

## **The effect of Work Stress on Employee Performance in Banking Sector in Quetta**

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### **Abstract**

*This study is based on the relationship between work stress and performance of the employees in banking sector. It investigated the effect of job related stress on performance of the banking sector employees in Quetta, Pakistan. Moreover it describes the factors that contribute to the stress level and strategies to cope with the stress of the banking employees. The target population comprised of United Bank Limited, Habib Bank Limited, Bank Alfalah Limited, Bank Al Habib, Bank Islami Pakistan Limited, Muslim Commercial Bank, Allied bank and Meezan Bank in Quetta city. Convenience sampling technique was used to collect data from 100 participants through questionnaire. Descriptive statistics and percentages are used to answer the research questions, furthermore, correlation and regression analysis are used to find the relationship among job stress and employee performance. The results revealed that there is a significant negative relationship among job stress and employee's performance in banking sector of Quetta. Moreover, it suggests that stress can be reduced through organizational support activities such as counselling, stress reduction workshop and training and retraining.*

**Key Words:** Job Stress, Employee Performance, Workload, Banking Sector

### **1. Introduction**

Business environment is dynamic and rapidly changing according to the advancement in the competitive world. Organizations are coping with the changing environment and managing their workforce to gain competitive advantage. Employees are the most important asset of any organization and performance of the employees are considered as a competitive edge over the

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competitor especially in banking sector. However, performance of employees are effected through several variables. Stress on work place is an important determinant in performance of the employees. Stress is a universal problem that possibly effect the performance of the employees at work place. Work place stress is a fundamental issue that directly affects the employer, employee and even society. It not only affects the working capabilities of the individual but also deteriorate the health conditions. It also threatens the organizational goal and creates an environment of uncertainty, restlessness and even distorts the overall planning. It also result in downsizing, mergers, loss of programming, and mostly incompetent employees. Katz and Kahn (1966); House and Litzman (1970) represent stress theory when he noticed conflict and role ambiguity as a component of stress. However, it has been noted that stress and significant anxiety effects the performance of the employees. (Turner & McCarthy, 2017). The stress or anxiety does not only effect the performance evaluation of the managers, but it also affects the health concerns of the employees in the organization. Stress and anxiety directly affect the performance of the employees in a negative way.

The technological advancement brings its own pros and cons for the business environment. This fast paced changing environment could lead towards the stress of the workforce especially those fields which are prone to pressure like banking sector. Pressure is a tool to increase performance of employees but on the other hand if excessive pressure is given to employees leads towards stress and effect the performance of the workforce. (Al-khasawneh and Futa, 2013; Issa, Yussuf, Olanrewaju, Oyewole, 2009).

According to Beheshtifar and Nazarian (2013), stress at work place is an inevitable phenomena and is relatively new concept of 21<sup>st</sup> century's lifestyle. The changing competitive environment has changed the whole world and every profession drastically and as a consequence stress emerged as a new concept in workforce. Stress is linked with the performance of the employees as it effects the working conditions. In an organization the pressure of work load accompanied with others could lead to poor performance of employees' especially of lower level.

### **Problem Statement**

The stress at work place is a combination of factors that accumulate and burst out as stressful condition in which individual is unable to contribute to

his work and even encountered with poor health condition. This situation even deprive individual from performing normal work that is responsible for the poor performance. The stress at workplace is considered a major hurdle in organizational failure. It is a grave threat for the employees and not considered and taken serious especially in banking sector. Banking is one of the most stressful profession and the employees are continuously under pressure of targets and high competition. The strict rules and regulations, long working hours, customer dealing, and difficult targets made it even worst for the employees. The research is being done to examine the effect of work stress on performance of the employees in banking sector. The stimuli which is responsible for stress at work place could be workload, globalization and competition, poor remuneration, long working hours and physical environment. As banking sector is in a state of continuous competition with other banks, pressurized their employees with targets. The employees work under work load and achieving targets encountered with stress which ultimately result in poor performance (Ajayi, 2008). The question that how the stress at work place effect the performance of the employees is under consideration.

### **Significance of Study**

The study is important to identify the effect of work stress on performance of the employees in banking sector in Quetta. There are many reasons that effect the performance of the employee's however, one of the major factor is stress at work place. Work pressure is considered as positive instrument in boosting performance of the employees but when it is prolonged, negatively affect the performance. Prolonged pressure creates stress for the employees and result in absenteeism, turnover etc. The front line managers in the banking sector play an important role in the decision-making process. If managers are in stress, they cannot make the right decisions, and it directly affects the performance of the overall organization (Methot, Lepine, Podsakoff, Christian, 2016).

Commonly it is analyzed that stress or anxiety affect the body, behavior as well as the mood of the employees. Stress effect on the mood of the employees that may cause restlessness, feeling of overwhelmed, sadness, feelings of depression, lack of motivation in work or lack of focus and angry outbursts. The management should focus on the reasons of

the stress among employees and identify those factors for the improvement of the employee's performance because overall performance of the organizations are linked with the performance of the employees. Stress is not taken seriously especially in banking sector, the reason of the research is to identify and highlight job stress among the policy makers and management of the organizations. So, they could include stress management techniques in dealing with the job related stress among employees. Therefore, the study is significant to examine the relationship between the job stress and employee performance.

### **Research Questions**

The study will reveal the following research question

1. What is the effect of work stress on employee's performance in banking sector of Quetta?
2. What is the nature of stress faced by banking employees in Quetta?
3. What are the factors that is responsible for work stress in banking sector of Quetta?

### **Limitations of Study**

Due to lack of time and mobility we couldn't collect data from other cities. There are other factors which could reduce performance of the employees but we are only concern about the work stress related factors such as workload, environmental factors, work hours, poor remuneration, competition, poor management and pressure. Work stress also effect the heath and family matters which are not under consideration in this study.

## **2. Literature Review**

### **Job Stress**

Job stress is the reaction of the individual towards the excessive workload and the failure of the expectation form the job. Different Health and Safety Executive defines work stress differently based on the nature and demands of the job. The reasons of the stress can be explained when we examine the conflict between the workers and working environment of the job. There could be several reasons of the stress that create anxiety and depression among the employees, it could not only be related to job other factors like demographic, psychological, personal and environmental factors could also lead to such situations. It also depends on the capability of the individual to deal with the situations causing anxiety.

A study of the National Association of Mental Health argues that personality traits of the individual also plays important role in dealing with the stress and helps the individual coping with different situations. It also explains difference between pressure and stress. Pressure is the situation of tension that arises from the difficult situation in work place and could be positive to achieve the target but if the person is failed to deal with the situation and it continues for long time the result could be mental illness, irritation anxiety, fatigue and so on then it becomes stress.

### **Effect of Work Stress on Employees Performance**

Performance is defined as the capability of the employee to performance a task in respect to the resources and rewards given to them(Mathis and Jackson, 2000). There is conflict between direct and indirect effect of the work stress on performance of the employees. Direct work stress are those which directly comes from work load and indirect work stress include psychological stress along with work load. Khattak et al. (2011) argues that stress puts a negative impact on the employees and they become unable to perform their task properly. In public health sector a research in Azad Jamu Kashmir showed that the work stress like long working hours, management issue, reward system and others are negatively related to performance. While in adequate reward system is the highest stressor among the others (Naqv, Khan, Kant, & Khan, 2013).

In service organizations work stressors are the major source of poor performance of the employees. These stressors have negative effect on health of female employees that make them depressed and effect their performance. (Ismail & Hong, 2011).

There is a substantial relationship between work stress and the performance of the employees inthe banks. The concept of stress was introduced in 1990s to know the impact of stress on performance of employees. There are multiple studies regarding the effect of stress and performance evaluation.The studies concluded that stress or anxiety is the persistent behavior that may affect theperformance of the employees (Bakker &Demerouti, 2018). If an individual is consistently in stress then definitely it affects the performance of the individual. Due to stress, employees don't want to work and dissatisfy with their work. This shows that it does not only influence the performance of that individual but also affects the behavior and overall organization performance.

Stress is considered as a result of employment overload coupled with job insecurity, poor communication, and lack of performance evaluation mechanism and nature of work among the employees. All these variables negatively affect the performance of the staff. A competent employee if not rewarded according to his level of risk-taking ability and potential will encounter stress and his performance will be decreased (Pandey, 2020). According to a research in Nigeria stress negatively affect the performance of the employees and stress can be minimized by redesigning the jobs. Redesigning job will minimize the insecurities and concerns of the employees and provide a fair and transparent environment to manage the stress and enhance the performance of the employees (Ajayi, 2008). A research conducted by Elsafty and Shafik (2022) in a private bank in Italy during coronavirus pandemic studied effect of job stressors like work overload, role conflict and underutilization of skills on the performance of employees. The study concluded that role conflict and underutilization of skills has no impact on performance but work overload significantly affect the performance of employees (Elsafty&Shafik, 2022).

Stress and job performance has a negative relationship; individual, organizational and job related stress decreases the performance of the employees. In a study in Northern Region of Sri Lanka proved that employees of banks are prone to stress that significantly affects their performance. Among the three components of stress organizational stress strongly affect the performance of the employees. Organizational stress arises due to job conflict, unpleasant environment, and non-cooperation among staff members, discrimination and inappropriate appraisal mechanism (Jayasinghe&Mendis, 2017).

A study in Faisalabad city of Pakistan revealed six dimensions of stress that effect the performance of the employees in banking sector. The dependent variable is performance of the employees, independent variable is stress and moderating variables are lack of administrative support, problematic customer relations, excessive workload, work-life and family balance, the coworker relation, and riskiness of the job. The study revealed that all the six variables positively contribute to stress and as a result affect the performance of the employees. These situations create a stressful situation in which an individual is unable to balance work and family life. And it adversely affects their performance at the workplace (Shahid, Latif, Sohail,

Ashraf, 2011). Similarly another research in Faisalabad using work related stress variables as role conflict, role ambiguity and workload showed that employees work under pressure and unhappy with their working environment. Their capabilities are not utilized completely because they don't have control over their job which lead to frustration and stress. All these factors became the cause of stress that deprive them of doing their best in work and affect their performance (Ehsan & Ali, 2019).

Goswami (2015) argued that work environment, work overload and expectation from the job leads towards occupational stress. It affects the mental and psychological health of the employees and negatively associated with productivity and success of the organization (Goswami, 2015). Another research on depression and employees performance has suggested that the ability of employees to manage their psychological and physiological stresses leads towards better performance and success of their career (Adler et al., 2006). Alkubaisi (2015) argued that role ambiguity and workload is directly connected to performance of the employees. According to research conducted in Qatari banking sector he suggest that minimizing long banking hours, clear job description, adequate salary and reduction of work load will improve the performance of employees and reduce the level of stress (Alkubaisi

In a similar setup in Pakistan, research is conducted to measure the performance of the employees in baking sector, showed that the workload and long hours of working became the main reasons of stress. The employees under stress automatically tend to perform low and decreased his performance. Both the organization and employees suffer due to the situation. Managerial support can reduce the stress of the employees. (Ahmed & Ramzan, 2013).

### **Theoretical Framework**

The theoretical framework of the research is based on the identification of independent variables and dependent variables to analyze the relationship. As, the following research is based on analyzing the effect of job stress on job performance of the employees in banking sector of Quetta. The banking sector has been selected to analyze the relationship between both variables. Stress will be the independent variable in this research while performance evaluation of the employees in banks will be the dependent variable. Higher will be the stress; lower will be the performance. Similarly, a low level of stress, higher

will be the performance of the employees in the banking sector. Therefore, there is an inverse relationship between the independent and dependent variable.

### **Hypothesis**

H1: There is a relationship between job stress and employee's performance.

### **3. Research Methodology**

Research methodology is the part of paper in which the research method is discussed to collect and analyzed data to reach final conclusion. The primary purpose of the given research is to categorize the effect of work stress and anxiety on the performance of the employees of banking sector. The following method is used in this research.

#### **Research Design**

The effect of work stress on performance of the employees in the work place is examined in this paper. The research is based on finding the effect of job stress on employee's performance, it is objective in nature so quantitative research design is employed. The following research is based on analyzing the relationship between two job stress and employee performance. The research design is based on correlation research because the complete research is based on two variables. A correlation research design is a study based on non-experimental research design, and it has been used when the researcher wants to demonstrate the relationship between two variables (Veal, 2017).

#### **Data Collection and Variables of Study**

Data is collected through a design questionnaire. In this research questionnaire of Ajayi (2008) is used which is already used in a similar study in Nigeria. A Survey data collection instrument is used in order to collect and analyze the data. The variables are work stress and the performance of the employees in banking sector of Quetta.

#### **Sampling**

The sample size is 100 which is selected through convenience sampling techniques. The data was collected from United Bank Limited, Habib Bank Limited, Bank Alfalah Limited, Bank Al Habib, Bank Islami Pakistan Limited, Muslim Commercial Bank, Allied bank and Meezan Bank. A well-established questionnaire was used in collecting data from the employees of the banks in Quetta.



## Research Tools and Analysis

Statistical analysis with the help of SPSS is applied in the study to analyze the data. SPSS is known as statistical analysis software that is used to analyze quantitative data collected through large samples, it is a common software used in social sciences research. First part of the analysis is based on the profile of the respondents and descriptive analysis are used to interpret the questions of the research. Then correlation and regression analysis is used to examine the hypothesis and relationship among work stress and employee's performance in banking sector.

### 4. Results

#### Correlation Analysis

The correlation test is an effective approach to make a perfect relation between job stress and employee performance in the banking sector. It is because this correlation quantity is an effective degree to find out the correlations between variables.

**Table 1: Correlation**

		performance	Job Stress
Performance	Pearson Correlation	1	0.638**
	Sig. (2-tailed)		.000
	N	100	100
Job_Stress	Pearson Correlation	0.638**	1
	Sig. (2-tailed)	.000	
	N	100	100

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Correlation above shows that significant relationship exists between the two variables job stress and employee performance. The level of significance of the variables are 0.00. These results completely accept the hypothesis that there is a relationship between job stress and job performance. The nature of relationship is negative, job stress negatively affects the performance of the employees in banking sector. In fact, higher levels of stress are found in the banking sector. However, favorable conditions in some areas, such as, focused supervisory, training and retraining and supervision of medical and psychological support at work, the performance of employees can be well and lessen the stress to retard the performance of the employees.

### Regression Analysis

Regression analysis shows the relationship between dependent and independent variables and the strength of their relationship.

**Table 2: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.638 <sup>a</sup>	.407	.401	.51678

a. Predictors: (Constant), Job Stress

The value of R-squared also known as coefficient of determination is used to measure the proportion of variance that is caused by the independent variable job stress on dependent variable employee's performance. The value of R-squared in the table is 0.407 that clearly indicates that job stress explained 40.7% change in employee's performance.

### 5. Conclusions and Recommendations

The main purpose of the study was to analyze the effect of job stress on performance of employees. Data was collected from 100 respondents of eight banks in Quetta city. The results of correlation and regression analysis shows that significant negative relationship exists among employee's performance and job stress. Employees of banking sector dealt with work overload, long working hours, poor remuneration, globalization and competition that creates stress among employees and consequently their performance was effected. However, these stress could be minimize by adopting different stress management techniques. Other studies also depicts that work stress effect the employee's performance negatively (Ajayi, 2008. Shahid, Latif, Sohail, Ashraf, 2011 & Ehsan & Ali, 2019).

### Recommendations

Policy makers should make policies in line with the needs of the employees. Furthermore, Employees must be given special preference in any law related to working conditions and environment. Moreover, management of the banks must involve employees in decision making process as it will encourage employees and their concerns would be mitigated through it. Managers and supervisors should access the level of the knowledge and skills of their subordinate in order to conduct training programs. Also they need to

investigate the cause of stress and try to resolve the cause immediately. A clear and direct communication process should be established so the employees could talk about the difficulties related to their work or environment. In last stress management techniques and programs would be effective to minimize the stress among the employees.

The current study majorly focuses on defining the impact of stress on job performance, which is only a single aspect. In the future, the research can be conducted to analyze the relationship between stress and health conditions. It cannot be neglected that stress affects the health and mental conditions of the individuals. Further, the research can be conducted to analyze the relationship between stress and organizational environment. For this purpose, organizations can be selected and can analyze the impact of stress on organizational performance.

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