

**ORGANIZATIONAL VARIABLES, JOB VARIABLES, AND JOB STRESS:  
THE MODERATING EFFECT OF PERSONALITY AMONG PAID-  
DEALERS WITHIN THE STOCK BROKING FIRMS IN PENANG**

By

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## DEDICATION

My parents, Yeoh Eng Kiang and Soon Lay Choo, for their unconditional love, endless support, patience, and forever reminding me that “dreams do come true”. My very supportive wife, Liu Kooi Khim, who is my continuous inspiration to excel in life and our two wonderful children, Aletia (aged 3 years) and Aidan (aged 3 months) who have been my “little” motivators in a “big” way.

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## ABSTRAK

Ketegangan kerja merupakan topik yang popular kerana isu ketegangan kerja mempunyai pengaruh negatif yang konsisten keatas individu yang seterusnya menjejaskan prestasi kerjanya. Kajian ini bertujuan mengenal pasti sama ada variabel organisasi (formalisasi, pemusatan, dan iklim organisasi) dan variabel pekerjaan (konflik peranan, kekaburan peranan, dan bebanan peranan) mempengaruhi ketegangan kerja. Disamping itu, dua variabel personaliti (personaliti jenis A dan keyakinan diri) ditinjau sama ada mereka berupaya menjadi moderator di dalam perhubungan di antara variabel bebas dengan variabel bersandar. Hasil analisa keatas 151 sampel peniaga saham bergaji di Pulau Pinang dan Seberang Jaya menunjukkan majoriti daripada mereka mempunyai ketegangan kerja yang tinggi. Konflik peranan, kekaburan peranan, dan bebanan peranan menjadi punca kepada ketegangan tersebut. Formalisasi yang tinggi mempunyai perhubungan positif dengan ketegangan kerja. Walaubagaimanapun, ketegangan kerja tidak mempunyai sebarang perhubungan dengan keyakinan diri yang tinggi dan personaliti jenis A. Penemuan kajian ini akan memberi faedah kepada firma-firma broker saham dalam mengenalpasti punca kepada terjadinya ketegangan kerja di kalangan peniaga saham bergaji. Seterusnya ini membolehkan pihak pengurusan memahami penyumbang kepada ketegangan kerja ini dan membentuk langkah-langkah untuk mengurangkan ketegangan kerja.

## ABSTRACT

Job stress has been the popular topic due to consistent findings that stress has an unhealthy effect on an individuals' mental and physical wellbeing, thus, leading to a negative impact on their job performance. The purpose of this study is to determine whether organizational variables (formalization, centralization, and organizational climate) and job variables (role conflict, role ambiguity, and role overload) affect job stress. Additionally, two personality variables (Type A personality and self-efficacy) were examined whether they serve to moderate the relationship between the independent variables and the dependent variable. Results from a sample of 151 paid-dealers in Penang Island and Seberang Perai, suggested that a majority of them suffered from relatively high levels of job stress. In examining the relationship between organizational variables and job stress, it was discovered that only formalization contributed to job stress. Centralization and organizational climate were found to be not significant predictor of job stress. In the relationship between job variables with job stress, all independent variables, that is role conflict, role ambiguity, and role overload were found to contribute to stress. However personality variables, both Type A personality and self-efficacy had no moderating effects on any of the above relationships. Given the positive influence of organizational variable (formalization) and job variables (role conflict, role ambiguity, and role overload) on job stress of paid-dealers, top management of stock broking firms can help reduce job stress by conducting of seminars, workshops, and stress management intervention techniques.

## **Chapter 1**

### **INTRODUCTION**

#### **1.1 Background**

The stock broking industry is categorized within the financial sector in the context of the Malaysian economy. Sivalingam (1999) stated that the financial sector is important in contributing to the nation's economic growth. This sector contributed 4.2% of the country's GDP in the year 2002 (Bumiputra Commerce Special Economic Issue, 2003). To counter the effects of the general slowdown of the Malaysian economy due to world economic slowdown, the financial sector together with the corporate sector had to undergo restructuring initiatives such as mergers (Malaysian Economy Report, 2002). This was in preparation to counter the challenging external environment in the form of foreign traders or investors.

Anderson (2000) reported that the Malaysian Government and the Securities Commission (SC) need to reduce the 63 stock broking firms (SBFs) to 15 universal brokers. Subsequently a study by Hewitt Associates' Research Practice Asia Pacific (2001) showed that these mergers are still underway, where it was estimated that eventually the stock broking industry would comprise only 15 to 25 strong firms. These activities were created as a measure toward the imminent liberisation of the financial sector created by the World Trade Organization (WTO) and the Asean Free Trade Area (AFTA), which would see the entry of foreign brokers. The liberisation of the financial sector would help create a competitive environment that the local SBF's need for efficient utilization of their resources.

However, according to the Bank Negara Malaysia Report (2002), the weak economic sentiment was largely due to external factors. Concerns over the slower

growth in the global economy as well as in Dow Jones and NASDAQ had resulted in a slowdown of the Malaysian domestic economy and lowered corporate earnings. This had subsequently affected the trading volume at brokerage houses and business outlook for remisiers and paid dealers.

In addition, the September 11, 2001 tragedy in New York had resulted in a decline of the Dow Jones to the lowest level in recent years. The stock markets throughout the world experienced its biggest decline since 1987, as shown by the DAX index which fell by 8.5%. Even KLSE when re-opened on September 13, 2001 experienced similar declines.

The mergers of merchant banks, stock broking firms and discount houses would give rise to investment banks (Bank Negara Malaysia, 2002). Such mergers efforts are being extended in response to the public's cry to safeguard their financial soundness. This would mean a further reduction in the number of stock broking firms left in Malaysia.

Given the above economic events, the outlook for the two main categories of individuals involved in stock broking namely remisiers and paid-dealers (also known as institutional dealers) are not good. Paid-dealers, unlike remisiers are paid a basic salary plus any commission for transactions made. Remisiers, on the other hand, does not have a basic salary and are solely dependent on commissions for everyday living. Remisiers, however, are able to be in full control of their earnings and are less prone to being affected by organizational rules and regulations. In any merger implementation, there are always some sensitive management and personnel issues with serious impacts on employee rights. Although paid-dealers have the advantage of a fixed income, they may be faced with salary pay-cut as well as the possibility of involuntary turnover as a result of the after effects of mergers of their trading firms.



Hence, mergers which tend to cause a reduction in the numbers of trading firms are likely to result in a decrease in employment in an industry which has been traditionally labeled as stable. Mergers also meant a likely cut in the number of paid-dealers. Trading firms may no longer need their employees and may have to layoff some of these paid dealers. Paid-dealers, thus, are faced with the uncertainty of their future which is likely to cause them to be stressful. The paid-dealers were lucky enough not to be laid off are also stressed out due to their increasing roles at the workplace. This would lead to increased levels of job stress. In a number of studies, mergers exercises have been proven to be associated with increased job stress (for instance Marks, 1991 and Marks & Mirvis, 1985 as cited in Fugate, Kinicki, & Scheck, 2002).

Job stress has been a popular topic in recent years due to the consistent findings that experienced job stress has an unhealthy effect on the individuals' mental and physical health as well as having a negative impact on their job performance. Roberts, Lapidus, and Chonko (1997) showed that stress models has been created to identify and explain why job stress occur and it showed that an individual's personality and the environment he or she is in must be compatible.

Kirkcaldy, Cooper, and Furnham, (1997) states that personality trait such as type A/B personality may affect job stress, which in turn, affects an individual's mental and physical health . Another commonly studied personality trait, self-efficacy is found to be important in affecting the relationships between an event and its consequences. Perrewe, Hochwarter, Rossi, Wallace, Maignan, Castro, Ralston, Westman, Vollmer, Tang, Wan, and Duesen (2002) had found that an individual with a better perception of personal efficacy is able to cope better in a stressful situation.

## 1.2 Problem Statement

The financial sector is one sector of the economy, which has been shown to be an industry where its work environment is highly stressful (Miller et al., 1988 as cited in Montgomery, Blodgett, & Barnes, 1996). According to Montgomery et al. (1996) workers in this sector experienced high stress because of the existence of factors beyond their control, such as the economic situation, government ruling, and the trend of the securities market.

Roberts et al. (1997) defined job stress as a condition often caused by factors such as ever-changing work environment, personal conflict, work overload and high pressure deadlines. This can be detected and seen in the behavior of the individual affected. Job stress has also been labeled as one of the key problems in the workforce over the next century (Kiechel, 1993 as cited in Roberts et al., 1997). This increase in stress may eventually lead to mental distress, low job satisfaction and security. A stressor has been defined as a specific problem, an issue, a challenge, or a source (Sime, 1997).

Over the past 2 years, the financial sector such as the financial and banking services, as well as stock trading had undergone a tremendous structural change, mainly in the form of mergers due to the Malaysian government's attempt to increase the efficiency and resources within this sector in preparation for foreign entry. In addition, the daily volatility of the economic stock market such as Dow Jones is also a contributor of stress to paid-dealers. Any market fluctuations would cause a rise or drop in performance of the stock that they are trading and as such face the possibility of bad trading. The unexpected event of September 11, 2001 tragedy caused a slowdown in the United States economy, which ultimately affected the Malaysian economy as well. With the above events and economic trends, the job stress

experienced by paid-dealers in the stock broking sector in Malaysia is likely to be high.

There are common causes of stress (stressors) at the workplace which has been identified by researchers even though it is believed that the definition of stressors lies with the individual (Hurrell, 1998; Karasak, 1979; NIOSH, 1999, and Spielberger, 1995 as cited in Gates, 2001). The stressors selected for this study are formalization, centralization, organizational climate, role conflict, role ambiguity, and role overload.

Previous studies regarding the effect of stress on the financial securities salesperson were carried out in the United States (for instance, Montgomery et al., 1997). In Montgomery et al.'s (1997) study, the direct impact of personality variables on job stress was investigated. Although there have been a number of local studies on stress (for example, Kumaresan, 2002; Leong, 1998; and Soh, 1995), none have examined the effects of organizational variables and job variables on job stress with personality traits of Type A and self-efficacy as moderator among paid dealers within the stock broking firms. This study will be done in the Malaysian context, using paid-dealers as the sample.

### **1.3 Objectives of the Study**

Many studies on job stress had been undertaken by many researcher locally and overseas where the focus is on the relationship between stress and its antecedent variables (for example, Moncrief, Babakus, Cravens, & Johnston, 1996; Montgomery et al., 1996; Wetzels, Ruyter, & Bloemer, 2000) as well as stress and stress outcomes (for instance Dewe, 1991; Kirkcaldy et al., 1997; Roberts et al., 1997). This research will study the relationship between stress and its antecedent variables among paid-dealers in the Malaysian stock broking industry.

The first objective of this study is to investigate whether organizational variables (formalization, centralization, and organizational climate) and job variables (role conflict, role ambiguity, and role overload) affect job stress. The second objective of this study is to investigate whether personality variables (Type A personality and self-efficacy) serve as a moderator in the relationship between both organizational variables (formalization, centralization, and organizational climate) and job variables (role conflict, role ambiguity, and role overload) and job stress.

#### **1.4 Research Questions**

This research attempts to study the following:

- 1) To examine whether organizational variables (formalization, centralization, and organizational climate) and job variables (role conflict, role ambiguity, and role overload) influence job stress.
- 2) To examine whether personality variables (Type A personality and self-efficacy) moderates the relationship between organizational variables (formalization, centralization, and organizational climate) and job variables (role conflict, role ambiguity, and role overload) with job stress.

#### **1.5 Significance of the Study**

This research is to study the influence of organizational variables (formalization, centralization, and organizational climate) and job variables (role conflict, role ambiguity, and role overload) on job stress among paid-dealers in stock broking firms. Personality variables (Type A personality and self-efficacy) will be examined whether they serve to moderate the relationship between organizational and job variables with job stress. It is hoped that this findings will be able to help paid-dealers recognize the

factors affecting their stress levels and to help better manage their stress levels. The results from this study may assist stock broking firms in understanding their employees' stress and develop strategies to manage stress.

## 1.6 Definition of Key Variables

Job stress is the main variable to be studied and the definition used in this research is defined as *“a stimulus or an environmental condition which results from the wrongly matched interaction between the individual and the environment”* (Cox, 1978 as cited in Dewe, 1991).

The independent variables studied are known as organizational and job variables which are identified as formalization, centralization, organizational climate, role conflict, role ambiguity, and role overload. These six variables will be defined as follows:

**Formalization** in this study refers to the extent to where rules, policies, and work procedures are officially described in an organization (Smith & Grenire, 1982 as cited in O'Connor & Morrison, 2001).

**Centralization** in this study is defined as the highest level in the hierarchy of authority at which a decision has to be approved before being implemented (Camps & Cruz, 2002).

**Organizational climate** in this study is defined as work descriptions in a certain work environment which are understood by the individual's in it and these properties are believed to have an impact on motivation and behavior (Litwin & Stringer, 1968 as cited in Muchinsky, 1976).

**Role Conflict** in this study is defined as in Agarwal (1999) as a clash of role expectations when an individual is faced with multiple demands, each with expectations that are to be satisfied at the same time.

**Role Ambiguity** in this study is defined as in Eys and Carron (2001) as a situation that occurs due to lack of information and description about the individual's duties or roles.

**Role Overload** in this study is defined as in Rahim (1996) to be a situation where demands of work exceed an individual capability to complete them.

The personality variables in this study are Type A personality and self-efficacy which are defined as follows:

**Type A/B personality** in this study is defined as opposite personality traits in an individual. A type A individual is one known to show action-emotion complex commonly surfacing as being aggressive, impatient and always wanting to achieve more in less and less time. A type B individual is one being less action-emotion oriented, taking things at a slower pace, and in a more relaxed manner (Luthans, 1995).

**Self-efficacy** in this study is defined as an individual's belief about his or her own ability and confidence to completing an assigned job or task, which eventually affects the individual's behavior and performance toward that job or task. (Bandura, 1977 as cited in Choi, Fuqua, & Griffin 2001).

## Chapter 2

### LITERATURE REVIEW

#### 2.1 Introduction: An Overview on Job Stress

King (2002) states that stress can be seen as a stimulus that motivates an individual to do good things and drives the individual to solve problems. Stress could cause an individual to be bitter or become a better person. Stress that makes an individual weaker, unstable, and experience ill effects of health are defined as distress. Positive stress, or commonly known as eustress is stress which will help an individual to become better. Examples of such stress are deadlines, competition, and confrontation which add depth, enrichment, character, and quality to our lives. However, while King (2002) acknowledges the need to also study positive aspects of work and the benefits of eustress, the purpose of this research is to study about distress.

Beehr and Newman (1978) view stress as the communication between the stressors and stress outcomes and that job stress is a condition in which job factors affect (either in a positive or negative manner) the individual, which resulted in a reaction that is not the normal behavior.

Stress is defined as a stimulus (which is an action, situation or event that bring about physical and mental reactions), a response (which is a reaction to the stressor) or an environmental condition resulting from the wrongly matched interaction between the individual and the environment (Cox, 1978 as cited in Dewe, 1991).

There are many definitions based on studies done by past authors. For instance, Dewe (1994) views stress as related to the environment and arises from a judgment made by the individual and that the demands of a situation will affect the

individual physically or mentally, thus, the individual's overall wellness is affected negatively.

Another alternative definition of job stress is that job stress occurs when an individual is faced by a demand or an opportunity which is of importance to the individual but is uncertain how the outcome will be (Greenhaus & Parasuraman, 1987 as cited in Roberts et al., 1997).

Byars and Rue (2000) further states that an opportunity for stress arises when an environmental situation presents a threat which exceed a person's ability to achieving it.

Savery and Luke (2001) defines stress as a mental and physical condition which affects an individual's productivity, effectiveness, personal well-being, and quality of work produced. An individual that is highly stressed experience a lower level of quality work life and satisfaction.

All the above definitions of stress have one common thing, that is, stress does not solely result from the individual or in the environment but in the transaction between both the individual and the environment (Lazarus, 1991 as cited in Dewe & O'Driscoll, 2002). This relationship is famously named as the "Transactional Model of Stress" where it is believed to be a transaction between its antecedents and its effects (Cox, 1978 as cited in Deary, Blenkin, Agius, & Endler, 1996). Another study has defined stress as an event in an environment that exceeds an individual's resources (Lazarus, 1990 as cited in Deary et al., 1996).

This research study attempts to examine stress as a stimulus rather than a response where organizational variables, job variables, and personality variables are seen as events that affect stress rather than being affected by stress.



## **2.2 Organizational Variables as Sources of Job Stress**

Stress is commonly accepted as being relational in nature and involves some sort of relationship between the individual and the environment and occurs when the environment exceeds the person's ability and capability to meeting them (Lazarus & Launier, 1978 as cited in Dewe, 1991).

Sources of work stress had been studied to be contributory either by the nature of the job itself, the role of the person, or job in the organization, or the interaction between the organization, and the outside environment (Cooper, 1981; Sauter, Murphy, & Hurrell, 1990 as cited in Sharpley, 1996).

Most of the occupational stress models proposed that stressors in the occupational environment generate negative changes in an individual both physically and mentally (Beehr, 1995 as cited in Grau, Salanova, & Peiro, 2001).

This study will focus on three organizational variables which are formalization, centralization, and organizational climate where literatures pertaining to each of these variables will be discussed as below.

### ***2.2.1 Formalization***

Formalization involves the setting of rules and procedures that specify what needs to be done by the individual as opposed to letting the individual decide what he/she wishes to do and, making sure that the individual comply with the designated rules and procedures (Aiken, Michael, & Hage, 1966 as cited in Agarwal, 1999). Formalization is used in organizations as a method of directing and influencing an individual's behavior to reduce any variations in the behaviors of the employees (Jaworski, 1988 as cited in Agarwal, 1999). As formalization results in the creation of inflexible rules and procedures, the paid-dealers when in close contact with a

particular trading transaction will be confused because he or she is not able to choose actions that fit the particular situation (Agarwal, 1999).

Formalization is further referred as the extent to which an organization's rules, policies, and work procedures are indicated officially (Smith & Grenire, 1982 as cited in O'Connor & Morrison, 2001).

An organization that is highly formalized inhibits an individual's ability to see problems from a new view point which is important in reducing uncertainty and ambiguity when performing one's job roles. Thus, high formalization increases one's level of uncertainty and ambiguity, which in turn, lead to higher stress (Burns & Stalker, 1967 as cited in Camps & Cruz, 2002).

### ***2.2.2 Centralization***

Centralization is defined as the area or point at which decisions are made in the organization (Price, 1972 as cited in Sohi, Smith, & Ford, 1996). An organization that is highly centralized is one that has all the decisions made by the top management. Decentralization, on the other hand, would mean that participation of lower level employees is allowed. Sohi et al. (1996) indicated that low levels of flexibility is seen in a highly centralized organization and is said to have an effect on the stress level felt by the individual. Camps and Cruz (2002) further defines centralization as the highest level in the hierarchy of authority at which a decision has to be approved before being implemented.

An organization that is highly centralized removes the authority of the individual to make decisions. This lack of authority limits the creativity expected from the individual, for instance, the need to have the authority and discretion to react

the way the individual sees as appropriate in a particular sale of stocks (Agarwal, 1999).

### ***2.2.3 Organizational Climate***

Pritchard and Karasick (1973) defined organizational climate as the condition of an organization's internal environment which makes it different from other organizations: a) which is the cause of the behavior and policies of its members, especially those at top management, b) which is being understood by members of the organization, c) which serves as a basis for understanding the situation, and d) acts as a source of pressure for directing actions or activity.

Organizational climate can be defined as a set of attributes about a particular organization, which may specify and create subsystems to deal with their members and environment (Dalcher & Schneider, 1973 as cited in Hellriegel & Slocum, 1974).

Organizational climate is also seen as a form of measurable properties of the work environment perceived by its work members and these properties are assumed to influence motivation and behavior (Litwin & Stringer, 1968 as cited in Muchinsky, 1976).

Another view of the organizational climate is that it is a characteristic of an organization which is reflected in the understanding by employees of its policies, practices, and conditions which exist in the work environment (Schneider & Snyder, 1975 as cited in Schnake, 1983).

Steers (1997) added that organizational climate can be seen as the perceived characteristics found in a work environment that results from actions taken by an organization which then affects an individual's behavior.

Organization climate is believed to be made up of 9 dimensions, as originally proposed by Litwin and Stringer (1968) in which, Schnake (1983) had modified it to only reflect five dimensions, mainly participation and reward orientation, structure, warmth and support, standards, and responsibility. Other modifications had also been done by some researchers, for instance, James & Jones, 1974; Payne & Pugh, 1976 as cited in Field and Abelson, 1982. Field and Abelson (1982) stated that organizational climate is made up of three components, external influences (for example physical and social-cultural), organizational influences (for example size, structure, and standards) and personal influences (for instance rewards and leadership).

Studies done by Wong and Wong (2002) states that organizational climate has become an area of concern because stress can happen if there is either extreme competition or poor communication among individuals in the organization. An organization that adopts a strict and threatening management style is generally more stressful to work in as compared to one which has a more relaxing climate. Therefore, an organization with a positive or favorable organizational climate is one that is likely to reduce stress. Thus, a favorable organizational climate is said to have a negative relationship with job stress.

### **2.3 Job Variables as Sources of Job Stress**

Job variables are being associated with a particular aspect of an individual's role in the organization and their relationships with job stress have been widely studied (for example, Dubinsky & Mattson, 1979 as cited in Wetzels, Ruyter, & Bloemer, 2000).

Role stress is further defined as consisting of role stressors such as role conflict, role overload, and role ambiguity which affect job stress (Kahn et al., 1964 as cited in Wetzels et al., 2000). Role stressors have been studied as antecedents of

stress outcomes (for instance, Agarwal, Sanjeev, & Ramaswami, 1993 as cited in Agarwal, 1999). In this study, the direct relationship between job factors and job stress are investigated. The job factors identified are role conflict, role ambiguity, and role overload are discussed below.

### ***2.3.1 Role Conflict***

Role conflict has been defined as a condition when behaviors and actions from an individual are not consistent (Kahn, 1964, as cited in Roberts et al., 1997). Role conflict can also be described as the mental tension that is brought about by conflicting role pressures. Role theory suggests that conflict occurs when individuals are faced with multiple roles that are not compatible (Katz & Kahn, 1978 as cited in Roberts et al., 1997). Agarwal (1999) defines role conflict as resulting from clashing role expectations, which occur when an individual is faced with multiple tasks, each with its own set of expectations that are difficult to satisfy at the same time. Savery and Luke (2001) found that role conflict could also occur when an individual is told what to do and have little control over his or her work and are not allowed to make decisions. These individuals experience greater stress as compared to individuals who are more in control of their jobs.

### ***2.3.2 Role Ambiguity***

When there is lack of information to guide the individual with regard to assigned tasks, the individual experiences role ambiguity. The individual due to feeling lost can experience anxiety, stress, dissatisfaction, and reduced work performance (House & Rizzo, 1972; Kahn et al., 1964 as cited in Roberts et al., 1997). Eys and Carron (2001) refers to role ambiguity as appearing in the form of four manifestations which were a)

the scope of responsibilities where there is lack of clear information about the details of his/her roles or duties, b) lack of clear information to fulfill one's duties, c) lack of clear information of how one's performance is to be evaluated, and d) lack of clear information about the consequence of not fulfilling one's job.

According to Luthans (1995), organizations that are filled with insufficient training, poor communication or lack transparency of information could result in role ambiguity and this is stressful for the individual. Agarwal (1999) found that role ambiguity is caused by inadequate information and/or authority to perform a task. The lack of needed information and/or complete authority to decide how to perform a job can lead to confusion and stress.

### ***2.3.3 Role Overload***

Rahim (1996) defines role overload as the level to which work demands exceeds personal and workplace resources to which an employee is unable to complete expected work assignments. Role overload is seen as having too much work to do in the time allocated (Beehr et al., 1976 as cited in Dreike & Kaplan, 2002).

Studies done by Wong and Wong (2002) showed that role overload occurs at a much higher rate especially in times of economic slowdown and the ever increasing downsizing exercises has cause employees to find themselves overworked and stuck with too many job functions at the same time. This is because less number of people are doing the same amount of job and to keep their jobs they have to struggle to cope with the situation, thereby, resulting in higher stress.

## **2.4 Personality Variables**

The study of personality variables as an independent variable rather than moderating variable have been studied in past studies (for instance, Roberts et. al, 1997; Cooper et al., 1988 as cited in Kirkcaldy et al., 1997). Nevertheless, personality variables have been highlighted as potential moderators in the stressor-stress relationship (Jex & Bliese, 1999 cited in Grau et al., 2001).

The personality variables investigated in this study are Type A personality traits and self-efficacy. The reviews of literatures pertaining to each variable are discussed in the following subsection.

### ***2.4.1 Type A/B Personality***

Luthans (1995) states that the Type A and Type B, had been identified by cardiologists, M. Friedman and R. Rosenman in the late 1960's. A Type A individual is impatient, restless, competitive, and aggressive, under constant time pressure, and attempts to complete a few things at one go. Luthans (1995) further defines Type A personality as a personality trait that can be observed in an individual who is aggressively involved in a chronic, incessant struggle to achieve more and more in less and less time and if required to do so, willing to forgo or ignore the opposing efforts of other things or other persons. A Type B individual, on the other hand, takes things at a slower pace and has all the characteristics opposite of that of Type A, and enjoys non-work activities. Type A individuals tend to have higher complaints on health detriments and are found to be more prone to heart-diseases as compared to a Type B individual.

In this study, only the impact of Type A personality on relationships of stress are being examined, as Type A individuals are believed to experience higher stress levels.

#### ***2.4.2 Self-efficacy***

Luthans (1995) states that the concept of self-efficacy is being clearly seen as an individual's perception of his/her own ability to be effective in bringing about change. Schwarzer and Scholtz (2000) states that individuals with high self-efficacy are the one's who choose to perform more challenging roles, set themselves for higher goals, are more optimistic, invest, and persist longer as well as recover from setbacks quickly.

Self-efficacy is defined as a belief about ones ability to accomplish a given activity which includes the extent of effort and persistence of the individual when faced with difficulties or problems, affecting the individual's behavior and mental functioning (Bandura, 1977 as cited in Choi, Fuqua, & Griffin 2001).

Exposure to stressors without the ability to exercise control can result in stress. Self-efficacy is believed to act as a form of control over these stressors by reacting, initiating and implementing coping behaviors (Haney & Long, 1995 as cited in Perrewe et al., 2002).

Individuals with a high sense of self-efficacy experience less stress and are able to cope better with the demands of their job, thereby, they are more likely to have lower stress (Saks, 1994 as cited in Perrewe et al., 2002). Thus, self-efficacy is more likely to act as a moderator in the relationship between stressors and job stress (Bandura, 1997 as cited in Grau et al., 2001).



## **2.5 Demographic Factors**

Demographic factors namely gender, age, level of job experience, marital status, and number of children have been studied in terms of its relationship to occupational stress. It has been shown that individuals with certain demographic profile experience a higher level of stress and coping strategies compared to others (Cooper et al., 1988 as cited in Kirkcaldy et al., 1998).

Lyne, Barrett, Williams, and Coaley (2000) had found that in the study of stress, demographics are one of the important factors to be taken into consideration when studying any stress model. Grau et al. (2001) in their research on occupational stress tried to show the effects of demographic factors (such as age, gender, marital status, number of children, length of working experience, and job tenure) on stress relationships.

The key demographic factors selected for use in this study are gender, age, marital status, number of children, and job tenure. These variables are discussed in the following subsection.

### ***2.5.1 Gender***

Walt (1999) discovered that women experienced more stress as compared to males. Women also generally feel more stressed out as they are usually feeling lost for having to play different roles and to meet up with various role demands and obligations (Barnett & Baruch, 1985 as cited in Erdwins, 2001). In a recent analysis, it is reported that females experience more conflict between work and family roles as women found that family roles were an important part of life satisfaction (Kossek & Ozeki, 1998 as cited in Erdwins, 2001). Women also suffer from maternal separation anxiety when children are involved (Hock, McBride, & Gnezda, 1989 as cited in

Erdwins, 2001) and this represents a form of role strain which ultimately is another contributing factor to stress felt at work.

### ***2.5.2 Age***

In times of organizational downsizing and mergers, older employees are more likely to be chosen for layoffs as compared to younger employees. This phenomenon makes it more stressful for older employees because of the threat of being laid off. Therefore, age is positively related to job stress (Cappella et al., 1997 as cited in Armstrong-Stassen, 2001). In a study on the effects of downsizing and mergers on stress, Vahtera, Kivimaki and Pentti (1999) as cited in Armstrong-Stassen (2001) discovered that the stress level of employees above the age of 50 years were higher.

### ***2.5.3 Marital Status***

Bures and Henderson (1995) states that traditional marriage has gone through dramatic changes. In the last 30 years, there has been an increase in married women's participation. A change in role from being single to married may be seen as increasingly stressful in terms of the impact of home roles (Cook & Rousseau, 1984 as cited in Swanson & Power, 1998). Married individuals are, therefore, shown to experience higher job stress levels as compared to single individuals.

Anderson, Coffey, and Byerly (2002) also states that marital status is widely studied in its role in work-family conflicts where individuals who are married experience higher stress compared to singles. This is due to family commitments and the expectations and responsibilities associated with family or homes.

A married individual has additional number of commitments that arises from the family or home roles, which in turn, takes time away from an individual's work.

This ultimately increases the person's felt job stress (Greenhaus & Parasuraman, 1999; Netemeyer et al., 1996 as cited in Anderson et al., 2002).

#### ***2.5.4 Number of Children***

Number of children is one of the demographic factors which have been found to affect stress. The more children an individual has, the higher the stress level experienced (Burke, 1999). It was discovered that the greater the number of children, the greater will be the tendency for individuals, especially men, to experience role overload as a result of not being able to accommodate their family needs and that of their careers (Guelzow et al., 1991 as cited in Burley, 1995).

#### ***2.5.6 Job Tenure***

Montgomery et al. (1996) defined job tenure as the number of years an individual has been employed in his/her job. It has been found that an individual's job tenure is negatively related to job stress (for example, Montgomery et al., 1996). When individuals over the years gain a better understanding of their role, their role conflict and ambiguity will be reduced, which in turn, lead to lower stress.

Individuals who are based longer in their industry gain higher levels of confidence, information, contacts, and "know the rules of the game" as compared to those with shorter job tenure as those who are not so knowledgeable (Pines et al., 1981 as cited in Miller & Ellis, 1990). Thus, a person who has a longer job tenure in the industry would be more likely to experience lower role ambiguity and subsequently, lower stress.

2.6 Theoretical Framework

The aim of this study is to investigate whether organizational variables (formalization, centralization, and climate) and job variables (role conflict, role ambiguity, and role overload) affect job stress. In addition, Type A personality and self-efficacy are examined whether they moderate the relationships between organizational and job variables with job stress. Demographic factors namely gender, age, marital status, number of children, and job tenure will be statistically controlled. Therefore, the independent variables will consist of organizational and job variables whilst the dependent variable is job stress. Personality variables namely Type A personality and self-efficacy will serve as moderating variables. Figure 1 shows the theoretical framework for this study.

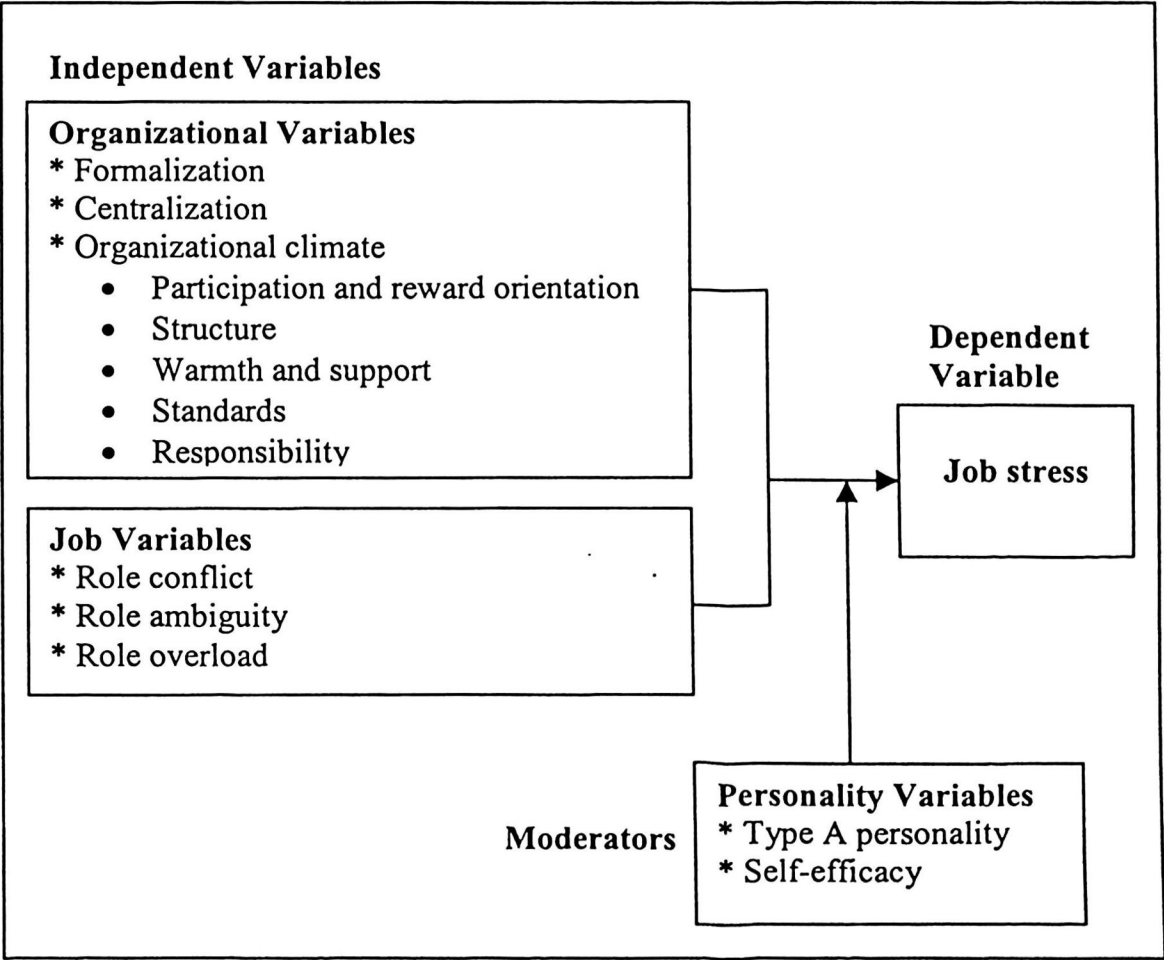


Figure 1 Theoretical framework of the study.

## 2.7 Hypotheses

The literature review as discussed in Chapter 2 suggests that organizational variables (formalization, centralization, and organizational climate) and job variables (role conflict, role ambiguity, and role overload) affect job stress.

### *2.7.1 The Relationship between Organizational Variables and Job Stress*

Agarwal (1999) states that formalization is the prescribed rules and procedures in an organization which inhibit an individual from exercising flexibility to match the situation that arises. Agarwal (1999) further states that a highly formalized organization indirectly causes high centralization because due to the rules and procedures set, the degree of decision-making (authority) that can be done by the individual becomes limited. Both high formalization and centralization lead to stress.

Organizational climate is simply the characteristic of an organization which is understood by its employees in terms of its policies, practices and conditions in the work environment (Hellriegel and Slocum, 1974). A better understood environment reduces stress for the individual as the individual is not confused (Schneider & Snyder, 1975 as cited in Schnake, 1983). Therefore, a favorable organizational climate is believed to reduce stress.

Therefore, it is hypothesized that:

*H1: Organizational variables (formalization, centralization, and organizational climate) will influence job stress.*

*H1.1: Formalization is positively related to job stress.*

*H1.2: Centralization is positively related to job stress.*

*H1.3: Organizational climate will influence job stress.*

*H1.3a : Participation and reward orientation is negatively related to job stress*

*H1.3b : Structure is negatively related to job stress*

*H1.3c : Warmth and support is negatively related to job stress*

*H1.3d : Standards is negatively related to job stress*

*H1.3e : Responsibility is negatively related to job stress*

### ***2.7.2 The Relationships between Job Variables and Job Stress***

Job variables, which, focuses on role variables in this study are composed of role conflict, role ambiguity, and role overload. Individuals who experience role conflict, experiences greater amounts of stress (Fisher & Gittleson, 1983; Johnson et al., 1990; Netemeyer et al., 1990; Sager, 1994 as cited in Moncrief et al., 1997).

Job roles which can be seen as vague or uncertain by individuals are defined as role ambiguity (Behrman & Perreault, 1984 as cited in Montgomery et al., 1996). A job role that is highly ambiguous causes a higher level of stress compared with a job that has accurate and precise specifications (Fry et al., 1983 as cited in Montgomery et al., 1996).

Employees in the financial sector may face multiple quotas or targets, hence they are likely to experience role overload (Tyagi, 1985 as cited in Montgomery et al., 1996). This causes the individual to feel pressured into achieving them and, thus, experiences a high level of stress (Newton and Keenan, 1990; Schaubroeck et al., 1989 as cited in Montgomery et al., 1996).

Thus, it is hypothesized that:

*H2: Job variables (role conflict, role ambiguity, and role overload) will influence job stress.*