

Financial Risk and Job Stress in Banks: An Empirical Analysis

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Abstract

Stress in today's life is affecting everybody at workplace. The employees of the banks are not left behind. People believe stress is natural and some stress is required but actually stress is not at all good. Stress is causing health problems and breakdowns whether it is less or more. The research paper examines the different stressors related to financial risk encountered by private sector bank employees. The bank employees have to deal with the cash handling and transfer of cash, or cash management; though computers have come but still stress of overwork and managing funds may be there. A survey instrument questionnaire cum-scales comprising financial risk stressors was used for identifying financial risk conditions that leads to increase stress level among employees. A Stratified sampling method was used for the selection of banks in the private sector for the present study. The sample included 130 middle level respondent employees from private sector banks in Delhi. The survey instrument was shown to be both reliable and valid. Statistical analytical tools such as Mann Whitney U test, Kolmogorov-Smirnov Z - Goodness of fit test and other Descriptive statistics scores have been used. An overall analysis of total 130 respondents clearly depicts in above table that the stress experienced by respondents is due to the Checking of genuineness of notes (2.19) followed by its custody which is a risk taking responsibility (2.17).

Keywords: Financial risk stressors, stress, banks.

INTRODUCTION

Stress in today's life is affecting everybody at workplace. The employees of the banks are not left behind. People believe stress is natural and some stress is required but actually stress is not at all good. Stress is causing health problems and breakdowns whether it is less or more. Modern life is changing very fast and since everyone wants to keep

pace with this changing pattern, the life is becoming more and more stressful. It is not only at individual level but also at organizational level, life is becoming more stressful. Manager's role is very important in dealing with stressful situations in the organizations for building a positive, motivating work culture which should ensure optimum utilization of the capabilities of the team members leading to self and organizational effectiveness. If the work climate is

not appropriate or a person is not able to adjust with the working environment, then tension creates a stress and then further psychological problems.

Definition of Stress

Beatty (2001) Stress allows us to be at our best and the body needs to react appropriately when experiencing a physical threat in order to survive. An acute experience of stressful situation is not harmful. It is the chronic or long term stress response that can be dangerous to one's health.

Selye (1974) "Stress", the word stress refers to a state of deviation or variation from normal state due to unplanned or improperly designed system or work process resulting into failures and non-accomplishment of goals. A complete freedom from stress is death.

Selye, (1956) defined stress as the non-specific response of the body to any demand made upon it. The body's reaction to a stressor became known as "General Adaptation Syndrome" (G.A.S) or the biological stress syndrome which includes alarm reaction, resistance and exhaustion stage.

REVIEW OF LITERATURE

Freedy and Hobfall (1994), pointed out that the persistence of stress and burnout across the time suggests the need for effective intervention programs.

Cooper & Marshall (1976) Investigators have suggested management of stress rather its eradication

Madhu et al. (1990) conducted a study on role stress: differential influences of some antecedental factors. 173 managerial personnel from steel organization and 76 from petroleum organization participated in the study. It was found that the petroleum organization has a climate which would assist the employees in stress reduction where as the steel

organization may not have developed such a climate.

Basha and Ushashree (1997) studied on job stress and coping as related to perceptions of organizational climate. Significant negative relationship was found between perception of organizational climate and the amount of stress experienced by the employees.

Buck, (1972) has observed that both manager and workers who felt that they were under pressure reported that their superior always ruled with an iron hand and rarely tried out or allowed participation in decision making.

Friedlander and Margulies (1968), using perception data from an electronics firm, studied the multiple impacts of organizational climate components and individual job values on workers satisfaction. They found that climate had the greatest impact on satisfaction with interpersonal relationships on a job, a moderate impact upon satisfaction with recognizable advancement in the organization, and relatively less impact upon self-realization from task involvement.

Caplan (1974) describes how people seek out formal helpers to intermittently augment natural supports when out-of-the-ordinary challenges or problems arise. For example, people who are ill or exposed to a personal or family crisis may seek guidance from someone who has had similar experiences and can tell them what to expect and the options they have in dealing with burdens and challenges. Thus, both the informal and formal systems can be part of a family's social support network. Sources of support can allow families to successfully navigate the difficulties they encounter.

The Kahn research (1964) found that persons who were high in neurotic anxiety also had a sensitivity to organizational stress i.e. they had lower tolerance than their more stable counterparts to stressful situations.

OBJECTIVE OF THE STUDY

The objective of the study is to examine the organizational stress experienced by the private sector banks employees due to financial risk stressors. The aim is to study the relationship between the financial risk stressors and stress perception of the employees working in private sector banks.

Hypothesis of the study

- **HO1:** There is no relationship between the financial risk factors and stress perception of the employees working in private sector banks.
- **HA1:** There is a relationship between the financial risk factors and stress perception of the employees working in private sector banks.

RESEARCH METHODOLOGY

Scope of the study

An attempt has been made to study and understand the sources of organizational stress experienced by private sector banks middle level employees arising due to financial risk stressors. The type of factors that lead to stress and the level of stress they are bearing.

Sample

A stratified sampling method was used for the selection of private sector and for selecting bank branches, a random selection method was used. With an aim to assess the causes and impact of financial risk stressors on employees, two organizations from private sector banks (ICICI bank and HDFC bank) were taken as sample organizations for the present study. The sampling population of this research is 130 employees from private sector banks- HDFC (100), ICICI (30) form Delhi. This research followed a stratified random sampling method representative population. In all, 130 employees responded.

Data Collection

The study is based on primary data. The data were collected from employees on questionnaire-cum-scales from private sector banks in Delhi. The permission was taken from the manager of a randomly selected bank to fill the questionnaire from his bank employees. The information was collected by bank employees at middle level. The secondary data was collected through research publications, standard journals, periodicals and web.

Research Instrument - Questionnaire Method

Keeping in mind the objectives of the study, a questionnaire was used for identifying job situations and organizational conditions that leads to increase stress level among employees. The questionnaire is divided into two sections.

- (I) **Section I** - Demographic factors of the respondents (gathers personal information about the respondents)
- (ii) **Section II**-Financial Risk stressors that includes the following parameters in the questionnaire to identify organizational stressor

Responses on the scale were given via the use of five-point likert type scale for financial risk stressors and a standard questionnaire was used to know the response.

Reliability Statistics

Reliability statistics by using Cronbach's alpha test and Guttman Split-Half coefficient

Table 1

Coefficient Scale	Cronbach's Alpha	Guttman Split-Half Coefficient
Financial risk stressors	0.747(No. of items(5))	0.819

An alpha of 0.8 or above is regarded as highly acceptable for assuming homogeneity of items, while 0.7 is the limit of acceptability. The test shows that the items inter correlate and there is higher reliability i.e. all the items in the test are measuring the same characteristic.

Descriptive statistics

Stress perception of sampled employees on financial risk factors is identified. The purpose is to identify the parameter of financial risk as the most stress inducing or least stress inducing parameter in private sector banks.

Table 2

Financial risk factors causing stress	Mean	Std. Deviation
custody is a risk taking responsibility	2.17	1.457
Checking of genuineness of notes causes stress	2.19	1.312
Protection from loot, dacoit and other attacks	1.77	1.370
Computerization leading to insecurity and hacking of the official data	1.40	1.277
Other Risk factors associated with the finance causing stress	1.83	1.338

The parameters considered for the study of financial risk factors are cash custody (is a risk taking responsibility during working hours, checking of genuineness of notes causes stress, protection from loot, dacoit and other attacks is a great cause of concern to be taken up by the head offices or authorities, Computerization leading to insecurity and hacking of the official data is a great cause of concern and must be protected. Other Risk factors associated with the finance.

Higher mean scores indicate high stress intensity.

An overall analysis of total 130 respondents clearly depicts in above table that the stress experienced by respondents is due to the Checking of genuineness of notes (2.19) followed by custody is a risk taking responsibility (2.17).

Lowest mean score on computerization leading to insecurity and hacking of the official data (1.40) clearly indicates the least contribution of this parameter as a stress causing factor to the employees.

Inferential statistics

Testing the difference in the stress perception of employees of private sector banks for financial risk factors: Non parametric approach

- **HO1:** There is no relationship between the financial risk stressors and stress perception of the employees working in private sector banks.
- **HA1:** There is a relationship between the financial risk stressors and stress perception of the employees working in public and private sector banks.

Table 3

Financial risk factors causing stress (N=130)	Mean Rank	Sum of Ranks
custody is a risk taking responsibility	136.38	17729.50
Checking of genuineness of notes causes stress	125.36	16296.50
Protection from loot, dacoit and other attacks	143.76	18689.00
Computerization leading to insecurity and hacking of the official data	117.81	15315.50
Other Risk factors associated with the finance	122.06	15867.50

Table 4: Test statistics

Financial risk factors causing stress	Mann-Whitney U	Wilcoxon W	Z	Asymp. Sig. (2-tailed)
custody is a risk taking responsibility	7685.500	16200.500	-1.291	.197
Checking of genuineness of notes causes stress	7781.500	16296.500	-1.131	.258
Protection from loot, dacoit and other attacks	6726.000	15241.000	-2.909	.004
Computerization leading to insecurity and hacking of the official data	6800.500	15315.500	-2.811	.005
Other Risk factors associated with the finance causing stress	7352.500	15867.500	-1.853	.064

At 5% level of significance, Mann Whitney U test shows that p values significantly differ with respect to the parameters Protection from loot, dacoit and other attacks (p value=0.004) and Computerization leading to insecurity and hacking of the official data (0.005) Thus these two parameters of financial risk factors reject the null hypothesis and establish a significant relationship between the stress perception of the employees working in the private sector banks

by accepting the alternate hypothesis.

The other two parameters custody is a risk taking responsibility (p=0.197) and Checking of genuineness of notes causes stress (0.258) accepts the null hypothesis that there is no relationship between these parameters of financial risk stressors and stress perception of the employees of private sector banks.

Kolmogorov-Smirnov Z - Goodness of Fit**Table 5**

Financial risk factors causing stress	Most Extreme Differences			Kolmogorov-Smirnov Z	Asymp. Sig. (2-tailed)
	Absolute	Positive	Negative		
custody is a risk taking responsibility	.085	.085	.000	.682	.741
Checking of genuineness of notes causes stress	.123	.000	-.123	.992	.278
Protection from loot, dacoit and other attacks	.162	.162	.000	1.302	.067
Computerization leading to insecurity and hacking of the official data	.131	.000	-.131	1.054	.216
Other Risk factors associated with the finance causing stress	.169	.000	-.169	1.364	.048

At 5% level of significance the KS Z Statistic for all the parameters of financial risk stressors approximates to normal distribution.

Major Findings

- Among the various financial risk stressors, the Checking of genuineness of notes causes stress (2.19) and contributes more to the stress level followed by custody of cash is a risk taking responsibility (2.17).
- The parameters custody is a risk taking responsibility ($p=0.197$) and Checking of genuineness of notes causes stress (0.258) accepts the null hypothesis that there is no relationship between these parameters of organizational climate and stress perception of the employees of private sector banks.
- Lowest mean score on computerization leading to insecurity and hacking of the official data (1.40) clearly indicates the least contribution of this parameter as a stress causing factor to the employees.
- Protection from loot, dacoit and other attacks (p value=0.004) and Computerization leading to insecurity and hacking of the official data (0.005) reject the null hypothesis.

CONCLUSION

No matter all facilities are available today and hi tech infrastructure has made life of the employees in the banks easier but still certain things are difficult and so becomes the cause of stress. No doubt, for maximum stress relief, there must be change in one's internal mental processing and perception towards the world. A majority of employees face severe stress related ailments and a lot of psychological problems. Protection to employees must be given when financial risk stressors arises. Handling of funds in the banks is a major responsibility of the employees, so enough security must be given to the employees

in term of alarm bells, guards etc and it must be given by the management. This particular research was intended to study the financial stressors in bank on job stress of employee's private sector banks. If organisational climate related variables such as supportive culture, good and friendly climate, participative working climate, clearly defined authority and responsibility, proper working conditions, worker autonomy which exert a significant influence on the satisfaction of organisational members, then definitely, it would create a stress free environment and a balanced organisation climate that would yield more satisfied organizational members.

RECOMMENDATIONS

Efforts must be made by the organisation to give full protection to bank employees in terms of managing funds and handling cash custody in banks, protection in case of any attack from outside in the form of various protective measures such as alarm bells, guards etc. Proper training must be provided to enhance the knowledge of employees related to banking software and security of computer systems so that all the data must be protected.

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