mediating role of perceived organisational support in Lahore, Pakistan. The data has been gathered through the survey method of the questionnaire. A simple random sampling technique is used for this study. Confirmatory factor analysis (CFA) and structure equation modeling (SEM) techniques have been used for statistical analysis. Population of the study comprises of 200 employees of private call-centers based in Lahore. Results showed that employee rewards and recognition have a significant and positive effect on employee performance. Findings also revealed that perceived organisational support significantly and fully mediates the relationship between employee rewards, recognition and employee performance. However, the study does not discuss whether the questionnaire was pretested for reliability and validity. It is unclear whether common method bias was checked, which could impact results.

Chukwuma et al. (2022) focused on reward system and employee performance: A Study of Oyi Local government area of Anambra state. The study adopted expectancy theory propounded by Victor Vroom in 1964. The population of the study is 1470 staff. Survey method was adopted for the research and data were sourced from both primary and secondary sources. The finding of the study shows that reward system also influences the motivation of employees which consistently has an impact on their productivity and rewards are very important in every organisation because it will bring out the employees best and the organisation will achieve it set objectives. Nevertheless, while the total population is 1,470 staff, the study does not indicate the sample size used for data collection. It is unclear whether a random, stratified, or convenience sampling technique was applied, which raises concerns about bias and representativeness.

Kerr et al. (2022) examined the effect of reward management on employee performance in the case of Keystone Foods LLC in the USA. The study was literature-based and the analysis was based on the findings from previous studies. The study found a strong relationship between reward and employee performance. Reward management is primarily about managing expectations, which are what workers expect from their employers in exchange for their contributions. Rewards are among organisation key tools to attract, retain and encourage their employees. Reward management analyzes and controls employee remuneration, compensation and other employee benefits. Firms use a combination of financial and non-financial reward management to motivate employees. However, there is no discussion of how the literature was selected, analyzed, or synthesized. The absence of a systematic review approach (e.g., PRISMA or meta-analysis) raises concerns about potential bias.

Obiaga and Itakpe (2021) examined reward system and employee performance in the oil and gas industry in Rivers State, Nigeria. Qualitative and quantitative research design was adopted for this study. The questionnaire was adopted as the research instrument to elicit the needed data from 243 respondents as the population for this study.. The descriptive statistics and Pearson's correlation analysis were employed to carry out the data analysis using SPSS Version 23. The results indicate that there is a significant relationship between bonuses and productivity, reward and productivity, promotion and productivity in the oil and gas industry in Rivers State. However, the research population is stated as 243 respondents, but it is unclear whether this refers to the total population or the sample size. If 243 was the total population, then the sample size should have been determined using an appropriate sampling technique.

Nurul et al. (2021), investigate the effects of a reward system in an organisation on employee performance in Perlis, Malaysia. This study adopted a quantitative approach where the population consists of 132 employees'. Data were then analyzed using SPSS software and a few analyses were carried out such as correlations analysis and regression analysis. The results show that all variables have a significant impact on employees' performance. Hence, while the quantitative approach provides measurable results, the study does not incorporate qualitative methods, such as interviews or focus groups, to explore employees' perceptions of the reward system in greater depth. This could have provided richer insights into the "why" and "how" behind the statistical relationships.

METHODOLOGY

Research Design

A research design is the comprehensive blueprint used to guide a study towards the objectives. A cross-sectional survey design was adopted for this study. This design was considered appropriate because it was used to collect relevant data from the respondents on the research variables. The data collected served as the foundation for the analysis carried out in this study. Research design represents the overarching framework that links the conceptual research problem to the relevant and attainable empirical investigation. Essentially, it outlines the type of data required, the methods to be used in collecting and analysing that data, and the manner in which these procedures collectively address the research questions (Grey, 2021).

3.2.1 Population of the Study

The Population for this study comprised of 628 employees of Access Bank Plc, First Bank of Nigeria Plc, Zenith Bank Plc, United Bank for Africa, Guaranty Trust Bank Plc, and First city monument Bank. Convenience is the main reason for selecting these six banks out of many other Deposit Money Banks in Makurdi metropolis. As a sector, banking industry was used because, it is a sector that puts high pressure on employees and demand since they (employees) are dealing with people's deposits. The study population is summarized in the tabular form below for easy assessment.

Table 1: Population of Employees of the Banks under Study.

S/n	Banks	Number of Branches	Number of Employees
1	Access Bank Plc	3	120
2	First Bank of Nigeria Plc	4	180
3	Zenith Bank PLC	2	138
4	Guaranty Trust Bank Plc	1	40
5	United Bank for Africa	4	88
6	First City Monument Bank	1	62
	Total	**15**	**628**

Source: *Field survey, (2025)*

Sample Size Determination

A sample is a portion or part of the population of interest. The purpose of sampling is to gain an understanding about some features or attributes of the whole population based on the characteristics of the sample (Sekaran & Bougie, 2019). Therefore, to avoid problem of response biasness and to increase the response rate for the study, the researcher used Taro Yamane formula to determine a sample size at a 95% confidence level and P = 0.5 are assumed for Equation. The formula presented here generate estimates of the necessary sample size required based on statistical criteria (Creswell, 2003). A total of 244 respondents were drawn from a population of 628 employees across the six deposit money banks listed on the floor of the Nigerian Exchange Group within the Makurdi Metropolis, as presented below.

$$n = \frac{N}{1+ N(e)^2}$$

Where:

n = the required sample size

1 = constant

N = the total population

R = level of significant

Note that, for the purpose of this study, r = 0.05

$$n = \frac{628}{1 + 628(0.05)2}$$

$$n = \frac{628}{1 + 628(0.0025)}$$

$$n = \frac{628}{1 + 1.57}$$

$$n = \frac{628}{2.57}$$

$n = 244$ +649 Buffer margin

= 269

Sampling Technique

Purposive sampling, also known as judgmental, selective or subjective sampling, was adopted since the researcher intended to rely on the group levels in the sampling process top-level management, middle-level employees and lower-level employees of the six investigated banks. The selection was guided by specific criteria, including the relevance of each respondent's role to the research objectives, their position within the organisational hierarchy, a minimum level of work experience to ensure adequate familiarity with organisational processes, and their availability and willingness to participate.

These criteria enabled the researcher to obtain information-rich responses from individuals who were most capable of providing meaningful insight into the study. After dividing the population into cluster, the researcher randomly selects the sample proportionally as demonstrated below:

Source of Data

Data for this study was gathered from primary source. The advantage of using primary data is that it enables the researchers to collect information for the specific purposes of the study. Primary data was collected using questionnaire that have structured questions.

Model Specification

According to Mugania (2017), multiple regression analysis attempts to determine whether a group of variables together predict a given dependent variable and in this way, attempt to increase the accuracy of the estimate. Multiple regression analysis will be used to regress relationship between reward system with each predictor variable. To strengthen the relationship between reward system and performance, employee biography characteristics will be included in the study. Quozi, et al. (2021) observed that employees' individual differences contribute by strengthening the relationship between reward system and performance. The multiple regression models for this study were the linear model because the aim was to test the linear relationship of the variables from the beginning.

$Y = \beta 0 + \beta_1 si + \beta_2 bo + \beta_3 pro + \beta_4 cd + \beta_5 re + \beta_6 tr + e$

Where

Y = Employees' Performance

BO = Bonus

PRO = Promotion

β 0 = Constant

ϱ = stochastic term (error

Data Presentation and Analysis

Data collected from the respondents were analysed and presented in frequency tables and simple percentages.

Table 2: Response Rate

Item	Total	Percentage (%)
Questionnaire Administered	269	100
Questionnaire Returned	250	93.0
Questionnaire Not Returned	19	7.0

Source: *Field Survey, (2025).*

The result presented in Table 2 shows that a total of 269 copies of the questionnaire were distributed and 250 (93.0%) were successfully completed and returned by the respondents while 19(7.0%) were not returned by the respondents. The response rate of the questionnaire was high enough for any meaningful research work. Data presentation and analysis was done based on the valid questionnaires retrieved from the respondents.

Table 3: Model Summary.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.652[a]	.425	.411	.63786	1.937

a. Predictors: (Constant), Bonus and Promotion

b. Dependent Variable: Employee performance

Source: *Computation from SPSS Output, 2025***.**

The result in Table 3 showed the variation in the dependent variable explained by changes in the independent variables. The value of R-square was 0.425 which indicates that there was 42.5% variation in employee performance of selected deposit money banks in Makurdi metropolis due to changes in bonus and promotion at 95 % confidence interval. The table also shows that there is a strong positive relationship between the variables as shown by the R value of 0.652. Durbin-Watson statistic was used to determine the presence or absence of auto-correlation. When there is no auto-correlation, the Durbin-Watson statistic will be near 2, or (a value of 2 or close to 2 is ideal). For this model, the value of Durbin-Watson statistic was computed to be 1.937, which was reasonably closed to 2. This implied that there was no auto-correlation.

Table 4: Analysis of Variance (ANOVA)

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	2379.735	6	396.622	29.970	.000[b]
Residual	3215.865	243	13.234		
Total	5595.600	249			

a. Dependent Variable: Employee performance

b. Predictors: (Constant), Bonus and Promotion

Source: *Computation from SPSS Output, 2025***.**

The result of the Analysis of Variance (ANOVA) presented in table 4 showed that the processed data had a significance level of 0.000 and F-value (29.970) indicating that the model was statistically significant, valid and fit. This implies that training, bonus, salary increment, promotion career advancement and Recognition significantly affect the performance of selected deposit money banks in Nigeria.

Table 5: Regression Coefficients.

	Model	Unstandardized Coefficients		t	Sig.	Collinearity Statistics	
	Variables	B	Std. Error			Tolerance	VIF
1	(Constant)	.698	.589	1.185	.021		
	Bonus	.105	.051	2.065	.040	.907	1.103
	Promotion	.228	.069	3.304	.001	.427	2.340

a. Dependent Variable: Employee Performance

Source: *Computation from SPSS Output, 2025***.**

The regression coefficient in Table 5 indicates that holding all variables to a constant zero, employee performance of deposit money banks would be 6.98; a unit increase in salary increment would lead to 0.10% increase in performance of selected deposit money banks, a unit increase in bonus would lead to 1.05% change in performance of selected deposit money banks. Also, a change in promotion would affect performance of selected deposit money banks by 2.28. The study also found that all the p-values were less than 0.05 (.040 and 001), indicating that all the variables have statistically significant effects on performance of selected deposit money banks in Makurdi metropolis. The result of the regression analysis further indicated that promotion have more significant effects on performance of selected deposit money banks in Makurdi metropolis.

Also, the tolerance and variance inflation factor (VIF) values in Table 4.12 showed the absence of multi-collinearity. The VIF values of all the variables were less than 4 which were far less than 10 considered harmful for regression analysis. The general rule is that when VIF values exceed 10 it is a sign of multi-collinearity. The tolerance values are a measure of the correlation between the predictor variables and can vary between 0 and 1. The closer to zero the tolerance value is for a variable, the stronger the relationship between the variable and the other predictor variables. For this model, all the tolerance values were high-ranging from 0.907 for bonus to 0.427 for promotion.

4.3 Test of Hypotheses

The six hypotheses formulated in this study were tested at 0.05 level of significance as follows:

$H0_1$: Bonus has no significant effects on performance of selected deposit money banks in Makurdi metropolis.

The result from Table 4.12 indicated that bonus has a significant predictor on performance of selected deposit money banks ($t = 2.065$, $P < 0.040$). This suggests that there is statistical evidence to reject the null hypothesis (Ho_2). Since the P-value (0.040) is less than 0.05 level of significance (P < 0.040), the null hypothesis was rejected and we conclude that bonus have significant effects on performance of selected deposit money banks in Makurdi metropolis.

H0$_2$: Promotion has no significant effect on performance of selected deposit money banks in Makurdi metropolis.

Hypothesis three states that promotion has significant effects on performance of selected deposit money banks in Makurdi metropolis. Result indicated that there is significant effects of promotion on performance of selected deposit money banks ($t = 3.304$, $P < 0.001$). This implies that there is statistical evidence to reject the null hypothesis (Ho$_3$). Since the P – value (0.001) is less than 0.05 level of significance ($P < 0.001$), the null hypothesis was rejected and we conclude that promotion has significant effect on performance of selected deposit money banks in Makurdi metropolis.

4.4 DISCUSSION OF FINDINGS

Findings of the study on objective one revealed that bonus has a significant predictor on performance of selected deposit money banks. Regression was used to test the hypothesis at 5% level of significance and the p-value (0.040) was lower than the significance level. This can be statistically given as P-value $0.040 < \alpha = 0.05$. This finding is supported by April, (2022) who affirmed that bonus help and motivate employee to put in their base which lead to organisational performance. A study by Obiaga and Itakpe (2021) also found significant effects of reward system using bonus as one of the dimension on employee performance. Nurul et al. (2021) reported significant relationship between reward system and employee performance of health workers in Malaysia. The implication of the finding is that bonus positively impact individual employees that translate to employee productivity and overall performance of the organization hence the need to constantly provide bonus to employees will leads to high performance.

Result on the second objective revealed that promotion has significant effect on employee performance of selected deposit money banks in Makurdi metropolis. Regression was used to test the hypothesis at 5 % level of significance and the p-value (0.001) was lower than the significance level. This can be statistically given as P-value $0.001 < \alpha = 0.05$. This finding is consistent with Nyaga, and Jacqueline (2024) who's assessed the effect of promotion practices on employee performance in the National Bank of Kenya Limited indicated that promotion significantly affect the employee satisfaction and overall organizational performance. Tachie et al. (2024) whose investigated the relationship between job promotion and employee commitment at a Ghanaian University Library also found significant positive between promotion and employee performance of banks. A study by Chitra (2020) on Promotions and Salary Increment System on the Work Performance of Private and Government Schools in Udaipur, India also showed significant effect of promotion on employee performance. The implication of the finding to managers is that organizations should handle promotion matter serious which can motivate employees and as well leads to organisational performance.

CONCLUSION

This study ascertains the effect of reward system on employee performance with focus on selected deposit money banks in Makurdi metropolis. The results demonstrate the relevance of different dimensions of reward system: bonus and promotion in enhancing employee performance of selected deposit money banks in Makurdi metropolis

The study concluded that bonus and promotion have a significant positive effect on employee performance of selected deposit money banks in Makurdi metropolis. The effective use of reward system significantly enhances the organisational performance of selected deposit money banks in Makurdi metropolis. As these banks continue to embrace reward system practices, they are likely to experience sustained growth and improved employee performance as well as organisational performance.

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