Identifying Work-Related Stress among Employees in the Malaysian Financial Sector

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This paper examines what are major factors that lead to stress among employees working in the financial industry, and how it impacts the performance of these employees. In this study, 127 customer service officers were selected from investment banks in Kuala Lumpur, Malaysia. The results show that role ambiguity and work intensification are the main causes of stress among employees in the financial sector. The results also show work-related stress is significantly and negatively related to employees’ performance. This paper therefore provides not only information on stress factors, but also sheds light on how stress at work can be prevented through a proper job description and manageable workload.

Field of Research: Work-related stress, Work performance, Financial Sector, Malaysia

1. Introduction

The working environment of the business organizations in the service sector has evolved dramatically. In some high contact service organizations, customers typically approach the service providers (i.e. real estate industry, legal services, beauticians) while in other areas, the service organizations initiate the contact (i.e. insurance, stock market agents). For a number of reasons, employees in these service organizations are subject to a high degree of work-related stress. High work-related stress is dysfunctional, and it has been one of the major reasons for job dissatisfaction, and poor work performances. Research also has proven that work-related stress is very much linked to increased absenteeism, burnout, and adverse turnover in the organizations (Montgomery et al., 1996).

The purpose of this paper is to explore the main causes of stress among employees of the financial service sector in Malaysia. This sector has grown beyond its major role of a facilitator to the development of the country, but has become a growth sector in its own right, attracting foreign investments, generating valued-added businesses, and generating employment

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opportunities for many (Bank Negara Malaysia, 2009). Therefore, it is important to analyze work-related stress faced by employees in the financial sector as any frustration faced by the employees is bound to reflect on the industry as a whole. As pointed by Miller et al. (1988), jobs in the financial service sector are one of the most stressful jobs in the United States. Chonko and Burnett (1983) further supported this statement by highlighting that employees working in this sector are distinctly more vulnerable to work-related stress.

There have been a number of comprehensive studies about stress at the work place over the past decade. However, these previous studies are mainly focused on the manufacturing industry and the customer relations industry. Evidence about causes of work-related stress in the Malaysian financial sector is less extensive. Therefore, this paper endeavors to address this literature gap.

2. Literature Review

2.1. Work-Related Stress

Work-related stress is distinct from stress in general because it is in the nature of the organization. Work-related stress may be a result of a misfit between employees’ abilities (i.e. technical abilities) and skills (i.e. interpersonal skills) as they are not given adequate training and resources to perform their tasks in the most effective way. Work-related stress may be a result of an employee’s being faced with conflicting job requirements and demands (Jamal, 1990). Similarly, Parker and DeCotis (1983) stated that work-related stress can also occur when individuals are faced with too much work that they can carry out. Montgomery et al., (1996) further defined work-related stress as a feeling of dissatisfaction as a result of differences between perceived conditions and happenings in the area of work, and the basic human physiological reactions to the real life conditions in the work place which they find uncomfortable, undesirable and threatening.

However, not all forms of work-related stress are perceived to have a negative influence on employees. In fact, a certain amount of stress has been proven to be effective in improving the performance of an employee (Brief et al., 1981). For example, an employee working towards a promotion may be under a certain amount of stress, but at the same time, it is also an exciting experience to work towards such an opportunity.

It is important to keep in mind that mismanaged stress at the organizational level can prove to be harmful to the overall organization. Work-related stress is additive in nature because the more the existence of stress factors in the working environment, the higher the level of work-related stress the employees suffer from. As a result, mismanaged stress of any type is likely to lead to physical, psychological, and behavioral problems as well as job dissatisfaction among employees (Larson, 2004).
There are various types of stress at the work place can be caused by various factors. The main causes can be categorized either as task-related or working environment-related factors. The task-related factors could be further classified in to three different types, namely role ambiguity, role conflict and work intensification. Working environment related factors, on the other hand, could be further broken down into various categories, such as relationships with colleagues, working conditions, and bullying and harassment (Montgomery et al., 1996).

2.1.1. Role Ambiguity

Role ambiguity refers to the uncertainty on the part of an employee about the primary requirement of what they have to perform on their jobs, and what is expected of them in terms of how they behave (Baron, 2010). Role ambiguity is identified as a component that gives an employee a lack of control over his or her actions, and consequently, is a major contributor to work-related stress (Karasek, 1979). Role ambiguity can be high in the financial industry, where employees have to do different set of tasks daily as a part of their job requirements. The main reason behind role ambiguity is the lack of clarity and predictability in the job. Long period of employees going through role ambiguity can commonly lead to low levels of job satisfaction, low levels of employee involvement at the work place, high absenteeism, and high amounts of tension among employees, which are directly linked to work-related stress, or are consequences of work-related stress (Menon & Akhilesh, 1994; Schuller, 1980; Behrman & Perreault, 1984; Boles & Babin, 1996).

2.1.2. Role Conflict

Role conflict among employees occurs when incompatible role expectations exist within the work place. Such conflicts happen when there are differences between employees and the management about the content of the required job tasks (Kahn & Byosiere, 1992). Larson (2004) further explained that role conflict develops when an employee is faced with contradictory job demands such that compliance with a particular set of pressures makes adherence to another set difficult, objectionable or impossible. The amount of the role conflict an employee faces will depend on the amount of role pressures they have to comply with. Chonko et al (1983) and Fry et al (1986) both argued that high amounts of role conflict can lead to greater levels of work-related stress.

2.1.3. Work Intensification

Work intensification refers to role overload which usually exists when employees are faced with various obligations, role demands and duties which requires them to accomplish more than they can with the time available (Tyagi, 1985). In some functional areas, employees are required to work under extreme pressure to produce quality works, and in such situations employees are likely to be asked to perform more than their abilities. Working
under such conditions is highly stressful, and employees tend to be highly anxious when they have a lot to do before a deadline.

2.1.4. Relationships with Colleagues

High level of stress is due to a lack of sensitivity towards colleagues, which may lead to aggression (Spector et al. 2000). Similarly, Galvin and Dileepan (2002) reported that poor relationship with colleagues is among the most stressful factor within the organization. French and Caplan (1972) noted that the responsibility for people is much more likely to lead to stress. Increased responsibility for people usually means that one has to spend more time interacting with others, and attending meetings.

2.1.5. Working Conditions

According to Catwright and Cooper (2002), work-related stress is caused by a change in the working condition of the organization. Other changes of the working environment, such as downsizing activities, have a notable effect on the stress level of employees. As noted by Doherty (1996), even though employees survive from downsizing exercise, they find the working environment is longer conducive as they may suffer from a sudden loss of colleagues, and a threat of job loss. The working environment is also changed due to an introduction of new technology and new procedure in the organization. Such changes contribute to the work-related stress of employees as they are required to learn learning new practices which may disrupt their works and responsibilities (Doherty et al., 1996).

2.1.6. Bullying and Harassment

Adams (1992) revealed that bullying is often seen as a more crippling and devastating problem for employees and employers than all other work place stresses put together. This is mainly due to the fact that bullying can have serious negative effects on health practices such as sleeping patterns, diet, and exercise (Cohen et al., 1997). The “bullying at work” unison survey by Rayner (1998) found that 75.6 per cent of employees who reported being bullied experienced negative health effects. This survey also highlighted that 73 per cent of employees who witnessed others being bullied or harassed suffer from stress, anxiety and depression in the place of work. It is interesting to note that employees working in lower administrative and service jobs are more likely to be bullied. Employees in senior positions, on the other hand, are often identified as the culprits of bullying and harassment (Björkqvist et al., 1994).

2.2. Stress on Work Performance

The adverse effect of stress may act as an impediment to work performance. The effects may be seen in the poor performance, high absenteeism, high turnover, and high recruitment and training costs (McHugh & Brennan, 1994). Caplan (1994) further supported that work related stress can affect work
performance negatively in terms of anxiety attacks, depression, and other chronic illnesses such as migraines, and loss of enthusiasm. Arrington (2008) mentioned that fatigue and tiredness can be one of the main reasons behind lower level of employee performance due to work-related stress. He also highlighted that psychological aspects of the employees are affected as work-related stress may result in a lack of concentration and motivation, and burnout.

After examining the literature of all relevant variables, a conceptual framework of this paper is illustrated as follows:

**Figure 1: Conceptual Model**

![Conceptual Model Diagram]

In accordance with the above theoretical framework, the following hypotheses are developed:

**H1**: Role ambiguity is a significant factor of the work-related stress level among employees in the financial service sector.

**H2**: Role conflict is a significant factor of the work-related stress level among employees in the financial service sector.

**H3**: Work intensification is a significant factor of the work-related stress level among employees in the financial service sector.

**H4**: Relationships with colleagues is a significant factor of the work-related stress level among employees in the financial service sector.
H5: Working Conditions is a significant factor of the work-related stress level among employees in the financial service sector.

H6: Bullying and harassment is a significant factor of the work-related stress level among employees in the financial service sector.

H7: There is a significant negative correlation between the work-related stress level and work performance among employees in the financial service sector.

3. Methodology and Research Design

The respondents of this survey were customer service officers working in investment banks in Kuala Lumpur. The interviews were conducted via a face-to-face approach. In total, 165 copies of survey forms were being distributed to respondents using systematic sampling. Out of 165 copies of survey forms, 127 were used in this study. However, 38 of them were discarded due to missing information in the survey forms.

The variables used in this study were chosen and selected with slight modifications from several studies of Montgomery et al. (1996), Beehr and Newman (1978), Zohar (1997) and MacKay et al. (2004). Variables measuring work-related stress in Malaysia were scored on a five-point scale ranging from 1 for “strongly disagree”, 2 for “disagree”, 3 for “neutral”, 4 for “agree” and 5 for “strongly agree”.

In order to measure the constructs in a meaningful and consistent way, a reliability test was performed to check the consistency and accuracy of the measurement scales. Table 1 showed that the results of Cronbach’s coefficient alpha were satisfactory (between 0.759 and 0.845), indicating variables were measuring the same underlying construct and were consistent.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Number of Items</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work-Related Stress Level (S)</td>
<td>6</td>
<td>0.845</td>
</tr>
<tr>
<td>Role Ambiguity (RA)</td>
<td>7</td>
<td>0.818</td>
</tr>
<tr>
<td>Role Conflict (RC)</td>
<td>7</td>
<td>0.768</td>
</tr>
<tr>
<td>Work Intensification (WI)</td>
<td>7</td>
<td>0.820</td>
</tr>
<tr>
<td>Relationships with Colleagues (R)</td>
<td>5</td>
<td>0.797</td>
</tr>
<tr>
<td>Working Conditions (WC)</td>
<td>5</td>
<td>0.789</td>
</tr>
<tr>
<td>Bullying and Harassment (BH)</td>
<td>5</td>
<td>0.759</td>
</tr>
<tr>
<td>Work Performance (WP)</td>
<td>10</td>
<td>0.834</td>
</tr>
</tbody>
</table>

A series of statistical techniques was performed to determine factors that lead to stress among customer service officers working in investment banks. First, factor analysis through principal component analysis and varimax rotation was used to group highly correlated variables into a smaller number of composite variables of stressors and work performance. Factors with eignevalues
greater than 1 were considered in this study. Additionally, variables with factor loading less than 0.60 were deleted from the data to have a clearer extraction of factors.

The factor analysis has been concerned with data deduction and identification of various constructs of work-related stress that influences work performance. Results that were obtained from the analysis subsequently led to the construction of various composite indices, representing various aspects of work-related stress level, and work performance. All the variables which have been identified as having the same underlying pattern were grouped together to construct an index. The index value was computed as an average score of values for all the variables included in each construct. Once indices were computed, regression analysis was performed to examine the effect of task-related and working environment-related stressors on the work related stress level, as well as the impact of the work-related stress level on the work performance of employees in the financial service sector.

4. Discussion of Findings

4.1. The Profile of the Respondents

Table 2 showed the profile of the respondents in terms of gender, age, education background, number of years of working experience, and nationality. There were more male respondents than female respondents in this study. Of the 127 responses received, a total of 82 were male participants (64.4%) in comparison to 45 female participants (35.4%), indicating the financial service sector is generally dominated by males. This is quite similar to the study of Perez (2009) that the majority of employees in the financial sector in the United States are males.

In terms of age, 87.4% were 20 – 50 years of age, followed by 8.7% in the age of 20 and below, and only 3.9% in the age range of 50 and above. The educational level of most respondents was undergraduate degree (57.5%). As for a number of years of working experience, most of the respondents (62.2%) were less than 5 years, followed by 5 – 10 years (26.8%), and 10 years and above (11%). It is interesting to note that the industry is attracting young, ambitious and energetic people who are searching for the most preeminent career opportunity. As mentioned by Kalakowski (2010), the financial industry offers a much more generous compensation package as compare to non-financial sectors.
Table 2: Characteristics of respondents

<table>
<thead>
<tr>
<th>Respondents’ Characteristics</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>82</td>
<td>64.6%</td>
</tr>
<tr>
<td>Female</td>
<td>45</td>
<td>35.4%</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under 20</td>
<td>11</td>
<td>8.7%</td>
</tr>
<tr>
<td>20 – 50</td>
<td>111</td>
<td>87.4%</td>
</tr>
<tr>
<td>50 or above</td>
<td>5</td>
<td>3.9%</td>
</tr>
<tr>
<td>Education Level</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diploma or below</td>
<td>42</td>
<td>33.1%</td>
</tr>
<tr>
<td>Undergraduate Degree</td>
<td>73</td>
<td>57.5%</td>
</tr>
<tr>
<td>Postgraduate Degree and Above</td>
<td>12</td>
<td>9.4%</td>
</tr>
<tr>
<td>Years of Experience</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under 5 years</td>
<td>79</td>
<td>62.2%</td>
</tr>
<tr>
<td>5 – 10 years</td>
<td>34</td>
<td>26.8%</td>
</tr>
<tr>
<td>10 years or above</td>
<td>14</td>
<td>11%</td>
</tr>
<tr>
<td>Nationality</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malaysian</td>
<td>124</td>
<td>97.6%</td>
</tr>
<tr>
<td>Non Malaysian</td>
<td>3</td>
<td>2.4%</td>
</tr>
</tbody>
</table>

4.2. Factor Analysis

As mentioned earlier, factor analysis was performed to test whether the variables represent their hypothesized components, as reflected in high loadings on the corresponding component, and do not confound the multiple components, as reflected in low cross-loadings. Analysis based on item-to-total correlations gave us with four ‘Work-Related Stress Level’ items, four ‘Role Ambiguity’ items, four ‘Role Conflict’ items, five ‘Work Intensification’ items, three ‘Relationships with Colleagues’ items, four ‘Working Condition’ items, three ‘Bullying and Harassment’ items, six ‘Work Performance’ items.

4.3. Regression Analysis

The following section exhibited the regression results of task-related and working environment-related stressors on the stress level among employees in the financial industry in Malaysia.

As reported in Table 3, 74 percent (R square) and 62 percent (Adjusted R square) of the variation in the level of work related stress was explained by task-related and working environment-related factors. The results obtained from the regression analysis showed that only two out of three constructs of the task-related factors (role ambiguity and work intensification) were found to
be significantly related to the work-related stress level, whereas all constructs associated with the working environment-related factors were insignificant.

Results showed that role ambiguity was the most significant stressor of work-related stress level \((p < 0.001)\), indicating role ambiguity is one of the main causes of stress among customer service officers in investment banks of Malaysia. Therefore, it is of utmost importance that employees working in this sector of the economy are clear about the tasks they have to perform, and the decisions they have to make. This finding is in line with previous works. Boles and Babin (1996) claimed that role ambiguity leads to lower levels of job satisfaction and high amounts of work-related stress among employees in service sector organizations. Menon and Akhilesh (1994) also showed a correlation between role ambiguity and work-related stress. As indicated in factor analysis, role ambiguity is based on 4 items, namely “I do not have a proper job description”, “My job description can be interpreted in more than one way”, “I am being asked to do more than what is required in the job description”, and “My work is unevenly spread without proper supervision”.

In line with the previous works of Beehr and Newman (1978), the relationship between work intensification and the work-related stress level is significantly and positively reported \((p<0.05)\). As shown in factor analysis, five items are associated with work intensification, there are: “I have to work at a fast pace throughout the working hours”, “I have to work overtime on a regular basis”, “I feel the performance standards set by the management are unrealistic”, “I am currently working at the limits of my capabilities” and “I am under constant pressure to meet performance standards”.

However, role conflict was not proved to be a significant cause of work-related stress among employees in the financial sector of Malaysia. This contrasts the findings in Chonko et al (1986) and Fry et al. (1986). They both mentioned that role conflict usually is an unavoidable attribute of a job, and high amounts of role conflict can lead to greater levels of work-related stress. Cooper and Smith (1986) further supported by stating that role conflict arises when employees are required to perform roles that conflict with their personal beliefs, or when they have number of incompatible roles to fulfill, which lead to stress-related disorders. One possible explanation for the absence of role conflict on work-related stress among employees of the financial section is that Malaysian employees may not reveal to others when experiencing conflicting role demands. As pointed by Grover (1993), employees are more likely to lie about role conflict to others when the reward or the benefit for hiding the truth is great.

As for working environment-related factors of stress, none of them was significantly related to the work-related stress level. Relationship with colleagues \((p=0.160)\), working conditions \((p=0.459)\), and bullying and harassment \((p=0.215)\) all proved to be insignificant in this study. In contrast to the findings of McKennitt (2010), the insignificant relationship between working condition and work-related stress level was reported. The insignificance level of working condition suggested that an up-to-date technology and a satisfactory office environment were provided to employees.
in investment banks. As a result, working condition is not being a significant cause of work-related stress in this study. Similarly, relationships between colleagues, bullying and harassment exist to a very limited extent in the financial sector of Malaysia. Earlier studies showed that negative relationships with colleagues and bullying and harassment have a huge impact on the work-related stress level (Einarsen, 1999; Adams 1992). Relationships with colleagues and bullying and harassment were proved to be insignificant in Malaysian context. One possible explanation is that societal norms may play a part in the level of stress a person suffers from. Malaysia, like many other Asian countries come from collective cultures. This is rather in contrast to western societies, where individualism and personal gain are preferred (Park et al. 2003).

Table 3: Linear Regression Analysis

<table>
<thead>
<tr>
<th></th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td></td>
</tr>
<tr>
<td>Role Ambiguity</td>
<td>0.525</td>
<td>0.076</td>
<td>6.908</td>
</tr>
<tr>
<td>Role Conflict</td>
<td>0.164</td>
<td>0.089</td>
<td>1.843</td>
</tr>
<tr>
<td>Work Intensification</td>
<td>0.239</td>
<td>0.092</td>
<td>2.600</td>
</tr>
<tr>
<td>Relationships with Colleagues</td>
<td>-0.100</td>
<td>0.071</td>
<td>1.411</td>
</tr>
<tr>
<td>Working Conditions</td>
<td>-0.060</td>
<td>0.080</td>
<td>0.743</td>
</tr>
<tr>
<td>Bullying and Harassment</td>
<td>0.109</td>
<td>0.087</td>
<td>1.250</td>
</tr>
<tr>
<td>R²</td>
<td>0.739</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted R²</td>
<td>0.620</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>21.541</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Dependent Variable: Work-Related Stress Level.

4.4. Correlation Analysis

As shown in Table 4, there was a significant and negative correlation (-0.233) between stress levels and work performance (p<0.01), which is in line with the findings of Arrington (2008), Caplan (2004), and Tjacowski (2007).

Table 4: Correlation Coefficient

<table>
<thead>
<tr>
<th>Stress Level</th>
<th>Stress Level</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td>-0.233**</td>
</tr>
<tr>
<td>Significance (2–tailed)</td>
<td>0.008</td>
<td></td>
</tr>
<tr>
<td>Number</td>
<td>127</td>
<td>127</td>
</tr>
</tbody>
</table>

**Correlation is significant at the 0.01 level (2–tailed)**
5. Conclusions and Recommendations

This paper is an insightful addition to the current literature regarding work-related stress in the Malaysian context. Of the task-related stress factors, role ambiguity and work intensification were found to be significant causes of stress among employees in the financial sector of Malaysia. However, role conflict was not significantly related to the work-related stress level. None of working environment-related factors, such as relationships with colleagues, working conditions and bullying and harassment, showed significant relationships in relation to the work-related stress level. It was also proved that a negative correlation exists between work-related stress and work performance levels.

In this study, customer service executives from investment banks place greater emphasis on task-related stressors than working environment-related stressors, namely role ambiguity and work intensification. These findings suggest that any financial service organizations in Malaysia place to reduce stress may need to ensure that they take these two task-related stressors into consideration as these two stressors will increase the stress level of financial service employees, and eventually their productivity and performance levels.

This research provides not only information about work-related stress factors, but also sheds light on how stress can be prevented at the work place. There are few recommendations that the management should consider to reduce ambiguity and work intensification stressors. They are as follows:

- Provide employees with a proper job description so that their job duties cannot be interpreted in more than one way,
- Promote honest and open two-way communication between employees, their supervisors and the management to handle work pressure,
- Design jobs to reflect the demands of the changing environment as well as the organization’s technology, and its employees’ skills, abilities, and preferences of its employees,
- Provide substantial freedom, independence, and discretion to employees in scheduling their works,
- Implement proper time management techniques enabling employees to handle their workloads in a more timely manner.

In addition, employees morel can be improve if the company policy is supportive and productive. A good policy can exert significance influence on how employees accomplish their jobs. For example, one of the policy statements in the company policy is to build a strong cooperative culture. Dealing with cooperative culture is the first step to reduce stress level of employees, and eventually improve work performance.
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