IMPACT OF STRESS AMONG BANKING EMPLOYEES: A LITERATURE REVIEW

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ABSTRACT

Managing stress among banking professionals worldwide poses a significant challenge, as stress can manifest both positively and negatively in the workplace. Positive stress can enhance productivity, whereas negative stress can result in losses for the organization. Banking employees already contend with a baseline level of stress in their work environment, which is exacerbated by additional pressures such as job demands. Many struggle to adapt to the rapid changes inherent in their roles, including role conflict, customer service expectations, technological advancements, and unresponsiveness from customers. This research aims to delve into the origins and consequences of job-related stress on employee performance within the banking sector.

Keywords: *Banking Industry; Work Pressure; Stress; Productivity; Technological Advancements.*

1. INTRODUCTION

repercussions on employee performance within the banking sector. Renowned for its high-pressure atmosphere, the banking industry presents employees with an array of stressors including job demands, role conflicts, customer service expectations, and technological advancements (Baliamoune-Lutz, 2003). These stressors can engender both favorable and adverse stress outcomes, where positive stress may bolster productivity while negative stress could lead to organizational setbacks (Baliamoune-Lutz, 2003).

The banking sector has been notably shaped by technological advancements, exemplified by the integration of Information and Communication Technology (ICT) and the emergence of mobile banking services (Zhang et al., 2018; Beccalli, 2007). Embracing new technologies like big data and the Internet of Things (IoT) brings forth opportunities as well as challenges for banks (Hasan et al., 2021). Nonetheless, the swift evolution of technology has presented unprecedented hurdles for conventional banking institutions, compelling them to maintain competitiveness in the digital era (Liu, 2021).

Furthermore, external forces such as the COVID-19 pandemic have exerted additional pressures on the financial performance of banks worldwide, underlining the importance of resilience and adaptability in crisis situations (Qadri et al., 2023). Research indicates that the volatile macroeconomic landscape can impact productivity shifts within the banking sector, with certain regions exhibiting consistent productivity expansion even amid global crises (Sharma & Sharma, 2015).

Initiatives aimed at bolstering financial performance within the banking sector have prioritized knowledge management, the integration of new financial technologies, and promoting financial inclusivity through technological adoption (Safaee & Yadegari, 2022; Jaya & Purbadharmaja, 2021). Nevertheless, the growing dependence on technology has introduced hurdles like techno-stress among banking personnel, underscoring the significance of fostering a supportive workplace environment and implementing comprehensive training schemes (Owusu-Ansah et al., 2016).

1.1 Why Employees Experience Stress in Banks

Banking sector employees experience stress due to several factors such as high workloads, inadequate leadership styles, conflicts between work and personal life, and concerns about job security. Research indicates that stress levels among bank employees are significantly heightened, emphasizing the importance of implementing strategies to tackle this issue (Kumar & Sundaram, 2014).

Challenges such as excessive work demands, centralized decision-making processes, and inadequate leadership practices are identified as contributors to the psychological stress experienced by employees, ultimately affecting their job performance and dedication (Saleem et al., 2019). Furthermore, the management strategies adopted by state-owned banks exacerbate competition, ultimately resulting in heightened work pressure and mental health challenges for frontline bank employees (Kan & Yu, 2016).

The fast-paced advancements and competitive landscape within the banking industry necessitate actions to mitigate job-related stress and elevate job satisfaction levels, especially within the private sector and emerging banks (George & Zakkariya, 2015). Stress among banking staff is exacerbated by factors such as excessive workloads, strained workplace relationships, and insufficient rewards (Ementa, 2015). Additionally, restructuring within financial institutions has subjected bank employees to stressful situations including unrealistic sales goals and uncertainties about job stability (Noordin & Panatik, 2015).

Employee turnover remains a widespread concern within the banking sector, affecting personnel across different hierarchies due to factors such as organizational commitment and turnover intention (Kadir et al., 2022). Instances of tension, stress, and pressure within banks escalate following organizational shifts, influencing the well-being of bank staff (Silva & Navarro, 2012). Additionally, research has delved into the interplay among organizational culture, demographic factors, and work-related stress among banking employees (Sarath & Manikandan, 2016).

1.2 History of Stress

Stress within the banking sector has been extensively studied, notably in industries like banking and manufacturing in Nigeria. Research has identified various stressors in these sectors, including exploitation, unfavorable working conditions, work-life imbalance, excessive workloads, burnout, and a hierarchical culture fostering a servant-master dynamic (Oruh & Dibia, 2020). Conversely, in Ghana, the banking sector's structured and standardized job roles have been noted to mitigate role ambiguity and conflicts, common stress triggers (Kordee et al., 2018). To assess solvency, liquidity, and spillover risks encountered by banks, stress testing models like the Macro-Financial Risk Assessment Framework have been developed (Chattha & Archer, 2016).

Elements amplifying employee stress levels within the banking industry encompass concerns regarding job stability, health hazards, excessive workloads, inadequate compensation, and delayed remuneration (Oruh et al., 2021). Studies indicate that banks with unfavorable stress test outcomes often reduce lending activities, particularly in sectors vulnerable to stress-test scenarios (Bräuning & Fillat, 2020). Furthermore, banks tend to bolster their capital ratios to avert failing stress tests (Nguyen et al., 2020).

In periods of market strain, liquidity risk may emerge as funding channels diminish, rendering banks incapable of fulfilling their commitments (Shah, 2023). Identifying variations in the impacts of banking regulations on stability is essential to comprehend how diverse regulations influence bank stability (Bermpei et al., 2018). Research has underscored a notable health issue concerning the elevated prevalence of hypertension among bank employees, with elevated rates observed within this occupational cohort (Omer et al., 2023; Shitu & Kassie, 2021).

1.3 Sources of Stress

These chosen references offer valuable perspectives on the origins of stress within the banking industry. Factors like workload, insufficient compensation, job insecurity, and limited prospects for advancement have been recognized as notable contributors to stress among employees in the banking sector (Siyambalapitiya & Sachitra, 2019; Das, 2016). Moreover, the structured and standardized job roles prevalent in the banking sector can help alleviate role ambiguity and conflict, which are frequent causes of occupational stress (Kordee et al., 2018).

Stress testing models have been developed to assess risks faced by banks, including solvency and liquidity risks (Chattha & Archer, 2016). Regulatory stress tests have been shown to impact bank lending and have macroeconomic consequences (Bräuning & Fillat, 2020). Liquidity risk in commercial banks can arise during times of market stress, affecting their ability to meet obligations (Shah, 2023). The quality of institutional regulations plays a role in determining the impact of bank regulations on stability (Bermpei et al., 2018).

Stress tests serve as vital instruments for gauging banks' susceptibility to hypothetical scenarios or occurrences, especially in evaluating credit risk (Başarır, 2016). Through comprehending these stress sources and their ramifications, banks can effectively address employee welfare, financial stability, and regulatory adherence.

1.4 Types of Stress

Stress can manifest through a variety of channels, spanning physical, emotional, and environmental stimuli (McGuigan, 1999). The intensity and duration of these stimuli can vary, and their categorization can be enhanced by accounting for their social aspects (Wheaton, 2013). Animal models have been devised to investigate the physiological and pathological reactions induced by different stressors (Jaggi, 2011). It's worth noting that stress can emerge from both insufficient stimulation and a lack of challenge (Adams, 1998).

1.5 Objectives of the Study

1. To examine the theoretical foundations of stress management.
2. To explore various research perspectives concerning stress management and its impact on employee performance.

2. REVIEW OF LITERATURE

Stress in the banking sector has been widely recognized as a critical factor affecting employee well-being and organizational performance. A growing body of literature explores the causes, effects, and potential strategies for managing stress among banking employees. This literature review aims to provide an overview of the key findings and insights from various studies, shedding light on the multifaceted nature of work-related stress in the banking industry.

2.1 Causes of Stress in the Banking Sector

Stress in the banking sector is often attributed to a combination of organizational, environmental, and individual factors. Gadzali (2023) highlights that work-life balance initiatives, when implemented effectively, can have a positive impact on employee well-being by addressing stressors related to workload, career sustainability, and financial stability. Similarly, Elsafty and Shafik (2022) find that job stress in the banking sector is significantly influenced by work overload, especially during the COVID-19 pandemic. This overload, coupled with role ambiguity, leads to decreased employee performance and heightened stress levels.

The increasing pressure to meet performance targets in the banking industry further exacerbates stress. Robina-Ramírez et al. (2021) argue that the competitive environment in banking places immense pressure on employees, leading to work-related stress and negatively affecting their welfare. The study emphasizes the importance of fostering a supportive work environment and addressing workplace values to mitigate these stressors.

2.2 Consequences of Stress on Employee Performance
The consequences of work stress on employee performance are well-documented in the literature. Stress has been shown to negatively impact both mental and physical health, leading to burnout and diminished productivity. Asiedu-Appiah et al. (2016) find that work-life balance practices, though partially implemented in some banking institutions in Ghana, are seen as vital by employees, particularly females, for managing stress and improving performance. Furthermore, burnout syndrome is prevalent among bank employees, as revealed by Dias and Angélico (2018), who find that burnout rates range from 49.6% to 55.78%, with long working hours and direct customer contact being major contributors to burnout.

Organizational culture also plays a significant role in stress levels among bank employees. Manjunatha and Renukamurthy (2017) argue that organizational culture in the banking sector influences employee behavior and stress levels, noting that a supportive work environment is essential for reducing stress and fostering positive employee outcomes. This is further supported by the findings of Kihara (2018), who demonstrates that the use of stress management strategies, such as relaxation techniques and counseling service, positively influences employee performance in the public service sector.

2.3 Stress Management and Coping Strategies
Effective stress management strategies are crucial for mitigating the negative impact of stress on employees. Several studies emphasize the role of organizational interventions in reducing work stress. Kaur et al. (2017) discuss the importance of coping mechanisms in managing work-related stress and their socio-economic impact on organizations. Similarly, Chaudhary and Lodhwal (2017) examine the role of organizational role stress (ORS) and its correlation with employee stress levels in nationalized banks, suggesting that targeted interventions can reduce stress and improve organizational performance.

Moreover, studies have shown that stress management interventions, such as training programs and social support networks, can help alleviate the adverse effects of stress. Gupta and Agarwal (2018) explore how stressors related to demonetization in India heightened work-related stress among bank employees, indicating the need for policy interventions to address such stressors. Asiedu-Appiah et al. (2016) also stress the need for better implementation of work-life balance practices to manage stress effectively, particularly for female employees in the banking sector.

2.4 The Impact of Job Stress on Employee Turnover
Job stress has a significant impact on employee turnover intention in the banking sector. Islam et al. (2019) find that job stress factors, such as role ambiguity and work overload, are closely linked to higher turnover intentions among private-sector bank employees in Bangladesh. This study suggests that addressing these stressors can help reduce turnover and improve employee retention. Similarly, Babalola et al. (2013) highlight the strong correlation between job stress and labor turnover in the Nigerian banking sector, recommending a reassessment of human resource policies to create a less stressful work environment.

The literature on stress among banking employees underscores the complex relationship between organizational factors, individual stressors, and the effects of stress on employee performance and well-being. Key findings indicate that work overload, role ambiguity, and organizational culture are significant contributors to stress in the banking sector. Stress management strategies, such as work-life balance initiatives and employee support programs, play a crucial role in mitigating the adverse effects of stress and improving employee outcomes. Future research should continue to explore the effectiveness of these interventions and examine the role of demographic factors in shaping employees' experiences of stress.

3. METHODOLOGY OF THE STUDY
The study employs a secondary data analysis approach, which involves examining existing literature available in online journals and gathering data from a wide range of sources spanning from 2011 to 2023. Our focus during this review primarily centers on papers that include keywords related to stress, stress management in the banking sector, and the effects of stress on employee job performance and job satisfaction.

By honing in on these specific keywords, we aim to gather relevant insights and findings from prior research that directly pertain to our study's objectives. This targeted approach allows us to draw upon existing knowledge and theories within the field, providing a solid foundation for our analysis and interpretation of the data. Additionally, by systematically reviewing literature that aligns closely with our research interests, we can ensure that the data collected is pertinent to the specific context and issues being examined in our study.

4. FINDINGS
The banking sector's work-life balance initiatives have been found to positively impact employee welfare, including improvements in mental and physical health, career sustainability, financial stability, community engagement,

and social security (Gadzali, 2023). However, job stress remains a significant issue, with factors such as work overload exacerbating its negative effects, leading to diminished performance and potential health problems (Shaikh, 2013). Organizational culture plays a crucial role in shaping stress levels, as a positive work environment is essential for mitigating stress and fostering success (Giorgi, 2017). Furthermore, stress management strategies are vital for enhancing productivity and reducing turnover, highlighting the importance of addressing stressors effectively. However, there is a recognized need for further research to fill gaps in understanding the full scope of stress levels and the specific stressors faced by employees in the banking sector (Abdolshah, 2018).

5. RECOMMENDATIONS

In light of the challenges associated with stress in the banking sector, several recommendations can be made to address the root causes and mitigate its effects. First, it is crucial for banking institutions to implement comprehensive stress management programs tailored to the unique stressors faced by their employees. These programs should include a combination of workshops, counseling services, and relaxation techniques that specifically address the high-pressure demands of the banking environment. Moreover, encouraging work-life balance is essential for improving employee well-being. Flexible work arrangements, wellness programs, and supportive organizational policies can create a conducive work environment that allows employees to better manage personal and professional demands. In addition to these measures, enhancing regulatory compliance practices is key in reducing the stress linked to regulatory scrutiny. By ensuring proactive adherence to regulatory mandates, banks can alleviate some of the pressures associated with compliance requirements.

6. CONCLUSION

The studies reviewed shed light on the multifaceted nature of stress in the banking sector, highlighting its significant impact on employee well-being, job performance, and organizational dynamics. Occupational stress arises from various sources, including work overload, role ambiguity, and organizational culture, with implications for both individual employees and the broader banking institutions. Additionally, regulatory stress tests and macroeconomic factors contribute to stress levels within the industry, influencing lending practices and overall financial stability.

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