Impact of Occupational Stress on Employee Performance: A Case of Licensed Commercial Banks in Gampaha District

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ABSTRACT

Presence of psychological stress at work is considered as a major issue in any organization affecting its employee's performance and in turn, the smooth functioning of the organization. As a result of the rapid changes that occurred in banking sector during past few decades, the banking employees are under a high level of stress. The aim of this study was to investigate the impact of occupational stress on job performances and personal performances of banking sector employees. Further, the study measured the level of occupational stress among banking employees and the major stressors which lead to occupational stress. A structured questionnaire was administered to a sample of 124 employees in the six largest licensed commercial banks in six major divisional secretariat divisions of Gampaha district. Spearman's Rank Correlation was performed to assess the impact of occupational stress on employee performance in terms of job performance and personal performance. Findings indicated a significant and inverse relationship between occupational stress and job performances whereas; significant and positive relationship between occupational stress and personal performances. Management style was found to be the most influencing factor on occupational stress among banking employees while, interpersonal relationship had the least influence. The findings further revealed that, majority of the banking employees are working under a relatively high level of stress condition. The results suggest that, Sri Lankan banking sector should adopt more effective human resource strategies for the psychological wellbeing of its employees which in turn can assist in increasing individual job performance and enhancing organization's productivity in order to ensure sustainable growth of the business.

KEYWORDS: Job performance, Licensed commercial banks, Occupational stress, Personal performance

INTRODUCTION

The behaviour and the health of financial sector are considered as important determinants of growth and development of any economy. The banking sector accounts for more than a half of the assets of the financial sector in Sri Lanka thus; it is the largest sub-sector within the country's financial sector. The total banking network includes 25 Licensed Commercial Banks (LCBs), of which 12 are branches of foreign banks, and nine Licensed Specialized Banks. In terms of the asset base and the magnitude of services provided, the LCBs are the single most important category of financial institutions within the banking sector. Even though a large number of licensed banks exist in the country, the stability of the financial system is primarily dependent on the six largest LCBs, consisting of the two state banks and the four domestic private commercial banks. These six banks are generally referred to as the Systemically Important Banks (Central Bank Annual Report, 2014).

Human factor is known to be the most important asset in any organization which termed as the key to success in challenging business contexts. People are vital for the growth and development of any organization in order to survive in today's challenging and competitive business atmosphere. Hence, having undergone drastic changes such as; policy changes due to globalization and liberalization, increased competition due to the entrance of new financial institutions, downsizing and introduction of new technologies, pressured the banking sector to apply much psychological pressure on its employees (Samartha et al., 2010).

The term stress is usually considered to have negative impact on human beings. Any situation may or may not lead to a stress condition depending on the way one perceives the situation and individual differences. According to NIOSH (1999), job stress results when the requirements of the job do not match the capabilities, resources or needs of the worker.

Conditions that tend to cause stress are called stressors. Although even a single stressor may cause major stress, usually stressors combine to pressure on employee in a variety of ways until stress develops (Mathur et al., 2007). Cooper and Marshall (1976) defined five broad categories of job stressors namely; factors intrinsic to the job, role in the organization, relationships at work, career development and organizational structure/climate. According to Bashir and Ramay (2010), the stressors which lead to occupational stress are; work overload, role ambiguity, role conflict, responsibility for people, lack of feedback and inability to keep up with rapid technological changes.

Employee performance can be defined as a set of behaviours that are relevant to the goals of the organization or to an organizational component in which an employee works (Murphy, 1989). According to Porter and Lawler (1968), there are three ways to measure performances; the measure of output rates, rating of individuals by someone other than the person who is being considered and self-appraisal and self-ratings.

Given the above background, the objectives of this study were, to identify the major stressors which lead to occupational stress among banking sector employees, determine the levels of occupational stress and study the impact of occupational stress on the performances of banking sector employees with special reference to employees working in the six major LCBs in Gampaha District.

METHODOLOGY
Theoretical Framework

Through a comprehensive survey of literature, six major stressors which lead to occupational stress among banking sector employees were identified as; design of task (DT), management style (MS), interpersonal relationships (IR), work roles (WR), career concerns (CC) and organizational culture/climate (OC).

Employee performances were measured in terms of his/her job performance (JP) and personal performance (PP). The study employed occupational stress as independent variable and employee performances as the dependent variable (Figure 1).
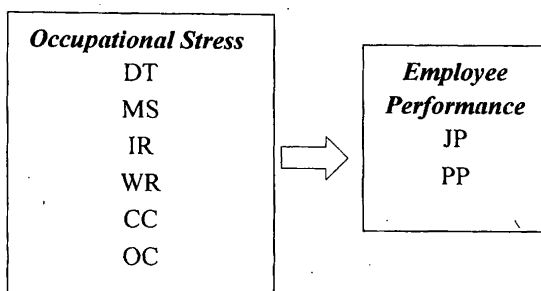
Figure 1. Theoretical framework. *DT- design of task, MS- management style, IR- interpersonal relationships, WR- work roles, CC- career concerns, OC- organizational culture/climate, JP-job performance, PP- personal performance*

H₁: Occupational stress significantly and inversely affects to the job performance of banking employees
H₂: Occupational stress significantly and inversely affects to the personal performance of banking employees

Data Collection

 - Primary data for the study were collected from a sample of 124 respondents from the banking staff of the six major LCBs located in six Divisional Secretariat divisions in Gampaha District namely Katana, Ja-Ela, Gampaha, Wattala, Negombo, and Minuwangoda during the period from March to April 2016. The DS divisions were selected based on the highest number of branches located across the branching network of the six LCBs in Gampaha District. A pilot survey was conducted for a sample of ten employees prior to the main survey. The main instrument for primary data collection was a structured questionnaire containing three main sections namely occupational stress (OS), job performance (JP) and personal performance (PP). The OS section consisted of 24 items of five-point Likert scale, ranging from strongly disagree to strongly agree.

Reliability Analysis

The internal consistency of the 24 items of five-point Likert scale of OS was evaluated through Cronbach's alpha.

Data Analysis

The data were analyzed using both descriptive and inferential statistics. Descriptive analysis was performed to get an overall idea about the pool of respondents. Spearman's Rank Correlation analysis was employed to determine the relationship between OS, JP and PP. The association of demographic factors and OS was determined using Chi-square test. Kruskal-Wallis test was performed to evaluate and compare the relative magnitude of the six stressor categories influencing on the occupational stress.

Development of Indices

The scores provided by the respondents for the Likert scale items of OS, JP and PP were converted into indices for the purpose of detailed analysis using the formula given below. The values of the developed indices were ranging from zero to hundred.

$$OSI = \frac{\sum_{i=1}^{I} X_i}{Max\, I \times N} \times 100$$

Where,
X_i = Score given to the statement by the ith respondent
Max_I = Maximum score that could be given by a respondent
N = Total number of statements

JPI and PPI were also developed in a similar manner to the OSI using a weighted method.

RESULTS AND DISCUSSION

Descriptive Statistics

Among the 124 respondents, there were relatively more females (54%) than males (46%) and majority of the employees belonged to 30-49 year age category (65%). Majority of the employees were married and out of them, 71% of their spouses were employed too. Thirty four percent of the employees had professional diploma as their highest level of education. There were 58% and 42% of executive and non-executive grade employees in the sample respectively (Table 1).

Table 1. Descriptive statistics

Variable	Category	Percentage
Age	18-29	31
	30-49	65
	50-60	04
Gender	Male	46
	Female	54
Marital status	Single	24
	Married	76
Spouse's employment status	Employed	71
	Unemployed	29
Highest level of education	A/L	23
	Certificate	24
	Diploma	34
	B.Sc.	16
	M.Sc.	03
Executive/ Non-executive	Executive	58
	Non-executive	42

Outcomes of Reliability Analysis

The results of the Cronbach's alpha for the internal reliability of the items of OS was 0.666.

Levels of Occupational Stress

The overall occupational stress was categorized into four major levels namely; low OS level, moderate OS level, high OS level and extremely high OS level ranging from 0-25, 26-50, 51-75 and 76-100 respectively on the basis of the OSI (Figure 2).
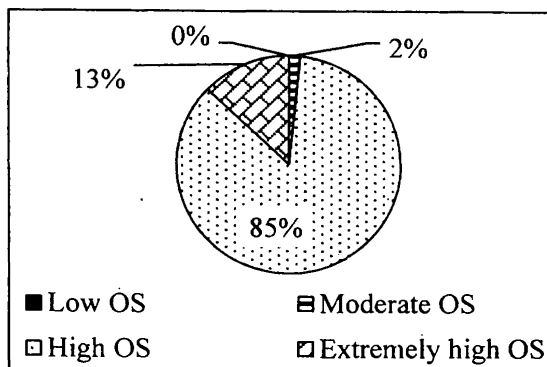
Figure 2. Levels of occupational stress (OS)

As depicted on Figure 2, 85% of the banking employees were under high OS level. Thirteen percent of the respondents faced extremely high OS while two percent were under moderate OS level. According to the

outcomes of the analysis, it is evident that all banking sector employees are working under stress condition while, majority of them face relatively high level of stress.

Outcomes of Chi Square Test

Out of the demographic variables tested, employees' age, marital status, spouse's employment status, number of dependents, experience and level of responsibility held were significantly associated with their occupational stress whereas, employees' gender and level of education had no significant association with their occupational stress at 0.05 significance level (Table 2).

Being consistent with the above findings of the present study, Samartha et al., (2010) revealed that, employees' designation, level of experience, marital status and number of dependents significantly affect on their stress condition. In contrast, Samartha et al., (2010) further elicited that, employee's gender and level of education affect on employees' stress whereas, age differences showed no significant impact.

Table 2. Results of Pearson Chi-Square Test

Variable	χ^2 value	Probability
Age	94.659	0.038*
Gender	50.091	0.059
Marital status	53.897	0.028*
Status of spouse's employment	57.437	0.013*
No. of dependents	2.206	0.021*
Years of experience	2.299	0.007*
Level of education	1.725	0.053
Level of responsibility held	3.423	0.000*

Note: *Significant at 0.05 level (2-tailed); χ^2-Chi-Squrae value

Outcomes of Kruskal-Wallis Test

According to the results of Kruskal-Wallis test, it was implied that, at least one of the six stressor categories was significantly different from others with a probability value of 0.000 (Table 3). By observing the median values and the average ranks it was revealed that, management style had a higher contribution to occupational stress while interpersonal relationships contributed the least (median values of 3.5 and 2.75 respectively).

The OS was mostly affected by management style, which consisted of ability to participate in decision making process and the way communication took place within the organization. Secondly, OS was affected by work roles (median value=3.3) which included; uncertain job expectations, too much of responsibility and too many roles to be performed. Thirdly, design of task which

represented lack of control over work, heavy work load, long work hours, lack of variety in tasks and inflexible schedule affected on OS with a median value of 3.2.

**Table 3. Results of Kruskal-Wallis Test**

Stressor	Median	Ave. rank	Z value
DT	64.00	434.70	3.53
MS	70.00	463.30	5.15
IR	55.00	221.70	-8.56
WR	66.67	448.30	4.30
CC	57.14	300.60	-4.08
OC	60.00	366.50	-0.34

Note: Probability value – 0.000 at 0.05 Significance level. DT- design of task, MS- management style, IR- interpersonal relationships, WR- work roles, CC- career concerns, OC- organizational culture/climate

Low supervision, poor leadership and poor social environment were considered under organizational climate/culture which contributed to OS with a median value of 3.0 in the fourth place. occupational stress was then affected by career concerns which consisted of job insecurity, lack of opportunity to career development, lack of promotions and benefits, poor pay, being over/under skilled for the job, and rapid changes for which workers had been unprepared (median value 2.85). Interpersonal relationships category which included conflicts with coworkers and customers, lack of linkage among coworkers and lack of support from supervisor and peers contributed to OS with least level of magnitude.

Comparison of Mean Values

Results of the mean value comparison figured out that, MS had the highest impact on OS (mean value=3.40) whereas, IR had the lowest impact on OS (mean value=2.71) among the six stressor categories (Figure 3).
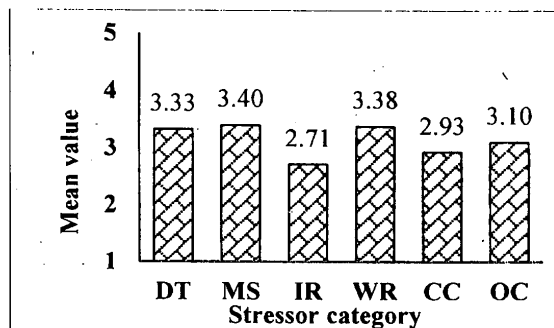
Figure 3. Mean variation among stressor categories. DT- design of task, MS- management style, IR- interpersonal relationships, WR- work roles, CC- career concerns, OC- organizational culture/climate

Outcomes of the Spearman's Rank Correlation Analysis

The correlation between OS, JP and PP were examined using the Spearman's Rank Correlation analysis. The results indicated that, JP was significantly and inversely correlated with OS with a correlation coefficient (r) of -0.183 at 0.05 significance level while, PP was significantly and positively correlated with OS with a correlation coefficient (r) of 0.260 at 0.01 significance level. Although, the findings in terms of JP is in line with the H_1 and the results of the correlation denies H_2 where, PP was found to be increased with the increase of OS and *vice versa* (Table 4).

Table 4. Results of the Spearman's Rank Correlation Analysis

Tested variables	Correlation coefficient	Probability value
OS * JP	-0.183*	0.041
OS * PP	0.260**	0.004

Note: *-Significant at the 0.05 level; **- Significant at the 0.01 level (2-tailed); OS-occupational stress, JP-job performance, PP-personal performance

Consistent with previous research (Bashir and Ramay, 2010; Arshadi and Damiri, 2013), the study showed that occupational stress has a significant and inverse impact on job performance which indicates that, as the stress increases job performance decreases.

In order to assess the personal performance, the study concerned much on physical assets earned by employees during their banking service. Hence, the tendency towards acquiring more physical assets and monetary investments might influence on having a positive correlation between OS and PP. Thus, it becomes a limitation when generalizing the findings into the real life context as the focus of the study lacks much more psychological and social aspects in terms of personal performances.

CONCLUSIONS

In order to survive in today's highly dynamic and competitive business environment, organizations are mainly focused on gaining higher levels of productivity. The productivity in turn is dependent on the psychological well-being of the employees. Costs of stress are reflected by lower productivity, reduced quality of work, poorer mental and physical health *etc*. The study further implies that, the existence of occupational stress among banking employees can result negative impacts in job performance.

As management style was found to have greater impact on occupational stress, it is favorable to get subordinates involved in the decision making process. Having an effective communication system within the organization will also reduce the impact of management style on stress. Given the highly bureaucratic nature of structure, the banks are bound to follow rigid rules and regulations thus; the management style may insert lots of pressure on the regular workers. Thus, changing the structure to a much lenient model can encourage employees to work under an environment which is not too strict and bound with too much of regulations. Nevertheless, stress arising from worker roles can be reduced by recruiting competent personnel, employing the most appropriate person for the particular task and by proper delegation of responsibility.

Furthermore, redesign of confusing jobs, clarity of roles and responsibilities assigned, implementation of effective training and development programs, fair and just practices of rewards and recognition, effective grievance handling procedures and increase in linkage among coworkers will help in reducing stress among employees. Prolonged working hours which exceed the standard working period is also a reason of concern which limits the amount of time an employee spends with his/her family.

Thus, policy makers and administrative personnel in Sri Lankan banking sector are expected to have more concern in incorporating better human resource interventional strategies to make their employees feel safe and secure to perform their work effectively.

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