



## Broadbanding and Employee Performance in the Nigerian Deposit Money Bank

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**Abstract:** The implementation of broadband in Nigerian deposit money banks presents both challenges and opportunities for enhancing employee performance. While broadbanding offers flexibility in pay decisions and rewards to motivate employees, it may also result in inconsistent pay progression, which can potentially lower job satisfaction. The study seeks to examine the relationship between broadbanding and employee performance. Specifically assess the impact of skill-based pay and incentive policies on employee productivity and motivation. Using a survey research design and a structured questionnaire, data were gathered from employees at Access Bank Nigeria Plc., Kwara State and analysed with SPSS version 26. The results showed a strong positive correlation between skill-based pay and employee productivity, and incentive policies and employee motivation. The findings emphasise the importance of recognising and rewarding employees for handling complex tasks and developing skills, which are key to maintaining high levels of satisfaction and motivation. The study concludes that when broadband is managed effectively, with clear compensation policies, it can enhance employee motivation and induce productivity in Nigerian banks. It recommends offering training, regularly evaluating job complexity, and ensuring transparent pay structures to promote organisational success.

**Keywords:** Broad banding; Flexible compensation; Employee performance; Incentive policies; Skill-based pay

**JEL Classification:** M12, M19, M16

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## 1. Introduction

In today's rapidly evolving banking world, managing pay effectively while keeping top talent is essential. Broadbanding helps by combining many small pay grades into wider pay bands. This gives banks the flexibility to reward skills, good performance, and job changes within the organisations. It's a good fit for banking, where jobs are becoming more flexible, and learning new skills is key. However, broadbanding was introduced as a remedy to the limitations of traditional hierarchical compensation systems. Broadbanding helps alleviate challenges like limited career progression, pay inequities, and bureaucratic barriers. Traditional systems often featured a large number of narrow job grades, which constrained employees' growth potential and fostered stagnation. Broadbanding, by consolidating roles into wider salary ranges, addresses these constraints by offering flexibility, encouraging skill development, and creating opportunities for lateral career movement (Martinez, 2023).

Broadbanding has gained traction in Nigerian deposit money banks due to its flexibility in compensation and performance management. It enhances motivation by linking financial rewards to performance, fostering a competency-based culture rather than rigid hierarchies. Additionally, well-structured reward systems improve productivity and operational efficiency. Despite its benefits, broadbanding poses challenges, including potential pay disparities and transparency concerns (Obasan & Afolabi, 2024). Effective implementation is essential to optimise human resource management and enhance employee performance in Nigerian banks.

In the traditional remuneration system within Nigerian deposit money banks, salary increments are primarily tied to hierarchical promotions. This system emphasises job rank over employee skills, capabilities, and performance, resulting in a rigid pay classification that often fails to adequately reward or motivate employees who contribute significantly to organizational success. Subsequently, high-performing employees in non-managerial roles often experience dissatisfaction due to pay compression, where limited salary ranges within job grades fail to reflect their actual contributions or potential (Akanbi & Adeyemo, 2023). This rigidity not only stifles employee development but also perpetuates inequality in compensation, as the system favours rank over ability. The lack of flexibility in the traditional system creates further challenges in compensating employees who have acquired new skills or broadened their capabilities without necessarily moving up in rank. As Nigerian banks face increasing competition and pressure to innovate, the inability to adequately reward employees with critical skills threatens both talent retention and organizational performance. In such a system, employees focus more on hierarchical promotions than on developing cross-functional skills or improving their performance, which ultimately hinders the overall growth of the organization (Ajayi, 2023).

Broadbanding, as a compensation approach, offers a solution by allowing salary variations within the same job classification based on employee skills, performance, and market conditions. However, despite its potential, broadbanding poses new challenges, particularly in hierarchical and risk-averse Nigerian banks that prefer well-defined policies and procedures. While broadbanding can encourage the development of broad skills and lateral movement, its success depends on the bank's ability to balance flexibility with fairness, avoiding further feelings of inequality or dissatisfaction among employees. This study aims to address the problem of whether broadbanding, when implemented in Nigerian deposit money banks, can improve employee performance by fostering skill development and offering more flexible pay structures, or whether it may inadvertently introduce new challenges related to equity, transparency, and effective compensation management.

## **2. Literature Review**

### **2.1. Concept of Broadbanding**

Broadbanding simplifies pay structures by merging multiple salary grades into broader bands, offering greater flexibility in compensation (Armstrong & Taylor, 2022). Unlike traditional systems that tie salary progression to job titles, broadbanding rewards performance, skills, and market value, fostering a dynamic approach to talent management (Colquitt et al., 2021). It supports lateral career growth and aligns with Expectancy Theory, linking effort to rewards (Vroom, 1964; Aguinis, 2019). However, broadbanding can create pay inconsistencies, leading to perceptions of favouritism and inequity (Milkovich & Newman, 2020). Wide salary bands may also cause pay compression, reducing incentives for top performers. Effective implementation requires transparency to prevent subjectivity in pay decisions, ensuring trust in the system (Gomez-Mejia et al., 2021). While broadbanding enhances agility and rewards development, balancing flexibility with structure is key to its success. Recently, the rise of remote work has highlighted broadbanding's relevance, as it allows organisations to compensate employees based on their skills and contributions rather than location or job titles (PricewaterhouseCoopers, 2022). However, concerns remain about salary compression and the potential for pay inequities if not managed properly (SHRM, 2023).

#### **2.1.1. Employee Performance**

Employee performance reflects how well individuals achieve objectives, complete tasks, and contribute to organizational success. It includes task performance (technical proficiency) and contextual performance (workplace-enhancing behaviours) (Dessler, 2021). Traditional evaluations relied on task-based metrics, while modern approaches, like 360-degree feedback, provide a broader perspective (Griffin, 2022). Goal-setting theory links performance to clear, challenging goals, improving motivation (Locke & Latham, 2002), while social exchange theory suggests organizational support fosters discretionary effort (Blau, 1964). However, traditional appraisals often focus on short-term goals and are prone to bias. Newer models, such as behaviorally anchored rating scales (BARS) and continuous feedback systems, offer real-time, structured evaluations to reduce subjectivity. Despite these improvements, balancing quantitative metrics with qualitative insights is key to effective performance management.

#### **2.1.2. Skill-based Pay**

Skill-Based Pay (SBP) rewards employees for acquiring competencies rather than specific roles, aligning with broadbanding's flexible pay structures. It promotes skill development and cross-functional capabilities, enhancing motivation and commitment (Parker, Morgeson & Johns, 2017). However, SBP risks salary inflation if skills lack organizational relevance. In broadbanding, SBP fosters flexibility, role diversity, and collaboration by linking pay to skills rather than job titles.

**Competency Assessment:** Competency assessment is essential in Skill-Based Pay (SBP), verifying employees' skills for pay progression through tests, peer reviews, or observations. In broadbanding, it ensures employees have cross-functional abilities for fluid roles beyond traditional job descriptions (Milkovich & Newman, 2016).

**Skill Metrics:** Skill metrics are quantifiable standards used to assess skills and determine compensation, ensuring fairness and transparency in broadbanding systems by rewarding diverse skills (Gerhart & Fang, 2014). They motivate employees to develop competencies aligned with organizational goals, especially for cross-functional roles.

**Bonuses for Skill Acquisition:** Bonuses for skill acquisition provide financial incentives for employees to develop key skills, motivating competency growth in broadbanding systems where adaptability is crucial (Parker, Morgeson & Johns, 2017). These one-time payments reward proficiency in skills essential for organizational success.

However, Competency assessments, skill metrics, and bonuses for skill acquisition are key elements of skill-based pay, supporting employee development and aligning with broadbanding's flexible roles. These components reward skill acquisition, fostering individual growth and organizational agility.

### **2.1.3. Incentive Policies**

In broadbanding systems, incentive policies emphasise performance-based and skill-based rewards, encouraging a results-oriented culture and flexibility in roles (Brown, 2020; Gerhart & Fang, 2014). These policies enhance adaptability and mobility, vital in fluid job environments, and support career progression without traditional promotional pathways. Well-designed incentives boost engagement and retention, but a lack of clarity can lead to inequities, highlighting the need for transparency and clear criteria. Effective policies focus on performance, target achievement, and engagement to motivate skill development.

**Promotion Based on Performance:** In broadbanding, where roles are flexible and employees develop diverse skills, performance-driven promotion offers a clear career path. It links pay and advancement to achievements rather than job titles, motivating employees to enhance performance (Milkovich & Newman, 2016). This approach is effective in broadbanding environments, encouraging employees to take on multiple roles and contribute across functions.

**Target Achievement Rates:** Target achievement rates are key to incentive policies, especially in broadbanding. They measure how well employees meet performance goals, with rewards like bonuses or salary increases for exceeding targets (Gerhart & Fang, 2014). In broadbanding's flexible structure, these rates provide a clear success metric, motivating employees to excel across roles while aligning their efforts with organizational goals (Brown, 2020).

**Engagement Scores:** Engagement scores assess employee involvement, enthusiasm, and commitment, often correlating with higher performance and motivation. In broadbanding, where roles are fluid, these scores help gauge adaptability and success (Parker, Morgeson & Johns, 2017). Incentives like bonuses or recognition for high engagement encourage motivation and alignment with organizational goals, even without traditional promotions.

Hence, promotion based on performance, target achievement rates, and engagement scores are essential components of incentive policies that drive motivation and performance in broadbanding systems. These components ensure that employees are rewarded not just for their tenure or job title, but for their contributions, adaptability, and commitment to the organization's goals.

### **2.1.4. Employee Productivity**

Employee productivity is a critical determinant of organizational success and profitability, and understanding its drivers is essential for effective management practices. It is a crucial aspect of organizational effectiveness, influenced by several key components, including time management, work accuracy, customer satisfaction, and resource utilization. In the context of broadbanding, a compensation strategy characterized by broader salary ranges and flexible job roles, understanding these components is essential for enhancing employee performance and driving organizational success.

**Time Management:** Time management is crucial for employee productivity, helping prioritize tasks and meet deadlines. In broadbanding systems, where roles are diverse, strong time management skills are even more vital for handling various responsibilities (Narehan & Ashari, 2018). Supporting time management training improves job satisfaction and performance, boosting overall productivity.

**Work Accuracy:** Work accuracy is vital for employee productivity, reducing the need for revisions and enhancing workflow efficiency. In broadbanding, where roles are flexible, maintaining high accuracy is key to success. Employees who take pride in their work and receive effective training and feedback perform better (Higgins & Kram, 2001). Organizations that prioritize accuracy through clear metrics and accountability improve overall productivity.

**Customer Satisfaction:** Customer satisfaction is a key measure of employee productivity, especially in service industries, impacting profitability and success. In broadbanding, fostering a customer-focused culture is vital as employees with diverse roles are motivated by their impact on customer experiences (Gustafsson et al., 2005). Organizations prioritizing customer satisfaction enhance reputation, morale, and productivity, as employees feel more engaged when contributing to positive outcomes.

In essence, time management, work accuracy, and customer satisfaction are essential components of employee job productivity that significantly impact performance in broadbanding systems. By prioritizing these elements, organizations can create an environment that enhances employee effectiveness, satisfaction, and engagement, ultimately leading to improved organizational success.

### **2.1.5. Employee Motivation**

Employee motivation is a key factor in organizational effectiveness and performance. Both intrinsic rewards, like personal fulfilment and achievement, and extrinsic rewards, such as salary increases and bonuses, significantly impact motivation (Deci & Ryan, 2000; Gerhart & Fang, 2014). In broadbanding systems, where roles involve diverse responsibilities, a balanced approach to rewards, addressing both personal and financial needs, can enhance motivation. Key factors influencing motivation include intrinsic and extrinsic rewards, job autonomy, goal clarity, and feedback, all essential for fostering performance and engagement.

**Intrinsic and Extrinsic Rewards:** Intrinsic rewards, driven by personal satisfaction from work, foster long-term engagement and creativity (Deci & Ryan, 2000). Extrinsic rewards, like salary increases and bonuses, are also crucial, particularly in performance-focused environments. When perceived as fair, extrinsic rewards significantly boost motivation and job satisfaction. Combining both intrinsic and extrinsic rewards enhances employee motivation and performance.

**Job Autonomy:** Autonomy is a key driver of employee motivation, fostering engagement, satisfaction, and intrinsic motivation by allowing employees to make decisions about their work (Parker, Morgeson & Johns, 2010). In broadbanding systems, where roles are flexible, increased autonomy helps employees adapt and improve their contributions to the organization.

**Goal Clarity:** Clear, specific goals are essential for motivating employees and aligning their efforts with organizational objectives, increasing performance (Locke & Latham, 2002). Research shows that well-defined goals enhance motivation by clarifying expectations. Where roles are flexible, goal clarity is crucial for driving performance and maintaining alignment with the organization's mission in the context of broadbanding.

However, intrinsic and extrinsic rewards, job autonomy and goal clarity are critical components of employee motivation that significantly influence performance. In the context of broadbanding,

organizations that prioritize these elements can foster a motivated workforce that drives improved performance and contributes to overall organizational success.

## **2.2. Theoretical Review**

### **2.2.1. Equity Theory**

Equity Theory was propounded by John Stacey Adams (1965), posits that employees are motivated by fairness in their compensation relative to others. According to Adams, individuals assess their own input-to-output ratio (such as effort versus rewards) and compare it to that of their peers. If they perceive inequity, it can lead to dissatisfaction, reduced motivation, and lower performance.

Furthermore, in the context of broadbanding, which consolidates numerous pay grades into broader salary bands, Equity Theory becomes particularly pertinent. Employees within a broadbanding structure need to perceive fairness in how pay and performance are aligned across different roles and levels. If employees believe that their compensation is equitable relative to their contributions and that of others, it can lead to enhanced motivation and job satisfaction, directly impacting performance.

However, implementing a broadbanding system can mitigate feelings of inequity by providing transparency in pay structures and aligning rewards more closely with performance outcomes. When employees perceive fairness in compensation, they are more likely to be engaged and productive, thus enhancing overall organisational performance (Kulik & Bainbridge, 2021).

### **2.2.2. Expectancy Theory**

Expectancy Theory, propounded by Victor Vroom (1964), suggests that individuals are motivated to act based on their expectations that their efforts will lead to desired performance and rewards. Vroom emphasises three key components: expectancy (the belief that effort will lead to performance), instrumentality (the belief that performance will lead to outcomes), and valence (the value placed on the outcomes).

In a broadbanding context, Expectancy Theory underscores the importance of linking employee performance with tangible rewards. When employees understand that their efforts within broad pay bands will lead to meaningful outcomes such as salary increases or career advancement, they are more likely to be motivated to perform at high levels.

Broadbanding systems can enhance expectancy by clearly defining performance metrics and aligning them with reward structures. By doing so, organisations can create a motivating environment where employees are encouraged to strive for higher performance, thus positively impacting overall productivity (Gupta & Shaw, 2021).

### **2.2.3. Social Exchange Theory**

One pertinent theory is Social Exchange Theory, proposed by George Homans in 1958. The root of this theory is that social behaviour is the result of an exchange process aimed at maximising benefits and minimising costs. Where compensation structures are more flexible and emphasise skill variety, employees perceive their contributions as being reciprocated by the organisation through rewards and recognition. This reciprocity fosters a positive work environment, enhancing employee performance and commitment. When employees feel that their efforts are valued and fairly rewarded, they are more

likely to engage deeply with their roles, leading to improved productivity and job satisfaction (Huang & Kim, 2023).

#### **2.2.4. Goal Setting Theory**

Another related theory is Goal-Setting Theory, formulated by Edwin Locke in 1968. This theory posits that specific and challenging goals, along with appropriate feedback, lead to higher performance. In a broadbanning framework, organisations can set clear, skill-based performance goals that align with the broader pay bands. This alignment encourages employees to develop their skills actively, knowing that achieving these goals will result in tangible rewards. As a result, broadbanning not only clarifies expectations but also motivates employees to excel in their roles, thereby enhancing overall performance (Miller & Roberts, 2024).

### **2.3. Empirical Review**

Broadbanning, as defined by Armstrong and Taylor (2022) and Milkovich and Newman (2020), streamlines compensation by consolidating pay grades into broader bands, rewarding employees based on performance, skills, and market value. This approach aligns with Vroom's (1964) Expectancy Theory, where effort is linked to reward, fostering flexibility and career growth. However, Milkovich and Newman (2020) highlight challenges such as pay inconsistencies and potential pay compression. Employee performance, as discussed by Dessler (2021), includes both task and contextual performance, which modern systems like 360-degree feedback aim to assess (Griffin, 2022). Locke and Latham (2002) connect performance with goal clarity, which is vital in broadbanning environments, where job roles are fluid. Skill-based pay (SBP), aligned with broadbanning (Milkovich & Newman, 2016), rewards skill acquisition over specific roles, promoting cross-functional competencies (Parker et al., 2017). Competency assessments, skill metrics, and bonuses (Cappelli & Tavis, 2019) incentivize skill development, essential in broadbanning contexts. Moreover, Gerhart and Fang (2014) and Cappelli and Tavis (2019) emphasize the importance of performance-based incentives, goal clarity, and autonomy in enhancing motivation, aligning with the broader goal of fostering organizational agility and employee engagement.

### **2.4. Gaps in Literature**

Despite the growing adoption of broadbanning, several gaps remain in the literature regarding its long-term impact on employee motivation, job satisfaction, and organisational performance. While studies highlight broadbanning's flexibility and skill-based compensation (PricewaterhouseCoopers, 2022), limited research explores its effectiveness across different industries and cultural contexts. The potential risks of salary compression and pay inequities (SHRM, 2023) are acknowledged, yet empirical evidence on strategies to mitigate these challenges is insufficient. Additionally, while job complexity is linked to engagement and performance (Deloitte, 2023), there is a lack of research on how employees adapt to broader roles and whether the increased complexity leads to burnout. Incentive policies are emphasised as critical in broadbanning environments (Gerhart & Fang, 2014), but their effectiveness in replacing traditional hierarchical promotions remains underexplored. Finally, while broadbanning is associated with job satisfaction (Parker, 2023), more research is needed to determine its long-term influence on career growth, retention, and overall organisational commitment.

### 3. Methodology

#### 3.1. Research Design

The study employed a survey design due to its ability to minimise bias effectively. This design facilitated data collection from the study population, allowing the researcher to explore the causal relationships between the identified variables. Additionally, it provided respondents with the opportunity to share their perspectives and opinions on the variables under investigation, ensuring a comprehensive understanding of the subject matter.

#### 3.2. Population of the Study

The target population for the study comprises all Access Bank of Nigeria, Plc employees in Kwara state, who have been purposefully selected so as to get enough sampled respondents to give more accurate data and ensure unbiased representation of the group. The population of the employees is Three Hundred and Sixteen (316) employees. This forms the entire population for the study.

#### 3.3. Sample Size and Sampling Techniques

The sample size was gotten using Krejcie Morgan (1970) formula, stated below:

$$S = \frac{x^2 NP (1 - P)}{d^2 (N - 1) + x^2 P (1 - P)}$$

Where: S = the required sample Size,  $X^2$  = the table value of chi-square for 1<sup>0</sup> degrees of freedom at the desired confidence level (3.841), N = population size, which is 316, P = Population proportion with the principle of insufficient realism to be 0.50, and d = degree of accuracy expressed as a proportion assumed to be 0.05.

Thus, a population of 316 has a sample size of:

$$\begin{aligned} S &= 3.841(316 \times 0.50) (1 - 0.50) / 0.05^2 (316 - 1) + 3.841 \times 0.50 (1 - 0.50) \\ &= 303.44 / 1.74775 \\ &= 173.65 \text{ Approximately } 174 \end{aligned}$$

One hundred and seventy-four is gotten as sample size. The implication here is that one hundred and seventy-four copies of the questionnaire were administered to the staff members of Access Bank Plc. Kwara State, Nigeria.

#### 3.4. Method of Data Collection

Data was collected using a structured questionnaire that has two sections; Section A was designed to provide demographic and structural information, while Section B focused on the study variables, and respondents were required to respond on a 7-point Likert scale. Point 7 Strongly Agree, 6 Agree, 5 Partially Agree, 4 Strongly Disagree, 3 Disagree, 2 Partially Disagree and 1 Undecided. The questionnaire was administered to and collected from the respondents by the researcher with the aid of three trained research assistants.

### 3.5. Method of Data Analysis

To analyze the data, the demographic and structural parts of the questionnaire were subjected to descriptive statistics in the form of percentages and frequencies, while Regression analysis was used to analyze the research hypotheses with the aid of Statistical Packages for Social Sciences (V. 26) to show the effect of the various variables in the study on one another.

## 4. Results and Findings

### 4.1. Test of Hypotheses

#### Hypothesis I

H<sub>01</sub>: Skill-based pay has a positive impact on employee productivity.

**Table 1. Model Summary**

Model	R	R Square	Adjusted R-Square	Std. Error of the Estimate
1	.887a	.822	.788	0.164

a. Predictors: (Constant), Competency Assessment, Skill Metrics, Skill Acquisition

Source: SPSS Output, 2025

The regression results shows that the model has an R<sup>2</sup> of 0.822 which in other word means that 82% variation in the dependent variable (employee productivity) is explained by the independent variable (Competency Assessment, Skill Metrics and Skill Acquisition) while the error term takes care of the remaining 18 % which are variables in the study that cannot be included in the model because of their qualitative features. The evaluation criteria in the model indicate that the variables measured have a good predictive ability of the endogenous variable.

**Table 2. ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.246	3	1.415	6.126	.000 <sup>b</sup>
	Residual	39.572	171	0.231		
	Total	43.818	174			

a. Dependent Variable: Employee Productivity

b. Predictors: (Constant), Competency Assessment, Skill Metrics, Skill Acquisition

Source: SPSS Output, 2025

The P-value (Sig.) associated with the F-Value is 0.000 implies that the variable is statistically significant, and the F-Value of 6.126 with a p-value less than 0.05 shows that the variable is statistically significant. Therefore, the F-Value shows that Competency Assessment, Skill Metrics and Skill Acquisition reliably predict employee productivity. The F-statistic of 6.126 has a P-value of 0.000. This means that the results show the goodness of fit of the model.

**Table 3. Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	2.263	.316		4.820	.000

Competency Assessment	.313	.157	.022	3.172	.000
Skill Metric	.436	.023	.049	2.342	.000
Skill Acquisition	.412	.042	.061	2.132	.000

a. Dependent Variable: Employee Productivity

Source: SPSS Output, 2025

The regression analysis assesses the impact of competency assessment, skill metrics, and skill acquisition on employee productivity. The intercept is significant and positive ( $\beta = 2.263$ ,  $SE = 0.316$ ,  $t = 4.321$ ), indicating a strong model fit. All independent variables significantly influence productivity, meaning that improvements in any of these factors will enhance employee performance. The model explains 82% of the variation in employee productivity ( $R^2 = 0.822$ ), with the remaining 18% attributed to unmeasured qualitative factors. The F-statistic (11.034,  $p = 0.000$ ) confirms the model's high significance, even at a 1% level. Overall, the findings suggest that competency assessment, skill measurement, and acquisition are critical drivers of employee productivity in Nigerian banks.

To test hypothesis 1, the value obtained from the estimation of the model with the table value was considered. The P-value for customer optimization on employee productivity is 0.000, which is less than 0.05 and is therefore significant. The t-statistic for skill-based pay on the employee productivity obtained from the estimation is 4.321 at 5% level of significance. This implies that skill-based pay will enhance employee productivity. Therefore, at the 5% level of significance, the alternative hypothesis is accepted while the null hypothesis is rejected. The estimated p-value obtained through estimation is 0.000. Since the estimated value is less than the threshold, the null hypothesis is rejected, and the alternative hypothesis is accepted that skill-based pay has a significant impact on employee productivity.

H0<sub>2</sub>: Effective incentive policies are positively associated with employee motivation.

**Table 4. Model Summary**

Model	R	R Square	Adjusted R-Square	Std. Error of the Estimate
1	.891 <sup>a</sup>	.834	.782	0.254

a. Predictors: (Constant), Promotion Based on Performance, Target Achievement Rate, Engagement Scores

Source: SPSS Output, 2025

The regression results shows that the model has an  $R^2$  of 0.834 which in other word means that 83.4% variation in the dependent variable (employee motivation) is explained by the independent variables (promotion-based performance, target achievement rate, engagement scores) while error term takes care of the remaining 17% which are variables in the study that cannot be included in the model because of their qualitative features. The evaluation criteria in the model indicate that the metrics used can predict employee motivation.

**Table 5. ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.438	3	1.479	5.208	.000 <sup>b</sup>
	Residual	48.542	171	0.284		
	Total	52.980	174			

a. Dependent Variable: Employee Motivation

b. Predictors: (Constant), Promotion Based on Performance, Target Achievement Rate, Engagement Scores

Source: SPSS Output, 2025

The p-value associated with the F-Value is 0.000 implies that the variable is statistically significant, and the F-Value of 5.208 with a p-value less than 0.05 shows that the variable is statistically significant. Therefore, the F-Value shows that promotion-based performance, target achievement rate, and engagement scores reliably have impact on employee motivation. The F-statistic of 5.208 has a P-value of 0.000. This implies the goodness of fit of the model.

**Table 6. Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	3.241	.609		3.564	.001
	Promotion-based performance	.021	.157	.022	2.132	.000
	Target achievement rate	.323	.075	.049	4.305	.000
	Engagement Scores	.060	.146	.071	2.409	.000

a. Dependent Variable: Employee Motivation

Source: SPSS Output, 2025

The coefficients table examines the influence of promotion-based performance, target achievement rate and engagement scores on employee motivation. The investigation estimated that an intercept (C) has a coefficient of 3.241, a standard error of 0.609 and a t-value of 3.564. The figures of the standard error (< the coefficient) and the t-statistics (> 1.96 critical t-value) signify that the intercept is significant and positive.

The regression results shows that the model has an  $R^2$  of 0.834 which in other word means that 83% variation in the dependent variable (employee motivation) is explained by the independent variables (promotion-based performance, target achievement rate and engagement scores) while error term takes care of the remaining 17% which are variables in the study that cannot be included in the model because of their qualitative features. The evaluation criteria in the model indicate that the model is good. The F-statistic of 5.208 has a p-value of 0.000. This means that the model is very significant even at 1% level of significance.

To test hypothesis 2, the value obtained from the estimation of the model with the table value was considered. The P-value for the effectiveness of incentive policies on employee motivation is 0.000, which is less than 0.05 and is therefore significant. The t-statistic is 3.564 at 5% level of significance. Therefore, at the 5% level of significance, the alternative hypothesis is accepted while the null hypothesis is rejected. For the F-statistic, which, apart from the  $R^2$  also tells about the overall significance of the model, the value obtained through estimation is 0.000. Since the estimated value is less than the significance value, the null hypothesis is rejected, and the alternative hypothesis is accepted, which states that effective incentive policies has significant effect on employee motivation.

## 4.2. Discussion of Findings

The findings revealed a statistically significant impact of skill-based pay on employee productivity in the study area. This implies that employees' competency assessment, the identified skill metrics

related to key performance indicators, and employees' performance efforts to acquire more skills relevant to the effective discharge of their core duties need to be remunerated to enhance employee productivity. Thus, employee productivity is a function of skill-based pay. This result is in line with the study of Brown (2020); Griffin (2022), and Miller and Roberts (2024), whose studies projected broadbanding flexible pay as a key determinant of employees' performance. It is sufficient to say that the traditional approach of hierarchical titles and position being the major determinant of pay differential is capable of eroding skill acquisition and development.

Furthermore, the study revealed that effective incentives policies influence employees' motivation. Motivation, being an inner drive have both intrinsic and extrinsic factors. One of the major motivants that induces performance is promotion that is based on performance, incentives based on target achievement rate, and employee engagement scores in relation to corporate goal attainment. The study shows that these metrics motivate employees more and promote fairness and equity in an organisation. This finding is in alignment with the studies of Dessler (2022), Akanbi and Adeyemo (2023), Ajayi (2023), and Obasan and Afolabi (2024), whose studies proved that adequate and commensurate incentives contribute significantly to employees' performance. This implies that to induce employee motivation, adequate, comprehensive, equitable and commensurate incentives must be put in place.

## **5. Conclusion and Recommendations**

Traditional hierarchical pay structures were found to be rigid, prioritizing job rank over employee skills and performance, leading to pay compression and dissatisfaction among high-performing non-managerial employees. Broadbanding, by consolidating pay grades into broader salary bands, offers a flexible compensation approach that links pay to skills, contributions, and market conditions. The results revealed a significant positive relationship between skill-based pay and employee productivity, and incentive policies and employee motivation. These results indicate that broadbanding enhances employee performance by motivating skill acquisition and rewarding contributions effectively. However, challenges such as potential pay disparities and transparency concerns must be managed to ensure fairness and maintain employee trust. The study concludes that when effectively implemented, broadbanding can enhance employee productivity, motivation, and overall organizational success. To optimize broadbanding, Nigerian banks should establish transparent and fair pay structures based on skills and performance while ensuring continuous employee development programs to support skill acquisition and career growth.

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