

# The Impact of Stress in the Banking Hall: The Case of Banks in Kumasi Metropolis

**\*Benjamin Adjei. Danquah<sup>1</sup>, Wilson K. Nimsaah<sup>2</sup>, Lydia Appiah<sup>3</sup> and Prince Donkor<sup>1</sup>**

*<sup>1</sup>Department of Liberal Studies, <sup>2</sup>Department of Marketing, School of Business and Management Studies, Kumasi Polytechnic, Ghana and <sup>3</sup>Banker, Kumasi, Ghana*

*\*Corresponding author: danquah50@gmail.Com*

## Abstract

*Stress can affect body and the mind. People under large amounts of stress can become tired, sick, and unable to think clearly. Sometimes, they even suffer nervous breakdowns. This is the kind of legacy banking halls are currently giving to their staff members. This study was to find out the types of stress associated with banking activities, assess the impact of banking stress on economic activities and to find out the possible remedies. Data collection was conducted through a survey questionnaire comprising open and close-ended questions. The data analysis methods included descriptive statistics, Pearson correlation and Probit regression using Stata. The Pearson correlation and regression confirmed that stress has significant adverse effect on the performance of employees. It was recommended that payment of salaries should be made twice in a month instead of monthly to help reduce peak periods of banking delays.*

**Keywords:** *Stress, Banking Hall, Nervous Breakdowns, Banking Activities, Pearson correlation, Probit Regression.*

## Introduction

Banking hall is described to be the place designed to house activities of a bank or bankers. The English translation of bank emanates from the Italian word “banca”, for bench or counter. This was because the activities of banking were done on benches and counters. Therefore, the ancient banking hall represented temples, benches and counters.

However, banking in the modern sense of the word can be traced to medieval and early Renaissance Italian cities like Florence, Venice and Genoa (Hoggson, 1926). The evolutions of banking expand to Europe and a number of important innovations took place in Amsterdam during the Dutch Republic in the 16<sup>th</sup> Century and in London in the 17<sup>th</sup> Century. The current banking system is characterised with many varied customer transactions, advancement in information technology and state of the art equipments and infrastructure that has dramatically increase the transaction size of banks.

The increment of the transaction size of bank has also created stress in the current day banking halls. The stress affects both staff working at the banking hall and customers receiving services at the hall. Over the past years of evolution of banking activities, stress is also emerging as an increasing menace in banking institutions.

Selye (1936) first introduced the idea of stress in to the life science. He defined stress as the force, pressure, or tension subjected upon an individual who resists these forces and attempt to uphold its true state. The Health Safety Executive (HSE) U.K also defines stress to be an unattractive response to pressure or other types of unfavorable demands upon people. Stress can affect both the body and the mind. People who come under large amounts of stress can become tired, sick, and unable to concentrate or think clearly. Sometimes, they even suffer mental breakdowns. This is the kind of legacy our banking halls are currently given to their staff members and customers.

The modern economic trend in Ghana is characterized with alarming rate of bank establishments. Now the market system is so interconnected that there is no way any economic and financial transaction can proceed without the use of banks. The increase of economic and financial activities through banks has resulted to stress through long queues and pressure of banking staff. This presupposes that any stress related menace associated with banking will go a long way to affect many individuals and to the large extent, aggregate economic health and output.

This study is to find out the types of stress associated with banking activities, to assess the impact of banking stress on economic activities and to search for possible remedies. The paper is, therefore, divided into five sections. This introduction is followed by review of literature, the research method and data analysis. The last section of the paper looks the conclusion and recommendation.

## **Literature Review**

Stress exists in all kinds of organisation either big or small. The work places and organizations have become so much complex due to which it exists (Anderson, 2003). Stress in general is an unwanted reaction people have to endure.

### ***History and Growth of Banking in Ghana***

The activities of the first banks in Ghana started with the system of granting of loans to farmers and petty traders. The repayment system in the early banking especially in the area of farming was characterised with granting of portions of farm product as percentage ownership for the loan lenders. This system later evolved into exchanging of money with valuable commodities like gold and others. Finally, acceptance of deposits and changing of currency also took place (Hoggson, 1926). Ghana's banking sector has undergone significant changes over the years. In the 1970s, the Bank of Ghana (BoG) promoted the establishment of rural banks and the Government of Ghana also embarked on an extensive regulatory reform programme in 1983.

In February 2003, Bank of Ghana formally introduced the Universal Banking Business License (UBBL), which has brought more competition within the industry. To operate under the UBBL, existing banks must have a minimum net worth of US\$35 billion (excluding statutory reserves), and new banks should have a paid-up capital of US\$35 billion. Banks are required to hold nine percent of the cedi and foreign exchange deposit base with BOG on daily basis as primary reserves and 35 percent of their deposit base in cedi denominated assets as secondary reserves.

The growth of banking business in Ghana has been as a result of economic growth, increased foreign trade and massive technological advancement. Export of Cocoa, timber and other cash crops has increased the quest of many farmers to go in for heavy loans. Increased importation of other commodities to the country has also drastically increased the business of currency changing. Despite varied attributable factors, most literatures concentrate more on development of economic and technological activities as the pivotal strength behind the evolution and growth of banking in Ghana.

## Impact of Stress at the Banking Hall

According to Anderson, Coffey & Byerly (2002) the ultimate effect of job stress has significant bearing to employees' job performance, and most organisations in UK are trying to cope with this scenario. Among the literature, the following appear to be very common as impact of stress on job performance especially with banking activities:

Tension at work places (Abraham & Hansson, 1996; Duxbury & Higgins, 1991): This is the mental, emotional, or nervous strain; strained relations or barely controlled hostility between people or groups at the work place.

Lack of job satisfaction (Rose, 2003): A banking staff may be given high remuneration but will not be happy at the work place. The satisfaction that goes with motivation in the form of job security and love for the work will not be complete.

Lack of self-esteem at work (Erickson, Pugh, and Gunderson, 1972). Self esteem is opinion of oneself. The lack thereof is a bad opinion of oneself. Self esteem comes with being on top and having control over situations in life. Unfortunately when one is under pressure and stress, the person is rather being controlled and thus may lack the confidence to place him in the world of the self esteem class.

Lack of quality of family life (Abraham & Hansson, 1996; Duxbury & Higgins, 1991; Seibert, 1999): The many hours stayed at the work and the stress acquired seriously affect good time and leisure that husband, wife and children should have together. People who are under stress normally turn to be quite and that seriously limit communication in one's family life which is not the best for a relationship between husband and wife.

Psychosomatic problems (Beehr, 1976; Brook, 1973): Psychosomatic problems are more related to one's mental health. Staff under stress becomes highly impatient and irritated with little things. Stressed staff may behave abnormally and mostly fail to be rational.

Lack of commitment in organisation (Stamper & Johlke, 2003): When there is much pressure on staff and many queries related to performance, staff normally feel threatened and may not have much commitment to the things of the work place.

Employee – employer conflict (French and Caplan, 1972; Kahn, et al, 1964; Shirom and Mayer, 1993): Stress mostly results in unnecessary tension between employee and employer.

Mistakes and related longer period for solving anomalies (French and Caplan, 1972; Kahn, et al, 1964; Shirom and Mayer, 1993): Staff who is under stress normally commits a lot of mistakes that in-turns forced staff to stay longer at work place for corrections. This even adds more stress and creates cycles of stress.

Ineffective feedback (Adams, 1980): Mostly staff under stress will not have quality thinking time to be able to appraise, summarise and give report back to supervisors and other users of information.

Work-family conflict and divorce (*Journal of Management* 28,787): Most especially women bankers turn to have many marriage conflicts and divorce because of stress and much other pressure at working places like banks. Some would have to hire the services of house helps who mostly turns to take advantage of their husbands.

Impact of status dissimilarity, lack of job security, let down ambition (Lawrence and Lorsch 1970): According to many management experts, work is done best using a team building system. Unfortunately, the bank is characterised with much pressure and strict supervision which even ends up stress creation. Therefore, instead of the creation of team spirit, the subordinates rather sees themselves as merely working class who works for pay and hardly contribute to high level ideologies.

Sickness and sick leaves (Health and Safety Executive, 2001): Stress is a health related hazard that goes along with much sickness like headache, blood pressure and others which mostly lead to hospitalization and absenteeism from work. This also affects productivity in the long run.

## **Methodology**

In the selection of the proportion, the sampling technique employed was non-probability, taking cognizance of its drawbacks of the inability to make generalization on statistical ground from the findings. This method was adopted because unlike probability sampling, non-probability approaches are more suitable for in-depth qualitative research in which the focus is often to understand complex social phenomena (Marshall 1996; Small 2009).

Under this technique, convenience and purposive sampling were used. These were used because it was quite easier to obtain the required sample size and also the selected sample is easily accessible. Nevertheless, the purposive sampling is usually not considered to be statistically representative of the total population and the possibility of neglecting a number of the qualified units.

Four major banks namely Barclays Bank of Ghana Limited, Ghana Commercial Bank Limited, Rural Bank and Co-operative Credit Union was selected. These banks were selected to allow for comprehensive examination of the banking industry. Also, the researchers saw the need to have a sample representative enough to improve the likelihood of obtaining results that were similar to the results of the entire population of the banking industry in the country.

Both close and open-ended questions were used taking into account the characteristics of the respondents and the need to enhance the response rate. In all, 180 questionnaires were sent out; 45 to each bank under study. However, only 116 employees responded. The author used both face to face and telephone calls to conduct series of interviews with some managers, accountants and auditors of the companies. It also gave the writer the opportunity to ask other questions which were not covered by the questionnaire.

## **Data Analysis**

Data gathered were scrutinized, with reference to existing literature on the area of study to achieve reliable findings. The data gathering, editing and coding were analysed through the use of tables, pie chart and other statistical presentations.

### ***Data Presentation and Analysis***

It was found out that all workers of Barclays and Ghana Commercial Bank experienced stress in their course of work. In the same vein, 89 percent of rural banks employees got stressed at their place of work. The figure, however, stood at 80 percent for workers at the co-operative credit unions. On the average, 92 out of every 100 bank employees encountered stress in the course of the job.

On the other hand, all customers except those at co-operative credit unions encountered stress when transacting business with those banks. The rate for co-operative credit unions was estimated at 67 percent. In summary, 91.8 percent of banking customers got stressed up at the banking halls.

The results further revealed that the commonest cause of stress to banking employees encompasses workload, keeping up with quick technology, career development and labour turnover. The rest include competition, role conflict, being in an innovative role and other factors such as overtime, interpersonal relations etc.

Workload was the most pronounced cause of stress, figuring at 20.3 percent followed by keeping up with quick technology and career development and labour turnover at 15.9 and 17.1 percent respectively. The rest are competition (15.9%), role conflict (10.8%), other factors (8.8%) with being in an innovative role being the least at 8 percent. These causes of stress were used as sample items which measured stress.

Evidence from the Cronbach's alpha coefficients indicate that the sample items used to measure each of the concepts, that is performance of workers and stress are reliable and therefore can be used for further analysis. Measuring the intensity of each of the items used as an instrument for stress was anchored on a five point scale; 1: strongly agree, 2: agree, 3: neutral, 4: disagree and 5: strongly disagree. In the same vein, the performance of employee was also measured using 1 for low and 2 for high.

The Cronbach's alpha coefficient obtained for the items used to represent the performance of employees was 0.83. On the other hand, the corresponding coefficient for stress was 0.75. This implies that the sample items used as instruments indeed measure the concepts they represented.

## **Economic Impact of Stress**

### ***Results from Pearson Correlation Coefficient***

The study employed the Pearson correlation coefficient to further explore the direction and intensity of relationship that exist between stress and performance of workers. Dovetailing the works of Abraham & Hansson, (1996) and Duxbury & Higgins, (1991), the evidence indicated that stress and output of workers are inversely related figuring around  $-0.47$ . Furthermore, it showed that the two variables are weakly linked together.

### ***Evidence from Probit Estimation***

Apart from the Pearson correlation, the study employed the Probit estimation to explore the relationship between the four forms of stress and the output of workers. The coefficient of this estimation is referred to as odd ratio. The odd ratio shows how much a specific class in a category, used as an explanatory variable, influences the dependent variable vis-à-vis the reference class.

However, it is worth noting that the probability of the F-value is less than 0. This implies that the explanatory variables used in the estimation are jointly statistically significant. In other words, the results posit that performance of employees is influenced by the explanatory variables included in the model.

An expectant revelation of the result is the negative relationship between stress and employee's performance. In line with the findings of Health and Safety Executive (2001), the output of

employees who experienced stress in their course of work tends to reduce by seven percentage points.

## Recommendations

The following recommendations are preferred in the hope that their discussions and possible implementation will help reduce the magnitude of stress in the banking industry which mostly put bankers at risk and slows productivity.

The central bank should come out with a special task force unit and office that will periodically collect and assess data with respect to banking stress. This will compel banks to be more conscious with activities highly probable to cause stress.

There must be an institution of an award scheme for the banks that perform very well on stress prevention and control. It can as well be incorporated into the already existing banking awards.

Special attention should be given to the Ghana Commercial Bank with respect to stress prevention and control by the central bank. Besides the already existing delays, their customer interpersonal relation is very poor as indicated by the research. Another way to solve Ghana Commercial Bank ill-attitude is to totally privatize their service because they are seriously generating a lot of stress factors and retarding national productivity.

Government workers should be made to select their preferred banks for their salaries every year to reduce the burden on the Ghana Commercial Bank.

Payment of salaries should be made twice in a month instead of monthly to help reduce peak periods of banking delays.

## Conclusion

From the study, it is palpable that the commonest cause of stress is workload followed by keeping up with quick technology, career development and labour turnover. The rest include competition, role conflict, being in an innovative role and other factors included overtime, interpersonal relations, etc.

Furthermore, the paper showed that stress has an inverse relationship with performance. It also revealed that mental disturbance is the most pronounced form of stress in relation to output of workers at the banking sector. The findings further indicated that headache lead to a decline in performance of employees. The effect of tiredness on performance was, however, found to be insignificant.

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