



The Impact of Non-Regular Monetary Incentives on Employee Performance: A Case Study of Stanbic IBTC Bank Plc

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Abstract

Original Research Article

This study looks at how non-regular monetary incentives—specifically pay raises, performance bonuses, allowances, and profit-sharing—affect how well employees do their jobs at Stanbic IBTC Bank Plc. By breaking performance down into three clear areas (task, operational, and contextual), this paper maps out how strategic financial rewards impact banking staff. The research focuses on the bank's Lagos headquarters and branches across the six Area Councils of Nigeria's Federal Capital Territory (FCT) over a ten-year period (2014–2023). The goal is to provide practical, data-driven insights for bank managers and HR professionals operating in tough, fast-changing economic environments.

Keywords: Non-Regular Monetary Incentives, Employee Performance, Task Performance, Operational Performance, Contextual Performance, Stanbic IBTC Bank.

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1. Introduction

1.1 Background to the Study

In today's unpredictable corporate world, companies are in a non-stop race to find and keep top talent. Out of all the resources a business owns, the human element—the employees—is what truly drives long-term success. Because of this, business owners and HR managers are constantly searching for the best ways to keep their teams motivated. They want to make sure people are performing at their best day in and day out, whether they are handling core daily tasks, collaborating across departments, or stepping up to help the workplace run smoothly. Quite often, the key to unlocking this performance comes down to having the right motivational

framework in place (DeVaro *et al.*, 2020).

Trying to get the best possible performance out of workers is nothing new. The challenge stretches all the way back to the Industrial Revolution in Europe, which sparked the management theories we still use today. It began in the late 1700s and early 1800s with early thinkers like Robert Owen, Andrew Ure, Charles Babbage, and Henry Towne, who focused heavily on finding ways to boost efficiency and output. Later, Frederick Winslow Taylor (1856–1915) formalized this with his Scientific Management Theory, which aimed to optimize worker output through standardized tasks and financial rewards. Over the decades, other major ideas shaped the field: Henri Fayol's Administrative Theory, Max Weber's



Bureaucratic Model, Elton Mayo's behavioral insights from the famous Hawthorne studies, and more modern approaches like William Ouchi's Theory Z.

In modern commercial banking, institutions like Stanbic IBTC Bank Plc face an ongoing challenge: how to build a workplace culture where employees feel genuinely driven to excel. Because human behavior is naturally unpredictable, structured motivation is a must for survival, especially in highly competitive markets. In a developing economy like Nigeria, motivation usually falls into two buckets: financial (monetary) and non-financial (non-monetary) variables (Bature and Okafor, 2021; Qaisi, 2022).

Non-financial incentives focus on personal and workplace factors, such as:

- Verbal praise and formal recognition awards
- Seasonal gifts
- Career growth and promotions
- A supportive, comfortable work environment

On the flip side, financial motivation involves direct cash compensation. This includes:

- Base salaries and wages
- Performance-linked bonuses
- Structural allowances
- Fringe benefits
- Discretionary pay raises
- Profit-sharing plans

The logic behind monetary rewards goes back to Taylor's (1911) basic rule: "a fair pay for a fair day's job" (Mohammed and Ibrahim, 2021). In today's business world, how an organization rewards its people directly shapes its future (Armstrong and Brown, 2023). A company's compensation setup completely determines worker commitment, corporate citizenship, and how hard people are willing to push for corporate milestones (Ekwochi and Okoene, 2022). Banks, in particular, need their teams firing on all cylinders to hit financial targets, keep demanding customers happy, and stay ahead of the

competition.

In developing economies, money remains an incredibly powerful tool (Hameed et al., 2021). Beyond helping employees take care of their own families and cover baseline living expenses, cash incentives are a proven way to spark higher productivity (Hendra and Rezki, 2022). They can also serve as a behavioral modifier to correct poor performance (Anarado and Nnaji, 2023). This study zooms in on non-regular monetary incentives to see exactly how they influence different types of job performance at Stanbic IBTC Bank Plc.

1.2 Statement of the Problem

One of the toughest challenges facing business owners and HR managers today is figuring out how to get employees to bring their best selves to work every single day (Gerhart and Fang, 2021). It is a puzzle that continues to stump human resource experts, consultants, and researchers alike. Classical management theorists often assumed that the average worker is naturally inclined to do the bare minimum if left to their own devices, unless they are pushed or given a strong enough reason to excel. Without the right motivation, people simply will not perform to the best of their abilities. Figuring out the exact mix of cash and non-cash incentives to pull or push employees in the right direction remains a major hurdle.

In many large institutions, including banking environments like Stanbic IBTC Bank Plc, leadership teams sometimes overlook, under-utilize, or poorly structure non-regular monetary incentives. A common baseline assumption among employers in competitive job markets is that simply offering someone a job in a tough economy is a favor in itself. Operating under the belief that low employment opportunities guarantee compliance; some organizations rely on tight control and pressure rather than rewarding extra effort with financial incentives.

On the other side of the equation, the macroeconomic reality in Nigeria means the average banking professional faces immense financial pressure. Employees are actively looking for non-regular financial support—such

as performance bonuses, profit-sharing payouts, merit-based raises, and targeted allowances—to keep up with inflation and support extended families. When corporate management treats human beings like static assets (no different from tools, office equipment, or computers) rather than dynamic, indispensable people, an operational divide begins to grow. This disconnect usually shows up as falling productivity, widespread workplace dissatisfaction, and structural issues that hurt the bank's long-term competitive edge.

1.3 Research Questions

To address these practical workplace challenges, this study explores the following questions:

- To what extent does a pay raise affect an employee's task performance at Stanbic IBTC Bank Plc?
- How does a performance bonus affect an employee's operational performance at Stanbic IBTC Bank Plc?
- To what degree does profit-sharing affect an employee's contextual job performance at Stanbic IBTC Bank Plc?

1.4 Objectives of the Study

The main goal of this research is to see how non-regular monetary incentives impact different aspects of employee performance at Stanbic IBTC Bank Plc. Specifically, the study aims to:

- Assess the real impact of a pay raise on an employee's ability to handle core task performance at Stanbic IBTC Bank Plc.
- Evaluate how a performance bonus influences day-to-day operational performance at Stanbic IBTC Bank Plc.
- Determine the relationship between profit-sharing and an employee's contextual job performance at Stanbic IBTC Bank Plc.

1.5 Research Hypotheses

To give this study a clear analytical framework,

the following null hypotheses (H₀) have been set up:

- H₀₁: A pay raise does not significantly impact employee task performance at Stanbic IBTC Bank Plc.
- H₀₂: A performance bonus does not significantly impact employee operational job performance at Stanbic IBTC Bank Plc.
- H₀₃: Profit-sharing does not significantly impact employee contextual performance at Stanbic IBTC Bank Plc.

1.6 Significance of the Study

Looking closely at how cash rewards connect to job performance is vital right now, especially given the intense economic pressures banking employees face. In a developing economy like Nigeria, financial compensation is often the primary reason people choose a job or decide to stay, as they try to balance the rising cost of living. Because of this, the insights from this study matter to a wide range of people:

- **Stanbic IBTC Bank Plc and the Banking Sector:** This study highlights how real people respond to different reward structures. It gives managers a clearer idea of how to design compensation plans that naturally encourage better task, operational, and contextual performance, helping the business grow.
- **Corporate Management and HR Teams:** This research provides practical, real-world reference points for HR leaders and consultants, giving them data-driven insights to guide their compensation strategies.
- **The Academic Community:** By breaking down how specific financial rewards affect individual performance metrics; this study helps fill a gap in modern literature regarding organizational behavior in emerging markets.
- **The Employees:** This study shifts the focus onto worker well-being, showing

that when a company takes care of its people, employees feel valued as true partners in the business.

- **Government and Policymakers:** The findings can assist regulatory groups, like the Ministry of Labour and Employment, as well as labor unions, in creating fairer compensation policies and reducing workplace disputes.
- **Society and the Economy:** Better pay structures create a positive ripple effect. Well-compensated employees contribute more via Personal Income Tax (PIT), while highly performant banks generate more Company Income Tax (CIT). This revenue helps fund infrastructure, improves living standards, and creates more jobs for both skilled and unskilled workers.

1.7 Scope of the Study

Geographically, this study looks directly at the day-to-day operations and employee performance across the corporate headquarters of Stanbic IBTC Bank Plc in Lagos, as well as its

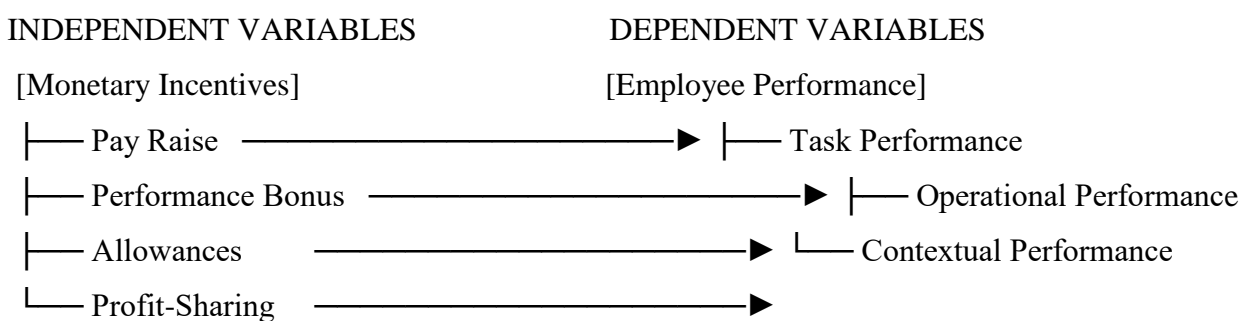
branch networks spread out across the six Area Councils of the Federal Capital Territory (FCT), Abuja. The timeline covers a full ten-year window, running from 2014 to 2023.

The independent variables focus on four non-regular financial rewards identified by Cusson and Main (2023): Pay Raises, Performance Bonuses, Allowances, and Profit-Sharing. The dependent variables focus on three core areas of work: Task Performance, Operational Performance, and Contextual Performance. These markers were chosen because they apply to everyone across the bank—whether someone works on the front lines in marketing or behind the scenes in operations and compliance.

2. Literature Review and Theoretical Framework

2.1 Conceptual Framework

To see how these concepts interact, the study uses a conceptual model that maps out how Non-Regular Monetary Incentives (the Independent Variable) connect to Employee Performance (the Dependent Variable).



2.2.1 Understanding Monetary Incentives

In simple terms, incentives are any kind of reward given to an employee—cash or otherwise—to get them aligned with a company's goals (Liu and Liu, 2022). As Opara (2021) puts it, an incentive is a direct spark

meant to point a person's actions in the right direction.

When we talk about monetary incentives, we mean clear, liquid cash payouts used in the workplace to motivate employees to hit their targets (Cusson *et al.*, 2023). In emerging

markets, money is a massive driver of human behavior. It is not just about survival; cash represents social standing, security, power, and respect, satisfying both basic physical needs and a desire for stability (Bature and Okafor, 2021; Ekwochi and Okoene, 2022).

From an HR standpoint, monetary incentives cover a wide range of cash options, from cost-of-living adjustments and baseline bonuses to short-term commissions and long-term stock rewards (Aguinis, 2023). The core mechanism is simple: if you hit a specific target, you get the payout. Farnsworth *et al.* (2021) point out that even though these financial payouts can be packaged differently, they all have a very similar, powerful impact on how staff members behave and perform.

2.2.2 The Big Benefits of Using Monetary Incentives

Using financial incentives strategically offers several clear wins for a business:

- **Bringing in and Keeping Top Talent:** Offering competitive cash rewards helps a bank bring in the best professionals in the industry and keeps them from jumping ship to competitors (Bature and Okafor, 2021).
- **Lowering Turnover Rates:** In growing economies, keeping staff stable relies

heavily on pay. Well-structured incentive plans keep younger professionals' content, reducing the high costs of constantly recruiting, hiring, and retraining new staff (Cusson *et al.*, 2023).

- **Building Genuine Loyalty:** Financial recognition strengthens the bond an employee feels with their firm, making them more likely to care about the company's long-term future.
- **Encouraging Better Teamwork:** When rewards are tied to team or branch targets, it naturally gets people talking and working together. Instead of fighting against each other, front-office marketers and back-office operators work as a unit to hit their goals (Cusson *et al.*, 2023).
- **Smoothing Out Daily Operations:** Proper cash incentives lead to fewer unexcused absences and personal days off, ensuring the bank runs reliably without unexpected interruptions (Guerrero *et al.*, 2021).

2.2.3 Breaking Down Non-Regular Monetary Incentives

This study zeroes in on four primary types of financial rewards:

Financial Reward	How It Works in Real Life	Why It Matters to the Bank
Pay Raise	An increase in baseline pay or regular allowances given for excellent work, staying with the company, or learning new skills.	Boosts long-term retention, lifts team morale, and makes employees feel treated fairly (Cusson <i>et al.</i> , 2023; Guerrero <i>et al.</i> , 2021).
Performance Bonus	Extra cash given to individuals, specific teams, or entire branches for hitting or beating quotas within a certain timeframe.	Drives immediate, short-term commercial goals, like bringing in new deposits or clearing loan targets (Bature and Okafor, 2021).

Financial Reward	How It Works in Real Life	Why It Matters to the Bank
Allowances	Extra payments to cover specific needs, like transportation, healthcare, meals, or housing costs.	Eases daily financial pressures, making it easier for staff to focus on their jobs and show up consistently (Bature and Okafor, 2021).
Profit-Sharing	Giving staff a direct cut of the company's net profits at the end of the year, usually based on their role and time with the firm.	Builds a sense of ownership. When the bank prospers, the employees prosper too, which fosters great teamwork (Cusson <i>et al.</i> , 2023; Guerrero <i>et al.</i> , 2021).

2.2.4 Understanding Employee Performance

At its core, employee performance is about the choices workers make and the actual results they deliver to help a business succeed (Liu and Liu, 2022). No matter how advanced banking technology gets, human effort is still what makes everything run smoothly (Tamunomiebi and Oyibo, 2020). When individual employees do well, the entire organization hits its targets (Anitha and Prasad, 2022).

Because working in a bank requires handling many different types of responsibilities, performance is broken down into three distinct areas:

- **Task Performance:** These are the core technical duties written directly into a job description. In a bank, this means handling everyday financial transactions, bringing in new customer deposits, opening accounts, or evaluating loan applications.
- **Operational Performance:** This looks at how well people work across departments. It evaluates the synergy between different branches and functional units—like a local branch coordinating smoothly with the IT or audit teams at headquarters.

- **Contextual Performance (Organizational Citizenship Behaviour):** This covers the voluntary, helpful things employees do that go completely unwritten. It includes stepping up to mentor a new colleague, staying late to help a teammate, keeping a positive attitude during busy seasons, and protecting the company's reputation.

3. Operational Definition of Terms

To make sure everything is clear, here is how this study defines key terms:

- **Allowances:** Direct cash payments meant to help workers cover routine costs like commuting, medical bills, or meals.
- **Benefits:** Extra perks (cash or non-cash) given to employees on top of their salaries to support their overall quality of life.
- **Bonus:** Extra financial rewards given to a worker or team for hitting specific performance milestones.
- **Contextual Performance:** Helpful, voluntary actions employees take that make the workplace better, even if it is not part of their official job description.

- **Effectiveness:** How well a company hits its targets and meets its standard of operations within a set timeline.
- **Efficiency:** Minimizing waste and making the absolute best use of time, money, and resources.
- **Employee:** A person hired by an organization to do a job in exchange for steady pay.
- **Key Performance Indicators (KPI):** The specific metrics and targets used to evaluate how well someone is doing their job.
- **Incentive:** Any type of reward used by management to encourage employees to move in a desired direction.
- **Management:** The process of planning, organizing, leading, and overseeing resources to reach a company's goals.
- **Monetary Incentives:** Direct cash rewards used to motivate employees to hit their work targets.
- **Motivation:** The internal drive or external spark that keeps a person moving toward a specific goal.
- **Non-Regular:** Discretionary, occasional financial rewards that happen outside of a fixed monthly salary cycle.
- **Operational Performance:** How smoothly different teams and departments cooperate to execute company-wide tasks.
- **Pay Raise:** A step-up in base pay given to recognize loyalty, long tenure, or excellent work.
- **Performance:** The quality, accuracy, and overall output of an employee's work over a specific timeframe.
- **Performance Bonuses:** Cash rewards given to individual employees or entire branch teams for hitting major sales or financial milestones.
- **Productivity:** A measure of how efficiently a worker turns their time and effort into high-quality results.
- **Profit-Sharing:** A program where employees receive a direct cut of the business's net profits at the end of a financial period.
- **Punctuality:** The habit of consistently showing up on time, meeting project deadlines, and keeping appointments.
- **Sustainability:** Keeping daily business operations consistent, efficient, and healthy over the long haul.
- **Task Performance:** The everyday duties required by a job, such as assisting a customer or processing deposits.

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