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MODERATING EFFECT OF SOCIAL SUPPORT ON PERSONAL FINANCIAL CONSTRAINTS AND JOB STRESS RELATIONSHIP

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ABSTRACT

The aim of this paper is to examine the moderating effect of social support (which may be supervisory, friends, family and relatives) on the relationship of personal financial constraints and job stress relationship. Sample consists of 294 respondents from randomly selected 28 branches of 22 banks located across all major cities of Pakistan. Moderated regression analysis has been used to test the hypothesized relationships. Personal financial constraints enhance job stress and social support moderates this relationship. Job stress increases when an employee faces financial constraints but decreases in the presence of social support. Practical and theoretical implications are drawn. This research is conducted in banking industry, so its results can't be generalized to other industries. This paper is the first which examines the impact of a non-work related variable, personal financial constraint on job stress along with buffering role of social support. Its findings have great implications for employers for increasing productivity of employees.

Keywords: job stress, personal financial constraints, social support, moderating, banking, Pakistan

1 Introduction

Stress is defined as the 'physiological and psychological reaction, either consciously or subconsciously, to a perceived threat or undesirable condition beyond one's immediate capacity to cope' (Cranwell, 1998). Generally stress refers to an emotional experience associated with nervousness, tension, and strain (Cooke & Rousseau, 1984). In the occupational setting, it is viewed as a reaction to demands (stressors) imposed by a work environment (Karasek, 1979). Enormous research has been conducted to understand the sources of stress (Parasarman & Alluto, 1984; Jagdish, 1994; Cooper and Marshall, 1978). Occupational stress literature is voluminous enough that several meta-analyses have been conducted (Jackson & Schuler, 1985; Sparks et. al., 1997; Spector, 1986; Jex & Thomas, 2003).

There is great need for organizations to handle stress properly to increase productivity. If organizations do not consider stress as their concern leaving it employees' own problem, productivity may fall due to absenteeism, turn over & quality of products (Santha, 2002). Stress as emotional dissonance also leads to burnout and negative health outcomes (Heuven & Bakker, 2003). Many different stressors are identified but majority of them are work related. There is paucity of research on non-work related stressors. Personal financial constraint is one of neglected but most critical non-work life stressor.

Personal financial constraints or financial limitations are the gap between employee earnings and his expenditures. Recent slowdown in economic activities and cost push inflation has eroded income of many households in Pakistan. People are now finding it difficult to maintain family budgets within their resources. This situation of financial hardship is putting pressure on earning hands. Resultantly, productivity of employees and firms is being effected negatively which is reflected in lower GDP growth of Pakistan (economic Survey of Pakistan, 2008-2009). This study investigates the role of personal financial constraints on job stress along with moderating role of social support in banking sector of Pakistan.

2 Materials and Method

2.1 Research Theory

Numerous studies have been conducted to examine the effects of job stress on productivity. Some studies show that stress has negative impact on job performance (Allen et al., 1982; Fried et al., 1998) while others suggest a positive relationship between stress and productivity (Rabinowitz and Stumpf, 1987) and the major outcome of stress is increased job performance (Knight et al., 2006; Dyne et al., 2002; Hunter & Thather, 2007). Sullivan & Baghat (1992) propose that stress has inverted U relationship with productivity of individuals. Increase in job stress increase productivity to a certain extent and then further stress increment results in productivity downfall.

Stress occurs in the work place when individuals either lose or have threat of loss of resources and do not harvest what they have predicted in return (Hobfoll, 2001). If resources are not meeting expectations, employees are confronted with exhaustion (West *et al.*, 2004). Resource deficit can lead to disinterest and de-motivation for work. This results into higher turnover and human capital loss for the organization.

Most of the job stressors which have been studied relate to work life such as lack of job control, work overload, role conflict, long working hours, work environment etc. (Ahmed, 1981; Chiang et al., 2010). However, non-work life stressors have little been explored. Chiang et al. (2010) studied work-life balance practices as mitigants for stress at work places and has proposed for further research to see impact of more non-work life elements on job stress. Personal financial constraints are non-work life elements. It's the mismatch between an employee earning and spending. Personal financial constraints have positive impact on job strain and employees have to perform extra to meet that stress (Dyne et al., 2002). However, productivity increases to a certain extent with increase in stress and further increase results in productivity fall (Sullivan & Baghat, 1992).

Financial constraints give birth to financial distress which reduces the productivity (Brown, 1993). Financial strain is associated with higher level of psychological stress (Ferraro & Su, 1999). Based on this discussion following hypothesis is proposed.

Hypothesis 1: *Personal Financial constraints are positively associated with job stress.*

There are some moderating factors which are associated with job stress like job commitment and job experience (Hunter & Thather, 2007). Employees with high commitment and high job experience respond to stress more positively. Organizational support also has an impact on stress level. Organizational support includes flexi job timing, financial support (interest free loans), training etc. Social support, which may take form of informational, emotional, instrumental and appraisal at work place (Quick and Quick, 1984) is crucial for overall wellbeing of employees (La Rocco et al., 1980; La Rocco and Jones, 1978). The major sources of social support are spouse or partner, relatives, friends, neighbors, service or care-givers, self-help groups, health and welfare professionals, colleagues, and the immediate supervisor (House, 1981). Supportive supervision increases the employee perception of his control on his job tasks and so the job stress which is caused by job demand is decreased (Chiang et al., 2010). Supervisory support retains employee satisfaction and refrains from depression (Dunseath et al., 1995) Home stress has negative impact on work performance (Dyne et al., 2002). Family support helps in moderating the impact of stress (Karatepe, 2009). Social support may protect individual from the effects of stress (LaRocco, House & French, 1980). Manager support helps to reduce the impact of stress (Anderson, 2002). High level of stress with high level of social support has less health costs (Manning et al., 1996). Social support at workplace may help employees to cope with difficulties associated with work and family roles (Frye and Breough, 2004; Karatepe and Kilic, 2007).

Research has found consistently that social support is very important for enhancing psychological, physical and overall well-being of individuals (La Rocco et al., 1980; La Rocco and Jones, 1978, Thanacoody et al., 2009). Work social support minimizes the detrimental effects of exhaustion resulting from stressful situations (Cole and Bedeian, 2007). Work social support helps individuals to cope with stressors and strains. Employees with sufficient work social support are less likely to have exhaustion (Hobfall, 2001). Social support is very beneficial for employees who are under stress and negligible or no benefit for those not under stress (House, 1981). Social support in the workplace moderates the relationship between stressors and burnout (Etzion, 1984; Viswesvaran et al., 1999).

Financial strains could be mitigated by social relationships such as family and community supports (Ferraro & Su, 1999) which tend to alleviate the negative impacts of financial strain on psychological wellbeing (Ferraro & Su, 1999; Krause, 1997). Also, interaction with family could mitigate financial strain and psychological distress (Ferraro & Su, 1999).

Hypothesis 2: *Social support buffers personal financial constraints and job stress relationship.*

2.2 Conceptual Model

Conceptual research model is shown in Figure 1.

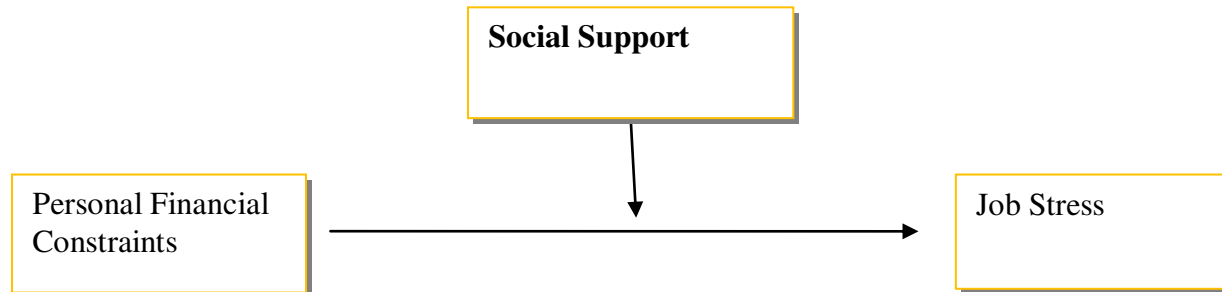


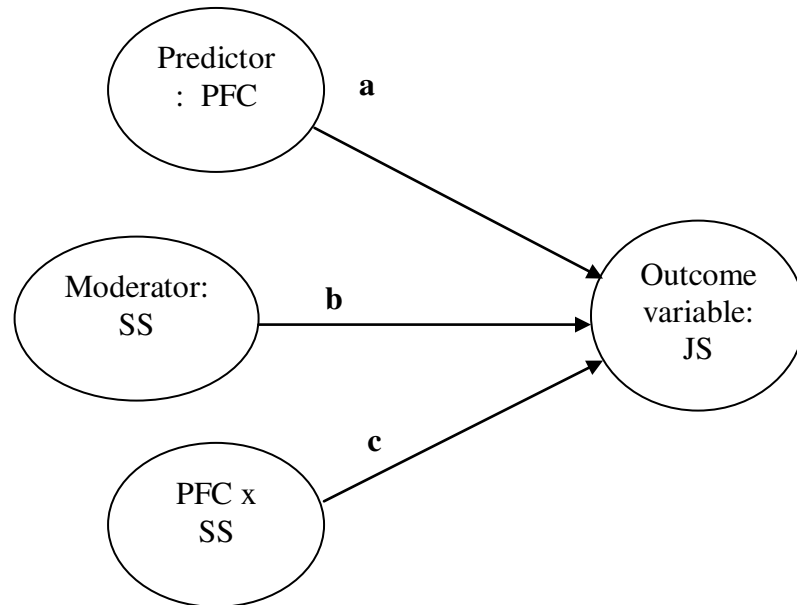
Figure 1: Conceptual Model

2.3 Method

Research being quantitative, questionnaire based survey was used to collect data. Previously developed scales were used for measurement of variables of the study. SPSS 16.0 was used for screening data as well as hypotheses testing. Moderating behavior was tested following the model proposed by Baron and Kenny (1986). As per this model, outcome variable (Job Stress) is regressed on (a) predictor variable (Personal Financial Constraints), (b) moderator (Social Support) and (c) product of predictor and moderator.

Fig. 2 explains this method. Moderator hypothesis is supported if path (c) is significant.

Figure 2: Moderation Methodological Model



Regression equation for this analysis will be of the form:

$$y = a + bx + cz + dxz \quad \text{eq (1)}$$

Where y is dependent variable, a intercept and b,c and d are regression coefficients. Moreover, x is independent variable, z moderator and xz is independent/moderator interaction.

2.4 Sample

350 questionnaires were distributed in randomly selected 28 branches of 22 banks in 7 major cities of Pakistan namely Islamabad, Rawalpindi, Peshawar, Quetta, Lahore, Karachi and Faisalabad. Response rate was 84% as 294 questionnaires were retrieved. The sample consisted of 61% male and 39% female respondents. Mean age of respondents was 36 years and 96% were graduates employed as officers. Being collectivist society, 63% respondents had more than 4 dependents while only 51% were married. Income of the majority of respondents was between 20,000 to 40,000 Pak Rupees per month. These statistics are representative of employee population of banking sector of Pakistan.

2.5 Measures

Anderson *et al.*'s (2002) 7-item scale was used to measure job stress. Based on factor analysis and internal reliabilities the scale was adopted with all 7-items. Scale items having loading greater than 0.5 and internal consistency greater than 0.7 were adopted (details are narrated below). Using the same standards social support and personal financial constraints scales items were treated. Social support was measured by 9-item scale shortened to 6-item developed by Bernal *et al.* (2003). Single item scale is quite effective in measuring financial stress (Kim *et al.*, 2006), so personal financial constraints were measured by 8-item financial well being scale shortened to 1-item developed by Prawitz *et al.* (2006). Questionnaire was vetted by senior professors and pretested for removal of any ambiguity, ensuring functionality and content validity before conducting major survey. Instrument was served in simple English as respondents were mostly graduates, so that they can be able to understand it easily. For this purpose a linguistic expert was consulted and his recommendations were incorporated in the questionnaire's items.

Internal consistency of the scale was measured for ascertaining its reliability through Cronbach's Alpha score which was found 0.867, 0.71 and 0.862 for job stress, social support and overall scale respectively which was above 0.70, a acceptable criteria proposed by Nunnaly (1978). Negatively worded items were reverse coded. Absolute values of skewness and kurtosis being less than 1 favored normality of data. Probability plots also did not indicate any serious problem and deviation from normality. Uni-dimensionality and discriminant validity of scales were assessed through exploratory factor analysis. Three principal components emerged indicating clear distinction among three variables of the study as shown in Table 1.

Item	Component		
	Job Stress	SS	PFC
JS1	.818		
JS2	.809		
JS3	.776		
JS4	.715		
JS5	.690		
JS6	.666		
JS7	.560		
SS1		.785	
SS2		.763	
SS3		.564	
SS4		.560	
SS5		.539	
SS6		.540	
PFC1			.651

Table 1: Principal Component Analysis using Varimax rotation. Rotation converged in 4 iterations.

Variables	JS <--- PFC	JS <--- PFC, SS	JS <--- PFC, SS, PFCxSS
R ²	.156	.318	.916
F	54.15***	67.85***	1052***
PFC	.342***	.231***	-.696***
SS	-	.521***	.105***
PFCxSS	-	-	.274***

*** = p < 0.001

Table 2: Results of moderated regression analysis

3. Results

Statistical analysis results of moderated regression analysis are shown in Table 2. R² for the first regression is 0.156 which increases to 0.318 when moderator is added to the first regression. It further increases to 0.916 when interaction term is added to the second regression. Increase in R² and statistical significance of F indicates model acceptability.

Results indicate that personal financial constraints (PFC) cause job stress in banking sector of Pakistan. Each unit change in PFC causes 34.2% change in job stress. However, social support (SS) moderates the relationship between personal financial constraints (PFC) and job stress (JS) as interaction path is significant. What is interesting to note is that when interaction term is introduced, job stress reduces due to negative sign of the beta coefficient for PFC.

4. Discussion and Implications

Results show that financial constraints are positively associated with job stress in banking. These results are in line with Dyne et al. (2002). Job stress is multidimensional phenomenon and PFC is one non-work related variable.

There are many other factors which impact the job stress. This research shows that social support buffers the personal financial constraints - job stress relationship. This finding is in line with Ferraro & Su (1999). Social support scale used in this research measures how much social support is required, so social support relationship with job stress shows that employees with more job stress require more social support.

This finding is new in the sense that HR managers can use this tool of social support to mitigate the job stress at work place rather than mere focusing on bonuses, tours and others incentives. Besides this according to D-C model by Karasek (1979) jobs demands are better met by promoting job control, but most of time non-work related elements (personal financial constraints) are ignored which results in ineffectiveness of HR practices at work place.

5. Limitations and Future research

The study was conducted in banking industry, so its findings may not be generalizable to other industries. Our sample consisted middle level bankers in management hierarchy, so while drawing generalizations results may be overestimated for upper bankers in management hierarchy and under estimated for bankers in low management hierarchy with the presumption that bankers at upper destinations are financially well relative to lowers ones.

Future research should be conducted to explore more non work related variables which cause job stress in the banking sector. Moreover, role of social support as a motivational and job control enhancing factor may also be explored.

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