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## A study on working culture and work stress among bank employees: A review

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### Abstract

Banking sector is one of the most powerful financial management agencies which have a major role in the economic growth of India. Each bank has its own culture, as every organization different in their culture. Organizational Culture includes everything that influences an employee in an organization. This may reflect in their stress levels, which may in turn reflect in the individual productivity as well as the organizational. In the literature, there were different studies of organizational culture and work stress among bank employees, but very few studies which tried to explore the relation between organizational culture and work stress in India especially in the state of India.

In fact Organizational Climate represents the organizational environment as is perceived by the employees. Organizational climate can be a powerful strategically to an organization seeking a strategic advantage. It is a process which is very difficult for another organization to duplicate perhaps one of the most important and significant Characteristics of a great workplace is its organizational climate. Organizational climate, manifested in a variety of human resources practices, is an important predictor of organizational success. Customer satisfaction has become an important indication of climate inside banks. The enhancement and improvement of customer satisfaction will not depend on new incentives, schemes and organizational arrangements. Customers are rightly becoming more involved in their own required services. Presently customers are given a chance to voice their opinions about the care they receive and it can be seen as per of a broad commitment to the enhancing of Organizational climate in bank.

**Keywords:** Organizational climate, customers, banks, satisfaction, workstress, employees

### Introduction

Everyone is earning money to meet their daily expenses and to save money for future expenses. For keeping, managing and distributing the money for the needy people, the banking system has emerged all over the world. Banking in India originated in the 18th century. By this day, it has gone through different changes and transitions and became one of the important financial sectors in the country. The banks of India are working on the basis of definite instructions which are passed in the form of various acts and regulations. Currently, banks in India are classified into scheduled commercial banks and scheduled cooperative banks. This classification is formed on the basis of nature of ownership or nature of operation. Scheduled commercial bank include all the nationalized banks and private banks. Scheduled Co-operative Banks includes State Co-operative Banks and Urban Cooperative Banks.

Culture includes everything that influences an individual to think, act etc. Earlier days anthropologists studied the culture of people and society to know the impact of it on group activities. Recent day's studies in culture are not limited to anthropology; it is extended to various subjects like psychology, sociology, organizational behavior etc. Thus it became one of Organizational Culture and Work Stress among Bank Employees

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The important topics in the areas of study which is related with group activities especially in organizational sector. Deal and Kennady (1982) [4] defined culture in the organization as "the way we do things around here." Smith, Farmer and Yellowley (2012) stated that Organizational Culture is the shared values, norms and behaviors that guide how employees

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work within organization and act as a cohesive group. Culture exists in every organization and influences the performance of the individual and influences group performances. Therefore it is important to study the factors related with culture in this continually changing environment.

Stress is the dynamic condition in which an individual is confronted with an opportunity, constraint or demand related to what he/she desires and for which the outcome is received to be both uncertain and important. As the definition states some outcomes are uncertain, the individual have to work to achieve success by overcoming all the challenges, because it is important to him. Sometimes, this will motivate the individual, but some time it may go worst. Just like everyone, individuals working in an organization also facing stress which increase or decrease his performance. Here it becomes important to study and different factors associated with stress in the work place.

Culture of the organization and the stress which arises from working condition are two important factors which largely influence the performance of any employee in a working organization. Both the factors influence the individual in an organization separately or may act together. Therefore, it is also important to find out the hidden relationship between organizational or individual factors with above said factors. It is also important to pull out the relationship between culture and stress in the banks to boost the performance the organization. There are different studies which tried to uncover the relationships. There exist studies which tried to know the relationship between various demographic and organizational variable, of bank employees. There also exist studies which are related with demographic variables and work stress of bank employees suggests that researchers have to pay keen attention to the relationship between organizational culture and work stress.

Banking sector is one of the major sectors which influence Indian economy. It helped Indian economy to grow up as well as helped the government to expand various services to the people. To grow faster and to extend the hands to the people, country have to boost the performance of the banks in India. Therefore it is important to study various psychological factors which influence the performance of the banks. Without any doubt, anyone can say that, human performances are the backbone of success of any organization. Hence, it can be assumed that employee who is working in the banks have a greater role in predicting the performance of banks. Here comes the importance of studying the various factors which influences the performance of the employees of the banking sector. Among different important variables, organizational culture and work stress are the most important and researched area in the field of banking sector. By studying above said variables and through the results, authorities can understand more about organizational culture and work stress. This study is significant in uncovering the relationship between demographic variables, organizational culture and work stress. This study may also bring knowledge of changing nature of the bank employees; the importance of psychological variables in the work place and the importance of intervention or training needs of the employees. The result will be significant to Indian economy as it will enhance the productivity of the Indian bank employees and the organization.

### **Literature review**

As organizational culture, defined the strategic and coherent approach of valuable assets of an organization or a business, where people who work in it both individually and collectively contribute to the achievement of its objectives. Job satisfaction of human resources can be seen as a “set of interrelated policies” with ideological and philosophical foundations. Four aspects constitute the essential perspective of job satisfaction related to the aspect of organizational culture:

- A specific set of beliefs and assumptions
- Strategic orientation of information on the decisions of people management
- The central participation of supervisors
- Dependence on a set of tools that shape employment’s relationships (Sempene, Rieger, & Roodt, 2002)

Specifically, strategies of organizational culture deal with the achievement of objectives in the areas summarized below.

### **Organizational effectiveness**

Specific practices create the basic competencies that determine how firms compete. Extensive research has shown that such practices can have a significant impact on business performance. Strategies of organizational culture support programs that improve organizational effectiveness and policy development in areas such as knowledge management, talent management / workforce skills and generally provide a suitable working environment for employees. In addition, these strategies involved in the development of continuous improvement and customer relations (Shurbagi & Zahari, 2012).

### **Human capital management**

Human resources department of an organization consists of people who work there, on which depends the success of the business. Human capital is the human factor in the process of organizing. The combined intelligence, skills and experience are the elements that give the organization its distinctive character. The human resources of an enterprise consists of those people who are able to learn, adapt quickly to any changes, have innovative ideas, providing thereby a creative impulse that if applied properly can ensure the long term survival of the organism. Human capital is considered to be the main asset of an organization and for this reason the firms should invest in it with a view to ensuring not only the survival but also growth.

They ensure that organization obtains and retains the skilled, dedicated and knowledgeable workforce needs. This means that it takes action to assess and meet the future needs of its people and to strengthen and develop the innate abilities by providing not only financial supplies in exchange for their employment and opportunities for further education and employment advancement (Tata & Prasad, 1998).

### **Knowledge management**

The term “knowledge management” means any process or practice of creating, acquiring, capturing, sharing and use of knowledge to enhance the learning and performance of employees in enterprises. Knowledge management aims to support the development of enterprise specific knowledge and skills as a result of the organizational learning process (Tsang, 2010).

### Management of motives and fees

Strategic management aims to enhance motivation, engagement in work, commitment and dedication of employees to business goals. It is those policies and procedures that ensure the effort of the staff and reward them for doing that and succeed (Xenikou & Furnham, 1996).

### Employee's relations

The ultimate goal, through the strategic organizational management of human resources is to create a climate in which there is productive and harmonious relationship, which is maintained through partnerships between management and workers of the company (Xiaoming & Junchen, 2012).

### Meeting different needs

Organizational management aims to develop and implement policies that will bring balance and adapt to the needs of stakeholders and to provide management of a diverse workforce, but taking into account individual and diversity of groups in employment, personal needs, work style, aspirations and providing equal opportunities for all (Zhang & Liu, 2003).

### Bridging gap between theory and reality

Recent researches prove, that most of the times, there is a wide gap between theory and practice. Heads of respective companies or organizations may start out with the intention to implement some or all of the goals set, but conclude that the implementation is often very difficult. This is because both from the context and process of implementation problems arise such as: other business priorities, short-term approach, and limited support from administrators, inadequate infrastructure support processes, lack of resources, and resistance to change and lack of confidence. A primary objective of strategies of organizational culture is to bridge this gap by making every effort to ensure that the objectives are translated into sustained and effective action. To do this, members of Human Resources should remember and be confident that it is relatively easy to come up with new and innovative policies and practices if they wish. The challenge to be faced is then only put them on (Tsang, 2010).

### Objective of the study

1. To study the theoretical comparative study of theoretical background of organizational climate, organizational effectiveness and customer satisfaction
2. To present the framework of customer services of Banks in India.
3. To study the perceptions of Bank managers and staff on different dimensions of organizational climate in selected Bank.
4. To study the impact of organizational climate and organizational effectiveness

The Banking Sector Banks, in their current form, with the complexity of financial and investment available products is one of the most essential factors to strengthen the economy. It is known that banks are the intermediaries between the investor and the saver, associating the need of the entrepreneur or individual to make an investment business-

with the need of saver to deposit money in a bank, which is interest.

Banks are the most typical and traditional type of intermediary financial systems and dominant throughout the system of financial intermediation. One definition could be as follows: "Banks are financial intermediaries, between the surplus and deficit units of the economy, improving the efficiency of the financial system". The "Bank" term derived from the ancient Greek word "trapeze" from which they come and the Latin words bank, banca and banque. Simple banks existed in ancient Athens, and the first organized banks covering a wide range of work first appeared in Renaissance Italy and Flanders. Also, the operation of the bank is directly intertwined with the concept of "faith" as the transaction between a lender and a creditor to a borrower debtor assumes the existence of the trust. First, the lender believes that the borrower will repay the amount under specific terms in a specific time in the future; on the other hand, the borrower acknowledges his debt. Accordingly, to perform this procedure required a trustworthy mediator, who is the bank (Davis, 2000). Given the very important role of financial institutions, not every business can function as such. Globally, only under strict conditions is granted authorization to a new bank. Also, banks are subject to continuous supervision to ensure their solvency. According to the legislative framework, banks are credit institutions, which are corporations engaged in accepting deposits or other repayable funds from the public and grant credits for their own account. Apart from the definition that mentioned above there are other features through which highlights their complex role:

- Banks are regulators of liquidity in the economy.
- Banks are the rates of money creation. Money generated through the dynamic sequence of deposits accept of credit institutions and loans and credits granted.
- Impacting on the various domestic and international money and capital markets.
- Manage monetary funds, Securities and information returns, risk and the concept of trust, so they are institutions supervised and controlled, as to the reliability, capital adequacy and solvency.
- They are basically Bearer Companies seeking to "maximize" return on equity, under certain conditions. Carry a certain policy and seek to offset risks associated with the activity.

### Building an organizational culture in banking sector

Human resources of banks are extremely important as the banking industry lies in providing services. The management of human resources and risk management are two of the most basic challenges faced by banks. The way in which they manage their workforce, determines the success of banking operations. Despite the growth prospects and the fact that bank wants to create a competitive advantage, the most common problem is the lack of cultural integration).

The key of success is to anticipate potential conflicts, resulting gap employee communication with customers and other stakeholders at each step of the process. Successful banks / financial institutions understand the valuable role of human resources during critical periods, as the fear of uncertainty may lead to defensive and negative feelings of employees. And this in turn could lead to the loss of the best employees of the bank and sometimes customers.

Organizational culture of a bank, as a company, is located on the values, attitudes and beliefs. Executives and managers must consider the differences, strengths and weaknesses in the culture of bank and the potential conflicts that may arise, which should be identified and resolved. Ignoring this important task, the task of creating a competitive advantage may be detrimental in the long run. Then, the development and explanation of the aim and objectives it wants to achieve the bank will help in better understanding the role of employees and the new directions to be followed. In this way, employees can feel less anxious about their working environment. Communication is essential and can help people to alleviate unfounded rumors and unnecessary fears and anxieties. Weekly e-mails or corporate meetings allow administrators to set the stage for potential upcoming changes. A monthly newsletter or intranet also can be beneficial. Additionally it is necessary to effectively address a number of areas where it may cause concern, such as allowances, changes that may occur, potential restructuring and its overall impact on employees, customers and other interested parties. The administration should be honest about all the changes that will occur during any process.

In case of a merger, for example, between two banks employees should remember that “merger is a marriage between the two banks, not only in terms of liabilities and assets, but also in terms of the combination of corporate culture”. Experience has shown that the failure condition of assessment and care of cultural application can even “derail” mergers. For example, if cultures of the banks are very different, managers and supervisors will need to allow more time to build confidence and introduce and implement any changes. The manpower needs to create a good relationship with the administration and with other members of staff from both banks. When communicating with staff, managers of human resources should be careful in choosing the words they use and they should be completely honest with them. They should not make promises they cannot keep. In addition, staff should always know what supervisors expect of them.

The staff of banking sector must cooperate to handle each change and there should be an understanding that changes take time to implement. The ultimate goal should be to create a good cooperation between employees within the defined parameters. One of the most difficult issues facing human resource management is the dismissal of employees. The primary role of the department of human resources is to assess the needs of the banking organization in the positions “Organizational Culture and Job Satisfaction, in Banking Sector – A Review” 27 [www.iaset.us](http://www.iaset.us) editor@iaset.us to be filled and the skills, knowledge and talents of the staff. In cases of crisis they have to decide how many and which of the existing manpower will remain and they must inform employees who will lose their jobs, and take care to retrain them into labor market. For those who stay, the Heads of human resources should ensure that employees understand the rationale behind the decisions made and have a clear and direct guidance on new roles and responsibilities.

A critical and often overlooked issue is the combination of culture of two different departments of banking sector. To provide the organization success and a good climate of cooperation should be developed camaraderie and optimism to overcome the fear and confusion. Communication is vital and personnel managers should consider the types of

communication between the departments. The human resource department with feedback sessions can help the integration of staff and build confidence in the working relationships.

Ultimately, the success of an organization depends on the people who define it. The adoption of high-performance HR practices and resources before, during and after any potential change may help bank to have a long term success. There have been several studies carried out by examining the relationship between human resource development and strategic human resource management. Studies have shown that both practices regarding the identification results of organizations such as employee satisfaction, but also the profit margin of the bank). The effectiveness of the banking organization does not depend only in financial resources which are available rarely, but mostly depends on the quality and experience of its employees. The differences that exist between two or more banks are dependent on the quality level of their workforce. At the same time, the difference in level of performance depends on the level of development of their human resources. Therefore, the importance of any organization depends on the level of development. The development of human resources working to improve both the group and individual performance, as it focuses on strategic approaches advanced management methods and affects the dynamics and effects of the banking organization, which develops its activities in a complex and dynamic environment.

The development of human potential and resources must be consistent with production technologies and services. The increasing importance of information technology in any business success and the fact that competitive advantage can be gained through the experience of workers has increased the importance of the strategic value of human resource management and human resource development. The development of human resources can lead to the implementation of strategies based on product innovation, quality, cost, and global relocation (Koustelios & Kousteliou, 1998). Economic crisis we are experiencing here in Greece for several years could not leave unaffected our banks. To enable Greek banks to cope with and overcome the banking crisis should have competent people who know very well their purpose and have talent and potential. It is evident by the day that most banks struggle to emerge from the “bottleneck” of crisis. It is likely that the next five years, which is in view, to further complicate the situation, due to the economic downturn and the low wages offered anymore, banks will face difficulty in filling critical positions necessary for the implementation of their strategy. It is widely known that banking sector requires exceptional skills. One of the areas that needed special ability is the rapid growth of emerging markets, which includes the process of absorption and merger. Other areas that require talent and skill is managing the growing complexity, the reduced customer loyalty, the rapidly increasing competition for deposits and the lending crisis. The bank is able to overcome the difficulties of prioritizing the management of talent and skills of employees and their satisfaction. Changing the way the bank manages employee skills can bring improvement and make crisis manageable. The evaluation process taking place every six months between employees and managers has 28 Belias Dimitrios [www.iaset.us](http://www.iaset.us) editor@iaset.us increased active and has shown that employees are a top priority for the bank.

## Conclusion

India is one of the fastest developing countries in the world. The economy in India is highly influenced by the banking system prevails in the nation as it touches and controls every fields that help in the process of development.

The above analysis shows that if a modern financial system wants to be effective, it should be competitive in terms of products and services it offers, so it can follow the best international development. Organizational culture and organizational management are important for banks because their survival depends on customer satisfaction. Those who do not meet the expectations of their customers they hardly survive. The challenges faced in the field of organizational management are even greater for banks today. The management of human resources contributes to the development of the banking system, in obtaining the appropriate managers, in job satisfaction of employees and in the maintenance/retention of talented employees.

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