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Employee Relations and Financial Performance in Nigerian Banks: Effects during the Covid-19 Era

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ABSTRACT

The study on employee relations and financial performance was conducted with the aims to assess the effect of employee relations on sustainable firm value and financial performance of listed banks in Nigeria. The study adopts cross-sectional and survey designs and centers specifically on the COVID-19 period across the banks in Nigeria, employing descriptive statistics, correlation analysis, and regression techniques. Ordinary Least Squares (OLS) regression was initially applied, Key findings from the analysis indicate that employees' job enrichment, workplace environment, and compensation (proxies of employee relations) all have significant positive effects on the financial performance of banks during COVID 19 pandemic. It was recommended that corporate managers should: focus on redesigning job roles to include meaningful tasks, opportunities for skill development, and increased autonomy; invest in creating a conducive work atmosphere that supports employee health, safety, and collaboration, and ensure that compensation packages are competitive and aligned with industry standards, offering salaries, bonuses, and benefits that reflect employees' contributions.

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Keywords: Employee relations, financial performance, employee Job enrichment, employee working environment, employee compensation.

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1 INTRODUCTION

The global shift in modern day business operation necessitates companies aside their fiduciary responsibility to the owners to be socially responsible and accountable to its other numerous stakeholders and the public (Freeman et al., 2023). This entails being accountable for fulfilling their civic duty and taking actions that benefit the society.. Social responsibility requires firms to be conscious of all kind of impacts they are having on all aspect of society, including economic, social and environmental. They are to operate in ways that enhance society and the environment instead of contributing negatively to them (Igbekoyi et al., 2019). As corporations strive hard to maximize profit that increase the market value of the firm and owners' equity, it must simultaneously work to satisfy other numerous stakeholders which include customers, suppliers, community, employees, government and all those that believe firms are exploring their environment and resources. (Olaleye & Igbekoyi, 2020).

Employee group is one most important stakeholders for any organization, as they execute, work, deliver the value, and interact with other stakeholders to achieve an organization objective (Mbanyele et al., 2022). An employee is a person who has agreed to be hired to work through rigorous effort for some form of payments under a contract of employment and this include physical exertion, mental exercise, use of intellect and accumulated past experience in exchange for an economic rewards (Freeman, 2022),. Employee have direct impact on the quality, efficiency, and innovation of the organization products or services as well as its reputation and customer satisfaction, hence employees' relations have become an important aspect of organizational management as firms increasingly recognize that the quality of interaction between employers and employees can significantly influence productivity and organizational outcomes. Employee relations generally encompass the policies, practices, and workplace conditions that shape the relationship between management and the workforce.

Employee relationship with their organization must be rooted in trust, loyalty, integrity and a mutually beneficial system of healthy communication and feedback between leadership and team members for them to become fully engaged with their work (Cho, 2020). Good engagement is a driver of organizational success and essential for high rate of retention, attracting top talents, fostering loyalty, boosting customer satisfaction and improving organizational performance and shareholders value (Blair, 2023). Employee relations have increasingly emerged as a critical determinant of organizational performance and long-term financial sustainability, particularly in developing economies such as Nigeria (Orenuga et al., 2024). When companies maintain positive employee relations, employees tend to demonstrate greater commitment, cooperation and willingness to contribute to organizational goals, thereby enhancing operational efficiency and financial performance (Armstrong & Taylor, 2020; Guest, 2017).

Globally, organizations operate in environments characterized by uncertainty, competition, and technological change, which requires firms to develop effective strategies for managing their human resources (Dessler, 2023). The COVID-19 pandemic, which emerged in 2019 and spread rapidly across the world in 2020, created unprecedented disruptions in economic activities and organizational operations. Governments introduced measures such as lockdowns, social-distancing regulations, and restrictions on business activities to control the spread of the virus. The measures significantly affected business operations, labour markets, and financial outcomes across many sectors of the economy (Ozilli, 2020; International Labour Organization, 2021). In Nigeria, the pandemic posed serious challenges to organizational sustainability and financial performance. Many organizations experienced declining revenues, disruptions in supply chains, and operational constraints that forced firms to adopt new management approaches in order to maintain productivity (Sharma et al., 2022).

Under such circumstances, the role of employee relations became even more critical, as organizations needed to sustain employee morale, motivation, and engagement despite the uncertainties associated with the pandemic. Consequently, firms increasingly focused on workplace practices that could enhance employee commitment, encourage innovation in job performance, and sustain productivity even under difficult conditions (Chukwudi et al., 2020). One of the ways through which organizations strengthen employee relations is by ensuring that employees are provided with meaningful and engaging work roles that allow them to utilize their skills and capabilities effectively. Work structures that encourage autonomy, responsibility, and opportunities for professional growth often lead to higher levels of employee motivation and job satisfaction. When employees perceive their roles as challenging and rewarding, they are more likely to demonstrate greater dedication to their tasks, which can translate into improved organizational outcomes and enhanced financial performance (Robbins & Judge, 2019).

In addition, the conditions under which employees perform their duties play a vital role in shaping workplace behavior and productivity. A supportive organizational climate characterized by safe physical conditions, effective communication, availability of work resources, and mutual respect between management and employees contributes significantly to employee well-being and efficiency (Nguyen et al., 2024). Particularly during the COVID-19 era, organizations were required to adopt health and safety protocols, flexible work arrangements, and supportive workplace policies in order to protect employees while sustaining organizational operations. Such workplace conditions not only safeguard employees but also foster a sense of belonging and trust within the organization (International Labour Organization, 2021). Furthermore, the reward structures established by organizations represent another important dimension of the employer-employee relationship. Employee generally expect fair and adequate rewards in return for their efforts and contributions to organizational success.

Competitive remuneration packages, incentives, and other forms of employee benefits serve as motivational tools that encourage employees to maintain high levels of performance (Milkovich et al., 2017). Adequate reward systems also strengthen employee loyalty and reduce the likelihood of dissatisfaction or labour disputes, which could otherwise destruct organizational productivity and financial stability (Akinwale & Ogunyomi, 2018). In Nigeria context, the experience of organizations during the COVID-19 period highlights the importance of internal workplace practices that supports employees while promoting organizational resilience. Firms that were able to sustain employees' motivation, maintain supportive workplace conditions, and provide appropriate incentives for their workforce were better positioned to withstand the operational disruptions associated with the pandemic (Chen et al., 2024). Consequently, examining employee relations within the context of these workplace dynamics provide valuable insights into how organizations can strengthen workforce commitment and enhance financial performance during periods of economic uncertainty.

Despite the recognized importance of employee relations, many Nigerian firms continue to face challenges associated with weak human resource governance, limited investment in workforce development, and misalignment between employee management practices and organizational strategy (Kaplan et al., 2017). Ineffective employee relations manifesting in poor job design, unfavorable working conditions, inadequate compensation structures, and frequent industrial disputes further constrain productivity and efficiency (De-Clercq et al., 2020; Mensah et al., 2023). These challenges results in low employee morale, high labor turnover, reduced output, and rising labor-related costs, which collectively undermine profitability, firm value, and long-term competitiveness. These constraints undermine productivity and limit the ability of firm to translate human capital investments into improved financial performance.

Various stakeholders have undertaken initiatives to improve firm performance through strengthened employee relations and governance practices. Government agencies and regulatory bodies have introduced labor laws, minimum wage policies, and occupational health and safety regulations aimed at protecting employees and promoting workplace stability (Social dialogue, 2025). Employers increasingly adopt human resource management reforms including performance based compensation, improved work environment, and employee engagement programs to enhance productivity (Mohamud et al., 2024). Trade unions and professional bodies advocate for fair remuneration, job security, and improved working conditions (Deeksha & Ransher, 2024). While investors and corporate governance institutions promotes transparency, accountability, and sustainable workforce management practices (Abdullah et al., 2024). Several authors have carried out study on issues.

The improvements in financial performance and long-term sustainability achieved through all these efforts and reforms were minimal as Nigerian firms could not compete in global financial prosperity (Adelegan & Ariyo, 2022; Olayinka et al., 2023). Therefore, a systematic examination of employee relations and their implications for financial performance in Nigeria and its effect during COVID 19 era, remain critical for advancing empirical evidence, informing managerial practice, and supporting policy initiatives aimed at fostering sustainable firm growth and economic development in Nigeria.

The broad objective of the study is to examine the effect of employees' relation on firm's performance in Nigeria banking sector: Experience during COVID-19 episode, while the specific objective are to examine the effect of employees' job enrichment on firm's performance in Nigeria banking sector and it effect during COVID-19 era, investigate the effect of employees' working environment on firm's performance in Nigeria banking sector and its effect during COVID-19 era and examine the effect of employees' compensation on firm's performance in Nigeria banking sector and its effect during COVID-19 episode. The justification for linking this study to COVID-19 era is because the pandemic represents an exogenous and systemic shock that fundamentally altered organizational operations, labor relations and financial outcomes across industries. Unlike normal economic cycles, the pandemic simultaneously disrupted supply chains, revenue streams, work arrangements and employee well-being thereby intensifying the strategic importance of employee’s relations in determining firm financial performance.

The pandemic heightened employee vulnerability through lockdowns, layoffs, wage cuts, health risks, and remote work transactions, making effective employee relations practices such as communication, welfare support, health and safety measures, and job security assurances essential for sustaining employee trust, motivation and commitment (Kim & Lim, 2024). It also provided a natural experimental context for examining the employee relations-financial performance relationship, as the widespread external shock enabled clearer observation of how differences in internal labor practices influence financial outcome (Bloom et al., 2021). Furthermore COVID-19 accelerated structural workplace changes such as remote work and flexible scheduling, creating new employee relations challenges with lasting implications for organizational sustainability (Aga & Maemic, 2021; Chang et al., 2021). In developing economies, the pandemic further exposed institutional weaknesses, labor market fragilities, and limited social protection, highlighting the importance of employee relations in helping banking firms withstand financial distress (Abid, 2024)

This makes the examination of employee relations during the pandemic particularly relevant for understanding how firms in banking sectors leveraged internal labor management practices to withstand financial distress. The banking sector was selected for the study due to its predominantly service-oriented nature, in which employees maintain continuous and direct interaction with a large and diverse customer base. Core banking operations and overall performance are therefore heavily dependent on sustained employee-customer engagement. During the COVID-19 era, these routine business interactions were significantly constrained by government-imposed regulations, fundamentally altering traditional service delivery mechanisms within the sector. Against this backdrop, the study contributes to the existing body of knowledge by empirically examining the relationship between employee relations and financial performance of deposit money banks in Nigeria, while explicitly contextualizing this relationship within the operational disruptions experienced during the COVID-19 period.

2 LITERATURE REVIEW

2.1 Conceptual Review

2.1.1 Financial Performance

Financial performance is the company's ability to manage and control its resources to create profit or revenue (Didin & Mochamad, 2018). Kenton, (2023) defined financial performance as a subjective measure of how well a firm can use assets from its primary mode of business and generates revenues. It is also used as a general measure of a firm's overall financial health over a given period. It is referred to the ability of a company to generate profits and increase shareholder value over time. It is a measure of how well a company is managing its resources and achieving its financial goals. (Romain, 2023). Financial performance benefits organizations by improving profitability, increasing shareholders' wealth, enhancing investors' confidence, and supporting long-term business growth and sustainability (Licandro et al., 2024; Li et al., 2024). It also strengthens stakeholders trust, improves operational efficiency, attracts investment opportunities, and enhances a firm's competitive advantage in the market (Lima & Juca, 2024; Nnedu, 2024).

Furthermore strong financial performance enables firms to withstand economic shocks. Expand operations, and achieve strategic objectives effectively (Masongweni & Simo-Kengne, 2024). Analysts and investors use financial performance to compare similar firms across industries and evaluate their profitability, efficiency liquidity and market competitiveness (Trejo-Pech, 2024). The key performance indicators used to measure a company's financial performance include revenue growth, profit margins, return on investment (ROI), and other financial ratios, such as gross profit margin, earnings before interest, tax, depreciation and amortization (Priya, 2024). Measuring the financial performance of banks is a complex and challenging task. Bank managers and bank analysts generally evaluate overall bank profitability in terms of return on equity (ROE) and return on assets (ROA) (Carnovale et al., 2018). When banks consistently report a higher than average ROE and ROA, it is designated a high performance bank.

The determinants of financial performance in the bank include but not limited to capital adequacy, Assets Quality, Management Efficiency, Liquidity and Gross Domestic Product Oma, (2022). Therefore, in order to ensure sound financial performance, banks should focus on the factors likely to affect profitability and the extent of their influence (Porter, 2023). Some of the methods that can be used to complement the indicator analysis are ratio analysis, trend analysis, peer group analysis, benchmarking, financial modelling, and econometric analysis. These methods can help to identify the sources, drivers, and determinants of bank performance, as well as the risks and opportunities that bank face in a dynamic ad competitive market. It can also help to evaluate the impact of external factors such as macro-economic conditions, regulatory changes, technological innovations, and market competition on bank performance (Grow-Generation, 2023).

2.1.2 Employees Relation

Employee relations is the management of the employment relationship, focusing on creating mutual trust, cooperation, and minimizing workplace conflict through effective communication and fair treatment (Armstrong, 2012). It is also described as the systems, policies, and practices that shape interactions between employers and employees, emphasizing collective and individual workplace relationships and their impact on organizational performance (Marchington & Wilkinson, 2019). In his own comment, Guest, (2022) explains employee relations as a strategic approach to managing the psychological and contractual relationship between employers and employees, aimed at improving engagement, commitment, and organizational effectiveness. Coursera, (2023) described employee relation as an organization's efforts to maintain positive relationships with employees.

The goals of good employee relations include inspiring employee loyalty, increasing engagement, reducing turnover, and creating a positive company culture (Igwe & Nnadi, 2024).

Effective employee relations provide numerous benefits to organizations, including improved employee commitment, higher productivity, reduced workplace conflict, increased job satisfaction, lower labour turnover, enhanced organizational performance and stronger financial sustainability (Armstrong & Taylor, 2023; Dessler, 2023). Positive employee relations also encourage effective communication, teamwork, trust, and employee engagement, which contribute to innovation and long-term organizational growth (Kim & Lim, 2024; Nguyen et al., 2024). It helps organization in its efforts to preventing and resolving problems and disputes between employees and management, assisting in creating and enforcing policies that are fair for everyone in the workplace and maintaining a positive relationship with its employees (Bamboo, 2023). The maintenance of positive constructive employee relations, organizations hope to keep employees loyal and more engaged with their employment

Employees' relation methods will be grouped under three dimension, employees' job enrichments, employees' working environment, and employees' compensations. Job enrichment consist of job enlargement, employees participation in management decisions, training and re-training and so on, working environment include provision of physical perquisite of office to employees, job security, good health care and safety system, hygiene environment, employees communication, employee collective bargaining while the compensation involves enhanced pay, bonus pay, promotion, profit sharing, job annulation, opportunity to own shares in the company and other cash benefits granted to employees in the discharge of his function (Kappel, 2023)

2.1.2.1 Employees' Job Enrichment

Eriksson & Ortega, (2022) defined job enrichment as a process that is characterized by adding dimensions to existing jobs such as adding extra task, increasing skill variety, adding meaning to jobs, creating autonomy and giving feedback to make them more motivating. It is a technique used by organization to improve the quality of work life and performance of their employees (Yadav et al., 2024). It is the process of increasing the range of activities and responsibilities an employee is involved in, in order to provide them with a more stimulating and satisfying work (Edith et al., 2023). Job enrichment involves creating meaningful roles through feedback, encouragement, communication and autonomy thereby allow employee to have more control over their work, thus creating a natural desire to do a good job and contribute to the overall goals of the company (Kat, 2024). The concept of job enrichment is grounded in Herzberg's Two-Factor of motivation, which identifies certain factors, motivators that lead to higher job satisfaction and work engagement when present, such as achievement, recognition, growth, and meaningful work responsibilities (Galanakis & Peramatzis, 2022).

Contemporary work design frameworks further elaborate on this by identifying five core dimensions of job enrichment as skill variety, task identity, and task significance, autonomy, and feedback that enhance employees' psychological states and positively influence outcomes like intrinsic motivation, job satisfaction, performance, and reduced turnover intentions (Hackman & Oldham, 2023). In modern organizational contexts, job enrichment is recognized not only as a motivational strategy but also as a driver of employee engagement, performance, and retention. Empirical research has shown that enriched job design can mediate the relationship between human resource practices and employee engagement, meaning that supportive human resource systems coupled with enriched work roles significantly elevate employees' connection to their work and organization (Nguyen et al 2024). Systematic reviews indicate that job enrichment positively impacts motivation, job satisfaction, employee performance, and intention to stay, reinforcing its role as a valuable organizational intervention in today's competitive labor markets (Kittur & Ramesh, 2024).

At individual level, job enrichment helps employees feel valued and capable by broadening their skills and responsibilities, reducing monopoly and burnout, and providing clearer feedback and decision-making authority all of which increase confidence, satisfaction, and work-derived meaning (Asanify, 2020). Organizations benefit through improved quality of work, heightened employee commitment, reduce turnover costs, and increased opportunities for innovation and organizational adaptability (Coursera, 2024). Skill variety refers to the extent to which a job requires an employee to use different skills, abilities, and competencies in carrying out work activities. When employees engage multiple skills in their roles, the work becomes more challenging which improves motivation and performance (Kittur & Ramesh, 2024). Skill variety increases intrinsic motivation as employees feel that their abilities are fully utilized and continuously developed. Jobs with high skill variety reduce boredom and increase job satisfaction, while low skill variety leads to routine work dissatisfaction, and reduced engagement (factorHR, 2024; factorHR, 2024; Kittur & Ramesh, 2024). Skill variety is measured using established job design instruments derived from the job Characteristics Model.

Task identity denotes the degree to which a job involves completing a whole, identifiable piece of work from beginning to end (AIHR, 2024). Employees who can clearly identify the outcomes of their work are more likely to develop a sense of ownership and responsibility, which enhances job satisfaction and performance. Task significance on the other hand, refers to the perceived importance of a job and its impact on others within or outside the organization. Jobs with high task significance foster a sense of meaningfulness and purpose, which has been linked to higher levels of commitment and engagement in recent organizational studies (MCheed et al., 2024; Gabriel & Ismail, 2024; Tse, 2025). Autonomy describes the degree of independence and discretion employees have in scheduling their work, determining how tasks are executed and enhances intrinsic motivation, psychological empowerment, and overall work engagement across diverse workforce group (Marques et al., 2023). Feedback refers to the extent to which carrying out job activities provides clear and direct information about performance effectiveness.

Feedback mechanisms are essential for continuous improvement and learning, and recent studies confirm their role in strengthening employee engagement and performance outcome. (Wegman et al., 2018). Collectively, these five dimensions remain central to contemporary job design frameworks and are consistently used as proxies for job enrichment in recent empirical research. Evidence suggests that jobs enriched with these characteristics significantly enhance employees' psychological states, leading to improved work engagement, job satisfaction, and organizational performance (Astuti & Albany, 2024).

2.1.2.2 Employees' Working Environment

Employee working environment refers to the total conditions, surroundings, and organizational factors within which employees perform their duties (Armstrong & Taylor, 2020). It includes the physical workplace, interpersonal relationships, organizational culture, safety conditions, communication systems, and psychological atmosphere that influence employees' behaviour, satisfaction, productivity, and overall performance (Kazlauskaite et al., 2022). A work environment is the setting, social features and physical conditions in which job is performed (Maximus UK, (2023). Glassdoor, (2021) referred work environment to the elements that comprise the setting in which employees work and impact workers. In her contribution. Get.it/Career Connect, (2023) described a work environment as a space, physical and emotional, in which employees perform their daily tasks. She posited that a work place is a combination of three vital components: Physical environment, Working conditions, and Company culture. It is the combination of these three components that create a workplace environment, which affect every employee's workflow and mood. A positive workplace environment can improve staff retention, boost innovation, increase productivity, reduce expenses, minimize absenteeism and improve company's reputation (Hellett et al., 2024; Kazlauskaitė et al., 2022; Oyedeji et al., 2025).

Physical environment refers to the tangible and observable workplace conditions under which employees operate, including office layout, lighting, ventilation, temperature, workspace design, ergonomics, noise control, and safety facilities. A well-structured physical environment improves employees' comfort, concentration, health, and productivity, while poor workplace conditions may result in stress, fatigue, and reduced performance (Oyedeji et al., 2025). Cultural environment on the other hand includes shared organizational vales, norms, beliefs, and expectations that create the overall climate of the workplace (Danielson et al., 2024). Working environment has profound effects on employees and organizations, influencing performance satisfaction, health, and retention.

Research has shown that physical and social environments significantly affects employees' well-being. Good lighting, ergonomics, and supportive social interactions contributing to comfort and mental health, reducing stress and burnout (Dumiltriu et al., 2024). A positive environment correlates with employee performance and productivity. Conversely, poorly designed spaces, noise pollution, and insufficient equipment negatively impact morale and output. When employees feel safe, respected, and supported, job satisfaction increases which in turn enhances commitment to the organization and reduces turnover. Trust, clear communication, and alignment with organizational values also strengthen satisfaction. Positive working environments encourage employees to be engaged and committed leading to better task performance even under challenging conditions (Oyedeji et al., 2025; Dumiltriu, 2024).

2.1.2.3 Employees' Compensation

Employee compensation refers to the total financial and non-financial rewards provided by an organization to employees in exchange for their services, skills, efforts, and contributions toward organizational objectives (Armstrong & Taylor, 2023). It encompasses direct monetary payments such as salaries, wages, bonuses, and incentives, as well as indirect benefits including health insurance, retirement plans, paid leave, and other welfare packages (Dessler, 2024). Compensation refers to monetary payment given to an individual in exchange for their services. In the workplace, compensation is what is earned by employee and includes salary or wage in addition to commission and any incentives or perks that come with the given employee's position (World Health Organization, 2023). It is the remuneration awarded to an employee in exchange for their services or individual contributions to your business. The contributions can be their time, knowledge, skills, abilities, and commitment to a company or project (Oginni et al., 2023).

Majekodunmi, (2022) described compensation apart from salary or wages to include: commission, overtime pay, bonus, profit sharing distributions, merit pay or recognition, workers compensation or workman comp, incentive pay or achievement award, tip income, benefits (include dental, insurance, medical, vacation, leaves, retirement, etc.), stock option, travel/meal/housing allowance, child care and tuition assistance, Gym membership and free launches, employees assistance programs that provide counselling, legal advice, and other services, health and wellness benefits and other non-cash benefits. It is designed to attract, motivate, retain, and enhance employee productivity and job satisfaction (Armstrong & Taylor, 2023; Dessler, 2024). Modern organizations view compensation as a strategic human resource management tool that influences employee commitment, morale, motivation, and organizational performance. A fair and competitive compensation system improves employees' perception of organizational justice and encourages higher work engagement and efficiency (Milkovich et al., 2023).

Compensation can be salary and wages, bonuses and incentives, Allowances, Recognition and non-monetary rewards. Salary and wages refer to the fixed monetary payments employees receive for performing their duties within a specified period. Salaries are commonly paid monthly to permanent employees, while wages are often paid hourly or daily for specific tasks or labour services. It measures the extent to which employees are financially rewarded for their labour and responsibilities. Competitive salaries and wages increase employee motivation, reduce turnover intentions, and improve organizational commitment. Recent human resource studies indicate that adequate pay structures significantly influence employee satisfaction and productivity (Dessler, 2024; Armstrong & Taylor, 2023). Bonuses and incentives are additional financial rewards given to employees based on performance, productivity, goal achievement, or organizational profitability. These may include performance bonuses, commissions, profit-sharing schemes, and productivity incentives. Organizations use incentive systems to encourage higher performance, innovation, and employee commitment. Performance-based incentives motivate employees to exceed organizational expectations and contribute more effectively toward organizational goals (Gerhart et al., 2023). Contemporary studies show that incentive compensation positively affects employee morale and organizational efficiency (WorldatWork, 2023). Employee benefits refer to indirect forms of compensation provided to employees beyond regular salaries and wages.

Some of the benefits of providing the right compensation package to employee are: attracts op talent, increases employee motivation at workplace, boost employee's loyalty, increases productivity and profitability, improves job satisfaction and employee's engagement, helps in retaining top employee, helps stay in compliance with the Federal and State government agencies.(Stewart, 2020).

2.2 Theoretical Review

2.2.1 Social Exchange Theory

Social Exchange Theory, originally propounded by Homans, (1958) and further developed by Blau, (1964), explains social and organizational relationships as exchanges based on reciprocity, mutual obligations, and cost-benefit considerations. The theory assumes that individual enter and maintain relationships when the perceived rewards exceed the associated costs, and that favorable treatment creates an obligation for reciprocation (Ahmad et al., 2023). Overtime, repeated positive exchanges foster trust, commitment, and long-term relationships. This theory posits that employment relationships are based on reciprocal exchanges between employees and employers. When organization invest in fair treatment, trust, participation, and supportive employee relations, employees reciprocate through higher commitment, improved performance, and discretionary behaviors, which ultimately enhance financial performance (Kurtessis et al., 2017).

Empirical studies continue to apply SET to employee relations by demonstrating that high-quality exchange relationships characterized by trust, perceived organizational support, and fair treatment enhance job satisfaction, commitment, and engagement and performance outcomes (Aruoven & President, 2023; Allieu et al., 2024; Khaor et al., 2024). The relevance of SET to employee relations is evident in its explanation of how employers' investments in employee well-being, communication, and development create reciprocal obligations among employees to demonstrate loyalty, cooperation, and discretionary effort. Under this theoretical lens, favorable employee relations practices function as social resources that employees perceive as valuable, increasing their willingness to reciprocate with positive work behaviors. SET is also pertinent to understanding the link between employee relations and financial performance.

When employees perceive strong social exchanges with their organization, they are more likely to exhibit higher levels of engagement, organizational citizenship behavior, and productivity, outcome that contribute to reduced turnover costs and improved organizational efficiency (Awalia & Yanuar, 2024). Meta-analytic evidence further supports the positive impact of social change relationships on employee innovation and performance, indicating that both leader member and team member exchanges are associated with enhanced employee contributions that ultimately benefit organizational competitiveness (Haoyu & Hongjiang, 2024). Despite its broad application, SET has faced criticism. Some scholars argue that while the theory effectively capture reciprocal dynamics, it does not fully account for individual differences in perceptions of fairness and response to work place treatment, limiting its explanatory power in diverse work contexts (Cropanzano, et al., 2017).

2.2.2 Human Capital Theory

Human capital theory (HCT) was formally articulated by Theodore W. Schultz and later developed by Gary S. Becker, who posited that individuals' skills, knowledge, and competencies constitutes forms of capital that generate economic value for organizations and societies (Silvia, 2023; Hideo, 2023). According to human capital theory, investments in education, training, health, and employee development enhance individuals' productivity and contribute to organizational success. This conceptualizes employee from being mere labor inputs or cost centers to being valuable organizational assets whose capabilities determine economic outcomes. HCT continues to provide the intellectual grounding for contemporary strategic human resource management and talent investment discussions (Kim & Pank, 2023). Human Capital Resource rests on several core assumptions: that employees' skills, knowledge and abilities are valuable assets that generate economic returns.

Secondly, employee relations such as effective communication, training opportunities, and involvement in decision-making, enhance human capital quality, leading to higher productivity, innovation, and improved financial outcomes for organizations. Also that rational organizations make decision to invest in human capital when the expected future benefits outweigh current costs (Caplan, 2018). These assumptions underpinned the growing emphasis on workforce learning, career development, and continuous skill upgrading in modern business environments.. The relevance of human capital theory to employee relations is significant. HCT explains why organizations engage in systematic resource practices such as recruitment based on competencies, structured training, performance management, and employee engagement initiatives: this practices are strategic investments aimed at enhancing employees' skills, commitments, and well-being. (Almeida et al., 2024; Rahman & Islam, 2024).

When employee receive that their organizations are investing in their capabilities and career growth, they are more likely to demonstrate strong organizational commitment, discretionary efforts, and cooperative workplace behaviors. HCT thus informs managerial strategies that create positive employee relations and boost workforce morale and engagement (Jian & Binghan 2019). In terms of financial performance, Human Capital Theory has been widely employed to explain how human capital investments translate into economic returns. Empirical studies indicate that higher human capital quality and targeted human capital expenditures are associated with improved organizational outcomes such as productivity gains, profitability, and competitive advantage(). Further studies examining HRM systems demonstrate that strategic human capital allocation enhances firm's operational effectiveness and innovation capacity, which is in turn supports superior financial performance ((Atoyebi et al. 2024; Eke et al., 2024; Nurseha et al., 2024).

2.2.3 Stakeholders theory

The stakeholder was propounded by R. Edward Freeman i 1984. The theory argues that firm should create value for all stakeholders, not just shareholders. It originally detailed the stakeholder theory of organizational management and business ethic that addresses morals and values in managing an organization (Chemmanur et al., 2022). It is a widely used framework for stakeholder engagement based on the idea that organizations should identify and address the interest and expectations of all groups that affect or are affected by their activities. (Valentinov, 2022). According to Freeman model, the main assumption of stakeholder theory is that an organization's effectiveness is measured by its ability to satisfy not only the shareholders, but also those agents who have a stake in the organization. Stakeholders include employees, customers, suppliers, communities, and others who affect or are affected by organizational actions.

The theory contends that that sustainable firm success arises from managing these interdependent relationships in ways that create value for all parties. Within research on employee relations and financial performance, stakeholder's theory has become a central lens for understanding how employee-oriented practices enhance firm outcomes (Awa et al., 2024; Eshiett, 2024; McGhan, 2023). Stakeholder's theory is applicable to all organizations where ownership that are many and divers is separate from management and the day to day activities is done by the appointed managers. The theory is relevant to this study in the sense that the bank employees are critical stakeholders in the achieving an organizational goal and in financial performance of the banking sector of the economy. The theory posits that an organization's legitimacy and long-term performance depends on how it manages relationships with key internal and external stakeholders.

Employees as key internal stakeholders are crucial because they influence productivity, innovation, quality, and customer satisfaction. The theory emphasizes that firm should respect employee rights, ensure fair treatment, foster engagement, and involve employees in decisions affecting their work (McDonnell, 2022). When employee interests are acknowledged and integrated into strategic processes, employees are more committed and productive, which contributes to superior organizational outcomes. The principal strength of the theory is holistic perspective. It integrates social and economic imperatives, recognizing that long-term financial success is tied to healthy stakeholder relationships. The theory highlights the normative and strategic importance of internal stakeholders like employees, and provide a robust explanation for why firms that excel in employee relations often achieve superior financial performance.

Despite its utility, stakeholders theory faces critique for lacking clear guardians on prioritizing among multiple stakeholders when interests conflict, balancing competing claims in particular, reconciling short-term shareholder returns with long-term stakeholder investments can pose managerial challenges. Critics also argue that operationalizing stakeholder priorities can be complex and context-dependent. For a study examining employee relations and financial performance, stakeholder theory offers a sound theoretical foundation by explicitly linking employee treatment and internal stakeholder engagement with broad organizational outcomes. It justifies hypotheses that positive employee relations fosters better financial performance through improved productivity, commitment and organization reputation (Jones et al., 2023).

2.3. Theoretical Framework

This study will however hinged on social exchange theory because of its focus on the reciprocal exchange between employees and the organization, emphasizing the importance of mutual obligations, trust, and fairness. This theory can help explain how positive employee relations such as fair treatment, supportive management can lead to increased employee commitment, productivity and ultimately, better financial performance. In contrast, human capital theory focuses more on the value of employees' skills and abilities, while Stakeholder Theory is broader, considering multiple stakeholders' interests. Social Exchange Theory provides a more direct link between employee relations and organizational outcomes, making it a suitable choice for the study

2.4 Empirical Review

Magaji et al, (2017) studied the Assessment of the effect of job enrichment on employee commitment in selected private Universities in South Western Nigeria. The objective of the study was to evaluate the effect of Job enrichments on employee commitment of non-academic staff in selected private universities in south-west, Nigeria. They employed a cross-sectional survey design and a multi-stage sampling technique. The result shown that non-academic staff in the sampled universities are committed to their work as a result of the practice of job enrichment. The limitation was that it focused only on non-academic staff in selected private universities in South- West Nigeria, thereby limiting the generalization of the findings to public universities, academic staff, or other sectors of the economy.

Akinwale & Ogunyomi, (2019) studied employee relations and financial performance with the aim to examine the influence of employee engagement and employee management relations on the financial performance of SMEs in Nigeria. It adopted a survey research design using structured questionnaire and inferential statistics on 450 SMEs in Lagos state. The study found a significant positive relationship between employee relations, engagement and financial performance indicators such as profitability, operating efficiency and financial strength. The major criticism of the study was its focus only on SMEs in Lagos state limiting generalization to larger firms and other regions.

Obamiro & Johnson, (2019) conducted a study on employee relations and financial performance to examine the effect of work environment and workplace conditions on employees' performance in a Nigerian beverage firm. Survey research design using questionnaires, person-product movement Correlation, and regression analysis were employee. Findings indicate that physical workplace setting and work systems significantly improved employee effectiveness and job satisfaction which contribute to organizational performance. The study used only data from only one Beverage Company, thereby limiting external validity.

Sajuyigbe et al., (2019) studied employee compensation and performance with the aim to investigate the influence of compensation strategy on employee performance in Nigerian Braveries Plc. It adopted quantitative research design using purposive sampling, descriptive statistics, and linear regression analysis. The findings indicate that compensation strategy enhances employee performance and organizational productivity. The study had a relatively small size and focused on a single manufacturing company.

Oton, (2019) studied the effect of employee relations on employee performance and organizational performance. The objective was to identify various employee relations practices used by small organization in Tanzania. The study adopted a cross-sectional survey research design and a stratified random sampling technique. Their findings revealed that small organization in Tanzania are aware of the benefits of maintaining good employee relation, further findings also indicates a positive significance relationship between employee relation and organization performance. The major limitation was that the study was conducted within a limited organizational or geographical scope, which restricted the generalization of the findings to other organizations and industries. It also relied mainly on questionnaire responses, making the findings subject to respondent bias and personal perseptions

Asad & Tamzid, (2019) investigated the Impact of Compensation package on Employee Performance leading to Organization's Financial Performance: Study focus on some selected Private Organizations in Dhaka City. The aim of the paper was to show how firms can use their compensation package to increase employee performance and thus financial performance. Principal component analysis and z-test model were used to identify the causal relationship. The result of this research shown that compensation package has a positive influence on employee performance. The study focused on a limited number of organizations/respondents, which reduced the generalizability of the findings to other industries and regions. It also relied heavily on self-reported questionnaire data that may contain respondent bias.

Ozigbo & Daniel (2020) investigated the effect of job enrichment on employee performance. The objective of the study was to analyze the effect of job enrichment on organizational performance in non-teaching staff of the University of Abuja, FCT. Descriptive Research method was employed for the study and a simple random sampling technique was adopted. The findings revealed a significant positive relationship between job depth, job training and core job dimension elements of the job enhancement and organizational performance. A major limitation was the concentration on a specific organization or sector, making it difficult to generalize the findings broadly. In addition, the cross-sectional design did not adequately capture the long-term effects of job enrichment on employee performance.

Song et al., (2021) studied Firm's employee relations system and financial performance. The primary objective of the study was to ascertain the impact of good employee relationship on the firm performance and also to investigating the dual-causal relationship between firms' employee relations system (ERS) and financial performance and the associated temporal and resource boundary conditions.

He employed Tobin's Q to find that firm resource availability makes positive impact of firm ERS on financial performance stronger and longer lasting. In their own study on Employee relation practices and firm performance. The measurement of employee relations was based largely on secondary or firm-level data, which may not fully reflect employees' actual perceptions and experiences. It also limitations in establishing direct causality between employee relations systems and financial performance.

Miliani et al. (2022) intended to study the employee relations practices and firm performance in Morocco: a conceptual model proposal, with the aim to examine the contribution of employee relations practices to firm performance and to propose a conceptual model explaining how employee relations influence organizational performance through variables such as job satisfaction and organizational justice. The study adopted the use of theoretical/conceptual research base on critical literature review and model development. It was discovered that employee relations practices indirectly improve firm performance through enhanced job satisfaction, organizational justice, and employee involvement. However, the study was purely conceptual and lacked empirical testing of the proposed model, making it difficult to generalize the findings to real organizational settings

Nguyen et al. (2022) carried out study on Employee-friendly practices and corporate financial performance: Evidence from a frontier market in Vietnam. It was aimed at to investigate the relationship between employee-friendly practices and corporate financial performance among firms in Vietnam. The study made employed quantitative research design using panel data analysis of over 3800 firm-year observations; Tobin's Q was used as a measure of financial performance it was found that a strong positive relationship exist between employee-friendly practices and firm performance. Firms recognized among the "Top 100 Vietnam Best Places to work" recorded better market performance. The study focused only on firms in Vietnam, limiting the generalizability of the findings to other countries and economic environments.

Mahssouni et al, (2022) in the study of Employee Compensation, training and Financial Performance during the COVID-19 Pandemic, with the aim to analyze the effect of employee compensation and training on firms' financial performance and examine how the COVID-19 pandemic moderated these relationships in Morocco. The study used quantitative method using financial and human resource data analysis before and during the COVID-19 pandemic. It was found that employee compensation and training positively influence firms' financial performance, although the COVID-19 pandemic weakened some of these positive effects. The concentration of the study mainly on the COVID-19 period, limit the applicability of the findings to normal economic conditions outside crisis period.

Al-Shawawreh et al., (2022) studied the Impact of compensation and benefits on Financial Performance: a case study on Arab Potash Company. The aim was to examine the impact of compensation and benefits on financial performance applied on the Arab Potash Company. The study used a case study research design based on secondary data analysis from the company's annual financial reports covering the period 2007-2018. The findings indicate that compensation and benefits had a positive and significant impact on the financial performance of the Arab Potash Company. However, the study focused on only one company in Jordan, which limits the generalization of the findings to other sectors or countries. It also relied only on secondary financial data and did not include employees' perceptions or primary survey data.

The study on Modelling the COVID-19 Pandemic Effects on Employees' Health and Performance: A PLS-SEM Mediation Approach was carried out by Popa et al., (2022) the aim to investigate the impact of COVID-19 pandemic effect on employees' health and mental well-being, as well as on their working performance. The aim was to highlight whether health and work related stress factors mediate the above revelation. Using primary data of structured questionnaire, the result shown that the pandemic effects felt by employees did not directly affects their mental and physical well-being.

However the study rely on self-reported data from a structured questionnaires, which may introduce bias and subjective perceptions.

Liang et al., (2022) conducted a study on employee welfare and firm financial performance. They investigated the relationship between employee welfare practices and firm financial performance using Tobin's Q as an indicator of firm value. The findings confirmed that employee-friendly welfare practices positively influence financial performance through improved productivity, innovation investment and reduced financial costs. The study depended largely on archival secondary data, which limited the ability to measure employees' direct experiences and satisfaction levels accurately.

Chang et al., (2022) examined the dual-causal relationship between firm employee relations systems and financial performance in China. The study employed longitudinal organizational data. It was aimed to examine whether effective employee relation systems improve firm financial performance and whether strong financial performance also enable firms to invest more in employee relations thereby establishing a dual-causal relationship between the two variables. The study found that firms with strong employee relations systems experienced superior financial performance over time due to improved employee cooperation, commitment, and operational efficiency. The researchers also established that organizations with stronger financial performance tend to invest more in employee relations practices, thereby creating a mutually reinforcing relationship between employee relations and financial outcomes. However, the reliance of the study mainly on secondary data frustrates the ability to fully capture employees' perceptions and qualitative aspects of employee relations.

A study conducted by Ajay & Anandan, (2023) investigated the effect of employee relations on organizational performance with the aim to examine the nature of employee relations practices in the b0organization; how employee relations influence organizational performance and the relationship between employee relations and key performance outcomes, such as productivity, employee engagement and workplace efficiency. The study adopted a descriptive research design and data were collected from 75 respondents through simple random sampling techniques. The study found that effective employee relations practices such as communication, conflict management, and employee welfare positively influence organizational productivity and employee commitment. Also that good communication mutual trust, employee participation and fair treatment were found to improve employee commitment and productivity and that poor employee relations can lead to conflicts, low motivation and reduced organizational effectiveness. However, the study also revealed that inadequate management efforts toward maintaining employee relations could negatively affect organizational outcomes.

Telapbayewa et al. (2023) studied employee turnover, satisfaction, and financial performance with aim to investigate the impact of employee turnover and satisfaction on financial performance measures (ROA, ROE) of firms. The uses empirical analysis linking turnover/stability metrics with financial indicators; regression models tested statistical relationships. Findings shown employee turnover negatively affects financial performance; lower turnover and higher satisfaction correspondent with better ROA and ROE outcomes, implying the importance of positive employee relations and retention. However, it does not isolate employee relations variables per se nut uses turnover and satisfaction as relational proxies; contextual differences may affect transferability. The study doesn't isolate employee relations variables per se, but uses turnover and satisfaction as relational proxies.

Qadri et al, (2023) studied COVID-19 and Financial Performance; Pre and post effect of COVID-19 on Organization performance; A study based on South Asian economy with a view to explain the technological effect on improving performance especially during the period of the covid-19 era. The study examined a sample of 34 banks from the South Asian region from 2016 to 20211. A Wilcox rank test was used to determine whether there was a significant difference before and after the pandemic era. The overall conclusion of the study is that the COVID-19 pandemic had a significant influence on the bank's financial performance, particularly in terms of profitability. The major limitation was that the research focused on a limited sample of banks within a specific developing economy context, making it difficult to generalize the findings to other sectors or countries.

Febriani et al, (2023) investigated Employee performance during the COVID-19 pandemic in Indonesia: A bibliographic study from various perspective. The aim is to examine employee performance during covid-19 pandemic. A sample of 27 Articles that discus employee performance during COVID-19 and the phenomena work from home with an observation period of 2020-2022 methods were used. It was found out that covid-19 seems to have affected the way employees and management meet as the meeting require measures of protection against the virus. The limitation of the study was that it only reviewed 27 articules from 2020-2022.

Mehta, (2023) study on navigating the clashing rock: How COVID 19 impact on employee relation. He used secondary data by reading and analyzing publications, research papers, articles, books and industry publications to examine the impact of Covid-19 on job performance and further examine the moderating effect of different sources of status. It was found that employee job performance decreases upon Covid-19 outset but gradually increases during the preceding period. The study heavily rely on secondary data which may lack specificity, context depth.

Xin et al., (2023) carried out investigation on COVID-19 and employee job performance trajectories: The moderating effect of different sources of status. The aim of the study was to examine whether and when COVID-19 impacts employee job performance trajectories during the onset and post onset periods. The study used data from 708 employees' survey responses and their 21- month job performance archival data, using discontinuous growth modelling (DGM) to test hypothesis. The result shown that employee job performance decreases upon COVID-19 onset, but gradually increases during the post onset period. The study focus on single organization limited the applicability of the findings.

Haque, (2023) studied the impact of the COVID-19 on employees' motivation and organizational resilience and the role of strategic HRM: renewal of a resource-based conceptual model. The aim was to provide insight and practical guidance for organizations to leverage their internal resources and capabilities to thrive in the post-pandemic landscape. A comprehensive literature review of the existing research on the impact of the COVID-19 pandemic, SHRM, RBV, job satisfaction, turnover intentions and organizational resilience was carried out. The result shown how the impact of COVD-19 on employees' motivation and organizational resilience and how organizations can navigate challenging times through SHRM, which enables RBV. It also highlights the fundamental role of RBV and identifies the resources employed by SHRM as intervening constructs that significantly enhance employee outcomes. The major limitation lies in its reliance on a comprehensive literature review, which may not provide evidence or original data to support the findings

Eke et al., (2023) examined the relationship between employee welfare and financial performance of listed Nigerian manufacturing firms. It was aimed examine the relationship between employee welfare and financial performance of listed manufacturing firms in Nigeria. The study used an ex post facto research design, utilized secondary data obtained from annual reports of seven manufacturing firms covering the period 2015–2021, while return on assets (ROA) and return on equity (ROE) were used as measures of financial performance. The findings revealed that employee remuneration and employee training had significant positive effects on financial performance, indicating that employee welfare practices contribute substantially to organizational profitability and efficiency. However, the study's focus only on manufacturing firms in Nigeria, limited the generalizability to other sectors and nations.

Ampong, (2024) assessed the effect of employee welfare and compensation on organizational performance using Sahel Sahara Bank Ghana Limited as a case study. The aim was to examine the effect of employee welfare and compensation on organizational performance: a case of Sahel Sahara Bank Ghana limited. The study adopted a survey research design and found that compensation, welfare packages, and employee support systems significantly improved employee motivation and organizational productivity. The study concluded that organizations that invest in employee welfare and compensation are more likely to experience improved financial and operational performance. The major limitation of the study was that it focused only on one bank Sahel Sahara Bank with small sample size of 30 respondents, which limited the generalizability of the findings to other organizations and sectors.

Achilike et al., (2024) investigated employee relations and organizational performance using Ecobank Nigeria Plc as a case study with the aim to examine how employee relations practices such as communication, participation, motivation and conflict management influence organizational performance in Ecobank. The researchers adopted a survey research method and discovered that healthy employee relationships, effective communication, and emotional intelligence significantly improved organizational performance. They concluded that maintaining positive employee relations enhances employee productivity, reduces workplace conflict, and contributes to better organizational financial outcomes. However, its focus on a single organization made it difficult to gerneralize the findings to all banks or other organizations..

Achilike et al. (2024) examines employee relations and its impacts on organizational performance: Case of Ecobank Plc. The aim is to investigate the relationship between employee relations and organizational performance including productivity outcomes in Ecobank Plc. The study used survey design with questionnaire; analysis via Pearson's correlation to test relationships among key relational variables (communication, emotional intelligence) and performance measures. Findings revealed healthy employee relationships positively correlate with organizational performance; effective communication and emotional intelligence strongly enhance relationship and performance. However, the study did not directly quantify financial metrics (profit, ROI); reliance on correlation limits; causal interpretation and generalizability beyond one bank.

Ahmed et al. (2024) investigated "Do HRM Practices influence perceived financial performance? A case of Banks in Pakistan. The aim is to determine the relationship between HRM practices (inclusive of employee relations elements) and perceived financial performance in the banking sector. Survey research design with questionnaires were explored, analysis explored relationship between HRM practices and financial performance perceptions. Findings shown HRM practices were found to influence perceived financial performance; strong relational and HRM practices correlate with batter financial outcomes. However, the study focuses on perceived rather than actual financial performance metrics, the sector and the geographic context may limit broader comparisons.

A study on job satisfaction, management sentiment and financial performance using employee reviews from Indeed.com was conducted by Ferg, 2025 in the USA. The aim the relationship between employee job satisfaction, management sentiment, and corporate financial performance using employee reviews obtain from Ideed.com. It was discovered that increases in employee satisfaction ratings significantly improved company market value and revenue growth, thereby demonstrating the strategic importance of employee relations in achieving financial success (International Journal of Information Management Data Insights, 2023). The study relied on online employee review from Ideed.com, which may contain biased or non-representative opinions because reviews are voluntary and subjective

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2.5 Gap in the empirical studies

A major literature gap in the study on employee relations and financial performance in the Nigerian banking sector during the COVID-19 era is that most existing studies in Nigeria concentrated largely on employee performance, human resources practices or organizational productivity, while giving limited empirical attention to the direct relationship between employee relations dimensions and financial performance indicators of banks during and after the COVID-19 pandemic (Orenuga et al., (2024)). Also identified as a gap is the predominance of cross-sectional survey designs in prior studies, which limits understanding of the long-term effects of COVID-19 disruptions on employee relations and financial outcomes in Nigerian banks. Most previous studies relied on perceptual measure of employee performance rather than objective financial indicators such as return on assets (ROA), return on equity (ROE), earnings per share or market valuation (Oginni, 2020).

There is contextual and empirical gap in literature because most previous studies in the Nigerian banking sector examined employee relations variables independently without incorporating the unique workplace realities created by the COVID-19 pandemic, such as remote work, job insecurity, psychological stress, and digital work pressure (Orenuga et al., 2024; Oginni, 2020),. In addition limited empirical studies specifically investigated how employee relations strategies affected the financial performance of Nigerian banks during the CIVD-19 era, despite the operational disruptions,, workforce restructuring, and increased employee stress experienced within the sector (World Health Organization [WHO], 2020; Okafor & Bode-Okunade, 2021)

3 METHODOLOGY

The study adopts the cross-sectional and survey designs. The study centers specifically on the COVID-19 period across the banks in Nigeria. The study adopted judgmental sampling technique to specifically focus on banks located in Lagos state which hosts the head office of most banks in Nigeria. A sample of 250 banks employees were selected from the banks in Lagos state for the purpose of this study. The judgmental sampling technique was adopted because only employees of banks that were willing to respond to the research instrument due to the sensitivity of the research formed the sample of the study. Data were collected from primary source using well-structured questionnaires administered to the respondents. Data collected were analyzed using descriptive statistics and regression analysis.

3.1 Model Specification

The model was built on the earlier work titled Employee relations, Ethical Orientation and Job performance. A study of selected Deposit Money Banks in Lagos state, Nigeria by Orenuga et al. (2024). The study explores the role of employee relations and ethical orientation in enhancing job performance in the banking sector. The researchers examined the influence of capital management, employee remuneration, communication, empowerment, and ethical orientation on job performance. It was found that employee relations play a significant role in determining job performance and that ethical orientation is crucial in strengthening performance. The current study incorporate variables such as job enrichment, workplace environment, and compensation in other to have a more comprehensive understanding of entire employee relations, how each of these factors influence and propel employee to higher productivity, how these factors collectively influence financial performance on one hand and how it help organization to remain financially strong during external crises especially, COVID-19 Era.

The Employees relation model is given thus:

$FP^{*} = f\,(ER)$ …… ……. ……………………………………………i

$FP = f\,(EJE, EWE, ECO)$ ……. ……. ……. ……………….………ii

$FP = f\,(EJE, EWE, ECO)$ ……………………………………………iii

$FP = \beta_0 + \beta_1 EJE_{it} + \beta_2 EWE_{it} + \beta_3 ECO_{it} + e_{it}$ …. ….. …………..…..... ..v

FP = ROA, therefore

$$ROA = \beta_0 + \beta_1 EJE_{it} + \beta_2 EWE_{it} + \beta_3 ECO_{it} + e_{it} \ldots \ldots \ldots \ldots \ldots \text{v}$$

Where: FP = Financial Performance; EJE = Employees' Job Enrichment; EWE = Employees' Workplace; ECO = Employees' Compensation; β_0 = Constant; β_1 to 3 = Regression coefficient; e = Error term

Table 3.1: Measurement of Variables

S/N	VARIABLES	MEASUREMENT	SOURCES
1.	Employees' Job Enrichment	(a) Job diagnostic survey (JDS) questionnaires skill variety, task identity and autonomy. (b) Job Enrichment Scale survey. Employee job meaningfulness responsibilities and growth opportunities. (c) Employee Engagement Survey Employee motivation involvement and Contentment to their work	Hackman & Olaham (2024)
2.	Employees' work Environment (EWE)	1. Organizational climate survey. Employees perception of work environment, like communication, collaboration and support 2. Work environment scale survey 3. Employees Satisfaction Survey Supervision, coworkers and resources	Margaux (2021)
3.	Employee Compensation (ECO)	1. Salary and Benefit Data 2. Compensation satisfaction survey compensation package, like fairness and adequacy. 3. Pay equity Analysis, Job title, experience & performance	Linderfeld (2021)
4.	Financial Performance	RoA, RoE, ERS	Iheduru and Okoro (2019) Umor, et al. (2002)

Source: Author's Compilation 2024

4 DATA ANALYSIS

4.1 Background Information of Respondents

The presentation of results in this section includes detailed statistical outputs from the analysis. The results are displayed using appropriate tables, figures, and statistical summaries to clearly communicate the study's outcomes.

Table 4.1: Department Distribution of Respondents

Department	Frequency	Percentage
Finance	120	60.91%
Human Resources	37	18.78%
Internal Legal Control & Audit	27	13.71%
Legal Compliance & Compliance Control Division	8	4.06%
Risk Management	5	2.54%
Total	**197**	**100%**

Source: Authors Compilation, 2024

Table 4.2: Length of Service of Respondents

Length of Service	Frequency	Percentage
3-6 Years	136	69.04%
7-10 Years	39	19.80%
11 Above	22	11.17%
Total	**197**	**100%**

Source: Authors Compilation, 2024

Table 4.3: Rank Distribution among Employees

Rank	Frequency	Percentage
Junior Staff	81	41.12%
Middle	62	31.47%
Senior Cadre	34	17.26%
Management	20	10.15%
Total	**197**	**100%**

Source: Authors Compilation, 2024

Table 4.1 provides an overview of the distribution of departments within the organization, highlighting their respective frequencies and percentages. A significant majority of the entries, 120 out of 197, belong to the Finance department, accounting for 60.91% of the total. This high percentage indicates that Finance plays a predominant role in the organizational structure, possibly suggesting that financial activities are central to the operations of the company. The emphasis on finance may point to a focus on financial management, analysis, budgeting, and planning, which are crucial for decision-making and the overall health of the organization. Human Resources (HR) comes in second, comprising 37 entries, which represent 18.78% of the total. The notable presence of HR suggests that the organization places considerable importance on managing employee relations, development, and welfare. Given the complexities of human resource management, especially in larger organizations, this sizable percentage indicates the firm's dedication to maintaining a structured and supportive workforce environment.

Internal Legal Control & Audit, Legal Compliance & Compliance Control Division, and Risk Management make up the remaining segments, with frequencies of 27 (13.71%), 8 (4.06%), and 5 (2.54%), respectively. The presence of these departments, albeit smaller, highlights the organization's commitment to regulatory compliance, risk assessment, and internal controls. The Internal Legal Control

& Audit department's relatively higher frequency suggests a robust internal monitoring system, while the smaller yet notable frequencies for the Legal Compliance and Risk Management departments indicate focused efforts in upholding legal standards and managing potential business risks. Overall, the distribution reflects a well-rounded organizational structure prioritizing finance, employee welfare, internal controls, compliance, and risk management.

Table 4.1 also an overview of the length of service distribution among employees in the organization. A significant majority, 69.04% of the workforce, falls within the "3-6 Years" category, indicating that the bank has a relatively young and dynamic workforce. This suggests that most employees have been with the organization for a moderate amount of time, potentially implying a steady influx of new talent or a mid-level employee retention rate. Organizations with a high proportion of employees in this length of service range might benefit from the fresh perspectives and adaptability that newer employees bring. However, it could also point to challenges in retaining staff beyond this period, which may warrant further exploration into employee satisfaction and engagement strategies. The "7-10 Years" category represents 19.80% of the total employees, reflecting a smaller but still notable segment that has accumulated considerable experience within the organization.

This group likely comprises individuals who have developed deeper expertise in their roles and could potentially take on leadership positions or mentor newer employees. Their presence indicates some level of employee loyalty and commitment, which is valuable for maintaining institutional knowledge and stability within the organization. Finally, 11.17% of employees have served "11 above" years, representing the most seasoned and experienced workforce segment. This group plays a crucial role in providing continuity, offering historical insights, and supporting the organization's long-term strategic direction. The relatively smaller size of this group may suggest that fewer employees remain with the organization over extended periods, highlighting potential areas for enhancing long-term retention.

Overall, the distribution of service length suggests a workforce with a solid core of moderately experienced employees, supported by a smaller proportion of long-term veterans, which could have implications for the organization's talent management and development strategies.

Table 4.3 also provides an overview of the rank distribution among employees in the organization. The majority, 41.12%, fall into the "Junior Staff" category, indicating that a large proportion of the workforce consists of employees in the entry-level or lower-tier positions. This composition suggests that the bank may have a hierarchical structure with a broad base of junior staff supporting the operations. The "Middle" category accounts for 31.47% of the total workforce, representing a significant portion of employees with moderate experience and responsibilities. This middle tier likely includes individuals who bridge the gap between junior staff and higher-level management, indicating a structure where a considerable number of staff are involved in decision-making and operations at an intermediary level. "Senior Cadre" and "Management" comprise 17.26% and 10.15% of the total workforce, respectively. The relatively smaller sizes of these groups suggest a more streamlined structure at the top, with fewer individuals occupying senior and management roles. This distribution indicates that while the organization has a solid foundation of junior and middle-level employees, it maintains a leaner top management structure, which might be intended to facilitate efficient decision-making and strategic planning.

4.2 Descriptive Statistics

Table 4.4: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
Finp	197	4.421	.444	3	5
Eje	197	4.447	.463	2.14	5
Ewe	197	4.386	.469	3	5
Eco	197	4.392	.464	2.9	5

Source: Authors Compilation, 2024

The descriptive statistics for financial performance (FINP) indicate a mean value of 4.421, with a standard deviation of 0.444. This high mean suggests that financial performance was generally perceived positively among the respondents. The relatively low standard deviation implies that there is minimal variability in respondents' assessment of financial performance, indicating consistent views across the sample. The minimum and maximum values range from 3 to 5, further highlighting a generally favorable perception, as no extreme values suggest negative assessments. For employees' job enrichment (EJE), the mean stands at 4.447, with a standard deviation of 0.463. This high average implies that employees generally consider their jobs to be enriched, with tasks that are engaging and fulfilling. The standard deviation, being relatively small, indicates limited variability among the responses, suggesting a shared positive sentiment across the respondents. The minimum value of 2.14, although lower than the maximum of 5, still reflects a positive inclination overall, with very few instances of lower job enrichment experiences.

Employees’ workplace (EWE) has a mean of 4.386 and a standard deviation of 0.469. This indicates that respondents have a generally positive view of their work environment. The consistency in responses is highlighted by the low standard deviation, reflecting that most employees have similar experiences with their workplace. The minimum and maximum values, ranging from 3 to 5, suggest that there are no extreme negative perceptions, reinforcing the view of a conducive work environment for most employees. Lastly, employees’ compensation (ECO) shows a mean of 4.392, with a standard deviation of 0.464. The high mean value implies that compensation levels are perceived favorably among employees. The standard deviation remains small, indicating minimal variation in opinions about compensation. The range, with a minimum of 2.9 and a maximum of 5, suggests that most employees are satisfied with their compensation, with only a few outliers expressing slightly lower levels of satisfaction.

4.3 Test of Variables

Table 4.5: Correlation Analysis

Variables	(1)	(2)	(3)	(4)
(1) finp	1.000			
(2) eje	0.633	1.000		
(3) ewe	0.673	0.625	1.000	
(4) eco	0.711	0.645	0.676	1.000

Source: Authors Compilation, 2024

The results in Table 2 show that there is a positive association between the independent variable of employees' job enrichment (0.633) and the dependent variable of financial performance during the period under study. Additionally, the results indicate a positive association between employees’ workplace (0.673) and financial performance. Furthermore, employees' compensation (0.711) is positively associated with financial performance, suggesting that higher levels of compensation relate to improved financial outcomes for the firm during the period under study. In the case of the associations among the independent variables, the results show that employees' job enrichment (0.625) is positively associated with employees' workplace. Similarly, there is a positive association between employees' job enrichment (0.645) and employees' compensation, as well as a positive association between employees' workplace (0.676) and employees' compensation. These results suggest that the associations among the variables are moderate to strong. To further confirm the absence of multicollinearity among the variables, a more robust check using the Variance Inflation Factor (VIF) test would be appropriate, and its results will be presented in the next sections.

4.4 Employee Relation and Financial Performance

Table 4.6: Regression Results

	(1)	(2)
Variables	OLS Regression	Robust Regression
Eje	0.201***	0.233***
	(0.001)	(0.000)
Ewe	0.295***	0.262***
	(0.000)	(0.000)
Eco	0.357***	0.423***
	(0.000)	(0.000)
Intercept	0.664***	0.394**
	(0.001)	(0.030)
Observations	197.000	197.000
R^2	0.649	0.728
Hettest	7.71{0.006}	
VIF	2.40	

Source: Authors Compilation, 2024

*Notes: p-values are in parentheses. *** p<.01, ** p<.05*

Table 4.6 represents the results obtained from the estimation of the models using the OLS regression method. The results indicate that the dependent variable, as captured by the regression model, has an R-Square value of 0.649. This suggests that the independent variables in the study account for approximately 64.9% of the systematic variation in the dependent variable during the period under study. The remaining 35.1% of the variation is explained by other factors not included in the model, as indicated by the error term. This underscores the relevance of the model in explaining the dependent variable. However, to further validate the estimates of the pool OLS results, this study also tests for multicollinearity and heteroscedasticity.

4.5 Regression Diagnostic Test

The analysis also includes a test for multicollinearity using the Variance Inflation Factor (VIF). The mean VIF for the variables in the OLS regression model is 2.40, which is well below the commonly accepted threshold of 10. This indicates that there is no severe multicollinearity among the independent variables, suggesting that they do not have high intercorrelations that would necessitate their exclusion from the model. The absence of multicollinearity enhances the reliability of the estimated coefficients.The assumption of homoscedasticity was tested using the Breusch-Pagan test, with the results showing a significant p-value (Hettest = 7.71, p = 0.006). This indicates that the assumption of homoscedasticity is violated, implying the presence of heteroscedasticity in the OLS regression model.

As a result, the standard errors of the estimates may be unreliable, potentially leading to biased statistical inferences. To address the issue of heteroscedasticity, the study re-estimated the model using robust regression techniques, as recommended by Wooldridge (2010). The results from the robust regression are presented in the second column of Table 4.5. The robust regression model shows a higher R-Square value of 0.728, indicating that approximately 72.8% of the systematic variation in the dependent variable is explained by the independent variables. This improvement suggests that the robust regression provides a more accurate and reliable estimation of the model, accounting for the heteroscedasticity observed in the OLS results.

4.3 Discussion of Findings

Table 4 shows that employees' job enrichment (EJE) has a coefficient of 0.233, with a p-value of 0.000, indicating statistical significance at the 1% level. This result suggests that employees' job enrichment has a notable positive effect on financial performance. This finding is consistent with the studies of Astuti & Albany, (2024) and Ozigbo& Daniel (2020), who emphasize that enriching job roles through enhanced responsibilities, skill development, and increased autonomy can lead to improved employee satisfaction and productivity, ultimately boosting firm performance. By providing employees with meaningful and challenging tasks, firms can foster a sense of ownership and motivation, which translates into better financial outcomes. The positive association observed here supports the idea that job enrichment contributes significantly to the overall financial health of the organization, potentially by reducing turnover rates and increasing productivity. These findings suggest that firms focusing on job enrichment as part of their human resource strategy are more likely to experience enhanced financial performance during periods of economic challenges, such as the COVID-19 pandemic.

Furthermore, Table 4 shows that employees' workplace (EWE) has a coefficient of 0.262, with a p-value of 0.000, indicating statistical significance at the 1% level. This result suggests that the workplace environment positively affects financial performance. This finding aligns with the research of Nguyen et al. (2022) and Xin et al. (2023), which indicate that a supportive and conducive workplace environment enhances employee productivity, morale, and engagement, leading to better financial outcomes for the firm. A positive workplace environment, which includes factors such as physical comfort, health and safety measures, team collaboration, and a culture of recognition, can improve job satisfaction and reduce stress. These conditions enable employees to perform optimally, which in turn benefits the organization's financial performance. The results imply that firms that invest in creating a favorable workplace atmosphere can harness the benefits of a more motivated and efficient workforce. Particularly in the context of the COVID-19 episode, where remote work and health concerns were prevalent, a supportive workplace environment likely played a critical role in maintaining employee productivity and firm performance.

Additionally, Table 4 shows that employees' compensation (ECO) has a coefficient of 0.423, with a p-value of 0.000, indicating statistical significance at the 1% level. This result suggests that employees' compensation has a strong positive effect on financial performance. The findings are in line with the studies of Magaji et al. (2017) and Qadri et al. (2023), which highlight that competitive compensation packages, including salaries, bonuses, benefits, and incentives, play a crucial role in enhancing employee morale, satisfaction, and retention. By offering fair and attractive compensation, firms can attract and retain top talent, reduce turnover costs, and encourage a higher level of commitment from employees, leading to improved financial performance. In times of economic uncertainty, such as during the COVID-19 pandemic, adequate compensation can serve as a vital tool for firms to sustain employee motivation and productivity. The results imply that, while job enrichment and workplace environment are important, compensation exerts the most significant impact on financial performance in this study's context. This underscores the idea that employees place high value on tangible rewards, which directly affect their financial well-being and job satisfaction, driving better firm outcomes.

5 Summary, Conclusion and Recommendations

5.1 Summary

The study set out to examine the effect of employees' relations on firm performance in Nigeria’s banking sector during the COVID-19 episode. The main problem addressed is how aspects of employee relations, particularly job enrichment, workplace environment, and compensation, influence financial performance, especially during times of economic uncertainty and disruption. The pandemic created a situation where firms had to adapt quickly to changes in work dynamics, making employee relations more critical than ever. Therefore, the study aimed to understand how these factors collectively and individually impact the financial performance of firms in a crisis context. Key findings from the analysis indicate that employees’ job enrichment, workplace environment, and compensation all have significant positive effects on the financial performance of banks. The results show that when employees are given enriched job roles, operate in a conducive workplace environment, and are adequately compensated, the firm's financial outcomes are significantly enhanced. Among the three, compensation emerged as the most influential factor, suggesting that in periods of uncertainty, tangible rewards play a pivotal role in driving employee motivation and productivity.

5.2 Conclusion

These findings highlight the importance of a well-rounded employee relations strategy that incorporates various aspects of employee welfare to maintain firm performance. One of the key takeaways from this study is that employee relations are not just a matter of internal policy but a crucial factor affecting financial outcomes, especially in periods of crisis. Job enrichment fosters a sense of purpose and motivation, while a supportive workplace environment enhances job satisfaction. However, adequate compensation stands out as a significant motivator, emphasizing that monetary incentives remain a core driver of employee performance. These insights provide valuable direction for firms looking to navigate challenges while maintaining or improving their financial standing.

5.3 Recommendations

Based on the study's findings, it is recommended that firms adopt a comprehensive approach to employee relations, as this directly impacts financial performance. A well-rounded strategy that includes job enrichment, a supportive workplace environment, and fair compensation can enhance employee motivation and productivity, leading to improved financial outcomes.

For employees’ job enrichment, corporate managers should focus on redesigning job roles to include meaningful tasks, opportunities for skill development, and increased autonomy. By providing employees with more challenging and fulfilling roles, firms can boost morale and productivity. Policymakers can create frameworks that encourage organizations to adopt job enrichment practices, while analysts and investors should consider the level of job enrichment within firms as an indicator of potential financial performance. Existing and potential investors may use this insight to assess firms’ long-term sustainability based on their human resource practices.

Regarding the workplace environment, it is crucial for managers to invest in creating a conducive work atmosphere that supports employee health, safety, and collaboration. This includes providing flexible work arrangements, ensuring health and safety standards, and fostering a culture of recognition and support. Policymakers and regulators can set standards for workplace conditions, especially during crises like the pandemic, to ensure employees are working in environments that promote productivity.

Analysts can evaluate the workplace environment practices of banks as part of their assessment criteria when advising stakeholders.

Concerning employees' compensation, managers should ensure that compensation packages are competitive and aligned with industry standards, offering salaries, bonuses, and benefits that reflect employees' contributions. During periods of economic uncertainty, transparent communication about compensation structures can enhance employee trust and motivation. Policymakers may provide guidelines that support fair and equitable compensation practices across the industry. Analysts and investors can use this information to gauge the commitment of firms to employee welfare, as it directly relates to financial performance and market stability.

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