

**THE MEASUREMENT OF LEVELS AND CAUSES OF WORK STRESS OF  
EMPLOYEES IN A COMPETITIVE OPEN MEDICAL SCHEME IN THE PRIVATE  
SECTOR**

by

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## FOREWORD

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## ABSTRACT

The fundamental goal of this study was to measure the levels and causes of stress of employees in an organisation undergoing immense change, including a transaction whereby the full administrative and managed healthcare operations are sold to a prominent insurance company (acquisition). This change represents an acquisition of the intellectual capital and systems of a mutual open medical scheme by a major insurance company with a well established brand equity and profile in the South African insurance market. The importance of the study is imperative as it forms an integral part of the management of change programmes. The goal is to execute a paradigm shift in leaving behind old comfort zones and moving towards a competitive workforce in a highly competitive environment with an outcomes based approach to business.

The identification of the most important levels and causes of work stress will enable the organization to address factual situations and to build these strategies into its change programmes, whilst not relying on generic, non-focused initiatives with marginal success outcomes.

Some organisations are more stressful than others and in order to manage stress and embark on effective strategies to cope with stress, the unique disposition of the organisation and its employees needed to be identified. The data was collected electronically via the organisation's Intranet by means of the Experience of Work and Life Circumstances Questionnaire (WLQ), compiled by Van Zyl and Van der Walt of the Human Sciences Research Council in 1991. The questionnaire was developed to determine the levels and causes of stress of employees. The WLQ endeavours to establish whether employees experience normal, high or very high levels of stress and also identify those factors which cause these levels of stress.

The questionnaire consists of three different parts namely, a demographic questionnaire, experience of work which determine the levels of stress and finally, circumstances and expectations which analyses the causes of stress. It was clear from the study that organisational change, such as is experienced by the employees of this organisation, does lead to increased and higher stress levels.

It was further demonstrated from the results that uncertainty and lack of control over their own destiny and immediate circumstances, contributed to an increase in the levels of stress.

## CHAPTER 1

### INTRODUCTION AND BACKGROUND

#### 1.1 INTRODUCTION

Stress appears to be everywhere and for most people it has become so prevalent that it is almost unavoidable. Examining stress thus provides a focussed vehicle by which to explore how the sense of the individual relates to a particularly modern and widespread discourse (Newton, 1995). Organisations increasingly find themselves in an environment of social responsibility and accountability and thus have to pay more attention to work related stress as it can be harmful, almost fatal but also beneficial to the individual and his/her organisation (Matteson & Ivansevich, 1987).

In most organisations change has become the norm and planned change results from a deliberate decision to alter the organisation. Terms such as adaptiveness, flexibility and responsiveness are used to describe organisations that will succeed in meeting the challenges and overcome barriers to success and performance in a competitive environment (Nelson & Quick, 2000). Much of the stress employees experience at work can be directly linked to work overload and time pressures but also to the lack or absence of rewards or praise and not providing individuals the autonomy to do their jobs. Organisations therefore, need to manage people in the workplace differently, with a lot more respect and valuing their contributions (Cartwright & Cooper, 1994).

Change leads to uncertainty and the lack of control are two of the most important and stressful demands employees face at work. Employees will face five major sources of stress at work and these are task demands, role demands, interpersonal demands, physical demands and as important, non-work demands which may carry over into the workplace (Nelson & Quick, 2000).

#### 1.2 PROBLEM STATEMENT

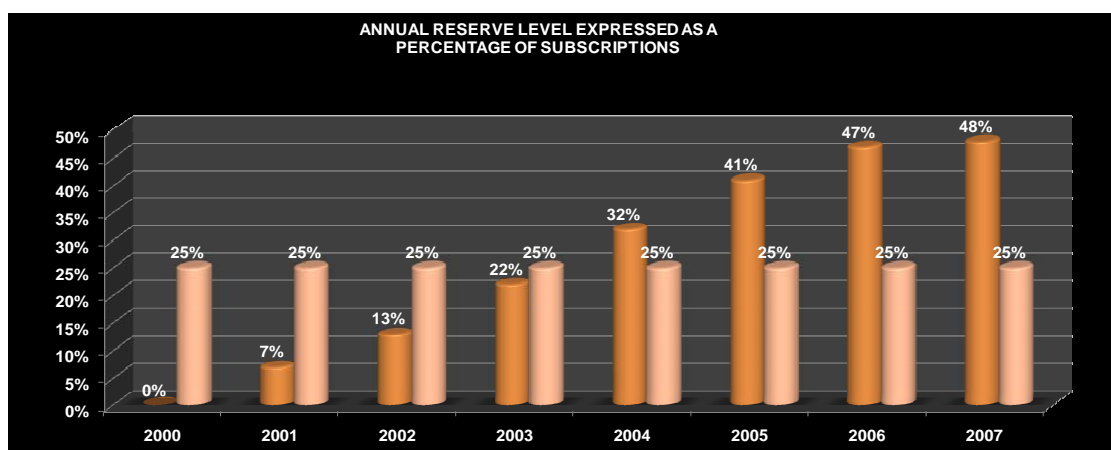
Employees in a set and perceived stable environment with good organisational financial results and adequate growth compared to the market may experience

drastic change negatively and with increased levels of work stress. Their own ability to cope with change and new and challenging initiatives, responsibility and accountability may well lead to and result in ineffective and harmful behaviour to themselves and the achievement of organisations overall goals. These actions will, however, specifically be excluded from this study and its primary aim.

The organisation undergoing drastic change will be required to identify the causes and levels of stress to enable it to react proactively and in a responsible manner to a phenomenon which is a reality and part of organisational behaviour. The acquired organisation has without exception for seven financial years experienced positive financial results, resulting in a contingency reserve of 48% by the end of 2007, compared to the statutory minimum requirement of 25% of annual subscriptions. It had furthermore experienced a member growth of 100% in this seven year period. The organisation, however, remained a relative small player in the open medical schemes industry with a 2% market share.

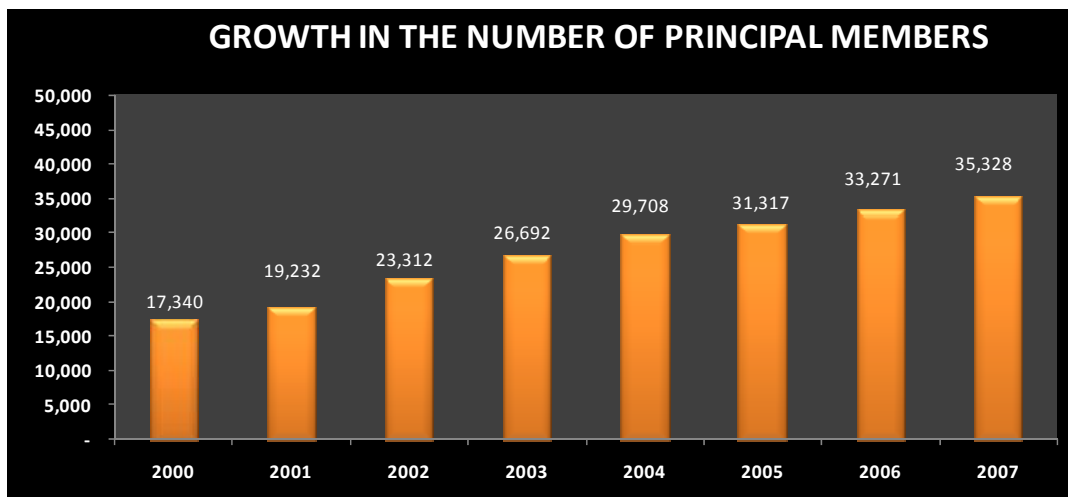
**Table 1.1: Financial soundness of the medical scheme: Reserve levels per financial year**

FINANCIAL YEAR	RESERVE LEVEL	STATUTORY REQUIREMENT
2000	0%	25%
2001	7%	25%
2002	13%	25%
2003	22%	25%
2004	32%	25%
2005	41%	25%
2006	47%	25%
2007	48%	25%



**Table 1.2: Annual growth in principal members of the medical scheme**

FINANCIAL YEAR	NUMBER OF PRINCIPAL MEMBERS
2000	17340
2001	19232
2002	23312
2003	26692
2004	29708
2005	31317
2006	33271
2007	35328



The actual context of this study stems from a decision taken by the Board of Trustees of the organisation to sell its administrative and managed healthcare operations to a leading insurance company. This sale basically encompasses the fixed assets and most important the human capital of the medical scheme, excluding the building. The insurance company urgently needs to obtain these assets and employees to enable them to get back into the medical scheme industry, thus being able to offer a more comprehensive insurance product offering to their clients. They have lost market share due to the fact that they could not fulfil all the insurance needs of their clients, whereas other direct competitors in the insurance industry, are able to offer and facilitate a wider range of long-term and short-term insurance products, including medical scheme products. These competitors are in contrast able to provide a more comprehensive and “one stop” service, thereby fulfilling all the insurance needs of their clients.

The result of this proposed transaction is that the employees of the medical scheme, now totalling 109 will be employed by the insurance company in accordance with the provisions of Section 197 of the Labour Relations Act, no 66 of 1995, as amended. Both these organisations have very formal structures although the insurance company employs in excess of 5 000 employees and have a much stronger and well known brand exposure. Emanating from this, the problem is foreseen that a fair to high amount of stress will be experienced by the employees of the medical scheme as a result of the transaction. They will be acquired by the insurance company and will be expected to adhere to new company policies, procedures, culture and way of doing. The cultures of both organisations are similar and also in respect of the approach to performance management and output driven client service orientation. The insurance company has from the onset of a possible business transaction engaged in a comprehensive due diligence exercise to establish whether the medical scheme and its employees will be the preferred organisation to acquire to fill this gap in their product offering to their clients. It is emphasised that the transaction did not entail a merger of two organisations but the acquisition of the administrative and managed healthcare operations of the medical scheme. The medical scheme had, therefore, decided to sell these capabilities to another legal entity who will then in future manage these operations on their behalf on a contract basis. The medical scheme will therefore remain a separate legal entity with its own Board of Trustees and registered in terms of the Medical Schemes Act, no 131 of 1998. The proposed transaction has been approved by the members of the medical scheme with a positive vote of 92% compared to a required percentage of 75% in accordance with the registered Rules of the Scheme. The Competition Commission also approved the transaction and so did the Council for Medical Schemes in accordance with the provisions of Section 63 of the Medical Schemes Act, no 131 of 1998 as amended.

The sale of business agreement between the medical scheme and the insurance company provides that the Conditions of Service and the remuneration structures of employees will be guaranteed for a period of two year at least, as from the date of implementation, 1 March 2008. All the employees of the medical scheme, with exception of two Senior Management members, namely the Chief Executive Officer and Client Service Manager, will therefore be employed by the insurance company.

The acquiring company, will operate as a full subsidiary of the insurance company and is registered in terms of the Companies Act, no 61 of 1973 as amended.

A change management programme had been implemented eight months before the actual date of implementation in order to prepare employees of the scheme for the proposed change. This included the appointment of a new Chief Executive Officer by the insurance company for the newly established company. Various change management initiatives were launched during the eight months preceding the actual implementation date, including:

- Presentations by Management to employees on the proposed transaction.
- Presentation by Board of Trustees of the medical scheme to employees on the proposed transaction.
- Presentation by Senior Management of the insurance company (acquiring company) to employees on the proposed transaction.
- Intranet questions and answers initiative.
- Continuous update on the proposed transaction at monthly employee meetings.
- Formal off-site Change Management initiative involving Senior Management, all employees of the medical scheme and newly appointed Chief Executive Officer of the newly established company/administrator.
- Farewell function to employees by the Board of Trustees of the medical scheme.

It could be argued that the proposed transaction and envisaged changes will be beneficial to both organisations, however, it represents major change and paradigm shifts for the employees of the medical scheme who will be employed by the full subsidiary of the insurance company.

**Based on the assumption that major change could result in increased levels of stress and accompanying negative behaviour patterns, causes and levels of stress need to be monitored and controlled in the changing environment.**

### **1.3 THE AIM OF THE STUDY**

**The aim of the study is to measure the levels and causes of work stress amongst employees in different measurement categories, during the period**

**immediately preceding the actual implementation/engagement of the proposed transaction.**

## **1.4 OVERVIEW OF THE STUDY**

In addition to chapter one, a short overview of each of the following chapters is herewith provided:

### **Chapter 2**

A theoretical overview of the stress phenomenon is addressed; including definitions of workplace stress, the triggers or causes of stress, the behavioural outcomes of stress and strategies organisations could deploy to manage stress in the workplace.

### **Chapter 3**

This chapter addresses the concept of change and the environment in which the employees undergoing major change, with specific reference to acquisitions, find themselves and the context in which they operate on a day-to-day basis.

### **Chapter 4**

This chapter addresses the methodology that was used to conduct the study with particular emphasis on the sample and the measurement instrument, the latter being the foundation to collect the data and hence do the data analysis.

### **Chapter 5**

This chapter focuses on the results obtained during the statistical analysis of the data.

### **Chapter 6**

In this chapter, the researcher highlights and recommends interventions in those areas of concern in terms of levels of stress and causes of stress in relation to

specific variables which should be encompassed and addressed in a formal Change Management Programme in the acquiring organisation.

## CHAPTER 2

### STRESS: A THEORETICAL PERSPECTIVE

#### 2.1 INTRODUCTION

Much has been written over decades about the underlying causes and positive and negative effects of stress on individuals and organisations. It is clear that stress in the workplace does not only cost organisations a great deal of money but also impacts directly on the lives, productivity, effectiveness and wellbeing of employees, thus reaching far deeper than only ineffective organisational behaviour. Stress is presented as a modern fact of life and the individual must take primary responsibility for his or her capacity, or incapacity to cope (Newton, 1995).

The issue of whether organisations should take an interest in reducing the stress levels of its employees is vital as most factors in the work environment have potential to cause stress and most activities which intentionally or unintentionally change the work situation have some power to increase or alleviate stress (Marshall *et al*, 1981). Organisations and managers need to acquire the skills of managing stress and this requires commitment and involvement, self-understanding and strategies which are carefully chosen on the basis of diagnosis which could then result in successful stress management (Cranwell-Ward, 1987).

Stress is an individual experience and the pressure and responsibilities can be producers of negative stress for one individual but can also create positive stress for another. It is therefore ironic that stress can be harmful to one individual and be exciting and even fantastic for another (Matteson *et al*, 1987). Stress had, however, become a significant topic in organisational behaviour which can in part be attributed to the increase in the competitive nature and change in many industries (Nelson *et al*, 2000).

Different definitions of stress and the development and understanding over time will be provided in this chapter. The focus on the causes of stress and the

consequences thereof will include, but not be limited to organisational change such as acquisitions.

## 2.2 DEFINING STRESS

There are literally hundreds of definitions of stress to be found in literature and publications insofar that it has been described as the most imprecise phenomenon in the scientific dictionary (Matteson *et al* 1987:9).

Stress was described during the 1950's as a response to internal or external processes. Newer and more comprehensive theories of stress, however, emphasise the interaction between an individual and his/her environment. Stress derived from the Latin word "stringere" meaning to draw tight. Under the meaning of early definitions, external forces (load) were seen as exerting pressure on the individual and thus producing strain. Lazarus (1976) suggested that an individual's stress reaction "depends on how the person interprets or appraises the significance of a harmful, threatening or challenging event". His work therefore differs substantially with those who saw stress simply as an environmental pressure, instead the intensity of the stress experience is determined by how well a person feels he/she can cope with an identified threat. Similarly, Cox (1978) rejected the idea of looking at stress simply as either environmental pressures or as physiological responses. Stress could best be understood as part of a complex and dynamic system of transaction between a person and his/her environment.

By looking at stress as resulting from a "misfit" between an individual and his/her specific environment, one can begin to understand why some people suffer and others flourish in a certain setting. A stressor is therefore any force that puts a psychological or physical function beyond its range of stability and thus producing strain within the individual contributions (Cartwright & Cooper, 1997:3-5).

There are basically four approaches to stress and these are summarised as follow (Nelson *et al*, 2000:209-213):

### **2.2.1 THE MEDICAL APPROACH**

Walter B Cannon argued that stress resulted when an external environmental demand upset the individual's natural steady-state balance or equilibrium. He called it the emergency response which was rooted in fighting emotions as the body was designed with natural defence mechanisms to keep it in the natural steady-state.

### **2.2.2 THE COGNITIVE APPRAISAL APPROACH**

Lazarus was more concerned with the psychology of stress and saw stress as a person-environmental interaction where individuals differ in their appraisal of events and people. What is stressful to one person may not necessarily be stressful to another. Perception and cognitive appraisal are important processes in determining what is stressful to the individual. An employee's organisational position can shape such a perception. He also introduced the concepts of problem-focused and emotion-focussed coping where the first is related to managing the stressor and the latter to managing the response.

### **2.2.3 THE PERSON-ENVIRONMENTAL APPROACH**

Kahn's approach emphasised how conflicting and confusing expectations of a person in a social role create stress. He further emphasised a person's "fit" in the environment. A "good person-environment fit" occurs when a person's skills and abilities match a clearly defined and consistent set of role expectations, whereas, stress will occur when a person's skills and abilities are not able to meet the demands of the social role and the person will eventually experience strain.

### **2.2.4 THE PSYCHOANALYTIC APPROACH**

Levenson argued that two elements of a person's personality interacted to cause stress, namely the ego-ideal which comprises the embodiment of a person's perfect self and the self image which is the way in which a person sees himself/herself, both positively and negatively. Stress then results from the discrepancy between the

idealised self (ego-ideal) and the real self image, the greater the discrepancy, the more stress a person will experience.

Stress is the unconscious preparation to fight or flee that a person may experience when faced with any demand. A stressor or demand is the person or event that triggers the stress response. Distress or strain refers to adverse psychological, physical, behavioural and organisational consequences that may occur as a result of stressful events (Nelson *et al*, 2000:210).

Stress is a problem for all types of societies and represents a threat to the quality of life and to physical and psychological wellbeing (Cox 1978:v-vi). Stress is also a concern for a nation and particularly organisations as the related costs are extremely high (Cartwright *et al*, 1997:10).

Many definitions of stress are to be found but a common thread appears to be present throughout these definitions and that is that stress is caused by a demand made by either the internal or external environment which upsets a person's balance and for which restoration is needed (Matteson *et al*, 1987:33).

### **2.3 THE COSTS OF STRESS IN THE WORKPLACE**

The costs of stress for the organisation refers to a variety of indirect costs and direct costs of mismanaged stress and is represented in the ways in which stress is reflected in the workplace (Nelson *et al*, 2000:220).

They further argue that there are a number of indirect costs of mismanaged stress and these are not limited to, but include low morale, dissatisfaction, breakdown in communication channels and disruption of working relationships. Research done at the Survey Research Centre at Michigan in the United States of America established a number of behavioural costing guidelines, which then specify the direct costs of organisational distress. These direct costs can be presented in three different categories:

### **2.3.1 PARTICIPATION PROBLEMS**

These direct costs are associated with absenteeism, tardiness, staff-turnover, work stoppages and strikes. High rates of employee turnover can become quite expensive for organisations as it leads to an increase in training costs, reduce overall efficiency and disrupt other employees (Arnold, Cooper & Robertson 1995:364). According to Nelson *et al* (2000:220) a clear distinction should be made between dysfunctional and functional turnover. Dysfunctional turnover will occur when an organisation loses a valuable employee which is costly for the organisation in terms of replacement costs including recruiting and retraining. They further argue that functional turnover, in contrast is beneficial to the organisation as it creates new opportunities for other employees, new ideas and fresh approaches. Dysfunctional turnover creates in most cases non-budgeted costs to the value of five to seven times the monthly remuneration of an employee.

### **2.3.2 PERFORMANCE DECREMENTS**

This is the result of poor job performance, poor quality of production, grievances, unscheduled downtime and repairs and job satisfaction.

As is the case in medical illnesses, stress is not the only causal agent in performance decrements, however, plays a role whether the poor quality or low quantity is motivated by distressed employees or by an unconscious response to stress on the job (Nelson *et al*, 2000:220).

### **2.3.3 COMPENSATION AWARDS**

This is the third direct cost resulting from court awards for job distress which could be costly for businesses. Employers pay directly for stress-related illnesses through compensation claims lodged by employees (Nelson *et al*, 2000:220).

## 2.4 THE CAUSES OF WORKPLACE STRESS

There are so many stressors which impact on the individual and the focus in this study will therefore be on those factors which vary in the degree in which they are found to be causally, linked to stress in the organisation and the job itself.

Cooper, Cooper & Eaker (1988) identified six major causes of pressure at work, namely:

- Intrinsic to the job
- Role in the organisation
- Relationships at work
- Career development
- Organisational structure and climate
- Non work factors

### 2.4.1 SOURCES OF STRESS INTRINSIC TO THE JOB

#### 2.4.1.1 Working conditions

Kornhauser (in Arnold *et al*, 1995:365) argued that poor mental health was directly related to unpleasant working conditions, the necessity to work fast and to expend a lot of energy and to excessive and inconvenient working hours. The physical design of the workplace can also be a potential source of stress for employees. The lay-out or design could lead to the development of poor communication networks which could then ultimately result in role ambiguity and poor relationships (Arnold *et al*, 1995:367).

Physical environmental stressors refer to conditions that require an employee to adapt in order to what Matteson & Ivancevich refer to as the homeostasis or balance. Unlike other stressors they may result in direct physical trauma like deafness as a consequence of overexposure to high noise levels (Matteson *et al*, 1987:35). Noisy, crowded offices and working with a computer can be extremely stressful, especially if the ergonomic fit between the employee and the machine is not correct. Eyestrain, neck stiffness and arm and wrist problems can occur. Office designs that use

partitions (cubicles) offer little privacy for the individual, for example to conduct employee counselling or performance appraisal with little protection from interruptions (Nelson *et al*, 2000:217).

#### **2.4.1.2 Long working hours**

It is now commonly acknowledged that working beyond 40 to 50 hours per week results in time spent that is increasingly unproductive and this include executives working long hours (Cartwright *et al*, 1997:16).

#### **2.4.1.3 New technology**

Management and workers alike have to adapt continually to new equipment, systems and ways of working and new employees trained in new methods may raise questions about the adequacy of supervision and doubts about those in senior positions (Cartwright *et al*, 1997:16). Executives may suffer particularly to the introduction of new technology, that is, to maintain their technological superiority and keeping up with new technology is a great source of pressure at work.

#### **2.4.1.4 Work overload and work underload**

Two types of work overload have been identified and described by researchers, namely qualitative overload which refers to work that is too difficult for the employee and quantitative overload which refers simply to having too much work to do. A too heavy work burden has also been associated with an increase in cigarette smoking, alcohol consumption and other stress indicators (French & Caplan, 1972).

Arnold, Cooper & Ivancevich cite Cox (1982) who described the problem of not being sufficiently challenged by work thus, work underload. Job underload associated with repetitive routine, boring and under stimulating work has in addition, been associated with ill-health.

## **2.4.2 ROLE IN THE ORGANISATION**

### **2.4.2.1 Ambiguity**

Role ambiguity can be described as the lack of clarity about an employee's job objectives and the scope of responsibilities of the job (Matteson *et al*, 1987:44). This ambiguity often results from executives not laying out for the employee exactly what his/her role is. The stress indicators found to relate to ambiguity are depressed moods, lowered self-esteem, life dissatisfaction, low motivation to work, and the intention to leave the job (Cartwright *et al*, 1997:17).

### **2.4.2.2 Role conflict**

Conflict will exist when an employee is torn by conflicting job demands, doing things he/she really does not want to do or things not considered to be part of the job. (Cartwright *et al*, 1997:17) cite Quick and Quick (1984) on employees with high anxiety levels who suffer more from role conflicts than people who are more flexible in their approach to life. Ethic violations are also likely to cause person-role conflicts and employees expected to behave in ways that violate personal values, beliefs and principles experience role conflict. Organisations with high ethical standards are therefore less likely to create ethical conflicts for employees. Person-role conflicts and ethics violations create a sense of divided loyalty for an employee (Nelson *et al*, 2000:215).

### **2.4.2.3 Personality variables**

Abrasive personalities, sexual harassment and the leadership style in the organisation are interpersonal demands for employees. They are expected to accommodate an abrasive employee who may well be able and talented, but who create emotional waves at work. Abrasive personalities stand out in the working environment and some organisational environments willingly tolerate them (Nelson *et al*, 2000: 215).

Organisations are increasingly less tolerant towards sexual harassment, a gender related interpersonal demand. This creates a stressful working environment for the person being harassed, as well as for other employees.

Leadership styles in organisations, whether authoritarian or participative create stress for different personality types and thus employees who feel secure with firm, directive leadership may well be anxious with an open, participative style and vice versa. Trust is an important characteristic of the leader-follower interpersonal relationship and threat to reputation with an employee's supervisor may be especially stressful (Nelson *et al*, 2000:216).

#### **2.4.2.4 Responsibility**

Two types of responsibility are to be found in organisations, namely responsibility for people or employees and responsibility for things such as budgets, equipment and material assets (Arnold *et al*, 1995:371). Responsibility for employees has been found to be particularly stressful and far more likely to lead to coronary heart disease than was the responsibility for things (Wardwell, Hyman & Bahnson, 1964). Part of the reason responsibility for people acts as a stressor undoubtedly results from the specific nature of responsibility, particularly as it relates to the need to make unpleasant interpersonal decisions. Another part of the reason is that people in responsibility positions lend themselves to overload, and perhaps even role conflict and ambiguity as well (Matteson *et al*, 1980).

#### **2.4.3 RELATIONSHIPS AT WORK**

Other employees can in varied encounters with them at work be major sources of stress and support, particularly with bosses, peers and subordinates. Cartwright *et al*, 1997:18 cite Hans Selye (1946) who suggested that "learning to live with people" is one of the most stressful aspects of life and poses a key factor in individual and organisational health.

#### **2.4.3.1 Relationships with superiors**

Cartwright & Cooper (1997:18) cite Buck (1972) who suggested that emotional stability problems often result when the relationship between a subordinate and a boss is psychologically unhealthy for one or the other. Buick (1972) focussed on the relationship of workers with an immediate boss and found that when a boss was perceived as “considerate”, there was friendship, mutual trust, respect and a certain warmth between them. Workers who experienced their bosses as low on “consideration”, reported feeling more job pressure.

#### **2.4.3.2 Relationships with subordinates**

The way in which a manager supervises the work of other employees has always been viewed as a critical aspect of his/her work. For instance, the inability to delegate has been a common criticism levelled against some managers. The emphasis today on “participation” can be a cause of resentment, anxiety and stress for the managers involved (Arnold *et al*, 1995:372). Personal relationships may be experienced as more trivial and time consuming by managers with technical and scientific backgrounds who may be more “things orientated” than for managers who are more “people orientated” (Cartwright *et al*, 1997:18).

#### **2.4.3.3 Relationships with colleagues**

The competition and personality conflicts usually described as “office politics” can lead to stress among co-workers. Employees spend much time at work and relationships between co-workers can therefore provide valuable support or, conversely, can be a significant source of stress. Highly technical, achievement orientated, hard driving individuals find no time to cultivate amiable working relationships and may be an important source of interpersonal stress for others (Cartwright *et al*, 1997:18).

## **2.4.4 CAREER DEVELOPMENT**

### **2.4.4.1 Career progress**

An employee can be exposed to various potential stressors during his/her working life which can all create pressure and strain. In addition, the frustration of having reached a particular career ceiling, or having being over-promoted can result in extreme stress according Matteson *et al*, 1980. Inadequate career development can be defined as those aspects of the organisational environment that influence a person's perception of the quality of his/her career progress. Career variables may serve as stressors when they become sources of concern, anxiety or frustration to the individual. Stress brought by this category of stressors often manifests itself in the form of job dissatisfaction and seems to be a problem most frequently in mid-career, from ages forty to fifty years. Concern over lack of career progress may be an extension of concern or confusion about the meaning of life. In extreme circumstances, these stressors may involve changing career or even "dropping out", more often it shows up in a variety of ways, all of which tend to be dysfunctional for both the organisation and the individual (Matteson *et al*, 1987:47-48).

### **2.4.4.2 Job security**

Career progression is of overriding importance for many workers and not only do they earn more money but gained increased status and experience new challenges. Striving and ability are required to deal with rapidly changing environment in early years and are rewarded by monetary and promotional rewards. At middle age, however, many people find their career progress, slowed or stopped. Fear of demotion or obsolescence can be overpowering for those who believe they will suffer some erosion of status before they retire (Cartwright *et al*, 1997:19). Career stress is related to the thinning of mid-managerial ranks in organisations through mergers, acquisitions and downsizing which then cause career gridlock for many employees (Nelson *et al*, 2000:214).

#### **2.4.4.3 Job performance**

The process of being evaluated and appraised can be very stressful for employees. It must be recognised that performance appraisals can be anxiety provoking for both the individual being examined and the person/supervisor doing the judging and appraising. The supervisor or manager making performance judgements faces the thread of union grievance procedures in many cases, interpersonal strains and the responsibility of making decisions affecting the livelihood of another person. The way in which the evaluation is carried out can effect the degree of anxiety experienced (Arnold *et al*, 1995:373).

#### **2.4.5 ORGANISATIONAL STRUCTURE AND CLIMATE**

Being part of an organisation can in itself present threats to an employee's sense of freedom and autonomy. Workers sometimes complain that they do not have a sense of belonging, lack adequate opportunities to participate, feel their behaviour is unduly restricted and not included in office communications and consultations. Coch & French (1948) founded that non-participation at work presented a significant amount of strain and job related stress. This related to poor health, escapist drinking, depression, low self-esteem, absenteeism and plans to leave work (Margolis, Kroes & Quinn, 1974). Sauter, Hurrell & Cooper (1989) argued that participation in decision making processes by workers may help increase feelings of investment in the organisation's success, a sense of belonging and improve the communication channels within the organisation (Cartwright *et al*, 1997:20).

#### **2.4.6 NON-WORK FACTORS**

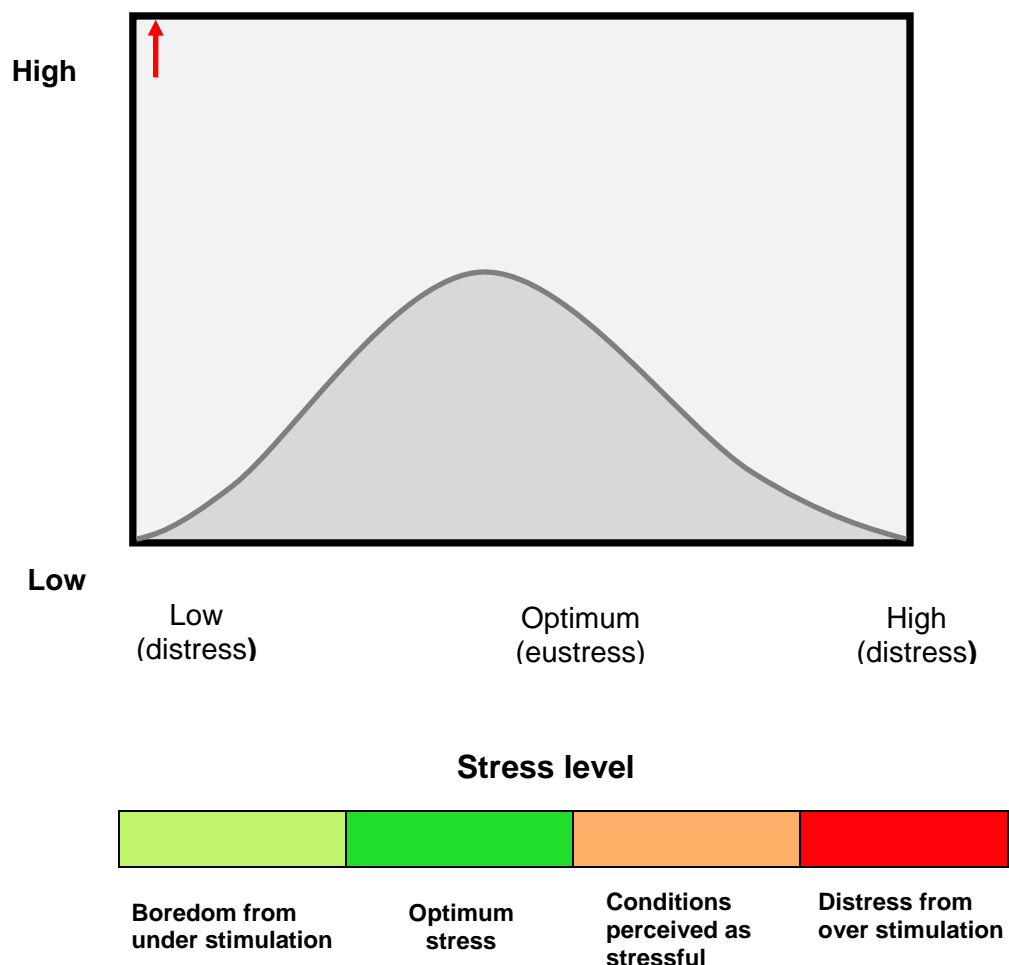
These factors represent the danger of current economic stringencies being the fear of job loss, thwarted ambition, work overload and others on the families of employees in the organisation. Individuals strive to cope with the basic economic and security needs. They should find home a refuge from the competitive and demanding work environment, a place where they get support and comfort. A career crisis or work related stress do effect the family and home environment. It is difficult to provide the supportive domestic scene that a worker requires when the spouse is feeling

insecure or is worried about the family's economic, educational and social future. (Cartwright *et al*, 1997:21) cite Cooper & Lewis (1994) who suggested dual career culture creates problems, especially for woman because they are sometimes expected by men to pursue the job and in addition manage home.

## 2.5 THE CONSEQUENCES OF STRESS

An organisation striving for high quality service needs a healthy workforce to support the effort and eustress is one example of healthy people whereas distress is not. The consequences of healthy, normal stress (called eustress for euphoria + stress) include performance and health benefits (Nelson *et al*, 2000:217). These benefits can be balanced against costs of individual and organisational distress. Benefits which arise from eustress and the costs of distress are depicted in the following figure:

**Figure 2.1: Consequences of stress**



### 2.5.1 PERFORMANCE AND HEALTH BENEFITS OF STRESS

Stress leads to improved performance up to a point. Beyond the optimum point, stress has a negative effect on performance. Nelson *et al* (2000:210) argued that the stress response is not inherently bad or destructive. They further argued that the various forms of individual and organisational forms of distress are the result of prolonged activation of the stress response and the mismanagement of the energy induced by the response or unique vulnerability in a person.

(Matteson *et al*, 1987:71) cite Forbes (1979) proposed that managers should look for specific behavioural indicators of optimal stress performance levels and use these behaviours as checkpoints in determining the stress performance levels at which their employees are functioning:

- high energy levels
- mental alertness
- high self motivation
- calmness under pressure
- thorough analysis of problems
- improved memory and recall
- sharp perception
- optimistic outlook

### 2.5.2 INDIVIDUAL DISTRESS

When stress is prolonged, abnormal responses may occur and this explosive to stress may give rise to functional and structural damage (Cox 1987:23). An acute preoccupation with work may result in acute individual distress which usually takes one of three basic forms, namely work related psychological disorders, psychosomatic disorders and a number of medical illnesses (Nelson *et al*, 2000:219).

The first form is psychological disorders and the most common types are:

- depression
- burnout

- psychosomatic disorders

The second form is psychosomatic disorders and represent physical disorders with a psychological origin. Public speaking and the intense stress associated with this may for instance result in speaking disorders where the person is under so much stress that the mind will not allow speech to occur (Nelson *et al*, 2000: 219).

The third form is medical illnesses where the tendency exists to hide negative psychological outcomes such as dissatisfaction, low morale, apathy which have a subjective character (Baum, Grunberg & Singer, 1998). Matteson *et al* (1987:58) argues that not all workers experience the same outcomes, as research suggests that type of employment effects outcomes.

The most significant medical illnesses are:

- heart disease
- strokes
- backaches
- peptic ulcers
- headaches

Negative health consequences are most probably experienced more frequently in the work world than elsewhere. People differ in their abilities to tolerate stress and identical levels of stress may facilitate work performance in one and hamper it in another (Matteson *et al*, 1987:62).

These three forms of individual distress cause a burden of personal suffering to the individual and also a collective burden of suffering in the organisation (Nelson *et al*, 2000:220).

### **2.5.3 PERFORMANCE CONSEQUENCES**

Matteson *et al* (1987) also suggested that change, enhancement or degradation in the performance of job tasks can be attributed to stress.

### **2.5.3.1 Absenteeism**

Matteson *et al* (1987) argues that absenteeism is a major contributor to lost productivity which in turn can be a primary indicator of workplace stress. Organisations view illness related absences in two ways. On the one hand people become ill and are thus unable to attend work and on the other involve unnecessary time off, following illness. Employees sometimes prefer to withdraw from, rather than confront a work environment which causes stress. A job change or even dismissal is possible solutions when absenteeism continues.

### **2.5.3.2 Reduced decision-making effectiveness**

According to Matteson *et al* (1987) the long term survival of an organisation relies heavily on effective decision making and thus requires good analytical skills, working well under pressure and proper use of available information. There will be little stress arousal if risks are small and this decision making is called unconflicted adherence. If there is substantial risk in following the present course, the decision maker will seek alternative causes of action and the stress response is initiated and this is called unconflicted change.

The next determinant of the decision making approach of a person is the evaluation of the time available to act. The likelihood of hyper vigilance will increase substantially as the decision making time approaches. Only if the decision maker perceives adequate time, does decision making occur in a favourable state of vigilance (Matteson *et al*, 1987:73).

## **2.6 MANAGING STRESS**

### **2.6.1 INTRODUCTION**

The role of the manager as gatekeeper includes that he/she determines whether a problem exist and which stressors have produced it. The fact that an employee shows signs of stress does not necessarily indicate that a work related problem is present. However, as the employee shows symptoms which grow in frequency and intensity, there may well be a need for intervention. It is emphasised that a thorough

needs analysis is done before an organisation or manager embark in company sponsored stress management training programmes (Matteson *et al*, 1987:194-195). Stress can cause illness and impair performance and therefore knowledge of these factors which can cause stress and the ability to manage stress once it occurs should be an essential part of management education. Stress can intrude into separate aspects of a manager's life, namely:

- his/her own personal health as poor health can cause serious problems to cope at work
- his/her value to the organisation as a manager

The fact therefore remains that it is vitally important for the manager and organisation to have a thorough and good understanding of health and the effects of stress on the health of the employee (Marshall & Cooper 1981:4-5).

## **2.6.2 A MODEL OF STRESS MANAGEMENT INTERVENTION**

Arnold, Cooper & Robertson (1995:381-382) cite de Frank & Cooper (1987) who suggest that stress interventions can focus on the individual, the organisation or the individual/organisation interface. They also cite Murphy (1988) who emphasises three levels of intervention, namely:

- primary or reducing the sources of organisational stress
- secondary or stress management training
- tertiary or health promotion and workplace counselling

Carter & Cooper (1984) highlights that most workplace initiatives operate on the secondary and tertiary levels. These interventions focus on stress management training or counselling and health promotion. Education programmes and health promotion aim to modify risk factors that lead to poor health and health screening with the diagnosis and detection of existing problems. These activities may involve any of the following:

- keep fit facilities on-site
- dietary control

- cardio vascular fitness programmes
- relaxation and exercise classes
- stress management training
- psychological counselling

These activities can also be combined in a package as part of an Employee Assistance Programme (EAP) or Employee Wellness Programme. EAP have tended to be employee rather than organisation directed whereby the focus is directed at changing the behaviours of the employees and improving their lifestyles and stress management skills (Arnold, Cooper & Robertson 1995:381-382).

Arnold *et al* (1995:384) cite Eleken & Rosch (1990) who argued and emphasised that although there is considerable activity at the levels of stress management, counselling and health promotion, the organisational level strategies are comparatively rare. They summarised a useful range of possible organisation directed strategies to reduce stress:

- Redesign the task
- Redesign the work environment
- Establish flexible work schedules
- Encourage participative management
- Include the employees in career development
- Analyse work roles and establish goals
- Provide social support and feedback
- Build cohesive teams
- Establish fair employee policies
- Share the rewards

Many of these strategies are directed at increasing employee participation and autonomy. Strategies which focus on changing the style of work in the organisation are often a vehicle for cultural change and moving the organisation towards a more open and employee empowered culture. A healthy organisation is defined by Arnold *et al*, (1995:385) as an organisation which is characterised by both financial success, i.e. profitability and physically and psychologically healthy workforce. This workforce is able to maintain over time a healthy and satisfying work environment and

organisational culture and it is highlighted that this is particularly the case through periods of market turbulence and change.

It is important that these organisational strategies are directed to healthy work environments which are characterised by the following according to Cartwright *et al*, (1997:36):

- Levels of stress are low
- Organisational commitment and job satisfaction are high
- Sickness, absenteeism and labour turnover rates are below the national average
- Industrial relations are good and disputes are infrequent
- Safety and accident records are good
- Fear of litigation is absent

Arnold *et al* (1995:385) argue that the truly “healthy organisation”, which is successful in creating and maintaining a healthy and relatively stress-free environment will be an organisation in which stress management and counselling interventions are unnecessary. They emphasise that such an organisation will have targeted very effectively its interventions at reducing or even eliminating job and organisational stressors. They further argue that this should be done even before the longer term consequences on employee and organisational health adversely effect the bottom-line. These organisations have realised and recognised the benefits of providing regular health screening for employees and conducting regular stress audits. These regular audits should ascertain the current state of health of the organisation as a whole.

### **2.6.3 A PROBLEM SOLVING FRAMEWORK IN DEALING WITH WORKPLACE STRESS**

Arnold *et al* (1995:386) suggest that both the individual and the organisation need to display the following when problem solving is applied to the problem of workplace stress:

- be aware and accept that the problem exists
- be able to identify and insolate the problem/stressor

- attempt to change the problem/stressor in a way which provides a solution which is mutually beneficial for both parties
- should the problem/stressor not be in a position to be changed then find a way of coping with the problem
- monitor and review the outcome

Arnold *et al* (1995:386-388) cite Cartwright & Cooper who suggests the following steps:

### **2.6.3.1 Step 1 : Being aware and accepting that the problem exists**

It is widely recognised that the first crucial step in solving a problem, is to recognise that one has a problem. Ownership of the problem is considered to be the most significant factor in the clinical treatment of problems such as alcoholism, drug abuse are damaged relationships. Stress is a feature of modern working life and the awareness by the individual and organisation is the first step in dealing with stress. Everybody is likely to experience stress at some point in time, irrespective of position in the organisation and, furthermore, that stress is not necessarily a reflection of the individuals' incompetence.

The organisation must seek to create a climate which is perceived to be openly supportive rather than punitive. It is also of utmost importance that the individual should "tune in" and recognise his/her own stress symptomology early in the stress process.

The organisation can also "time in" into the problem by monitoring a variety of behavioural indices such as labour turnover, sickness and absence data. Other more subtle indices might include error and accident rates, insurance claims, tardiness, levels of job satisfaction and industrial relations generally. Training in symptom recognition and basic counselling skills can be provided to supervisors and managers to help them to be more responsive to employee stress.

The first step in the coping and managing of the stress process therefore requires an organisational initiative in deliberately acknowledging and communicating to employees that stress has a legitimate place on the organisation agenda.

### **2.6.3.2 Step 2 and 3 : Identifying the problem/stressor and attempting first to eliminate or change it**

Arnold *et al* further cite Cartwright & Cooper who urge that one can distinguish between two levels of stressor identification, namely at an organisational level and at individual level.

At organisational level, an employee survey and organisational stress audit can be used to assess and monitor employee health and wellbeing and to identify the source of stress which may be present at an organisational-wide, departmental or work group level. Instruments which incorporate personality measures of Type A behaviour, locus of control and employee coping strategies may be used. Different stressors are likely to suggest different organisational solutions. Eliminating or reducing stressors which relate to factors intrinsic to the job could include poorly designed equipment which will involve economic solutions. A significant source of stress amongst employees may be career issues which may be addressed by the introduction of regular appraisals, career counselling and retraining opportunities. Diagnostic stress audits can be advantageous in terms of directing organisations to areas where they can engage in anticipatory coping strategies and so to “arrest” the stress process before its negative impact on employee health manifests itself. Regular work group review meetings could be utilised to identify potential stress related problems at this particular level.

At the individual level, stressor identification can be achieved by the maintenance of a stress diary. By recording on a daily basis the incidents, types of situation, persons involved, which cause distress, over a period of time (e.g. four weeks), the information will reveal any significant themes or common stress patterns. This will help the individual to identify specific problems or problem areas. The individual can then move towards developing an action plan as to how he/she can either eliminate the source of stress or change or modify it. Should he/she not be able to change the stressor, he/she has to accept the situation and explore ways of coping with the particular situation.

It is further emphasised that it is particularly important to catalogue responses and ways of coping and to review these with the benefit of retrospection. The individual can then identify areas where his/her coping skills can be improved and develop a repertoire of successful contingency-based coping methods which can be applied in future similar situations. An awareness of potential stressors can also help the individual to develop anticipatory coping strategies.

#### **2.6.3.3 Step 4 : Finding ways to cope with the problem if the problem/stressor cannot be changed**

According to Arnold *et al* who cite Cartwright & Cooper, certain stressors have to be coped with as neither the individual nor the organisation is able to change them. These stressors have to be coped with and are of such nature that secondary and tertiary levels of intervention have a definite role to play. Not all stress that impacts on the workplace is necessarily or exclusively caused by the work environment. The effects of financial crisis, bereavement, marital difficulties and other personal life events, often spill over into the workplace.

Tertiary level interventions, such as the provision of counselling services can be extremely effective in dealing and coping with non-work related stress.

#### **2.6.3.4 Step 5 : Monitoring and reviewing the outcome**

This final step in any problem solving process involves the evaluation of the implemented solution according to Arnold *et al* who cite Cartwright & Cooper.

Maintaining a stress diary can help the individual to review the efficiency of his/her own coping strategies. Stress audits can similarly provide a baseline measure whereby the introduction of any subsequent stress reduction techniques implemented by the organisation, can be evaluated. One will expect that the more successful the organisation is in eliminating or reducing environmental stressors, the less demand there would be for stress management training and employee assistance programmes.

## 2.7 CONCLUSION

It is apparent that the presence of stressors is a modern fact of life in any organisational environment. Although it is often said in literature that the individual must take primary responsibility to cope with different stressors, the organisation must simultaneously acknowledge that stress influences any sustainable competitive advantage. Successful stress management will only be achievable when managers and individuals acquire the necessary skills to manage these stressors. The organisation must also accept that ignorance and mismanagement of stress hold direct and indirect costs for the organisation.

There are several causes of stress and these can be attributed to factors within the organisation and also those outside the work environment. The reality is that both these types of stressors will influence performance and outputs of personnel. Stressors are not always negative in terms of behaviour and can sometimes have a positive influence on the individual and his/her performance. Individuals will respond differently to different stressors but once stress goes beyond the optimum point, it will produce a negative effect on performance. Managers therefore need to be knowledgeable about stressors and be able to identify its presence and be empowered to react in the appropriate manner. Interventions and positive stress management will only succeed when the problems are identified and acknowledged by the organisation and its management.

## CHAPTER 3

### A THEORETICAL PERSPECTIVE TO ORGANISATIONAL CHANGE, MERGERS AND ACQUISITIONS

#### 3.1 INTRODUCTION

Enterprises in today's business environment have to act in a flexible and customer orientated way in order to meet economic challenges and to ensure long-term survival of the organisation. The biggest problem, however, with change is that people tend to resist it and the bigger the change, the more they resist it. Resistance to change is a natural and universal human response because people inevitably become attached to, and invested in, whatever they are most familiar with. That is why most people will respond negatively even to change that promises to be good for them (Seheer, Abolhassan Jost & Kirchmer 2003:2-3). Changes that influence business processes may well be caused by the following:

- New or changing customers or market partners
- New or changing market offerings including services and information
- Acquisitions and mergers
- Changing legal regulations
- New or modified technologies
- Outsourcing of specific activities
- New business models
- Cultural differences

Seheer *et al* (2003:5) cite Hammer & Stanton (1995) who presented the following appropriate components and definition of change management:

- Information
- Communication
- Training

People have to be informed about changes and their feedback is required. An intense communication starts and finally they have to be trained to be successful in the new business process environment.

### **3.2 DEFINING ORGANISATIONAL AND INDIVIDUAL CHANGE**

Change is not the process of what is done to organisations but rather what organisations do. Change is a continuous process of the organisation which attempts to align itself with shifts in the marketplace and the realities of its financial, physical, social, political and technological environment. Successful change is required for an organisation to survive and this means they must change more effectively and more responsively than its competitors (Evans & Schaeffer 2001: 1-2).

Van Tonder (2004: 5) cite Porras and Silver (1991:52) who stated that change in organisations consist of the following elements:

- an initiative that alters
- several critical organisational processes, which then in turn influence
- individual behaviours, subsequently as a result of the change and
- feelings of powerlessness to control their own destinies

Change in organisations is problematic and complex, firstly because of cognitive frames that “blind” employees to the need for change. Modern organisations are complex because of the holistic nature of systems, multiple parts of an organisation need to move before performance benefits can be attained. Secondly, change will not take place without sustained market or institutional processes and this need for change must be theorised within the organisation. Thirdly, the processes of leadership do not always occur as dramatic interventions but rather in the form of additive, opportunistic and skilfully timed interventions that culminate into impacting on organisational outcomes (Lee & Kruger 2003: 22).

Personnel and work groups do value and consider their own needs when they are confronted by change initiatives introduced by the organisation (Marshak 2006: 7).

The context and frame of the individual - level change has a direct impact on any change initiative in an organisation. A more explicit explanation is that change will only occur against the rate that the individual employee is able to deal with change and also be able to respond to such change (Van Tonder 2004: 8). People change because they want to change. For organisations and employees who inhabit them, changing is a choice, changing is work and changing is learning (Evans & Schaeffer 2001: 7).

The challenge rests with the organisation to provide an energising environment in which employees can reach their maximum potential. This seems to be the difficult part where most organisations fail to sustain that energy, even if they manage to create such an environment (Riddersdale & Wilcox 2008: 4).

### **3.3 THE PROBLEMATIC NATURE OF CHANGE**

People often resist change initiatives and commonly for the following reasons according to Clegg, Hardy, Lawrence & Nord (2006: 384 – 385):

- lack of involvement in the change process
- lack of knowledge of the change
- insecurity about what the future holds a direction of change

Different departments and subgroups in an organisation are typically in different phases at any given time in the midst of change. Individuals also find themselves experiencing change differently from one another. Senior executives and management often find themselves further along in the change process and it becomes more difficult to understand each other. Employees, departments and organisations do not necessarily progress from one change phase to the other in an orderly sequence as some get stuck in a phase for what seems like forever (Duck 2001: 18 – 19).

Marshak (2006: 69) identified the following building blocks as essential in dealing with change:

- creation of a safe environment
- be selective, not seeking exposure but positive movement
- always assume that personnel are trying their utmost best
- look in the mirror and do introspection
- act consistently with expectations of the employee and his/her role

### 3.4 MERGERS AND ACQUISITIONS

Cartwright *et al* (1997:33) argues that major organisational change such as mergers or acquisitions are particularly stressful because they are perceived as being an important event in an employee's working life over which he/she has no control. The event itself precipitates change that an individual has not self-selected and is psychologically unprepared for. The number and range of potential stressors are extensive and the following constitute the most common ones:

- Loss of identity, increased organisational size
- Lack of information, poor or inconsistent communication
- Fear of job loss or demotion
- Possibility of job transfer or relocation
- Loss of reduced power, status and prestige
- Disturbed or uncertain career path
- Changes in rules, regulations, procedural and reporting structures
- Changes in colleagues, bosses and subordinates
- Ambiguous reporting systems, roles and procedures
- Redundancy and devaluation of old skills and expertise
- Personality and culture clashes
- Increased workload

Frankel (2005:1) argues that strategic transactions such as mergers and acquisitions differ from other deals in the sense that they influence and alter not only who controls the company but the strategic direction the particular business will take. Angwin (2007: 49) confirms that merger accounting represents the pooling of the reserves of both companies whereas the reserves of the acquired company are effectively frozen as permanent capital in the case of an acquisition. There is furthermore, no

significant change in ownership in a merger. No goodwill is created according to them during an acquisition.

Cartwright *et al* (1997:34) cite Ivansevich, Schweiger & Power (1987) that at the announcement of the acquisition or merger, individual workers make a cognitive appraisal of the situation. They then determine the extent to which the event is likely to personally affect them and it may take any of the following forms:

**Table 3.1: Perceptions of acquisition/merger by the individual**

PERCEPTIONS OF THE INDIVIDUAL OF THE ACQUISITION/MERGER SITUATION	RESULTANT OUTCOME
As having no effect on the individual	An irrelevant appraisal
As a challenging opportunity for the individual	A positive appraisal
As having harmed or damaged the individual in some way (e.g. powerlessness or reduced self-esteem as potentially threatening to the individual)	A negative appraisal

Individuals often respond to their own perceptions according to the likely changes that may result. The reason being that organisational communication during the acquisition is often poor and there is also a considerable time lag between the bid announcement and the introduction of any actual changes.

These perceptions are almost universally pessimistic, collective uncertainty manifests itself in wide-scale “fear the worst” syndrome and, therefore, negative appraisals tend to dominate. Cartwright *et al* (1997:35) did, however, find mergers to be more stressful than acquisitions and having a longer term adverse effect on mental health than acquisitions. It is further argued that although the accommodation to change is often stressful, the uncertainty of anticipated change and the duration and intensity of that uncertainty have been shown to be more stressful for most people than change itself.

### 3.5 FOUR STAGES : COGNITIVE APPRAISAL OF ACQUISITIONS

Cartwright *et al* (1997:31-33) argues that acquisitions generate enormous uncertainty and require considerable adjustment from the individual and organisation. The individual's reactions can be expected to pass through four stages commonly associated with personal loss, namely:

- The first stage is disbelief and anger where he/she is in shock and may deny that the acquisition may ever happen, even when the deal is signed individuals may strive to convince themselves that nothing will change. The existing organisational leader is frequently identified as the champion of the “status quo” and that he/she will fight to preserve the established identity and culture of the organisation and not abandon, compromise or “sell-out” the company.
- The second stage is anger through rage and resentment where the reality of the situation becomes more obvious and feelings of shock and disbelief are replaced by anger and resentment towards those considered responsible. This anger may be directed towards the old management, the new acquiring company or the world in general.
- The third stage is emotional bargaining, beginning in anger and ending in depression. As fear and uncertainty about the individual's job future develops, this anger often turns inward. Individuals might come to resent the commitment and loyalty they previously had invested in the organisation. People also become angry with themselves for not participating in the event or increasingly nostalgic for what is past. These feelings of anger may eventually subside to be replaced by depression.
- The fourth stage is acceptance of the situation which is reached when the employees finally recognise that what is past, is gone forever. A positive approach towards the acquisition and acquiring company will, therefore, only develop once there is acceptance that any attempt to deny or resist the change is futile and unproductive.

### **3.6 COPING WITH ACQUISITIONS AND MERGERS**

Cartwright *et al* (1997:36-51) provide a model on how to cope with acquisitions and mergers as a major source of stress in the workplace.

A considerable amount of managerial time and energy is spent in negotiating and completing the deal itself because of the financial importance of the acquisition or merger. The negotiations and discussions, therefore, tend to centre almost exclusively on financial, legal and strategic considerations at the expense of people related issues. Cartwright *et al* (1997:36) cite Searby (1969) who then already suggested that so much energy is expended by the acquiring and acquired companies during the negotiation stage, that management is often too exhausted to manage the acquisition or merger effectively.

They further state that evidence suggests the absence of any well-conceived human integration plan or management strategy to deal with people and it is often coupled with a lack of sensitivity. Acquisitions and mergers can be managed more successfully and effectively in a variety of ways to alleviate or reduce the stressful effects on individuals, these include the following:

#### **3.6.1 PROVIDE MORE INFORMATION AND EARLIER INVOLVEMENT OF THE HUMAN RESOURCE FUNCTION PRE-ACQUISITION**

According to Hayes (2002:154-155) the shock reaction can be minimised by:

- preparing the ground and a climate of receptivity to change
- Consulting and involving people in the decision making

The change manager might also consider the following in announcing the change:

- who should make the announcement
- the timing when it should be made
- the method, face-to-face, by letter etcetera
- the content

- dialogue, should questions be encouraged

The change manager should allow time for people to digest the information and share their feelings with others and he/she should recognise that:

- performance might be temporarily impaired and
- some people might need more support than others

Kusstatscher & Cooper (2005: 112 – 113) view the announcement of the acquisition as one of the most important events in the process. They confirm that at this time the decision makers have already done a due diligence and signed the contracts and should already have invested money, time and thought in the organisational change programmes to follow. They further are of the opinion that where employees are totally unaware of the upcoming acquisition, reactions could demonstrate the following emotions:

- disbelief
- shock
- disappointment
- anxiousness
- delight
- optimism

The most important concerns in this context relate to foreseeable career changes or job losses.

### **3.6.2 ALLOW MORE JOINT CONSULTATION AND OPPORTUNITY FOR EMPLOYEE PARTICIPATION**

Hayes (2002:155) emphasises that denial should be diagnosed and addressed via the following:

- confront what is being denied
- repeat the message
- draw peoples' attention to examples, evidence and experience

- arrange demonstrations of what the change will involve
- find ways to ensure that people have to engage with the reality of change
- get people to do practical things related to change

### **3.6.3 DEVELOP ORGANISATIONAL RECOGNITION THAT ACQUISITIONS ARE STRESSFUL**

According to Hayes (2002:156) the change manager can intervene in order to help employees to understand and accept the situation by letting go of the past and wilfully address stressors and depression by:

- providing support
- listening
- adopting and accepting to their expression of feeling by helping them get it off their chests, providing space to grief and appropriate opportunities to vent emotion
- helping people to let go of the past by explaining the need for change, providing challenging targets, drawing attention to deadlines, eliminating symbols of the past, marking the end by rituals and ceremonies and letting people take souvenirs and mementoes.

Kusstatscher & Cooper (2005: 160 – 161) argues that the more employees felt themselves to be informed in an open, honest and frequent manner, the higher the chance is for them to experience positive emotions. Uncertainty, rumours and negative emotions on the other hand will result when poor top-down communication takes place.

## **3.7 CONCLUSION**

Change is a continuous process whereby such organisations endeavour to align itself with shifts in the market place. Organisations need to position it self to cope with this change phenomenon whether it be financial, social political, technological or in the case of a merger or an acquisition. The needs of personnel during a change period and change initiatives tend to become ever so important for them and they will behave differently in accordance with their own ability to respond and cope with

change. People will often resist these change initiatives for different reasons and are typically at a given time in a different phase of accepting or resisting change.

Acquisitions will often be experienced as stressful by the employee mainly because he/she has little or no control over the process. The number and range of stressors are numerous and extensive as a result of the change process. The importance of open and transparent communication about the acquisition is emphasised in all the relevant literature and that it creates a lot of uncertainty and require adjustment from the individual and the organisation. The role of the change manager stands central in the positive experience and creation of a safe environment for employees during an acquisition. Many employees will oppose the deal and the perceptions they have and form about it could just be as important as the actual change itself, hence management should develop and implement a real acquisition and coping strategy. Acquisitions impact on the culture in the organisation and on every employee and the organisation stand at risk that they may quit and leave.

## CHAPTER 4

### METHODOLOGY

#### 4.1 INTRODUCTION

The aim of the researcher with this particular chapter will be to describe and give an understanding of the different steps taken to conduct the study. The research approach or strategy will be shared firstly. The population or participants, their distinctive characteristics and representativeness will thereafter be discussed and provided. The chosen measurement instrument, namely the Experience of Work and Life Circumstances Questionnaire was utilised and will thirdly be discussed and evaluated. The steps taken and embarked upon to collect the data relevant to the aim of the study will be described. Last, but certainly not least, the statistical analysis used in this study will be discussed. The researcher also endeavours to provide an opinion of the reasons for the responses.

#### 4.2 RESEARCH STRATEGY/APPROACH

It was clearly demonstrated in the foregoing chapters that stress is a phenomenon that is present in work life and that organisations and individuals need to accept and react on the effect thereof. The emotional, physical and mental health of employees requires definite interventions or assistance programmes to keep organisations focussed on bottom line and output orientated outcomes. A fast changing environment increases the possibility and presence of stress. Matteson & Ivancevich (1987:70) cited Hockey (1983) who argued that although much research which has been done is inconclusive, some do indicate that change enhancement or degradation in job tasks can be the result of change. In this particular view, the nature of stress and its impact on performance depend largely on the interaction of task, environmental and individual factors. Whereas organisational stress prevention is aimed at eliminating health risks at work, comprehensive health promotion programmes are rather aimed at building on individual and lifestyle change (Nelson *et al*, 2000:232).

The strategy that was used comprised the survey design method. The key distinguishing feature of such a survey according to Cooper & Robertson (1995: 46-47) is that it does not intervene in naturally occurring events, nor does it control these events. It merely takes a snapshot of what is happening by simply asking participants. The aim is therefore to gather quantitative information about a certain phenomena from a large number of people. The survey design usually involves a questionnaire or more than a questionnaire.

The size of the organisation and access to each and every employee in a centralised environment allowed the researcher to target the full population without discriminating factors.

### **4.3 POPULATION**

The population comprised all the permanent employees of the organisation totalling 99 at the time when the questionnaires were presented to them. The Experience of Work Life and Life Circumstances Questionnaire was converted into electronic format and integrated with the Intranet used by the organisation. It must be emphasised that each and every employee has access to this communication medium or via his/her direct overseer. It is utilised extensively as the preferred route of communication to conduct surveys and opinion polls throughout the organisation. The employees are all centralised in one building and communication channels are short and direct.

Employees were forewarned of the approved survey via direct communication at a general employee meeting and minuted as such. The questionnaire was then published on the Intranet and this was followed by an email message to each of the employees in the organisation. The employees were requested to complete the questionnaire electronically and then to submit it when finalised. The initial request and publication of the questionnaire was done during November 2007, four months before the actual transaction was finally approved by the Council for Medical Schemes. It is important to note that all employees have already undergone management of change initiatives which were initiated during July of 2007. At the time of the request to complete the questionnaire, the transaction was a full-on conclusion. The sale had been approved by the decision making structures of both

organisations and the members of the medical scheme in terms of Section 63 of the Medical Schemes Act, no 131 of 1998. Employees were given two months to submit their responses and were once again requested/reminded to do so via the Departmental Managers during this timeframe.

Total response, i.e. voluntary sample, comprised 60,6% (60/99).

#### **4.4 MEASUREMENT INSTRUMENT**

The experience of Work and Life Circumstances Questionnaire was released in 1991 and was specifically developed to meet the need for a stress related questionnaire that was standardised for South African circumstances. The questionnaire thus attempts to measure not only the levels of stress but also the causes of stress. Information about an individual's level and causes of stress can be applied for diagnostic purposes, firstly to determine whether the respondent experiences normal, high or very high levels of stress and secondly to establish the factors that cause the level of stress which is experienced.

##### **4.4.1 THE STRUCTURE OF THE QUESTIONNAIRE**

The questionnaire encompasses three clearly defined parts and they are as follow:

###### **4.4.1.1 Demographic questionnaire**

These items precede the actual questions relating to the level and causes of stress and comprise questions pertaining to the background of the respondent himself/herself. The accompanying letter clearly specified that this part of the questionnaire was voluntary and could be filled in anonymously without providing user specific information. Respondents were, however requested to provide data relating to their age, department, occupational category, job level (Peromnes), years of service, qualifications, sex, number of dependants, marriage status and home language.

#### **4.4.1.2 Experience of work**

This particular part of the questionnaire is used to determine an individual's level of stress. The responses provide an indication of whether the person experiences normal, high or very high levels of stress. The evaluation is then based on the answers to 40 questions and a five point Likert scale (Scale A) is used to indicate the occurrence of certain feelings of stress. A high score points to a high level of stress.

#### **4.4.1.3 Circumstances and expectations**

This particular part of the questionnaire analyses the causes of an individual's level of stress. The scores, once again are obtained by evaluating the respondent's answers according to a five point Likert scale. Scale B on the case of circumstances and Scale C in the case of expectations.

78 Questions are asked about an individual's circumstances and expectations which gives an indication how often certain aspects do occur.

23 Questions address the issue of circumstances where the first 7 questions pertain to circumstances in the organisation and the rest of the questions (16) to circumstances in his/her everyday life. High scores on all of the 78 questions indicate that individuals experience these circumstances as problematic in their organisation and everyday lives.

The remaining questions focus on the extent to which expectations in the work environment is fulfilled. This particular subdivision includes needs pertaining to the functioning of the organisation, characteristics of the tasks which are performed, physical working conditions, job equipment, remuneration, fringe benefits and policy and practice.

Unlike the questions which forego these 53 questions, they have been formulated in such a way that low scores indicate that the respondent has a problem with the issues which are addressed.

#### **4.4.2 THE FIVE POINT SCALE**

The five point Likert scale used in the Experience of Work and Life Circumstances Questionnaire is:

1 = Virtually never

2 = Sometimes

3 = Reasonably often

4 = Very often

5 = Virtually always

#### **4.5 DATA COLLECTION PROCEDURE**

Respondents were allowed to complete the questionnaires electronically at their own time. Arrangements were made with the departmental managers and overseers to create an atmosphere of ease and non-disturbance. The questionnaire was presented in both English and Afrikaans and it remained the choice of the respondent in which language he/she preferred to answer the questions. Instructions were presented in a clear and understanding format and uncertainties were addressed.

It was communicated in no uncertain terms that the questionnaires could be filled in anonymously.

The researcher requested the employees to complete the questionnaire at a general employee meeting, followed this up with a request via the departmental managers and once again visited all the departments in person to reconfirm the request.

The questionnaire was posted on the organisation's Intranet and a user-friendly hyperlink was created to make access easier. An email message was forwarded to each and every employee to complete the questionnaire electronically and to submit

the answers to a protected electronic environment at the Information Technology provider where a confidentiality arrangement was in place. The results were made available by the Information Technology provider to the researcher. A check for duplicate surveys was conducted by the Information Technology provider. A reminder message was forwarded to all employees, followed up by personal requests from the line managers and researcher.

The data was then collected electronically, and transferred to the researcher in bulk via the Information Technology provider of the organisation.

#### **4.6 STATISTICAL CONSIDERATIONS**

This descriptive study utilized a voluntary sample from the 99 employees of the then medical scheme, now the acquired company. The descriptive statistics comprise frequencies and percentages, reported in one- and two-way tables. The information displayed in these tables *are viewed as management information and will be treated as such*, hence a comparative component in the data analysis is superfluous.

## CHAPTER 5

### DATA ANALYSIS AND RESULTS

#### 5.1 INTRODUCTION

The methodology which was used to conduct this study was described in the previous chapter. The researcher discuss the results of the study obtained during the statistical analysis, directly related to the problem statement and meeting the objectives and aim of the study.

#### 5.2 DEMOGRAPHIC RESULTS

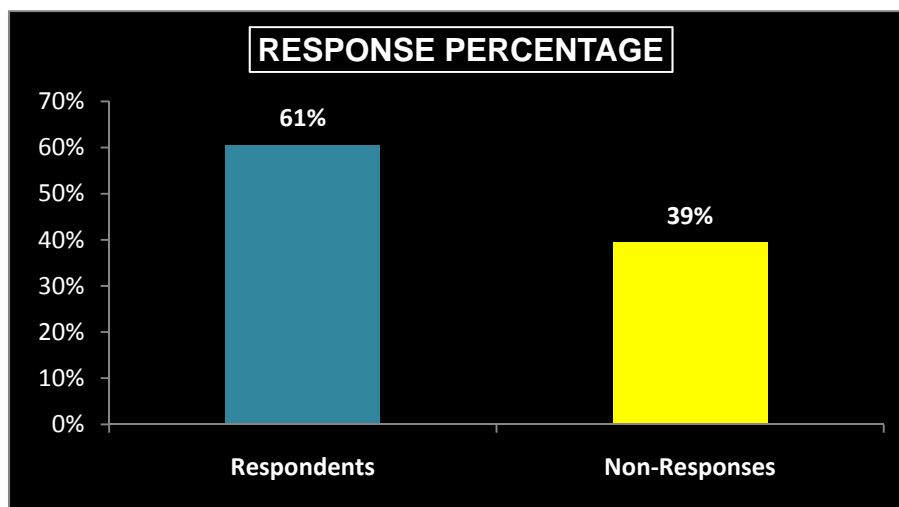
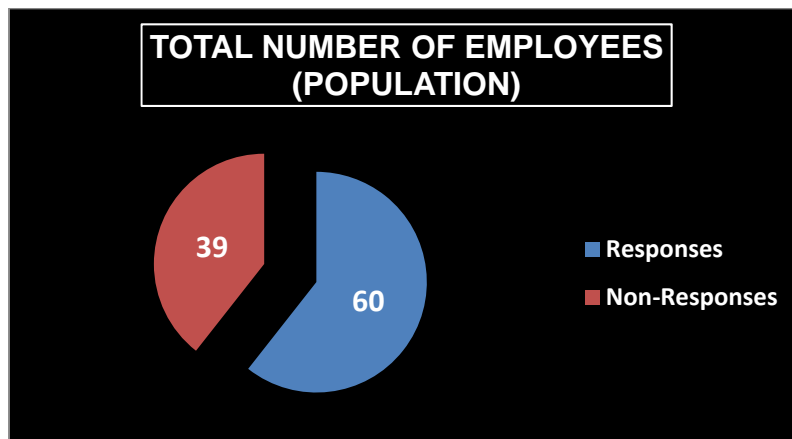
Data can be analysed statistically only after it has been collected, coded, edited and processed and the findings can then be incorporated into a final report (Levy & Lemeshow 1999:7). The statistician provides input with respect to procedures to be used to evaluate and assure the quality of the data and in addition ensures that the data can be easily coded and processed for statistical analysis. The population or universe or target population is the entire set of individuals to which findings of the survey are to be extrapolated (Levy *et al*, 1999:13).

##### **Table 5.1: Population distribution**

The questionnaire was distributed to all the employees of the medical scheme which totalled 99 employees during November of 2007.

The following table represents the overall response ratio acquired:

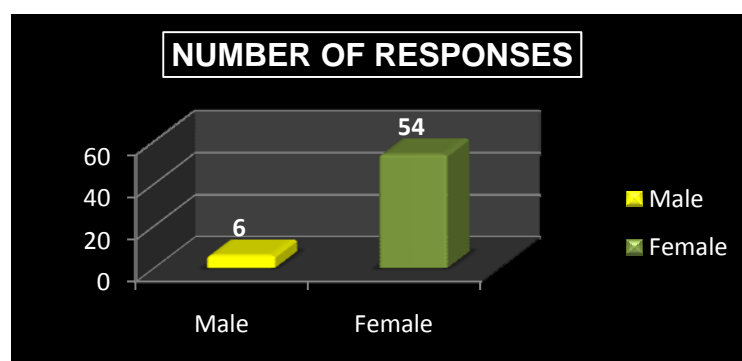
DESCRIPTION	TOTAL NUMBER OF EMPLOYEES	NUMBER OF RESPONSES	PERCENTAGE OF RESPONSES
Employees of Medical Scheme	99	60	61%



**Table 5.2: Gender distribution of respondents**

The following table represent the gender distribution of the respondents relative to the overall responses:

DESCRIPTION	NUMBER OF RESPONSES	PERCENTAGE RELATIVE TO RESPONSES
Male	6	10%
Female	54	90%

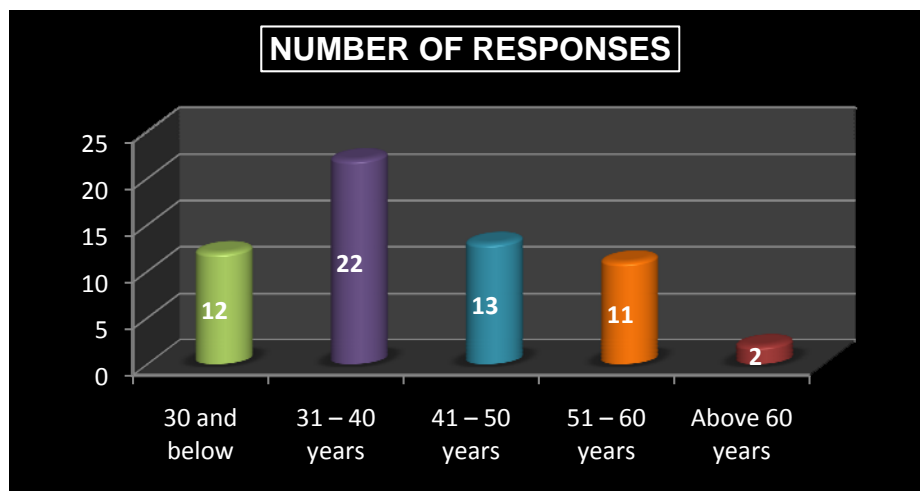


The perceived discrepancy in male and female responses can be attributed to the fact that the organisation employs more than 90% female employees.

**Table 5.3: Respondent distribution by age interval**

The following table represents the age distribution of the respondents relative to the overall responses:

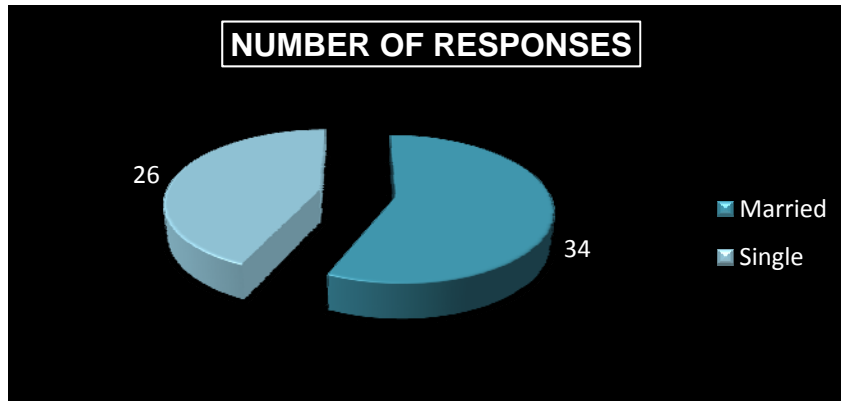
DESCRIPTION	NUMBER OF RESPONSES	PERCENTAGE RELATIVE TO RESPONSES
30 and below	12	20%
31 – 40 years	22	37%
41 – 50 years	13	22%
51 – 60 years	11	18%
Above 60 years	2	3%



**Table 5.4: Marriage status of respondents**

The following table represents marital status distribution of the respondents relative to the overall responses:

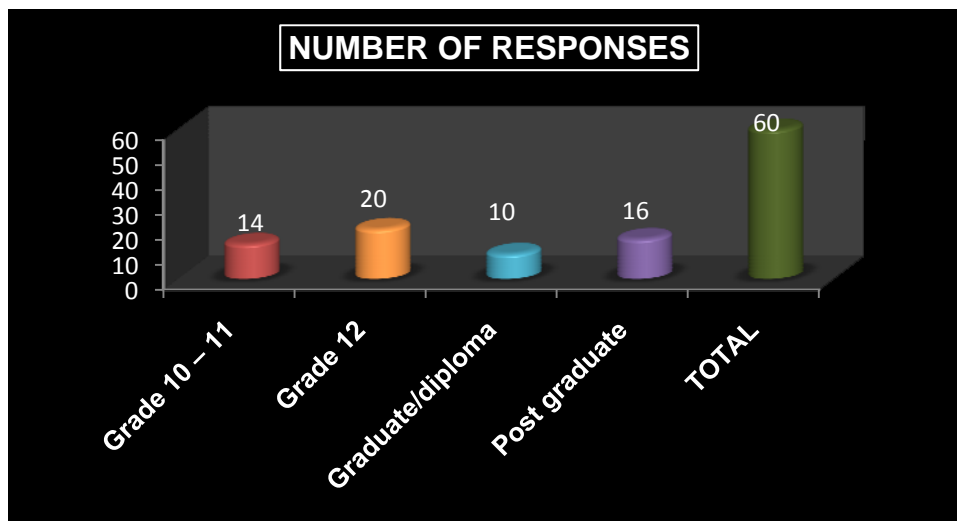
DESCRIPTION	NUMBER OF RESPONSES	PERCENTAGE RELATIVE TO RESPONSES
Married	34	57%
Single	26	43%



**Table 5.5: Qualifications of respondents**

The following table represents the levels of qualifications of the respondents relative to the overall responses:

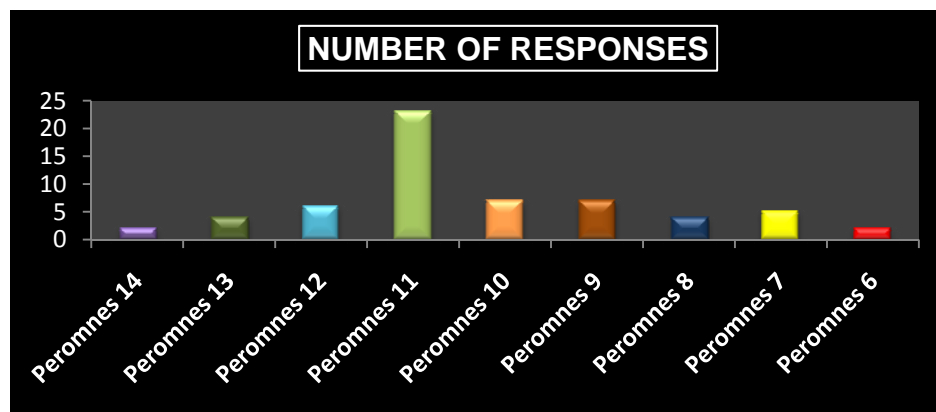
DESCRIPTION	NUMBER OF RESPONSES	PERCENTAGE RELATIVE TO RESPONSES
Grade 10 – 11	14	23%
Grade 12	20	33%
Graduate/diploma	10	17%
Post graduate	16	27%
<b>TOTAL</b>	<b>60</b>	<b>100%</b>



**Table 5.6: Job levels (Peromnes) of respondents**

The breakdown of the job levels of the respondents relative to the overall responses in the acquired company is given in the table below:

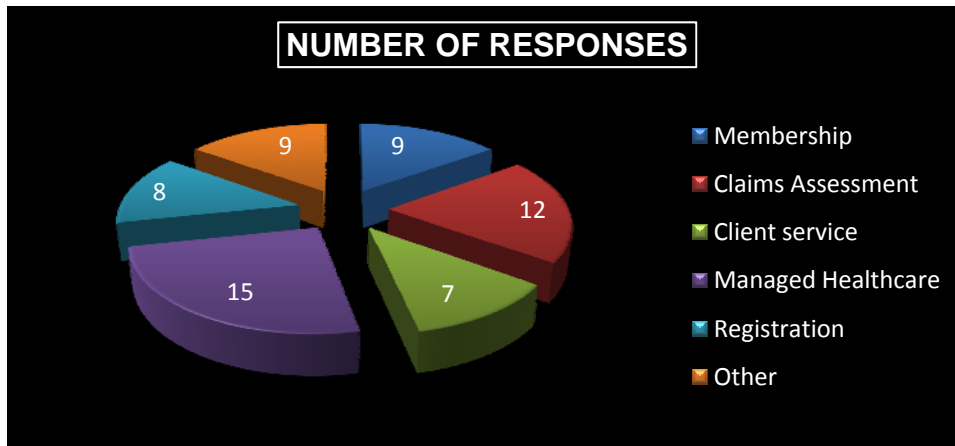
DESCRIPTION	NUMBER OF RESPONSES	PERCENTAGE RELATIVE TO RESPONSES
Peromnes 14	2	3%
Peromnes 13	4	7%
Peromnes 12	6	10%
Peromnes 11	23	38%
Peromnes 10	7	12%
Peromnes 9	7	12%
Peromnes 8	4	7%
Peromnes 7	5	8%
Peromnes 6	2	3%



**Table 5.7: Departmental distribution of respondents**

The following table provides the departmental distribution of the respondents relative to the overall responses:

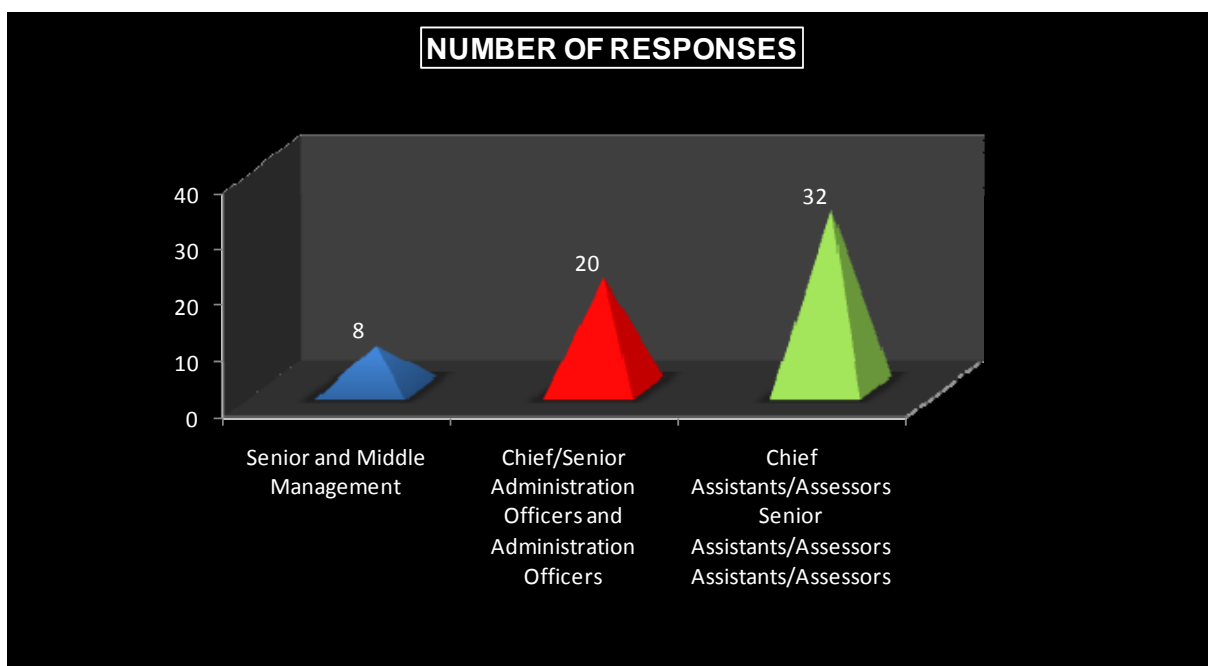
DESCRIPTION	NUMBER OF RESPONSES	PERCENTAGE RELATIVE TO RESPONSES
Membership	9	15%
Claims Assessment	12	20%
Client service	7	12%
Managed Healthcare	15	25%
Registration	8	13%
Other	9	15%



**Table 5.8: Distribution of respondents by occupational category**

The following table provides a breakdown of the occupational categories of the respondents relative to the overall responses:

DESCRIPTION	NUMBER OF RESPONSES	PERCENTAGE RELATIVE TO RESPONSES
Senior and Middle Management	8	13%
Chief/Senior Administration Officers and Administration Officers	20	33%
Chief Assistants/Assessors Senior Assistants/Assessors Assistants/Assessors	32	54%



### **5.3 SUMMARY OF RESPONDENTS' DEMOGRAPHICS**

The above demographic characteristics of the 60 respondents can be summarised as follow:

- 90% of the respondents are female and represent designated groups.
- 37% of the respondents are between 31 and 40 years of age.
- 57% of the respondents are married.
- 33% of the respondents have a grade 12 qualification.
- 58% of the respondents are on Peromnes grades 14 – 11 and do clerical/operational work.
- The Managed Healthcare and Claims Assessing Departments represent the business entities with the highest number and percentage of responses in terms of the overall response rate, 25% and 20% respectively.

### **5.4 DISTRIBUTION OF STRESS AND CAUSES OF STRESS INSIDE AND OUTSIDE THE WORK SITUATION IN RELATION TO DEMOGRAPHIC VARIABLES**

The distribution and causes of stress inside and outside the work situation are illustrated in terms of the following strata:

- Gender
- Age bands
- Departments
- Occupational categories
- Educational categories
- Marital status

**Table 5.9: Distribution of stress and causes of stress by gender**

LEVEL	SEX CATEGORY	STRESS	CAUSES OUTSIDE WORK SITUATION	CAUSES IN THE WORK SITUATION				
				ORGANISATIONAL FUNCTIONING	TASK CHARACTERISTICS	CAREER OPPORTUNITIES	SOCIAL MATTERS	REMUNERATION AND EMPLOYEES POLICIES
NORMAL	MALE	33,3%	66,7%	40%	100%	60%	100%	100%
	FEMALE	57,4%	82,4%	64,8%	81,6%	75,6%	79,6%	75,5%
HIGH	MALE	33,3%	33,3%	60%	0%	40%	0%	0%
	FEMALE	27,8%	13,7%	25,9%	8,2%	12,2%	12,2%	10,2%
VERY HIGH	MALE	33,4%	0%	0%	0%	0%	0%	0%
	FEMALE	14,8%	3,9%	9,3%	10,2%	12,2%	8,2%	14,3%

The most salient points from table 5.9 are the following:

- Male employees experience elevated levels of very high stress (33,4%) compared to that of female employees (14,8%).

This outcome can be attributed to the fact that most male respondents are on managerial level and the ratio compared with females is much lower.

- 33% of male employees contribute causes outside the work situation as high whereas only 13,7% of female employees do.

The researcher contributes this outcome to the fact that male employees are in most cases the breadwinners.

- Male employees experience much higher organisational functioning and career opportunities related stress, (60%) than female employees (35,2%).

The researcher contributes this outcome to the fact that the male employees are on managerial level and directly involved in the acquisition and change decisions.

**Table 5.10: Distribution of stress and causes of stress by age bands**

LEVEL	AGE BANDS CATEGORY	STRESS	CAUSES OUTSIDE WORK SITUATION	CAUSES IN THE WORK SITUATION					
				ORGANISATIONAL FUNCTIONING	TASK CHARACTERISTICS	PHYSICAL WORKING CONDITIONS	CAREER OPPORTUNITIES	SOCIAL MATTERS	REMUNERATION AND PERSONNEL POLICIES
NORMAL	0-30	41,7%	75%	75%	82,4%	91,7%	58,3%	100%	83%
	31-40	40,9%	89,5%	52,9%	82%	81,3%	70,6%	64,7%	76,5%
	41-50	92,3%	84,6%	76,9%	84,6%	76,9%	84,6%	84,6%	69,2%
	51 higher	54%	69%	58%	83%	92%	83%	83%	83%
HIGH	0-30	16,7%	16,7%	25%	0%	8,3%	16,7	0%	8,3%
	31-40	50%	10,5%	35,3%	11,8%	12,5%	17,6%	23,5%	0%
	41-50	7,7%	15,4%	15,4%	7,7%	7,7%	7,7%	7,7%	23,1%
	51 higher	23%	23%	25%	8,5%	8%	17%	8,5%	8,5%
VERY HIGH	0-30	41,6%	8,3%	0%	17%	0%	25%	0%	8,3%
	31-40	9,1%	0%	11,8%	5,8%	6,2%	11,8%	11,8%	23,5%
	41-50	0%	0%	7,7%	7,7%	15,4%	7,7%	7,7%	7,7%
	51 higher	23%	8%	18%	8,5%	0%	0%	8,5%	8,5%

The most salient points from table 5.10 are the following:

- 50% of employees in the age band 31-40 years experience high levels of stress whereas 41,6% of employees in the age band below 30 years experience very high levels of stress.

The researcher contributes these outcomes to the fact that employees in these age bands are more competitive with higher ambition and expectations.

- 25% of employees in the age band below 30 years experience career opportunities as a very high cause of stress in the work situation.

It is the opinion of the researcher that employees in this age band find themselves in the beginning of their careers, are more socially driven and are generally more open to change and risk acceptance.

Tables 5.11 – 5.15: Distribution of stress and causes of stress by department

5.11 DISTRIBUTION OF STRESS AND CAUSES OF STRESS IN THE CLAIMS DEPARTMENT								
LEVEL	STRESS	CAUSES OUTSIDE WORK SITUATION	CAUSES IN THE WORK SITUATION					
			ORGANISATIONAL FUNCTIONING	TASK CHARACTERISTICS	PHYSICAL WORKING CONDITIONS	CAREER OPPORTUNITIES	SOCIAL MATTERS	REMUNERATION AND PERSONNEL POLICIES
NORMAL	66,7%	90,9%	72,7%	81,8%	90,9%	81,8%	72,7%	81,8%
HIGH	25%	9,1%	9,1%	9,1%	0%	0%	18,2%	9,1%
VERY HIGH	8,3%	0%	18,2%	9,1%	9,1%	18,2%	9,1%	9,1%

5.12 DISTRIBUTION OF STRESS AND CAUSES OF STRESS IN THE CLIENT SERVICES DEPARTMENT								
LEVEL	STRESS	CAUSES OUTSIDE WORK SITUATION	CAUSES IN THE WORK SITUATION					
			ORGANISATIONAL FUNCTIONING	TASK CHARACTERISTICS	PHYSICAL WORKING CONDITIONS	CAREER OPPORTUNITIES	SOCIAL MATTERS	REMUNERATION AND PERSONNEL POLICIES
NORMAL	14,3%	57,1%	28,6%	85,7%	54,1%	71,4%	42,9%	57,1%
HIGH	57,1%	28,6%	57,1%	0%	28,6%	14,3%	42,9%	14,3%
VERY HIGH	28,6%	14,3%	14,3%	14,3%	14,3%	14,3%	14,2%	28,6%



5.13 DISTRIBUTION OF STRESS AND CAUSES OF STRESS IN THE MEMBERSHIP DEPARTMENT								
LEVEL	STRESS	CAUSES OUTSIDE WORK SITUATION	CAUSES IN THE WORK SITUATION					
			ORGANISATIONAL FUNCTIONING	TASK CHARACTERISTICS	PHYSICAL WORKING CONDITIONS	CAREER OPPORTUNITIES	SOCIAL MATTERS	REMUNERATION AND PERSONNEL POLICIES
NORMAL	44,4%	85,7%	85,7%	85,7%	100%	100%	100%	85,7%
HIGH	33,3%	14,3%	14,3%	0%	0%	0%	0%	14,3%
VERY HIGH	22,3%	0%	0%	14,3%	0%	0%	0%	0%

5.14 DISTRIBUTION OF STRESS AND CAUSES OF STRESS IN THE MANAGED HEALTHCARE DEPARTMENT								
LEVEL	STRESS	CAUSES OUTSIDE WORK SITUATION	CAUSES IN THE WORK SITUATION					
			ORGANISATIONAL FUNCTIONING	TASK CHARACTERISTICS	PHYSICAL WORKING CONDITIONS	CAREER OPPORTUNITIES	SOCIAL MATTERS	REMUNERATION AND PERSONNEL POLICIES
NORMAL	53,3%	80%	53,9%	76,1%	83,3%	46,2%	76,9%	76,9%
HIGH	33,3%	13,3%	30,7%	23,1%	16,7%	38,5%	7,7%	7,7%
VERY HIGH	13,4%	6,7%	15,4%	0%	0%	15,3%	15,4%	15,4%

5.15 DISTRIBUTION OF STRESS AND CAUSES OF STRESS IN THE REGISTRATION DEPARTMENT								
LEVEL	STRESS	CAUSES OUTSIDE WORK SITUATION	CAUSES IN THE WORK SITUATION					
			ORGANISATIONAL FUNCTIONING	TASK CHARACTERISTICS	PHYSICAL WORKING CONDITIONS	CAREER OPPORTUNITIES	SOCIAL MATTERS	REMUNERATION AND PERSONNEL POLICIES
NORMAL	63%	75%	63%	100%	100%	88%	100%	88%
HIGH	12%	25%	37%	0%	0%	12%	0%	0%
VERY HIGH	25%	0%	0%	0%	0%	0%	0%	12%

The most salient points from tables 5.11 to 5.15 are the following:

- The level of stress (high and very high combined) among employees in the Claims and the Registration Departments, rank lower, (33,3% and 37%) than that in the Managed Healthcare Department, (44,7%) in the Membership Department (55,6%) and Client Service Department. (75,7%).

The operational circumstances in the Claims and Registration Departments are less volatile and more structured and they have much less contact with clients. It is the opinion of the researcher that this operational pressure of direct client contact and responsibility add to the levels of stress in the Managed Healthcare, Membership and Client Service Departments.

- 42,9% of employees in the Client Service Department followed by 25% of employees in the Registration Department attribute causes outside the work situation as high and very high (combined) contributors to stress.

The staff turnover in the Client Service Department is higher, their average age is lower and the researcher is of opinion that their social lives play a bigger and more important role.

- 71,4% of employees in the Client Service Department followed by 46,1% of employees in the Managed Healthcare Department experience organizational functioning as high and very high (combined) contributors to stress inside the work situation.

It is the opinion of the researcher that the Client Service Department is way understaffed and that the reporting structures and role ambiguity need serious attention and restructuring.

- Task characteristics is experienced as high and very high contributors (combined) to stress by 46,1% of employees in the Managed Healthcare Department followed by 37% of employees in the Registration Department.

The researcher is of opinion that task characteristics in the Managed Healthcare Department have not been fully identified and cleared with individuals and thus, a great amount of uncertainty. The researcher attributes repetitive and perceived low level of task difficulty as a possible reason for the responses in the Registration Department.

- Physical working conditions is experienced as high and very high (combined) contributors to stress inside the work situation by 42,9% of employees in the Client Service Department.

The researcher is adamant that the working conditions and ergonomics in the Client Service Department are far below standard and that this response came as no surprise.

- 43,8% of employees in the Managed Healthcare Department contribute career opportunities as high and very high contributors to stress inside the work situation.

The majority of personnel in the Managed Healthcare Department have tertiary qualifications and career opportunities and promotion are indeed limited in the current scenario.

- Social matters inside the work situation is experienced as high and very high (combined) contributors to stress by 57,3% of employees in the Client Service Department followed by 27,3% of employees in the Claims Department.

It is the opinion of the researcher that the lack of role clarification, ineffective reporting structures and staff shortage are main contributors to this response.

- Remuneration and personnel policies are experienced as high and very high (combined) contributors to stress inside the work situation by 42,9% of employees in the Client Service Department, followed by 23,1% of employees in the Managed Healthcare Department.

The stringent and uncompromising personnel management in the Client Service Department could be the reason for this response ratio in the opinion of the researcher.

**Table 5.16: Distribution of stress and causes of stress by occupational category**

LEVEL	OCCUPATIONAL CATEGORY	STRESS	CAUSES OUTSIDE WORK SITUATION	CAUSES IN THE WORK SITUATION					
				ORGANISATIONAL FUNCTIONING	TASK CHARACTERISTICS	PHYSICAL WORKING CONDITIONS	CAREER OPPORTUNITIES	SOCIAL MATTERS	REMUNERATION AND PERSONNEL POLICIES
NORMAL	MANAGEMENT	42,9%	85,7%	42,8%	85,7%	71,4%	71,4%	57,1%	85,7%
	OVERSEERS	61,1%	83,3%	70,6%	76,5%	88,2%	70,6%	88,2%	82,4%
	OPERATIONAL STAFF	54,3%	78,1%	66,7%	86,7%	86,2%	76,7%	83,3%	73,3%
HIGH	MANAGEMENT	42,9%	0%	28,6%	14,3%	28,6%	28,6%	28,6%	0%
	OVERSEERS	22,2%	16,7%	23,5%	5,9%	5,9%	11,8%	5,9%	11,8%
	OPERATIONAL STAFF	28,6%	18,8%	26,7%	6,7%	6,9%	13,3%	10%	10%
VERY HIGH	MANAGEMENT	14,2%	14,3%	28,6%	0%	0%	0%	14,3%	14,3%
	OVERSEERS	16,7%	0%	5,9%	17,6%	5,9%	17,6%	5,9%	5,8%
	OPERATIONAL STAFF	17,1%	3,1%	6,6%	6,6%	6,9%	10%	6,7%	16,7%

The most salient points from table 5.16 are the following:

- 57,1% of Management followed by 38,9% of overseers and 39,3% of general staff experience combined high and very high levels of stress.

It is the opinion of the researcher that Management experience substantially higher levels of stress due to their responsibilities, accountability and involvement in the proposed transaction.

- Organisational functioning is attributed as a very high cause of stress in the work situation by 14,3% of Management.
- 29,4% of overseers attribute career opportunities as a high cause of stress in the work situation.

Overseers have already made their mark in the organisation and are thus experiencing career opportunities and further development and promotion as a contributor to stress in the opinion of the researcher.

- 42,9% of Management experience social matters in the work situation as high and very high causes of stress.

Organisation politics and ethical behaviour is a more relevant and real phenomenon in the levels of management in the opinion of the researcher.

**Table 5.17: Distribution of stress and causes of stress by educational category**

LEVEL	EDUCATIONAL CATEGORY	STRESS	CAUSES OUTSIDE WORK SITUATION	CAUSES IN THE WORK SITUATION					
				ORGANISATIONAL FUNCTIONING	TASK CHARACTERISTICS	PHYSICAL WORKING CONDITIONS	CAREER OPPORTUNITIES	SOCIAL MATTERS	REMUNERATION AND PERSONNEL POLICIES
NORMAL	GRADE 9 & 10	71,4%	85,7%	76,9%	84,6%	100%	92,3%	92,3%	92,3%
	GRADE 11 & 12	70%	89,5%	66,7%	83,3%	88,2%	77,8%	72,2%	72,2%
	GRADUATE	20%	55,6%	66,7%	88,9%	66,7%	77,8%	88,9%	55,6%
	POST GRADUATE	43,8%	80%	50%	78,6%	78,6%	50%	78,6%	85,7%
HIGH	GRADE 9 & 10	21,4%	14,3%	15,4%	7,7%	0%	7,7%	0%	7,7%
	GRADE 11 & 12	20%	10,5%	22,2%	5,6%	5,9%	11,1%	16,7%	11,1%
	GRADUATE	40%	33,3%	33,3%	0%	11,1%	11,1%	11,1%	11,1%
	POST GRADUATE	37,5%	13,3%	35,7%	14,3%	21,4%	28,6%	14,3%	7,1%
VERY HIGH	GRADE 9 & 10	7,2%	0%	7,7%	7,7%	0%	0%	7,7%	0%
	GRADE 11 & 12	10%	0%	11,1%	11,1%	5,9%	11,1%	11,1%	16,7%
	GRADUATE	10%	11,1%	0%	11,1%	22,2%	11,1%	0%	33,3%
	POST GRADUATE	18,7%	6,7%	14,3%	7,1%	0%	21,4%	7,1%	7,2%

The most salient points from table 5.17 are the following:

- 56% of personnel with a post graduate qualifications and 50% of graduated personnel experience high and very high levels of stress. They are followed by 30% of personnel with grade 12 qualifications and 28,4% with grade 9 and 10 qualifications.

Personnel with a post graduate qualification and even those who are graduated have in the opinion of the researcher a higher tendency of ambition and the stressors related with competitiveness and designation.

- 33% of personnel with who are graduated attribute causes outside the work situation as high contributors of stress.
- 35,7% of personnel with post graduate qualifications and 33,3% of personnel who are graduated experience organisational functioning as a high contributor to stress in the work situation.

It is the opinion of the researcher that personnel with tertiary qualifications are more involved and skeptical about the way in which the organisation is managed and decisions taken on a strategic level.

- Career opportunities are identified as high and very high contributors to stress by 50% of employees with post graduate qualifications, followed by 22,2% of employees who are graduated.

Career opportunities, succession planning and future role in management affairs are much more prevalent for personnel with post graduate qualifications in the opinion of the researcher.

- 33,3% of personnel who are graduated experience remuneration and personnel policies as very high causes of stress in the work situation.

Remuneration levels and expectations are much higher for personnel who are graduated in the opinion of the researcher.

**Table 5.18: Distribution of stress and causes of stress by marital status**

LEVEL	MARRIAGE STATUS CATEGORY	STRESS	CAUSES OUTSIDE WORK SITUATION	CAUSES IN THE WORK SITUATION					
				ORGANISATIONAL FUNCTIONING	TASK CHARACTERISTICS	PHYSICAL WORKING CONDITIONS	CAREER OPPORTUNITIES	SOCIAL MATTERS	REMUNERATION AND PERSONNEL POLICIES
NORMAL	MARRIED	61,8%	87,9%	58%	87,1%	83,3%	77,4%	74,2%	77,4%
	NOT MARRIED	46,2%	70,8%	73,9%	78,3%	87%	69,6%	91,3%	78,3%
HIGH	MARRIED	20,6%	9,1%	25,8%	9,7%	6,7%	9,7%	16,1%	9,7%
	NOT MARRIED	38,5%	25%	26,1%	4,3%	13%	21,7%	4,3%	8,7%
VERY HIGH	MARRIED	17,6%	3%	16,2%	3,2%	10%	12,9%	9,7%	12,9%
	NOT MARRIED	15,3%	4,2%	0%	17,4%	0%	8,7%	4,4%	13%

The most salient points from table 5.18 are the following:

- 53,8% of personnel who are not married and 38,2% of married personnel experience high and very high levels of stress.

It is the opinion of the researcher that personnel who are not married may experience higher levels of stress due to the economic pressures and realities and not having a spouse who can contribute to their expenses.

- Causes outside the work situation is experienced as high and very high by 29,2% of unmarried personnel compared to only 12,1% of married personnel.

This response could be attributed to the perception that unmarried personnel experience less stable situations outside the work situation.

- 42% of married employees compared to 26,1% of unmarried personnel attribute organisational functioning as a high and very high contributor to stress.

It is the opinion of the researcher that married employees could be more critical of organizational functioning as such issues are also benchmarked and reflected upon at home.

- 17,4% of employees who are not married attribute task characteristics in the work situation as a very high contributor to stress.
- 21,7% of unmarried employees experience career opportunities as a very high cause to stress in the work situation.

## CHAPTER 6

### CONCLUSION AND RECOMMENDATIONS

It is evident from the results of the research undertaken that stress is prevalent and a very real phenomenon in the organisation. Management can now address factual situations and the focus can be shifted from generic stress relieving programmes to more a focused and outcomes based approach which can be facilitated via a structured Change Management Programme. It is proposed that interventions focus on the following areas of concern:

- 6.1 Levels of stress of employees in the Managed Healthcare, Membership and Client Service Departments, Management and employees with post graduate qualifications.
- 6.2 Causes of stress outside the work situation needs to be addressed with employees in the Client Service Department.

A possible solution is the engagement of independent specialists/psychologists to assist with counselling via the Employee Wellness Programme.

- 6.3 Organisational functioning as a cause of stress with employees in the Client Service Department and Managed Healthcare Departments are to be addressed. A 360° evaluation exercise is recommended.

Reporting structures, job clarity, defined working parameters and policy and practice needs to be investigated and changed by Management and Top Management.

- 6.4 Task characteristics and clarification in the Managed Healthcare Department should be addressed.

Job descriptions, process descriptions and the contracting of key performance areas must be formalised and employees and Management should be involved in this process.

- 6.5 The physical working conditions as a stressor in the Client Services Department must be investigated and changed as an obstacle to work performance.

It is recommended that a professional with the necessary expertise on ergonomics be contracted and consulted on this pertinent issue. The organisation should then invest in the upgrading of this working environment.

- 6.6 Career planning in the Managed Healthcare Department must be addressed and clarified in a formal manner through individual employee development plans and succession planning.

It is recommended that one on one engagement between the individual and Human Resources representatives be done and a formal career plan in writing be developed and defined. The General Manager and Departmental Manager must be involved in the process.

- 6.7 Social matters and uncertainties in the work situation of Management are serious concerns which should be addressed.

It is recommended that individuals be offered the opportunity to engage in executive counselling.

- 6.8 Uncertainties regarding the career opportunities and future of Management and those employees with post graduate qualifications need to be addressed and clarified.

This uncertainty must be addressed by the Board of Directors of the acquiring company and the new Chief Executive Officer.

- 6.9 Married employees have a much higher tendency to experience causes in the work situation as stressful and the interventions need to take this important factor into consideration.

A possible intervention is the establishment of a dedicated Employee Wellness programme which should include regular presentations by motivational speakers and the opportunity to attend counselling.

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