THE EFFECT OF STRESS ON EMPLOYEES’ PERFORMANCE OF REVENUE AND CUSTOMS AUTHORITY IN THE DEVELOPING ECONOMY

Mohammed Worku *

* Mizan-Tepi University, Mizan, Ethiopia
Contact details: Mizan-Tepi University, P. O. Box 260, Mizan Tefere, Ethiopia

Abstract

The main aim of undertaking this study was to understand the effect of stress on employee performance in the Ethiopian Revenues and Customs Authority (ERCA) in South West Ethiopia (SWE). The research design for this particular study is a cross-sectional field survey research design. By using stratified simple random sampling technique, 390 employees were selected as a sample and from this, 350 were valid. Descriptive and inferential statistics were used for analysis. Research shows that all factors of stress adversely affect employee performance. Therefore, the findings point out that the performance of employees is negatively affected by stress in ERCA. Finally, the study recommended that to reduce stress, the current work schedule needs to be adjusted and workload should be lifted from employees, assigning a reasonable level of responsibility, promoting positive organizational culture and improving the organizational climate, and preparing a well-documented organization-specific stress management programs.

Keywords: Stress, Dimensions of Stress, Employees’ Performance, Employees, Revenue and Customs Authority, South West Ethiopia

1. INTRODUCTION

Due to the needs of the existing present-day work environment stress, experienced at the workplace, is inevitable. Up to a certain limit, stress can be supposed as tolerable in the senses of a person, which, in turn, eventually makes employees attentive, inspired, and capable to perform and pick up, as per the accessibility of properties and individual behaviors. But, whenever this burden surpasses the limit and puts the workers at a lower performance or otherwise if it is unmanageable, it may lead to stress (Leka, Griffiths, & Cox, 2004). It is inevitable that employees and the organizations they serve could be affected by stress. An organization may incur a huge amount of capital and time due to its employees who are under stress at work (Cooper, Dewe, & Driscoll, 2001). As presented by Daniel (2019), the consequences of work stress ultimately affect not only physical health but also mental health. Over the years, stress has been defined in different ways. It is a state in which all human beings are faced with opportunities and needs for what they want and the results are perceived as uncertain and important. Depending on its level, stress can have a positive or negative effect on job performance. When there is no stress at all, it hinders job challenges and makes performance at its lowest level. In the words of Akrani (2011), stress helps a person to gather and use resources to meet job requirements this is due to the reason that as it increases gradually, job performance also tends to increase. Sapra and Saxena (2013) specified that stress is not necessarily something useless as it all
depends on how it is taken. In addition, it is stated that stress in the workplace can affect performance (Sapra & Saxena, 2013). When the workers are under excessive stress, they may not have enough strength to perform at their best levels, while those under too much stress are often unable to execute or perform well in an efficient and effective manner. Therefore, as the Ethiopian Revenues and Customs Authority (ERCA) is better in a people-oriented environment to make a better change, it needs to be effective in improving its employees and customers. As a final point, organizations in Ethiopia need to establish a good environment at the workplace so as to reduce stress in employees and to build on physically as well as mentally powerful workforce by strong customer focus, inclusive long term objective, and an impartial reward system, comfortable organizational climate and, in turn, increase the performance of the employee. Most organizations and the management system they deploy upon the staffs during the plan of creating an improved working environment, sympathetic administration, as the managers are aware that the staffs should be the number one key resource for the organization to succeed. As it is currently prevailing in developing countries with the fastest economic growth like Ethiopia, people are becoming increasingly using business organizations in their day-to-day life. So, it is more difficult than ever to deliver the required service to a large number of customers as expected. Work-related stress is also an issue of growing concern in developing countries due to important developments of globalization and the changing nature of work in the modern world. Therefore, employees in such organizations cope with job challenges which eventually lead them to stress. By taking this into consideration, the study was conducted to assess stress and its effect on employees’ performance of ERCA in South West Ethiopia (SWE). The study has the following objectives:

1. To find out the relationship between work related-stress and employees’ performance.
2. To figure out the relationship between organizational-related stress employees and performance.
3. To figure out the relationship between individual-related stress and employees’ performance.

This investigation consists of five sections. Section 2 presents the literature review. Research methodology is in Section 3. Section 4 explains the result and discussion and the final section is the conclusion.

2. LITERATURE REVIEW

Stress is a condition, situation, or circumstance which we always experience in our day-to-day interactions with people and other occurrences. The contemporary explanations of stress agreed upon a number of important elements (Blaug, Kenyon, & Lekhi, 2007b). Devi (2012) stated, an employee spend almost one-third of his life on work, and at times she/he has to face a lot of stress during her/his job. The nature of the job has gone through extreme changes over the last decade and it is still changing rapidly (Daniel, 2019). Workplace stress is a challenging phenomenon where that contemporary organizations give much emphasis to overcoming (Bickford, 2005). Both employers and employees have a chance to come organized in making modifications so as to lessen pressure-related conditions (Clark, 2002). According to Michie (2002), stress is the psychological and physical condition that happens when the resources of the individual are not adequate to meet with the needs and burdens of the situation. It happens when perceived pressure surpasses one’s ability to deal with it (Cooper & Palmer, 2000). Stress can be an outcome that the society gradually becomes modern and peripatetic, where traditional links of the family, friends, neighbors, society, etc., are no longer so strong (Cooper et al., 2011). Also, it is indicated that friendly stress is called eustress. Eustress is positive stress that comes when motivation and inspiration are needed (Melinda, Ellen, & Jeanne, 2010; Baqutayani, 2011).

2.1. Work-related stress

When the position of the job is measured as underrated or not valued as deserved, this, in turn, also affects a person's and shared insights of stressors (Harkness et al., 2005). Demanding one's work to be stressful can be a way of establishing unity within a professional team or association. Even it may be used as a strategy for claiming benefits like higher pay. As to Devi (2012), stress can cause anxiety, strain, and depression because of the demands required by the environmental forces or internal organizational forces that cannot be altered by the resources available to an individual. Because of this, employees face many problems while performing their work. There’s excessive pressure within the banking system to perform any tasks that always end up in stress, which undermines employee performance and might make people believe that employees are uncertain of their abilities (Pandey, 2020). Marmot (2004) has another notion of the concept of stress from the traditional conception of the term. In his understanding, stress is usually associated with how busy a person is, arising from the manipulation of plentiful important responsibilities, time limits, and expected duties. It was seen that robust association among strain in the workplace and various physical, as well as mental illnesses, irrespective of the difficulty of verifying a direct causal relationship, since most diseases and disorders usually accredited to stress, have a number of causes (Akrani, 2011). Having this, the following hypothesis was designed:

\[ H1: \text{Work-related stress affects employees' performance negatively and significantly.} \]

2.2. Organizational stressors

Amoako, Gyanfli, Emmanuel, and David (2017) stated that organizations are finally recognized the fact that because of job stress, lots of human potentials are being disappeared. Almost all the employees say that they are under high stress at the workplace. Hence, work stress is one of the biggest problems in the global world. In the study made by Sherman, Bohlander, and Snell (1998) on five thousand three hundred employees in sixteen nations, fifty-four percent of the workers cited that their career is the cause for encountering stress in their living. According to Cartwright and Cooper (1997), many studies in the area of workstations show that stress in the workplace can be emanated from six different sources. These sources come from
Inherent to the job itself, the role played in the organization; upward and downward, and horizontal relationships with the boss and subordinates, and peers; professional development issues; organizational culture and structure climate; and organizational climate. It is obvious that by participating in the decision-making process employees need to enjoy a sense of belonging to their organizations which, in turn, improves their performance. On the other hand, when the decision-making process is too concentrated, it eventually leads employees to anxiety. With little or no participation in decision-making, it can be caused by restricted behavior, office politics, lack of effective counseling, financial difficulties, and more (Cox & Griffiths, 1995). Work stress has a serious impact on the performance of many individuals and organizations, which can be explained as closely related to performance. Stressed employees are probably less motivated, less productive, and less secure at work (Joy & Kumar, 2018). Having this, the following hypothesis was designed:

H2: There is a negative and significant relationship between organizational-related stress and employees’ performance.

2.3. Individual-related stress

Individuals differ in their response to a problem or stressors. There are different factors that influence how people judge a situation or occasion. These factors include their backgrounds, morals, civilizations, practices, religious outlooks, and philosophies. Some people are born with a personality that influences them to higher or lower levels of tolerance to stress. Personal behavior is the main component to take to mean the interior as well as outdoor demands as stress or not (Allen, 1983). Having this, the researcher intends to test the next hypothesis;

H3: There is a negative and significant relationship between individual-related stress and employees’ performance.

Various studies have been conducted to investigate the relationship between stress and the ability of employees to perform their jobs. Performance in the workplace can be regarded as an activity where an individual is capable of achieving the duty allotted to him/her in an effective and efficient manner, in line with the normal constraints of the standard utilization of the obtainable resources. As of Jamal (2007), in its theoretical level, four sorts of associations were suggested to occur between measurement of work stress and employees performance. The first is a negative linear relationship, which happens when productivity or the overall performance decreases due to stress which we call distress. The second one is a positive linear relationship between the two where productivity can increase due to the existence of a certain level of stress. Thirdly, there could be a U-shaped or a curvilinear relationship wherein, slight level of stress could increase the productivity initially up to a peak, and then it declines as the individual’s level of stress rises into a state of distress. The fourth one is the need not be any measurable relationship between the two.

2.4. Employees’ performance

It is a major concern of managers regardless of the performance level and location of employees in the organization. This is very relevant if your organization is experiencing a downward trend and a downturn in employee performance (Pandey, 2020). Employee performance management is central to the effective management of an organization’s human resources. An effective performance measurement system should cover all aspects of an organization’s existence and performance for the means by which the organization achieves success and growth. This can be measured by absenteeism, punctuality, relations with customers/coworkers, feedback from superior, self-confidence, work effectiveness, motivation, good customer handling (Melinda et al., 2010; Daniel, 2019; Blaug et al., 2007b; Kamalakumati & Ponnampalam, 2013; Joy & Kumar, 2018). The above proxies for measuring employees’ performance were presented to employees of ERCA and the collected data were analyzed accordingly.

As of the researches undertaken by Roediger, Sley, and Ferris et al. (as cited in Kamalakumati & Ponnampalam, 2013), stress, which is an explanatory variable of the study, is segmented into three dimensions, namely: work-related, organizational-related, and individual-related stressors.

Figure 1. The conceptual framework

3. RESEARCH METHODOLOGY

3.1. Research design and approach

In the words of Anol (2012), “In cross-sectional field surveys, independent and dependent variables are measured at the same point in time using a single questionnaire” (p. 39).

A cross-sectional research design is a research design for this study because data was collected at one point in time during a period of one month to assess the impact of stress on the performance of employees of ERCA in SWE. To achieve the predetermined goals, the study adopted a quantitative research approach that could mainly use questionnaires that provided technically qualified data.
3.2. Sampling design, technique, and size

Since it is important for the characteristic that becomes the basis of stratification to be related to the main variable to be explored, the stratification depends on the branches of the bank (Bernard, 2012). Proportionate stratified simple random sampling method where the number of elements from each zone was selected in relation to their proportion in the total population. The population in the investigation area is 576 employees. From this, 390 respondents were selected proportionately from the given zones of SWE.

3.3. Data collection instrument

A survey was deemed the most suitable scheme so as to attain the objectives of the inquiry. As the population was large to be interviewed, the survey method by questionnaire was considered the most appropriate. All questions were measured using a 5-point Likert scale, starting from 1 — Strongly disagree to 5 — Strongly agree, except for items pertaining to the demographic background.

3.4. Regression functions

The regressions in this study were typically built around two sets of variables: the dependent variable (employees’ performance) and the independent variables (work-related, organization-related, and individual-related stressors). The main purpose of using the regression equations in this study was to make the study of understanding and predicting the mentioned variables more effective.

\[ Y = f(\beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3) + \epsilon \]  

Employees performance = \( \beta_0 + \beta_1 \text{(WRS)} + \beta_2 \text{(ORS)} + \beta_3 \text{(IRS)} + \epsilon \)  

4. RESULT AND DISCUSSION

4.1. Results of descriptive statistics

The following table (Table 1) shows the results of the descriptive statistics. Under this table, the simple explanation of the relationship between the dependent variable (employees’ performance) and the independent ones (WRS, ORS, and IRS) is stated. Hence, the table shows that the total mean value of stress, as well as all dimensions of stress, are at a moderate level. When compared with the other two dimensions, work-related stress is at a slightly higher level among employees of ERCA in the SWE.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Total number</th>
<th>Min</th>
<th>Max</th>
<th>( \mu )</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work-related stress</td>
<td>125.0</td>
<td>24</td>
<td>35</td>
<td>31.08</td>
<td>2.135</td>
</tr>
<tr>
<td>Organization-related stress</td>
<td>125.0</td>
<td>22</td>
<td>35</td>
<td>30.55</td>
<td>2.398</td>
</tr>
<tr>
<td>Individual-related stress</td>
<td>125.0</td>
<td>19</td>
<td>30</td>
<td>27.50</td>
<td>2.097</td>
</tr>
<tr>
<td>Performance</td>
<td>125.0</td>
<td>12</td>
<td>21</td>
<td>16.24</td>
<td>1.638</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total rating range of mean value</th>
<th>Level of influence on the dependent variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 ( \leq x \leq 2.5 )</td>
<td>Low</td>
</tr>
<tr>
<td>2.5 ( &lt; x \leq 3.5 )</td>
<td>Moderate</td>
</tr>
<tr>
<td>3.5 ( &lt; x \leq 5.0 )</td>
<td>High</td>
</tr>
</tbody>
</table>

Note: \( x \) — Mean value of WRS, ORS, and IRS factors.

Table below shows that the overall mean values of the overall stress, as well as of the three variables, are at a high level. When comparing between the variables, WRS and ORS were at a higher level among employees of the ERCA.

<table>
<thead>
<tr>
<th>Stress</th>
<th>Mean</th>
<th>Level of stress as per decision rule</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work-related stress</td>
<td>3.80</td>
<td>High</td>
</tr>
<tr>
<td>Organizational-related stress</td>
<td>3.81</td>
<td>High</td>
</tr>
<tr>
<td>Individual-related stress</td>
<td>2.81</td>
<td>Moderate</td>
</tr>
<tr>
<td>Overall stress</td>
<td>3.51</td>
<td>High</td>
</tr>
</tbody>
</table>

Source: SPSS Statistics result.

4.2. Correlation analysis

According to the results of the correlation analysis in the Table 4 below, all independent variables showed a significant correlation with the dependent variable, i.e., employees’ performance at \( p < 0.01 \).

WRS has the highest correlation with employees’ performance with the value of \( R = -0.491 \), which have a medium negative correlation between the independent variables and a dependent one followed by organization-related stress with \( R = -0.441 \) which also indicated a medium negative correlation.
correlation between the independent and dependent variables and individual-related stress ($R = -0.385$) which have a low negative correlation with employees' performance at ($p < 0.01$). This means that all factors of stress (i.e., WRS, ORS, and IRS) have a negative impact on the performance of the staff of ERCA in SWE.

Table 4. Results of the correlation analysis

<table>
<thead>
<tr>
<th></th>
<th>Work-related stress</th>
<th>Organization-related stress</th>
<th>Individual-related stress</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work-related stress</td>
<td>Pearson correlation</td>
<td>1</td>
<td>0.343**</td>
<td>-0.491**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>Organization-related stress</td>
<td>Pearson correlation</td>
<td>0.341**</td>
<td>1</td>
<td>-0.441**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>Individual-related stress</td>
<td>Pearson correlation</td>
<td>0.359**</td>
<td>0.314**</td>
<td>-0.385**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>Performance</td>
<td>Pearson correlation</td>
<td>-0.491**</td>
<td>-0.441**</td>
<td>-0.385**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Note: ** Correlation is significant at the 0.01 level (2-tailed).
Source: SPSS Statistics result.

4.2.1. Multiple regression analysis

The study adopted multiple regression guided by the following model:

\[
Y = f (\beta_1 \text{WRS} + \beta_2 \text{ORS} + \beta_3 \text{IRS}) + \epsilon
\]

\[
\text{Employees' performance} = 33.209 + (-0.259X_1) + (-0.187X_2) + (-0.143X_3) + \epsilon
\]

Model summary

From the table below (Table 5), it has been seen that R-value is 0.594. Therefore, R-value (0.594) for individual-related, work-related, and organizational-related stress, advocated that they have a strong effect on the performance of employees. From the table, it can also be observed that the coefficient of determination, i.e., the R-squared ($R^2$) value is 0.352, which represents that (35.2%) variation of the dependent variable (employees' performance) is due to the independent variables (work-related, organizational-related, and individual-related stress factors).

Table 5. Model summary

<table>
<thead>
<tr>
<th>Model</th>
<th>$R$</th>
<th>$R$-squared</th>
<th>Adjusted $R$-squared</th>
<th>Std. error of the estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.594</td>
<td>0.352</td>
<td>0.336</td>
<td>1.351</td>
</tr>
</tbody>
</table>

Notes: a. Predictors: (Constant), individual-related, organization-related, work-related stress factors.
Source: SPSS Statistics result.

From the table below (Table 6), it is identified that the value of F-stat. is (21.952) and is significant at the level of significance ($p < 0.01$). This indicates that overall, the model used for the study is significantly good enough in explaining the variation of the dependent variable which is employees' performance in the case of this study.

Table 6. ANOVA test

<table>
<thead>
<tr>
<th>ANOVA*</th>
<th>Model</th>
<th>Sum of squares</th>
<th>df</th>
<th>Mean square</th>
<th>$F$</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>120.112</td>
<td>3</td>
<td>40.037</td>
<td>21.952</td>
<td>0.000*</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>220.688</td>
<td>121</td>
<td>1.824</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>340.800</td>
<td>124</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes: a. Predictors: (Constant), individual-related, organization-related, work-related stress factors; b. Dependent variable: Performance.
Source: SPSS Statistics result.

Coefficients

The following table (Table 7) presents how unstandardized coefficients show the gap between dependent and independent variables. Beta coefficient showed that the number of WRS, ORS, and IRS coefficients is affecting the performance of staff. We know that the WRS coefficient ($\beta = 0.333$, $t = 4.109$, $p < 0.05$) has the greatest impact on performance staff, followed by the next ORS coefficient ($\beta = 0.271$, $t = 3.390$, $p < 0.05$).
Table 7. Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized coefficients</th>
<th>Standardized coefficients</th>
<th>T</th>
<th>Sig.</th>
<th>Collinearity statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>β</td>
<td>Std. error</td>
<td>β</td>
<td></td>
<td>VIF</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>55.209</td>
<td>2.096</td>
<td>15.843</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>WRS</td>
<td>-0.259</td>
<td>0.063</td>
<td>-0.333</td>
<td>4.109</td>
</tr>
<tr>
<td></td>
<td>ORS</td>
<td>-0.187</td>
<td>0.055</td>
<td>-0.271</td>
<td>3.390</td>
</tr>
</tbody>
</table>

Note: Dependent variable: Performance.
Source: Own survey (2017).

5. CONCLUSION

After analyzing the data gathered through questionnaires, the study figured out that stress had a negatively impact on employees’ performance in ERCA. From this, the current work schedule forced employees to encounter stress. The study also revealed that there is a high level of workload in ERCA and that negatively influences the performance of employees as it pushes them to face high levels of stress. It is also clear that the responsibility employees have, motivation, and customer relations were the major contributor to job stress and these affect their performance. From the study, it is clear that organizational-related stress factors, such as the work environment, overall organizational climate like the structure, poor physical working conditions, office politics, and the overall design that guide the relationship between employees and customers, led them under stress. Moreover, reward and recognition system, organizational culture, which is employees’ shared values and beliefs, led them under stress and negatively affects the performance of employees. The study has shown that individual-related stress also has a negative impact on employees’ performance. Specifically, employees lack time to enjoy themselves with their friends, they are not satisfied with the level of income they acquire, and the changes in their lives are pushing them under stress and this consequently affected their performance.

As employees of ERCA are facing work-related stress, it is advisable for the organization to adjust the current work schedule and set flexible form of work schedule which will provide employees with a certain degree of relax and freedom. It is better for the organization to ensure that employees are provided with comfortable equipment, fastest network connection by cooperating with care and employees, bodies, improve the organizational climate through reconciliation between work and private life, recognition, training, career development plans, promote positive organizational culture in a way that satisfies the needs of both the organizations and employees since they have shared assumptions, values, and beliefs that govern how people behave in an organizations. It is valuable for ERCA sector to adjust the current policies that deemed to be a cause for stress so as to relieve stress and improve employees’ performance. It is also helpful to prepare well-documented organization-specific stress management programs, ensure that employees are provided with all the necessary information that pertains to their work. It is expected from employees to adopt stress-reducing measures like relaxation, sleep, balanced diet, exercises that help the heart and lungs, learn to accept change as a part of life, they also need to undertake counseling from psychologist and supervisors when they find traits like being aggressive, temperamental, and highly competitive in themselves. In addition, employees should be genuine to customers. Though the study tried to see the effect that stress has on the performance of employees at ERCA, the scope of the study can be further expanded and strengthened to include more variables under the theoretical framework of future research. In addition, it may include other methods such as detailed interviews and focus group interviews on different measures of validity of the theoretical model.

REFERENCES