

Impact of Employee Mental Health on Employee Performance in the Malaysian Banking Sector

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Abstract:

The operational duties and nature of work activities in the service sector make work-related stress an inescapable part of the job. Three aspects of work-related stress—overload, role conflict, and financial incentives—are investigated in this research to determine their effects on employee performance. Seventy workers at a Malaysian bank were surveyed using a combination of secondary sources and structured questions. After data collection was complete, SPSS version 25, which stands for the Statistical Package for the Social Sciences, was used for empirical analysis. Of the three factors used to predict performance, the results showed that financial incentives and job overload were the most influential. The results agreed with those of previous research by other academics. Other predictors should be considered for future study, and their application across other industries should be explored. These days, companies can't survive without individuals who can think outside the box and come up with new ideas. A company may gain a competitive edge and ensure its long-term viability via the innovative thinking of its employees. The banking industry is a subset of the economy that specializes in taking deposits from customers and then investing those funds to create even more riches. The banking industry is devoted to improving customer service and has made significant investments in technology. So, the innovative spirit of bank workers will shape how a company evolves to achieve its goals. Research on how mental health affects creativity is still scarce, particularly in the financial sector. Therefore, the purpose of this research was to look at how the mental health of bank workers at certain top banks relates to their creativity.

1. Introduction

Discussing employee performance is essential since it has a direct bearing on the success of the firm and the attainment of its goals. Higher output and better quality are the results of efficient operation. The performance of high-performing individuals is a critical area for management strategies because of the positive impact they have on productivity,

efficiency, and the development of the company as a whole. Stress in the workplace is a reality in today's businesses and may have a major impact on productivity and morale. When workers are under a lot of pressure at work, they are less invested in their work, and their motivation drops. This shows up in their performance on many metrics of organizational effectiveness. Organizational performance, mistake rates, job quality, staff

turnover, and absenteeism are all negatively impacted by the high levels of stress experienced by banking workers, who are known to face multiple stressors in their work environment [1].

The body goes through a cascade of physiological, psychological, and behavioural reactions in response to demands or difficulties, which ultimately lead to the generation of stress. The discord between an individual's capacity and desire to satisfy the demands of a given circumstance, as well as the demands of that scenario itself, leads to a condition known as stress. Both the mental and physical health of workers are negatively affected by stress in the workplace. Organizations that want to boost productivity and employee well-being must understand these consequences. As for the mental toll, chronic stress at work impairs cognitive function and productivity. Stress, despite these warning signals, may make individuals lose faith in their own abilities and their ability to advance in their careers. Excessive stress at work causes physiological changes like a racing heart and narrowed pupils, which show that you're under a lot of pressure to perform well while you're already exhausted and mentally drained. A number of factors contribute to the high levels of stress experienced by banking personnel, including the increasingly competitive nature of the industry and the high demands placed on them by their employers. When people are overwhelmed by their job, it may result in burnout and a loss of dedication to the company. In addition, work-family conflicts may generate stress and lower performance when individuals are unable to maintain a good work-life balance. Workers in the financial sector are especially vulnerable to stress owing to the high demand for their services and the relative stability of their jobs; inadequate compensation will demotivate them and cause a decline in their performance [2].

2. Background of the Study

For businesses all over in recent years, employee mental health has increasingly taken the stage. Burnout, depression, anxiety, and stress are among mental health disorders that may substantially interfere with workers' emotional, behavioural, and cognitive ability; these effects subsequently impair their performance, job satisfaction, and output. Long hours, strict deadlines, demanding consumers, and comprehensive regulatory inspection underline these difficulties even more in high-stress businesses like banking. Like any other basic company, Malaysia's economic growth and financial stability rely much on the banking

industry. Rising digital transformation, increased competitiveness, and shifting consumer expectations all contribute to create challenging work situations for bank employees. Ignoring these demands might have major effects on mental health, morale, and customer service and retention rates as well as on general workplace productivity and mental health [3].

Although the value of mental health in the workplace is growingly well-known worldwide, little local research has particularly examined the relationship between employee mental health and performance in the Malaysian setting. Already complicating this link are cultural elements, the stigma attached to mental illness in the workplace, and different degrees of organizational assistance. Knowing how mental health influences the performance of Malaysian bank employees would enable one to improve not only their own well-being but also the capacity of the business to be sustainable and competitive. Investigating how mental health affects banking sector output in Malaysia might assist to address a knowledge gap in this topic. Its goal is to educate corporate policies, human resource efforts, and mental health programs with evidence-based insights leading to a healthier and more efficient workforce. Employee performance is negatively correlated with stress levels on the job, with greater stress levels often resulting in worse performance. A mismatch between employee expectations and their capacity to work well, caused by these stresses, may have a negative impact on the organization's overall performance. Accordingly, it would be wise to look at the elements that have a major impact on banking workers' productivity [4].

3. Purpose of the Study

This research aims specifically to look at the relationship between performance and mental health in Malaysian banks. Particularly in high-stress, demanding situations where burnout, anxiety, and stress are on the increase, one needs to take mental health problems' influence on job performance under serious thought. This research aims to probe further the mental health of bank staff members, the difficulties they encounter while working, and the efficacy of already in use occupational support programs in resolving these issues. This study aims to clarify the banking industry in Malaysia so that organizational policies and improved mental health campaigns may be carried out to support staff members' welfare and increase output.

4. Literature Review

When it comes to reaching organizational objectives, employee performance is paramount. It is a measure of an employee's capacity to complete tasks in a way that contributes to the organization's objectives, both in terms of quantity and quality of work. Workplace culture, leadership, and individual dedication are all part of it. The amount of work done by an employee and the quality of that work are the two main metrics used to evaluate their performance. Meeting or surpassing defined criteria and efficiently and successfully carrying out one's obligations and responsibilities are, hence, characteristics of high performance. A more productive workforce is essential to a sustainable business model over the long run since higher wages lead to more stable economies and better living conditions for everybody. Employee health, performance, and productivity may all take a hit when they're overwhelmed with work, which is all too frequent in today's workplaces [5].

Physical and mental fatigue, caused by an excessive workload, long hours at work, and unreasonable expectations, might hinder an individual's capacity to perform to their maximum potential. Workers may feel overwhelmed and perform worse if they are asked to do more in a given time period than they are capable of handling. Extensive research shows that workers' performance is significantly impacted by task overload [6].

Overburdening employees with work may have negative effects on productivity in the workplace, including increased stress, burnout, and poor performance. Employee performance is negatively impacted by an excessive workload, according to this data. Role conflict arises when team members have different interests, limited resources, and different expectations of one another. It may impede the flow of information, which in turn causes misunderstandings and less teamwork, both of which have an influence on people's productivity. Reduced organizational effectiveness and individual performance are associated with role conflict, especially in healthcare settings, because of feelings of isolation and resource limitations. Therefore, it is important to have measures in place to effectively handle disputes so that they do not lead to unmet objectives and decreased overall performance. Therefore, this is a common occurrence in business environments and has the potential to greatly affect efficiency and contentment in the workplace [7].

5. Research Question

What is the effect of employee mental health on employee performance in the Malaysian banking sector?

6. Methodology

Quantitative research involves the analysis of numerical data pertaining to variables via the use of one or more statistical models. The social environment may be more effectively comprehended via quantitative study. Researchers often use quantitative methods to analyze issues affecting humans. Graphically represented objective data results from quantitative research. Numerical data is essential for quantitative research and must be gathered and analyzed systematically. Their assistance enables the calculation of averages, formulation of forecasts, identification of correlations, and extrapolation of results to broader groups.

6.1 Research design: Quantitative data were evaluated using SPSS version 25. The odds ratio and 95% confidence interval were used to assess the direction and magnitude of the statistical connection. The researchers determined a statistically significant criterion of $p < 0.05$. A descriptive analysis clarified the main aspects of the data. Quantitative methods are often used for mathematical, numerical, or statistical analysis of data obtained by surveys, polls, and questionnaires, or by adjusting existing statistical data using computational tools.

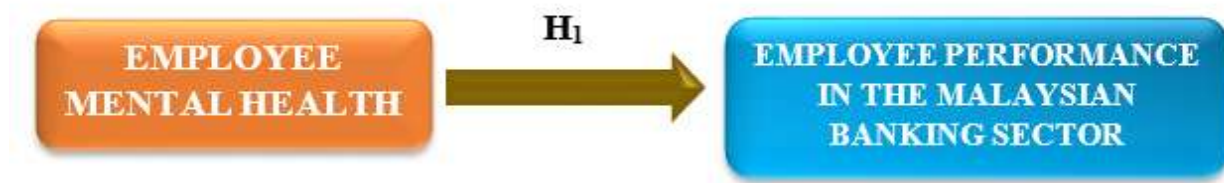
6.2 Sampling: Participants in the research provided data by completing questionnaires. Following the determination of 1,392 participants in the study population using the Rao-soft method, researchers disseminated 1,510 questionnaires. Following the exclusion of 46 partial replies, the researchers obtained 1456 complete responses, yielding a final sample size of 1410.

6.3 Data and Measurement: A questionnaire served as the primary tool for data collection in the study. The survey had two sections: (A) General demographic information and (B) Responses on online and offline channel attributes evaluated using a 5-point Likert scale. Secondary data was acquired from many sources, mostly online databases.

6.4 Statistical software: The statistical analysis was conducted using SPSS 25 and MS-Excel.

6.5 Statistical Tools: Descriptive analysis was used to comprehend the essential nature of the data. The researcher must analyze the data with ANOVA.

7. Conceptual Framework



8. Result

• Factor Analysis

A common use of Factor Analysis (FA) is to confirm the underlying component structure of a collection of measurement items. Unseen factors are thought to directly affect the scores of the analysed variables. A technique reliant on models is accuracy analysis (FA). The main aim of this work is to establish causal pathways between observable events, hidden causes, and measurement errors. The Kaiser-Meyer-Olkin (KMO) Method may be used to evaluate the suitability of data for factor analysis. Researchers evaluate whether the sample is enough for the whole model and for each individual variable. The statistical analysis measures the potential degree of shared variation among several variables. Factor analysis is often more appropriate for data sets with smaller percentages. KMO yields a value for integers between 0 and 1. A KMO value between 0.8 and 1 indicates that the sample is sufficient. If the KMO drops below 0.6, indicating insufficient sampling, corrective measures must be implemented. The range is 0.5 to 0.6, allowing researchers to use judgment; yet, some writers see 0.5 as conclusive.

• The researchers observe that the partial correlations significantly exceed the overall correlations as the KMO approaches 0. Significant correlations provide a substantial obstacle to component analysis. The following are the criteria used by Kaiser to assess acceptability:

An insignificant amount between 0.050 and 0.059.

• Inferior by 0.60 to 0.69

the standard range for middle school is 0.70-0.79

cm.

spanning a quality point value from 0.80 to 0.89. Remarkably, it ranges from 0.90 to 1.00.

Table: KMO and Bartlett's

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.870
Bartlett's Test of Sphericity	Approx. Chi-Square	3252.968
	df	190
	Sig.	.000

The significance of the correlation matrices was further corroborated by Bartlett's Test of Sphericity. The Kaiser-Meyer-Olkin measure of sampling adequacy is 0.870. Employing Bartlett's sphericity test, researchers achieved a p-value of 0.00. A significant outcome from Bartlett's sphericity test demonstrated that the correlation matrix is invalid.

• Independent Variable

Employee Mental Health

In the context of the workplace, "mental health" is how well workers are doing emotionally and psychologically. It includes how well they are able to carry out their duties as well as their social, cognitive, and emotional needs at the workplace. Numerous aspects impact employees' mental well-being, including job contentment, workload, relationships with coworkers and supervisors, work-life balance, company culture, and the general work environment. Workers' emotional and psychological strength and stability on the job is what we mean when we talk about their mental health. Emotional stability, stress management, healthy relationships, and mental health in general are all part of it. Promoting a healthy and productive work environment requires acknowledging and resolving mental health concerns that may arise on the job. Reduced productivity, greater absenteeism, higher turnover,

and damaged morale are all outcomes of ignoring mental health. In addition to improving organizational performance, fostering a mental health-friendly workplace boosts workers' general happiness and contentment [8].

- **Dependent Variable**

Employee Performance in the Malaysian Banking Sector

What we mean when we talk about employee performance in Malaysian banking is how well workers do their assigned tasks in a way that satisfies both their employers' and their clients' needs. It covers a lot of ground, including being productive, accurate, timely, customer service oriented, collaborative, and able to adjust to a highly controlled and competitive financial setting. Sales quotas, regulatory compliance, stellar customer service, and backing digital transformation efforts are common indicators of success in this industry. Employee performance is a reflection of how effectively workers can handle job demands, workloads, and workplace expectations, and it is also a critical driver of institutional success in Malaysia's fast-paced banking business [9].

Relationship Between Employee Mental Health and Employee Performance In The Malaysian Banking Sector

A complicated and substantial link exists between the mental health of employees and their

performance in the banking industry of Malaysia. Employees' mental health greatly influences their capacity to concentrate, make sound judgments, communicate clearly, and cope with stress, all of which are critical for success in the high-pressure banking industry. Workers afflicted with mental health issues like burnout, chronic stress, or anxiety may find it difficult to stay motivated, focus, and show up for work on time, all of which have an effect on their output and satisfaction with their jobs. Mental health is an important factor in the success or failure of workers in the Malaysian banking industry because of the high pressure to achieve objectives, the handling of confidential financial information, and the need to provide consistent customer service. Workers' engagement, resilience, and productivity—and the performance of the business as a whole—are boosted when mental health is prioritized in the workplace via policies, services, and an encouraging culture [10].

Following the above debate, the researcher developed the following hypothesis to examine the correlation between Employee Mental Health and Employee Performance in the Malaysian Banking Sector

H01: “There is no significant relationship between Employee Mental Health and Employee Performance in the Malaysian Banking Sector”

H1: “There is a significant relationship between Employee Mental Health and Employee Performance in the Malaysian Banking Sector”

Table 2: H₁ ANOVA Test

ANOVA					
Sum					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	39588.620	536	8635.517	960.996	.000
Within Groups	492.770	873	8.986		
Total	40081.390	1409			

Notable results have been obtained from this study. The statistical significance is achieved with an F-value of 960.996 and a p-value of .000, which is below the .05 alpha level. “H1: There is a significant relationship between Employee Mental Health and Employee Performance in the Malaysian Banking” is proven true thanks to the rejection of the null hypothesis.

9. Discussion

The results of this study show a clear link between the degree of productivity Malaysian bank employees reach in their employment and their mental state. Burnout, anxiety, and stress in a hectic and demanding company most definitely impacted employee engagement, work happiness, and productivity in mental health issues. This was the situation around mental health issues. Poor mental health employees are more likely to leave their jobs

because of illness; they are less likely to put in the necessary effort in sectors needing accuracy, customer interaction, and rule adherence. Furthermore, the results of the research imply that the settings in which businesses function might either aggravate mental health issues in Malaysian banks or provide means of relief. Companies without open lines of contact, flexible work schedules, or efficient mental health support systems might be unintentionally adding to the stress their staff members are under. Conversely, if financial institutions give their staff members' welfare first priority via the use of wellness programs, mental health awareness campaigns, and professional support services, they are more likely to have a strong and resilient workforce. Given the cultural stigma around mental health in Malaysia, workers there could be more prone to postpone discussing their problems or getting treatment. This resistance may cause less than ideal performance as well as aggravation of already present mental health issues. The most crucial factor influencing the results of mental health is shown to be leadership; so, sympathetic and encouraging supervisors might help to increase worker performance and morale.

10. Conclusion

It seems from the results that there are a lot of variables at play when determining the effect of stress on performance on the job. Stress at moderate levels may actually improve performance by pushing workers to their limits and inspiring them to give their all, however stress at excessive levels might have the opposite effect. To provide one example, studies have shown that workers who are more invested in their work and have more experience on the job are better equipped to deal with stress and keep up their performance. The inverse is true as well: stress is more likely to negatively impact performance for workers who lack experience and dedication.

Author Statements:

- **Ethical approval:** The conducted research is not related to either human or animal use.
- **Conflict of interest:** The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper
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- **Data availability statement:** The data that support the findings of this study are available on request from the corresponding author. The data are not publicly available due to privacy or ethical restrictions.

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