

Work Stress and Its Impact on Employee Performance, Turnover, and Absenteeism: A Comprehensive Study at E & E Manufacturing

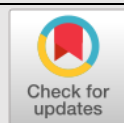
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ABSTRACT

In today's diverse business landscape, the pervasive challenge of stress affects individuals across various sectors. This study, employing a quantitative research approach, explores the multifaceted nature of work stress, investigating its dual impact on individuals and organizations. Specifically, it scrutinizes the intricate relationship between work stress and organizational dynamics, concentrating on identified factors contributing to diminished employee performance. Utilizing a sample size of 80 participants from XYZ Industries, a manufacturing company in Ayer Keroh, Melaka, Malaysia, the research employs SPSS version 20 for data analysis. The study further delves into the consequences of stress on employee performance, manifested through absenteeism and turnover. The findings highlight the substantial influence of employee performance on the overall organizational effect, underscoring the pivotal role of a healthy work environment. Furthermore, turnover emerges as a significant factor shaping organizational dynamics, emphasizing the necessity of addressing challenges associated with turnover. These insights contribute to a nuanced understanding of stress-related challenges within organizational contexts, offering actionable recommendations to navigate these complexities effectively.

Keywords: Absenteeism; Employee Performance; Employee Turnover; Organizational Performance; Work Stress; Workplace Stressors

1. Introduction

In the contemporary manufacturing sector, workplaces are characterized by demanding conditions, including extended working hours and stringent deadlines (Saleh, 2019). These conditions have given rise to heightened levels of work stress, increased absenteeism, and

elevated employee turnover. Addressing absenteeism becomes a formidable challenge when it transforms into a habitual or accepted behavior among employees, with stress identified as a primary contributor to long-term absences (Byars & Rue, 2011). This underscores the understanding that stress impacts employees' psychological and physical well-being and overall organizational turnover.

As organizations grapple with the intricate interplay of work stress, employee performance, turnover, and absenteeism, understanding the multifaceted nature of these phenomena becomes imperative. In its various manifestations, work stress can positively and negatively influence employees' performance, significantly affecting organizational dynamics. Unaddressed heightened levels of work stress contribute to a decline in employee performance, fostering an environment where employees may struggle to exhibit sound judgment and become lethargic, ultimately resulting in increased absenteeism.

This study investigates the intricate connections among work stress, employee performance, turnover, and absenteeism, recognizing their profound impact on organizational effectiveness. As a pivotal factor, work stress can shape employees' performance constructively or detrimentally, exerting a substantial influence on the organization's overall functioning. Extreme work stress not only diminishes the perceived value that employees attach to their work but also precipitates a decline in their performance, marked by an inability to exhibit optimal cognitive abilities, leading to inefficiency and the prevalence of absenteeism.

Driven by several overarching research objectives, this study aims to discern and articulate the nuanced relationship between work stress and its cascading effects on organizational dynamics. Through this objective, the research seeks to unravel how work stress influences the broader functioning of an organization, shedding light on both direct and indirect consequences. Additionally, the study endeavors to identify and comprehend the factors underlying the failure of employees' performance within organizational settings, providing a comprehensive understanding of elements contributing to suboptimal performance. Lastly, the research aims to elucidate the impact of stress on employee performance within an organizational framework, specifically focusing on increased absenteeism and elevated turnover. These objectives collectively guide the study's comprehensive exploration of the intricate relationships between work stress and organizational dynamics.

2. Literature Review

2.1. Electrical and Electronic Manufacturing

Manufacturing operations are one of the prime key elements of any business. Regardless of whether producing tasks accomplishes key potential and adds to the aggressive situation of a business, it depends completely on how it is overseen. Producers must be adaptable, versatile, responsive, and creative (Anderson & Sohal, 1999). Malaysia is a significant major electronics maker and exporter. The electrical and electronics (E&E) industry is the main part of Malaysia's assembly division, contributing to the nation's assembly yield (26.94 percent), trades (48.7 percent), and employment (32.5 percent). The significant import goals are the USA, China, and Singapore, while the significant import goals are Taiwan, the USA, and South Korea (Malaysian Investment Development Authority, 2019).

Malaysia's E & E industry has created huge abilities and aptitudes for assembling semiconductor devices, including photovoltaic cells and modules, high-quality consumer electronics, and information and communication technology (ICT). Malaysia's E & E industry can be sorted into four sub-parts: consumer electronics, electronic components, and industrial electronic and electrical items (Malaysian Investment Development Authority, 2019).

2.2. Work Stress

When alluding to an organization, work stress is constantly joined by a few ideas, for example, performance, motivation, and worker prosperity. A stressful environment will seriously influence and harm an employee's psychological and physical well-being. A few people will oversee or adversely respond—stress benefits workers when they broaden their point of confinement (Harshana, 2018). Stress is related to weakened individuals working in the work environment. Negative impact incorporates diminished proficiency, diminished ability to perform hosed activity and decreased enthusiasm for working, expanded unbending nature of thought, an absence of worry for the association and partners, and lost duty.

Stress is a significant factor in job satisfaction, organizational commitment, and employee withdrawal behavior. Increased work stress elicits negative behaviors (Yao et al., 2014). Interpersonal conflict, absenteeism, turnover, and extraordinary conduct like counter have gotten progressively across the board in the work environment. Stress in the working environment has become a general worry to all organizations.

2.3. Employee Performance

Employee performance shows that monetary or non-monetary outcome has a prompt connection with the organization's performance and its success (Anitha, 2014). performance is a multi-component concept; on the essential level, one can recognize the procedure part of performance (Pradhan & Jena, 2017). Fundamentally, utilizing individuals who have an assortment of abilities is a benefit of a firm. It has been seen that employees with high proactivity step up, express their perspectives, counteract future issues in their activity surroundings, improve their methods for performing work, and decidedly impact their peers.

Employee performance can be seen as a movement where an individual can effectively achieve the undertaking allocated to them. Employee performance is adversely related to their work performance, and the degree of stress will bring down performance. Employees confronting stress focus more on their sentiments and feelings than their current work; thus, their work performance endures. Employees under pressure lose their innovativeness and creativity as a result of their reasoning capacity is limited.

Employee performance relies on factors, work complications, abilities and aptitude of the worker in playing out an undertaking, and individual attributes of representatives. Organizations that encourage transparent correspondence build up situations where employees are more averse to being worried, empowering them to use their abilities and skills best and stimulating their work performance. At the same time, the skill and ability will show the worker's performance and interest (Saleh & Lamsali, 2020).

2.4. Turnover

Employee turnover is a much-considered wonder (Shaw et al., 1998). Employee turnover insinuates the number or level of workers who leave an association and are superseded by new

workers (Binu Raj, 2020; Mumtaz & Hasan, 2018). The term 'turnover' is the extent of the number of organizational members left during the period being seen as disconnected by the typical number of people in that association (Gannon & Price, 1978).

Turnover intention means employees quitting the organization (Tett & Meyer, 1993). Thinking about the decision to quit the job, the intention to leave the organization, and the behavior of seeking a new job, the turnover behavior clarifies the strategies of leaving and supplanting employees in an organization (Currivan, 1999).

Planned behavior to leave the organization is a turnover that is a wilful intention or a part of a worker's strategy to escape from the present circumstance. Moreover, when there is a lot of job demand that needs to be done at the deadline (Saleh, 2021), it leads to turnover intentions when stress arises. Turnover relies on numerous individual and indifferent reasons, and a worker leaves the job when they secure another position effectively or have different chances. The quitting intention has, in every case, significant expense and negative outcomes.

2.5. Absenteeism

Absenteeism is when an employee is constantly and habitually missing from work. This avoids paid leave and events where a business has conceded an employee's downtime (Prater & Smith, 2011). Absenteeism additionally has been characterized as non-participation when an employee is scheduled to work. All employees are relied upon to answer to work normally and on schedule.

Employees are relied upon to know and pursue every departmental procedure for reliability and participation. Lateness or absence may likewise be cause for disciplinary action. Employee absenteeism can influence productivity, funds, and work environment assurance (McGowan et al., 2017). Employees who are always missing might be unable to complete their work by the deadline—not performing the task given (Saleh, 2021). The inability to come to work regularly delays the employee's ability to complete work.

3. Research Methodology

3.1. Research Approach

This study adopts a quantitative research approach, utilizing structured questionnaires and statistical analysis to systematically investigate the impact of work stress on organizational dynamics (Creswell & Creswell, 2017).

3.2. Participants

A stratified random sampling technique (Sekaran & Bougie, 2016) was utilized to select 80 participants from XYZ Industries, a manufacturing company in Ayer Keroh, Melaka, Malaysia. Stratification was based on departments, job roles, and hierarchical levels to ensure representative diversity.

3.3. Instrument Design

A meticulously crafted questionnaire, combining closed-ended and Likert-scale items, was designed to explore work stress, employee performance, turnover, absenteeism, and organizational dynamics. The instrument underwent pilot testing for refinement (Hair et al., 2018).

3.4. Data Collection Procedure

Participants were recruited purposively, emphasizing voluntary participation. Informed consent was obtained, and the questionnaire was distributed physically and electronically. Collected data ensured participant privacy and confidentiality.

3.5. Pilot Testing

Before the primary data collection, the questionnaire underwent pilot testing with a small group of employees for refinement and clarity.

3.6. Data Analysis Techniques

Collected data were analyzed using SPSS version 20. Advanced statistical techniques, including regression analysis and correlation studies, were applied to explore relationships and identify significant factors influencing organizational dynamics.

3.7. Ethical Considerations

The study received ethical approval. Participants were briefed on the study's purpose, assured of confidentiality, and given the right to withdraw at any time.

4. Results and Discussion

4.1. Results

As presented in Table 1, the results reveal a strong relationship between employee performance and organizational contribution. The highest regression coefficient value of 0.789 underscores the significance of employee performance as the most crucial factor in the organization's success. The standardized coefficient, with a Beta value of 0.714, further affirms its importance. The standard deviation of employee performance towards the organization is 8.078.

Contrastingly, absenteeism and work stress demonstrate a lesser influence on the organization, as indicated by their regression coefficients of 0.126 and 0.031, respectively. This implies that absenteeism and work stress have a smaller impact on the organization. The standardized coefficients for absenteeism and work stress are 0.106 and 0.042, respectively, while their standard deviations are 1.219 and 0.452. These results suggest that although absenteeism and work stress could potentially enhance organizational performance, their impact is relatively less pronounced.

Table 1. Coefficients of Multiple Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	.404	.500		.807	.422
	Work Stress	.031	.069	.042	.452	.652
	Employee Performance	.789	.098	.714	8.078	.000
	Turnover	-.061	.086	-.074	-.716	.476
	Absenteeism	.126	.103	.106	1.219	.227

4.2. Correlation Analysis

Table 2 presents Pearson’s correlation coefficients depicting the relationships between the independent variables (work stress, employee performance, turnover, and absenteeism) and the dependent variable (organizational). The table illustrates that the correlation coefficient between employee performance and the organization stands out with the highest strength, registering at $r = 0.739$.

Conversely, the relationship between turnover and organization exhibits a weak correlation strength with a coefficient of $r = -0.318$. The weakest relationships are observed between work stress and absenteeism, each with correlation coefficients of $r = 0.054$ and $r = 0.042$, respectively, indicating a very weak correlation strength between the independent and dependent variables.

Table 2. Correlation Result

		Organization	Work Stress	Employee Performance	Turnover	Absenteeism
Organization	Pearson Correlation	1	.054	.739**	-.318**	.042
	Sig. (2-tailed)		.635	.000	.004	.711
	N	80	80	80	80	80
Work Stress	Pearson Correlation	.054	1	.010	.466**	.376**
	Sig. (2-tailed)	.635		.928	.000	.001
	N	80	80	80	80	80
Employee Performance	Pearson Correlation	.739**	.010	1	-.429**	-.069
	Sig. (2-tailed)	.000	.928		.000	.546
	N	80	80	80	80	80
Turnover	Pearson Correlation	-.318**	.466**	-.429**	1	.407**
	Sig. (2-tailed)	.004	.000	.000		.000
	N	80	80	80	80	80
Absenteeism	Pearson Correlation	.042	.376**	-.069	.407**	1
	Sig. (2-tailed)	.711	.001	.546	.000	
	N	80	80	80	80	80

** Correlation is significant at the 0.01 level (2-tailed).

Hypothesis 1:

There is no significant relationship between work stress and its impact on the organization.

The findings from the linear regression analysis, as presented in Table 3, reveal a p-value of 0.635 for the variable in question. The result indicates that the observed p-value exceeds the conventional significance threshold 0.05. Consequently, it can be concluded that work stress

does not exhibit a statistically significant relationship with the effects on the organization within the context of the XYZ industry.

Table 3. Linear Regression Analysis between Work Stress and Organizational

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	3.550	.304	.054	11.664	.000
	Work Stress	.041	.085		.476	.635

a. Dependent Variable: Organizational

Hypothesis 2:

There is a significant relationship between employee performance and its impact on the organization.

The results from the linear regression analysis, outlined in Table 4, present a p-value of 0.00 for the variable under consideration. The outcome indicates that this variable's significance value is below the conventional threshold of 0.05. Therefore, it is evident that there is a statistically significant relationship between employee performance and the effects on the organization.

Table 4. Linear Regression Analysis between Employee Performance and Organizational

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	
	B	Std. Error	Beta			
1	(Constant)	.611	.323	.739	1.892	.062
	Employee Performance	.817	.084		9.682	.000

a. Dependent Variable: Organizational

Hypothesis 3:

There is a significant relationship between turnover and its impact on the organization.

The data presented in Table 5 from the linear regression analysis revealed a p-value of 0.004 for the variable in consideration. This outcome indicates that the significance value associated with turnover is below the standard threshold of 0.05. Consequently, it can be concluded that a statistically significant relationship exists between turnover and its effects on the organization.

Table 5. Linear Regression Analysis between Turnover and Organizational

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	4.402	.254		17.366	.000
	Turnover	-.263	.089	-.318	-2.964	.004

a. Dependent Variable: Organizational

Hypothesis 4:

There is no significant relationship between absenteeism and its impact on the organization.

As outlined in Table 6 from the linear regression analysis, the p-value associated with absenteeism is calculated to be 0.711. The outcome reveals that this variable's significance value falls below the conventional threshold of 0.05. Consequently, it indicates that absenteeism does not exhibit a statistically significant relationship with the effects on the organization.

Table 6. Linear Regression Analysis between Absenteeism and Organizational

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	3.542	.406		8.713	.000
	Absenteeism	.050	.135	.042	.371	.711

a. Dependent Variable: Organizational

5. Conclusion

The regression analysis results highlight the substantial impact of independent variables on employee performance, serving as key determinants of the overall organizational effect. As demonstrated in Table 1, the t-value underscores the significance of employee performance ($t = 8.078$), attaining statistical significance with a p-value below 0.05. Furthermore, the Beta coefficient indicates that employee performance explains up to 71% of the variance in the organizational effect. This underscores the importance of cultivating a healthy work environment, prioritizing safety and positive interpersonal relationships among organizational members, and contributing to optimal employee engagement.

A conducive work environment encompasses physical and emotional safety, fostering employee happiness and job satisfaction. Employees' commitment to their roles significantly influences their performance, impacting the organization.

Upon careful analysis of the results, it becomes evident that two factors—employee performance and turnover—hold substantial significance, justifying their recognition as influential variables. In contrast, work stress and absenteeism emerge as inconsequential contributors within the organizational context. Based on these findings, it is recommended that organizational initiatives be directed toward enhancing employee performance, cultivating positive work environments, and addressing turnover dynamics to bolster overall organizational effectiveness.

6. Conflicts of Interest and Ethical Standards

The authors certify that in this research, there are no conflicts of interest within their current organization, and no unethical practices, such as plagiarism, were followed during the research.

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