



Effect of Strategic Human Resource Management Practices on the Corporate Performance of Selected Deposit Money Banks in Southeast, Nigeria

Luka, Sunday

Abstract

This study examined the effect of strategic human resource management practices on the corporate performance of selected deposit money banks in Southeast Nigeria. The specific objectives were to determine the effect of performance appraisal on service quality and ascertain the effect of compensation on employee retention. The population of the study comprised nine hundred and seventy-eight (978) staff members. A sample size of 396 was determined using Cochran's (1977) formula at a 5 percent margin of error. A survey research design was adopted for the study. The instruments used for data collection were questionnaires and interviews. A total of three hundred and ninety-six (396) copies of the questionnaire were distributed, while three hundred and fifty-eight (358) copies were returned. The t-test was used to test the hypotheses and determine the nature and strength of the relationships among the research variables. The findings indicated that performance appraisal had a significant positive effect on service quality, $t(95, n = 358) = 24.95, p > .05$. Compensation also had a significant positive effect on employee retention, $t(95, n = 358) = 21.372, p > .05$. The study concluded that strategic human resource management practices had a positive and significant effect on the corporate performance of selected deposit money banks in Southeast Nigeria. The study recommended, among other things, that management in the banking industry should pay close attention to performance appraisal and prevent its neglect by ensuring fairness and openness, which contribute to quality service delivery.

Keywords: Strategic Human Resource Management Practices, Corporate Performance, Performance Appraisal, Service Quality, Compensation, Employee Retention, Deposit Money Banks, Southeast Nigeria.

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Authors	Affiliation
1	Department of Business Administration, Faculty of Management Sciences, Enugu State University of Science and Technology (ESUT), Enugu State, Nigeria.

Introduction

Historically, human resource management has evolved from a largely administrative function concerned with employee records, wages, and personnel administration into a strategic function that contributes directly to organisational success. The increasing recognition that employees constitute an important organisational resource has led to the development of Strategic Human Resource Management (SHRM), which emphasises aligning human resource policies and practices with the strategic objectives of an organisation. From this perspective, recruitment, training and development, performance management, compensation, employee participation, and talent management are not merely routine personnel activities but strategic mechanisms for developing capabilities that can improve organisational performance. The strategic importance of human resources has become particularly evident in knowledge-intensive and service-oriented industries such as banking, where employees interact directly with customers and are responsible for delivering financial and technology-driven services.

From a global perspective, contemporary organisations operate in an environment characterised by technological advancement, intense competition, changing customer expectations, and continuous innovation. These developments have increased the need for organisations to strategically acquire, develop, motivate, and retain competent employees. Strategic human resource management, therefore, provides a framework through which organisations can integrate their human resources with broader corporate objectives. Recent evidence continues to demonstrate the importance of strategic human resource management practices to organisational outcomes. For instance, Ola et al. (2024) found that recruitment and training, as well as employee health and safety practices, significantly improved the efficiency of listed deposit money banks in Nigeria. Similarly, Adelodun and Akanbi (2025) reported that recruitment and selection, training and development, performance appraisal, rewards and compensation, and employee participation positively influenced organisational performance in selected deposit money banks. These findings reinforce the argument that effective human resource practices can become sources of competitive advantage and improved corporate performance.

In Nigeria, the banking industry has experienced substantial transformation arising from technological development, financial-sector reforms, increased competition, regulatory requirements, and changing customer demands. Deposit money banks are consequently required to maintain highly competent and adaptable employees capable of responding to these challenges while achieving corporate objectives. Strategic human resource management has therefore become increasingly relevant to the Nigerian banking sector because the quality, commitment, and capabilities of employees can influence service quality, operational efficiency, customer satisfaction, and financial outcomes. Aliyu (2024), in a study of First Bank of Nigeria Plc, observed that strategic human resource management is affected by challenges relating to strategic managerial change, leadership development, talent retention, and compensation management, while training and development and strategic human resource planning remain important to bank performance. Likewise, Adegbayibi et al. (2024) found that aspects of human resource management, particularly investment in employee health and safety, had significant implications for the financial performance of listed deposit money banks.

At the local level, the banking environment in South-East Nigeria presents particular circumstances that make strategic human resource management important. Deposit money banks operating in states such as Abia, Anambra, Ebonyi, Enugu, and Imo compete for customers while responding to economic pressures, technological changes, employee

expectations, and the need for efficient service delivery. Evidence from the South-East also indicates that human resource practices are relevant to banking performance. For example, Nnabugwu (2024) examined human resource outsourcing and the performance of deposit money banks in Anambra State, while broader evidence from Nigeria suggests that recruitment, training, and employee development remain significant factors in organisational efficiency.

Against this background, this study seeks to examine how strategic human resource management practices influence corporate performance within the banking environment of South-East Nigeria. The study is premised on the view that the effective alignment of human resource practices with organisational strategy can strengthen employee capabilities, improve service delivery, and enhance the overall performance and competitiveness of deposit money banks in the region.

Statement of the Problem

Strategic Human Resource management practice ensures that organisations have the right people in place to achieve their company's goals and help companies retain top talent and keep their employees engaged in their work. Strategic human resource management is a process that helps the human resources department maximize the potential of its workforce through strategic planning, talent management, leadership development, organizational design, and performance management. In the past, strategic human resource management was an administrative function.

Despite efforts by banks to enhance performance, many, including those in the Southeast, fall short of the high service quality industry benchmark, as seen by an increase in customer complaints and unhappiness, particularly with the quality of service received. The players in the banking sector are constantly challenged by the volatility in the business environment and SHRM seems to be a panacea through which banks can sail through the wind of change. Considering the fact that the Banking Sector in Nigeria is an important part of the Nigerian Economy, being unprepared and ineffectively managing human resources within this sector poses a grave threat to the stability of the Nigerian economy. However, there are a lot of problems banks have with human resources management, such as; unresolved HR issues by the ways of; skill deficiency/lack of training, rigid policies, poor promotion and financial benefits plans, low empowerment and career development plans especially for workers access at the lower level are principal factors. By implication, bank workers are being overworked and under-compensated leading to low passion and motivation.

These issues, if not addressed, have critical performance implications such as low customer satisfaction, high customer complaints, high employee turnover, and a low level of service quality delivery. The consequences of not taking action against the above factors will pose a grave danger to the banking sector; thus preventing those threats from continuous manifestation informs this study. In response to the above situations, this study is geared towards ascertaining the effect of strategic human resources management practices on the corporate performance of selected deposit money banks in Southeast, Nigeria, by determining the possible causes and factors which are responsible for the inadequate application of strategic human resource management practices in the Nigerian banking sector.

Objectives of the Study

The main objective of the study was to examine the overall effect of strategic human resource management practices on the corporate performance of selected deposit money banks in Southeast, Nigeria. The specific objectives were to:

- i. Determine the effect of performance appraisal on the service quality of selected deposit money banks in Southeast, Nigeria.
- ii. Ascertain the effect of compensation on the employees' retention of selected deposit money banks in Southeast, Nigeria.

Research Questions

Following the statement of the research problem and the objectives of the study already stated, this research answered the following questions:

- i. What is the effect of performance appraisal on the service quality of selected deposit money banks in Southeast, Nigeria?
- ii. How does compensation influence employees' retention of selected deposit money banks in Southeast, Nigeria?

Statement of the Hypotheses

Consistent with the statement of problem, the research objectives and the research questions already stated above, the following alternate hypotheses were formulated for the study:

- i. There is a significant effect of performance appraisal on the service quality of selected deposit money banks in Southeast, Nigeria
- ii. Compensation has a significant effect on employees' retention of selected deposit money banks in Southeast, Nigeria.

Scope of the Study

This study assessed the effect of strategic human resources management practices on corporate performance of selected deposit money banks in Southeast, Nigeria. It was a daunting challenge to cover all the banks in the federation following the cost and time involved. In lieu of this challenge, the study therefore carried out the survey of five banks in Southeast, Nigeria which includes: Stanbic IBTC Banks, UBA Banks, Guaranty Trust Banks, Zenith Banks and Access. There are twenty-seven banks in Nigeria as at the time of this study and amongst them; a random selection of the five banks using raffle system was done to select the banks.

Variables of strategic human resource management practices used for the study includes; performance appraisal, compensation, recruitment, employees' training and operational plan against the corporate performance variables such as; service quality, employees' retention, placement on productivity, organizational profitability and competitive advantage respectively. It is of note to remark that this work was anchored on resource- based theory. The period covered by the study was from 2017 through 2022.

Review of Related Literature

Conceptual Review

Strategy

Strategy is a broad-based formula for how business is going to compete and what policies will be needed to carry out the goals in order to achieve success (Porter 1985). Strategy is a game plan, a pattern in a stream of decisions and actions that intended to outwit competitor who fulfill stakeholder's expectation in line with the organization scope of business (Tregoe, Benjamin and Zimmerman, 1980). Planning is one of the management functions which is the process of setting goals and objectives in an organization and also determine how to achieve such goals and objectives (Alaka et al., 2011).

Human Resource

Human resource is a management system consisting of many interdependent activities. This activity does not take place according to the apparent isolation of any action affecting other human resources. For example, bad decisions regarding staffing needs can lead to employment, placement, social compliance, trade union relations, management, and compensation issues (Mappamiring et al., 2020). If human resource activities are involved as a whole, then they help the human resource management system. Offices and people are open systems because their environment influences them. Human resource management is also an available system controlled by the outside environment. (Mappamiring & Putra, 2021; Nguyen & Pham, 2020) suggests that human resource management can be defined as the process of achieving organizational goals through obtaining, maintaining, stopping, developing, and using or utilizing human resources in an organization as best as possible.

Management

Management in banking firms refers to the coordinated process of planning, organising, directing and controlling financial, human, technological and other organisational resources to achieve banking objectives. Effective management is particularly important because banks operate in a highly competitive and regulated environment where decisions concerning employees, customers, risk, technology and financial resources directly affect corporate performance. Recent evidence supports this relationship. Otalor et al. (2025) found that effective change management strategies significantly influenced the performance of commercial banks in Nigeria, while technology strengthened the effect of transitional change on performance. Similarly, Aribatise et al. (2025) reported that strategic thinking positively influenced the profitability and corporate performance of deposit money banks in Nigeria, particularly under changing monetary conditions.

Strategic Human Resource Management

Strategic Human Resource Management is rooted in fundamental concepts in strategy, which essentially is about how to achieve firm profitability (Sohel-Uz-Zaman et al., 2022). According to Harrison (2005), core research in strategy is concerned with identifying both the external and internal factors that enable firms to shape a competitive advantage and achieve superior performance. Hendry & Pettigrew (1986), strategic HRM is concerned with viewing employees of the organization as a strategic resource for achieving competitive advantage. To achieve superior performance,

firms need to create cost efficiencies that enable them to operate on lean margins or alternatively differentiate themselves so as to charge price premiums. SHRM covers the overall human resource strategies adopted by business units and companies and tries to measure their impacts on performance. SHRM is concerned with two forms of resources. The first is an organization's human capital – the knowledge, skills, and abilities of its employees. The second resource is an organization's systems – that serve to support the development of human capital. To select the appropriate cost efficient bundle that will help employees perform best is the challenge with this resource (Walsh; Sturman and Longstreet, 2010).

Strategic Human Resource Management Practices

The HRM practices are described as strategic when the human resource functions are performed with strategic plans and of high involvement, to enable the organization have competitive advantage for survival. SHRM as a management strategy also involves designing and implementing a set of internally consistent policies and practices that ensures the human capital of an organization contributes to the achievement of its overall business objectives. It reflects a more flexible arrangement and utilisation of human resources to achieve the organisational goals, and accordingly helps organisations gain a competitive advantage (Ojokuku & Akanbi, 2015).

Components of Strategic Human Resource Management Practices that form Part of the Objectives of the Study

Performance Appraisal

Delivering quality service is considered to be an important strategy for success in today's competitive environment. Several authors have presented various definitions of performance appraisal based on their knowledge and experience. Performance appraisal can be defined as the formal assessment and rating of individuals by their managers at, usually, an annual review meeting (Armstrong, 2006). Bekele, et al. (2014), performance appraisal is the process of identifying, evaluating and developing the work performance of employees in the organization, so that the organizational goals and objectives are effectively achieved. At the same time, employees are beneficiary of this system as it offers recognition, feedback, career guidance and cater for their work needs. Performance appraisal assist managers to identify workers who are eligible for promotions and salary increments; also help to recognize training and development needs for the workers; at the same time provide feedback required for improvement (Musyoka, 2015).

Compensation

Compensation refers to monetary benefits that accrue to employees both intrinsically and extrinsically. Examples are health care, leave grant, profit sharing scheme, stock option, pay raise, total salary package and other financial benefits (Ldama and Peter, 2017). A compensation strategy outlines your organization's approach towards pay and benefits for your employees. This includes your business' position on the job market, the level of the total cash, the main bonus principles in the organization, rules for the base salary, and employee benefits. As it greatly influences an organization's budget, the owner of the compensation strategy is always the executive management. The HR and/or Compensation & Benefits teams provide input and shape the strategy. Compensation refers to "all the extrinsic rewards that employees receive in exchange for their work," such as wages, bonuses, and benefits (Sepahvand & Bagherzadeh, 2021). Benefits can be monetary, such as health insurance and paid leave, or non-financial, such as

flexible work arrangements and well-being programs to increase employee morale, satisfaction, and commitment (Patiar & Wang, 2020). Compensation strategy aims to set the guiding principles to determine what goes into your compensation scheme and what compensation elements you need to prioritize.

Corporate Performance

Corporate performance refers to both objective performance outcomes such as profit, return on investment; productivity and growth as well as subjective performance outcomes such as quality of products and services, client satisfaction and innovativeness (Anwar & Abdullah, 2021). Corporate performance refers to ability of an enterprise to achieve such objectives as high profit, quality product, large market share, good financial results, and survival at pre-determined time using relevant strategy for action (Anwar & Abdullah, 2021). Profit is the benefit acquired from going into a particular business and it is usually calculated as the difference between total revenue and total cost that is excess of revenue over cost. Thus, the purpose for which an organization was established will determines the factors against which its performance will be measured. Therefore, the concept of performance of a business firm is based upon the idea that an organization in the voluntary association of productive assets, including human, physical and capital resources, for the purpose of achieving a shared purpose.

Components of Corporate Performance that form part of the Objectives of the Study

Service Quality

The Service Quality concept is a combination of two different constructs; service and quality. Understanding service quality requires understanding the two constructs separately. Service is an abstract or intangible activity or benefit that an organization provides to customers. Quality on another hand is a relative and subjective term and is most often than not defined by the customer or the service receiver rather than the service providers. The judge of quality, therefore, has always and will most likely continue to be the customer. The customer judges the quality of a service and his/her perceptions create an image of good or bad quality. Bringing both terms together, service quality can be defined as customers perceiving an organization measures up to their needs and different cravings. Ramya, Kowsalya & Dharanipriya (2019), pointed out that quality concept in service is different from the concept prevalent in the goods sector. The reasons for such a treatment are inherent features of services like intangibility, inseparability from the provider, heterogeneous etc. Hence there is a distinct frame work for quality explication and measurement. The concept 'service quality' is not an independent term, means, its formation depends upon several factors related to service and service firms. These factors are; Reliability, Responsiveness, Assurance, Empathy, Tangibility, among others.

Employee Retention

Employee retention refers to the ability of an organization to encourage and maintain the continued employment of its employees over a period of time. It involves implementing human resource management practices that motivate employees to remain with the organization rather than seek employment elsewhere. Ghosh and Sen Gupta (2025), employee retention is influenced by human resource management practices such as recruitment and selection, training and development, compensation and benefits, performance management and employee engagement. Similarly, Hom and Kiazad (2025) explained that understanding why employees remain in or leave organisations requires attention

to job embeddedness, work relationships and factors influencing employees' decisions to stay. In banking firms, employee retention is particularly important because experienced employees possess valuable knowledge of banking operations, customer relationships, financial procedures and organizational policies. Therefore, effective employee retention practices, including competitive remuneration, career development opportunities, recognition, supportive leadership and a conducive working environment, can strengthen employee commitment, reduce staff turnover and promote organizational stability and corporate performance.

Theoretical Framework

The following theories guided the study

- i. The resource- based theory of the firm propounded by Wernerfelt, (1984)

The work was anchored on Resource- based theory because firm's Human Resource Management system can constitute one source of competitive advantage. A resource can be considered to be a source of sustained competitive advantage if it meets the criteria of value, rarity, non-substitutability, and inimitability. This basically guides the objectives the study which borders on recruitment and placement specialists on productivity

The resource-based approach assumed that firm predicts certain types of resources owned and controlled by firms have the potential to generate competitive advantage as well as superior firm performance. Firm resources include all assets, capabilities, organizational processes, firm attributes, information, knowledge, etcThe resource-based approach stipulates that in strategic management the fundamental sources and drivers to firms' competitive advantage and superior performance are mainly associated with the attributes of their resources and capabilities which are valuable and costly-to-copy

Empirical Review

Performance Appraisal and Service Quality in the Banking Industry

Tsetim, Diaka and Ekeh (2018) conducted a study on the Effect of Employee Performance Appraisal on Organisational Commitment in the Banking Sector in Benue State, Nigeria: A Study of First Bank of Nigeria Plc. Most of the studies reviewed showed a significant relationship between performance appraisal and organizational commitment but very few of the studies were carried out in Nigeria and none in Nigerian banking industry. The study adopted a survey design and one hundred and fifty-two (152) employees were purposively served with the instrument of data collection. Data were gathered from both primary and secondary sources. The questionnaire was the main research instrument used in collecting the primary data for the study. Out of the 152 questionnaires distributed, 141 valid questionnaires were retrieved for analysis. The hypotheses were tested using regression at 5% level of significance. Findings revealed that performance appraisal standard, performance appraisal communication, performance feedback and corrective action all have significant positive effects on organizational commitment in First Bank of Nigeria Plc.

Ahmad, Danish, Ali, Ali & Humayon (2019) conducted a study a Comparative Study of Banking Industry Based on Appraisal System, Rewards and Employee Performance. The research was based on primary data collected from the two major cities of Pakistan, Lahore and Kasur. A total of 250 structured questionnaires were rotated to Islamic and

conventional banks in different parts of both cities. Out of these 222 questionnaires were returned and were in usable form. The data so collected was analyzed with the help of the Statistical Package for Social Sciences (SPSS). Statistical techniques such as regression analysis, correlation analysis, descriptive analysis and t-test were used. Findings- The results of the study revealed that appraisal was negatively correlated while the reward system was positively correlated to employee performance.

Rahahleh, Alabaddi and Moflih (2019) carried out a study on the Impact of Performance Appraisal on Employee Performance in Banks Operating in the South of Jordan. The questionnaire was adopted and adapted from many related studies. Basically, a total of 260 questionnaires were distributed to the sampled employees and 260 were returned which represented a 100% response rate. The 260 returned questionnaires were then analyzed using smart PLS which is specially used for Structural Equation Modeling, path analysis, and confirmatory factor analysis. The results of the study showed that performance appraisal has a mainly positive effect on employee performance in the banking sector of the South of Jordan.

Emeka (2021) carried out a study on Performance Appraisal and Employee Performance: A Study of Selected Banks in Awka Anambra State, Nigeria. The study examined the effect of performance appraisal process on employees' performance in the organization, using selected banks in Awka, Anambra State, Nigeria as the study area. The study adopted descriptive survey method. Data analysis through the application of Pearson correlation and multiple regression presented some preliminary results which showed at F-Statistic is statistically significant with the value of 32.224 and that regression coefficient of 0.591 showed that 59.1 percent relationship exists between dependent and independent variables. Major findings are that appraisal criteria, feedback, frequency and rewards have significant positive effect on employees' performance in the banking industry.

Khan, Mihoci, Michalk, Sarachuk, and Javed (2022) carried out a study on Employee Performance Measures Appraised by Training and Labor Market: Evidence from the Banking Sector of Germany. Based on our empirical results from Germany, we suggest that response-related decisions are accompanying bank employees' profiles and appraisal. In particular, we form decision-making functions and finally show that the banking industry successfully balances between internal and external factors in optimizing employees' performance.

Compensation on Employees' Retention in the Banking Industry

Hanai and Pallangyo (2020) carried out a study on the Contribution of Compensation in the Employee Retention of the Banking Institutions in Dar Es Salaam, Tanzania. The quantitative data were collected using questionnaire and analyzed using Binary logistic regression. The results indicated that compensation is significantly influencing employee retention with a 'p' value of 0.001. It was further revealed that compensation attribute (fair salary) has significant influence on employee retention.

Pallangyo (2020) carried out a study on the Contribution of Compensation in the Employee Retention of the Banking Institutions in Dar Es Salaam, Tanzania. This paper explores the influence of compensation on employee retention of the banking institutions in Tanzania. The stratified sampling technique was used to ensure representativeness of each bank category. Eleven banks were purposely selected and simple random sampling was applied to draw a sample of 370 employees. The quantitative data were collected using questionnaire and analyzed using Binary logistic

regression. The results indicated that compensation is significantly influencing employee retention with a 'p' value of 0.001.

Ejike, Ajike and Chukwujama, (2021) carried out an Assessing Compensation Policy on Staff Attraction and Retention in Deposit Money Banks in Nigeria. The research design adopted was a survey method. Data were collected from both primary and secondary sources. The study population was 71 and sample size was determined through Taro Yamani as 60. Out of 60 copies of questionnaire distributed to the respondents, only 49 copies were correctly filed and retrieved. Therefore, the analyses for the study were based on 49 respondents. Based on the analyses of the data collected, the findings of the study showed that total pay package has significant effect on employee retention; that there is a significant positive relationship between work environment and employee's attraction in DMB in Nigeria.

Obazea and Siti (2022) conducted a study on the Effects of Career Development, Compensation and Engagement on Employee Retention: A Survey of Entry-Level Employees in Nigeria Commercial Banks. The quantitative correlational study was used based on a sample taken from three (3) largest commercial banks in Nigeria by staff strength (First Bank, Zenith Bank and UBA) using a sample of 250 valid respondents from entry-level employees. The multiple regression analysis shows that career development has a positive and significant effect on employee retention. Compensation has a positive and significant effect on employee retention. Finally, engagement has a positive and significant effect on retention.

Hartati, Zulkifli and Supriyanto (2023) carried out a study on the Effect of Compensation and Work Culture on Employee Performance (Study at one of the conventional banks in West Java). A mixed-method approach combining quantitative surveys and qualitative interviews was employed to gather data from residents of various communities in the area. The quantitative findings indicated that more frequent nature exposure was associated with lower levels of stress, anxiety, and depression. The qualitative insights revealed that nature exposure provided a sense of relaxation, tranquility, and rejuvenation, enhancing emotional well-being.

Gap in Empirical Review

The few studies done were carried outside Effect of strategic human resource management practices on the corporate performance of selected deposit money banks in Southeast, Nigeria. and did not focus to best of my knowledge on the performance appraisal on the service quality, compensation on the employees' retention; recruitment on the placement, employees' training on organizational profitability; and operational plan on the competitive advantage of selected deposit money banks in Southeast, Nigeria. Most of the studies reviewed analysed their data through A purposeful sampling technique, Descriptive statistics and appropriate inferential statistics, Purposive Sampling technique, Pearson Moment Correlation Coefficient, Multiple sampling technique, Partial Least Square Structural Equation Modeling (PLS-SEM), Multiple Regression Analysis (MRA) method, Simple linear regression and Pearson correlation coefficient (r) while the present study made use of t- test to test the hypotheses. Therefore, the study aimed at filling this research gap by evaluating the Effect of strategic human resource management practices on the corporate performance of selected deposit money banks in Southeast, Nigeria.

Methodology

The area of the study was Southeast, Nigeria. Southeast of Nigeria is one of the six geopolitical zones in the country. The region consists of the following states namely Abia, Anambra, Ebonyi, Enugu, Imo. The study focused on the branches of Stanbic IBTC Banks, UBA Banks, Guaranty Trust Banks, Zenith Banks and Access Banks in Southeast, Nigeria. The choice of these firms was due to high number of staff. The study used the descriptive survey design approach. The primary source of data was the administration of questionnaire. The population of the study consisted of nine hundred and seventy-eight (978) staff. The adequate sample size of three hundred and ninety-six (396) using the statistical formula devised by Cochran (1977) formula at 5 percent margin of error. Three hundred and fifty-eight (358) staff returned the questionnaire and accurately filled. That gave 90 percent response rate. The validity of the instrument was tested using content analysis and the result was good. The reliability was tested using the Pearson correlation coefficient (r). It gave a reliability co-efficient of 0.860 which was also good. Data was presented and analyzed by mean score and standard deviation using Sprint Likert Scale. The hypotheses were analyzed using t- test statistic tool.

Data Presentation and Analysis

Data Presentation

Question One: What is the level of the relationship between performance appraisal and service quality of selected deposit money banks in Southeast, Nigeria?

Table 1: Mean rating of responses from respondents on the level of the relationship between performance appraisal and service quality of selected deposit money banks in Southeast, Nigeria.

S/N	Question Items	VGE (5)	GE (4)	ME (3)	LE (2)	VLE (1)	Total	Mean	SD
1	Banking sector performance appraisal model provides timely feedback about the performance	900 180 50%	400 100 30%	144 48 13%	46 23 6%	7 7 1%	1497 358 100%	4.18	0.0030
2	Banking sector performance appraisal model helps to discover the workforce potential	630 126 35%	632 158 44%	192 64 18%	40 20 5%	10 10 2%	1504 358 100%	4.20	0.0030
3	Banking sector performance appraisal model provides a better analysis and an improved feedback from different dimensions.	1000 200 59%	404 101 28%	135 45 13%	18 9 2%	3 3 0.8%	1560 358 100%	4.36	0.0033
4	Banking sector performance appraisal model helps to understand the areas where training is required to guide the employees to perform their best	950 190 53%	444 111 31%	105 35 9%	24 12 3%	10 10 2%	1533 358 100%	4.28	0.0032
Grand Mean								4.255	0.0031

Source: Field Survey, 2026

This table showed the opinion of respondents on the level of the relationship between performance appraisal and service quality of selected deposit money banks in Southeast, Nigeria.

The outcome of the respondents' views to the question item which indicated that banking sector performance appraisal model provides timely feedback on the performance showed; the respondents who chose very great extent 180 (50%), the respondents who chose great extent 100 (30%), the respondents who chose moderate extent 48 (13%), the respondents who chose low extent 23 (6%) and the respondents who chose very low extent 7 (1%).

The outcome of the respondents' views to the question item which indicated that banking sector performance appraisal model helps to discover the workforce potential showed; the respondents who chose very great extent 126 (35%), the respondents who chose great extent 158 (44%), the respondents who chose moderate extent 64 (18%), the respondents who chose low extent 20 (5%) and the respondents who chose very low extent 10 (2%).

The outcome of the respondents' views to the question item which indicated that banking sector performance appraisal model provides a better analysis and an improved feedback from different dimensions showed; the respondents who chose very great extent 200 (59%), the respondents who chose great extent 101 (28%), the respondents who chose moderate extent 45 (13%), the respondents who chose low extent 9 (2%) and the respondents who chose very low extent 3 (1%).

The outcome of the respondents' views to the question item which indicated that banking sector performance appraisal model helps to understand the areas where training is required to guide the employees to perform their best showed; the respondents who chose very great extent 190 (53%), the respondents who chose great extent 111 (31%), the respondents who chose moderate extent 35 (9%), the respondents who chose low extent 12 (3%) and the respondents who chose very low extent 10 (2%).

The study thereby revealed that there is a significant relationship between performance appraisal and service quality of selected deposit money banks in Southeast, Nigeria since banking sector performance appraisal model provides a better analysis and an improved feedback from different dimensions (The grand mean 4.255 was greater than the cutoff point 3).

Question Two: How does compensation influence employees' retention of selected deposit money banks in Southeast, Nigeria?

Table 2: Mean rating of responses from respondents on how compensation influences employees' retention of selected deposit money banks in Southeast, Nigeria

S/N	Question Items	VGE (5)	GE (4)	ME (3)	LE (2)	VLE (1)	Total	Mean	SD
1	The wage and salary compensation techniques increases an organizational overall productivity by making members of the team to be committed the office tasks	630 126 35%	632 158 44%	192 64 18%	40 20 5%	10 10 2%	1504 358 100%	4.20	0.0030
2	The fringe benefits compensation promotes attention and focus of employee to render service without fear or favour	580 116 32%	632 158 44%	222 74 21%	26 13 3%	17 17 2%	1477 358 100%	4.13	0.0029
3	Team recognition motivation technique stir more energy to come to work at a slight illness	900 180 50%	400 100 30%	144 48 13%	46 23 6%	7 7 1%	1497 358 100%	4.18	0.0030
4	Team recognition motivation technique motivate members of the team to always come to work and even do overtime work in the workplace	985 197 55%	416 104 29%	111 37 10%	24 12 3%	8 8 2%	1544 358 100%	4.31	0.0032
Grand Mean								4.205	0.0030

Source: Field Survey, 2026

This table showed the opinion of respondents on the effect of compensation on employees' retention of selected deposit money banks in Southeast, Nigeria.

The outcome of the respondents' views to the question item which indicated that wages and salary compensation techniques increase the organizational overall productivity by making members of the team to be committed to the office tasks showed; the respondents who chose very great extent 126 (35%), the respondents who chose great extent 158 (44%), the respondents who chose moderate extent 64 (18%), the respondents who chose low extent 20 (5%) and the respondents who chose very low extent 10 (2%).

The outcome of the respondents' views to the question item which indicated that fringe benefits compensation promotes attention and focus of employee to render service without fear or favour showed; the respondents who chose very great extent 116 (32%), the respondents who chose great extent 158 (44%), the respondents who chose moderate extent 74 (21%), the respondents who chose low extent 13 (3%) and the respondents who chose very low extent 17 (2%).

The outcome of the respondents' views to the question item which indicated that team recognition motivation technique stir more energy to come to work at a slight illness showed; the respondents who chose very great extent 180 (50%), the respondents who chose great extent 100 (30%), the respondents who chose moderate extent 48 (13%), the respondents who chose low extent 23 (6%) and the respondents who chose very low extent 7 (1%).

The outcome of the respondents' views to the question item which indicated that team recognition motivation technique motivate members of the team to always come to work and even do overtime work in the workplace showed; the respondents who chose very great extent 197 (55%), the respondents who chose great extent 104 (29%), the respondents who chose moderate extent 37 (10%), the respondents who chose low extent 12 (3%) and the respondents who chose very low extent 8 (2%).

The study thereby revealed that compensation has a significant effect on employees' retention of selected deposit money banks in Southeast, Nigeria since team recognition motivation technique motivate members of the team to always come to work and work overtime in the workplace (The grand mean 4.205 was greater than the cutoff point 3).

Test of Hypotheses

Hypothesis One: There is a significant effect of performance appraisal on the service quality of selected deposit money banks in Southeast, Nigeria

Contingency Table 1 of Research Question One

Table 3 Contingency table of cumulative responses of Research Question One

Options	χ	F	$F\chi$	$\bar{\chi} - \chi = \chi_1$	$F(\chi_1)^2$	$\Sigma f(\chi_1)^2$
Strongly agree	5	696	3480	.922	$696 \times (.922)^2$	501.658
Agree	4	470	1880	1.922	$470 \times (1.922)^2$	1,736.219
Neutral	3	192	576	2.922	$192 \times (2.922)^2$	1,639.312
Disagree	2	64	128	3.922	$64 \times (3.922)^2$	984.453
Strongly Disagree	1	30	30	4.922	$30 \times (4.922)^2$	726.782
	15	1029	6094			5588.425

Mean score

$$\bar{\chi} = \frac{F\chi}{N} = \frac{6094}{1029} = 5.922$$

$$\text{Variance} = (S^2) = \frac{\Sigma f(\chi_1)^2}{N-1} = \frac{5588.425}{1028} = 5.436$$

$$\text{Standard deviation} = \sqrt{S^2} = \sqrt{5.436} = 2.331$$

$$\text{Level of confidence} = 0.05$$

$$\mu = \text{Population mean} = 3.0$$

$$\text{Statistical tool used} = t - \text{test}$$

$$t = \frac{\bar{\chi} - \mu}{\frac{s}{\sqrt{n}}}$$

Where;

$$\mu = \text{Population mean}$$

$$s = \text{Sample standard deviation}$$

$$n = \text{Sample size } 396$$

Level of significance: α at 5%

$$\text{Degree of freedom: } \frac{N-1}{K-N} = \frac{4-1}{396-4} = (392, 3) = 2.18$$

$$t - \text{tabulated value} = 2.18$$

Decision Rule:

If the t-calculated is greater than the t-tabulated {t-cal > t-tab} reject the null hypothesis {H₀} that the overall estimate is not significant and if otherwise conclude that the overall estimate is statistically significant.

$$\begin{aligned} \text{Substituting } t &= \frac{\bar{\chi} - \mu}{\frac{s}{\sqrt{n}}} \\ t &= \frac{5.922 - 3.0}{\frac{2.331}{\sqrt{396}}} \\ &= \frac{2.922}{19.90} \end{aligned}$$

$$= \frac{2.922 \times 19.90}{2.331}$$

$$t = 24.95$$

The computed $t = 24.95$ greater than the table value of 2.18, we reject the null hypothesis. Therefore, we concluded that there is a significant positive effect of performance appraisal on the service quality of selected deposit money banks in Southeast, Nigeria as reported in the probability value of ($t = 24.95, p > 0.05$).

Compensation has a significant effect on employees' retention of selected deposit money banks in Southeast, Nigeria

Table 4 Contingency table of cumulative responses of Research Question Two

Options	χ	F	$F\chi$	$\bar{\chi} - \chi = \chi_1$	$F(\chi_1)^2$	$\sum f(\chi_1)^2$
Strongly agree	5	617	3085	-.911	$617 \times (-.911)^2$	512.061
Agree	4	520	2080	.089	$520 \times (-.089)^2$	4.118
Neutral	3	223	669	1.089	$223 \times (1.089)^2$	264.460
Disagree	2	68	136	2.089	$68 \times (2.089)^2$	567.943
Strongly Disagree	1	42	42	3.089	$42 \times (3.089)^2$	400.76
	15	1470	6012			1509.342

Mean score

$$\bar{\chi} = \frac{F\chi}{N} = \frac{6012}{1470} = 4.089$$

$$\text{Variance} = (S^2) = \frac{\sum f(\chi_1)^2}{N-1} = \frac{1509.342}{1469} = 1.027$$

$$\text{Standard deviation} = \sqrt{S^2} = \sqrt{1.027} = 1.014$$

$$\text{Level of confidence} = 0.05$$

$$\mu = \text{Population mean} = 3.0$$

$$\text{Statistical tool used} = t\text{-test}$$

$$t = \frac{\bar{\chi} - \mu}{\frac{s}{\sqrt{n}}}$$

Where;

$$\mu = \text{Population mean}$$

$$s = \text{Sample standard deviation}$$

$$n = \text{Sample size } 396$$

Level of significance: α at 5%

$$\text{Degree of freedom: } \frac{K-1}{N-K} = \frac{4-1}{396-4} = (392, 3) = 2.18$$

$$t\text{-tabulated value} = 2.18$$

Decision Rule:

If the t-calculated is greater than the t-tabulated {t-cal > t-tab} reject the null hypothesis {H₀} that the overall estimate is not significant and if otherwise conclude that the overall estimate is statistically significant.

$$\begin{aligned} \text{Substituting } t &= \frac{\frac{\bar{X}-\mu}{s}}{\sqrt{n}} \\ t &= \frac{4.089-3.0}{\frac{1.014}{\sqrt{396}}} \\ &= \frac{1.089}{\frac{1.014}{19.90}} \\ &= \frac{1.089 \times 19.90}{1.014} \\ t &= 21.372 \end{aligned}$$

The computed t = 21.372 greater than the table value of 2.18, we reject the null hypothesis. Therefore, we concluded that Compensation had significant positive effect on employees' retention of selected deposit money banks in Southeast, Nigeria, as reported in the probability value of (t = 21.372, p. > .05).

Discussion of Findings

Relationship between performance appraisal and service quality

The study revealed that there is positive and significant relationship between performance appraisal and service quality of selected deposit money banks in Southeast, Nigeria since banking sector performance appraisal model provides a better analysis and an improved feedback from different dimensions (t-statistic = 24.95; P-values (2.18) Sig-value (0.05). The outcome of the study is in line with the study of Biswakarma & Pokhrel (2020) that examined strategic human resource management and its impact on Bank's performance. Performance appraisal policy also assist in making administrative decisions concerning pay increases, transfers or terminations. In addition, performance appraisal policy should be legally defensible. Although a perfect performance appraisal policy does not exist, every policy should possess certain characteristics.

The outcome of the study is not in line with the study of Obiaga and Itakpe (2021) that examined reward system and employee performance in the oil and gas industry in Rivers State. Their study highlighted that the fundamental objective of performance appraisal policy is to facilitate management in carrying out administrative decisions relating to promotions, dismissals, layoffs and pay increases. For example, the present performance of an employee is often the most significant consideration for determining whether or not to promote the employee. Managers must recognize that an employee's development is a continuous cycle of setting performance goals, assessing performance as to the accomplishment of the goals and then setting new higher goals.

Effect of Compensation on employees' retention of selected deposit money banks in Southeast, Nigeria.

This study revealed that compensation has positive and significant effect on employees' retention of selected deposit money banks in Southeast, Nigeria since team recognition motivation technique motivate members of the team to always come to work and even work overtime in their workplace (t – statistics (21.372); P -values (2.18) < Sig-value 0.05). The outcome of the study is not in line with the study of Obiaga and Itakpe, (2021) that examined reward system and employee performance in the oil and gas industry in Rivers State. Specifically, the study sought to: to examine the influence of bonuses on employee productivity; to analyze the relationship between reward and employee productivity; and to determine the influence of promotion on employee productivity in oil and gas industry in Rivers State. The questionnaire was adopted as the research instrument to elicit the needed data from 243 respondents. The descriptive statistics and Pearson's correlation analysis were employed to carry out the data analysis. 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.

The outcome of the study is not in line with the study of Noorazem, Sabiroh and Eliy-Nazira, (2021) that investigate the effects of a reward system in an organization on employee performance. Specifically, the study sought to; effect of salary reward system on employee performance; effect of bonus reward system on employee performance; effect of appreciation reward system on employee performance and effect of medical benefits reward system on employee performance. This study adopted a quantitative approach where 132 sets of questionnaires were distributed to the participants selected using convenience sampling. Data were then analyzed using SPSS software and a few analyses were carried out such as correlations analysis and regression analysis. The results show salary reward system has positive and significant effect on employee performance; bonus reward system has positive and significant effect on employee performance; appreciation reward system has positive and significant effect on employee performance and medical benefits reward system has positive and significant effect on employee performance.

Summary of Findings, Conclusion and Recommendations

The following were the major findings of the study:

- i. The result showed that performance appraisal had significant positive effect on service quality of selected deposit money banks in Southeast, Nigeria since banking sector performance appraisal model provides a better analysis and an improved feedback from different dimensions ($t(95, n = 358)$, 24.95, $P > .05$).
- ii. The result showed that compensation had significant positive effect on the employees' retention of selected deposit money banks in Southeast, Nigeria since team recognition motivation technique motivate members of the team to always come to work and even do overtime work in the workplace ($t(95, n = 358)$, 21.372, $P > .05$).

Conclusion

The study concluded that strategic human resource management practices had a positive and significant effect on the corporate performance of selected deposit money banks in Southeast, Nigeria. The study analysis indicated remuneration to be a major concern in the organization. The majority of the respondents stated that the organization

lacked proper remuneration procedure and it was not based on performance. Also, the recruitment and selection processes were not properly followed in the organization which gave rise to lacked proper policies on the recruitment process. Training and development were not conducted on a regular basis and it affected organizational performance.

Recommendations

Based on the findings of this study, the following recommendations were made. They are:

- i. Management in the banking industry should pay close attention to avoid performance appraisal neglect through fairness and openness, which leads to quality service. The 720 performance appraisal model is highly recommended since it is viewed as a technique of growing employees in their positions with the goal of strengthening the employee's strong qualities while enabling them to improve their weak points.
- ii. Regular promotions and benefits should be provided as and when they are needed by banking industry management in order to motivate employees to give their all to their work. Generous benefits like post-retirement medical, regular promotions, job security, etc. serve as a tool for talent retention, which will in turn improve the performance of the organisation.

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