



STRESS AND EMPLOYEE PERFORMANCE – A STUDY ON INDIAN BANKING INDUSTRY

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Abstract

The banking sector has been the instrument for the economic development for any nation and its role in a developing country like India is of vital importance. The presence of private players, global investment, participation of multi-national companies makes the Indian Financial System more vibrant and also complex and complicated. The banking activities world wide is emerging with a new face. Technological changes have become the very essence of the change in the banking sector. Inorder to sustain their status in this environment it is inevitable for banks to concentrate in developing their human resources. In addition to the conventional method of profit maximisation for achieving high performance, uplifting of HR performance is essential for achieving higher performance of banks in the present competitive world.

Keywords: *Employee Stress, Performance, Technology.*

Introduction

The last decade of 20th century witnessed radical transformation in the banking sector due to the spontaneous technological growth and changes in economic policies which brings remodeling of the Indian financial sector. As far as India is concerned banking sector is a major part of the Financial System. The presence of private players, global investment, participation of multi-national companies makes the Indian Financial System more vibrant and also complex and complicated. Inorder to cope up with the present global scenario it is under thorough face lifting process. At the same time employees in the banking sector have a conventional approach in bank management which brings stress due to the mismatch in the ability of existing bank employees and the requirement of bank performance in the present environment. Operational changes, product demands, customer requirements and the global practices bring embroil condition in bank operational system. Employees find it very difficult to face the issue which was not yet been addressed by them which automatically brings stress to them. Hence stress management becomes an inevitable factor in HRM for the better performance of banks and in strengthening the competency in the liberalised, privatised and globalised economy.

Statement of the Problem

The banking sector has been the instrument for the economic development for any nation and its role in a developing country like India is of vital importance. The banking activities world wide is emerging with a new face. Technological changes have become the very essence of the change in the banking sector. Inorder to sustain their status in this environment it is inevitable to banks to concentrate in developing their human resources. In any organisation the quality and amount of productivity mainly depends on the skill and enthusiasm of its employees. In the present scenario big data analysis is a routine necessity for both the public and private sector banks in India. Severe shortage of professionals with right skills to do so is adding on stress among the existing professionals. The overburdening of them which results in stress always becomes an issue to the present banking scenario.

Objectives

1. To study the major areas of occupational stress among bank employees.
2. To study the relation between stress & performance.
3. To assess some viable solutions.

According to Usman and Ismail (2010) “One of the affected outcomes of stress is on job performance. What were achieved by other nations in 100 of years was gained in India in the past 2 decades. Inorder to achieve their growth agenda and competitive strength, with both the local and foreign banks, “leadership” and the “right talent” are seen to be very crucial to banking. Now the technology and its applications in bank services which become the critical feature to survive and to identify each and every bank with their customers in the present competitive environment. In other words virtual banking now becomes the critical and unavoidable part in the modern banking. Customers in the new generation are always searching for services which give them the convenience of not moving to branches. They are always eager to see more sophisticated applications of technology which is burdening the responsibility of bank employees to ensure the service perfection and accuracy. Table No.1 gives the details of the number of users of mobile banking transactions in India from 2012 to 2015.

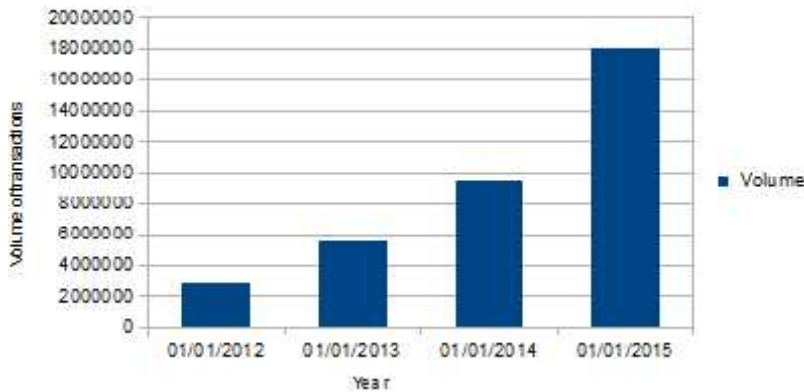
Table No. 1, Volume of Mobile Banking Transactions in India

Year	Volume
January 2015	18071922
January 2014	9519166
January 2013	5554327
January 2012	2844938

Source: www.rbi.org.in

Figure No.1,

Volume of Mobile Banking Transactions in India



The table and chart clearly show that from 2012 to 2015 itself, there has been a 6 fold increase in the number of banking transactions. It also reveals that virtual transactions are highly preferred in banking operations by customers.

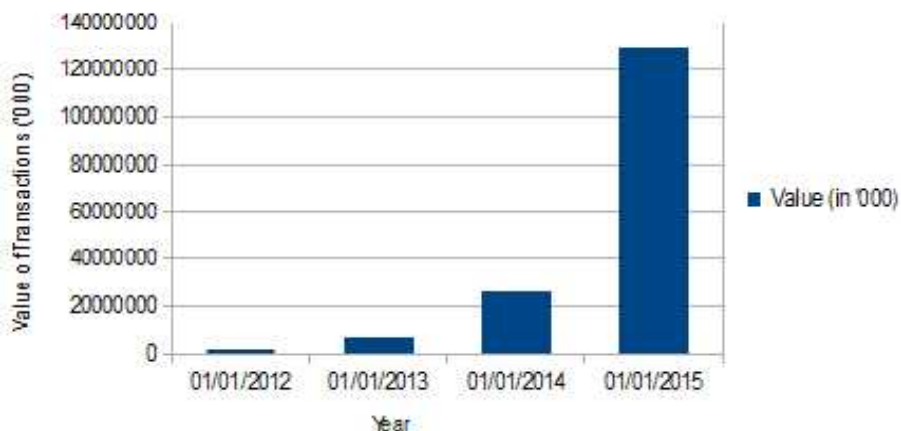
Table No. 2, Value of Mobile Banking Transactions in India

Year	Value (in '000)
January 2015	129174170
January 2014	26252894.690
January 2013	6248542.60
January 2012	1909045.32

Source: www.rbi.org.in

Figure No.2

Value of Mobile Banking Transactions in India



It is also found that, the value of transactions has also increased very fast. It is clear from the table and chart that the convenience in mobile banking transactions is totally accepted by the banking customers. As far as the employees are concerned the increase in their responsibility has automatically increased stress in their profession.

National Electronic Fund Transfer is the most dominant electronic fund transfer system in India which was started in November 2005. It helps the customers to transfer funds safely and easily. It's a type of online transfer which is done in batches. Eventhough it has certain time lag, this facility is available in bank branches all over India. The table No.3 gives the details of the total volume of NEFT transactions over the last 3 years.

Table No.3, Total Number of Neft Transactions in India

Year	Total No. of transactions (million)
Jan 2016	118.97
Jan 2015	80.22
Jan 2014	65.91

Source: www.rbi.org.in

The total number of transactions January 2014, 65.91 million comes up to 118.97 in January 2015. This shows the acceptability of NEFT transfer among the bank customers. This is graphically presented below.

Figure No.3
Total Number of NEFT Transactions in India

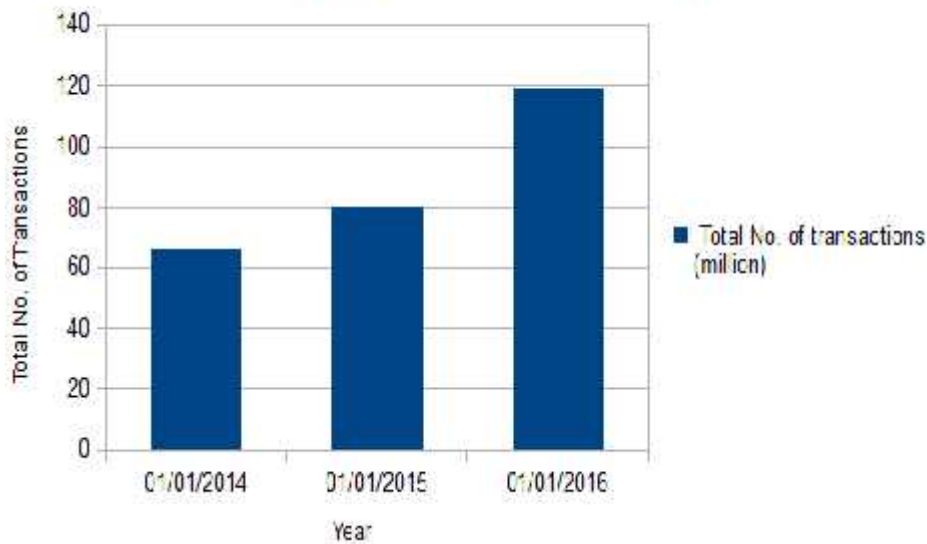
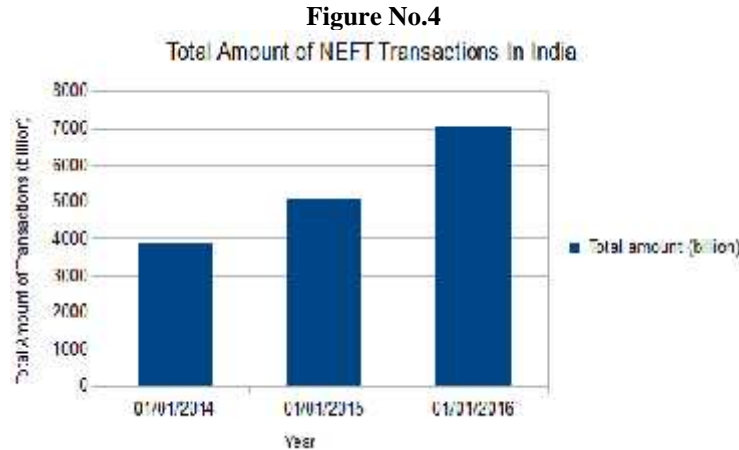


Table No.4 shows the value of NEFT transactions in India.

Table No.4, Total Amount of Neft Transactions in India

Year	Total amount (billion)
Jan 2016	7086.75
Jan 2015	5084.73
Jan 2014	3871.54

Source: www.rbi.org.in



Within a period of three years the total transactions somewhat doubled in India. All these increases are in turn actually overloading the responsibility of employees which automatically results in stress among them. Errors on either part of employees or customers are complicating the banking operations. Furthermore the transactions are happening throughout the day because of the introduction of anytime banking and anywhere banking which ultimately results into stress among bank employees who are finally accountable for the effective conduct of banking.

The most important feature of RTGS is that fund transfer is happening the moment it is done. The transactions under RTGS is one to one basis and once it happens it is final and irrevocable. Generally it is used for high value transactions which requires immediate clearing RTGS really minimises the cost of fund transfer. Table No.5 gives the volume of RTGS during the last 3 years. It shows a steady growth in the total volume of RTGS transactions. In the case of value, the table shows a steady increase in the transfer of funds. The most alarming feature of RTGS is that once processed, payments are final and irrevocable. This always is a stress creating event to employees.

Table No.5
 Volume of RTGS Transactions in India

Year	Volume	Value (billion)
Jan 2016	8220044	66517.70
Jan 2015	7889908	61648.02
Jan 2014	7124050	61921.84

Source:www.rbi.org.in

Thus majority of the products are now technology driven and off office approach, targeting the youngsters with computer awareness. Since 2012-13 Indian banks deployed technology-intensive solutions to increase revenue, enhance customer satisfaction, optimize cost structure and manage enterprise risk. However, there is a wide variation in the technology driven approach and implementation capability across different players of the banking industry. The shift towards internet banking is fuelled by the changing dynamics in India. By 2020 the average age of India will be 29 years and this young consumer base is internet savvy and wants real time online information. Indian banks therefore need to aspire high and move toward implementing a world class internet banking capability. The last decade, which marks the era of liberalization and financial reforms in the country, has been an eventful one for the banking sector which is changing the face of the industry in a big way. The increase in investment on training and development by banks in India is caused by a variety of motives, which include — new technology adoption, productivity, responding to skills deficiencies, new hire inculcation, and staff performance management. Due to computerization and shift in focus to retail banking the working environment of branches and the demands on the staff changed drastically over a comparatively shorter time frame.

The new economic policy brings a new class of young consumers with high disposable incomes causing changes in life styles, forms of sociality, family structure and self-identity. Their unique demands in relation to bank services results into lot of pressure on employees and organisation. Furthermore there are changes in the style of operation of banks in order to bring all types of customers within their bracket. As due to severe competition no banks can keep away from these kinds of products and services which ultimately brings stress to employees. Advancement of technology in banking services, new

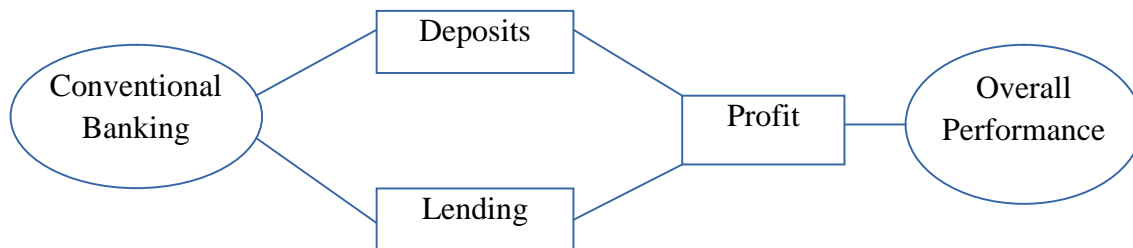
products and new approaches in the banking ultimately burdens the employees which results in stress among them. These changes further ignited the rapid upward socio-economic mobility experienced by employees in this industry. Its job conditions are unique, its demands are tedious and banks are emphasizing on human resources not out of chance or compassion but out of sheer compulsion. The technological advancements put a lot of pressure on employee and organizations, demanding more immediate and direct changes across all functionalities. This sector is highly volatile and lack job security and need constant upgradation of skills in order to remain in the market. Average working hours has extended. A prominent factor which has been observed to affect not only a bank's bottom line but the morale of the employees too is Stress (Herrero et al., 2013; Pathak, 1992). Workplace stress has become a critical issue for the employers, employees and the organizations (Horwitz, 2010). Main factors seen to lead to stress among the employees are work overload, underutilization of abilities, deadline pressures, role stressors, target based jobs, dwindling resources and physical discomfort have emerged as factors associated with employees' distress, lack of awareness and experience on updated technology, errors in the process and fear of evidence of manipulation and malpractices and job dissatisfaction (Caplan et al., 1975; Herrero et al., 2013).

Indian banking sector is the critical factor which brings Indian economic growth. A whole lot of studies have been conducted to assess the performance of banks which brings different perspectives regarding the performance in different nations. Currently performance of banks hardly means traditional conclusions on the basis of Return on Investments and Return on Assets, but it is only a part of the evaluation where some more variables like intellectual contribution and customer response also become a part of it, which shows the importance of HR in banks. Now for performance analysis, evaluation is not confined on short term profit but long term existence has also become inevitable.

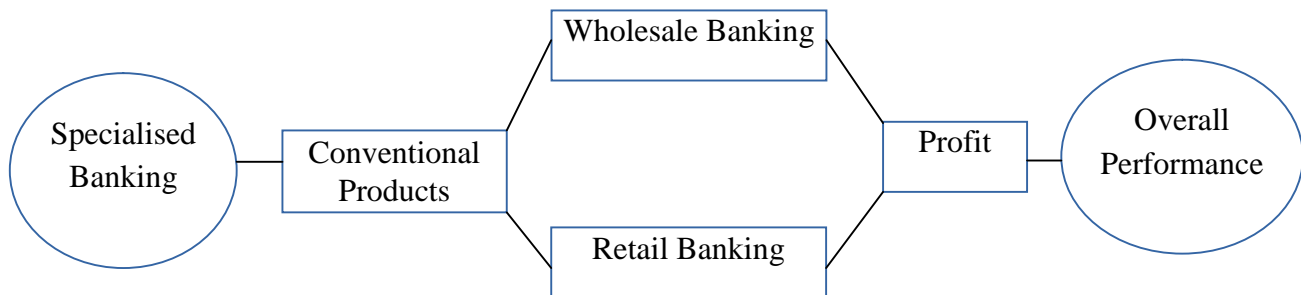
Customer satisfaction is a key factor for long term financial impact on the business of banks. In other way human capital efficiency with employee satisfaction becomes the vital ingredient for high performance of banks. In nutshell, both financial and human factor becomes the central point for bank performance.

Figure No.5, Phases of Performance Model of Banking

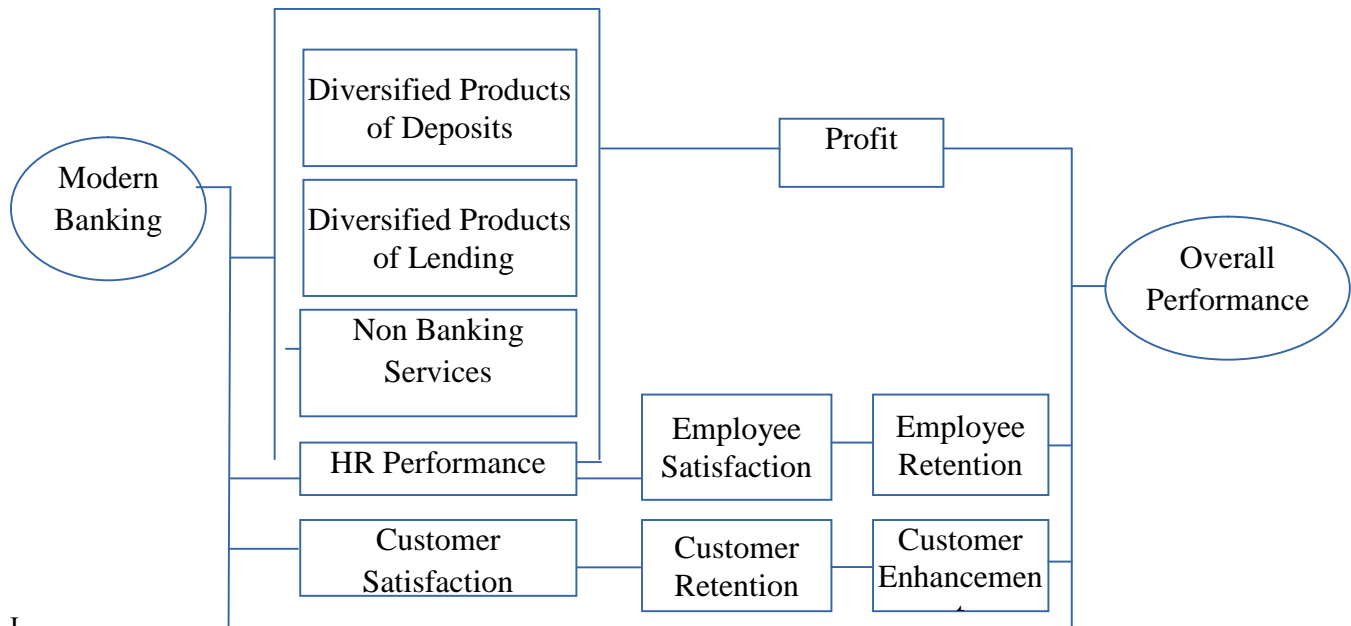
Phase I



Phase II



Phase III



In addition to the conventional method of profit maximisation for achieving high performance, uplifting of HR performance is essential for achieving higher performance of banks in the present competitive world. The operation of banks are getting systematic and scientific in nature. Too much emphasis of the systematic operation of banks results in stress of employees. Human performance is subjective in nature. Technology oriented banking service depends on human performance. Whatever advancements happen in technology ultimately the success of it rests on the active and participative involvement of the human resources.

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