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# MEDIATING EFFECT OF JOB SATISFACTION ON THE RELATIONSHIP BETWEEN SERVICE INNOVATIONS AND EMPLOYEE PERFORMANCE IN DEPOSIT MONEY BANKS IN MUBI, ADAMAWA STATE, NIGERIA

**MR. STEPHEN, ABEL; PROF. ITODO JOHN ITODO; & MR. GABRIEL NDAFTE**

Department of Business Administration and Entrepreneurship, Faculty of Administration and Management Sciences, Adamawa State University, Mubi, Nigeria.
**Corresponding Author:** gabrielndafte@gmail.com
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## Abstract

This study delves into the intricate relationships between service innovation, job satisfaction, and employee performance within Deposit Money Banks (DMBs) in Mubi, Adamawa state, Nigeria. The banking landscape has undergone profound transformations in recent years, compelling institutions to embrace innovation while simultaneously maintaining employee well-being and performance. The study adopted a survey research design and through meticulous analysis of survey data collected from banking employees using multiple linear regression, this research uncovers interrelated patterns about innovation effects. The result shows that job satisfaction emerges as a partial mediator in the relationship between service innovation and employee performance. This partial mediation suggests dual pathways of influence innovation directly enhances performance through improved tools and processes, while simultaneously boosting satisfaction that further drives performance gains. The mediating role varies across innovation dimensions, adding another layer of complexity to our understanding of workplace dynamics in the banking sector. The DMBs should treat employee satisfaction not as a by-product but as a core strategic lever because this can further be enhanced and institutionalised through regular staff feedback mechanisms, recognition programs, and well-being initiatives.

**Keywords:** Service Innovation, Job Satisfaction, Employee Performance, Process, Product, Market, Technology, and Innovation Strategies



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# Introduction

The banking industry continues to experience profound changes as technological advancements, shifting customer expectations and competitive pressures reshape the delivery of financial services. In emerging economies such as Nigeria, Deposit Money Banks (DMBs) face increasing pressure to move beyond conventional banking practices and adopt service innovations that respond to changing market demands. Consequently, innovation has evolved from a competitive option into an organisational necessity, with implications extending beyond customer experience to employees' working conditions and performance. However, the value derived from innovative technologies, products and service delivery channels depends largely on employees' ability to adopt and translate these changes into effective service outcomes. This requires appropriate organisational support, particularly access to relevant skills and technological resources. More importantly, innovation may not automatically improve employee performance if its implementation generates additional work demands without corresponding improvements in employees' job experiences. This raises the question of whether job satisfaction provides an important mechanism through which service innovations influence employee performance in Nigerian DMBs.

The strategic significance of innovation has received considerable attention in organisational and marketing literature, particularly regarding its contribution to value creation, competitive advantage and organisational growth (Grimm & Smith, 1997; Roberts, 1999; Ireland & Hitt, 1999; Amit & Zott, 2001; Subramaniam & Venkatraman, 1999; Lee et al., 2000; Keupp et al., 2012). Nevertheless, much of this scholarship has concentrated on market positioning and organisational outcomes, with comparatively limited consideration of the employee experiences underpinning successful innovation. Innovation involves developing new or modified solutions that enhance the value customers derive from organisational offerings (Vargo & Lusch, 2004; Michel et al., 2008), reflecting Schumpeter's (1934) argument that innovation drives economic and organisational development. Yet, substantial investment in innovation does not necessarily translate into successful implementation or improved performance, as many innovations reportedly fail within three years of market introduction (Wilke & Sorvillo, 2005). This suggests that innovation effectiveness should also be examined through employees' responses to organisational changes, particularly their job satisfaction, which may determine whether innovative initiatives translate into sustained performance improvements.

Service innovation involves introducing new or improved services, delivery approaches and organisational processes to enhance value creation and effectiveness (Saebi & Foss, 2015; Laperche et al., 2011). Its manifestations include product, process, marketing and organisational innovations (Adriopoulos & Dawson, 2013), particularly through technology-enabled banking services and redesigned operations. While process innovation improves operational efficiency (Nzewi et al., 2016; Noorani, 2014), technological innovation facilitates the integration of emerging technologies into organisational activities (Kiragu, 2016). However, their implications extend to employees' work experiences. Job satisfaction reflects employees' evaluations of their jobs and the extent to which workplace experiences meet their expectations (Amoopour et al., 2014), while performance concerns their effectiveness in fulfilling assigned responsibilities. Accordingly, job satisfaction explains how service innovations translate into improved employee performance.

Existing empirical evidence generally recognises innovation as an important determinant of productivity and organisational effectiveness. Osman, Sharif and Lajni (2016) identify innovation as an approach through which organisations can improve employee productivity, while Lichtenthaler (2020) emphasises its importance for sustaining competitiveness among both emerging and established businesses. Innovation also enables employees to contribute ideas that strengthen organisational offerings and competitive positioning (Sadikuglo & Zehir, 2010), while improving administrative processes, operational efficiency and work management (Walker, Damanpour, & Devece, 2010). However, these benefits depend partly on an organisational environment that encourages innovative behaviour and supports employees in adapting to new practices (Bysted, 2013). Despite these contributions, innovation research has historically concentrated more heavily on manufacturing than service organisations (Jaw, Lo, & Lin, 2010; McDermott & Prajogo, 2012). Consequently, the organisational and employee implications of innovation in service-intensive industries, including banking, remain important areas for further investigation (Menor, Tatikonda, & Sampson, 2002; Goldstein, Johnston, Duffy, & Rao, 2002; Jaw et al., 2010). Meanwhile, evidence consistently associates job satisfaction with improved employee performance (Bakotić, 2016; Latif et al., 2015; Mafini & Pooe, 2013). Studies by Amiroso and Mulyanto (2015), Chong and Leung (2018), Dhamija et al. (2019), Jiang and Zhang (2018), Kataria et al. (2019), Martinson and De Leon (2018), and Idris et al. (2020) similarly report positive relationships between job satisfaction and employee performance. Satisfied employees are more likely to demonstrate productivity and organisational commitment, while their attitudes may influence the quality of services delivered (Amoopour et al., 2014; Eisenberg et al., 2012). These findings establish a basis for examining job satisfaction beyond its direct relationship with performance.

Despite growing scholarly interest in service innovation and employee outcomes, their relationships remain insufficiently examined within the banking literature, existing research largely emphasises customer satisfaction and competitive advantage, overlooking how innovations shape employees' work experiences. Although job satisfaction is positively associated with employee performance, its mediating influence remains less established. Memon et al. (2023) and Idris et al. (2020) recommend extending related investigations through larger samples and case-based approaches. This study therefore addresses the limited evidence on how job satisfaction connects service innovation with employee performance in Nigerian DMBs, particularly those operating in Mubi, Adamawa State.

The study draws on Schumpeter's (1934) innovation perspective, which identifies innovation as a driver of value creation and competitive advantage. In banking, however, the benefits of innovative services depend partly on employees' ability to accommodate organisational changes. Job satisfaction may therefore explain how innovation translates into improved performance, since employees' workplace experiences influence their behavioural contributions. This position aligns with arguments that successful innovation requires an enabling organisational environment and employee support (Saunila & Ukko, 2013; Bysted, 2013). Similarly, Kunz et al. (2011) emphasise customer orientation in innovation success, reinforcing the need to consider employees responsible for delivering service value.

Against this background, the study examines the mediating effect of job satisfaction on the relationship between service innovations and employee performance in Deposit Money Banks in

Mubi, Adamawa State, Nigeria. By integrating these relationships, the study extends the employee-centred understanding of service innovation and provides contextual evidence from Nigerian banking institutions.

**Services**

Services constitute a broad range of economic activities that contribute substantially to global economic activity (Jaw et al., 2010). Unlike tangible goods, they involve performances through which providers address customers' needs or resolve particular problems (Lovelock & Wirtz, 2007; Hinson, 2006). Zeithaml et al. (2002) similarly conceptualise services as deeds, processes and performances delivered or co-produced for another party. Their distinctive nature is reflected in intangibility, inseparability, perishability and variability (Hinson, 2006; Lovelock & Wirtz, 2007; Zeithaml et al., 2002). These characteristics complicate service delivery because customers often evaluate services through experience rather than physical inspection. Moreover, successful delivery depends on provider–customer interaction, while the inability to store services and variations in employees' skills can affect consistency and service quality (Zeithaml et al., 2006; Hinson, 2006). Consequently, effective service delivery requires strong provider–customer relationships and considerable attention to operational consistency (Lovelock & Wirtz, 2007).

**Innovation**

Although innovation is widely recognised as an important driver of organisational development, its conceptual boundaries remain contested, partly because scholars approach it from different perspectives (Damanpour & Schneider, 2006; Piatier, 1984). Early conceptualisations encompassed new products and services, production methods, technologies and management systems (Zaltman et al., 1973). Schumpeter (1934) subsequently broadened this understanding by identifying innovation as new combinations of productive resources, encompassing product and process changes, alongside management, organisational and marketing innovations (Talegeta, 2014). Similarly, Damanpour (1996) views innovation as modifications to organisational structures, processes or outputs that facilitate adaptation to the external environment, while Elçi (2006) emphasises its continuous nature and the need for technological and social benefits. This evolving perspective also connects innovation with entrepreneurship and wealth creation (Drucker, 1985), competitive advantage (Porter, 1990; Necadova & Scholleova, 2011) and the adoption of new ideas (Rogers, 1995). Accordingly, innovation extends beyond technological introduction to encompass organisational renewal and societal value. Its classifications also vary according to organisational resources, industrial characteristics and innovation outcomes (Damanpour, 1991; Wan et al., 2014). Nevertheless, product, process, market, organisational and service innovations remain widely recognised categories (Schumpeter, 1934; Trott, 2008), although empirical investigations have not examined these dimensions equally (Wziatek-Kubaik, 2010; Story et al., 2014).

**Service Innovation**

Service innovation has increasingly attracted scholarly attention, particularly as service organisations recognise its contribution to competitiveness and economic development (Miles, 1993; Den Hertog & Bilderbeek, 1999; de Jong et al., 1997; Bessant & Tidd, 2007; Den Hertog, 2010;

Cainelli et al., 2006; Kunttu, 2013). Its significance lies not merely in introducing new services but also in improving how existing offerings create value for customers (de Jong et al., 2003; Chapman et al., 2002). Unlike manufacturing, service innovation often combines changes in service products with improvements in delivery processes, customer interactions and supporting technologies (Johne & Storey, 1998; Tidd et al., 2001). Consequently, product and process innovations are less distinguishable because service production and consumption frequently occur simultaneously (de Jong et al., 2003). Innovations may also range from incremental improvements to radical changes, although gradual modifications are more common because they generally involve lower implementation risks and costs. Their novelty may be assessed against the organisation, its customers or the wider market (Booz, Allen, & Hamilton, 1982; de Brentani, 2001). This complexity has encouraged different theoretical perspectives, including assimilation, demarcation and synthesis, with the latter recognising both technological and non-technological influences on service innovation (Coombs & Miles, 2000; Barras, 1986; Gallouj & Weinstein, 1997; Drejer, 2004). Contemporary conceptualisations further identify innovation as an iterative, cross-functional process (Toivonen & Tuominen, 2009). Among the established frameworks, den Hertog's (2000) four-dimensional model, comprising new service concepts, customer interfaces, service delivery systems and technologies, provides a useful basis for examining service innovation in the present study.

**Job Satisfaction**

Job satisfaction refers to the positive or negative emotional evaluation employees form about their work experiences and the extent to which their jobs fulfil personal expectations and values (Locke, 1976; Mahmood, 2011; Newstrom, 2011). Its significance extends beyond individual well-being, since employees spend a substantial proportion of their lives at work, making workplace experiences consequential for both personal welfare and organisational effectiveness (Schneider & Vaught, 1993). Miner (1992) consequently regards job satisfaction as an indicator of organisational health, while Başar (2011) links employees' satisfaction with their capacity to contribute to organisational success. However, satisfaction cannot be secured through financial rewards alone; employees also assess fairness, recognition and the extent to which their work meets expectations (Hasmin, 2017; Lane et al., 2017). These perceptions are continually shaped by workplace experiences, suggesting that satisfaction is dynamic rather than permanent. Supportive relationships, autonomy, appropriate job placement and effective communication can strengthen employees' commitment and performance (Bin Shmailan, 2016; Cheema et al., 2015; Martin & Simmering, 2016; Vargas, 2015). Similarly, opportunities for achievement, competence and recognition help employees understand the value of their contributions, particularly when leaders communicate progress and acknowledge team efforts (Northouse, 2016; Rao, 2017). The implications are especially significant in service organisations, where satisfied and emotionally committed employees are better positioned to build positive customer relationships and support service quality (Cheema et al., 2015; Rust et al., 1996; Singh et al., 2017). Leadership also shapes these outcomes: adaptable managers who provide constructive feedback and develop employees' capabilities can strengthen satisfaction and improve the relationship between service quality and customer satisfaction (Pantouvakis & Patsiouras, 2016; Simon et al., 2015). Conversely,

dissatisfaction may contribute to absenteeism, burnout and turnover, imposing recruitment and training costs while disrupting organisational continuity (Hays & Lou, 2015). Perceived organisational support therefore remains important, as employees' assessments of how they are treated by supervisors and management influence whether they feel valued, even when every preferred benefit cannot be provided (Simon et al., 2015).

**Relationship between Service Innovations and Employee Performance**

Innovation involves generating and applying new ideas to develop products or improve existing processes, although its outcomes depend partly on access to external knowledge and collaboration (Bach et al., 2019; Laursen & Salter, 2006; OECD, 2005). The literature emphasises partnerships among businesses, universities and government, as reflected in the Triple Helix model, which explains how their complementary roles can reduce uncertainty and support innovation (Blommerde & Lynch, 2014; Bischof et al., 2017; den Hertog et al., 2010; Denicolai et al., 2016; Etzkowitz & Leydesdorff, 1995, 2000; Ivanova & Leydesdorff, 2014; Roach et al., 2016; Veiga et al., 2016). However, evidence suggests that innovation outcomes are context-dependent: research collaboration and public incentives produce uneven effects across countries and industries (Laursen & Foss, 2003; Rocha, 2015; Geenhuizen, 2016; Stek & van Geenhuizen, 2016). Although knowledge capacity and technological integration can improve productivity, innovation does not invariably increase profitability (Powell & Snellman, 2004; Freeman, 1998; Löfsten, 2014; Fassio, 2015).

**Relationship between Service Innovations and Job Satisfaction**

Service innovations may influence job satisfaction through improved earnings, meaningful work and better workplace conditions, although their effects are not uniformly positive (Falchi et al., 2023; Le Bas, 2016; Dolan & Metcalfe, 2012; Martinez, 2022). Eco-innovation can improve productivity and remuneration, but the relationship between pay and satisfaction remains shaped by changing expectations (Farza et al., 2021; Oswald et al., 2015; Zhang & Walton, 2017; Judge et al., 2010; Groot & van den Brink, 1999). It may also strengthen employees' sense of purpose by aligning organisational values with personal concerns and demonstrating the wider benefits of their work (Spanjol et al., 2015; Grant, 2008; Grant et al., 2007; Grolleau et al., 2022b). Environmental improvements and employment opportunities offer further benefits (Erro-Garcés & Ferreira, 2019; Lu et al., 2018; Vitell & Davis, 1990; Cecere & Mazzanti, 2017). However, increased workload, stress and greenwashing may undermine satisfaction (Aldieri et al., 2019, 2021; Iranmanesh et al., 2017; Santos et al., 2021). These effects vary across employee groups and organisational settings (Adiguzel & Kucukoglu, 2020; Park et al., 2016).

**Relationship between Job Satisfaction and Employees Performance**

The relationship between job satisfaction and employee performance remains contested, with explanations ranging from no association to reciprocal or conditional effects (Judge et al., 2001). While Iffaldano and Muchinsky (1985) and Alf and Bassem (2003) report weak or insignificant relationships, Judge et al. (2001), Chen and Silvestrone (2008), and Dizgah et al. (2012) identify positive associations. This variation suggests that workplace conditions may shape how

satisfaction translates into performance. In particular, fair remuneration supports satisfaction by meeting employees' needs and expectations (Luthans, 2005; Robbins, 2009; Funmilola et al., 2013; Tesema & Soeters, 2006), whereas inadequate pay may weaken morale and productivity (Opkara, 2004). Promotion opportunities, supportive supervision and collegial relationships also matter, alongside meaningful work that allows employees to apply their abilities and receive feedback (Khan et al., 2012; Luthans, 2005; Robbins, 2009; Funmilola et al., 2013).

**Theoretical Framework**

The study draws on the Resource-Based View (RBV), Schumpeter's Innovation Theory and Maslow's Theory of Motivation to explain the links between innovation, job satisfaction and employee performance. RBV suggests that organisations achieve competitive advantage through distinctive tangible and intangible resources, particularly skilled employees and technological capabilities (Barney & Clark, 2007; Mills et al., 2003). Although its limited attention to organisational boundaries and outsourcing presents a weakness (Fahy, 2000), it explains how human and financial resources support process and product innovation in banks. Complementing this perspective, Schumpeter (1912, 1934, 1939) identifies innovation as a driver of economic development through new products, markets and production methods, explaining how technological changes can strengthen banks' competitiveness. However, innovation also depends on employee motivation. Maslow's hierarchy proposes that individuals pursue physiological, safety, social, esteem and self-actualisation needs (Kaur, 2013; Saif et al., 2012). Meeting these needs may strengthen job satisfaction and enable employees to realise their creative potential, thereby improving performance (Patricia & Asoba, 2021).

**Conceptual Framework**

Based on literature reviewed, the study came up with a conceptual framework as depicted in figure 1. In this conceptual framework, the study predicts a positive relationship between service innovations, which serves as the independent variable to both employees' performance and job satisfaction which also serves as the dependent variable.

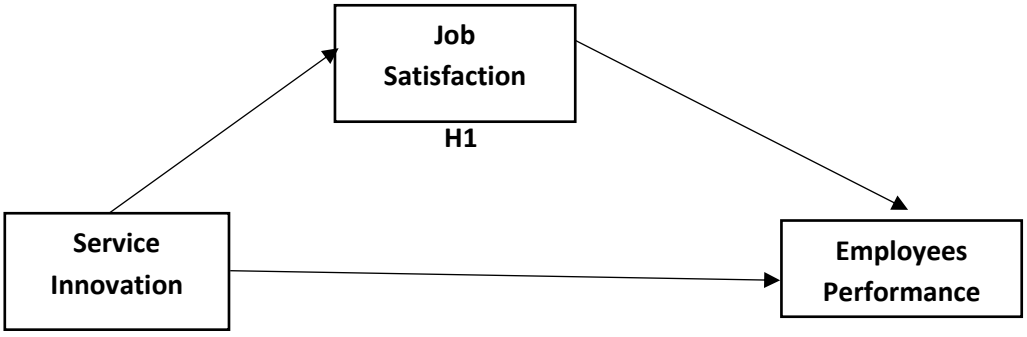



**Figure 1: Conceptual Framework for the Study**
**Sources: Researcher's Designed, 2024**

The conceptual framework of the study in figure 1 predicts that the service innovation factors will influence employee performance in the DMBs and this prediction is a product of the how the innovation factors (process, product, market, technology and management) are interacted to affect both the employee performance as well as job satisfaction. The contention of this thesis is to evaluate considerably how job satisfaction mediate the relationship between service innovations and employees' innovations.

**Methods**

This study adopted a quantitative cross-sectional survey design to examine the relationships among the study variables and assess the mediating effect of job satisfaction. The design was considered appropriate because it enabled the collection of standardised responses from bank employees at a particular point in time, allowing the proposed relationships to be examined statistically. The study was conducted in Mubi metropolis, Adamawa State, Nigeria, comprising Mubi North and Mubi South Local Government Areas. Data were collected between for the periods of three months in 2024 from employees of Deposit Money Banks (DMBs) operating within the metropolis. The study population comprised 224 employees across the banks, as reported in the study's population records. The sample size was stated as 171, and the respondents were selected through convenience sampling, a non-probability technique that enabled access to employees who were available and willing to participate. Primary data were obtained through a structured questionnaire designed to capture respondents' assessments of the study constructs and to establish the suitability of the instrument, face and content validity assessments were conducted to evaluate the clarity, relevance and adequacy of the questionnaire items. Reliability was assessed using Cronbach's alpha coefficient to determine the internal consistency of the measurement scales. Of the 171 questionnaires administered across the participating banks, 141 were completed and returned, representing a response rate of 82.5%. The remaining 30 questionnaires, equivalent to 17.5%, were not returned. Data analysis involved descriptive and inferential statistical procedures while the mediation relationship was examined using Hayes' PROCESS macro, version 5.0, to estimate the indirect effect of service innovations on employee performance through job satisfaction.

**Demographic Characteristics of Respondents**

In this section, the following demographic characteristics (gender, and age) of respondents in the institutions are discussed and the frequency distribution and percentages are shown in Table 4.4. are shown in Table 1.

**Table 1: Demographic Characteristics of the Respondent**

| Characteristics | Freq. | Per.(%) |
|---|---|---|
| **Gender** | | |
| **Male** | 109 | 77.3 |
| **Female** | 32 | 22.7 |
| **Total** | **141** | **100.0** |



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| Characteristics | Freq. | Per.(%) |
|---|---|---|
| **Age of Respondents** | | |
| **18 - 30 Years** | 51 | 36.2 |
| **31 - 43 Years** | 54 | 38.3 |
| **44 - 56 Years** | 24 | 17.0 |
| **More than 56 Years** | 12 | 8.5 |
| **Total** | **141** | **100.0** |

**Source: Field Survey, (2026).**

Table 1 presents the respondents' demographic profile, revealing a predominantly male workforce (65.4%), with females accounting for 34.6%. Age distribution was concentrated within the 33–39-year category (55.0%), suggesting that most participants were at a relatively established career stage, while only 2.9% were aged 19–25 years. Regarding marital status, single respondents constituted 72.7%, compared with 27.3% who were married, although marital status alone cannot explain differences in workplace attitudes or behaviour. Educationally, 65.4% held HND or Bachelor's degrees, 19.0% possessed ND/NCE qualifications, while 13.7% had postgraduate qualifications. Other qualifications accounted for just 1.9%. Overall, the profile suggests that the study drew substantially on the perspectives of educated, predominantly male, mid-career employees. Their educational backgrounds and likely workplace experience provide a useful basis for assessing organisational practices. Nevertheless, the gender imbalance and limited representation of younger employees warrant consideration when interpreting the findings and assessing their wider applicability.

**Mediation of Job Satisfaction**

**HO4 : Job Satisfaction mediates the relationship between Service Innovation and Employee Performance in Deposit Money Banks in Mubi, Adamawa state, Nigeria**

The hypothesis was analysed using the Hayes, (2013) process macro and the coefficients obtained are presented in figure 2.




The study evaluates the mediating role of Job satisfaction on the relationship between Service Innovation and Employee Performance and the results revealed a significant indirect effect of Service Innovation on Employee Performance ($\beta = 0.1255$, $t = 2.9187$, $p = 0.000$). The direct effect of

service innovation was positively related to employee performance (β = 0.7334, *t* = 11.62, *p* = 0.000), and the results further indicated that the total effect of the model is statistically significant (β = 0.608, *t* = 8.51, *p* = 0.000). Hence, Job satisfaction partially and complimentarily mediates the relationship between Service Innovation and Employee Performance in DMBs in Mubi Adamawa state Nigeria based on the summary of the Mediation analysis is presented in Table 2.

**Table 2: Mediation analysis Results**

| Relationship | Total Effect | Direct Effect | Indirect Effect | Confidence Interval | | t-statistics | Conclusion |
|---|---|---|---|---|---|---|---|
| | | | | Lower Bound | Upper Bound | | |
| **SI→JS→EMP** | 0.733 (0.000) | 0.608 (0.000) | 0.023 | 0.046 | 0.214 | 2.918 | *Partial and complimentary Mediation* |

**TE = Total Effect, DE = Direct Effect , IE = Indirect Effect and CI = Confidence Interval, SI = Service Innovation., JS = Job Satisfaction, EMP = Employee Performance**
**Source: Computed using SPSS 31 from Field Survey data, (2026).**

**Discussion of Findings**

The findings establish that job satisfaction partially and complementarily mediates the relationship between service innovation and employee performance in Deposit Money Banks (DMBs) in Mubi, Adamawa State, indicating that innovation improves employee performance through both direct and indirect pathways. The direct effect suggests that innovative banking systems and service procedures can facilitate task execution and operational efficiency, while the indirect effect shows that employees' favourable responses to these innovations, reflected in greater job satisfaction, further contribute to their performance. Since both effects are positive, job satisfaction reinforces rather than replaces the contribution of service innovation. This finding supports Ibrahim et al. (2022) and Miftahuddin et al. (2025), who similarly identify job satisfaction as an important mechanism linking innovation with organisational and employee outcomes. It also agrees with Nwachukwu and Chukwuma (2023), Hassan and Yusof (2023), and Akgunduz et al. (2022), whose findings reinforce the role of employee satisfaction in translating organisational practices into improved performance. The positive satisfaction-performance relationship is further supported by Katebi et al. (2022) and Mishra et al. (2020). However, the partial mediation observed in the present study differs from the full mediation reported by Lasisi et al. (2024), Okonkwo and Eze (2021), Zhang and Wang (2023), and Zhou et al. (2021). This variation may reflect differences in the nature of innovation, the mediating mechanisms examined and the organisational environments in which employees operate. Innovation-based human resource systems may influence performance largely through employee proactivity and innovative work behaviour, whereas service innovation in banks can also improve employees' task processes directly. Lasisi et al. (2020) provide further influence by showing that coworker support and absorptive capacity help explain how innovation-based human resource practices influence employee outcomes.

The present finding is also consistent with Social Exchange Theory, which suggests that employees may respond positively to organisational practices they perceive as beneficial by demonstrating greater commitment to their work (Blau, 1964). Affective Events Theory offers a related explanation: workplace changes can shape employees' emotional experiences and job attitudes, which subsequently influence work behaviour (Weiss & Cropanzano, 1996). The result also extends the Resource-Based View by suggesting that innovative technologies and service systems create value partly through employees' capacity and willingness to use them effectively (Barney, 1991). Schumpeter's (1934) Innovation Theory explains the direct pathway by showing how new products, processes and organisational arrangements can improve the conditions under which work is performed, while Maslow's (1943) Theory of Motivation helps explain the indirect pathway through the possibility that innovation improves employees' work experiences and satisfaction by supporting relevant needs. Nevertheless, these theories have limitations when considered independently: RBV gives less attention to employees' psychological responses, Schumpeter's account focuses more on innovation and economic transformation than individual work attitudes, and Maslow's proposed hierarchy does not necessarily reflect the order in which all employees experience their needs. Taken together, the findings suggest that service innovation should not be treated as a purely technological intervention. Its performance benefits depend partly on employees' satisfaction and workplace experiences, although the remaining direct effect indicates that other operational or employee-related mechanisms may also be involved. For DMBs, therefore, investment in innovative service systems should be accompanied by appropriate employee support and working conditions that enable staff to use these innovations effectively.

**Conclusion**

This study examined the mediating effect of job satisfaction on the relationship between service innovations and employee performance in Deposit Money Banks (DMBs) in Mubi, Adamawa State, Nigeria. Specifically, it sought to establish how service innovation relates to employee performance and determine whether job satisfaction provides an explanatory mechanism through which this relationship occurs. The study was motivated by the recognition that, although banks increasingly introduce innovative services and operational processes to improve service delivery, the performance benefits of such initiatives may depend partly on how employees experience and respond to these changes. The findings provide evidence that job satisfaction partially and complementarily mediates the relationship between service innovation and employee performance. This means that service innovation contributes to employee performance both directly and indirectly through job satisfaction and the indirect pathway indicates that employees' favourable evaluations of their work, arising partly from their experiences with innovative practices, are associated with improved performance. At the same time, the remaining direct relationship demonstrates that innovation can enhance performance independently of employees' job satisfaction. The complementary nature of the mediation further establishes that both pathways operate in the same positive direction.

The findings contribute to understanding the relationship between organisational innovation and employee outcomes by demonstrating that the performance benefits of service innovation are not exclusively dependent on technological or procedural improvements. Rather, employees' work

attitudes form an important part of the process through which innovation translates into better performance. This distinction is particularly relevant in banking, where the introduction of new service systems may improve operational processes but still requires employees to understand and use them effectively. Job satisfaction therefore represents a significant, although not exhaustive, explanation of how service innovation relates to employee performance. The study consequently advances the discussion beyond whether innovation improves organisational outcomes to consider how employees' experiences of innovation contribute to their individual performance.

The findings also offer implications for the theoretical perspectives underpinning the study especially from the Resource-Based View, the result reinforces the argument that innovative systems and technological capabilities can serve as valuable organisational resources. However, their contribution to performance depends partly on employees' capacity and willingness to utilise them. The partial mediation suggests that innovation has operational value in its own right, while job satisfaction helps explain how employees translate the benefits of innovation into effective work outcomes. Schumpeter's Innovation Theory provides further insight into the direct relationship by explaining how new products, processes and organisational arrangements can improve the conditions under which employees perform their duties.

The mediating role of job satisfaction extends this explanation by incorporating the employee experience into the innovation-performance relationship. Similarly, Maslow's Theory of Motivation helps explain why innovative practices that improve employees' work experiences may strengthen job satisfaction and, in turn, performance. These perspectives provide a broader explanation of innovation outcomes by connecting organisational resources and change with employees' motivational responses. The study does not, however, establish every proposition of these theories; rather, it demonstrates their relevance to understanding different aspects of the observed relationship.

For management practice, the findings suggest that DMBs should regard service innovation as both an operational investment and an employee-related organisational intervention. Introducing new technologies or service procedures may improve the way tasks are performed, but these initiatives should be supported by measures that enable employees to adapt and derive value from the changes. Appropriate training, opportunities for employee involvement, accessible technical support and working conditions that sustain job satisfaction may strengthen the contribution of innovation to performance. Bank managers should therefore pay attention not only to the availability of innovative systems but also to employees' experiences when using them. This is especially relevant where new procedures alter established responsibilities or require employees to acquire additional skills.

Despite these contributions, the study has limitations that should be considered when interpreting its findings. First, its cross-sectional survey design captured employees' responses at a particular point in time. Consequently, although the mediation analysis identifies statistically supported relationships, it does not establish temporal order or demonstrate causality. Future studies could adopt longitudinal or time-lagged designs to examine whether changes in service innovation precede changes in job satisfaction and whether these subsequently influence employee performance. Second, the use of convenience sampling limits the extent to which the findings can be generalised beyond the participating DMBs in Mubi. Further research could employ probability-

based sampling across a wider range of banks and locations in Adamawa State or other parts of Nigeria. This would provide a stronger basis for assessing whether the observed relationships remain consistent across different banking environments. Third, the study relied on questionnaire-based primary data, which may be affected by common method bias and respondents' subjective assessments. Future research could combine employee questionnaires with supervisor assessments or relevant performance records to provide a more comprehensive evaluation. Further studies could also investigate other possible explanatory mechanisms, including digital competence, organisational support and employee involvement, to determine what accounts for the direct effect that remains after considering job satisfaction.

Overall, this study advances understanding of how job satisfaction mediates the relationship between service innovations and employee performance in DMBs in Mubi, Adamawa State. By establishing complementary partial mediation, it shows that job satisfaction strengthens the contribution of service innovation without fully accounting for its relationship with employee performance. The findings provide a basis for further research into the employee-related conditions under which banking innovations produce meaningful performance outcomes. More broadly, they suggest that the success of service innovation should be assessed not only by improvements in banking processes but also by the extent to which employees experience and translate those improvements into better work performance.

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**Prof. A.I. Mteiye [MALAWI]**