

Review

The relationship between bank distress, job satisfaction, perceived stress and psychological well-being of employees and depositors in Nigeria's banking sector

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The main objective of the study was to assess the impact of financial distress in the Nigerian banking industry as it affected job satisfaction, perceived stress and psychological well-being of employees and depositors. The research adopted case study as a strategy and employed independent groups design in order to get a balanced assessment of the subject. Variables of interest were not manipulated in order to allow for accuracy of judgment and results. Self administered questionnaire - perceived stress scale by Blaus (1965); psychological well-being scale by Goldberg (1978); job satisfaction scale by Ugwuegbu (1985) and a self-developed questionnaire by the researchers to solicit information from bank employees and depositors - was administered to 105 respondents comprising of 61 bank employees and 44 bank customers. The questionnaire had a Cronbach alpha coefficient of $\alpha = 0.88$ thus confirming the reliability of the data collecting instrument. A total of 5 hypotheses were formulated and tested. The results showed that employees in healthy banks were more satisfied with their jobs than those in distressed banks; but the difference between their mean scores did not reach a significant level thus suggesting that employees in distressed banks equally enjoyed their jobs like their colleagues in healthy banks. Curiously, depositors in healthy banks experienced higher level of stress than depositors in distressed banks; while employees in healthy banks experienced higher job satisfaction than those in distressed banks. Finally, the results also showed that employees in distressed banks did not experience higher stress level than those in healthy banks.

Key words: bank employees; bank depositors; bank distress; job satisfaction; perceived stress; psychological well-being

INTRODUCTION

"Twenty five banks critically ill; rumbles in the banking sector; at least one Nigerian bank in coma; twenty four banks are critically ill and some others have caught financial flu" (Alafiatayo, 2002) were some of the newspaper headlines that characterised bank distress in Nigeria in the

early 2000s which saw about thirty-one distressed banks liquidated by the banking regulatory authorities - the Central Bank of Nigeria (CBN) and the Nigeria Deposit Insurance Corporation (NDIC). About eight years after, there is a growing apprehension among the Nigerian banking community following the takeover of management of five banks by the regulatory authorities as a result of "breach of corporate governance practices in those respective banks" (Oyetade and Omankhalen, 2009). The CBN hinged the removal of the bank's Chief

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Executive Officers (CEOs) on excessive high level of non-performing loans due to alleged poor corporate governance practices, lax credit administration and a non-adherence to the banks' credit risk management practices. The affected banks include Intercontinental Bank, Union Bank, Oceanic Bank, Afribank and Finbank (Edi, 2009).

According to Mannasoo and Mayes (2009), a bank is defined as being in distress when at least one of the following criteria applies: bankruptcy; dissolved; in liquidation; or negative net worth. The banks not falling into any of the categories described above are labelled 'sound' if they have been active and reporting for at least three years. Although the CBN has not declared the affected banks as distressed going by the technical definition of the term, the five banks seems to have displayed early warning symptoms of distress. The conventional parameter of measuring the health of a bank is the acronym "CAMELS"- Capital adequacy; Asset quality; Management; Earnings; Liquidity ratio; and Sensitivity. Subjected to the CAMELS test, the diagnosed five 'sick' banks in Nigeria must have failed one or more of this test. For example, Imoyo (2009) reports that "the huge provisioning requirements have led to significant capital impairment. Consequently, all the banks are under-capitalised for their provisions for loan losses, which impacted negatively on their capital. Indeed one is technically insolvent with a Capital Adequacy Ratio of (1.10%). Thus, a minimum capital injection of \$1.32 billion will be required in the 5 banks to meet the minimum capital adequacy ratio of 10%". Similarly, the asset quality of the five banks is poor. According to the Central Bank of Nigeria governor, Lamido Sanusi as reported in Edi (2009), "excessively high level of non-performing loans in the five banks which was attributable to poor corporate governance practices, lax credit administration processes and the absence of non-adherence to the bank's credit risk management practices.

As a result of the above inadequacies, the percentage of non-performing loans to total loans ranged from 1 to 48%. The five banks will, therefore, need to make additional provision of \$3.48 billion". It is important to mention that some of the major factors that led to the failure of some banks in the earliest and second eras of bank failures in Nigeria were also attributed to capital inadequacy and huge margin of non-performing facilities. Chukwulaka (2009) reporting Nwaogu (2009) stress that "the banks which failed on account of these huge debts incurred and never paid amounted to 50 banks including the 36 which failed before the 2005 consolidation exercise and the 14 that failed after the consolidation exercise".

Poor management has always characterised bank failure in Nigeria with insider abuse as a recurring decimal. The CBN governor, reported in Edi (2009) asserts.... "Consequently, having reviewed all the reports of the examiners and the comments of the Directors and Deputy Governors, I am satisfied that these five institutions are in a grave si-

tuation and that their management has acted in a manner detrimental to the interest of their depositors and creditors". This is consistent with Ologun (1995) cited in Alafiatayo (2002:37) who argues that "some banks have been ruined as a result of the collaboration of insiders, including members of the board, management and staff to defraud the banks or use bank facilities to defraud". This is supported by the magnitude of total debt portfolio (about \$343.87-million) owed by directors of the liquidated 14 banks in 2006 with the former chairman of the defunct All States Trust Bank alone reportedly owing about \$96.77million of this amount.

Evidence from the CBN shows that the five banks were already experiencing liquidity problem which potentially can erode public confidence in the entire banking system. Reporting the CBN governor, Edi (2009) states that "the five banks were either perennial net-takers of funds in the inter-bank market or enjoyed liquidity support from the CBN for long periods of time, a clear evidence of illiquidity. In other words, these banks were unable to meet their maturing obligations as they fall due without resorting to the CBN or the inter-bank market. As a matter of fact, the outstanding balance on the EDW of the five banks amounted to \$824.84 million by end of July 2009, representing 89.81% of the total industry exposure to the CBN on its discount window while their net guaranteed inter-bank takings stood at \$1.63 billion as at August 02, 2009. Their Liquidity Ratios ranged from 17.65 - 24% as at May 31, 2009. (Regulatory minimum is 25%)". This evidence certainly suggests that the five banks were technically insolvent and at the brink of total collapse if not urgently rescued by the supervisory authorities in order to safeguard depositors' fund, the entire financial system and other stake holders. When a bank fails, four categories of casualties readily come to mind: the national economy; shareholders of the bank; depositors; and bank employees. This research will only consider the psychological well-being, perceived stress levels and job satisfaction of depositors and bank employees.

REVIEW OF THE LITERATURE

Nigeria witnessed the earliest bank distress which eventually led to their failure between 1947 and 1952 (Alafiatayo, 2002) with twenty-one indigenous out of the twenty-five operating banks in the country collapsing. Bank distress/failure in Nigeria then was attributed mainly to weak regulatory regime further hampered by large number of banks beyond the effective capacities of the regulators, gross insider abuses; outright criminality and financial recklessness by a young generation of bankers and bank directors; poor capitalisation; and skill gap in managing risks in a macroeconomic environment that was experiencing structural change driven by controversial policies (Alafiatayo, 2002).

Bank (depository institutions) failures, according to Kaufman (1996) are widely perceived to have greater ad-

verse effects on the economy and thus are considered more important than the failure of other types of business firms. In part, bank failures are viewed to be more damaging than other failures because of a fear that they may spread in domino fashion throughout the banking system, felling solvent as well as insolvent banks. Thus, the failure of an individual bank introduces the possibility of system wide failures or systemic risk. This perception is widespread. It appears to exist in almost every country at almost every point in time regardless of the existing economic or political structure. As a result, bank failures have been and continue to be a major public policy concern in all countries and a major reason that banks are regulated more rigorously than other firms.

To design public policies that can efficiently prevent the fragility of banks to be translated into a high failure rate, it is necessary to understand the potential causes of both individual bank failures and systemic risk. The causes of individual bank failure and systemic risk have been considered adequately by existing literature such as O'Conner (1938) cited in Kaufman (1996); Graham and Horner (1988). The Bank for International Settlements (BIS) (1994:177) defines Systemic risk as "the risk that the failure of a participant to meet its contractual obligations may in turn cause other participants to default, with the chain reaction leading to broader financial difficulties". In other words, insolvency of one bank can have a spill-over effect on other banks within the financial system as a result of inter-bank dealings. This is consistent with Parry (1996:2) who defines Systemic risk as "the risk that one bank's default may cause a chain reaction of...failures and even threaten the solvency of institutions". Alternative definitions are developed in Bartholomew and Whalen (1995). Systemic risk is perceived to occur because all economic agents are interconnected. This interconnection, Kaufman (1996) observes, provides a chain along which shocks to any one agent are transmitted to others. The personal or institutional balance sheet of each agent includes assets that are either liabilities of other agents (like inter-bank market funds) or whose values depend on the behaviour of other agents. Likewise, the liabilities of each agent are the assets of others (depositors for example). If an agent suffers a decline in the value of its assets, the value of its capital will decline. This will likely reduce the spending behaviour of the agent and thereby also the income and asset values of other agents. Moreover, if the loss in asset values were sufficiently large to exceed an agent's capital, it would cause the agent to default on its debt obligations. This, in turn, will reduce the values of assets on the balance sheet of the agent's creditors and ignite a chain reaction of reduced spending and defaults.

Because of their continuous lending to and borrowing from each other and their need to pay other banks for third-party transfers, Kaufman (1996) states that banks tend to be more tightly financially interconnected with each other than are most other types of firms. Thus, bank

banks are widely perceived to be particularly susceptible to systemic risk, and shocks as default by any one bank is viewed as likely to be quickly transmitted to other banks, which in turn can transmit the shock down the remaining chain of banks. The adverse cumulative effects of the initial shock are intensified because bank deposits make up the larger part of most countries' money supply. As a result, depositors experiencing losses are likely to cut back on their spending by more than they would for a reduction in other, less liquid forms of wealth. Such cutbacks will, in turn, reduce the income of other agents and thereby also their spending. Any impact of the reduced money supply, however, may be offset by deposit expansion by solvent banks that now have excess reserves or by the Central Bank through the injection of additional reserves (as the case now is with the CBN injecting \$2.73-billion to cushioned the effect of cash run on the five banks).

Losses to shareholders are generally viewed as less serious than losses to creditors, who assumed more risk when a bank fails and often consider themselves not fully compensated for any losses they may experience. For example, the Nigeria Deposit Insurance Corporation (NDIC) with the statutory mandate of insuring bank deposits, only pay a certain percentage of compensation to depositors whose funds are trapped in failed banks. This under-insurance and under-compensation of depositors' money is a potential source of perceived stress and poor state of psychological well-being particularly for depositors, who generally view these funds as the safest and most liquid component of their wealth portfolios. Thus their "harm" is greater and their response in rearranging their portfolios to avoid further losses is more severe (Kaufman, 1996). However, it should be noted that defaults lead primarily to redistributions in wealth rather than to aggregate reductions, as the creditor's loss is the debtor's gain (e.g. bad debtors who may never repay their loan obligations). But the economic impacts are unlikely to be offsetting. The consequences of the losses outweigh those of the gains (Schwartz, 1995).

Runs occur in response to an actual or perceived default and, while they may hasten the transmission to other banks, Mishkin (1991) and Selgin (1992) show that they generally do not ignite the initial shock. The poor financial state of the bank is unlikely to have started with the run. Literature such as Benston and Kaufman (1995); Calomiris and Gorton (1991); Carr, Mathewson, and Quigley (1995) document that history provides little evidence that liquidity problems caused by runs drove economically solvent banks into insolvency. Furthermore, Benston et al. (1986); Kaufman (1988) notes that the effects of a run on the bank, other banks, and the macro-economic conditions will depend on the running depositors perception of the financial solvency of other banks. If they perceive some other banks in the system to be solvent and redeposit at those institutions, the effect of the run in terms of aggregate impact will be relatively

small. There will be no or only little change in aggregate bank deposits or credit. Some adverse effects will be suffered by customers whose relationships with their banks might be changed or terminated, but, as discussed earlier, this is no different from the costly effects of any firm failure, and does not make bank failure a special public policy concern.

Organisational change, perceived stress and psychological well-being

When a bank is distressed and its management taken over by the supervisory authorities (the CBN and NDIC in Nigeria, for example), there is bound to be changes in the management and the way such banks do business. The first objective of the new management will be to restructure the bank with a view to returning such institution to sound health. In other words, such a bank undergoes a process of organisational change. Yu (2009) defines organisational change as the process whereby an organisation converts from an existing state to a hoped-for future state in order to increase its effectiveness. In most cases, organisational change is driven mainly by the need to increase productivity, efficiency and effectiveness as well as the need to introduce new technology (Stone, 2005; Donald, Steven and David, 2006; Williams, Foure and Crafford, 2003) as well as provide better services (Nqoh, 2005). Change in an organisation will produce some uncertainty, frustration, and anxiety among employees and depositors that will have long-term effects on employees' attitude and depositors' psychology. Empirical study by Hui and Lee (2000) show that the expectation of changes led employees to experience psychological uncertainty about the potential loss of current position, unemployment, role pressure, and reduction of available resources. This is consistent with Yu (2009) who states that organisational change may produce negative effects, such as ambiguous role responsibilities, unemployment, a lowering of social status, and family and job conflicts. Schweiger and DeNsi (1991) as cited in Yu (2009) and Hellriegel, Slocum, and Woodman (2001) point out that organisational changes can be viewed as the greatest source of stress on the job and, perhaps, in an employee's life. Concurring, Schabracq and Cooper (1998) believe that employees' stress level rises because positions and technical skills may be changed or altered. When employees cannot make necessary technical adjustments, a sense of uncertainty arises about the future, which, in turn, creates stress. This uncertainty can affect employees' job commitment and job satisfaction. Similarly, employees may also lose trust in the organisation as a whole (Hui and Lee, 2000). This perception is however not supported by Dekker and Schaufeli (1995) cited in Yu (2009) who found an inverse relationship between perception of job insecurity and trust. Liaw, Fan, and Wu (2002) believe

that when employees doubt whether they can adapt to a change by their organisation--or whether their positions, workload, and workplace will be changed--those doubts will influence the employees' trust and relationships with their organisation and also with their superiors and peers.

After an organisation changes, employees will suffer from stress brought about by uncertainty, threat of job loss, changes in responsibilities, and transfers of authority (McHugh and Brennan, 1994) as cited in Yu (2009). Stress causes a reduction in the effectiveness of the organisation, high desertion rates, low morale, and low job satisfaction (Jimmieseon, Terry and Callan, 2004). Therefore, stress management should be used to resolve and relieve stress. This is further demonstrated by Kotter (2002) who argues that, while each is important, the core problems of organisational changes are never strategy, structure, culture, or system. Rather, the real problems arise when deciding how to help employees adapt to the change. Chen (2000) stress that the stronger the negative perceptions an employee has of the change being made at his or her organisation, the greater the stress will be and the greater the need for stress management strategies will be. Furthermore, when an organisation is greatly changed, different employees will react in individual ways. Some employees will feel increased stress as a result of an increased workload. Such employees are likely to feel increased job insecurity, which will negatively affect their job performance and the organisation's achievement of goals. However, other employees will view the change as an opportunity for growth, working harder and even increasing their organisational identification and job involvement.

The whole process of organisational change will also affect the psychological well-being of employees and bank depositors who are constantly in a state of anxiety over the possibility of losing their jobs and deposits respectively. Well-being, according to Amichai-Hamburger (2008) is a term that defies a single definition. It has been used interchangeably with such concepts as happiness, health, welfare, comfort, security, and safety. In addition, there are associated terms, for example psychological well-being, subjective well-being, and so on. Argyle (1992) suggests that when people are asked to define happiness, they answer in one of two ways: Some describe happiness in terms of a positive emotion, like joy, while others will describe it in terms of contentment and satisfaction with life. Helliwell and Putnam (2004) distinguish between happiness and life satisfaction. They argue that: "generally speaking, self-ratings of 'happiness' turn out to reflect relatively short-term, situation-dependent (affective) expressions of mood, whereas self-ratings of 'life satisfaction' appear to measure longer-term, more stable (cognitive) evaluations." Conversely, Ben-Shahar (2007) believes both the emotional component and the life-satisfaction component should be within the definition; thus, he defines happiness as the "overall experience of pleasure and meaning." In other words, a

happy person enjoys positive emotions while perceiving his or her life to be purposeful. This definition does not pertain to a single moment, but rather to a generalised aggregate of one's experiences: A person can endure pain at times and still be happy overall.

Among other terms used to describe well-being is "quality of life." Janse et al. (2004) suggest that quality of life is a multidimensional construct; included within it are physical, emotional, mental, social, and behavioural components. Schwarz and Strack (1999) argue that subjective well-being can be defined as the individual's current evaluation of his or her happiness. Such an evaluation is often expressed in affective terms: When asked about subjective well-being, participants will often reply, "I feel good" (Schwarz and Strack, 1999). Pollard and Lee (2003) believe that well-being is such a complex construct that, despite all their attempts, researchers have never managed to find accurate ways to delineate it. The variation among the definitions employed, even within an individual discipline, is so great that producing a comprehensive overview of definitions in use within the literature is a formidable task. Nevertheless, it seems clear that what most definitions have in common is a concern for the psychological health of human beings.

The concern for the psychological health of human beings expressed above must have informed the interest of researchers in studying psychological well-being of individuals, especially in a distress situation where the wealth and means of livelihood of depositors and employees are concerned. For example, being the main breadwinner still seems to carry an important distinction for husbands and their sense of well-being. When such individuals lose their jobs or deposits to bank distress, the ability to perform this family role is impaired and in reacting to increases in their wives' percentage contribution to overall family income, Rogers (2004) cited in Alafiatayo (2002) states that men appear to experience declines in well-being as measured by their reports of depressed feelings, varying levels of life satisfaction and physical symptoms such as headaches. In this regard, Diener and Seligman (2004) stress the importance of studying psychological well-being of individual as follows: income - happy people earn higher incomes than unhappy individuals; work - happy and satisfied workers are more likely to perform higher citizenship organisational behaviour (that is, individual effort that benefits the organisation, unrecognised by the formal reward system). Satisfaction level in work units is correlated with high productivity and profitability; physical health - longevity is correlated with high levels of well-being. Individuals with low levels of well-being have compromised immune systems and are more likely to have certain diseases as compared with individuals with high levels of well-being; mental disorders - happy individuals score lower in mental disorders, as opposed to unhappy individuals; social relationships - positive well-being is associated with a higher likelihood of getting married and staying happily

married, and with having large numbers of friends and strong social support. Lyubomirsky, King, and Diener (2005) found that happy people are more sociable, generous, creative, active, tolerant, healthy, altruistic, economically productive, and long-lived. It seems that the promotion of well-being is not just an important end itself, but also leads to positive outcomes for society.

THEORETICAL OVERVIEW

Stress has been variously defined in Ofoegbu and Nwadiani (2006) as a process in which environmental events or forces threaten the well-being of an individual in the society. According to Nweze (1984) cited in Ofoegbu and Nwadiani (2006), stress is a disruption of the emotional stability of the individual that induces a state of disorganisation in personality and behaviour. The description of stress by Selye (1956) as cited in Smith and Carayon (1996) provided a theoretical framework for this study. According to Selye (1956) as cited in Smith and Carayon (1996), "stress is a biological process by which the body attempts to adapt to some challenge by mobilising its energy, disease fighting and survival responses". Stated differently, stress is "the non-specific response of the body to any demands made upon it" (Kreitner and Kinicki, 1992:597) cited in Suzanne et al. (1995). It is considered to be an internal state or reaction to anything we consciously or unconsciously perceive as a threat, either real or imagined (Clarke, 1988) also cited in Suzanne (1995). Stress can evoke feelings of frustration, fear, conflict, pressure, hurt, anger, sadness, inadequacy, guilt, loneliness, or confusion (Cavanagh, 1988) in Suzanne (1995). Individuals feel stressed when they are fired or lose a loved one (negative stress) as well as when they are promoted or go on a vacation (positive stress).

In Selye's approach to stress, there are three stages that an organism undergoes in this syndrome. In the first stage, called the state of "alarm", the body mobilises biological defences to resist the assault of an environmental demand. This stage is characterised by high levels of hormone production, energy release, muscle tension and increased heart rate. The stage of "adaptation" is the second phase in which the body's biological processes appear to return to normal as it seems that the threat has been successfully dealt with. In this stage, the body is working very hard to maintain its "homeostatic" balance, which often carries a high physiological cost. There is a third and final phase ("exhaustion") in which the biological integrity of the organism is in danger because most primary biological systems begin to fail from the overwork of trying to adapt. This can result in serious disability or death. Selye's pioneering research defined the medical consequences of stress on the immune system, the gastrointestinal system and the adrenal glands. Employees and depositors in distressed

or failed banks experience different stages of stress as identified by Selye as a result of uncertainties surrounding their jobs and deposits in distressed or failed banks.

RESULTS

H1: Employees in distressed banks will experience lower job satisfaction than employees in healthy banks. The result of the t-test shows a mean score of 34.28 for employees in healthy banks and a mean score of 33.63 for employees in distressed banks suggesting that employees in healthy banks were more satisfied with their jobs than employees in distressed banks. However, the difference between their mean score did not reach a significant level thus rejecting the hypothesis as stated.

H2: Employees in distressed banks will experience higher stress levels than employees in healthy banks. The result of the t-test shows a mean score of 183.18 for employees in distressed banks and 194.89 for employees in healthy banks. Again, the difference between the mean scores did not reach a significant level thus not supporting the hypothesis as stated.

H3: Employees in distressed banks will experience lower psychological well-being than employees in healthy banks. The result of the t-test shows that although employees in healthy banks experienced better psychological well-being (mean score of 85.22) than employees in distressed banks (mean score of 75.63), the difference between the two groups did not reach a significant level. Hypothesis 3 is therefore rejected as stated.

H4: Depositors in distressed banks will experience higher level of stress than depositors in healthy banks. Although there was a significant difference in the level of stress between depositors in distressed banks and those in healthy banks with mean scores of 194.13 and 220.53 respectively, the influence was not in the expected direction. It was depositors in healthy banks that experienced more stress than those in distressed banks therefore rejecting the hypothesis as predicted.

H5: Depositors in distressed banks will experience lower psychological well-being than depositors in healthy banks. The result of the t-test shows a mean score of 74.22 for depositors in distressed banks and 79.80 for those in healthy banks suggesting that depositors in distressed banks did not adversely experienced lower psychological well-being thus rejecting the hypothesis as stated.

DISCUSSIONS

The broad objective of the study as earlier stated was to assess the impact of financial distress in the Nigerian banking industry as it affected job satisfaction, perceived stress and psychological well-being of employees and

depositors. The findings of the present study will assist board and management of banks to be more prudent in the management of depositors' funds. This will save depositors and employees from stress, enhance their psychological well-being and improve employees' job satisfaction. In addition, the study will contribute significantly to the body of knowledge and bridge the gap in literature.

The results of the study revealed that employees in distressed banks can still enjoy job-satisfaction like their counterparts in healthy banks. Job satisfaction is defined by Riggio (2003) as consisting of the feelings and attitudes one has about one's job including all aspects of a particular job, good and bad, positive and negative, which are likely to contribute to the development of feelings of satisfaction or dissatisfaction. The bottom-line in this definition seems to revolve around employee's individual attitude and feelings towards their jobs - whether good or bad; positive or negative. These feelings could result in employees in distressed banks developing affective commitments towards their organisations thus influencing their job satisfaction even though their banks were distressed. This explanation might have also informed the stress levels of employees in distressed banks which does not exhibit greater anxiety than their counterparts in healthy banks. After the initial shock and anxiety over the status of their banks and the possibility of losing their jobs, employees in distressed banks might have entered into the second stage of stress (adaptation) wherein their body's biological processes appeared to have returned to normal as it seems that the threat had been successfully dealt with. In this stage, the body is working very hard to maintain its "homeostatic" balance (Seyle, 1956).

Tang (2008) explains that social scientists have focused on the question of what leads people to evaluate their lives in positive terms and concluded that it is only an individual (respondent) who can determine what life satisfaction is. This is consistent with Diener et al. (1999) who explained that the field of subjective well-being comprises of people's moods, emotions and self-evaluative judgments that fluctuates over time and that exists between individuals and society. Employees in distressed banks though suffered cut in pay, lack of promotion and even demotion, nevertheless, they still have a job and according to Carroll (2007), the impact of unemployment on life satisfaction is large compared to the drops in life satisfaction associated with changes in income and disability status. It is against this background that the study found employees in distressed banks to still enjoy some degree of psychological well-being. Similarly, about 41.11% of the respondents had tertiary educational qualifications which could facilitate their movement to other jobs; this factor therefore has a mediating effect on employees' stress level and state of psychological well-being.

The research curiously found those depositors in health

Table 1. Summary of T-test showing bank status and employees' job satisfaction.

Employees	N	Mean	S.D	Df	t	p
Distressed Banks	35	33.63	7.04	35	-0.30	>.05
Non-distressed banks	26	34.28	6.20			

P < 0.05 level of significance.

Table 2. Summary of T-test showing bank status and employees' stress experience.

Employees	N	Mean	S.D	Df	t	p
Distressed Banks	35	183.18	35.28	35	-0.79	>.05
Non-distressed banks	26	194.89	53.99			

P < 0.05 level of significance

healthy banks, rather than those in distressed banks, suffered higher stress level. Like employees in distressed banks, depositors in distressed banks - as explained above - must have moved from alarm stage to adaptation stage thus providing a stable stress level. But because depositors in healthy banks remained uncertain about the future of their banks (which could still be classified as distressed) viz-a-viz their deposits, they (depositors) remained in a constant state of anxiety which characterises the first stage of stress, which Selye (1956) describes as a state of "alarm", whereby the body mobilises biological defences to resist the assault of an environmental demand. This stage is characterised by high levels of hormone production, energy release, muscle tension and increased heart rate. Furthermore, the determination of psychological well-being, as explained above is subjective and depends on the judgment of individuals. To this extent, depositors whose money were trapped in distressed banks may think positively about their financial situation and reconcile themselves with the fact that certain percentage of their deposits would be recovered through the NDIC (deposit insurers) and perhaps, the banks could be revived and returned to sound operations by the CBN (as in the case of the then National Bank; Standard Trust Bank).

General implications and conclusions

The evidence presented in this research showed that bank failures are costly to their owners, customers, employees, the national economy and some third parties. Bank failures are widely perceived to be more damaging to the economy because of the belief that they are more likely to spill over to other banks and the entire financial system. This is more so given the important role banks play in stimulating economic growth generally and specifically in financing large scale projects like those in the oil and gas, telecommunication and manufacturing sectors. As a result, almost all countries have imposed

special prudential regulations on banks to prevent or mitigate such adverse effects; as the case is presently in Nigeria. Apart from the economic consequences, when a bank fails, the psycho-social implication is equally enormous. Job satisfaction, perceived stress and psychological well-being of individuals such as employees, depositors and their respective dependants could be badly affected thus putting the mental health of the entire society at risk. Similarly, bank failure could put a strain on the social welfare system as many more people would now depend on social grants while unemployment would lead to increase in poverty rate; the resultant effect could thus exacerbates crime rate and promote other social vices in the society. In view of the foregoing, it is important for board and management of banks to be prudent in the management of depositors' funds and embrace high ethical and professional practice in order to avert institutional failure and the associated psycho-social and economic consequences on all stakeholders.

Research Hypothesis 1: Employees in distressed banks will experience lower job satisfaction than employees in healthy banks (Table 1).

Research Hypothesis 2: Employees in distressed banks will experience higher stress level than employees in healthy banks (Table 2).

Research Hypothesis 3: Employees in distressed banks will experience lower psychological well being than employees in healthy banks (Table 3).

Research Hypothesis 4: Depositors in distressed banks will experience higher stress level than depositors in healthy banks (Table 4).

Research Hypothesis 5: Depositors in distressed banks will experience lower psychological well being than depositors in healthy banks (Table 5).

Table 3. Summary of T-test showing bank status and employees' psychological well-being.

Employees	N	Mean	S.D	Df	t	p
Distressed banks	35	75.63	27.39	35	-1.37	>.05
Non-distressed banks	26	85.22	11.94			

P < 0.05 level of significance.

Table 4. Summary of T-test showing bank status and depositors' stress experience.

Depositors	N	Mean	S.D	Df	t	p
Distressed banks	24	194.13	35.97	66	-2.87	>.05
Non-distressed banks	20	220.53	35.93			

P < 0.05 level of significance.

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