Work Environment, Training, Work Flexibility and Employee Performance in Banking Sector in Ningxia, China

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Abstract

This conceptual paper is based on a framework that predicts employee performance based on work environment, training, and work flexibility in banking sector in Ningxia, China. It is one of the few types of research that study employee performance in banking sector in Ningxia. This study aims to examine the relationships between work environment, training, work flexibility and employee performance. It makes theoretical contribution by developing a conceptual framework on employee performance, work environment, training, and work flexibility in Ningxia, China. From the practical perspective, the study offers a framework that improve the management level of the banking sector and enhances employee performance as well as psychological wellbeing.

Keywords: Work Environment, Training, Work Flexibility and Employee Performance.

INTRODUCTION

The banking sector is the main component of China’s financial system (Marcu, 2021). Statistics highlight the pivotal role and substantial size of the banking sector in China's financial landscape (Deloitte, 2023). Amidst the challenges posed by the advent of fintech and digital banking, which necessitate innovation, Chinese banks are navigating the delicate balance between supporting economic growth and maintaining financial stability (Adams et al., 2021). In Ningxia, the banking sector is critical for supporting local economic activities by providing essential credit and financial services to agriculture, SMEs, and emerging industries. Rural credit cooperatives and local banks play a key role in the agricultural sector by offering specialized financial products (Nan et al., 2019). However, the banking sector in Ningxia faces growth challenges due to reduced demand for traditional banking services and profitability issues. To succeed in a competitive environment, every employee in the banking industry needs to contribute effectively. Employees, as the core resource of an organization, are intricately linked to the company's success or failure. Therefore, to improve employee performance, the banking sector in Ningxia requires a scientific, comprehensive, and targeted analysis of the factors affecting it.

Employee performance is defined as the accomplishment of work objectives by an individual or a team within an organization, in accordance with their designated authorities and responsibilities (Wulandari et al., 2021). It also encompasses the way an employee is anticipated to operate and conduct themselves in relation to the tasks entrusted to them, as well as the time, effort, and quality invested in achieving these objectives. In the banking sector, employee performance plays a critical role in the implementation of strategies to enhance competitiveness and expand market share (Sapta et al., 2021). Furthermore, employee performance directly influences customer satisfaction, loyalty, and retention, which are crucial for maintaining a competitive advantage (Pratiwi et al., 2022).

Employee performance is influenced by several factors, including training, leadership, work environment, work flexibility, job engagement, work-life balance, and communication skills (Bataineh, 2019; Sugiarti, 2021; Sutia et al., 2022). Wulandari et al. (2021) found that both the work environment and motivation have a positive and significant effect on employee performance. Training is a critical tool that primarily influences the achievement

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of organizational goals and objectives (Renny, 2023). Job flexibility enables workers to distribute resources between their job and non-work domains based on their own choices (Haley and Miller, 2022). Numerous studies continue to explore the factors influencing employee performance. In the Ningxia banking sector, the specifics of employees’ day-to-day work conditions and challenges would depend on the individual bank's policies, local economic conditions, and the level of technological and infrastructural development in these areas.

This study is the first to combine employee performance, influencing factors, and job engagement within the context of Ningxia’s banking sector. It addresses the research gap in regional and industry-specific aspects of employee performance, as existing scholar predominantly focuses on developed regions in China such as Beijing, Shanghai, and Guangzhou, while underdeveloped regions like Ningxia remain underexplored (Ran, 2020; Xue et al., 2024; Liu et al., 2023). The present study aims to examine the relationships between work environment, training, work flexibility, and employee performance in Ningxia’s banking sector. By doing so, it seeks to provide a comprehensive understanding of how these factors interact in a less-studied region, thereby contributing to a more balanced and inclusive body of research on employee performance in China.

### Employee Performance

Whetten and Cameron (1998) assert that individual performance results from the interaction of ability and motivation. Hayward (2006) also emphasized that employee performance is an individual phenomenon influenced by environmental factors through ability and motivation. Pradhan and Jena (2016) characterized employee performance as a complex concept encompassing task performance, contextual performance, and adaptive performance. Employee performance is based on skills, experience, sincerity, and time (Eko and Amalina, 2021), and reflects the quality and quantity of work done (Lestiowati and Fransisco, 2021). Performance varies due to different driving factors and is crucial for determining organizational effectiveness (Frimayasa, 2021).

Employee performance is influenced by a multitude of factors, encompassing both internal and external elements (Suhaya and Dahlan, 2018). Internal characteristics such as competence, work motivation, and discipline, as well as external factors like the work environment, leadership, and organizational culture, significantly impact employee performance (Suhaya and Dahlan, 2018; Alya et al., 2022). Wulandany et al. (2023) discovered that a supportive work environment and high levels of motivation positively influence employee performance. Yimam (2022) showed that training design, training requirements assessment, training delivery style, and training evaluation have a significant positive effect on workers’ performance. Additionally, work-life balance profoundly impacts employee engagement, which strongly influences employee performance (Katili et al., 2021). Sabuhari et al. (2020) proposed that human resource flexibility, employee competencies, and work happiness substantially affect employee performance, although organizational culture adaptation did not mediate the impact of human resource flexibility. There are numerous other variables outside the scope of this study that influence employee performance, including salary, leadership style, job stress, and various human and organizational elements.

### Work Environment

Previous scholars have defined the work environment in various ways. Sundstrom and Sundstrom (1986) described it as the physical location where a company's goods are manufactured. Saleh and Utomo (2018) emphasized that the work environment is a crucial component of a firm that requires careful attention from management. Alya et al. (2022) defined the work environment as the conditions in which workers operate, which might impact their ability to perform activities. These conditions include factors such as temperature, humidity, ventilation, noise, lighting, workplace cleanliness, and the availability of suitable work equipment. The research further indicated that a favorable work environment fosters a sense of safety and enables individuals to perform at their highest level. Conversely, a substandard work environment will diminish employee performance.

As researchers have noted, the work environment is a crucial determinant that can enhance employee performance. Pawirosumarto et al. (2017) asserted that the work environment serves as a platform for
employees to engage in activities that can either positively or negatively influence their ability to accomplish predetermined objectives. Saidi et al. (2019) emphasized that a favorable working environment is essential for maintaining employee productivity and preventing undue stress that might impact job performance. Similarly, Siregar et al. (2020) and Perangin et al. (2021) found that a supportive work environment leads to beneficial impacts on employee performance, fostering favorable work outcomes. According to Menuh et al. (2022), the work environment positively influences employee performance, while work stress has a negative impact. By providing a supportive and conducive work environment, organizations can improve employee performance and achieve better overall outcomes.

An optimal work environment can facilitate the execution of tasks, foster employee motivation, and enhance overall performance. It is crucial to consider the work environment around employees to positively influence their performance. A secure and conducive environment will have a beneficial impact on the individuals within it. A safe and healthy work environment yields several advantages, including enhanced performance resulting from fewer absences, improved productivity and quality, reduced expenses, decreased worker compensation, increased flexibility and adaptability through greater participation and ownership, and improved labor selection ratios due to an enhanced corporate image (Sugiarti, 2021).

The concept of a good work environment is believed to improve employee performance by creating a favorable setting for productivity and well-being. Essential factors include physical well-being, emotional support, and available resources. By prioritizing these elements, organizations can create an environment that promotes both employee satisfaction and performance. Through extensive literature review, a hypothesis is formulated as below:

H1: There is a significant relationship between work environment and employee performance.

### Training

Training is an ongoing and continuous process that aims to improve employee performance by modifying their mindset and actions in the workplace (Mozael, 2015). It is a concise educational procedure that uses structured and methodical approaches to impart technical knowledge and abilities to non-managerial staff for specific objectives (Sugiarti, 2021). Additionally, training is a method employed to enhance the proficiency of employees in executing assigned activities, equipping them with more expertise and enabling them to fulfill the duties specified by the business (Wang et al., 2021). Training is a deliberate practice aimed at enhancing the competence and effectiveness of workers by augmenting their skills, knowledge, abilities, attitudes, and behaviors related to their work (Rivaldo and Nabella, 2023). The purpose of training is to improve proficiency in a range of skills and procedures related to specific work tasks, both in terms of detail and routine. By equipping employees with the necessary abilities, training ensures they can effectively perform their job responsibilities. Through these processes, training not only improves technical skills but also fosters a culture of continuous learning and development within the organization, ultimately leading to better overall performance.

Training is crucial in organizations to ensure that employees' skills are always in line with market standards and to maintain consistent quality of work (Imran et al., 2014). Research indicates a strong correlation between employee training and performance. Luo et al. (2021) investigated the relationships among training, supervisory mentoring, work satisfaction, and task performance, considering the moderating effect of interpersonal assistance. Yimam (2022) emphasizes the significance of human resource management in enhancing the quality and quantity of training programs and successfully implementing systematic training methods. This is essential for improving the performance of administrative personnel. Performance significantly impacts a firm's day-to-day operations; the better a person performs, the more positively the organization will develop (Almulaiki, 2023).

Training and development in any profession enhance employee performance by improving their capacity to perform through learning, primarily by changing their mindset or boosting their skills and knowledge (Fei, Zhou, et al., 2023). In the realm of human resources management, training and development are seen as activities aimed at improving the performance of individuals and groups in conventional organizational environments. These activities can be defined as an educational process that involves refining skills, concepts,
altering mindsets, and acquiring additional knowledge to enhance employee performance. Thus, the researcher proposes the following hypothesis:

H2: There is a significant relationship between training and employee performance.

Work Flexibility

Work flexibility frequently incorporates aspects such as how, where, when, and for how long work is done, and it has been a top priority for certain employees and companies (Ray and Pana-Cryan, 2021). According to Bal and Izak (2021), job flexibility refers to the capacity to modify employee contracts with the business to allow for more adaptability to changing conditions. Thus, flexible labor encompasses several forms of employment contracts, including self-employment, part-time positions, casual work, and zero hour contracts. It is considered flexible when it deviates from the standard model of full-time, permanent employment. Work flexibility refers to the capacity to complete duties at any time, from any location, and with any reporting requirements.

Work flexibility provides advantages for both employees and businesses (Kossek and Kelliher, 2023). From the employee’s perspective, research indicates that work flexibility, including control over work schedules and locations, significantly contributes to happiness, particularly for wage workers compared to salaried ones (Golden, 2008). Employers benefit from more productive and engaged staff. Studies by Halpern (2005), Hill et al. (2001), and Eaton (2003) support that work flexibility enhances engagement. As organizations navigate more complex and dynamic environments, they increasingly adopt flexible human resource management practices like contingent, part-time, or temporary work, enhancing organizational flexibility and enabling employees to work remotely with internet access, which leads to higher job satisfaction and performance (Kalleberg, 2000). Companies that provide job flexibility can be appealing and maintain a high-quality team (Abdillah and Suharnomo, 2022).

While several studies have investigated the correlation between work flexibility and job happiness, as well as the correlation between work flexibility and job performance, there is a scarcity of studies that specifically analyze the link between work flexibility and employee performance. Research, including studies by Omar et al. (2011), Solanki (2013), and Casuneanu (2011), has consistently demonstrated a positive impact of work flexibility on job satisfaction, though its relationship with job performance has varied. According to Govender et al. (2018), flexible work arrangements have been shown to increase employee happiness and retention, and they also show a positive correlation with job performance, leading to improved productivity. Bal and Izak (2021) conducted a bibliometric analysis, systematic review, and content analysis of the flexibility literature. Mustakim (2022) used quantitative methods to investigate the causal link between work satisfaction, flexibility, and performance, finding that enhancing employee happiness can significantly and favorably improve performance.

To summarize, work flexibility has the potential to provide substantial advantages in terms of productivity, job satisfaction, and work-life balance. However, it necessitates meticulous handling to address issues pertaining to cooperation, communication, and the maintenance of professional boundaries. The overall effect of work flexibility on employee performance depends on a careful balance of these aspects. These previous studies lead to the following hypothesis:

H3: There is a significant relationship between work flexibility and employee performance.

Conceptual Framework

CONCLUSION

Based on the thread of discussion, the researcher develops a conceptual model (Figure 1) that proposes relationships between work environment, training, work flexibility and employee performance.

Figure 1 Conceptual Framework
The researcher foresees a positive correlation between the work environment, training, job flexibility, and employee performance. This study intends to adopt the PLS (Partial Least Squares) approach to analyze the data since predicting the relationship is the main concern, rather than theory testing (Hair et al., 2014). The study will use Smart PLS 4 software and apply the bootstrapping technique to determine the significance levels for loadings and path coefficients. Following the general convention, a two-step approach will be employed to assess the conceptual model, namely the measurement model and the structural model (Hair et al., 2014). Regarding managerial implications, this paper provides opportunities for improving existing governance methods of financial institutions in Ningxia’s banking sector. Thus, this preliminary conceptual framework opens the door for further empirical research to consider the effects of the work environment, training, and job flexibility on employee performance.

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