

## THE IMPACT OF JOB STRESS ON EMPLOYEE'S PERFORMANCE: INVESTIGATING THE MODERATING EFFECT OF EMPLOYEES MOTIVATION

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### ABSTRACT

*This study aims to investigate the impact of job stress on employee's performance by evaluating the moderating effect of motivation. The study was conducted in banking sector in Khyber Pakhtunkhwa Pakistan. A sample of 200 employees including managers and non managers were randomly selected from different banks. A self administered questionnaire was distributed among them. Data was analyzed through regression and Pearson correlation. Findings of the study reveal that there is significant negative relationship between job stress and employees performance in the banking sector. Motivation plays moderating role in the relationship between job stress and employees performance. It has positive significant impact on employee's performance and negative significant impact on job stress. The study reveals that employees in the banking sector in Pakistan are confronting with heavy work load, conflict at work and physical work environment. This is an alarming situation of job stress for the employees of banking sector in Pakistan and motivation can be utilized in order to reduce the stress and improve employee's performance.*

**Key Words:** Job stress, Employee's performance, Motivation

### INTRODUCTION

Although contemporary world has brought benefits of the advanced technologies, modern life style and a lot of facilities, but this has also increased competition. There is growing concern for the policy makers, leaders and subordinate to get competitive advantage in the organizations. This has raised pressure on the employees to work hard and get more outputs in order to achieve competitive advantage. This race for competitive advantage among the different organizations on one side has introduced improvements in the facilities and modern development. But on the other side it has raised an environment of job stress. Job stress has harmful physiological and psychological impacts on workers. In the words of Blake, Saleh, and Whorms, (2006) there are number of consequences individual and organizations face due to job stress. These consequences affect Individual by reducing job satisfaction, decrease motivation, boost absenteeism, increase job turnover, poor quality of work and productivity, increased smoking and drinking. Similarly job stress has also impact on the overall performance of organization. This reduce the outcomes in the organization as a result of low workforce morale, poor relationships, productivity and quality of work, high turnover, early retirements, conflicts and high organizational cost, replacement costs of turnover, health care costs etc. Job stress badly affects the

employees' performance.

Job stress is caused by number of factors in the organizations such as highwork load, organizational and environmental factors, physical conditions, financial and economic factors, sex specific stressors, training and career development issues etc (Blake et.al, 2006).

There is dearth of literature on the same issue in the context of public and private sectors in Pakistan that can be utilized for knowing about the relationship of the job stress and employees' performance. Moreover evidence shows that employees of banking sector in Pakistan are highly confronted with job stress. Therefore, it is needed to find out the impact of job stress and employees performance in the context of Pakistani banking sector. Moreover the study also investigated moderating role of motivation in the relationship between job stress and employees performance.

The purpose of the current study was to provide guidelines to the policy makers and heads in this specific issue in the banking sector in Pakistan.

This study addressed three research questions.

1. Is there negative impact of job stress and employees performance?
2. Does employees' motivation reduce job stress?
3. Does employee motivation improve performance?

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

1. To find out the impact of job stress on employees performance in the context of Pakistani banking sector.
2. To investigate that motivation play moderating role in reducing job stress and improve performance in banking sector in Pakistan.
3. To provide guidelines to the heads and policy makers regarding the impact of job stress and employees performance and the role of motivation in reducing the job stress.

### **LITERATURE REVIEW**

#### **Job Stress**

Job stress is not a new concept. It is a part of human life and exists in the human civilization since antiquity (Cannon, 1927). The word stress was used by Selye (1956) for the first time. He defines stress as physical/ psychological reaction to a particular condition. Later on research scholars define the word stress in numerous ways. But still there is lack of comprehensive definition of job stress (Cummings & Cooper, 1998).

However different research scholars have discussed different aspects of stress. Kahn Wolf, Quinn, Snoek and Rosenthal (1964) argue that stress is the outcomes of three different stressors, i.e. role conflict, role overload and role ambiguity. According to Control theory of Spector (1998), stress is caused by number of factors. Sometime mismanagement of a person on its emotional and cognitive process becomes reasons for

developing job stress (Lazarus, 1993). In the view of Cybernetic theory of Cummings and Cooper (1998), stress is contingent upon context and situation. A particular situation causes stress some time for a person while in other situation it is considered as distress for the same person. Cannon (1927) argues in his theory of Cannon-bard theory of emotion that psychological stress is caused by physiological problem. Bonoma and Zaltsman (1981) find out that Stress is the outcome of the environmental interaction and personal factors. Stress affects the performance of the employees by affecting them psychologically, physically, behaviorally. This leads to dissatisfaction, tension, blood pressure, smoking, drinking, absenteeism and job turnover of the employees in the organization (Bonoma and Zaltsman, 1981).

Blake et al. (2006) discovers that job stress has negative impact on employee performance and job stress lead to job dissatisfaction, decrease employees morale, and motivation, increase job turnover. This lead to poor emotional and mental health and decrease self esteem of the employees.

### **Employees Performance**

It is widely recognized by the researchers and academician that employee's performance in an organization leads to Organizational success (Vroom, 1964). This is consistent in the view of Otley (1999) that performance of organizations is dependent upon the factors such as employee's performance and the environment the organization confronted with. Employee's performance is the ability of the employees to work effectively and efficiently in order to accomplish the organizational goals and objectives (Kovach, 1987). In the words of Ramlall (2008) there are various factors that determine employee's performance. He identified that employee's innovation, creativity and commitment lead to employee's performance. Hunter and Hunter (1984) added that there are five determinants of employee's performance such as personality, skills, knowledge, experience and abilities. Literature shows that Personality play major role in the employee's performance (Barrick & Mount, 1991).

Knights and Willmott (2006) argues that employees cannot perform better unless and until goal and objectives of the organizations are cleared in the mind of the employees. More the goals and objectives are clear in the mind of the employees more the employees will perform better. But this is not possible in the organizational environment where there is stress.

### **Theoretical Model**

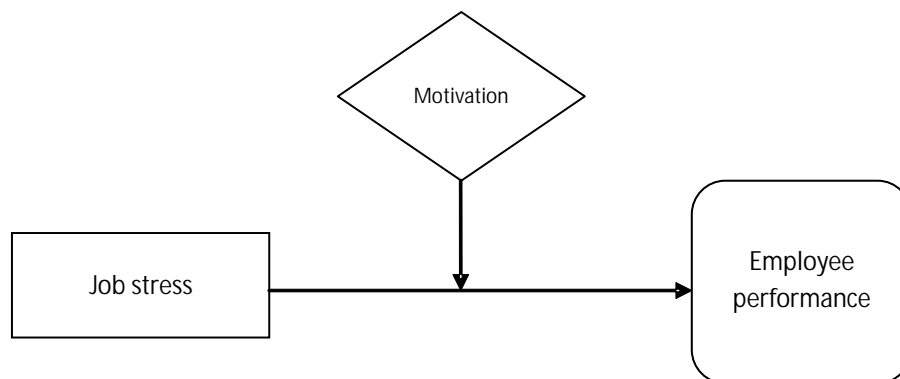
Number of studies has been carried out to find out the impact of job stress on employee performance and show that there is significant impact of job stress on employees performance (Sullivan & Bhagat, 1992; Barsky, Thoresen, Warren & Kaplan, 2004, Jamal, 2007) Literature shows that relation between stress and employee performance is contextual and the different context and situation determine the nature and kind of relationship (Cummings & Cooper, 1998). Current study aimed to investigate the

moderating effect of motivation in the relationship between job stress and employees performance in the context of banking sector in Pakistan. Existing studies show that motivation of the employees play crucial role in the literature regarding organizational behavior (O'Reilly, Charles, Chatman, Jennifer, Caldwell, David, 1991, Buford, Bedeian, & Lindner, 1995). Motivation of the employees leads to job satisfaction which ultimately causes better performance (Buford et al., 1995).

Dublin (1977) defines motivation as a “Complex of forces starting and keeping a person at work in an organization”. In the words of Farland (1974) motivation is the process through which behavior of the human beings are directed, explained or controlled. Motivation of the employees promotes employee performance enhancing productivity. Literature shows that stress has negative effect on employee's performance and motivation of the employees reduces stress (Sullivan, 1992; Barsky, Thoresen, Warren & Kaplan, 2004). In the words of Robison (2010) employees exhaust stress when they are properly motivated. This lead enthusiasm in the workers, and they posses better physical and mental health. This further increase commitment of the employees and they don't remember their grievances while working on a particular activity (Jurkiewicz Massey & Brown, 1998, p.246). Moreover, the employees are motivated more the stress will reduce. This leads to enhance creativity, innovation and productivity of the employees in the organization (MAN forum, 2009, p.11). Hence it is clear that motivation reduces stress and improves the performance of the employees. Therefore, the challenge for each and every organization is to insure the motivation of their employees.

Based on the above literature the conceptual model of the research can be built as given below:

**Figure 1: Conceptual Model**



## RESEARCH METHODOLOGY

### Population and sample

This study is conducted in different banks in the province of Khyber Pakhtunkhwa, Pakistan such as Habib Bank limited, United Bank limited, Muslim Commercial Bank, National Bank of Pakistan, Bank Alfalah, Khyber Bank and Allied Bank. The data is collected from the employees who are working as managers and non managers in the banks.

A sample of 200 bank employees was randomly selected from different banks in the province of Khyber Pakhtunkhwa, Pakistan. Employees of the banks were selected on the basis of their experience (not less than five year) on permanent service.

### Data Collection Instrument

In order to collect data from the respondents structure questionnaires were adapted. Job stress questionnaire is adapted from NIOSH (National Institute for Occupational Safety and Health) generic job stress questionnaire. Motivation questions were adapted from the study of Caicedo (2003). And employee performance questions were adapted from the study of Safdar, Waheed and Rafiq (2010).

### Procedure and Statistical Methods

Self administer questionnaires were distributed among the 200 employees of the different banks in the province of Khyber Pakhtunkhwa Pakistan. 150 questionnaires were filled and returned by the respondents. Thus the response rate remained 75%. Data was analyzed through Statistical Package for Social Sciences version 16. Pearson Correlation and regression analysis was used for the prediction of the relationship among the job stress, employees motivation and employees performance.

### Results

Table 1 presents results of the cronbach alpha that it is approximately 0.60 for different variables such as job stress, motivation and employees performance. According to the table below the cronbach alpha for employee performance is 0.59, for job stress it is 0.69 and for motivation it is 0.75. Thus reliability statistics show that cronbach alpha is approximately 0.60 for all variables. "N of items shows" the question consist in each variable. Cronbach's alpha for each variable is given in table

**Table 1:** Reliability statistics

	Cronbach's Alpha	N of Items
Employee performance	0.59	6
Job stress	0.69	12
Motivation	0.75	9
Overall reliability	0.60	27

In the table, the results show that the data of the entire variable is reliable.

In order to determine the relationship between different dimensions of job stress, motivation and employees performance Pearson's Correlation Coefficient was applied and scores were calculated. The results of the correlation of the various dimensions of job stress, motivation and employee performance are explained in table 2.

**Table 2:** Correlation

	Employee Performance	Motivation (MOT)	Job stress (JS)
EP	1		
MOT	0.153*	1	
Js	-0.398**	-0.199*	1

(\*\*) correlation is significant at the 0.01 level (2-tailed)

(\*) correlation is significant at the 0.05 level (2-tailed)

Table 2 shows that there is positive significant relationship (0.153\*) between motivation and employees performance and negative significant relationship (-0.398\*\*) between job stress and employees performance. Furthermore there is negative relationship (-0.199\*) between motivation and job stress.

Table 3 shows the results of the regression analysis. According to the first hypothesis of the current study there is negative relationship between job stress and employees performance. The results of the regression analysis in table 3 show that the F-value is 0.015.

**Table 3:** Regression

B	R square	Adjusted	R square	F	t	sig
.064	.055	6.213	.015	JS -.334	-2.463	.015

Dependent variable: employee performance

This delineates that the overall model is fit. The adjusted R square is 0.055; this shows that 5% of variance in employee performance is predicted from job stress. The p value shows that the relationship between job stress and employee performance is significant. On the basis of this interpretation and table 3, null hypothesis accepted which shows that there is negative relationship between job stress and employees performance.

Table 4 below explain second hypothesis of this study and show that employees' motivation reduces job stress and improves performance. Regression results in the table delineates that the F-value is 12.124, this shows the significance of overall model. The adjusted R square is 0.103.

**Table 4:** Regression

B	R square	Adjusted	R square	F	t	sig
		.064	.055	6.213	.015	
JS		-.334		-2.463	.015	

Dependent variable: employee Performance

Table 4 shows that there is negative significant impact of motivation and job stress on the employees performance (JS\*MOT -.102) at the significant level of  $p=.001$ . The result showed that in the presence of employee's motivation the impact of stress on the performance is less (see table 4) than the impact of job stress in the absence of motivation as mentioned in the table 3.

Thus motivation plays moderating role in the relationship between job stress and employees performance.

### DISCUSSION

The reliability of the employee performance in this study is 0.59. The corresponding study conducted by Lau (2011) shows that reliability of employee performance is 0.89. It may be due to the reason that the number of dimensions has been reduced in the current study. Similarly the reliability of job stress and motivation is 0.69 and 0.75 respectively. The result of the comparative studies such as for the job stress, the study of Bashir and Ramay (2010) shows that its reliability is 0.694 and for motivation the study of Wallgren & Hanse (2006) shows that reliability is 0.75. Thus it is clear that the result of the existing study and correspondence studies for the test of the reliability is almost the same.

Similarly the values of correlation as mentioned in table 2 of the current study shows a significant relationship between job stress and employee performance (-0.398\*\*). The negative sign shows that relation between job stress and employee performance is negatively related. Similar relationship between Job stress and employee performance in the corresponding study delineates approximately the same result such as the correlation in the study conducted by Lau (2011) is -0.332 which is approximately the same as in the current study. Thus, there is significant negative relationship between motivation and job stress. Table 2 shows that motivation is positively associated with employees' performance (0.153\*) and negatively associated with job stress (-0.199\*) According to regression results first hypothesis of the current study delineate that there is negative relationship between job stress and employees performance. Table 3 shows that there is a significant negative impact (-0.334) of job stress and employee performance. This is consistent with the study of Bashir and Ramay (2010) that reveal that there is significant negative relationship between job stress and employee performance.

Second hypothesis claim that employees' motivation reduces job stress and improves performance and it is accepted in the current study. From the table 4 shows that motivation plays the moderating role in the relationship between job stress and employee performance and motivation reduce the job stress and enhance the employee's performance. And for the purpose of testing moderation Barron and Kenny (1986) has followed.

### CONCLUSION

This research study shows that very little research has been carried out to test the moderating effect of motivation on the relationship between job stress and employee performance in Pakistan banking sector.

The employees in the banking sector in Pakistan are facing stress as they are over loaded, their duty hour is long and they are confronted with inapt working environment. They are performing their routine jobs and there is lack of rotation and transfer in their duties. This leads to lack of interest in the duties and develops an environment of stress.

Current study concludes that motivation has significant positive impact on the employee's performance and significant negative impact on the job stress. Thus motivation plays moderating role in the relationship between job stress and employees performance. Employees in the banking sector can be motivated by providing them job security, handsome salaries and remuneration and they should be facilitated in their job duties and responsibilities. This will create enthusiasm in them in performing their duties, reduce Job stress and improve their employee performance.

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