



THE ROLE OF TRAINING, PERFORMANCE APPRAISAL, AND TEAM COLLABORATION IN MOTIVATING INNOVATION IN VIETNAM'S CONSUMER FINANCE SECTOR

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ARTICLE INFO	ABSTRACT
<p>DOI: 10.52932/jfmr.v4i1en.961</p> <p><i>Received:</i> May 31, 2025</p> <p><i>Accepted:</i> November 24, 2025</p> <p><i>Published:</i> March 25, 2026</p> <p>Keywords: Consumer finance, Extrinsic motivation, Innovative job performance, Intrinsic motivation, Self- Determination theory</p> <p>JEL codes: M12, M53, O31</p>	<p>In Vietnam's fast-moving consumer finance industry, supporting employees in bringing ideas to life is key to organizational success. Grounded in Self-Determination Theory (SDT), this study investigates how Training and Development, Performance Appraisal, and Intra-team Collaboration Climate influence intrinsic and extrinsic motivation, thereby enhancing Innovative Job Performance. Data were collected from 254 employees in consumer financial institutions in Ho Chi Minh City and analysed using Partial Least Squares Structural Equation Modeling (PLS-SEM – SmartPLS 3.0). The findings reveal that all three HRM practices are significantly associated with both intrinsic and extrinsic motivation. Notably, extrinsic motivation demonstrates a stronger direct association with innovative job performance ($\beta = 0.577$) than intrinsic motivation ($\beta = 0.270$). Mediation analysis further confirms that intrinsic and extrinsic motivation partially mediate the relationships between HRM practices and innovative job performance. Our model was able to explain about 62% ($R^2 = 0.619$) of employees' innovative job performance in Vietnam's consumer finance sector, showing that the HRM practices studied play a strong role in shaping innovative behaviors at work. When employees are provided with meaningful training, evaluated with fairness, and supported by a collaborative team environment, they feel empowered to generate and implement new ideas. This study addresses a gap in understanding how integrated HRM strategies can foster innovation by motivating employees. The current investigation provides practical insights for managers and policymakers to design HRM practices that nurture a culture of innovation, ultimately enhancing organizational adaptability and competitiveness in the consumer finance sector.</p>

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1. Introduction

In the ever-evolving landscape of consumer finance in Vietnam, the interplay between intrateam collaboration, motivation, and innovative job performance is a critical area of focus for organizations aiming to sustain competitiveness and growth. In Vietnam, the rapid growth of consumer finance has been accompanied by intense competition, necessitating innovative practices and strategies. Central to achieving these goals is the effective management of employee motivation - both intrinsic and extrinsic - and the establishment of supportive mechanisms, such as training and development programs, performance appraisal systems, and an enabling work environment. Importantly, the level of collaboration within a team, specifically how well members work together towards shared goals, plays a vital role in fostering an environment where innovation and adaptability can thrive. These elements are interconnected, forming a comprehensive framework that drives organizational effectiveness and competitiveness. Innovative job performance, which encompasses employees' abilities to generate and implement creative solutions (Al-Abbadi, 2018), has become an indispensable asset in consumer finance. With the proliferation of digital technologies and shifting consumer expectations, financial institutions in Vietnam must continuously innovate to offer personalized, efficient, and secure financial products. Employee innovation directly translates to better service, streamlined operations, and happier customers. Encouraging employees to think creatively and challenge conventional approaches enables organizations to navigate complex market dynamics and seize emerging opportunities.

Motivation is one of the fundamental drivers of innovative job performance. Intrinsic motivation, which stems from an individual's personal interest, sense of purpose, and enjoyment of their work, is particularly crucial for fostering creativity and sustained effort (Ryan & Deci, 2000). Employees who are intrinsically motivated are more likely to take

initiative, engage in problem-solving, and persist in the face of challenges. On the other hand, extrinsic motivation - derived from external rewards such as salary increments, bonuses, and recognition - cannot be overlooked (Ryan & Deci, 2000). In Vietnam's consumer finance sector, where competition for skilled talent is fierce, financial and non-financial incentives serve as powerful tools to attract and retain top performers. Striking a balance between intrinsic and extrinsic motivators is essential to cultivating a workforce that is both committed and innovative.

Training and development programs actively enhance employee skills and ensure their abilities are aligned with the organization's strategic direction. In the consumer finance industry, the rapid evolution of financial products, technologies, and regulations requires continuous skill upgrading. Comprehensive training programs not only equip employees with technical expertise but also foster a culture of lifelong learning and adaptability (Giday & Elantheraiyan, 2023). Furthermore, developmental initiatives, such as leadership training and career progression opportunities, contribute to intrinsic motivation by demonstrating an organization's commitment to employee growth (Ozkeser, 2019). Employee performance is evaluated and rewarded within a structured framework provided by appraisal systems. In addition to assessing performance, appraisals provide a valuable platform for constructive feedback, goal setting, and career planning. In Vietnam's consumer finance sector, where the pressure to meet targets is high, fair and transparent appraisal systems are critical for maintaining employee trust and engagement. Well-executed appraisals can identify high-potential employees, recognize innovation, and address performance gaps, thereby driving both individual and organizational success (Al-Hawary, 2015). The work environment significantly influences employees' motivation and performance (Fidan & Oztürk, 2015). A supportive environment - characterized by open communication,

collaborative culture, and psychological safety - encourages employees to experiment with new ideas without fear of failure (Zhu et al., 2018). Additionally, ergonomic considerations, work-life balance, and access to technological tools enhance employee satisfaction and productivity. In Vietnam, where traditional hierarchical structures often dominate workplaces, fostering an inclusive and empowering environment can be a transformative strategy for driving innovation.

Vietnam's consumer finance sector is a rapidly growing industry, driven by rising consumer demand, digital transformation, the development of fintech (Financial Technology), and the government's recent policies aimed at curbing black credit (FiinGroup, 2024b). Vietnam is home to approximately 100 million people; combined with the speed of internet development, with 70 million internet users (FiinGroup, 2024a), consider Vietnam's consumer finance industry to be a fertile ground full of potential. To date, there are 15 consumer finance established companies (FiinGroup, 2024b). However, this growth also presents unique challenges, such as regulatory complexities, talent shortages, and customer retention. Non-performing loans (NPLs) remain a critical concern in Vietnam's consumer finance sector, reflecting broader economic challenges (FiinGroup, 2024b). As of recent reports, NPL ratios in consumer finance have risen significantly, primarily due to the expiration of the loan forbearance policies under Circular 14 in mid-2023. Due to the fact that many are having trouble making ample provisions for bad debt risks, several financial organizations even face a risk of their bad debt ratio exceeding 15% (FiinGroup, 2024b). While the bad debt ratio (about 3.7% of the total consumer credit amount) tends to rise across the system, it only decreases to roughly 2% between 2018 and 2022 (FiinGroup, 2024b). The State Bank of Vietnam (SBV) is actively working to implement stricter regulations and encourage improved risk management practices to mitigate further increases in NPLs (FiinGroup,

2024b). These challenges urgently necessitate a comprehensive strategy encompassing robust risk management, enhanced borrower screening, and a strengthened legal framework.

In order to address bad debt, credit institutions in the consumer finance industry must train their employees and, in particular, hone their creative problem-solving skills in spotting fraudulent customers. This is in addition to developing an appropriate product portfolio development strategy. Recognizing problems and developing original or practical ideas or solutions are the first steps in individual creativity. Particularly when it comes to inquiries about client identity as opposed to general inquiries (such as "What is your full name? Could you please tell me the number on your ID card?"), in other words, organizations need to develop new products, ideas, and processes accordingly, change market conditions to become more innovative and creative systems, and encourage employees to follow suit in that direction (Lee et al., 2019; Fidan & Oztürk, 2015).

In Vietnam, where the consumer finance sector is rapidly growing due to digital transformation and increasing consumer demand, the ability of teams to innovate and adapt has become more critical than ever. Effective navigation of these challenges requires organizations to prioritize innovative job performance and implement robust motivational strategies. Companies can create a strong and flexible team by offering training programs, using performance reviews to support growth, and fostering a positive workplace. Retaining top talent is crucial in today's competitive market, and employee creativity is required as a foundational role for businesses to enhance their competitive position. It is often recognized that a well-defined innovation strategy is crucial for fostering organizational innovation, with individual creativity playing a central and indispensable role (Lee et al., 2019).

This study explores how training and performance appraisal, together with the collaborative climate within teams, are associated

with motivation and innovative job performance, which collectively contribute to organizational success in Vietnam's consumer finance sector. The study will also provide valuable insights for both practitioners and scholars looking to enhance organizational performance in an international business context.

2. Literature review

2.1. Underlying theory

Self-Determination Theory (SDT) provides a robust framework for understanding motivation, emphasizing the fulfilment of three fundamental psychological needs: autonomy, competence, and relatedness (Ryan & Deci, 2017). When these needs are met in the workplace, employees experience enhanced motivation, leading to higher engagement and performance (Gagné & Deci, 2005). SDT differentiates between intrinsic motivation (IM), which drives individuals to engage in tasks for personal fulfilment and enjoyment, and extrinsic motivation (EM), which is influenced by external rewards, recognition, or career advancement (Ryan & Deci, 2000). While intrinsic motivation fosters creativity and innovation, extrinsic motivation - when aligned with employees' values - can also enhance innovative job performance by providing structured incentives and professional development opportunities (Ryan & Deci, 2000). According to SDT, HRM practices play a crucial role in shaping workplace motivation by fulfilling employees' psychological needs (Gagné & Deci, 2005). Training and Development enhance competence by equipping employees with new skills, Performance Appraisal fosters both competence and autonomy by providing structured feedback, and an Intra-team Collaboration Climate strengthens relatedness by creating a supportive work environment that encourages knowledge sharing and innovation (Zhu et al., 2018).

2.2. Hypotheses

Training and Development (TD): Training and development are activities aimed at

enhancing employees' capabilities in current and future operations by enhancing their ability to perform their jobs effectively (Ozkeser, 2019; Al-Hawary, 2015). Companies improve employee knowledge and skills to achieve organizational goals through training. When employees are provided with adequate knowledge to perform their jobs, they are more likely to perform their jobs with enjoyment, satisfying their ability to apply knowledge to practice, and helping them achieve their goals (Al-Abadi, 2018). Some authors have demonstrated that certain factors related to different aspects of employee training and their motivation directly influence the results obtained from innovation processes (Lee et al., 2019). In other words, training and development are associated with employee motivation. Hence, we hypothesize:

Hypothesis H1: Training and Development (TD) is positively associated with employees' intrinsic motivation (IM).

Hypothesis H2: Training and Development (TD) is positively associated with employees' extrinsic motivation (EM).

Performance Appraisal (PA): A performance appraisal aims to examine the person, eliminate their shortcomings, and reward their successes (Ozkeser, 2019). Evaluating work results helps employees clearly understand the requirements that need to be performed, thereby reviewing their internal capabilities and comparing them with evaluation standards and proactively learning, thereby gaining intrinsic motivation to succeed at work (Al-Hawary, 2015). Based on extrinsic motivation - a person feels motivated from the outside to take action; performance appraisal is a tool to promote this motivation of each employee; external goals are self-confirmed and therefore implemented with a sense of voluntariness (Ryan & Deci, 2000). People must experience their cognitive capacity (or self-efficacy) and their behaviour to determine for themselves whether intrinsic motivation is maintained or enhanced (Ryan & Deci, 2000). From there, employees feel in control of their behaviour and personal career

goals, and performance appraisal activities are linked to employee motivation. Therefore, we hypothesize:

Hypothesis H3: Performance Appraisal (PA) is positively associated with Intrinsic Motivation (IM).

Hypothesis H4: Performance Appraisal (PA) is positively associated with Extrinsic Motivation (EM).

Intrateam collaboration climate (CC): Several theorists have suggested that workplace climate may channel and direct both attention and activities toward innovation (Zhu et al., 2018). The work atmosphere includes signals related to the behaviour or results desired by the administrator for the individual. Individuals who use these cues will perceive and adjust their behaviour according to expectations to receive positive results (Fidan & Oztürk, 2015). Collaborative environments enable the pooling of diverse skills, perspectives, and expertise, which are essential for addressing complex challenges and generating creative solutions (Zhu et al., 2018). Based on self-determination theory, work environments can facilitate or hinder intrinsic motivation by supporting or hindering the need for autonomy and competence (Ryan & Deci, 2000). Everyone needs to experience a sense of belonging and attachment to their team members through interaction, support, and mutual assistance at work, which in turn fosters their intrinsic motivation. Thus, this study presumes:

Hypothesis H5: Intrateam Collaboration Climate (CC) is positively associated with Intrinsic Motivation (IM).

Innovative job performance (INJP): Innovative performance is the aspects that represent creative ideas or solutions offered by employees to solve problems encountered in the work environment (Al-Abadi, 2018). Employees who engage in innovative job performance actively seek improvements in their tasks, workgroups, or organizations (Janssen

& Van Yperen, 2004). When intrinsically motivated, employees exhibit higher levels of curiosity, persistence, and cognitive flexibility, enabling them to develop novel solutions and improve workplace efficiency (Fidan & Oztürk, 2015). Moreover, intrinsic motivation encourages continuous learning, which strengthens employees' ability to refine and execute innovative ideas (Ryan & Deci, 2000). On the other hand, extrinsic motivation (EM) also influences innovative job performance, particularly in structured work environments where incentives, performance evaluations, and career growth opportunities drive employees to innovate (Ryan & Deci, 2017). While extrinsic motivation has traditionally been associated with compliance and task completion, research indicates that when extrinsic rewards are perceived as aligned with personal goals, they can enhance creativity and innovation (Gagné et al., 2022). Employees who receive recognition and career development opportunities for innovative behaviour are more likely to engage in problem-solving and continuous improvement efforts (Ryan & Deci, 2017). Furthermore, organizations that implement performance appraisal systems and training programs designed to enhance competence can effectively leverage extrinsic motivation to drive innovation. Given the growing emphasis on workplace innovation, understanding the dual role of intrinsic and extrinsic motivation in enhancing innovative job performance is critical for organizations aiming to achieve a competitive advantage. We examine the following hypotheses:

Hypothesis H6: Intrinsic motivation (IM) is positively associated with Innovative job performance (INJP).

Hypothesis H7: Extrinsic motivation (EM) is positively associated with Innovative job performance (INJP).

2.3. Conceptual model

Figure 1 shows our model.

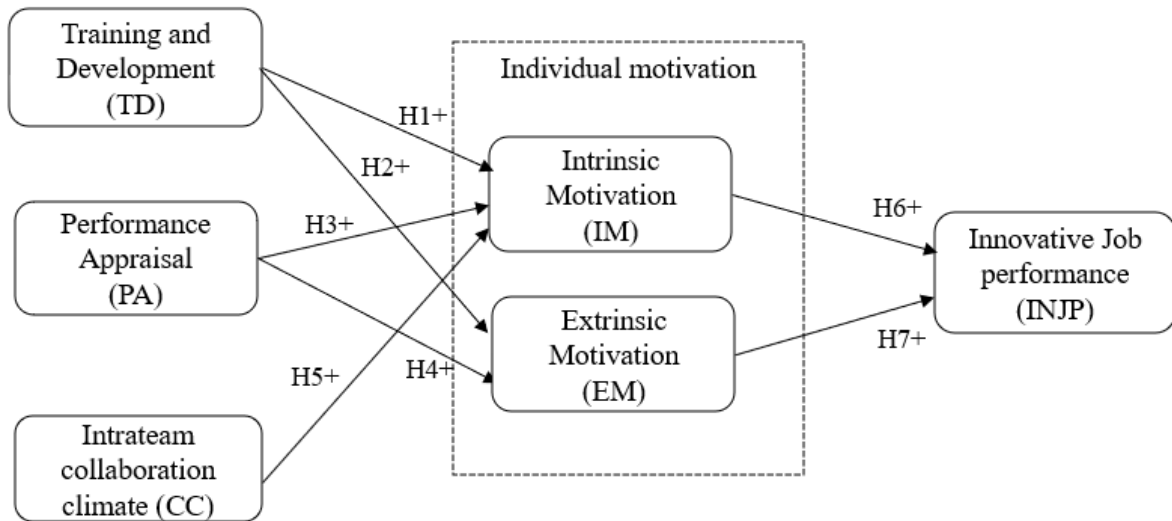


Figure 1. Research model

3. Method

3.1. Sampling

Qualitative insights from a few experienced experts were utilized exclusively to refine the measurement scale. The questionnaire consisted of three sections: (1) a screening section to ensure respondents were working in the consumer finance sector; (2) measurement items for the constructs in the proposed model; and (3) demographic questions. Data were collected via a structured online questionnaire distributed through Google Forms in December 2023, targeting full-time employees from nine non-bank consumer finance firms in Ho Chi Minh City. All participants took part voluntarily and provided informed consent. Their responses were kept anonymous and treated as confidential, with data used only for research purposes. A total of 270 responses were collected. After excluding 16 invalid responses – where participants selected the same score (either all 1s or all 5s) for all items – 254 valid responses remained for analysis. According to Hair et al. (2017), “The minimum sample size in PLS-SEM can be determined using the “10-times rule”, which states that the sample size should be at least ten times the maximum number of arrowheads pointing at a latent variable anywhere in the model”.

In this study, the construct with the highest number of incoming paths has three arrows, indicating a minimum required sample size of 30 based on this rule. Hair et al. (2017) also note that “while the 10-times rule provides a useful heuristic, researchers are encouraged to use larger sample sizes when possible to improve the stability and accuracy of the results. Sample sizes of 100 to 200 cases or more are generally considered sufficient for most applications.” Therefore, with 254 valid responses, the sample size exceeds both the minimum requirement and the commonly recommended range, ensuring reliable and meaningful statistical analysis. Respondents came from various departments and have relevant professional experience, with most having between 3 and over 5 years of work experience and holding at least a university degree. Their age distribution, primarily between 26 and 40 years old, reflects a productive and experienced workforce actively engaged in decision-making and operational processes. Therefore, this sample is considered representative of the sector under study and provides meaningful insights to rigorously test the proposed theoretical model (see Appendix 1).

The data were analyzed using SmartPLS version 3.0 to evaluate both the measurement and structural models. The final sample size is

considered adequate and appropriate for PLS-SEM, ensuring reliable and valid results.

3.2. Measures

Participants responded to the survey items using a 5-point Likert scale. Responses for Training and Development (TD), Performance Appraisal (PA), Intra-team Collaboration Climate (CC), Intrinsic Motivation (IM), and Extrinsic Motivation (EM) ranged from 1 = "Strongly Disagree" to 5 = "Strongly Agree", while responses for Innovative Job Performance (INJP) ranged from 1 = "Never" to 5 = "Always". This study employed a quantitative approach, utilizing questionnaires developed based on established scales to measure these variables. A comprehensive list of all measurement items and their corresponding sources is provided in Appendix 2 (*see Appendix 2*).

4. Research results and Evaluation

4.1. Research results

Measurement model

We conducted separate analyses for factor loadings and calculated Cronbach's Alpha (CA), Composite Reliability (CR), and Average Variance Extracted (AVE) to measure the validity and reliability. In the first calculation, PA3 was removed because it violated discriminant validity, with HTMT > 0.90 and high cross-loadings on other constructs. The model was subsequently recalculated to ensure reliable and valid estimates. The results show that all items were reliable, with Cronbach's Alpha ranging from 0.769 to 0.937, and Composite Reliability also demonstrated internal consistency with values greater than 0.6 (Hair et al., 2010).

The average variance extracted (AVE) and Outer Loadings (OL) for the extracted measure of convergent validity exceeded a value of 0.5

(Hair et al., 2010). Furthermore, the average variance extracted from the measure of each factor is greater than the squared correlation of that factor's measure with all measures of the other factors, indicating the measurement scales are discriminant based on the Fornell-Larcker Criteria (Hair et al., 2010). The Heterotrait - Monotrait Ratio (HTMT) criterion test also confirms the discriminant validity (Henseler et al., 2015). The bootstrapping procedure with 5,000 resamples showed that the 95% confidence intervals of all HTMT values were below the 0.90 threshold, confirming adequate discriminant validity. All VIF values were below 3, indicating the absence of multicollinearity. The SRMR values were also examined to assess model fit and were found to exceed 0.05. Overall, the measurement model demonstrates adequate reliability, convergent validity, and discriminant validity (*see Appendix 3 and Appendix 4*).

Adjusted R-squared test

This test determines the degree of impact of the independent variable on the dependent variable. If the value is larger, the dependence between variables will be stronger (Hair et al., 2010). The results in Table 5 show that the R-squared adjusted values reach 0.643 for Extrinsic Motivation (EM), 0.617 for Intrinsic Motivation (IM) and 0.616 for Innovative Job Performance (INJP). The Q² values illustrate the model's predictive relevance for the dependent constructs at a medium level ($0.25 < Q^2 < 0.50$) (Hair et al., 2019)

Testing the hypotheses

Table 1 and Appendix 2 show that all our hypotheses were supported. All f^2 values indicate meaningful effects on the dependent variables, ranging from the smallest effect of PA on IM ($f^2 = 0.066$) to the largest effect of EM on INJP ($f^2 = 0.467$).

Table 1. Summary of Hypothesis Results

Hypotheses	Description of path	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
H1	TD → IM	0.347	0.345	0.086	4.030	0.000
H2	TD → EM	0.485	0.483	0.078	6.230	0.000
H3	PA → IM	0.267	0.272	0.078	3.434	0.001
H4	PA → EM	0.369	0.372	0.083	4.431	0.000
H5	CC → IM	0.255	0.254	0.068	3.779	0.000
H6	IM → INJP	0.270	0.265	0.098	2.761	0.006
H7	EM → INJP	0.577	0.583	0.098	5.882	0.000

*The mediating relationships***Table 2.** Specific indirect effects

Description of path	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
PA → EM → INJP	0.213	0.220	0.071	2.991	0.003
TD → EM → INJP	0.280	0.282	0.066	4.253	0.000
CC → IM → INJP	0.069	0.068	0.032	2.123	0.034
PA → IM → INJP	0.072	0.074	0.039	1.863	0.063
TD → IM → INJP	0.094	0.090	0.038	2.459	0.014

Table 2 examines the particular mediating indirect effects between INJP and exogenous variables. At the 5% level, this analysis found four indirect correlations. The sample mean and p-value show the effects of TD and CC on INJP, for which EM and IM are mediating variables, but PA has indirect effects on INJP for intrinsic motivation at the 10% level. These numbers

indicate a positive effect from the indirect connection between TD, PA, CC, and INJP.

It can be concluded that TD, PA, and CC have an indirect effect on INJP, as seen from the sample mean and p-value (Table 3). These values mean that the connections between TD, PA, and CC are positively associated with INJP.

Table 3. Total indirect effects Test

Description of path	Original Sample (O)	Sample Mean (M)	Standard Deviation	T statistics	P values
TD → INJP	0.374	0.372	0.062	6.019	0.000
PA → INJP	0.285	0.294	0.058	4.905	0.000
CC → INJP	0.069	0.068	0.032	2.123	0.034

4.2. Discussion

This study introduces a new paradigm in Human Resource Management (HRM) by empirically examining the relationship between Training and Development (TD), Performance Appraisal (PA), and employee motivation. The results further reveal the complexity of these relationships, suggesting that organizational context shapes their association with motivation. The study underscores that Training and Development (TD) has the most pronounced effect on employee extrinsic motivation ($\beta = 0.485$) and intrinsic motivation ($\beta = 0.347$). Additionally, Performance Appraisal (PA) plays a crucial role in fostering motivation, with notable effects on both intrinsic ($\beta = 0.267$) and extrinsic ($\beta = 0.369$) motivation. Notably, HRM practices are associated with enhanced individual motivation, with extrinsic motivation showing a stronger association than intrinsic motivation, while intrateam collaboration is positively associated with intrinsic motivation ($\beta = 0.255$). This aligns with previous literature highlighting the role of various HRM elements in fostering employee motivation (Ozkeser, 2019; Al-Abbadi, 2018; Ryan & Deci, 2017). Effective training and performance evaluations provide employees with a sense of competence, personal growth, and recognition, reinforcing both intrinsic and extrinsic motivation. Future research should consider industry, culture, and demographic factors to refine HRM strategies further.

Beyond HRM practices, this study substantiates the critical role of motivation in enhancing employee performance, supporting previous research emphasizing the strong link between motivation and performance outcomes (Zhu et al., 2018; Fidan & Oztürk, 2015; Grant, 2008). Additionally, this study provides empirical support for the positive relationship between intrateam collaboration climate and intrinsic motivation, reinforcing the importance of a supportive work environment. Consistent with Zhu et al. (2018), these findings suggest that an intrateam collaboration climate

fosters intrinsic motivation, as it does not explicitly include external rewards but rather promotes positive interpersonal behaviours. Employees who actively seek peer feedback and contributions in a collaborative team environment are more likely to engage in creative behaviours that enhance job performance.

Moreover, intrinsic and extrinsic motivation serve as mediators in the relationship between HRM practices, intrateam collaboration, and employees' innovative performance, particularly in the consumer finance sector. Notably, intrinsic motivation ($\beta = 0.270$) and extrinsic motivation ($\beta = 0.577$) positively influence innovative job performance, underscoring their critical role in driving employees' work outcomes. This result highlights the necessity of fostering personal motivation to enhance overall job performance.

In conclusion, this study enriches the discourse on HRM and employee motivation by integrating HRM practices with workplace collaboration and innovation. The findings emphasize the need for comprehensive HRM strategies that combine training, appraisal, and a collaborative work climate to optimize employee engagement and productivity within the consumer finance sector in Ho Chi Minh City.

5. Conclusions and policy implications

5.1. Conclusions

This study provides important insights into how human resource management (HRM) strategies can enhance employee motivation and subsequently drive innovative job performance (INJP) in competitive, knowledge-intensive industries. The findings underscore the pivotal roles of training and development (TD), performance appraisal (PA), and intrateam collaboration climate (CC) in shaping both intrinsic and extrinsic motivation. Among these factors, training and development was found to exert the strongest influence on employee motivation (extrinsic $\beta = 0.485$; intrinsic $\beta = 0.347$), followed by performance appraisal (extrinsic $\beta = 0.369$; intrinsic $\beta = 0.267$), and

collaboration climate (intrinsic $\beta = 0.255$). These motivational drivers not only contribute to innovation but also reflect the fundamental needs outlined by Self-Determination Theory (SDT), such as competence, autonomy, and relatedness. The study contributes to the growing body of research on HRM and employee innovation by offering empirical support for the design of motivation-focused strategies in AI-augmented, performance-driven work environments. In the context of Vietnam's rapidly evolving consumer finance sector, the integration of targeted HRM practices aligned with SDT principles can foster both employee well-being and organizational innovation, while also promoting intrinsic motivation to innovate and contribute to long-term business growth.

5.2. Policy implications

In Vietnam's consumer finance sector – characterized by fast-paced growth, rising competition, and increasing integration of digital technologies – these HRM-based recommendations can play a vital role in improving workforce performance and innovation.

First, financial institutions can implement targeted training programs for staff focused on credit assessment, debt collection, and customer service. For example, customer advisors could be trained not only in regulatory compliance and risk assessment but also in soft skills such as negotiation, empathy, and critical thinking to improve client interactions and reduce non-performing loans (NPLs). Tailored e-learning modules and gamified micro-training platforms could be integrated into daily workflows to ensure flexibility and engagement (Ozkeser, 2019). This approach helps foster genuine engagement, encouraging employees to actively participate and acquire substantive knowledge rather than merely completing training hours.

Second, consumer finance companies can adopt transparent and competency-based performance appraisal systems. For instance,

using digital dashboards to track sales targets, customer feedback, and case resolution times can help employees clearly understand performance expectations. Managers can use this data to provide timely feedback and identify areas for personalized development. Additionally, linking high performance with career development opportunities (e.g., fast-track promotions or special projects) can enhance motivation and retention (Giday & Elantheraiyan, 2023; Al-Abbadi, 2018). Moreover, performance appraisal systems should ensure transparency, objectivity, frequency, and specificity, moving beyond sales-based indicators to include high-value operational scenarios. For example, when a customer service representative receives a fraud alert call and promptly collaborates with the operations department to cancel a fraudulent loan application—thereby preventing disbursement to the wrong borrower or for the wrong purpose—such proactive actions should be immediately recognized and rewarded (e.g., spot bonuses) and reflected in the performance evaluation system. This approach not only enhances fairness but also motivates employees to act responsibly, proactively, and in alignment with the organization's long-term interests.

Third, to foster a strong intrateam collaboration climate, firms should promote cross-functional teamwork between credit risk, IT, and sales departments. For example, when launching a new fintech product, involving employees from both front-office and back-office teams in co-designing workflows can improve operational efficiency and innovation. In addition, during routine operations and case processing, when unexpected issues arise, it is essential for departments to collaborate and jointly determine appropriate solutions rather than attributing blame to the team that initiated the idea. Such practices help maintain internal cohesion, foster a positive and constructive working environment, and encourage continued creativity and innovative initiatives.

Creating digital communication channels (e.g., internal social platforms or collaboration apps) and organizing regular team retrospectives can also build psychological safety and encourage continuous improvement (Lee et al., 2019; Zhu et al., 2018; Fidan & Oztürk, 2015). Establishing an internal work collaboration platform can help new employees quickly learn from the experience of their colleagues, while allowing all staff to freely exchange knowledge and best practices. Additionally, managers can monitor employees' real-time handling of operational situations, enabling timely corrections of errors that do not comply with company policies or standard operating procedures (SOPs).

5.3. Research limitation

We acknowledge several limitations in this study that warrant attention and suggest directions for future research. This research focused on two specific components of HRM practices, namely training and development and performance appraisal, within a sample of employees in the consumer finance sector. This sector's unique characteristics may limit the generalizability of the findings to other industries. Consequently, future researchers should expand the scope of HRM practices examined, such as recruitment, compensation, and employee relations, and apply these frameworks across diverse industries and cultural contexts. This broader approach could provide more comprehensive insights into how HRM practices influence employee performance in various settings.

Additionally, while this study sheds light on the impact of HRM practices on employee job performance, it does not account for other potential influencing factors. Future studies should explore the role of organizational climates, such as competitive work environments or climates promoting autonomy, to understand their interplay with employee motivation and job performance.

These climates could have varying effects on intrinsic and extrinsic motivation, which are crucial drivers of performance outcomes.

Moreover, this study relied on employee self-evaluation to measure innovation at work. While self-reports provide valuable perspectives, they may introduce biases or subjectivity. To enhance the objectivity and robustness of innovation measurement, future research should integrate additional methods, such as evaluations by direct supervisors or peer reviews. These complementary scales would provide a multi-faceted view of employee innovation and reduce the potential for bias in self-reported data. While PLS-SEM is appropriate for examining complex models with limited sample sizes, it is less suited for strong theory confirmation, suggesting that future studies could apply covariance-based SEM for validation.

Finally, this study was conducted in the context of Vietnam's consumer finance industry, characterized by rapid growth and unique regulatory challenges. Future research should consider examining similar constructs in other geographical regions or industries, where varying economic conditions, cultural values, or market maturity levels may yield different findings. Such comparative analyses could contribute to a more nuanced understanding of HRM practices and their effectiveness in fostering employee innovation and performance globally.

AI Usage Statement

The authors affirm that this manuscript is entirely their original work. Artificial intelligence tools were used solely for language editing; specifically, Grammarly was used to improve grammar and correct spelling errors throughout the manuscript. No AI tools were used in the development of research content, analysis, or conclusions.

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