

# Unveiling the Link: Exploring the Impact of Perceived Organizational Stress on Employee Engagement in Banking Sectors

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## Abstract

In today's competitive market, employees are under a lot of pressure to perform well. The demands of the work usually outweigh a person's capacity. When an employee feels burdened by an excessive demand that exceeds their capacity to satisfy it, it is referred to as organisational stress. For modern firms, maintaining employee engagement is becoming a major concern. It is well recognised that motivated employees can perform wonders for a business, whilst disengaged employees can have disastrous effects. Organisational stress threatens employee engagement in their work. Because of the intense rivalry in the business climate, organisations are placing more and more pressure on staff to provide high-quality performance. Stress levels increase as a result of the reality and several other factors. It is commonly known that decreased employee engagement and increased stress have a detrimental influence on an organization's effectiveness. This study examines how organisational stress affects employee engagement in public and private banks. Since it is generally established that age has a significant impact on stress levels, the impact of age on organisational stress and engagement levels is also explored.

**Keywords:** Employee Engagement, intrinsic impoverishment, organizational stress, role overload, role ambiguity, role conflict, strenuous working condition

## 1. Introduction

Numerous studies on occupational stress have been conducted due to rising employee stress and its negative repercussions. The majority of people place a significant amount of importance on their jobs and strongly link their personal worth to their work. Individual health and happiness are significantly influenced by experiences at work. The importance of how work affects people's lives and wellness both during work hours and outside of work hours has increased over time (Ivancevich, Matteson, & Preston, 1982). Job stress is becoming a bigger issue for both individuals and businesses. It has increased health costs, absenteeism and turnover rates, accidents, and ineffective performance. Employees that experience extreme stress try to avoid it by losing interest in their jobs, showing up late, or taking days off. In severe circumstances, individuals can even resign from their

jobs. Employees can be affected by stress in both positive and negative ways depending on its intensity, nature, and length. On the one side, stress can enhance worker productivity, motivation, and engagement. However, stress can cause unpleasant feelings like anger, fear, anxiety, sadness, or disgust if it is too high. This study aims to investigate how organisational stress affects workers' participation in banks. To pinpoint the primary stressor in both public and private banks, a comparative analysis is conducted.

## 2. Literature Review

Erkutlu and Chafra (2006) state that it is generally accepted that stress is a person's reaction to expectations placed on them. Most of the time these are situations a person's wellness is compromised because they are

unable to live up to social standards. According to Kroes (1974), stress is an unsuitable workplace strain or burden that has a detrimental effect on the employee's mental and physical health. As the psychological stress is linked to employment, organisational stress is a subset of stress. When a person has insufficient training, lacks the tools needed to complete the job, or is faced with competing job expectations, job stress may result (Jamal, 1990). People who take on too much work may experience job stress, which can eventually result in burnout. The organisational culture that supervisors build through their leadership style is another possible source of work-related stress (Parker and DeCotiis, 1983). Due to its negative effects on motivation and performance as well as its tendency to increase turnover intentions, there are unfavourable effects of job stress on both the company and the individual (Montgomery, Blodgett & Barnes, 1996).

Occupational stresses have been the focus of extensive and broad research for the last three to four decades. Some of the main causes of stress for CEOs, according to Hurrell et al. (1988), are Organizational practices (like reward programmes for performance, supervisory procedures, and opportunities for promotion), job/task characteristics (like workload, the pace of work), organisation culture/climate; (like personal growth, employee value and integrity), interpersonal relationships (like those with supervisors, coworkers, and customers); and characteristics of employee (like family ties, personality, and coping mechanisms). Job stressors are categorise into six parts by Lu et al. (2003) and Burke (1988): physical environment, organizational structure and job features, relationships with others, career growth, and work-family conflict. Six main aspects, including job-specific factors, managerial positions, interpersonal interactions, career and achievement, organisational structure and environment, and home/work interface, have been identified as potential stressors at work by Lu et al. (2003). Stressors may be endogenous (i.e., special personality features, etc.) or exogenous (i.e., poor workplace conditions, excessive workload, lack of collaboration, etc.), according to certain researchers (Srivastva, Pathak & Purohit, 2023) (Antoniou et al., 2006). Srivastava et. al., (1981) studied occupational stress and proposed a model to measure Occupational Stress Index (OSI). According to Occupational Stress Index the twelve organisational stress dimensions are as given below:

- a) Role overload:** When staff members feel overburdened with duties and obligations, it lowers engagement and causes emotions of overwhelm.
- b) Role Ambiguity:** Ambiguous job requirements and roles can cause confusion and prevent workers from giving their tasks their full attention.
- c) Role Conflict:** Conflicting needs and expectations

throughout various roles can lead to stress and lower employee engagement.

- d) Unreasonable peer and political pressure:** there is a negative effect of Political pressure and excessive peer pressure on motivation and employee engagement.
- e) People:** Taking on too much responsibility for other people might result in stress and burnout, which lowers engagement levels.
- f) Under Participation:** Employee disengagement can be brought on by feeling excluded or having little say in decision-making.
- g) Powerlessness:** A sense of powerlessness about decisions pertaining to the workplace may lower involvement.
- h) Poor Peer Relations:** Negative relationships with peers affecting on an employee's engagement and morale.
- i) Intrinsic Impoverishment:** Lack of intrinsic drive and engagement can result from monotonous, repetitive activities without room for advancement.
- j) Low Status:** Employee engagement and sense of worth can be negatively impacted by feeling undervalued or having a low position in the hierarchy.
- k) Strenuous Working Conditions:** Physically taxing or uncomfortable working conditions might reduce employee engagement and well-being.
- l) Unprofitability:** A sense that one's efforts are ineffective or do not advance the objectives of the company might lower engagement.
- m) Employee Engagement (EE):** It has been observed that researcher has put a lot of interest in the idea of EE in recent months. EE may be a source of competitive advantage in these times of fierce competition, according to Jack Welch, the famous CEO of GE.

Organisations must contend with fierce rivalry in order to survive and prosper, and this forces workers to handle greater tasks, responsibilities, and workload, which eventually causes stress. Stress is a phenomenon that has a significant negative impact on a worker's commitment, willingness to put up the effort, and enthusiasm. EE is described as "the individual's involvement and satisfaction with as well as enthusiasm for work" by Harter et al., (2002). According to Wellins and Conelman (2004), EE is the driving force behind employees' best efforts to attain improved performance. Employee engagement is defined and assessed by Mone & London (2010) using six different constructs. According to Fine et al., (2010), we can measure EE in terms of satisfaction of the employees, dedication, and free time. Employee engagement, in the words of Schaufeli et.al. (2002), is "a positive fulfilling state of mind that is distinguished by vigour, dedication, and

absorption". The three elements of employee engagement were assessed using this concept and measure, and research from several sources has shown that it is valid and stable. Schaufeli et al., (2006), Schaufeli et. al, (2007) & Schaufeli et. al, (2008) through views about engagement from Kahn (1990) said that it is "the harnessing of organisational members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances." Employees who are physically involved, emotionally connected, and intellectually focused are said to be engaged, whereas those who are emotionally, mentally, and physically detached from their jobs are said to be disengaged (Olivier & Rothmann, 2007). According to Schaufeli and Salanova (2007), motivated individuals have a strong connection to their jobs and genuinely like doing them. According to Gruman and Saks (2011), "participating self in work activities" can help one establish and maintain this connection. Numerous researches have also noted an association between high levels of stress and low job satisfaction (Leigh et al., 1988, Hollingworth et al., 1981 and Keller et al., 1975). According to Coetzer & Rothmann's (2007), stress is a result of an employee's failure to meet job requirements, and factors like workload have a bad effect on employee engagement. Due to employment demands like the workload, an employee's level of vitality declines and his attention begins to wander (Maslach, 1993). Employee engagement levels drop when they are unable to focus fully (Coetzee & De Villiers, 2010). Burnout is a result of stress at work and other stressors, which eventually lowers employee engagement (Schaufeli Bakker, 2004). Hajjami et. al, (2023) studies the impact of remote work on employee engagement as a result of the large shift to remote work.

According to Tiwari and Lenka (2020), Employees are more engaged when they receive functional, monetary, and psychological benefits. The results demonstrate a favourable correlation between employee engagement and entrepreneurship, knowledge sharing, perceived communication satisfaction, and internal corporate communication. This study found that an organization's performance increases when it invests in human resources and has a human resource management (HRM) system that works effectively. (Tensay & Singh, 2020). Employee engagement is usually higher for individuals whose dispositional satisfaction is at a higher level (Barreiro & Treglown, 2020). In order for an organisation to retain its valuable staff, employee engagement is essential.

The study looks into the linkage between employee engagement and organisational stress. Additionally, the twelve aspects of stress and each individual's relationship to employee engagement are examined. Responses from banks in the public and private sectors are compared.

Each sector's primary stressor is evaluated. Age-related changes in stress tolerance are also examined, as well as the effects of age on employee engagement and organisational stress. Employee Engagement is handled as the dependent variable, whilst Organisational Stress and its twelve aspects are treated as the independent variables. The following are the formulated testable hypotheses:

**H01:** There is no significant relationship between Organizational Stress and Employee Engagement

**H02:** There is no significant relationship between the 12 dimensions of Organizational Stress and Employee Engagement

### 3. Research Methodology

#### 3.1 Sample Statistics

The current study is descriptive in nature. In this study, 200 paired questionnaires for (UWES) the Utrecht Work Engagement Scale and the Occupational Stress Index (OSI) were given to bank workers in both the public and private sectors using a randomised sampling approach. A response rate of 58% was achieved with 116 surveys in total that were completed and returned. 55 of the respondents worked for state banks, whereas 61 worked for private banks. The sample has 44 female participants and 72 male participants in terms of demographics.

**Table 1: Sample Statistics**

No. Particulars	Frequency
1. Sample Size	116
2. Number of Employees from Public Sector Banks	55
3. Number of Employees from Private Sector Banks	61
4. Number of Female employees	44
5. Number of male employees	72
6. Respondents from group 20-30 years age	32
7. Respondents from group 30-40 years age	37
8. Respondents from group 40-50 years age	28
9. Number of subordinates in age greater than 50 years	19

*Source: Authors Compilation*

The Utrecht Work Engagement Scale and the Occupational Stress Index were given to employees of public and private banks. The primary data for analysis were provided by the answers to the paired questionnaire. In contrast to UWES, which provided a score for the dependent variable Employee Engagement, OSI provided a score for the independent variable OS and its twelve aspects. The data was analysed using SPSS 16 and MS Excel 2010.

#### 3.2 Research instrument

The present research is descriptive in nature. Data were collected from the Madhya Pradesh State region.

For the research, the researcher has taken 116 samples and data were collected using the convenience sampling method. The structured schedule has been used as an instrument. Data on the stress levels of 116 subordinates were gathered using the Occupational Stress Index. There are 46 sub-parameters considered, each of which is graded on a five-point Likert scale. Out of 46, 28 are positively inclined and 18 are negatively inclined.

### 3.3 Reliability Index of O.S.I.

The internal consistency of the metrics used to measure the various components of organisational stress varies, according to the reliability tests. Notably, parameters with high Cronbach's alpha values—such as "Responsibility for persons" (.840), "Powerlessness" (.809), and "Low status" (.789)—indicate good internal reliability and reliable assessment of their respective constructs. However, factors with relatively low Cronbach's alpha values, such as "Unreasonable Group & Political Pressure" (.454) and "Poor Peer relations" (.549), may not always accurately reflect the ideas they are meant to measure. The modest Cronbach's alpha values for variables like "Role ambiguity" (.554), "Intrinsic impoverishment" (.556), and "Under participation" (.630) suggest a need for possible improvement to improve their internal consistency. The strengths and opportunities for improvement within the measurement parameters are highlighted by this reliability study, offering insights for further evaluating and developing the measuring equipment.

### 3.4 Utrecht Work Engagement Scale (UWES)

The scale was found to be suitable for assessing employee engagement since it is believed that this indication of occupational well-being, which encompasses the three qualities of vigour, dedication, and absorption, is strictly positive and essentially consistent (Schaufeli et al. 2002b). The UWES includes these three aspects of work engagement as well. Vigor is characterized by having a lot of energy along with mental fortitude while working, being ready to put effort into specific tasks, and staying firm to face challenges. There are different traits of dedication, including Purpose, passion, inspiration, pride, and challenge. "Absorption" refers to becoming entirely absorbed in one specific job. In this situation, time passes swiftly and it is difficult to put one's duty aside. The 17 items that make up the UWES, a self-report questionnaire, measure vigour (six items), devotion (five items), and absorption (six items) three underlying characteristics of work engagement. Items 1, 4, 8, 12, and 15 are used to measure vigour, items 2, 5, 7, and 10, and items 3, 6, 9, 11, and 16 are used to measure dedication and absorption. The ratings for each item range from 0 (never) to 6 (every day) on a seven-point scale. For vigour, devotion, and absorption, the internal consistency reliability index of the UWES-17 varied from 0.75 to 0.83, 0.86 to 0.90, and 0.82 to 0.88,

respectively.

## 4 Data Analysis and Discussion

The study employed regression analysis to analyze the relationship between Organizational stress, its dimensions and employee engagement.

*H<sub>01</sub>: There is no significant relationship between Organizational Stress and Employee Engagement*

**Table 2: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.460	.212	.205	17.144

Source: Compiled by Researcher

**Table 3: ANOVA<sup>b</sup>**

Model	Sum of Square	df	Mean Square	F	Sig.
1	Regression	9016.71	1	9016.71	30.67 .000 <sup>a</sup>
	Residual	33505.79	114	293.91	
	Total	42522.50	115		

Predictor- Stress total, Dependent Variable- Employee Engagement.

Source: Compiled by Researcher

**Table 4: Coefficients**

Model	Unstandardized Coefficient		Beta	T	Sig
	B	Strd. Error			
Constant	103.12	8.364	-.460	12.330	.000
	-.339	.061			

Dependent Variable- Employee Engagement

Source: Compiled by Researcher

The analysis's findings show a strong link between employee engagement and organizational stress. The estimated F value of 30.678 is higher than the threshold value, indicating that it is improbable that the observed link happened by accident. Additionally, the association is statistically significant at a very high degree of confidence, as evidenced by the incredibly low Sig. value of 0.000. The null hypothesis which is there is no significant relationship between Organizational Stress and Employee Engagement, is rejected. This suggests that, in the circumstances of the study, there is indeed a meaningful and statistically significant relationship between the degrees of organizational stress experienced by employees and their level of involvement.

*H02: There is no significant relationship between the*

## 12 dimensions of Organizational Stress and Employee Engagement.

**Table 5: Employee Engagement and Stress Dimensions**

Sub Scales	Pearson's Correlation Coefficient value between Dimensions of Stress and Employee Engagement
1	-.198*
2	-.413**
3	-.415**
4	-.413**
5	-.285**
6	-.386**
7	-.291**
8	-.137
9	+.014
10	-.291**
11	+.122
12	-.271**

Source: Compiled by Researcher

\*\* indicates the Correlation with significance at the 0.01 level (2-tailed)

\*- indicates the Correlation with significance at the 0.05 level (2-tailed)

With the exception of Intrinsic Impoverishment and Strenuous Working conditions, all other dimensions of stress bear a significant negative relationship with employee engagement (Table 5). The correlation with Intrinsic Impoverishment is almost zero and weakly positive with Strenuous Working conditions, which is insignificant. Correlation with Role overload is significant at the 0.05 level (2-tailed). The dimension of Strenuous Working conditions is contributing to stress but not affecting employee engagement as the incentives provided by the banks are very lucrative for targets achieved. Also the banking industry is investing in training its staff and the employees are well-equipped to handle strenuous working conditions. The causes of intrinsic poverty can include the repetitive nature of work, the opportunity to use skills and experience independently, the chance to hone aptitude and competency, the absence of advice in problem-solving, etc. The work at banks was thought to be dull, and the lower levels of management were not given many chances to apply their skills and experience on their own. Stress is being exacerbated by this. However, the bank also offers good chances for internal staff tests that lead to promotions. Additionally, staff suggestions are valued and frequently used. The workers are kept inspired and interested by this. Therefore, despite the fact that intrinsic

poverty has contributed to the stress score, it has little effect on involvement.

## 5. Limitations and Future Research Directions

Only the public and private banking sectors are included in this analysis. It is necessary to conduct studies in other industries and geographical areas in order to maximize the generalizability and applicability of findings. This quick analysis of the banking industry is only one. To determine the effects of long-term stress on the industry, longitudinal studies will be needed. Future research can be done to uncover any positive effects of stress, as this study only looks at its negative effects. Future research will be interesting in establishing the kind and ideal degrees of stress that can be helpful.

## 6. Conclusion

The study's findings highlight that there is a strong negative relationship between organizational stress and employee engagement. This connection emphasises the critical role that employee engagement plays as a possible source of competitive advantage, making engaged people priceless assets for any company. However, the study highlights a significant issue that could negate this benefit: occupational stress. An enormous threat to employees' overall engagement is the presence of high levels of workplace stress. These results support and confirm several other studies that have been published in the body of literature, hence confirming the validity and consistency of this association.

The conclusions of this study have broad ramifications for organisational strategy and management. Employee engagement can be negatively impacted by job stress, which emphasises the need for proactive measures. Therefore, it is important for businesses to understand and treat the stress levels that their employees face. Organisations may effectively protect and grow their employees' levels of engagement by taking a proactive approach to manage and minimising workplace stress. This comprises putting into practice focused strategies meant to lessen stressors, improve employee well-being, and create an environment at work that encourages engagement. Organisational leaders are urged to embrace this insight and take the initiative to create a culture that values and supports the well-being and engagement of their workforce as the study highlights the practical advantages of preserving a low-stress environment to do so.

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