

*Full Length Research Paper*

# Managing bank employee stress in a South African bank

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**This study was conducted within the retail credit evaluation and assessment (RCEA) units at one of the big four banks in South Africa. The objective of this study was to determine the overall stress levels of employees working within this environment based on demographics, length of service and qualification levels. A total of 77 respondents were targeted of which 40 respondents completed the questionnaire. Respondents emerged from three provinces, that is KwaZulu-Natal (30%), Gauteng (47%) and Western Cape (23%). The results of the survey revealed that 47.3% of the respondents identified their current stress levels as very high to high. A further 44.7% experienced moderate stress levels and 7.9% who rated their stress levels as low or very low. Almost two thirds (65.5%) of the respondents indicated that they would participate in a healthy lifestyle programme and that 67.6% of respondents would attend monthly physical checks by medical practitioners if provided by the employer. The study benefits the banking industry by identifying the factors that cause stress. Strategies can then be developed and implemented to manage stress levels of employees.**

**Key words:**Banking, workplace stress, employee stress levels, healthy lifestyle programmes, employee assistance programmes, stress management.

## INTRODUCTION

Credit risk management, credit evaluation and lending remains at the heart of banking and is considered a stressful occupation as the job is often characterized by high risk judgmental decisions which could result in profits or losses for the organization. The research addresses the factors that affect the executives working in the credit lending environment within one of the big four banks in South Africa and aims to identify the effects that these stressors have on such employees and thereby identifying whether stress management programmes being adopted in the work place will be positively received. For the purposes of the study only employees within the secured lending environment in the retail sector of one of the big four banks within South Africa was considered. Even though the granting of credit

extends over a wide field and covers areas such as unsecured loans, as well as secured loans within the wholesale credit and the transactional lending environment, the sample tested focused exclusively on secured lending within the retail banking sector. This study is presented under four key headings: Literature review, research methodology, results, discussion, conclusion and recommendations.

## LITERATURE REVIEW

The 2008 global economic crisis impacted on loan supply in emerging markets through contraction in direct loan supply by domestic banks (Cetorelli and Goldberg, 2011). Several banks throughout the world, both in developed and developing countries, experienced severe losses on their credit portfolios leading to banks failures and to a global fear of a systemic crisis. This crisis raised further

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concerns about financial systems stability and the need for closer control and supervision on lending activities and institutions (Boudriga et al., 2009). The economic crisis resulted in the profits of banks being put under strain, and the traditional credit lending model employed at financial institutions required a major overhaul, which impacted on the employees within the credit granting environment where the norm is to lend as much as possible. Dell'Aricecia et al. (2008) noted that there is a real cost to a banking crisis in that whilst adverse shocks cause poor economic performance and bank distress, bank distress has an additional adverse effect on growth, as banks cut back their lending which cannot be easily replaced by other sources of finance. To promote efficiency and performance some institutions have taken steps to reorganise their enterprises, merging and even laying off their employees to reduce manpower costs (Ouyang, 2009).

McNaughton (1997) stated that the key elements of effective credit management are: well developed credit policies and procedures, strong portfolio management; effective credit controls and most importantly, well trained staff who are qualified and equipped to implement such credit management systems. Banks with high profitability are less pressured for revenue creation and are thus less constrained to engage in risky credit offerings. A bank's profitability may also determine the risk taking behaviour of managers. Poor management in banking can imply weak monitoring for both operating costs and credit quality of customers, which induces high levels of capital losses (Boudriga et al., 2009).

The literature has suggested that for the notion of a healthy organisation to be present, there should be a match between workers expertise and needs, an effective management and reward system should exist, employee empowerment and involvement as well as support for the domestic and family needs of the worker as well as a balance between the needs of all stakeholders should be taken into consideration. Blaug et al. (2007) defined a healthy organisation as one in which responsibility for reducing stress is attributed to the organisation and where individual workers are given more responsibilities in terms of active participation in change and job redesign, engaging in honest feedback and communication with their employers and understanding the constraints within which they operate in the organisation. Fenwick and Tausig (1994) found that macroeconomic changes affect the stress experienced by individuals because they lead to changes in routine and day to day job structures. Ouyang (2009) found that with the high instability and severe competition in the banking sector, stress is becoming a serious everyday experience for employees. The attempts to define stress have resulted in a plethora of definitions, confusion and misunderstanding of the concept. There have been varied and differing views of stress and a general lack of

agreement on a common definition and understanding in the literature. According to Williams and Cooper (2002), stress is defined as an outcome of a process where the challenges and demands of the pressures of life, work or home are felt by the individual. According to Blaug et al. (2007), an individual's appraisal of his stress will be affected by a range of socio-economic factors which may not be directly work-related and may include gender, race, age, as well as geographical location, housing, health, number of children, family arrangement and community networks as well as other psychological factors including past experiences and personality traits. They therefore concluded that stress ultimately appears to 'lie in the eyes of the beholder'.

Stress management is a continuous process of monitoring, diagnosing and prevention of excessive stressors that adversely affects employees, management and productivity (Raitano and Kleiner, 2004). Stress management should be the responsibility of managers and employees as well; and both must maintain the lines of communication and feedback to determine appropriate means of diagnosis and a suitable mix of primary, secondary, and tertiary prevention methods (Raitano and Kleiner, 2004). Raitano and Kleiner (2004) suggested that workplace interventions and strategies could be broadly classified into three groups:

1. Primary strategies aim to prevent workplace stress through the control and prevention of hazards by design and worker training to reduce the likelihood of workers experiencing stress.
2. Secondary strategies focus on the timely reaction to the stress and aims to improve the ability of managers to recognise and deal with problems as they arise. These then tend to focus on the employee and attempts to minimize the impact of stress and hence diminish or reduce the effects and seriousness of the consequences of such stress.
3. Tertiary interventions involves the rehabilitation of the effects of stress once they have occurred and often involves offering enhanced support such as counseling to help distressed workers cope and recover, thereby enabling them to return to work as soon as possible.

It is evident that workplace stress is inherent in the banking industry and that employers and employees need to work together to manage and reduce the causes and the effects of workplace stress. What is not known is whether workplace stress exists in South African banks and how it is being managed. This study will attempt to answer this question among others.

## RESEARCH METHODOLOGY

The literature review has revealed that there is a gap in the

literature regarding workplace stress and stress management within the banks in South Africa. This study was undertaken to attempt to close this gap, however, it was confined to the retail credit evaluation and assessment (RCEA) division at one of the big four banks in South Africa as this division is target driven, is often characterised by conflict and uncertainty all of which can result in increased stress levels. The following objectives were developed to determine: The overall stress levels within the RCEA division based on: demographics, length of service and qualifications; the causes of RCEA employee stress levels; the effect of stress on employees in the RCEA division and whether the introduction of stress management programmes will assist in managing employee stress. The following research questions were investigated:

1. What are the main stressors affecting employees involved in the assessment and lending of credit?
2. What is the impact of demographics and qualifications on stress levels?
3. What impact does stress have on employee well-being?
4. Will employees participate in stress management programmes, if available?

Due to the small size of the population (100) of employees working in RCEA, all members in the population were included in the sample (n=100). Therefore, by implication all employees within secured credit lending at the said bank employed throughout South Africa were included in the survey.

The research instrument that was used for this study was a self-administered questionnaire. The questionnaire was accompanied by a letter encouraging participation as well as a letter confirming that the relevant permission had been granted to conduct the study within the institution. Respondents were advised that the ethical considerations of confidentiality and the anonymity of participants would be ensured as part of the introduction to the online questionnaire. The questionnaire obtained data on the following main areas; biographical data and factors specific to the respondents, the health status of respondents were considered if diagnosis was stress related, the overall stress and general health of the respondents and their general stress and fitness levels; the perceived major job stressors which respondents were to rate using a five point Likert scale, the effects of stress in terms of their feelings and lastly attitudes towards employee assistance programmes (EAP's).

A pilot test of the questionnaire was conducted whereby a paper-based copy of the questionnaire was sent to six of the prospective respondents to evaluate. The feedback received from the pilot study resulted in the question pertaining to the respondent's current qualification being amended to include additional categories of qualifications as follows: no matric, matric, matric plus diploma, matric plus degree, degree plus postgraduate diploma/degree and masters/doctorate degree.

The questionnaire was developed on Questionpro as an online questionnaire and a link to the survey was sent to the target audience. A total of 77 respondents viewed the survey online and 40 respondents completed the survey. The respondents emerged from three provinces within South Africa, which were KwaZulu Natal (30%), Gauteng (47%) and Western Cape (23%).

## RESULTS

The stressors affecting respondents were divided into three categories, viz., those factors that were intrinsic to the role, factors intrinsic to the organisation and external factors. Those factors intrinsic to the role were as follows; Constant interruptions, internal telephone calls, telephone

calls from external sources, time pressures and deadlines for report submission, incomplete information to perform an assessment, ambiguity in interpretation of the credit policy and perception that credit granting policies are too stringent to apply. The data has revealed that the majority of the respondents (50%) experienced high to highest stress from receiving incomplete information to perform a credit assessment, followed by meeting deadlines and general interruptions (Table 1).

Factors such as the number of internal telephone calls, telephone calls from external sources, ambiguity in interpretation of the credit policy and the perception that credit granting policies are too stringent to apply, resulted in a number of respondents experiencing low to moderate stress levels. Factors intrinsic to the organisation were categorised as poor internal communication, lack of management support, lack of support from immediate supervisors, too many internal meetings, office politics, unrealistic targets and objectives, untrained staff and relationships with peers. Other reasons for causing high to highest stress included the number of internal meetings, unrealistic targets and objectives and untrained staffs were cited by respondents.

### Overall stress levels within the retail credit evaluation and assessment (RCEA) division

It has been found that the majority of respondents (92%) experienced moderate to very high stress and only 8% reported low to very low stress levels. This is in keeping with the current literature on workplace stress where studies have established that stress has become an inherent part of an employee's life.

A comparison of stress levels between the gender divide in the study found that 65.4% of males experienced very high to high stress levels as opposed to 8.3% females within this category. A study by Granleese (2004) conducted at a bank, refuted the finding in this study that males experienced higher levels of stress compared to their female counterparts. However, the study by Granleese (2004) was conducted in 2004 and during this period the respondents, both male and female felt that the banking work environment was relatively pressure-free. This can be contrasted to only 8% of respondents in this study who stated that they experienced low to very low stress. The study by Granleese (2004) highlighted that different stressors affected males and females differently and that, men reported higher levels of pressure stemming from the work environment and managerial relationships with subordinates and superiors. Women reported significantly higher pressures stemming from perceived gender inequities and work-life balance concerns (Granleese, 2004).

It is evident from Table 2 that the majority (40%) of the

**Table 1.** Sources of stress in the RCEA division.

Stress source	Minimal stress	Moderate stress	High stress
Interruptions	12.5	45.0	42.5
Internal calls	35.9	51.3	12.8
External calls	22.5	50.0	27.5
Deadlines	18.0	35.9	46.1
Incomplete information	22.5	27.5	50.0
Ambiguity in interpreting loan policy	37.5	37.5	25.0
Overly stringent loan policy	27.5	47.5	25.0

**Table 2.** Cross tabulation of age with respondents stress levels.

Age	Respondents current stress levels					Total (%)
	Very low (%)	Low (%)	Moderate (%)	High (%)	Very high (%)	
Under 25	-	-	-	-	2.5	2.5
25 – 34	-	2.5	-	5	-	7.5
35 – 44	-	-	15	12.5	7.5	35
45 – 54	-	-	20	17.5	2.5	40
55 and older	2.5	2.5	7.5	2.5	-	15
Total	2.5	5	42.5	37.5	12.5	100

respondents who were aged 45 to 54 experienced moderate to very high stress whilst the majority (42.5%) of the respondents aged 35 to 55 and older experienced moderate stress. The middle aged respondents who were aged between 35 to 54 years old experienced high and very high stress levels. Only one respondent aged under twenty five experienced very high stress levels.

Table 1 highlights the disparities between the different age groups and the effect that stress has on them. Folkman et al. (1987) also explored the notion of age and stress and found that, younger adults experienced significantly more challenges in the domains of finances, work, home maintenance, personal life and family and friends than did their older counterparts. The lives of the older subjects were not characterized by high levels of daily stress and their outlook and pattern of coping seemed in the main to be fairly positive (Folkman et al., 1987). 92% of the respondents held middle management positions of whom 50% experienced high to very high stress. The results of the study revealed that no significant relationship could be formed between the number of years of experience (which was measured by way of the number of years the respondents were employed in their current position) and the perceived stress levels.

### **Causes of retail credit evaluation and assessment (RCEA) employees stress**

The questionnaire which was sent to respondents listed a number of factors that could potentially cause an

employee within the RCEA division stress. The causes that were most often cited by the respondents are explained and discussed subsequently.

#### ***Incomplete information***

According to Stair and Reynolds (2006), information is required to take decisions and solve problems. In order to take effective decisions on the awarding of loans, RCEA staffs require complete information from applicants. Chasing after clients and other stakeholders to obtain the necessary information has resulted in high stress among 50% of the respondents.

#### ***Ambiguity in interpretation of the loans policy***

The key function of the respondents in the study is the evaluation and assessment of credit granting within approved mandates and policies that have been developed at the financial institution which requires employees to study the various policies and apply these policies in the assessment of credit applications, as part of their key performance areas. A large number (62.5%) of respondents experienced stress when applying these credit granting policies as they viewed the policies as being ambiguous.

#### ***Untrained staff***

A key finding from the research was that 67.5% of the

respondents experienced stress when dealing with untrained staff. Rodgers (1991), mentioned that, 'a person who does not keep up with his education falls further and further behind and becomes a parasite on the bank'.

### ***Telephone calls and general interruptions***

The workflow process within the organisation is such that credit employees are expected to be accessible to business partners and stakeholders at all times and this is generally done by means of telephonic conversations to discuss loan applications. Respondents cited the number of telephone calls received, from both internal (64%) and external (77.5%) sources as a source of stress. This is in keeping with research conducted by Rojas and Kleiner (2001) who identified frequent interruptions in the workplace which resulted in lost productivity as a source of stress. According to Rojas and Kleiner (2001) noise, temperature, lighting, the sound of the telephone ringing, etc are external stressors experienced in the workplace, which concurs with the findings of this study. Whilst interruptions were not specified as in the Rojas and Kleiner study, they did contribute to high stress levels of 42.5% of the respondents.

### ***Perception that credit policies are too stringent to apply***

One of the causes of stress for the respondents in the study is the perception that credit policies are too stringent to apply (72.5%) when evaluating and assessing credit lending.

### ***Relationships with peers***

This study has shown that relationships with peers was not a major stressor in that a large number (74.36%) of respondents claimed to experience no (28.2%) or low stress (46.2%) when rating this factor as a cause of stress. Rojas and Kleiner's (2001) research claimed that competing in terms of performance with other colleagues, business units and businesses, etc. and dealing with violent, abusive or inconsiderate people was a common cause for stress. However, the results from this study highlighted that the respondents in this business unit had satisfying relationships with their peers and as such did not experience stress when dealing with their peers.

The study has revealed other workplace stressors which have led to high stress levels among respondents including: turnaround times for assessments (32.5%), poor internal communication (22.5%), poor management

support (15%), and office politics (22.5%).

### **The effect of stress on employees in the retail credit evaluation and assessment (RCEA) division**

According to Lee and Kleiner (2005) the negative effects of stress can include physiological, psychological and social disorders. Furthermore, they stated that, 'stress can contribute to a variety of physical disorders: Heart disease, high blood pressure, strokes, migraines, headaches, cancer, heartburn, asthma, diabetes, frequent illness, insomnia and persistent fatigue' (Lee and Kleiner, 2005). The authors defined psychological disorders as 'feelings of frustration, fear, conflict, pressure, hurt, anger, sadness, inadequacy, guilt loneliness, or confusion. The symptoms of psychological disorders include: Anxiety, depression, job dissatisfaction, maladaptive behavioural patterns, chemical dependency, lack of concentration and alcohol abuse' (Lee and Kleiner, 2005). Furthermore, the organisational effects of stress relate to the work environment which if perceived to be stressful can lead to higher employee turnover, conflict and the number of sick days increasing. The results of this study concur with the results from the study conducted by Lee and Kleiner, as the majority of respondents who experienced very high stress levels admitted to feelings of helplessness/worthlessness (51.3%) and 20.6% acknowledged feeling depressed more than five times within the month preceding the survey.

Furthermore, 40% of respondents who experienced very high stress admitted to feelings of wanting to give up their job more than 5 times in the month preceding the survey. An anomaly that the study highlighted was that respondents with low stress also experienced feelings of restlessness and being mentally exhausted at the end of the day and feelings of being depressed as well more than five times in the month preceding the survey. This can be related back to research that was conducted by Wainwright and Calnan (2002) who were of the opinion that the symptoms of stress is to a certain extent based on perception, and for the most part based on self-reported mental and physical effects experienced by the employee. All too often, it may occur that an employee may not acknowledge the fact that he experiences stress but displays the symptoms of stress. A large percentage of respondents suffered from high blood pressure (34.6%) and high cholesterol (17.3%) which can be linked to the 'physical' disorders that manifest themselves in individuals who experience stress (Lee and Kleiner, 2005).

### **Introduction of stress management programmes**

Employers are currently facing immense challenges and

the growing demand for increased productivity in a global trading environment has had an effect on the stress levels of employees. For organisations to counteract negative health aspects for both the employee and the employer, it is imperative that employers embark on initiatives that promote good health and well-being. An encouraging point that emerged from the research was that a majority (66.7%) of respondents were willing to attend monthly medical check-ups and participate in stress management workshops (55%) and healthy lifestyle programmes (65%) to be able better to manage their stress levels.

## DISCUSSION

Research has proven that the age of the respondents and the level of stress experienced by the respondents were related in terms of where they were in their life cycle. The different age groups felt the effects of stress differently and as stated in the literature this could be due to different pressures and responsibilities being placed on the individual within a particular age bracket and level in the organisation. For the organisation, this is a key factor that has emerged from the research as all too often training interventions in an organisation are based on a 'one size fits all' scenario. The organisation can thus provide training and coping mechanisms to employees based on age specific causes of stress to the respondents. Furthermore, females with family responsibilities may experience higher stress than their male counterparts. The organisations must thus be sensitive to the needs of employees in order to create a work environment that is conducive to increased productivity and positive stress which energizes and creates a harmonious work environment.

The policies and procedure documents that need to be adhered to are not simple to understand and apply and are thus open for interpretation by different individuals who view applications differently. There is thus a need to apply policies and loan granting principles consistently across all the regions within the said financial institution so as to ensure that there is no reputational risk to the institution if policies and loan granting principles are not consistent in their application.

## Conclusion

It is evident that the objectives of the study have been met and that employees in the RCEA division of one of South Africa's big four banks experience high levels of stress which can be attributed to the intrinsic and extrinsic demands of the jobs which they perform. The findings of this study whilst not generalisable to the wider population of the bank being studied, certainly proves conclusively that stress exists, employees are willing to

work on managing their stress and the institution has a role to play in reducing employee stress levels. A healthier workforce is a more productive workforce.

## RECOMMENDATIONS

In order to manage stress within the organisation, it is recommended that the organisation encourage employee development and embark on training interventions for employees. Training specifically related to policies and policy implementation is a key priority. The more informed the employee, the less the stress and the more productive the employee will become. The organisation should explore other means of communication besides the telephone, such as email communication as a primary means of communication with credit employees. Furthermore, a call centre should be established to handle the client-organisation interface, freeing up the employees in the RCEA division to concentrate on their key performance area applying policies consistently in evaluating and assessing loan applications. The organisation should engage with employees when policies are being implemented in order to obtain employee support for such policies and also to create awareness and accountability for the policy and thus reduce the perceptions of having stringent policies which were cited as a source of stress.

In the study by Lee and Kleiner (2005), humour at work lowers employee feelings of anxiety, alleviates some boredom and reduces their perceived levels of stress. The effective use of humour and creating an environment that allows employees to interact and essentially have a bit of fun and entertainment can counter-act the negative aspects of stress experienced during pressure periods. An employee assistance programme (EAP) strategy needs to be implemented in a manner that builds credibility with the employees and is seen as a tool to be mutually beneficial to both the employer and the employee. Orren and Terblanche (2009) concluded that workplace participation in the EAP of employees from a banking institution resulted in improved productivity and improved relationships, a decline in financial, legal and medical problems and lower absenteeism and a lower number of disciplinary actions.

With the implementation of stress management interventions as well as employees taking ownership for their personal stress management, it is also important that individuals and the institution are able to adopt a positive and resilient attitude and not succumb to the pressures and demands of life and work and adopt a defeatist attitude. Weeks (2009) advocates that a culture of resilience must be woven into the very fabric of an institution's day-to-day interactions and that there is constant dialogue on a day-to-day basis.

This study has been limited, in that it focused on one division in one bank of the four main commercial banks in

South Africa. Due to the low response rate (40%), the results are not generalisable to the rest of the divisions of the bank; neither are they generalisable to similar divisions in other retail banks, where the stressors could be totally different.

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