

Design Analysis and Optimization of Employee Training Incentive System in China's Banking Industry

Han He¹, Albattat Ahmad^{1*}, Zunirah Mohd Talib¹

¹Graduate School of Management, Post Graduate Centre, Management and Science University, University Drive, Off Persiaran Olahraga, Section 13, 40100, Selangor, Malaysia
Email address: dr.battat@msu.edu.my

Abstract— For the purpose of improving performance in the banking industry, it is important to increase the core competency of the workforce present in these institutions. Workforce competency and quality offers a key role in business development in any sector of business whether banking, manufacturing, or others. This is improved with the help of proper training sessions being put in place. Employee training incentive system plays a key role in promoting training sessions in business which have been analysed in this particular research study. Secondary analysis was utilised in identifying the key elements responsible for the design, analysis, and optimization of ETIS practices in the banking industry, particularly in China. China was focused for this study where the results showed that China severely faced problems in staff incompetency compared to business demand. Recommendations in the form of policy improvement, higher investment and greater participation from the regulatory bodies were provided based on the analysis results obtained.

Keywords— Employee Engagement, Policy Improvement, Higher Investment, Banking Industry.

I. INTRODUCTION

In this particular section of the research, a brief discussion of the research study will be carried out. Employee training incentive systems are effectively used in every sector of business, but the rationale and significance for carrying out this research on the Chinese banking industry will be provided along with other essential elements.

Background of Study

Employee training incentive systems or ETIS, which are often utilised in developed countries such as the US, in its essence, include giving refundable tax credits to the employers in an organisation (Esd, 2019). These credits are provided only to those who provide their employees with adequate skill training and promote growth within the institution. The issue in this research is the investigation of ETIS in China, particularly in terms of their financial institutions. ETIS is essential to be acknowledged as it is a very fruitful concept that is not followed extensively (Bakker et al., 2019). The reason lack of information exists in this prospect is because limited research has been performed in this particular area.

The research problem in this context is the appropriate development and implementation of the ETIS system in China's banking industry (Human capital, 2018). ETIS should be applied in organisations effectively in countries such as China. However, the data shows there is still a large group of

employees lacking behavioural standards that are directly covered under training sessions. This research study will investigate the design, analysis, and optimisation of employee training incentive systems in China's banking industry for performance improvement. The aims of this study are to identify the different factors affecting the design and optimisation of employee training incentive systems for the banking industry; To determine the importance of an employee training incentive system for performance improvement in the banking industry of China; To evaluate measures to improve the existing employee training incentive system in China's banking industry.

The performance of a company is improved by the competency of its workforce capable of carrying out tasks effectively. This competency is promoted with the help of proper training sessions being advocated in companies which depend on ETIS (Kurdi et al., 2020). By performing this particular research, productivity in China's banking industry can get highly improved.

The scope of this research will include the entire banking industry of China that is operating. All the necessary operations that are being performed in these institutions will be covered under this particular research study (Niati et al., 2021). It will involve the study of one of the most powerful countries in the world in terms of every prospect.

II. LITERATURE REVIEW

Employee training programs are considered to be an effective way to increase the efficiency of the employees. Organisations across every region engage themselves in providing training to the employees for developing their skills, motivating them, and making them able to face different challenges in their professional as well as personal life. In this respect, the employee training incentive system is a fruitful program to engage more employees with work and turn them into productive resources in the banking sector. Therefore, the designing of an effective employee training system is important to ascertain success and retain talent.

Significance of Employee Training and Incentive in the Banking Sector

In the banking sector, the employees are required to be effective and highly efficient in terms of providing services to the customers. Proper training systems and their design are

crucial aspects of increasing productivity and employee engagement in the banking sector (Aktar et al., 2018). In this respect, it is effective in assessing the importance and impact of the usefulness of the design, analysis, and optimization of training incentive systems on the performance enhancement of the employees in the sector of banking. According to YuSheng and Ibrahim (2019), the banking sector is driven by offering effective services to customers. Therefore, the introduction of an effective training incentive system is significant in order to cater to enhanced customer experience thereby generating maxim customer satisfaction.

Banking Sector in China

Rasool *et al.* (2019) have opined that the banking sector in China is associated with utilisation and implementing effective human resource management that ensures organisational innovation. In this regard, the employees working in the banking sector are associated with obtaining effective training and reimbursement in order to motivate them to perform more efficiently. On the other hand, Xu, and Ahmad (2018) have stated that the banking sector in China has experienced significant growth over the years. It is also considered to be the fastest-growing economy globally. Therefore, the banking industry in China is quite stable and ensures good service to the customers of the banks. The Chinese banking industry witnessed rapid growth due to regulations related to liquidity and the service of employees to customers (Allen and Gu, 2021).

Impact of Employee Training Incentive System on Performance Enhancement in the Banking Industry

According to Pang and Lu (2018), the incentive system or the reward system in employee training helps in motivating employees to perform efficiently and maximising their ability to perform. Employees in the banking sector are associated with assuming value by combining incentives or rewards. The incentives system in employee training contributes significantly to increasing the motivation level among the employees at work. Motivated employees in the banking sector are more productive and offer better services to the users and make them satisfied. Therefore, the impact of the employee training incentive system is fruitful for the enhancement of employee performance in the banking sector of China. On the other hand, Aktar and Pangil (2018) have opined that the introduction and implementation of an employee training incentive system are associated with generating employee enthusiasm and dedication toward work in the banking sector. This is another way of increasing work productivity and assertion maximisation of organisational innovation and profit. In addition to this, it is also associated with decreasing the employee turnover rate and increasing the rate of employee retention.

Factors Affecting the Design and Optimization of Employee Training Incentive System for the Banking Industry in China

Rahayu, Rasid and Tannady (2018) have opined that the success of an organisation is rooted in the alignment of the values of employees and organisational strategy. In this respect, there are certain factors which affect the design and optimization of employee training incentive systems. These

factors are crucial in terms of developing effective strategies in the employee training incentive system. These factors are employee skills, motivation, and performance. These factors generate a significant impact on the training system and incentive initiatives. On the other hand, the present employee training incentive training system in China is going through an effective transition where the banking industry is investing more in employee training. However, the commercial banks in China invested less in the management of human resources and therefore were ineffective in the incentive systems managing the employees' costs. Due to this, the state-owned banks are ineffective in improving human resource and their preservation. ICBC is focusing on educating and training its employees by providing them with resources and incentives in order to encourage and motivate them thereby increasing their performance.

Theories and Models

According to Kahn in his theory of work engagement, work engagement refers to the extent up to which a person shows his interest in a task at the job place for promoting the connection between the job and his self that might enhance the performance through " *cognitive, emotional and physical investment*" (Gemedá & Lee, 2020). This is known as Kahn's theory of work engagement. This theory advocates the categorization of work engagement into three categories which are " *cognitive engagement, emotional engagement and physical engagement*". These three principal aspects of work engagement are effective in performance enhancement.

Cognitive Engagement

Cognitive engagement is considered to be one of the impact aspects of employee work engagement. At this level, the employees are required to know about the strategies and vision of their employers. On the other hand, it is also important for them to learn about what performance they are required to offer to maximise their contribution to the role. In this regard, Khan propounded the aspects of people's attachment with their work where he states that enticing more knowledge generates more encouragement towards creativity and informed decision making.

Emotional Engagement

This is another important level in the work engagement theory. This level is primarily dependent on the emotional connection that the employees feel for their employers. In this respect, Khan states that encouraging positive relations and management practices at the organisation will make the employees feel safe, secure, and trusted (Bakker & Oerlemans, 2019). It will create a sense of belonging where the employees feel encouraged and follow the value and mission of the organisation.

Physical Engagement

At this level, employees demonstrate their physical and mental efforts toward the accomplishment of their job. Khan in his theory links the employee's ability to utilise mental and physical energy at the workplace with enhanced confidence and enthusiasm. With increased energy employees feel confident at

their work which is associated with enhanced performance and personal engagement within the job.

Therefore, work engagement theory and its application in employee training in terms of human resource management in the banking sector is an effective model for catering to enhanced performance and employee loyalty.

Literature Gap

Every literature review comprises certain gaps in them. It is not entirely possible to carry out an investigation and bring out every information from the literature study. The present literature review in this regard comprises certain gaps and this section of the research study is aimed at identifying them. The dearth of more research in the field of employee training incentive systems in the Chinese banking sector has initiated a gap in the study.

III. RESEARCH METHODOLOGY

The concept of research methodology is one of the most crucial elements in academic research and helps in providing the processes of the research works. Research methodology also contributes toward meeting the objectives and aims set forward by the research work. This chapter is therefore providing a detailed discussion of various research methodologies that have been selected for the current paper.

Research Onion

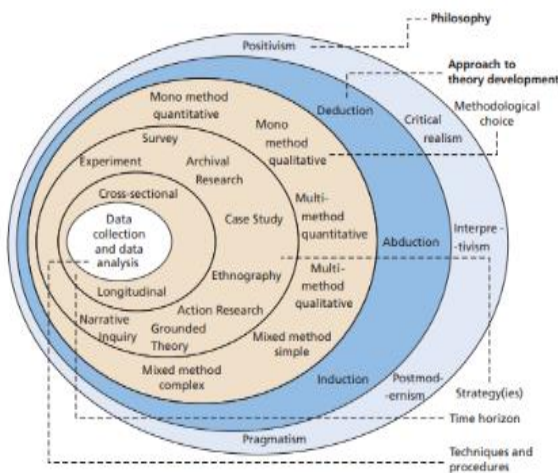


Fig. 1. Research Onion

(Source: Saunders et al., 2007)

Research Philosophy

A range of research philosophies is available that systematically contribute towards meeting the research objectives and solving the research problems. In the current paper, the researcher has selected the Positivism research philosophy that is amazingly effective in gathering limited amounts of data and interpreting them to meet the objectives (Mohajan, 2018). Implementing a positivism philosophy also enhances the researcher's trustworthiness of the research.

Research Approach

Selection of the Inductive research approach also helps the researcher explore phenomena that are effectively related to the

research and widens the patterns of themes associated with qualitative research work. This inductive approach can also deal with different theories and their appropriate interpretation (Pandey & Pandey, 2021). That contributes to managing higher scopes of utilising the time for completing the research.

Research Design

The research design also effectively enhances the research frameworks, techniques, and methods for conducting the research in general. In this research, the selection of descriptive research design among three different designs has certainly provided scopes to the researcher for collecting secondary and qualitative data and their appropriate analysis (Newman & Gough, 2020). This has also provided a detailed description of different ways to find the best possible solutions to the research problems through in-depth analysis.

Data Collection Method

The data collection methods also provide a detailed discussion on different frameworks to gather data for the specific research. It is, therefore, one of the most crucial parts of the entire methodology section. Out of two different data collection methods, this paper has selected a secondary qualitative form of the data collection procedure. This has included the various secondary sources for data collection, including newspapers, articles, magazines, books, online sources, and different others (Cr, 2020). Each of these factors has strongly provided the scope for the researcher to meet the research objectives without utilising any numeric values and statistical analysis.

Data Analysis Technique

The data collection procedure is also largely integrated based on the method of data collection selected. This is because the way data is collected differs in both formats and their analysis procedure also needs to be different. In such a respect, the current paper has selected a secondary qualitative data collection procedure, where secondary Thematic data analysis techniques have been utilised. This helped the researcher manage the data descriptively and constructively to find the solution for the research appropriately (Mohajan, 2018). In this respect, the researcher selects three themes based on research objectives, which have been elaborated in the current paper.

IV. DATA ANALYSIS

The research methodology for the research has already been discussed in the above chapter, based on which the data analysis will be carried out here. The results formed in this section will help in the realisation of the proper utilisation of ETIS in China and its associative factors.

Analysis

Factors Affecting the Design, Analysis and Optimisation of Employee Training Incentive Systems

Incentive compensation programs significantly improve productivity and efficiency in the overall workforce in a company. These are often used tools by organisations in various sectors of business. A proper design of incentive compensation programs is not often easy as they are easily affected by legal

issues if they are not properly administered. Also, global issues such as the pandemic significantly affect such programs because a lot of operations get changed to adapt to such issues requiring sacrifices on different fronts of the business (Shrm, 2019). These training session designs often need the utilisation of technology which can be a problem for some businesses if it is located remotely or accessibility is limited. The design of employee incentive programs is vastly affected by monitoring systems, as not checking the efficiency of such programs can render them useless, which is worse than not applying incentive programs for training employees as it involves a significant level of investment.

Staff incentives systems play a significant role in the financial industry and other industries involved in both online and offline servicing. There are specific requirements that need to be held while implementing such incentive schemes, such as fairness and transparency. These parameters allow the workforce to generate trust in their companies and hence do well in their operations. Incentive schemes are primarily added in these financial institutions in the form of monthly bonus schemes that are availed based on their duties. In the case of the employees, they are provided based on their reports after going through successive training sessions by the companies. In the case of employers, they are provided to those with proper training systems providing adequate levels of training to the staff for boosting performance (Sptf, 2020). The factors dictating their optimisation and analysis are human resource management systems, technology in place and the type of training that is being provided to the employees. The effect of implementing an incentive scheme in financial banking was analysed based on a collective example of the banking institution, namely Safe Save; the results can be seen in the form of portfolio improvement in the fee collection rates for the corresponding loans.

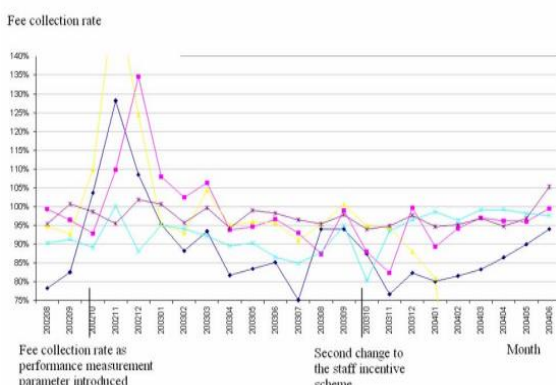


Fig. 2. Effect of incentive scheme in portfolio

Importance of the Employee Training Incentive system in the Banking Industry of China

China is home to an increasing number of MNCs that are pretty successful in performing businesses. These MNCs have in place effective managers that take employee empowerment very seriously. This particular form of employee empowerment has been derived from the Western context, which also boasts some astounding business leaders such as Steve Jobs and Bill gates, among others. This form of intrinsic motivation through

empowerment, particularly in the banking industry in China, shows that the relationship is positive. This particular context of data is supported by three banks, with 2 of them coming in the top 5 banks in the country and one being a local bank from the area of Ningbo and Zhejiang provinces (Ma, Chao & GuoxinWeng, 2015). This particular form of employee empowerment was encouraged through the form of training sessions where the managers formed specific groups to guide them and familiarise them with the banking operations in specific periods of time allocated under the daily schedule. Although this form of activity was performed in some of the banks of China, ETIS was not exclusively active as these employers were not separately rewarded by any external body of tax credits, much of which is prevalent in other countries.

It has been witnessed in China that there has been a steady increase in the bank business in the past few years, coupled with the daily financial needs of customers in this fast-paced developed country. A common issue reported in some of the largest state-owned banks in China is their lack of human resource management in overseeing staff performances. Commercial banks in China report employee training as one of the significant reality programs being witnessed in bank development. With the steady increase in the demand for operations, this problem is only growing worse and worse, adding inefficiency to the overall system (Citeseerx, 2019). A suitable strategy to promote employee training sessions is strictly needed in the banking industry to stall the adverse effects in the future. Increasing employee competency has become the primary concern here in China, with only problems being faced in one of the commercial banks, ICBC, in Henan. The employee training framework that is facilitated with an incentive system is beneficial in tackling such a problem creating advantages in the banking industry to deal with these problems effectively.

Appropriate Measures for Improving the Employee Training Incentive System Active in the Chinese Financial Banks

Customer financial needs are day by day increasing in China in relation to the alterations in the pace of banking operations. Although this growth acceleration is bringing new possibilities for improved businesses, China faces a grave problem in their inefficiency in the HRM department. The growth which is seen in these commercial banks is not bringing up the quality of the workforce performing in these banking institutions (Han, Albattat & Talib, 2022). This particular issue is caused due to inappropriate training sessions in these institutions that are directly controlled by appropriate ETIS being put in place in such institutions. The figure shows some of the causes of inefficient ETIS or similar incentive training programmes in China.

In order to address these problems, one of the primary requirements is the refinement of business policies to improve the existing HRM activity within the institutions. The utilisation of resources for these training sessions is of utmost importance, as well as the use of external bodies and training facilities for the company (Han, Albattat & Talib, 2022). The same has been detailed in the figure for improving ETIS in the banking industry in China.



Fig. 3. Primary cause of ineffective training system

V. DISCUSSION

ETIS is elementary for business development that is yet to be fully utilised by the banking sector in China. Although there are several factors that define the proper implementation of such training incentive programs, China is well equipped to implement such processes (Mondaq, 2018). It is essential that appropriate measures in the form of business changes be introduced in these institutions.

The necessary analysis was performed on each of the key points discussed in the research questions, which showed critical findings in the context of the Chinese banking sector. It was found that China’s banking industry faced severe problems in staff training that needed to be resolved at the earliest.

VI. CONCLUSION

The analysis section of the research study brought critical findings in terms of the overall research on the Chinese banking industry. In this section, results will be discussed to form the necessary conclusion and provide recommendations to the banking industry of China in terms of ETIS practices.

Future Scope

The research on the application of ETIS efficiently in the banking institutions in China has an immense future scope as it can help solve problems related to the proper implementation of HRM in companies. This research can help solve problems faced in other Asian countries apart from China in their own businesses related to staff incentive schemes. ETIS is also advantageous in other sectors of business apart from banking institutions covered in this research.

Recommendations

It is essential to highlight the recommendations that were formed based on the findings of the ETIS being utilised in China: Use of suitable policies as the data from the Chinese banks all point out the lack of HRM policy; More considerable investment in training programs; Support and promotion from regulatory bodies to the employers of the banking institutions

Limitations

The given research on the design, analysis, and optimisation of ETIS in the banking industry of China had some limitations

in terms of time and limited data availability in the Chinese banking industry. The limited time was restricted from further use of resources as the research was to be completed fully under the deadline. Furthermore, the availability of data on commercial and other banks in China was too limited for proper research into the ETIS practices in great detail.

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