

The Mediating Effect of Job Stress on Work Overload and Organizational Performance in the Banking Industry

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Abstract

The overall purpose of the current research is to develop an understanding of the mediating role of job stress on work overload and organizational performance. The research was conducted in the banking sector of Pakistan. The data was collected from a random sample (n = 519) of middle and lower management staff of the commercial banks through questionnaire. Baron and Kenny (1986) four step model was followed in testing the mediating role of job stress between work overload and organizational performance. The findings of the study show that job stress partially mediates the relationship between work overload and organizational performance. The research highlights its contribution towards the existing management literature by providing conceptual foundations and empirical evidence in order to understand the mediating role of job stress between work overload and organizational performance. The research also suggests some managerial implications. The study bridges the research gap in the literature regarding the direct relationship between work overload and organizational performance, hence examining the role of job stress as a mediator between work overload and organizational performance.

Keywords: Job Stress, Work Overload, Organizational Performance

The employees face stress-inducing situations in almost every organization due to strict deadlines, large and maximized responsibilities and pressure for maintaining the organizational profitability (Byron et al., 2016). Moreover, the psychologists and researchers of management sciences are of great interest in the field of stress because of its effect on psychological well being and organizational consequences (Soltani et al., 2013). Cooper's stress model, Cooper and Marshall's stress model and the Role stress approach discuss that job stressors such as work overload, role ambiguity, role conflict, work family conflict etc are the main cause of employee job stress. Furthermore, according to Vanishree (2014), stress does not only affect the subordinates' physical and mental health, but it also adversely affects the firm's overall performance. Hence, stress, an unavoidable consequence of work overload is considered to be a great dilemma for employees working in any organization (Abbasi, 2015) and Khattak et al. (2013) called the modern era as an era of stress and anxiety.

Nowadays, the organization's current working environment has become more stressful because of technological advancements, mergers

and acquisitions, increased production, vast information and high competition (Tremblay, 2016). Also, globalization has made competition tough for the firms. Moreover, globalization has made it easy for the firms to obtain the latest technology, but the same is not true for employees. Hence, employees are dominant over technology as they are one of the firm's core competencies and also difficult for competitors to copy or cheat their knowledge (Batool et al., 2016). Furthermore, employees' feeling of stress caused as a result of heavy work overload (Abbasi, 2015) also leads to their poor job performance, which further has an adverse effect upon the organization's overall performance (Ashfaq et al., 2014).

Davoudi et al. (2013) argued that stressful working environment influences employee job outcomes like job stress, job satisfaction, employee retention etc. Ashfaq et al. (2014) also suggested that organizations can improve employees' productivity, which further results in enhancing the organizational performance through work load management. The increase in the level of work overload prevailing in the organization's working environment has made the job stressful for the employees. The link between work overload and organizational performance needs more attention. The literature shows that the relationship between work overload and organizational performance has been examined by different researchers such as Tahir et al. (2012) & Ashfaq et al. (2014), but it sheds very little light regarding the tools, procedure and process through how work overload exerts its influence upon the organizational performance. Hence, the paper provides conceptual foundations and empirical evidence in order to understand the impact of work overload on organizational performance through employee job stress. It contributes towards the stress management literature as there are limited studies on this subject in the field and some researchers have also even highlighted its need (Lai & Chen, 2012; Aihua, 2013).

In addition to the above, several studies in the literature have been conducted to reduce the effects of stress caused by job stressors and different sessions of stress management and role identification have been introduced, but little is known about the mediating role of job stress in the relationship between work overload and organizational performance. The above mentioned research gaps leave some room for further research. Hence, the purpose of this research is to investigate the mediating role of job stress on the relationship between work overload and organizational performance in the banking sector of Pakistan.

Literature Review

Work Overload and Job Stress

Work overload is defined as more number of assignments given to employees as compared to their abilities, resources and the time required for winding up these roles. Work overload emerges as when individuals have more roles to do as compared to their handling strength.

Work overload is the ultimate consequence of huge workloads and strict deadlines given to the subordinates (Allen et al., 2008).

Trayambak et al. (2012) show that work overload results in employee job stress. Moreover, Singh (1998) and Abbasi (2015) conducted research studies in order to examine the relationship between work overload and job stress. Based on their research findings, Singh (1998) found that work overload and job stress are positively correlated, whereas Abbasi (2015) found a negative correlation between them. Furthermore, the balance between work overload can result in lowering employees' job stress level, but the results of the study conducted by Calisir et al. (2011) mismatch with that of Ahuja et al. (2007) by showing the insignificant association between work overload and employee job stress.

In addition to above, the findings of the research study conducted by Vanishree (2014) show that work overload causes job stress among employees resulting in their poor concentration, mental block and poor decision making skills. In view of above findings, Vanishree (2014) also discussed that firms should reduce work overload by adopting different job redesign techniques and organizational support activities such as employee counseling and stress reduction workshops. Based on the preceding discussion, we hypothesize that:

H₁: There exists a significant relationship between “Work Overload” and “Job Stress”.

Job Stress and Organizational Performance

Job stress refers to a state of feeling whereby employees are unable to adjust their abilities, skills and knowledge according to their organization's job demands. The job stress arises when the subordinates feel their job demands out of reach of their capabilities and control. According to Malik et al. (2010), job stress emerges as when the employees face contradicting job needs or when they feel lack of training and resources to do the job efficiently and effectively. Moreover, the results of the study conducted by Gill et al. (2010) show that if the top management does not focus on how to handle and manage stress in the organization, then it accumulates within an individual, which further results in severe employees' health issues and other organizational problems.

Nowadays, employees in the firms are accountable for huge organizational outcomes (Byron et al., 2016). Therefore, the top management should initiate strategies and tactics for making their employees more tension free and cheerful. When the employees are prosperous, then it would result in improved organizational performance (Spector, 2003). Moreover, the employees facing job stress do not indulge themselves in other extra assignments that lead the organization towards achieving the competitive edge. Hence, the contemporary organizations must have to solve the issue of employee job stress.

Furthermore, Vanishree (2014) discussed that stress does not only affect the subordinates' physical and mental health, but it also adversely affects the firm's overall performance. In view of the preceding discussion, we hypothesize that:

H₂: There exists a significant relationship between “Job Stress” and “Organizational Performance”.

Mediating role of Job Stress between Work Overload and Organizational Performance

According to Burke and Litwin (1992) Model, organizational performance refers to the outcome or the end-result and is measured in terms of productivity, profit, service quality and customer satisfaction. In other words, organizational performance pertains to firm's financial profitability by means of growing more future sales, improved reputation and good image. Moreover, Saeed and Wang (2013) discussed that firms should focus on advanced methods and contemporary trends so to remain competitive in the market because the major growing external factors like demographics, globalization and technology, all have a huge impact upon the organization's overall performance. Furthermore, Whitfield and Landeros (2006) argued that top management should timely concentrate in diagnosing the weaknesses of their firms and then to develop strategies and make actions so to remove these deficiencies, which lead them to remain competitive in the current markets.

Ashfaq et al. (2014) discussed that organizational performance depends on employees' knowledge, skills, specialties, interests and satisfaction from their jobs. They also discussed that employees want to leave their current organizations due to heavy work overload. Moreover, they argued that organizations have two parts (harder part and softer part), which have huge importance and are of great consideration for enhancing the firms' overall performance. The harder part is comprised of infrastructure and fixed assets, while the softer part includes the employees and the organizational processes. In order to manage the softer part, the organizations must have to focus upon the determinants of organizational performance.

In addition to above, Ashfaq et al. (2014) also argued that employees' feeling of stress caused as a result of heavy work overload also leads to their poor job performance, which further has an adverse affect upon the organization's overall performance. Hence organizations should focus on improving employee productivity, which further results in enhancing organizational performance through work load management. Thus, we expect a relationship between work overload and organizational performance. Although, we hypothesize a relationship between work overload and organizational performance, but we also expect that this relationship is indirect through job stress. In other words, it can be assumed that reducing work overload will lessen employee job

stress that further has a positive and favorable effect upon organizational performance. In view of the preceding discussion, we hypothesize that:

H₃: “Job Stress” will mediate the relationship between “Work Overload” and “Organizational Performance”.

Theoretical Framework

The theoretical framework shows a total of three variables, i-e, work overload, job stress and organizational performance as shown in Figure 1. The theoretical framework for this study is formulated in order to examine the mediating role of job stress in the relation between work overload and organizational performance.

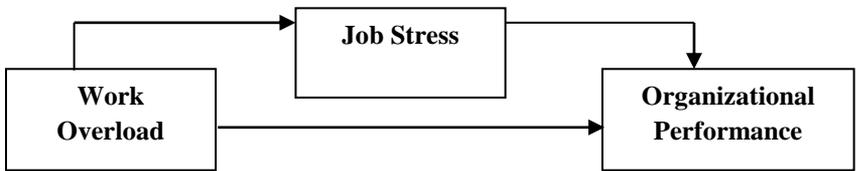


Figure 1. *Theoretical Framework*

Research Methodology

This section consists of population and sample, research setting and data collection procedure, measurement and methods for measuring results. The details are as follows.

Population and Sample

The current study was conducted in the banking sector of Pakistan. The survey was completed through personal visits of the 11 selected commercial banks (5 large banks, 4 medium sized banks and 2 small banks) and their branches operating in Pakistan. 730 questionnaires were randomly distributed among the middle and lower management level employees. Among these employees, 519 provided a proper response, yielding a response rate of 71.09%.

Research Setting and Data Collection Procedure

Data was collected by using a random sampling technique from the middle and lower management staff of the commercial banks of four provinces of Pakistan through a survey. In this survey, the participants indicated whether or not they agree with the given statements about the different aspects of work overload and job stress. The responses were recorded on a 5-point Likert scale, the maximum value was 5 and the minimum value on the scale was 1 as shown in Table 2. In addition, they also provided demographic information regarding their age, gender etc.

Measurement

The measurement details, i-e. constructs, number of items and their reference/scale are also shown in Table 1 below.

Table 1. *Constructs, No. of Items and their Reference/Scale*

Constructs	No. of Items	Reference/Scale
Work Overload	3	Calisir et al. (2011)
Job Stress	4	Briggs et al. (2015)
Organizational Performance	Profit (Secondary data)	Arif et al. (2013)

Methods for Measuring Results

The results were analyzed using descriptive statistical analysis, construct statistical analysis and hypotheses testing, which are discussed in Section 5 below.

Data Analyses and Results

Descriptive Statistical Analysis

The survey comprises a total sample (n) of 519 employees. Out of them 71.5 percent were male and 28.5 percent were female. Regarding age, 12.5 percent of the employees were under 25 years, 62.9 percent were between 25-35 years, 17.1 percent were having the age of more than 35 to 45 years and 7.5 percent employees were older than 45 years. Based on the overall employee data, it was concluded that this was a fully representative sample.

Construct Statistical Analysis

The mean value of work overload and job stress is 3.45 and 3.12 with standard deviation of 0.94 and 1.09 respectively as shown in Table 2 below. These values show the participants agree that work overload increases employee job stress. The work overload and job stress both have smaller standard deviation values, which show that most of the observations in the data are closer to the mean value.

Table 2. *Descriptive Statistics*

Construct	n	Minimum	Maximum	Mean	Std. Deviation
Work Overload	519	1	5	3.45	0.94
Job Stress	519	1	5	3.12	1.09

In addition to above, the Cronbach's alpha was also calculated in order to test the reliability of the collected data. The coefficient of 0.50 or higher is considered acceptable. The scale reliabilities (α) for work overload (0.60) after deleting one item and job stress (0.85) lie within acceptable limits, hence showing reliable measures of the variables of interest (Santos, 1999).

Hypotheses Testing

In order to examine the mediating role of job stress between work overload and organizational performance, Baron and Kenny (1986) four step approach was followed as below:

Step 1: Work Overload and Organizational Performance

The Step 1 shows the association between independent variable and dependent variable. In this case, the independent variable is work overload, whereas, the dependent variable is organizational performance measured in terms of logarithm of profit. The result shows a significant relationship between work overload and organizational performance as shown in Table 3.

Table 3. Relationship between Work Overload and Organizational Performance

Model	Standardized Coefficients	t	Sig.
	Beta		
Work Overload	0.945	65.189	.000

Step 2: Work Overload and Job Stress (H₁)

The Step 2 shows the relationship between independent variable and a mediator. In this case, the independent variable is work overload, whereas, the mediating variable is job stress. The result shows a positive significant relationship between work overload and job stress as shown in Table 4, thereby accepting Hypothesis 1 (H₁).

Table 4. Relationship between Work Overload and Job Stress

Model	Standardized Coefficients	t	Sig.
	Beta		
Work Overload	0.903	46.709	.000

Step 3: Job Stress and Organizational Performance (H₂)

The Step 3 shows the relationship between mediating variable and a dependent variable. In this case, the mediating variable is job stress, whereas, the dependent variable is organizational performance measured in terms of logarithm of profit. The result shows a significant relationship between job stress and organizational performance as shown in Table 5, thereby accepting Hypothesis 2 (H₂).

Table 5. Relationship between Job Stress and Organizational Performance

Model	Standardized Coefficients	t	Sig.
Beta			
Job Stress	0.929	56.189	.000

Step 4: Test of Mediation (H₃)

According to Baron and Kenny (1986), in order to examine the mediating role, there should be a significant relationship in all the above three steps. As shown in Table 3, Table 4 and Table 5, all the three relationships are significant thereby meeting the condition regarding the test of mediation. The Step 4 shows mediation process thereby using both mediator and independent variable as predictor variables of dependent variable. In this case, both work overload and job stress are taken as independent variables, whereas, organizational performance is taken as dependent variable. Mediation exists if the coefficient of the direct path between the independent variable and the dependent variable is reduced when the indirect path, i-e. the mediator is introduced into the model. The direct path was measured without the mediator in Step 1 and with the mediator in Step 4 as shown in Table 3 and Table 6 respectively. The standardized beta of the direct path was 0.757 in Step 1 and 0.350 after the job stress was introduced as a mediator, thereby accepting Hypothesis 3 (H₃).

Table 6. Test of Mediation

Model	Standardized Coefficients	t	Sig.
Beta			
Work Overload	0.575	19.814	.000
Job Stress	0.410	14.111	.000

Discussion

The current study has proposed and empirically tested a research model examining the mediating role of job stress in the relationship between work overload and organizational performance. Baron and Kenny (1986) four step model was followed in determining job stress as a mediator between work overload and organizational performance. In step 1, the findings show a significant relationship between work overload and organizational performance. The results are consistent with the studies of Tahir et al. (2012) & Ashfaq et al. (2014). In step 2, the

results show a significant positive relationship between work overload and job stress and these results are consistent with the studies of Singh (1998), Trayambak et al. (2012) & Vanishree (2014), but it contradicts with the findings of Calisir et al. (2011), who found an insignificant relationship between work overload and job stress and also Abbasi (2015), who found a negative correlation between them. In step 3, the findings show a significant relationship between job stress and organizational performance and the results support the findings of Bashir and Ramay (2010) & Iqbal and Yilmaz (2014). Finally, in step 4, the results show that job stress mediates the relationship between work overload and organizational performance. The amount of the relationship between work overload and organizational performance accounted for by the mediator is 0.37 ($0.945 - 0.575 = 0.37$) that represents 39.15 percent of the direct effect. The indirect path of work overload to job stress and from job stress to organizational performance was $0.903 * 0.410 = 0.37$. This shows partial mediation as the relation between work overload and organizational performance is significantly smaller but is greater than 0.

Conclusion

The overall purpose of the current research is to develop an understanding of the mediating role of job stress on work overload and organizational performance in the banking industry. For this purpose, the middle and lower management staff of the commercial banks operating in Pakistan was randomly chosen. A total of 730 questionnaires were distributed and obtained 519 usable responses. The research found that job stress partially mediates the relationship between work overload and organizational performance. Hence, all the three research hypotheses of the study were accepted. Furthermore, the results of the research discuss that the relationship between work overload and organizational performance was indirect through job stress. In simple words, job stress plays a vital role in the association between work overload and organizational performance.

Research Implications

The current research contributes to the existing literature in the following ways: First, the research provides evidence to the impact of work overload on organizational performance through employee job stress. Second, the research highlights the mediating role of employee job stress between work overload and organizational performance. In addition to above, the research also has some major managerial implications. First, the top management of the organizations should be aware of this type of research about stress and work overload that influence organizational performance. Second, the organizations may be provided with valuable information to consider in their practices for the development of interventions aimed at mitigating managerial stress. Finally, the current study will help the organizations for developing HR

policies and training and development programs so to remain competitive in the market by improving their organizational performance.

Recommendations

Although, the current research provides positive contribution to the literature of job stress, yet there are some limitations too, which are discussed below.

- The current research has not tested the relationship between work overload and organizational performance, it only tests the relationship between work overload and profit (a general measure to organizational performance) which is measured in terms of logarithm of profit (Rupees in millions).
- The sample size for the current research may also be increased through inclusion of non-commercial banks.
- The findings of this research may stimulate further research in other parts of the world especially in other developing countries. If so, then this model can be presented in a broader area not only specific to the banking sector.

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