

Occupational Stress and Performance at Workplace Across Sectors: A Systematic Review

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Abstract

Occupational stress, a prominent phenomenon in modern organizations, has become a critical determinant of employee performance and organizational success. This paper systematically reviews the interplay between occupational stress and performance, drawing from diverse studies conducted across emerging and advanced economies. The review highlights the theoretical frameworks underlying occupational stress, the mediating mechanisms that link stress with performance, and the moderating role of leadership and organizational practices. Key insights reveal that occupational stress, exacerbated by cultural, economic, and organizational factors, significantly hampers productivity and innovation. Leadership styles, such as inclusive and ethical leadership, emerge as crucial mitigators of stress's adverse effects. Recommendations for organizational interventions and policy changes are proposed, emphasizing the importance of tailored approaches to stress management. This review contributes to the discourse on sustainable workforce practices, providing a roadmap for future research and practical implementation.

Keywords: Occupational stress, employee performance, systematic review.

JEL Classification: I10, J24, J28, J81, L88, L86, O15.

1. Introduction

Stress is disturbance of body's natural equilibrium (Stranks, 2005). Occupational stress is a persistent challenge affecting employees across sectors and geographical regions. Stress impact the health and well-being (Brannon & Feist, 1992). Interestingly, the work of Cicei (2012) argued that employees' organizational commitment in the public health sector are significantly affected by stress. The work of Kumasey et al. (2014) said that male and female are affected differently by stressors. Defined as the adverse reaction individuals experience when workplace demands exceed their capabilities and resources, occupational stress is associated with numerous organizational and individual consequences. From diminishing performance and creativity to causing health issues and employee turnover, stress is a critical factor influencing workplace dynamics (Haque & Aston, 2016; Kaur & Haque, 2024). The work of Ekundayo (2014) revealed that fight-and-flight mode is a reaction of experienced stress.

The globalized economy and competitive market pressures have further intensified the prevalence of occupational stress, particularly in knowledge-intensive and innovation-driven industries (Haque, 2024). The COVID-19 pandemic exacerbated this issue, with studies revealing heightened stress levels in small and medium-sized enterprises (SMEs) and entrepreneurial settings (Haq, Haque, & Rahim, 2024). Stress also manifests differently across economies, influenced by cultural and structural factors (Haque et al., 2018).

This review systematically examines the existing literature on occupational stress and performance. It seeks to uncover the mechanisms through which stress impacts performance, the contextual factors moderating this relationship, and the role of leadership in managing stress. By synthesizing insights from diverse studies, this paper aims to offer a comprehensive understanding of this critical workplace phenomenon and its implications for organizational success.

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2. Literature Review

The dynamics of occupational stress, leadership, and innovative work behavior have garnered significant scholarly attention over the years. This review synthesizes findings from prominent studies to provide a nuanced understanding of these interrelated topics.

Occupational Stress and Its Implications

Occupational stress is a pervasive issue affecting employees' performance across various industries. Kaur and Haque (2024) systematically reviewed how occupational stress impacts employees in competitive sectors, highlighting its detrimental effects on productivity and well-being. Similarly, Haque (2024) explored how knowledge hiding, coupled with occupational stress, influences employee performance, offering a comparative analysis of emerging and advanced economies. The intricate relationship between occupational stress and innovative capabilities was further examined by Haq, Haque, Kaur, and Rahim (2024), who identified significant barriers posed by stress to entrepreneurial innovation, particularly among migrant entrepreneurs.

Leadership Styles and Team Dynamics

Leadership styles play a pivotal role in shaping team dynamics and achieving project success. Kaur, Haque, and Gkasis (2024) investigated the impact of varying leadership styles, emphasizing the importance of adaptive leadership in enhancing team cohesion and project outcomes. Haque and Yamoah (2021) expanded this discourse by analyzing ethical leadership's role in mitigating occupational stress and fostering innovative work behavior across cultures. Furthermore, Javed et al. (2018) revealed how inclusive leadership, mediated by psychological empowerment, positively influences innovative work behavior, underscoring the value of participatory management approaches.

Innovative Work Behavior and Entrepreneurship

Innovative work behavior is critical for organizational success and resilience, particularly in dynamic markets. Haque (2024) examined the dual impact of occupational stress on innovative work behavior and entrepreneurial capabilities, revealing significant disparities between contrasting economies. In a similar vein, Haq, Haque, and Rahim (2024) conducted a comparative analysis of pre- and post-COVID-19 entrepreneurial stress in Canada, uncovering shifts in mental well-being and work adaptability. These findings align with earlier studies by Faizan, Nair, and Haque (2018), who demonstrated how leadership styles influence gendered performances in innovative contexts.

Gendered Perspectives on Stress and Performance

The differential impact of occupational stress on genders has been another focal point in literature. Faizan and Haque (2019) explored the working efficiency of contrasting genders under varying stress levels, highlighting significant differences in coping mechanisms and productivity. Similarly, Haque, Faizan, and others (2015) studied leadership's role in motivating culturally oriented female employees, emphasizing the need for gender-sensitive organizational strategies.

Organizational Commitment and Stress

The interplay between occupational stress and organizational commitment has been examined extensively. Haque and Aston (2016) identified a direct relationship between these variables in the IT sector, drawing comparisons between contrasting economies. This research was extended by Haque, Basuki, Aston, and Widyanti (2021), who assessed how different stressors uniquely affect public personnel's working efficiency.

Knowledge and Stress Management Frameworks

Knowledge management and stress reduction strategies are essential for sustaining human capital. Haque (2023, 2022) provided comprehensive frameworks for dissecting and dismantling

occupational stress in modern organizations. These handbooks offer actionable insights for practitioners, addressing complex stress-related challenges in diverse work environments.

Theoretical and Managerial Insights

Haque, Nair, and Kucukaltan (2019) provided valuable managerial insights for universities, identifying high stress and low satisfaction as critical barriers to commitment. These findings were complemented by Hussain, Haque, and Baloch (2019), who reviewed contemporary management theories' efficacy in addressing distinct challenges, briefly reflecting on stress-related challenges. Moreover, Imran et al. (2018) explored the organizational politics affecting the performance and role of stress in the service sector.

Literature collectively underscores the multifaceted nature of occupational stress, leadership, and innovative behavior. It is evident that tailored leadership styles, effective stress management strategies, and a focus on inclusive and ethical practices are essential for fostering innovation and enhancing organizational resilience. Future research should continue exploring these dimensions, particularly in diverse economic and cultural contexts, to provide deeper insights and practical solutions.

3. Methodology

This systematic review adheres to the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) guidelines. The literature search focused on peer-reviewed journals, books, and conference proceedings published in the past decade, emphasizing credible and high-impact sources. Databases such as Scopus, Web of Science, and Google Scholar were searched using keywords including occupational stress, employee performance, leadership styles, and organizational innovation. Studies were included if they explored the relationship between occupational stress and performance and were relevant to organizational settings.

Inclusion and Exclusion Criteria

Table 1: Inclusion and Exclusion Criteria

Inclusion	Exclusion
● Secondary Sources ● Scopus and Peer-reviewed manuscripts ● Observation ● Studies published in English	● Primary Sources ● Statistical tools ● Surveys ● Interviews ● Studies excluding workplace implications

Source: Own illustration

As mentioned above, we included studies published in English, with empirical or theoretical frameworks linking occupational stress and performance. Both quantitative and qualitative studies were considered using them as secondary sources. We also considered the use of observation to understand the phenomenon. Moreover, the Scopus and peer-reviewed articles are included in this study.

We excluded primary sources, which means no use of survey and interview instruments. Moreover, we did not carry out any statistical analysis. Lastly, articles focus solely on clinical or non-work-related stress without addressing workplace implications.

Data from 25 studies were extracted, focusing on research objectives, methodologies, findings, and implications. The synthesis emphasized identifying common themes, mediating mechanisms, and contextual variations.

4. Findings and Discussions

Conceptual Framework of Occupational Stress

Occupational stress arises from diverse sources, including workload, role ambiguity, interpersonal conflicts, and organizational culture. Haque and Aston (2016) identify that stressors affect employees differently based on their roles and hierarchical positions. For example, managerial personnel often experience stress related to decision-making and accountability, while non-managerial staff face stress due to lack of control and job insecurity. Stress negatively influences performance by impairing cognitive and emotional functioning. The work of Haque et al. (2022) demonstrates how stress diminishes creativity and productivity, particularly in competitive sectors. Moreover, cultural factors influence stress perception and management. For instance, employees in collectivist cultures may perceive stress differently compared to those in individualist cultures (Haque et al., 2018).

Mechanisms Linking Stress and Performance - Knowledge Hiding and Psychological Capital

Haque (2024) highlights knowledge hiding as a critical mechanism linking stress and performance. Stress often prompts employees to withhold information, leading to reduced collaboration and innovation. Psychological capital, comprising resilience, self-efficacy, and optimism, mediates the stress-performance relationship, acting as a buffer against stress's adverse effects.

Mechanisms Linking Stress and Performance - Leadership as a Moderator

Leadership styles significantly impact on how stress influences performance. Inclusive leadership fosters psychological safety, enabling employees to voice concerns and manage stress effectively (Younas et al., 2022). Similarly, ethical leadership promotes trust and fairness, reducing stress and enhancing innovative behavior (Haque & Yamoah, 2021).

Mechanisms Linking Stress and Performance - Cross-Cultural and Sectoral Perspectives

Stress' impact on performance varies across sectors and economies. Haque (2024) contrasts stress levels in advanced economies like Canada with those in emerging economies such as Pakistan. The findings reveal that structural support in advanced economies mitigates stress's impact, while resource constraints in emerging economies amplify it. Sectoral studies show that IT employees experience stress due to rapid technological changes and high-performance expectations (Haque et al., 2016). In contrast, SME entrepreneurs face stress related to financial uncertainty and regulatory challenges (Haque et al., 2024).

Leadership and Management Interventions - Adaptive Leadership

Leadership styles tailored to organizational contexts play a pivotal role in managing stress. Haque et al. (2018) argue that authentic and transformational leadership styles enhance employees' coping mechanisms by fostering a supportive environment.

Leadership and Management Interventions - Organizational Support

Providing resources such as mental health programs, flexible work arrangements, and clear communication channels reduces occupational stress. Kaur and Haque (2024) emphasize the importance of integrating stress management into organizational policies to improve performance outcomes.

Table 2: Summary of themes and major findings

Theme	Description	Reference
Leadership Styles and Team Dynamics	Leadership styles significantly influence team dynamics and project success, emphasizing the role of adaptive leadership in complex organizational settings.	(Kaur, et al. 2024)

Occupational Stress and Performance	Occupational stress negatively impacts employee performance across sectors, with significant variations between emerging and advanced economies.	(Haque, 2024a)
Stress and Innovative Behavior	Stress inhibits innovative work behavior and entrepreneurial capabilities, especially in competitive and multicultural environments.	(Haque, 2024b)
Ethical and Inclusive Leadership	Ethical and inclusive leadership styles empower employees, fostering voice behavior and reducing occupational stress.	(Haque & Yamoah, 2021)
Post-COVID Stress in SMEs	Entrepreneurial stress and mental well-being show significant deterioration in SMEs post-COVID-19 compared to pre-COVID scenarios.	(Haque, et al., 2024)
Gender and Stress Management	Gender-specific stress management strategies lead to different outcomes, impacting workplace efficiency and commitment.	(Faizan & Haque, 2019)
Stress in IT Sector Employees	IT professionals face unique stressors, impacting organizational commitment, with distinct patterns observed in contrasting economies.	(Haque & Aston, 2016)
Innovative Capabilities in Entrepreneurs	Occupational stress significantly affects the innovative capabilities of migrant entrepreneurs, particularly in resource-constrained settings.	(Haque, 2024)
Psychological Empowerment	Psychological empowerment acts as a mediator between leadership style and employee voice behavior.	(Younas et al., 2022).
Stress Reduction Strategies	Effective stress reduction strategies, including ethical leadership and organizational support, are critical for improving employee performance.	(Haque & Oino, 2019)

Source: Own illustration

Occupational stress remains a significant challenge in contemporary workplaces, with far-reaching implications for employee performance and organizational success. This systematic review underscores the importance of understanding the mechanisms linking stress to performance and the contextual factors that influence this relationship. Leadership styles and organizational interventions play crucial roles in mitigating stress's adverse effects. Future research should explore longitudinal studies and sector-specific interventions to build on these findings and contribute to the development of effective stress management strategies.

5. Conclusion

Occupational stress has emerged as a critical factor impacting employee performance and organizational outcomes across industries and economies. This systematic review highlights the multidimensional nature of occupational stress, demonstrating its adverse effects on innovative work behavior, team dynamics, and entrepreneurial capabilities. Leadership styles, organizational culture, and individual coping mechanisms significantly influence the extent of occupational stress and its

implications. Furthermore, variations in stress experiences between emerging and advanced economies underline the need for context-specific management strategies. Addressing occupational stress requires a holistic approach encompassing organizational support, ethical leadership, and psychological empowerment to foster resilience and enhance performance.

This paper synthesizes insights from various studies, emphasizing the pervasive nature of occupational stress and the necessity of targeted interventions. The findings underscore the interplay between stress and performance metrics, reaffirming the role of leadership and organizational culture in mitigating stress.

To mitigate the adverse effects of occupational stress and enhance organizational performance, the following recommendations are proposed:

- **Promote Ethical and Inclusive Leadership:** Organizations should prioritize training leaders in ethical and inclusive practices to foster a supportive work environment that minimizes occupational stress. Leaders play a pivotal role in empowering employees and enhancing their innovative capacities.
- **Develop Context-Specific Interventions:** Recognizing the variations between emerging and advanced economies, interventions should be tailored to the socio-economic and cultural contexts. This includes addressing resource constraints and aligning strategies with local organizational norms.
- **Enhance Psychological Empowerment:** Organizations should invest in programs that bolster employees' psychological empowerment. Initiatives such as skill development, role clarity, and decision-making autonomy can help employees better manage stress.
- **Implement Flexible Work Policies:** Introducing flexible work arrangements, such as remote work and customized schedules, can alleviate stress by enabling employees to balance personal and professional responsibilities effectively.
- **Focus on Post-COVID Recovery:** Given the exacerbation of stress levels during the pandemic, small and medium-sized enterprises (SMEs) should prioritize employee well-being programs and mental health support to rebuild resilience in the workforce.
- **Leverage Technological Tools:** Advanced technologies, such as AI-based stress monitoring tools, can help organizations proactively identify stress patterns and intervene before they escalate.
- **Continuous Monitoring and Evaluation:** Establishing a system to monitor occupational stress and its impact on performance regularly is crucial. Feedback mechanisms, employee surveys, and performance analytics can help organizations fine-tune their stress management strategies.

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