

## **EFFECT OF STRESS ON EMPLOYEE PRODUCTIVITY IN THE NIGERIAN INSURANCE INDUSTRY**

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### **Abstract**

This study examined the effect of stress on employee productivity in the Nigerian Insurance industry. Many organizations, especially the insurance industry in the world are witnessing an alarming increase in the negative effects of stress on employee productivity and this necessitated the need for this research work. The study adopted survey research method. The population of study constitutes five selected insurance companies in Ado – Ekiti metropolis. Purposive sampling method was used to select a total of 250 employees. The data used in this study were generated using 5-point Likert scale questionnaire. The data generated were analyzed using simple percentage analysis while the hypotheses formulated were tested using chi-square statistical technique. The study revealed that effective stress management has significant effect on employee productivity. It was therefore recommended amongst others that remedial measures need to be taken by management to minimize the effect of job stress.

**Keywords:** *Employee, Productivity, Stress, Environment and Industry.*

## **Introduction**

Over the past few decades stress is emerging as an increasing problem in organizations. Stress is vigorous state in which a person is confronted with an opportunity, demand, or resource related to what the individual wishes and for which the outcome is perceived to be both vague and vital. Selye (1936) first introduced the idea of stress into 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. Basically what is stress? Stress is an undesirable response people have to tremendous pressures or other types of demands placed upon them. It arises when they worry they cannot deal with. Some stress can be good, and some can be bad. HSE distinguishes between stress and pressure. Pressure is seen as positive and something that actually helps improve our performance. We all need a certain amount of pressure to perform well - ask any athlete, actor or actress. However, the problems arise when the sources of pressure become too frequent without time to recover, or when just one source of pressure is too great for us to cope with. Stress can be understood more comprehensively as, it is a condition which happens when one realizes the pressures on them, or the requirements of a situation, are wider than their recognition that they can handle. If these requirements are huge and continue for a longer period of time without any interval, mental, physical or behavioral problems may occur (Health & Safety Executive, UK).

Stress can therefore be described as the adverse psychological and physical reactions that occur in an individual as a result of his or her inability to cope with the demands being made on him or her (Moorhead and Griffen, 1998). That is, tension from extra-ordinary demands on an individual.

It is noted that, stress is not necessarily bad; it is an opportunity when it offers potential gain. But whatever its nature, it usually begins when individuals are placed in a work environment. Many organizations in the world are witnessing an alarming increase of the negative effects of stress on employees' productivity. Typical examples are organizations in America, the United Kingdom, the Caribbean, East and Central Africa, West Africa and in other parts of the world. The American Academy of Family Physicians reported that, "about two-thirds of the visits to family physicians are the results of stress-related symptoms" (Henry and Evans, 2008). Michac (1997) specified causes of stress as follows: poor time management, unclear job descriptions, feelings of inadequacy and insecurity, inability to get things done, lack of communication, bad personal relationships, quality and complexity of tasks. In the same breadth, Dean (2002) viewed stress-related illnesses as the leading cause for low productivity levels in the workplace. Immense pressure at work has led to stress, which made it the number one factor causing illness. Michac (1997) outlined reasons for low productivity as follows; poor training in the company, machine break downs, non-established performance standards, lack of planning and motivation, change, poor that is incompatible with their work style and or temperament. It becomes aggravated when individuals find out that they have or can exercise little control over it. Stress has a positive effect on employees of any organization but up to a certain extent up to which an employee can cope with it, mostly it exceeds the bearable limits and has a negative result on employees. The purpose of this study is to examine the impact of stress on employees of the Nigerian Insurance Industry.

## **Hypothesis**

The following hypotheses were drawn for the research work:

**H<sub>0</sub>**: There is no significant relationship between effective stress management and employee productivity.

**H<sub>1</sub>**: There is a significant relationship between effective stress management and employee productivity.

## **Origin and Definition of Stress**

The term stress was first employed in a biological context by the endocrinologist Hans Selye in the 1930s. He later broadened and popularized the concept to include inappropriate physiological response to any demand. In his usage, stress refers to a condition and the stressor to the stimulus causing it. It covers a wide range of phenomenon from mild irritation to drastic dysfunction that may cause severe health breakdown (Wikipedia).

According to Robbins (2004), stress is a dynamic condition in which an individual is confronted with opportunity, constraint or demand related to what he desires and for which the outcome is perceived to be both uncertain and important. From this definition one can say that stress is not necessarily bad, it also has a positive value when it offers potential gain. Moorhead and Griffen (1998) also defined stress as a person's adaptive response to a stimulus that places physical and psychological demands on a person.

## **Causes of Stress at Work**

Repetti (1990), McGronogle and Kessler (1990), Pervin (1992), agree with Arnold, Robertson and Cooper (1993) in talking about the causes or sources of stress. Arnold, Robertson and Cooper (1993) identified five major causes of work stress as: factors intrinsic to the job, role in the organisation, relationships at work, career development and organizational structure and climate.

## **Factors Intrinsic to the Job**

The factors intrinsic to the job include:

### **i. Poor Working Conditions**

This talks about the physical surrounding of the job which include high level of noise, high or low lighting, fumes, heat, poor ventilation systems, smells and all the stimuli which bombard a worker's senses and can affect his moods and overall mental state. Also, the physical design of the workplace comes under poor working condition. If an office is poorly designed, with personnel who require frequent contact spread throughout, it creates poor communication networks and develops in poor working relationships which can cause stress to employees.

### **ii. Shift Work**

This is where workers have jobs which require them to work in shifts, some of which involves working staggered hours, which affects a worker's blood temperature, metabolic rate, blood sugar levels, mental efficiency, sleep patterns, resulting in hypertension, mild diabetes and peptic ulcers.

### **iii. Long Hours**

The long working hours required by many jobs appear to take a toll on employees' health and also making them suffer a high rate of stress. This means many individual workers and some medics who may have no sleep for thirty-six (36) hours or more may find that both their quality of work and they themselves suffer.

iv. Risk and Danger

A job which involves more risk and danger put employees in higher stress level. This is because when an employee is constantly aware of potential danger and he is prepared to react immediately, this results in rush, respiration changes and muscles tension which are all seen as potentially threatening on long-term health.

v. New Technology

The introduction of new technology into the work environment has required workers to adapt continually to new equipment, systems, and ways of working, thus, leading to a great source of pressure at work on the worker. For instance, a boss trained in the latest methods may be extra burden for an employee trained in the old ways and this may increase his stress level.

vi. Work Under-Load and Work Overload

This describes the problem of employees not being sufficiently challenged by their jobs. Job under-load is associated with repetitive routine, boring and under-stimulating work which causes a lot of stress for employees who find themselves in such situations. This means that employees are not given work which challenges their abilities and capabilities hence, they suffer high level of stress. Work Overload is where the employee has too much work to do because of imposition of datelines which often causes stress in employees.

### **Symptoms and Effects of Stress on Employees' Productivity**

Blackwell (1998) stated that stress shows itself in a number of ways. For instance an individual who is experiencing a high level of stress may develop high blood pressure, ulcers and the like. These can be grouped under three general categories; Physiological, Psychological and Behavioural symptoms.

#### **Psychological Symptoms and Effects**

These are the major consequences of stress. Then mental health of employees is threatened by high levels of stress and poor mental health. Unlike the Physical symptoms, Psychological symptoms could also cause employees' work performance to deteriorate. Anger, anxiety, depression, nervousness, irritability, aggressiveness, and boredom results in low employee performance, declines in self-esteem, resentment of supervision, inability to concentrate, trouble in making decision and job dissatisfaction. Also, the psychological symptoms of stress can lead to burnout. Job burnout is a prolonged withdrawal from work which makes the sufferer devalue his work and sees it as a source of dissatisfaction.

### **Behavioural Symptoms and Effects**

The behavioural signs of stress include eating more or less, cigarette smoking, use of alcohol and drugs, nervous fidgeting which leads to absenteeism from work, moving from job to job which causes performance to deteriorate.

### **Physiological Symptoms and Effects**

These are changes in the metabolism that accompany stressors. The symptoms include increased heart rate, blood pressure etc. With this, the wear and tear on the body becomes noticeable and problematic. The effects of this are back pains, migraine headaches, insomnia, heart disease, hypertension, diabetes and even cancer which affect employees' productivity.

### **The Impact of Stress on the Organisation**

Starting a new job would likely to be very stressful if the person felt inexperienced, unable to cope with workload, uncomfortable around their bosses or colleagues and unstimulated by their work. On the other hand, a person entering an area of work where they felt competent, supported by their colleagues and stimulated, would be more likely to experience the change as challenging than stressful.

According to Luthans (2002), besides the potential stressors that occurred outside the organization, there were also those that were associated with the organization. Although an organization is made up of groups of individuals, there are also more macro level dimensions, unique to an organization that contains potential stressors. DCS gaumail (2003) is of the opinion that at the organizational level, research has found that work-related stresses may be responsible for organizational outcomes such as decline in performance, dissatisfaction, lack of motivation and commitment, and an increase in absenteeism and turnover.

Desseler (2000) alluded that there were two main sources of job stress; environmental and personal. According to this author, a variety of external environmental factors could lead to job stress. These included work schedules, place of work, job security, route to and from work and the number and nature of clients. Even noise, including people talking and telephones ringing, contributed to stress. This author, however, noted that individuals reacted differently even if they were at the same job, because personal factors also influenced stress. The author also noted that stress is not necessarily dysfunctional; some people work well only when under a little stress and find they are more productive when a deadline approaches.

Desseler (2000) was of the opinion that for organizations, job stress consequences included reductions in the quantity and quality of job performance, increased absenteeism and turnover, increased grievances and health care costs. According to Levin-Epstein (2002), stress on the job took its toll on nonprofits: lost time from work, deflated productivity, low staff morale, turnover and higher health care costs. Favreau, as quoted by Levin-Epstein (2002) said that stress-related problems should be talked at three levels: individual, organizational and social. On the individual level she noted that employees can become more responsible for their own well-being by recognizing unhealthy emotional and work patterns before they reach crisis proportions. At an organizational level, employees need to be aware

of the workplace structures that may contribute to burn out and take a creative approach to instituting changes that can prevent and relieve stress. The social environment within which employees operate often contributes to the problem.

Levin-Epstein (2002) also noted the most common indicators of stress as feeling overwhelming and burn out. Emotional and physical exhaustion often accompany such feelings, he further emphasized that employers as implementers of stress-endangering policies and procedures, should help employees manage their stress especially if it affects job performance.

### **The Impact of Stress on Productivity**

Mathis and Jackson (2000) suggested that to measure organizational human resource productivity one has to consider unit labour cost, or the total labour cost per unit of output.

The authors further stated that an individual performance depends on three factors which are; ability to do the work, level of effort and support given to that person. The relationship of these factors, widely acknowledged in management literature, is that Performance (P) is the result of Ability (A) multiplied by Effort (E) multiplied by Support (S), that is:  $P=A \times E \times S$ . Performance is diminished if any of these factors are reduced or absent. They further emphasized that quality of production must also be considered as part of productivity because one alternative might be to produce more but a lower quality.

Simply put by Omolara (2008), productivity is measured in terms of outputs per labour hour. However this measurement does not ensure that the firm will make money (for example when extra output is not sold but accumulates as inventory). To test whether productivity has increased, the following questions should be asked: 'has the action taken increased output or has it decreased inventory?' 'Has the action taken decreased operational expense?' This would then lead to a new definition which is: Productivity is all the actions that bring a company closer to its goals.

Mathis and Jackson (2000) defined productivity as a measure of the quantity and quality of work done considering the cost of the resource it took to do the work. They are of the opinion that it is useful from a managerial standpoint to consider several forms of counter-productive behaviour that are known to result from prolonged stress.

Thompson and McHugh (1995) are of the opinion that when specifically regarding stress in the workplace, contemporary accounts of the stress 'process' often follow the notion of stress as resulting from a misfit between an individual and their particular environment, where internal or external factors push the individual's adaptive capacities beyond his or her limit. However, no two people react to the same job in the very same way, because personal factors also influence stress. For example, type A personalities; people who are workaholics and who feel driven to be always on time and meet deadlines, normally place themselves under greater stress than do others (Dessler 2000). This is further reiterated by Bowin and Harvey (2001) who emphasized that people cannot completely separate their work and personal lives, the way people react and handle stress at work is a complex issue.

### **Materials and Methodology**

The nature of this research method is descriptive and due to the quantitative nature of this study, survey research was used. It entails the administration of questionnaire to the chosen sample size. The Twelve items questionnaire ranged from Strongly Agree to Strongly Disagree on a five point.

The methods selected for the study were based on both probability and non-probability sampling. The two main methods that were employed in selecting sample from the population were purposive and simple random sampling techniques. Purposive non-random sampling technique was used to select respondents from the above stated departments due to the fact that, they have requisite information about the issues involved in the study. Simple random sampling technique was employed in selecting 250 out of the total population of 398 employees.

Questionnaires were administered to two hundred and fifty (250) staff comprising of senior and junior staff of Corner Stone Insurance, Mutual Benefits, Great Nigeria Insurance Plc, Nikon Insurance Ltd, and AICO Insurance Plc, of which 212 were properly filled and found relevant for the study.

### **Results and Discussion**

In order to test the hypotheses, the non parametric Test Method Chi-Square ( $\chi^2$ ) was used.

**H<sub>0</sub>**: there is no significant relationship between effective stress management and employee productivity.

**H<sub>1</sub>**: there is a significant relationship between effective stress management and employee productivity.

**Test of Significance on the relationship between effective stress management and employee productivity.**

	Value	Df	Asymp. Sig. (2-sided)	Decision
Pearson Chi-Square	578.620 <sup>a</sup>	16	.000	Significant (p<0.05 )
Likelihood Ratio	393.761	16	.000	
Linear-by-Linear Association	192.275	1	.000	
N of Valid Cases	212			

**Source:** author's computation

From the analysis, it indicates that the p value is less than 0.05 level of significance, it therefore means there is a significant difference in the relationship between effective stress management and employee productivity. In view of this, we reject the null hypothesis which says that there is no relationship between effective stress management and employee productivity and accept the alternate hypothesis.

**Conclusion**

Based on the computation, analysis and findings, the result revealed some important fact from which conclusion is drawn. Considering the high percentage in favour of the tested hypotheses, it can be reasonably concluded that at 95% confidence level, stress has a negative impact on employee productivity.

**Recommendations**

The study therefore recommends that:

1. Remedial measures need to be taken by management to minimize the effects of job stress.
2. The managers and supervisors should give proper attention to the employees and create an enabling environment that will make them responsible and productive.
3. Supervisors should assess the level of their subordinates' knowledge and skills to assess their ability to meet their deadlines.



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