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Workplace Stress and Employee Performance: A Study of the Corporate Sector

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Abstract

Stress has become one of the most widely discussed features of modern working life, particularly in the corporate sector, where long hours, performance targets, technological connectivity and job insecurity are common. This paper examines the relationship between workplace stress and employee performance in the corporate sector using secondary data from the World Health Organization, the International Labour Organization, Gallup and the academic literature. It first reviews the principal theoretical models of stress, including the general adaptation syndrome, the transactional model, the demand-control model, the effort-reward imbalance model and the job demands-resources model. It then presents international indicators on the prevalence and cost of work-related stress and reviews meta-analytic evidence on how different kinds of stressors affect performance, burnout and engagement. The paper finds that stress is widespread and costly, that stressors which employees see as obstacles to their work are consistently harmful to performance, and that stressors perceived as challenges can sometimes be beneficial, so that the relationship is not simply linear. It also finds that the availability of resources, such as control, support and recovery time, strongly influences whether demands lead to exhaustion or to engagement. The paper concludes with recommendations for organisations on prevention, support and job design.

Keywords: *Workplace stress; employee performance; burnout; corporate sector; job demands; work-life balance; employee wellbeing*

Introduction

Work is a source of income, identity and achievement, but it can also be a source of strain. In the corporate sector, employees commonly face demanding targets, tight deadlines, long hours, frequent organisational change and the need to remain constantly available through mobile devices. Competitive pressure on firms is transmitted to employees in the form of higher expectations of output and flexibility. The term stress is used in everyday speech to describe such pressure, but in scientific usage it has a more precise meaning. Selye, who introduced the concept into biology and medicine, defined stress as the non-specific response of the body to any demand made upon it (Selye, 32). In the psychological literature, Lazarus and Folkman defined psychological stress as a relationship between the person and the environment that is appraised by the person as taxing or exceeding his or her resources and endangering wellbeing (Lazarus and Folkman, 19).

The significance of workplace stress for organisations lies in its effects on both individuals and performance. For individuals, prolonged stress is associated with exhaustion, anxiety, sleep

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disturbance, cardiovascular problems and reduced satisfaction. For organisations, it is associated with absenteeism, turnover, errors, accidents and lower productivity. Yet the relationship between stress and performance is not straightforward. The early law of Yerkes and Dodson suggested that performance improves with arousal up to an optimum point and then declines, giving an inverted U-shaped relationship (Yerkes and Dodson, 459), and modern research distinguishes between demands that stretch employees and demands that obstruct them. Managers therefore need to understand not only whether stress is present but also what kind of stress it is and how it can be managed.

The contemporary context has intensified the concern. The World Health Organization has described mental health at work as a matter of rising importance, noting that depression and anxiety cause the loss of a very large number of working days and have substantial economic costs (World Health Organization, 1). Digital technology has blurred the boundary between work and home, and many employees report difficulty in switching off. In India, a rapidly expanding corporate sector, particularly in information technology, banking, consulting and services, has created many opportunities but also demanding work cultures. This paper therefore examines how workplace stress is related to employee performance in the corporate sector, using the available secondary evidence.

Review of Literature

Several theoretical models explain how work conditions produce stress. Karasek's job demands-control model proposed that the most harmful conditions are those that combine high psychological demands with low decision latitude, which he called job strain, whereas jobs with high demands and high control are active jobs that promote learning and motivation (Karasek, 285). Siegrist's effort-reward imbalance model argued that stress arises when high effort at work is not matched by adequate rewards in the form of money, esteem, and career opportunities and security (Siegrist, 27). Hobfoll's conservation of resources theory holds that people strive to obtain and protect resources and that stress occurs when resources are threatened or lost, or when investment of resources does not produce expected gains (Hobfoll, 513). Demerouti and colleagues developed the job demands-resources model, in which demands tend to lead to exhaustion while resources, such as support and autonomy, foster engagement (Demerouti et al., 499). Schaufeli and Bakker found empirical support for these two processes in a large study of employees (Schaufeli and Bakker, 293).

Another strand of research classifies sources of stress. Cooper and Marshall reviewed occupational sources of stress and identified factors intrinsic to the job, role in the organisation, relationships at work, career development, and organisational structure and climate (Cooper and Marshall, 11). Beehr and Newman proposed a facet model of job stress that considers environmental, personal, process and outcome facets, including the effects on health and on the organisation (Beehr and Newman, 665). Cartwright and Cooper discussed how stress arises in various organisational settings and how it may be managed (Cartwright and Cooper, 1). Sonnentag and Frese described how stress at work is linked to health and performance, and how individuals and organisations cope (Sonnentag and Frese, 453). Maslach, Schaufeli and Leiter reviewed research on burnout, which they

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conceptualised as a syndrome of exhaustion, cynicism and reduced professional efficacy that results from chronic job stress (Maslach et al., 397).

A third strand tests the link between stressors and performance. LePine, Podsakoff and LePine proposed and tested a challenge-hindrance framework in a meta-analysis, and found that challenge stressors, such as workload and time pressure, were positively related to performance through motivation, whereas hindrance stressors, such as role ambiguity, role conflict and organisational politics, were negatively related to performance (LePine et al., 764). Podsakoff, LePine and LePine reported that hindrance stressors were related to lower commitment, higher turnover intentions and withdrawal behaviour, whereas challenge stressors showed different relationships (Podsakoff et al., 438). Gilboa and colleagues, in a meta-analysis of work demand stressors, found that stressors were generally negatively related to job performance (Gilboa et al., 227). Judge and colleagues found a positive relationship between job satisfaction and performance, which is relevant because stress reduces satisfaction (Judge et al., 376). Sonnentag showed that recovery from work during off-hours was associated with engagement and proactive behaviour the following day (Sonnentag, 518). Richardson and Rothstein examined the effects of stress management interventions (Richardson and Rothstein, 69), and Michie summarised the causes and management of stress at work (Michie, 67). The literature is thus extensive, but the evidence for the corporate sector is dispersed, and this paper attempts to bring together the key findings.

Objectives

1. To review the main theoretical models of workplace stress.
2. To present secondary indicators related to the prevalence and costs of work-related stress.
3. To identify the major sources of stress in the corporate sector.
4. To analyse research evidence on the relationship between workplace stress and employee performance.

Research Methodology

This is a descriptive and analytical study based on secondary data. Indicators of the prevalence and costs of stress have been taken from reports of the World Health Organization and the International Labour Organization, the State of the Global Workplace reports of Gallup, and a survey reported by the Associated Chambers of Commerce and Industry of India. Evidence on the relationship between stress and performance has been drawn from meta-analyses and empirical studies published in peer-reviewed journals. The theoretical models have been taken from the original works of their authors. The three tables summarise, respectively, the major models of stress, international indicators on work stress and its costs, and selected research findings on the effects of stress on performance. The study has limitations. It is based on secondary sources and does not include primary data from employees of any specific company, survey figures are approximate and may not be comparable across countries, much of the research is based on self-reported stress, and the findings may differ across industries and cultures. The paper does not provide medical or clinical advice.

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Theoretical Models of Workplace Stress

Understanding the effect of stress on performance requires a theoretical framework that explains how stress arises and how it leads to outcomes. Table 1 summarises the main models and their implications for management.

Table 1: Major Models of Stress and Their Implications for Management

Model	Proponent(s)	Core Idea	Implication for Management
General adaptation syndrome	Selye (1956)	The body responds to demands in stages of alarm, resistance and exhaustion	Prolonged exposure without recovery leads to breakdown; provide recovery time
Arousal-performance law	Yerkes and Dodson (1908)	Performance rises with arousal up to an optimum, then falls	Aim for stimulating but manageable demands
Transactional model	Lazarus and Folkman (1984)	Stress depends on appraisal of demands against available coping resources	Improve resources and clarity so that demands are seen as manageable
Demand-control model	Karasek (1979)	High demands with low control produce job strain	Increase employee discretion and decision latitude
Effort-reward imbalance	Siegrist (1996)	High effort with low reward causes stress	Ensure fair pay, recognition and career prospects
Conservation of resources	Hobfoll (1989)	Stress arises from threat or loss of valued resources	Reduce insecurity and protect employees' resources
Job demands-resources model	Demerouti et al. (2001)	Demands lead to exhaustion; resources lead to engagement	Balance demands with support, autonomy and feedback

Source: Compiled by the author from the original works of the authors (secondary sources).

Table 1 shows that the models agree on one point: stress is produced by an imbalance between what the work environment demands and what employees have in terms of control, rewards, support and personal resources. Lazarus and Folkman's insistence on appraisal draws attention to the subjective side of stress, since the same workload may be seen as a challenge by one person and as a threat by another, depending on skills, confidence and support (Lazarus and Folkman, 19). Karasek's

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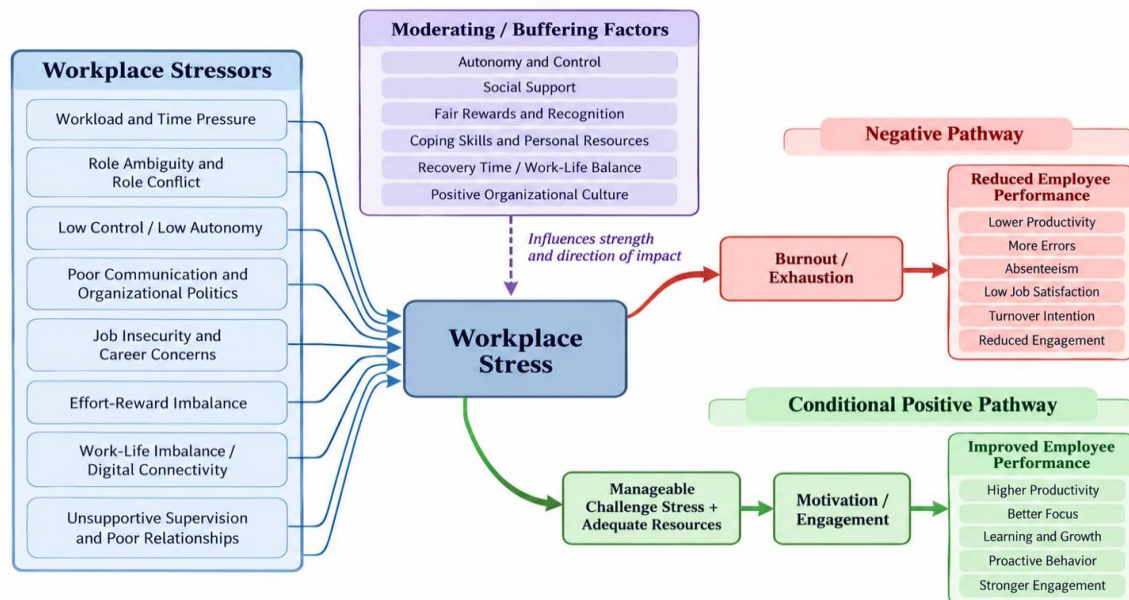
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and Siegrist's models locate the sources in the organisation of work, as they relate stress to control and reward (Karasek, 285; Siegrist, 27). The job demands-resources model is perhaps the most useful for management, because it provides a simple logic for intervention: reduce unnecessary demands and increase resources (Demerouti et al., 499; Bakker and Demerouti, 309).

Image 1: Conceptual Framework Illustrating the Relationship Between Workplace Stress and Employee Performance in the Corporate Sector



Selye's account of the general adaptation syndrome is helpful for understanding why chronic stress is especially damaging. The stages of alarm, resistance and exhaustion imply that the body can cope with short-term demands but that continued activation without recovery depletes its capacity (Selye, 32). Hobfoll's theory supports the same conclusion in psychological terms, as it suggests that persistent loss of resources leads to a spiral in which individuals have fewer resources with which to cope (Hobfoll, 513). Together these models suggest that the duration and recoverability of stress are as important as its intensity, and that organisations should examine patterns of work over weeks and months, and not only single peaks.

Prevalence and Costs of Work-Related Stress: International Indicators

Indicators from international organisations make it possible to see the scale of the problem. Table 2 summarises selected data on long working hours, mental ill-health at work and reported daily stress among employees.

Table 2: Selected International Indicators on Work-Related Stress and Its Costs

Indicator	Value Reported	Source
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Risk of stroke for people working 55 or more hours a week, compared with 35 to 40 hours	About 35 per cent higher	WHO and ILO estimates
Risk of death from ischaemic heart disease for people working 55 or more hours a week	About 17 per cent higher	WHO and ILO estimates
Deaths in 2016 attributed to long working hours (stroke and heart disease)	About 745,000	WHO and ILO estimates
Working days lost each year to depression and anxiety worldwide	About 12 billion	World Health Organization
Annual global economic cost of depression and anxiety in lost productivity	About US\$ 1 trillion	World Health Organization
Employees worldwide reporting a lot of stress on the previous day, 2021	About 44 per cent	Gallup
Private sector employees in India reported as affected by depression or anxiety (survey)	About 42.5 per cent	ASSOCHAM survey (as reported)

Source: World Health Organization; International Labour Organization; Gallup, *State of the Global Workplace*; ASSOCHAM (figures approximate and to be verified against the latest editions).

Table 2 indicates the seriousness of the issue. Estimates by the World Health Organization and the International Labour Organization suggest that working 55 hours or more per week is associated with a risk of stroke about 35 per cent higher and a risk of death from heart disease about 17 per cent higher than working 35 to 40 hours (Pega et al., 1). The same study attributed about 745,000 deaths in 2016 to long working hours. The World Health Organization estimates that depression and anxiety together cost about 12 billion working days and nearly one trillion US dollars each year in lost productivity (World Health Organization, 1). Gallup reports that a large proportion of employees, around 44 per cent in 2021, experienced a lot of stress during the previous day, a record level in its surveys (Gallup, 1). A survey reported in India by ASSOCHAM (ASSOCHAM, 1) suggested that a high share of private sector employees were affected by depression or anxiety disorders, although such surveys differ in their methods and should be interpreted with care.

These indicators have several implications. First, the burden of stress is both a public health and an economic issue, and organisations are not insulated from it. Second, long working hours, which are a feature of many corporate settings, are associated with serious health risks, and are unlikely to be a sustainable basis for performance. Third, because stress is widespread, interventions at the level

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of organisational design are likely to be more effective than reliance on individual resilience alone. Michie noted that many of the causes of stress lie in the way work is organised and managed, which means that solutions must address these causes and not only help individuals to cope (Michie, 67). The figures should, however, be treated as indicative, since they come from different methodologies, countries and time periods.

Sources of Stress in the Corporate Sector

Research identifies several categories of stressors that are especially relevant to the corporate sector. The first is workload and time pressure, including long hours, unrealistic deadlines and continuous targets. Cooper and Marshall listed work overload and time pressure among the factors intrinsic to the job (Cooper and Marshall, 11). The second is role-related stress. Role ambiguity occurs when employees are unsure about what is expected of them, and role conflict arises when they receive incompatible demands, for example from different managers or from work and personal obligations. These are classic hindrance stressors, and they are common in matrix organisations and during restructuring (LePine et al., 764).

The third source is lack of control and participation. Karasek's model shows that the combination of high demands and low decision latitude is particularly harmful (Karasek, 285), and employees in corporate hierarchies may have little say over how or when work is done. The fourth is organisational climate and relationships, including poor communication, unsupportive supervision, conflict, bullying and organisational politics. The fifth is job insecurity and career concerns, which have grown with mergers, restructuring, outsourcing and automation, and which Hobfoll's theory would classify as a threat to resources (Hobfoll, 513). The sixth is imbalance between effort and reward, in the sense described by Siegrist, where employees feel that their contribution is not matched by pay, recognition or opportunity (Siegrist, 27). The seventh source is the interface between work and non-work life. Long hours, travel, shift work and constant digital connectivity make it harder for employees to recover and to meet family and personal responsibilities. Sonnentag found that psychological detachment and recovery during leisure time were linked with higher engagement and more proactive behaviour on the next working day (Sonnentag, 518). When recovery is inadequate, the effect accumulates. The eighth is the nature of emotional labour, in client-facing and service roles, where employees must display certain emotions regardless of how they feel. Finally, individual characteristics such as personality, coping style and personal circumstances moderate the experience of stress, as Lazarus and Folkman's appraisal model implies (Lazarus and Folkman, 19). The sources of stress thus lie at several levels, from the job to the organisation and the individual.

Effects of Stress on Employee Performance: Research Evidence

A large body of research has examined how stress is related to performance. Table 3 presents selected findings.

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Table 3: Selected Research Findings on Workplace Stress and Employee Performance

Study	Type of Evidence	Main Finding
Yerkes and Dodson	Experimental study	Performance improved with arousal up to a point and declined beyond it, producing an inverted U pattern
LePine, Podsakoff and LePine	Meta-analysis	Challenge stressors were positively related to performance; hindrance stressors were negatively related
Gilboa et al.	Meta-analysis of work demand stressors	Stressors were generally negatively related to job performance
Maslach, Schaufeli and Leiter	Review of burnout research	Chronic job stress produces exhaustion, cynicism and reduced efficacy, which are linked to lower performance and higher turnover
Schaufeli and Bakker	Survey of employees	Job demands predicted burnout, while job resources predicted engagement
Sonnentag	Diary study of employees	Recovery during off-work time was associated with higher engagement and proactive behaviour on the following day
Richardson and Rothstein	Meta-analysis of interventions	Stress management programmes had positive effects, with cognitive-behavioural methods the most effective; organisational-level interventions were studied less often

Source: Compiled by the author from the studies listed in the references (secondary sources).

Table 3 shows that the relationship between stress and performance depends on the type of stress. LePine and colleagues' meta-analysis found that challenge stressors, such as high workload and responsibility, were positively associated with performance because they motivate employees who see them as opportunities for achievement, whereas hindrance stressors, such as role ambiguity, politics and red tape, were negatively associated because they are seen as obstacles that waste effort (LePine et al., 764). Gilboa and colleagues found that stressors overall were negatively related to job performance (Gilboa et al., 227), which suggests that the harmful effects of hindrance stressors often outweigh the benefits of challenge. The Yerkes-Dodson principle provides a classic framework for the idea of an optimum level, though more recent researchers regard it as a general principle rather than a precise law (Yerkes and Dodson, 459).

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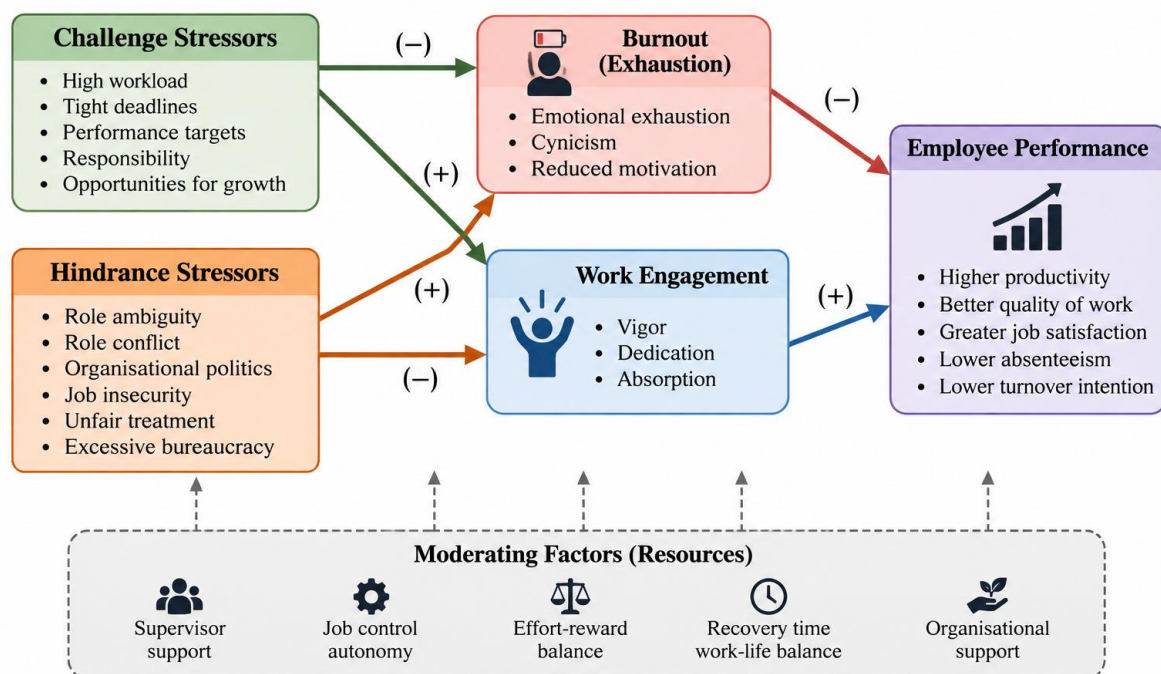
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The mechanisms through which stress harms performance are well documented. Chronic stress leads to burnout, which Maslach and colleagues describe as a syndrome of exhaustion, cynicism and reduced professional efficacy (Maslach et al., 397). Burnt-out employees invest less effort, make more mistakes, are absent more often and are more likely to leave. Schaufeli and Bakker showed that high job demands were related to burnout and that job resources were related to engagement, and that engagement was in turn linked with commitment and lower intention to leave (Schaufeli and Bakker, 293). Stress also impairs concentration, memory and decision-making, and affects relationships with colleagues. At the organisational level, the sum of these effects appears as higher absenteeism, higher turnover, loss of knowledge and lower quality and customer service. Podsakoff and colleagues found that hindrance stressors were associated with higher turnover intentions and withdrawal behaviours (Podsakoff et al., 438).

Image 2: Impact of Challenge and Hindrance Stressors on Employee Performance, Burnout and Work Engagement



Not all effects are negative or immediate. Employees who experience manageable challenge, with adequate control and support, may report higher motivation, learning and achievement. Karasek called jobs with high demands and high control active jobs and linked them to growth and learning (Karasek, 285). Sonnentag's finding that recovery supports engagement shows that periods of high demand can be sustainable when followed by adequate rest (Sonnentag, 518). The implication is that organisations should aim not at eliminating all pressure, which is neither possible nor desirable, but at ensuring that demands are meaningful, that employees have the resources to meet them and that there is time to recover. The conclusion should be read with care because most of the studies rely on

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self-reported measures and on correlational designs, and the strength of relationships differs across occupations and cultures.

Moderating Factors: Resources, Support and Individual Differences

Why do some employees thrive under the same conditions that exhaust others? Research points to several moderating factors. The first is control or autonomy. Karasek's model shows that high demands are much less harmful when employees have discretion over how to meet them (Karasek, 285). The second is social support from supervisors and colleagues, which is one of the key job resources in the demands-resources model (Demerouti et al., 499). Supportive supervisors can clarify roles, protect employees from unreasonable demands and provide emotional support. The third is fairness and reward. Siegrist's model suggests that stress is lowered when effort is acknowledged through adequate pay, recognition and prospects (Siegrist, 27).

The fourth is personal resources, including self-efficacy, optimism, coping skills and physical health, which affect appraisal of demands and the capacity to recover (Lazarus and Folkman, 19). The fifth is the opportunity for recovery, including regular breaks, holidays and freedom from work communications in off-hours (Sonnentag, 518). The sixth is organisational culture. A culture that equates long hours with commitment, or in which asking for help is seen as weakness, increases the harm of stress, whereas a culture of psychological safety allows problems to be raised early. Hobfoll's theory suggests that individuals who start with more resources are better able to gain further resources, and so organisations should pay special attention to employees with fewer resources, such as new joiners, those with caring responsibilities and those in insecure positions (Hobfoll, 513).

Organizational Approaches to Managing Stress

Stress management interventions are commonly classified into primary, secondary and tertiary levels. Primary interventions aim at removing or reducing stressors at their source, for example by redesigning jobs, clarifying roles, adjusting workloads and improving participation. Secondary interventions aim at improving the ability of employees to cope, through training in stress management, time management, resilience and relaxation. Tertiary interventions provide support for those who are already affected, through counselling, employee assistance programmes and rehabilitation. Cartwright and Cooper recommended a combination of the three levels, with attention to the organisational causes (Cartwright and Cooper, 1).

The evidence on effectiveness is instructive. Richardson and Rothstein found in their meta-analysis that stress management programmes had a positive effect on psychological outcomes, with cognitive-behavioural programmes having the largest effects, but also that most programmes were aimed at individuals and very few were directed at the organisation (Richardson and Rothstein, 69). Michie similarly noted that interventions that change the organisation of work, such as increasing control and improving communication, address the causes of stress and are likely to have more lasting effects than individual-level interventions alone (Michie, 67). The job demands-resources model gives practical guidance, since it suggests increasing resources such as autonomy, feedback,

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development opportunities and support, while reducing unnecessary demands such as red tape and role confusion (Demerouti et al., 499).

Practical organisational measures include clear role descriptions and realistic goal setting, workload monitoring, flexible working and the right to disconnect, training of managers to recognise signs of strain and to hold supportive conversations, confidential counselling services, fair performance appraisal and reward, and communication during change. The World Health Organization's policy guidance on mental health at work likewise advocates a combination of organisational interventions, manager training, individual-level support and the protection of rights (World Health Organization, 1). In corporate settings, leadership commitment is decisive, because employees take their cue from what leaders do and reward.

Challenges

Several difficulties limit the management of workplace stress. The first is stigma and under-reporting. Employees may hesitate to admit to stress or to seek help for fear of being seen as weak or less committed, so that surveys and official records may understate the problem. The second is the tension between performance culture and wellbeing, since pressures for short-term results can lead managers to ignore warning signs. The third is the measurement of stress and its costs. Because stress is partly subjective and its effects are spread across health, absenteeism, turnover and errors, organisations find it difficult to quantify the returns on prevention.

The fourth challenge is the dominance of individual-focused approaches. Many organisations offer wellness programmes or resilience training but leave the underlying job design unchanged, which Richardson and Rothstein's finding of the scarcity of organisational-level interventions suggests (Richardson and Rothstein, 69). The fifth is the effect of remote and hybrid work, which brings flexibility but also blurs boundaries and may increase isolation and the expectation of availability. The sixth is the diversity of the workforce, as employees differ in age, gender, family responsibilities and cultural background, so that uniform policies may not fit. Finally, there is a shortage of reliable data for specific industries and countries, including India, which limits evidence-based policy. These challenges mean that stress management requires continuing attention and leadership.

Suggestions

Based on the analysis, the following suggestions are offered. First, organisations should regularly measure stress and engagement using validated and anonymous surveys, and should act visibly on results. Second, jobs should be redesigned to reduce hindrance stressors, such as role ambiguity, unnecessary approvals and unclear priorities, and to increase autonomy and participation, following the logic of the demand-control and demands-resources models (Karasek, 285; Demerouti et al., 499). Third, workloads and working hours should be monitored, and sustained long hours should be treated as a risk and not as a measure of commitment, in view of the health evidence on long working hours (Pega et al., 1).

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Fourth, managers should be trained to recognise early signs of strain, to hold supportive conversations, to provide clarity and recognition and to protect employees from avoidable pressure, since supervisors are a key source of both stress and support. Fifth, reward and recognition systems should be fair and transparent in line with the effort-reward balance (Siegrist, 27). Sixth, organisations should protect recovery by encouraging the use of leave, setting norms around out-of-hours communication and offering flexible schedules (Sonnentag, 518). Seventh, access to confidential counselling and employee assistance services should be available and promoted, and a culture of psychological safety should be built so that employees can ask for help without penalty. Eighth, interventions should combine organisational and individual levels, and should be evaluated for effectiveness (Richardson and Rothstein, 69). Finally, researchers should conduct more studies in Indian corporate settings, using longitudinal designs and objective performance and health measures, to understand how local work cultures affect stress and performance.

Conclusion

This paper has examined the relationship between workplace stress and employee performance in the corporate sector on the basis of secondary data and the research literature. The theoretical models reviewed agree that stress arises from an imbalance between demands and resources, and that control, reward, support and recovery are the factors that determine whether demands become harmful. International indicators suggest that the scale of the problem is large: long working hours are associated with significantly higher risks of stroke and heart disease, depression and anxiety are estimated to cost about 12 billion working days and nearly one trillion US dollars annually, and a large proportion of employees report high levels of daily stress.

The research evidence shows that the relationship between stress and performance is conditional. Hindrance stressors such as role ambiguity, conflict and organisational politics consistently reduce performance and increase burnout and turnover, whereas challenge stressors may enhance performance when employees have the resources to meet them. The answer to the central question of the paper is therefore that workplace stress, when chronic and related to obstacles and imbalance, harms employee performance and organisational outcomes, while manageable and meaningful demands, supported by autonomy, fairness and recovery, can sustain both performance and wellbeing. Organisations in the corporate sector would benefit from treating stress as a matter of job design and leadership and not only of individual resilience. Further research in Indian and other emerging economy settings, using objective data and longitudinal methods, would help to refine the understanding of how stress and performance are related and which interventions are the most effective.

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