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The effect of stress and dissatisfaction on employees during crisis



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ABSTRACT

This study investigates the effect of job stress and job dissatisfaction on employees during crisis. Primary data is collected through a random sample of 172 employees in Greece's private and public sectors using two stage cluster sampling. Relying on this sample and the collected variables, we model for the first time a number of qualitative variables as features which represent crisis (especially stress and dissatisfaction but also migration, reprioritizing and behavioral changes). Logistic regressions are then used to present a number of useful contributory functions of stress, dissatisfaction and supportive elements. This provides the basis for calculating the odds ratios and corresponding probability of the effect on employees during the crisis. A number of new findings on the causes of stress emerge including the acceptance of salary reductions, the number of working hours, economic migration, behavioral changes between management and employees, reprioritizing, and minimization of career opportunities.

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1. Introduction

In a previous research paper the effect of stress and satisfaction on productivity was investigated (Halkos and Bousinakis, 2010). Our empirical results confirmed that productivity is seriously affected by the two qualitative factors, stress and satisfaction.¹ As expected, in the former, increased stress leads to reduced productivity and in the latter, increased satisfaction leads to increased productivity. Modern organizations clearly have to cope with stress and job satisfaction of their employees with these two elements affecting each other. If both function well, positive results can be expected for employees' work and for the organization.

In this study our efforts focus on the investigation and analysis of the effect of some of the important factors of stress and dissatisfaction on employees during a crisis. In particular we concentrate on the effects of a crisis on various socio-economic issues such as migration, reprioritizing and behavioral changes. Using two-stage cluster sampling and a random sample of 172 employees in the private and public sector, the effects of a crisis on the functioning of companies and/or organizations are investigated. Our interest is in migration, salary, career and creativity. In this new area of research the state of stress is a result of the interaction with an environment in which there has been an economic crisis. Here financial and social elements (financial status, education level, age, family status) affect employees but new elements appear in the form of unemployment, austerity and migration.

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¹ In our current analysis we have not used factor analysis (as in our last research effort), but instead we have concentrated on the various specific variables of interest.

Greece's economic crisis (but also globally) radically affects the lower social and economical classes while provoking serious economic, psychological, physical and mental problems on its population. Our research is focused on these problems as it affects employees, and which are not directly visible—such as job satisfaction, migration, and behavioral changes and reprioritizing. These problems affect productivity, career progress at work, creativity and the decisions affecting changes to working conditions. They lead to alienation, indifference, isolation and job stress. In such an environment keeping in employment becomes the first priority while at the same time employees are forced to handle the serious economic consequences of the crisis (e.g. negative changes in labor rights, reduced salaries, loss of creativity, bad working relations with management team but also with the rest of working teams).

The structure of the paper is as following. The next section reviews the existing relevant literature. Section 3 discusses stress, satisfaction and dissatisfaction while Section 4 presents the sampling framework and the adopted methodology for the analysis of the primary data collected. The empirical results derived are presented and discussed in Section 5. The last section concludes the paper and comments and provides policy implications of our empirical findings.

2. Existing relevant studies in the literature

The effect of crisis is most intense on external satisfaction (wages, working conditions, working security) rather than on internal satisfaction (opportunities for further education, career evolution, creativity, independent action). In both cases, however, crisis leads to minimizing job satisfaction and maximizing job stress. Giorgi et al. (2015a,b) discuss the effect of economic crisis in working stress while Mucci et al. (2016) review the correlation between economic stress and crisis.

In addition to an economic crisis there is the phenomenon of an **organizational crisis** which can be defined as anything that can agitate, question and change the economic and social conditions. In addition, an organizational crisis can affect companies, employees, products and threaten the economic as well as the psychological aspect of people's health.²

Seeger et al. (1998) define organizational crises as “specific unexpected and non routine events or series of events that create high levels of uncertainty and threat or perceived threat to an organization's high priority goals”. Venette (2003) defines crisis more generally as “a process of transformation where the old system can no longer be maintained”. According to Mitroff (2005, p. 36) crises are often unexpected due to cognitive limits given we cannot predict everything and are able to follow only a limited number of tasks, threats and priorities. The events/trends that we are able to predict may often be moderated and thus can be prevented from turning into crises. In such cases denial and other psychological responses are shown to provide protection for our emotions.

Organizational crises are often caused variously, by the complexity of systems and organizations, from incorrect or disputed decisions as well as from the interaction between technological systems and people who are trying to manage them (Pauchant and Mitroff, 1992).

Nowadays, the meaning of crisis is used to describe situations which create the feeling of general threat and the pathology of a reality that has gone far beyond normal limits. From an economic point of view the definition of crisis is a situation where the economy is characterized by a ceaseless reduction of economic activity, meaning that basic factors such as employment of labor, GDP (Gross Domestic Product) and public debt are seriously affected.

3. Stress, satisfaction and dissatisfaction

Physical manifestations of stress are generated through the functioning of the nervous system which produces a change in respiratory rate, dry mouth, sweating, etc. However stress refers not only to psycho physiological factors, but also to behavioral and emotional changes that are generated in response to a conscious or unconscious danger.³ Such effects can be seen as a normal reaction of a living organism if it is directly linked to its survival. These reactions can be positive or negative. For this reason Selye (1956) refers to positive and negative stress. Stress is considered to be positive and beneficial when, besides the general disruption, there are possibilities of accomplishing goals which are a product of stress related initiatives.

Karasek (1979) supports a theoretical model where the three key stress factors are: the work that the employee is required to perform, the initiatives that an employee takes and the social relations with colleagues at all levels and which must operate interactively to decisively influence the employee. Warr (1990) considers that all of Karasek's work factors must exist so as not to create stress. In his research his so called ‘vitamin model’ suggests that job characteristics affect mental health. He identifies ten general categories of job characteristics, which group together the main variables. Warr's vitamin model relied on the analogy that just as vitamins are necessary for physical health, a healthy working environment is needed for the mental health and welfare of individuals.

Siegrist (1996) suggested a model in which adverse health effects are a product of high-effort/low-reward conditions. According to the effort–reward imbalance model, the focus is on reciprocity of exchange in occupational life where high-cost/low-gain conditions are considered particularly stressful.

² Athukorala et al. (2012) looked empirically into the health costs imposed to farmers from their exposure to pesticides.

³ Alm et al. (2012) combine psychology and economics in a compliance analysis.

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