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# The Impact of Occupational Stress on Employees at Project Based Organizations (PBOs) in Pakistan

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## Abstract

This paper discusses the stress management impacts on the employee performances at workplace. Additionally, research evaluates the stress control's role in increasing employee motivation and overall satisfaction in project based organizations. Survey questionnaire and open-ended interviews are primary instruments used in this study. Total 112 employees participated in survey questionnaire while total 26 managers were interviewed. Findings revealed that unrealistic demands generate stress at workplace. Interestingly, we found traditional assumption of pay scale creating stress is opposed as 57% respondents have content with the pay scale thus pay scale is not the fundamental factor for generating stress. Furthermore, stress exists and operates in both micro and macro environment having equally significant impact on individuals. Their respective performance hinder due to decline in the working efficiency and quality work. Interestingly, we found that work-life balance is not effective in stress reduction but act as additional stressor for employees under chronic stress.

**Keywords:** occupational stress, pay scale, personal stressors, project-based organizations, work-life balance

## 1. Introduction

Project-based organizations (PBO) have gained relatively higher recognition in Pakistan, especially in post recession era. Interestingly, the Musharraf regime and later democratic setup in Pakistan let to the creation of "free zone". IT software houses emerged as one of these PBOs and have significantly contributed to the GDP of Pakistan (Haque & Yamoah, 2014). Interestingly, Karachi being the business hub has higher number of PBOs, especially the advertising, IT software houses, and special event organizing agencies. The introduction of webhosting and other IT applications in Pakistan due to foreign nationals living abroad. Their headquarters are situated outside Pakistan but business operations, especially project business are carried in different cities of Pakistan. Interestingly, the other types of PBOs are mostly temporary but IT PBOs are flexible. They hire experts for projects on a contract base and once project completes the team disperse until the new project emerges. Project-based organizations pay heavily to their employees however, the employees encounter higher level of stress (Wickramasinghe & Liyanage, 2013). In addition to that, there is higher employee

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turnover in PBOs (Zhang & Tan, 2012). Thus, sustaining human capital is a major task and puts tremendous pressure on the management to sustain its image and reputation in the industry, which often becomes a significant variable in generating stress among employees (Haque & Aston, 2016). Due to the extensive demand and pressure of the fast pace work environment the execution of the task with minimal or no errors often leads to the higher level of frustration among employees (Liew, 2014; Haque & Yamoah, 2014; Haque, Aston, & Kozlovski, 2016).

### **1.1 Aim**

The aim of this research is to determine the extent of stress level affecting the work performance of employees working at project-based organizations (PBOs).

### **1.2 Significance of research**

The attempt is to explore various interrelated factors and variables that lead towards elevated level of stress in PBOs. Furthermore, the difference in the timing of headquarters and the sub-units is a significant factor that has not been explored by the earlier researchers. Moreover, the cultural differences are ignored by the earlier studies to certain extent. This has become a fundamental aspect of effectively managing workforce and providing employees with the stress free working atmosphere. The study provides the PBOs' management in attaining comprehensive knowledge of the strategic approaches that might play important role in employee stress reduction and enhances their overall work efficiency. The project is strategic and vital in terms of its capability to assist the PBOs in IT Industry in learning effective ways of eliminating stress among workforce. The often dissatisfaction among employees tends to be resulting from pressurized and demanding work environment thus leads to high employee turnover. This study offers deep insight to understand the stress related strategies. In addition, the study contributes to the managerial literature that will assist future researchers in enhancing their body of knowledge.

## **2. Literature review**

Stress often considered a normal part of everyday routine (Haque et al., 2016). The extensive workload along with the expectations of excellent workforce has contributed to the increase in the workplace stress level. However this is a general believe but in reality various other reasons such as an individual's personal issues or emotional imbalance can also play a huge role having higher stress level (Haque & Aston, 2016). In working environment, organizations are taking in consideration the elevated performance expectation of the employee and its impact on their emotional state as well as the role in increasing their stress level (Carroll, 2011). Furthermore, the expectations often lead to the anxiety among employees in their working environment (ibid). Regardless of the variety, the demands imposed can be real one (rational) or unreal (irrational) (ibid). Interestingly, Carroll (2011) also proposed through his research that individual comes under immense stress to surpass their competitors and meet the higher expectancy. This often leads to the physical or mental damage. Various researches

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oppose the idea of stress having negative impact on employees (Cecie, 2012; Kumasey et al., 2014; Haque & Aston, 2016; Haque et al., 2016; Zehra et al., 2017). They believe employees excel in stressful environment bringing out best in them. The view of the stress has not been burdensome but on the contrary it is seen as an essential tool to polish employees abilities to excel (Cecie, 2012; Haque et al., 2016).

Interestingly, Cooper and Marshall (1976) found intrinsic factors, role of organization, job insecurity, unhealthy relation at workplace, and organizational culture and structure as factors for having high stress among employees. Furthermore, physical and psychological stressors cause higher stress and negatively affect the work life quality (Worrall & Cooper, 2007; Faizan & Zehra, 2016; Haque et al., 2016). Interestingly, Smith and Carroll (2006) argued that senior management faces higher occupational stress in comparison to the other employees of the organization due to spending longer work hours at their work place. On the other hand, Haque & Aston (2016) found that lower level employees have higher stress in contrast to middle management. Furthermore, the statistics of NSTF (1990) revealed that, the most common concerns that contributed in stress are the management's ill treatment and pay related issues. Additionally, Smith and Carroll (2006) argued that lower management has higher stress due to low pay scale. Moreover, John and Menzel (1999) emphasized on two types of stress experiences by experienced employees, physical stress and psychological stress. Physical stress is often associated with the extensive physical movement or leading other employees. Nevertheless, higher employee turnover rate due to the aggressive behavior found among workers and extensive work pressure (Leith, 2002). Moreover, Maslach (1993) argued that employees often face emotional exhaustion, self-actualization, low self-esteem, and depersonalization. However once provided with effectual tools, proper training and education the staff can handle the stressful situations in an efficient manner (ibid). Additionally, Ross (1997) stressed on the idea that disturb health is due to stress and even causes emotional disturbance.

Karasek and Theorells (1990) presented strong disagreement on the idea that contributing factor of stress under the demand-control-support-mode. Given the context of chosen PBO' employees, it has been witnessed that stress reacts in a negative manner in two situations, employee's perceived control at work place and management, team associates and co worker's support. In such stressful environment, management often offers employees with incentives and rewards in form of salary package, performance assessment and evaluation, and effort recognition to reduce employee stress-level (ibid). However, employees differ in its nature and temperament thus, it becomes challenging at times for the management and employees to handle the situation accordingly (Haque et al., 2016). The management negligence in terms of ignored employees often leads to having crucial consequences affecting the organizational performance and generating higher stress level among workforce (ibid). In similar manner the improper feedback and lack of support can have crucial impact on the organizational objectives and affect employees overall performance (ibid). Nevertheless, individual's perception is directly depended on the stress. The stress can be

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energizing if taken in constructive manner and can become a motivational factor in accomplishing assigned tasks and targets. However, it can contribute to the anxiety and depression among employees if perceived in converse manner (Haque & Aston, 2016).

Interestingly, Cooper and Dewe (2008) argued that pay scale is prime reason for higher stress among workforce as more than 40% of workforce is affected by it. On the other hand, unrealistic demands workplace arose due to various bases, counting managers and work associates (Cooper & Dewe, 2008). The higher workload given by these demands eventually add to the inclined stress affecting employee's confidence and impacting their self esteem in a negative manner (ibid). In order effectively control the arise stress level due to these factors comprehensive understanding of employee's capability needs to be developed by the managers to reduce the workload in effective manner (ibid). In addition to that, the employees in constant manner interacting with diverse range of people from all over the globe thus the relationship can also increase stress of employees in order to remain competitive (ibid). The clashes of egos, difference of opinion, and attitude can give way to anxiety, frustration, and depression affecting employees in a negative manner (ibid).

The job related stress develops when an employee job duties are not specified or insufficient information provided regarding assigned task (Cooper & Dewe, 2008). This can create stress based on the employee inability to meet the assigned tasks requirement. Additionally, the unseen nature of changes can contribute in developing stress (ibid). This could be experienced in the form of introduction of developed and advance technology, working hours increase or decline, change in organization policies, change in rules and regulations but most importantly in the changes in the job pattern along with the management style (Cooper & Dewe, 2008; Haque & Aston, 2016; Haque et al., 2016). In addition to that, Cooper and Dewe (2008) argued that employees' working performance is directly influences by stress level in personal life. In a similar manner, the work condition impacts the employee behavior and leads to create stress in personal life (ibid). Haeuser (1986) found that important reasons to maintain an appropriate balance between the perceived work demand and resources because it reduces stress and increase working efficiency. This is only attainable with the proper distribution of the workload, keeping in mind the employee capability to avoid creating stressful conditions for employees. Interestingly, Seigrist (2008) argued that pay scale, lack of future career prospect, job insecurity, and no/under appreciation are factors behind low motivation, constant stress, and high employee turnover.

### **3. Research Methodology**

We used pragmatic approach with interpretive philosophy because of high focus on qualitative aspect. Interpretive gives researcher an opportunity to get closer to the respondents as it is ideal for small sample size (Shaw, 1998). By interpretive approach, we explored the intentions and actions of respondents in subjective way. Since one respondent is studied one time, thus cross-sectional design is used. Due to time constrain, the size of the sample is relatively small as only 26 employees interviewed through snowball sampling. These

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employees were selected after considering their long experience in PBOs. Furthermore, 112 employees participated in survey questionnaire. The convenience sampling technique was used for selecting employees however the response rate is only 32% of the total targeted participants. The survey questionnaire developed on ordinal scale with 1-to-5 rating (1=strongly disagree and 5=strongly agree). The reliability of answers was checked by the help of pilot testing and insertion of self-administered opinion poll. The researchers designed self-administered semi structured interview to avoid incorrect information in the research. The questionnaire is circulated around to gather feedback and respondent's views regarding stress.

The educational backgrounds and the work experience were considered as credibility's check marks. For research investigation, the ethical consideration is very important in order to promote accuracy, facts and errors free study in the whole process of research (Sekaran & Bougie, 2012). In research, the ethical norms are sustained to stimulate collective and ethical values maintained by community. Hence, respondents were informed about the purpose of research in this study and given assertion that respondents are kept as anonymous in order to maintain confidentiality. Respondents were informed prior about the research's purpose and topic so that no personal data is manipulated for any other gain. Moreover, it was cleared that all the data, information, investigation feedback forms, interviews, and result will only be practice for the purpose of research and nothing will be included in the research study without the permission of respondents.

#### **4. Findings, Analysis, and Discussions**

The managers (63%) at PBOs recognized workplace stress as a serious decline in the performance of employees by making unusual mistakes that they do not make in routine tasks. Present findings are similar to Carroll (2011) findings that there is gradual decline in performance of employees when they are in stress. Interestingly, majority of managers (80%) have identified various types of causes but it is clear that both internal and external factors are included. In internal factor, we noticed that inability of employee to manage work-related stress is one crucial factor. In external factor, most evident one is the environmental stress. This includes tough routine, hectic shifts, overloaded work, etc. Thus, Cooper and Marshall (1976) and Haque and Aston (2016) have rightly identified these variables as prominent reasons for stress at workplace. Moreover, regarding employees' reaction when they are in stress, majority of managers (57%) gave their opinion based on their observations. However, at times stress is constructive but at PBOs, usually the stress works in negative manner on the employees. In stress situation, employees make mistakes, they demonstrate violent behaviour, and there is obvious decline in their performance. Decline in performance is a strong reaction under stress hence study supports work of Smith and Carroll (2006); Haque and Aston (2016) and Haque et al., (2016). Interestingly, managers identified different techniques used at PBOs but most noticeable ones are rotation of shifts, training programme, and incentives. Hence, this study supports the work of Leith (2002).

Interview results showed that performance appraisal is vital for employees to overcome their work related stress. Hence, findings support the theory of Rowley and Purcell (2001).

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Managers confirm that check and balance is vital for managing work-related stress thus study support the prospect of Lieberman (2011). Moreover, majority respondents (70%) confirmed that personal stress is vital in creating an impact on the overall performance of the organisation. The survey questionnaire findings showed that pay scale is not the significant factor in enhancing occupational stress because 57% found to have content with pay scale. Thus, this study opposes the previous work of Cooper & Dewe (2008). Interestingly 53% considered micro factors while 47% confirmed macro factors affecting individual performances.

Additionally, job insecurity, structure and culture of the organization to some extent affects the performance of employees and increase stress as 61% agreed to it hence Cooper and Marshall (1976) argument is confirmed. In addition to that, both psychological and physical factors affect negatively the quality of work, health, and performance of the employees. This study supports work of Worrall and Cooper (2007); Faizan and Zehra (2016); and Haque et al., (2016). Majority of respondents (65%) confirmed that lower level employees have higher stress therefore this study opposes Smith and Carol (2006) and supports the work of Haque and Aston (2016). Interestingly, large number of respondents (84% from survey and 62% from interviews) confirmed that work-life-balance is not effective strategy. In fact, it is evident to be the additional stressors for employees because tele working (working from home on projects) is extra burden on the employees. Thus, this study opposes the work of Deery (2008) that work-life balance strategy is effective in retention of employees. As in this study, despite having WBL, there is high employee turnover. In addition to that, most participants confirmed that chronic stress increases due to excessive workload, late sitting, tele working, and difference in timing between headquarter/clients and sub-units. This is similar to the notion of Cooper and Dewe (2008) that unspecified job responsibilities leads to create occupational stress.

## **5. Conclusion**

The conclusion drawn from the findings is that employees experience higher level of occupational stress at project-based organizations due to unrealistic demands. Additionally, this study contradicts the traditional assumption of stress resulting from pay scale variations. The low motivation among employees is due to excessive workload. Furthermore, unspecified job roles enhance stress among operational level employees. The personal stress largely driven from psychological and physiological stressors and both micro and macro environmental factors play a vital role to some extent. In addition to that, tele working as a work-life balance (WBL) is not effective for PBOs employees because it has adverse affect on the employees' health and well-being. Employees view WBL as additional contributing stressor towards chronic problems among employees.

## **6. Limitation and future implication**

The sample size is relatively smaller comparing to the entire population of PBOs. Thus, the study findings could not be generalized to larger extent. The future researcher shall expand the sample size for attainment of generalization. Moreover, one-on-one interviews were done whereas Delphi technique with expert panel could have provided deeper understanding.

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Future research shall consider expert panel for this purpose. In addition to that, in this study general perspective was main target while research variable could have been explored in gender perspective to understand research phenomenon in depth. Furthermore, the future researcher shall consider the strata technique by sub-dividing and categorizing the participants in main business cities of Pakistan. Moreover, the future researcher shall consider comparative analysis for investigating the variable of interest as this study has only considered PBOs in specific type of economy whereas variables in comparative economies will be effective in providing superior knowledge in terms of economies.

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