Assessing the Influential Act of Compensation and Leadership on Stressful Jobs: also Devising Leadership and Compensation as Mediators

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Abstract: The provision of supportive leadership and equitable compensation is widely regarded as essential for optimizing employee productivity. This research examines the motivational factors that lead to maintaining workers performance in a stressful working environment by achieving employee satisfaction levels. This research uses the path-goal theory that describes a positive supervisor’s qualities as crucial to deal with workers. Data were collected through 400 questionnaires distributed to middle-level managers and their subordinates in private companies in Pakistan. The PLS-SEM technique was employed to execute comprehensive results that show a stressful environment that directly hits employee performance; the results are sufficient and have proven the relationships between variables. The current body of literature provides limited insight into these connections, resulting in a void that this investigation has filled. The findings of the study can be utilized to enhance working conditions for improved employee performance, thereby resulting in increased productivity within an organization.

Keywords: supportive leadership; stress; compensation; motivation; employee performance

JEL Classification: O10, O15

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Introduction

The pivotal element in the entire spectrum of organizational operations is human resources. In the past ten years, organizational management has recognized that human resources play a crucial role in achieving sustainable competitive advantage and operational effectiveness. The caliber of human resources has a significant impact on a company’s productivity and financial performance. While technology, information development, capital, and materials are important factors in achieving organizational objectives (Arianty, Bahagia, Lubis, & Siswadi, 2016), the productivity of workers is also crucial in attaining desirable outcomes for the organization. Ultimately, productive workers contribute to increased organizational output. The significance of performance lies in its association with both motivation and ability, as it enables company employees to attain predetermined objectives (Efendi, Rifa’i, Bahrun, Milla, & Suharmi, 2020).

The performance of an organization is contingent upon the individual performance of its members, thus underscoring the critical role of human resources in organizational success. As such, the role of human resources is integral and indivisible from the overall functioning of an organization. The effectiveness of organizational objectives is heavily contingent upon the function of human resources (HR). The performance of employees is subject to a multitude of factors, including but not limited to compensation (Efendi et al., 2020) and leadership that fosters a supportive work environment. According to Khair (2017), providing adequate compensation can serve as a motivating factor for employees to improve their performance and adhere to the policies and regulations of the organization. According to the study conducted by Efendi et al. (2020), it was observed that compensation had a noteworthy and favorable impact on the performance of employees. The aforementioned reasoning is inherent in the fundamental definitions of HRD as posited by Woodall (2001), which underscores the significance of leadership in facilitating and bolstering organizational growth and progress, as supported by Egan (2001). Nevertheless, these fundamental concepts have seldom been methodically or empirically authenticated.

The leader plays a crucial role in enhancing employee efficiency. It can induce employee results, both negative and positive. Owing to the heavy workload and strict deadlines, workers feel overwhelmed, one of the organization’s main problems. Workplace equity is pervasive, and in all facets of life, workers must experience injustice/justice. Supervisors executing as powerful positions will motivate their workers to exhibit expected behaviors, i.e., higher results. Organizational performance reasons are identically composite, and supervisors’ behavior at all times is usually an important factor in promoting those who behave in their boss’s kindness.

Organizational integrity is focused on social sciences’ core constructions in various multidisciplinary capacities. It is people’s opinion whether the measure or decision chosen is morally reasonable or equitable. Supporting religion, ethics, or basic
Assessing the Influential Act of Compensation and Leadership on Stressful Jobs: also Devising... rights in different cultures and viewpoints (Tabibnia, Satpute, & Lieberman, 2008). Organizational justice concerns and their presence are of great concern to workers and employers in different fields, e.g., agronomy, industry, corporations, etc. Many researchers discovered that this was positively associated with satisfactory outcomes (Al-Za’di, 2010), increased loyalty to the internal system (Cohen-Charash & Spector, 2001), mutual belief and confidence (Hubbel & Chory-Assad, 2005), decreased work pressure (Vermunt & Steensma, 2003), reduced turnover intentions (Dailey & Kirk, 1992) and others. The drawback to this construction is that an unjust managerial act will raise undesirable outcomes such as detrimental conduct known as counterproductive work behavior (CWB), work disaffection, and a feeling of unfair activity that can slow the efficiency of an employee. So unfairness is negatively related to employee productivity. As soon as work pressures outweigh the payoffs or irregularity in providing resource distribution and incentives, it causes work pressure (Lazarus, 1990).

The employee-manager liaison is vital. The stress of being mismanaged can be overcome easily if a manager is caring and helpful. Supervisor support is considered necessary for workers (Casper, Harris, Taylor-Bianco, & Wayne, 2011). Since they are in a position to honor, protect, stimulate, and inspire innovation, supervisors are regarded as the primary source of social support for workers (Phungsoonthorn & Charoensukmongkol, 2019). Several forms of research were performed to examine the efficiency and stress of an employee. This research, however, emphasizes the supervisor/manager’s positive leadership style when workers face stress.

Leaders truly support employee success. Several leadership theories undertook to transform primarily to a leader. Leadership is a sophisticated two-way shared partnership between people and leaders (Bertlett, Johansson, Arvidsson, & Jern, 2012). As managerial-level leaders, representatives are expected to assess organizational members’ work, and their leadership style widely promotes organizational employee behaviors (Li, Li, & Wang, 2009). Leaders’ positive actions may provide a psychologically and friendly favorable work environment. Supportive leadership occurs once a leader envisions staff growth, pays particular attention to followers, and responds to their personal needs (Bass & Stogdill, 1990). Unlike a better idea of personalized thoughts, promoting leadership means caring for others and listening to their individual needs. A supportive style of leaders focuses their subordinate preferences, actions on meeting needs and demonstrating concern for subordinate welfare, and developing expressive and welcoming workplace support (Keskes, 2014; Klein & House, 1995).

A major concern in this research work is the supervisor’s mediating role when a positive leadership style is appended to their role. According to an earlier study, supervisors tend to play a vital role in decreasing the uncertainties and ambiguities that employees perceive in a company (Skiba & Wildman, 2019). An inclusive leadership style helps an employer to defend against unequal work pressure. By familiarizing its impact on the insight of unfairness and the productivity of workers, a staff member’s performance can be improved to a greater degree as it performs a decisive part and
enables staff to recognize that their managers are involved in recovering much of the tasks delegated by supervisors, who directly and indirectly perform an essential task.

Since some supervisors are comparatively less realistic, this article sets and enhances the style for more targeted and theoretical approaches to select managers who can be understood as fair procedural, identifying managers who need capable procedural training, effectively and theoretically improving this style’s effectiveness. The practical value of this investigation for managerial observed functional honesty is illustrated by the idea that bosses can decrease or increase gaps, and for this reason, adverse effects of any operational inconsistency can affect organizational procedures and policies (Naumann & Bennett, 2000; Roberson & Colquitt, 2005). As Colquitt, Scott, Judge, and Shaw (2006) put it, “A good leader can support bad politics, while a bad leader can harm good politics”. As per Bandura, supervisors should act toward their employees in an open and united manner. This managers’ mindset shapes their followers’ spirit of self-efficacy, which successively affects staff members’ functioning (Bandura, 1986).

Another research factor is compensation. Compensation is the backbone of every company. The compensation applies to all related financial earnings and its related persuasive practices and assists staff in their jobs (Milkovich, Newman, & Milkovich, 2008). Several scholars describe compensation to attract and inspire sound workers. Remunerations such as medical insurance, incentives, and bonuses are the primary concern and goals in human resource operations. They allocate incentives to workers for their success and excellent work (Bohlander, Snell, Sherman, & Sacristán, 2001) as employee preferences vary. Nevertheless, practically all employees want their job benefits and wages, Stone (1982) discusses the actual practices workers feel empowered by paying bonuses for different reasons.

Robert House’s Path-Goal Theory of Leadership offers a theoretical construct for comprehending how supportive leadership can augment the motivation and effectiveness of employees. As per this theoretical framework, leaders possess the ability to impact employee motivation by elucidating the pathways to attaining objectives and eliminating impediments that impede progress. According to the theoretical framework, leaders have the ability to modify their leadership styles in response to the specific requirements of their followers and the contextual circumstances. The Path-Goal Theory has identified supportive leadership as a crucial behavior. Leaders who exhibit supportive behavior exhibit a genuine interest in the welfare of their subordinates, foster a constructive workplace atmosphere, and provide emotional assistance. The individuals in question exhibit a demeanor that is amenable, perceptive, and compassionate in their interactions with their colleagues. Leaders who demonstrate supportiveness can enhance employees’ motivation by exhibiting concern for their welfare and achievement. Leaders can boost employees’ self-efficacy and resilience by providing them with assistance and motivation. Leadership that provides support has a positive impact on the job satisfaction of employees. The demonstration of
authentic care by leaders towards their team members and the establishment of a favorable work atmosphere engender a feeling of inclusion and satisfaction. In general, leadership that provides support is consistent with the tenets of the Path-Goal theory, as it concentrates on augmenting employee motivation, elucidating routes to objectives, and eliminating hindrances. Through the implementation of a supportive leadership approach, leaders have the ability to cultivate a workplace atmosphere that promotes employee contentment, involvement, and efficacy.

The Path-Goal Theory places significant emphasis on the role of leaders in elucidating the paths that lead to the attainment of organizational objectives. The linkage of rewards to specific performance outcomes through compensation can facilitate the attainment of goal clarity. The provision of a clear linkage between compensation and predetermined performance targets or goals can enhance employee understanding of their expected roles and responsibilities, thereby fostering motivation towards the attainment of such objectives. In this regard, compensation can be regarded as a valuable motivational tool within the framework of the Path-Goal Theory. Various forms of remuneration, such as base pay, performance-based bonuses, motivational incentives, and acknowledgement, can be employed to incentivize and compensate favorable conduct and achievements. The alignment of compensation with the objectives and behaviors emphasized by the leader serves as an incentive for employees to actively engage in said behaviors and strive for optimal performance. According to the Path-Goal Theory, employees’ valence—their estimation of the value of rewards—and expectancy—their confidence in their ability to achieve desired results—have an impact on their motivation. The role of compensation is crucial in both valence and expectancy. The perception of the compensation’s value in relation to the employee’s effort and performance is a significant factor that influences their motivation. Moreover, in the event that workers hold the belief that their job performance will result in favorable remuneration consequences, it is probable that their expectancy and motivation will be heightened. To summarize, remuneration is a crucial element of the Path-Goal theory of leadership. The linkage of rewards to particular goals and behaviors has the potential to enhance goal clarity, motivation, and path clarification. Through the alignment of compensation with desired outcomes, leaders have the ability to incentivize employees and direct their endeavors towards the attainment of organizational objectives.

This study emphasizes that workers are doing work in private firms to recognize the act of demonstrative leadership that impacts employees’ efficiency when stressed on workload and compensation, as well as that of managers to develop leadership skills that would allow their dependents to produce positive results. These findings will contribute to company achievement. The primary aim of this research is to examine the direct influence of compensation and leadership that foster a supportive environment on the performance of employees. Additionally, the study also explores the direct effects of stress and its mediation mechanisms through compensation and
supportive leadership. The hypothesis is substantiated by utilizing path-goal theory as the foundational framework. A set of five hypotheses has been formulated for the purpose of investigation.

**Review of Literature and Developing Hypotheses**

This part of the literature review demonstrated in this study first investigated the relationship of supportive leadership style with employee performance and the relationship of stress and compensation with employee performance.

**Employee Performance**

A team member’s success is a vital component of organizational accomplishment. Employee contributions strengthen a company’s system (Detert & Burris, 2007). Teams adequately directed by their company, in exchange, offer the required outcomes (Meyer & Allen, 1991). In the business industry, many companies are classified into various sizes and forms, and much of the time they have more dissimilarities than similarities in nature. However, a typical aspect is that accomplishment relies heavily on the staff’s inherent ability (Pfeffer & Veiga, 1999). Internal staff is an integral component of an organization. It can break or build a working environment. Their organizations should consider employees as important resources and a convincing place to work (Iqbal, Li, Yang, & Sindhu, 2022); only then will the organization deliver greater results.

Leadership plays a crucial role in sustaining a partnership between leaders and followers that creates meaningful and real progress and outcomes that expose common priorities (Daft & Lane, 2005). Banai and Reisel (2007) focused on the fact that “leadership is a process of providing direction” (p. 466). Caughron and Mumford (2012) observed that “as a company expands, many management layers keep pace with market growth. Naturally, the most visible leaders are those in the highest hierarchical positions within organizations ...” (p.342). The performance of a leader is affected as an organization or team seeks loss or success (Fiedler, 1996).

Martínez-Córcoles, Gracia, Tomas, and Peiró (2011) stated that “leadership is considered an essential element for ensuring the safe functioning of organizations.” Supportive managers adopt modifications to make to a business and then carry out those modifications, which are permanently constructive. Using this approach, leaders gain dominance over others; such managers build new values for business evolution (Satyanarayana & Meduri, 2007). A supervisor improves an individual’s performance with back support. It offers its followers a platform to convey their contributions and the happiness of members (Eisenberger, Stinglhamber, Vandenbergh, Sucharski, & Rhoades, 2002).
Compensation with Employee Performance

The concept of compensation applies to all related financial earnings and service practices and involves supporting staff with their jobs (Milkovich et al., 2008). Several scholars describe compensation as a way to recruit and inspire sound workers. Remunerations such as medical insurance, incentives, rewards, and bonuses are the key concerns and targets of human resource operations. They allocate incentives to workers for their success and outstanding work (Bohlander et al., 2001) as employee preferences vary. Nevertheless, fundamentally all employees want their workplace benefits and wages. Stone (1982) discusses the actual practices by which workers are empowered by paying bonuses for different reasons. Kovach (1987) offers explanations on why people feel driven as incentives and pay to fulfill simple life requirements. To some degree, the benefit is an important feature in the individual’s decision to leave or remain in the company. Though members are not satisfied with the reward scheme, there is a serious turnover ratio problem (Heneman & Berkley, 1999). Compensation structures and salaries have a major influence on whether the workforce is important to the company (Lawler, 1971). Worker behavior is related to compensation and is considered an organizational success (Cooke, 1994). For employee morale, benefits and promotions influence attitudes and behavior towards work done. Several scholars (B. Z. Butt, Rehman, & Safwan, 2007) established the impact of competent human resources approaches (compensation, preparation, and promotion) on work satisfaction. They addressed the fact that training, promotion, and compensation all have a progressive, significant connection with professional achievement. As a result, prospective career success leads to psychological fulfillment for further practice and gain. Lawler (1971) has defined the relationship between benefits and wages and the intention of the employee to rotate. The research’s primary reason was the hypothesis that earnings or remuneration affect work motivation, work satisfaction, and employee behavior, as Oshaghemi (2000) reported. Employee motivation and rewards both play a vital role in solving employee financial problems by providing bonuses and wages, as well as numerous reimbursements such as retirement of employees, formal leaves, and additional assistance (Shellenbarger, 1999). Therefore, despite reward problems, sustained encouragement and retention of existing workers and recruiting more future employees are important. Building on the above subjects, compensation policies are recommended to induce substantial leverage in employee efficiency.

It is, therefore, required to investigate the effect of compensation on employee performance.

**H1:** There is a positive and significant relationship between compensation and employee performance; also

**H4:** Compensation plays a mediating role between stress and employee performance.
Leaders can positively evolve an organization’s whole structure and accomplish desired results through good partnerships with supporters. This relationship maintains responsibility between followers and leaders (Bass & Stogdill, 1990).

A leader must have the courage to formulate the ability to function as a team to have a roadmap to assist his dependents in improving themselves and similarly improving the entire organization (Tushman & Nadler, 1986). In this research work, the path-goal theory is applicable where leaders pave paths for subordinates; this theory is also generally accepted when the leaders, managers, subordinates, or seniors play a role in a crucial situation. The principle is used when a boss believes workers require support and guidance to achieve corporate goals reliably. Further path-goal philosophy makes a boss follow a [directive, supportive, participatory, and achievement-oriented] style. The author reflects on a positive leadership style in this analysis since it is broadly appropriate and increases employer and employee productivity and effectiveness. It also catches workers’ attention when a leader is involved in helping employees accomplish common goals. Leaders attempt to support their members while they are rough and unable to work.

Staff members perform up to the mark once a manager performs, is supportive as a leader, and devises the leader’s knowledge and skills. Followers are much more involved, as maintained through suitable leadership styles (Sackney & Mitchell, 2002). Several management styles focus on building relationships and have a progressive correlation with productivity (Wilkinson & Wagner, 1993). A positive association is seen between job performance and behavior (Euske, Jackson, & Reif, 1980). We know that leadership contributes to shaping subordinates’ behavior. For this reason, leadership style or behavior can decrease or increase performance in the workplace (Farris & Lim Jr, 1969). A manager can act in supporting and leading roles to improve the skills of employees. A coordinated leader consistently delivers provisions to his supporters. Bosses act as organizational agents, and this is the only motive that the support of a supervisor enables positive attitudes and behaviors toward organizational achievements (Levinson, 1965).

**H2:** A supportive leadership style positively impacts employee performance.

Organizational fair practice discusses the equitable and fair conduct of internal staff members (Cronpanzano & Greenberg, 1997). Earlier research papers have recommended that it is rational to commence the leadership process due to concerns of unfair organizational stress. As per Eberlin and Tatum (2008), leaders should construct regulatory systems that followers perceive to be fair, transparent, and caring. They discussed that supportive managers should concentrate on rewarding subordinates, resolving instantaneous problems, and maintaining clear communication as employees are primarily interested in how the organization allocates compensation and engages them in decision-making. Niehoff and Moorman (1996) correspondingly explored that leaders who communicate and shape their vision lead an organization
in forming values of integrity amongst the workforce as it conveys the organization’s policies. Getting together, the supervisors’ behaviors illustrate good conduct in the organization, gain perceived levels of employee equity, and mainly overcome stress.

**H5:** Supportive leadership plays a mediating role between stress and employee performance.

*Job Stress*

Many researchers performed detailed studies on employee stress and its effects. Work-related stress alone costs US businesses $200 billion a year; the UK is worth $63 billion and Australia is worth $15 billion. This includes complaints, lost efficiency, health coverage, and safety expenses, as well as direct medicinal expenditures for stress-related disorders and problems (Savery & Luks, 2000). Kemery, Bedeian, Mossholder, and Touliatos (1985) found that ambiguity and contrasting positions were negatively associated with work stress. Fogarty (1996) analyzed accountants’ job stress in global accounting firms. The research centered on the relationship between job stress (role uncertainty, role overload, and role ambiguity) and work stress (role ambiguity and role conflict) and elevated stress. Role ambiguity was detrimental to professional satisfaction (Kemery et al., 1985). Malik and Waheed (2010), in a study conducted on managers of private-sector branch offices of commercial banks in Pakistan, found that over-exposure and responsibilities had a clear and detrimental effect on professional satisfaction. Fogarty (1996) reported a negative association between work and stress. A study of bank employees in Malaysia found an important and positive correlation between job-related stress sources and job motivation (Ayupp & Nguok, 2011). Collins (1993) distinguished workload levels and gender attribution in public accounting departments. According to the report, the responses of female accountants showed higher stress levels. Results found that stress was correlated with a higher turnover rate in public accounting departments. Conflict of roles stress was strongly correlated with quitting a job (Kemery et al., 1985). Many researchers’ studies have reported that job stress causes a rise in employee turnover (Jimmieson, Terry, & Callan, 2004). A study by the American Stress Institute (2005) showed that stress triggered 40 percent of turnover.

Michael and Petal (2009) conducted a study to explore the effect of job stress on the organizational commitment of a sample coordinator in an Israeli PMP mentoring organization. He observed that organizational stress hinders the social attachment feelings of coordinators. As stress levels rise, the self-esteem of coordinators declines. Fogarty (1996) believed stress was also detrimental to loyalty. Exhaustion is a stressful response when workers are anxious or have difficulties (Maslach, 1982). Moore (2000) says environmental restrictions will contribute to work discontinuity. Yunus, Mahajar, and Yahya (2009), a nurse study in Malaysia, found a correlation between emotional fatigue and job overload and between exhaustion and role overload.
According to Rahman and Zanzi (1995), job stress hurts employee performance. It also inevitably affects the organization’s efficiency (Fogarty, 1996). Stress appears to minimize organizational efficiency (Jimmieson et al., 2004). In addition, several other causes affect efficiency, but typically 60 to 80 percent of occupational incidents occur due to job stress (Moore, 2000). Tombaugh and White (1990) found that workers worked an extra amount of overtime during an organizational change that induced employee stress. Another outcome of stress is absenteeism (Rahman & Zanzi, 1995).

An analysis of the literature on stress in the service sector indicates that stress among workers leads to decreased morale, absenteeism, work-related stress, frustration and willingness to leave the company, work fatigue, inadequate efficiency, organizational engagement, the occurrence of multiple injuries, etc. According to the National Institute for Occupational Safety and Health (NIOSH, 2002), stress at work is recognized as an expensive problem in the workplace. NIOSH has classified many professions as very stressful. The effects of work stress cause employees’ mental and physical health problems. Work stress victims show insecurity, low motivation at work, dissatisfaction at work, increased blood pressure, and a desire to quit the organization. Employees in private organizations face a lot of tension and pressure at the workplace. Stress, if not handled appropriately, will severely affect productivity.

For that reason, **H3**: Stress negatively impacts employee performance.

**Research Model**

Stress is considered the key variable to analyze its independent effect on productivity as measured by the output of certain workers employed in a private company. Performance is perceived as a dependent variable by employee responses. A compassionate leadership style serves as a mediator in the relationship between tension and success. Overall, stress was believed to be counterproductive to employee results. Simultaneously, promoting a leadership style is favorably correlated with employee efficiency. It also mediates the relationship between stress among private-company workers and their success on the job.

Moreover, another variable called compensation plays a mediating role between stress and job success in a demanding environment; compensation is a dimensional variable composed of three main sections, such as promotion, payment, and benefits. (Figure 1);
Methodology

Given the high stress related to the distribution of compensation and the role of leaders in the private sector, the data were collected from questionnaires circulated to middle-level managers and their subordinates in private firms. Pakistan has a largely private industry where thousands of employees work.

Sample Size and Data Collection

Systematically, a sample size was generated according to the formula:

\[ n_0 = \frac{z^2 pq}{e^2} = \frac{(1.96)^2 (0.5)(0.5)}{(0.05)^2} = 385 \]

Overall, 500 questionnaires were distributed.
to fifty companies, of which 400 usable responses were received. For the key respondents who filled out questionnaires, the proportion was 95%. Variable measurement was done through a questionnaire of twenty-four questions constructed on a Likert scale (five-points). A range of (5) strongly agree to (1) strongly disagree, which was employed for a supportive leadership style as well as for compensation. In contrast, stress and employee performance ranged from (5) very high to (1) very low were employed for measurement.

Figure 2: ???

A 400 sample size was used as the final dataset for further analysis. We then analyzed the normality of the data (Reinartz, Haenlein, & Henseler, 2009) using histograms (Field, 2013; Tabachnick, Fidell, & Ullman, 2007) and found that the present study achieves a normal distribution (Figure 2).

Supportive Leadership Style

A four-item tool (Misumi & Peterson, 1985), was employed to examine the style of supportive leadership, the moderating variable. The tool necessitates employees to assess the scale as “Your supervisor expresses her/his appreciation for your efforts”. “When your job gets physically demanding (e.g., long hours, heavy work, hot or cold
weather, etc.), your supervisor acknowledges to you that the job is tough”, “Your supervisor expresses her/his concern to you about your working conditions”, “Your supervisor expresses her/his appreciation for your efforts”, “Your supervisor tries to understand your point of view”.

Employee Performance

The performance of the employee, the variable, was assessed by employing a tool adopted by Yousef (2000) to assess employee performance when they can or cannot manage stress. “Quality of your performance”, “Your productivity on the job”, “Performance of yourself at your job compared with your peers doing the same kind of work”, “Performance of your peers at their jobs compared with yourself doing the same kind of work”.

Stress

The scale employed by Ambrose and Schminke (2009), a six-part tool, was utilized to evaluate stress, the independent variable. This tool needs to perceive the frequency with which respondents feel embarrassed about some characteristics of the work environment.

Compensation

Compensation is a dimensional construct based on three directions: promotion, payment, and benefits. This scale was used by Tufail and Sajid (2015) as a ten-item instrument. The promotion has three items, the payment has four items, and the benefit has three items.

Demographic Variables

Mainly two demographic variables were incorporated into this work: gender and the private sector where respondents do their job (Table 1).
Table 1: Firms & Respondents background

<table>
<thead>
<tr>
<th>Firms Respondents background</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>50</td>
<td>12.5%</td>
</tr>
<tr>
<td>Banking</td>
<td>100</td>
<td>25.0%</td>
</tr>
<tr>
<td>Service</td>
<td>80</td>
<td>20.0%</td>
</tr>
<tr>
<td>Multinationals</td>
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<td>22.5%</td>
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<td>SMEs</td>
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<tr>
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<td>308</td>
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</tr>
<tr>
<td>Female</td>
<td>92</td>
<td>23.0%</td>
</tr>
</tbody>
</table>

Results and Discussion

This investigation employed PLS path modeling for the analysis of responses, as this approach is widely used in academic studies (Joe F Hair, Sarstedt, Ringle, & Mena, 2012; Lee, Petter, Fayard, & Robinson, 2011). Moving forward to hypothesis testing, different tests such as factor loadings, reliability, validity, structural paths, normality, and multidimensionality, as well as the common bias of the methods, are acknowledged (Joe F Hair, Ringle, & Sarstedt, 2011; Podsakoff & Organ, 1986; Tabachnick et al., 2007). This research was followed by a two-step process, namely:

1. Evaluation of the measurement model;
2. Evaluation of the structural model for evaluating and reporting on PLS-SEM results (Joe F Hair et al., 2011; Hair Jr, Hult, Ringle, & Sarstedt, 2016; Henseler, Ringle, & Sinkovics, 2009).

Evaluation of the Measurement Model

As per Joe F Hair et al. (2011); Joseph F Hair, Sarstedt, Pieper, and Ringle (2012); Henseler et al. (2009), to evaluate the measurement model, researchers must ensure individual questions’ reliability and check internal consistency, content validity, discriminant validity, and convergent validity.

Reliability of a Single Item.

The reliability of a single substance must be assessed by examining the external loads of each of the items (measures) (Duarte & Raposo, 2010; Joseph F Hair et al., 2012; Hair Jr et al., 2016; Hulland, 1999). Researchers have established a rule for checking items that recommends keeping items between 0.40 and 0.70 (Hair et al., 2014). For
each of the present study’s latent variables, the outer loads were sufficient to be 0.5 or more (see Table 1) to satisfy the single item reliability criteria.

Table 2:

<table>
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<tr>
<th>Construct</th>
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<th>CR</th>
<th>AVE</th>
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<td>Promotion</td>
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<td></td>
<td>Prom3</td>
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<td></td>
<td></td>
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<td>0.762</td>
<td>0.740</td>
<td>0.829</td>
<td>0.548</td>
</tr>
<tr>
<td></td>
<td>SL2</td>
<td>0.752</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SL3</td>
<td>0.730</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SL4</td>
<td>0.715</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Performance</td>
<td>EP1</td>
<td>0.802</td>
<td>0.822</td>
<td>0.882</td>
<td>0.653</td>
</tr>
<tr>
<td></td>
<td>EP2</td>
<td>0.830</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EP3</td>
<td>0.838</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EP4</td>
<td>0.759</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Internal Consistency Reliability

Bagozzi and Yi (1988) and Joe F Hair et al. (2011) introduced a rule of interpretation for a composite reliability factor that offers a limit of 0.7 or more. Table I indicates the composite reliability values of all the latent variables. As shown in Table 1, the composite reliability coefficient varied from 0.747 to 0.880 for each of the latent variables, expressing the reliability of an adequate internal consistency of these measurements (Bagozzi & Yi, 1988; Joe F Hair et al., 2011).

Convergent Reliability

An estimate of the convergent validity with the average variance of extracted (AVE) is suggested by the Fornell and Larcker (1981) criterion. On the other hand, as per China (1998), the AVE must be at least 0.50 or higher to demonstrate a particular
variable’s convergent validity. The mentioned AVE scores in Table 2 exhibited that all constructs in this paper reached a minimum of 0.50 AVE; therefore, the study concludes that adequate convergent validity is demonstrated by Chin (1998).

Table 3:

<table>
<thead>
<tr>
<th>Construct</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit</td>
<td>0.780</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Performance</td>
<td>0.404</td>
<td>0.808</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payment</td>
<td>0.669</td>
<td>0.364</td>
<td>0.876</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promotion</td>
<td>0.577</td>
<td>0.475</td>
<td>0.446</td>
<td>0.926</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stress</td>
<td>0.192</td>
<td>0.038</td>
<td>0.197</td>
<td>0.284</td>
<td>0.759</td>
<td></td>
</tr>
<tr>
<td>Supportive Leadership</td>
<td>0.675</td>
<td>0.539</td>
<td>0.581</td>
<td>0.610</td>
<td>0.199</td>
<td>0.740</td>
</tr>
</tbody>
</table>

Discriminant Validity

Discriminant validity was measured as per the Fornell and Larcker (1981) rule. Overall, Fornell and Larcker’s criteria suggest using AVEs of 0.5 and above. Furthermore, determining discriminant validity showed that the AVE’s square root must be greater than the ratios between the latent variables. Table 2 shows that the AVE is above the minimum cut-off level for all latent constructs. Table 3 shows that the AVE’s square root was greater than the ratios between the latent variables. Therefore, it can be concluded that all the variables employed in this study present adequate discriminant validity.

Evaluation of the Structural Model

In this work, 5000 bootstrap samples and 400 response procedures were used to determine the significance of path coefficient relationships (Joe F Hair et al., 2011; Joe F Hair et al., 2012; Hair Jr et al., 2016; Henseler et al., 2009). Table 4 shows complete estimates of the structural model and statistical data for the variables. Initially, H1 suggested that compensation would be positively associated with employee performance. The results reported in Table 4 and Figure 3 showed a significant positive relationship between compensation and employee performance (b = 0.231, t = 3.118, p <0.05). It, therefore, supports H1. The results also show a positive relationship between supportive leadership and employee performance (b = 0.390, t = 6.080, p <0.000). So H2 was also supported. In contrast to the stress results, stress influences employee performance negatively (b = -0.102, t = 2.365, p <0.02); therefore, H3 was also supported.

H4: The mediating role of compensation proved that in this relationship, between stress and employee performance, compensation plays a role. As per the condition given by Baron and Kenny (1986) and also recommended, see direct and indirect
effects of variables, and the mediating variable must be significant with the dependent variable, as it was proven in the relation of compensation with employee performance \( (b = 0.062, t = 2.548, p < 0.02) \). Therefore, H4 was also supported; both direct and indirect effects were significantly proven to indicate partial mediation.

H5: The mediating role of supportive leadership proved this relation, between supportive leadership and employee performance, supportive leadership plays its role. As per the condition given by Baron and Kenny (1986) and also recommended, see the direct and indirect effects of variables, and the mediating variable must be significant with the dependent variable, as it was proven in the relation of supportive leadership with employee performance \( (b = 0.078, t = 3.107, p < 0.01) \). Therefore, H5 was also supported; both direct and indirect effects were significantly proven, which implied partial mediation. Moreover, despite a stressful environment, employees are attracted by compensation plans and a supportive leadership style. Individuals are motivated by competitive compensation plans and supportive leadership, and indicate a positive relationship among them.

Table 4:

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Relationship</th>
<th>Path Coefficient</th>
<th>STD.</th>
<th>T-Stats</th>
<th>P-Value</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Compensation ( \rightarrow ) Employee Performance</td>
<td>0.231</td>
<td>0.074</td>
<td>3.118</td>
<td>0.002</td>
<td>Supported</td>
</tr>
<tr>
<td>H2</td>
<td>Supportive Leadership ( \rightarrow ) Employee Performance</td>
<td>0.390</td>
<td>0.064</td>
<td>6.080</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H3</td>
<td>Stress ( \rightarrow ) Employee Performance</td>
<td>-0.102</td>
<td>0.043</td>
<td>2.365</td>
<td>0.018</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Specific Indirect Effects

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Path Coefficient</th>
<th>STD.</th>
<th>T-Stats</th>
<th>P-Value</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>H4</td>
<td>Stress ( \rightarrow ) Compensation ( \rightarrow ) Employee Performance</td>
<td>0.062</td>
<td>0.024</td>
<td>2.548</td>
<td>0.011</td>
</tr>
<tr>
<td>H5</td>
<td>Stress ( \rightarrow ) Supportive Leadership ( \rightarrow ) Employee Performance</td>
<td>0.078</td>
<td>0.025</td>
<td>3.107</td>
<td>0.002</td>
</tr>
</tbody>
</table>

Adjusted \( R^2 = 0.32 \) or 32%
Discussion

The results of this study suggest that promoting a leadership style is related to employee efficiency. The finding reveals that a supportive leadership style helps the company’s individuals serve their duties more successfully and efficiently, increasing their success levels. With respect to the hypotheses, the present investigation yields affirmative outcomes that align with previously reported findings in the scholarly literature (Anwar, Muspawi, Sakdiyah, & Ali, 2020; Bastari & Ali, 2020; Chauhan, Ali, & Munawar, 2019; Meng & Berger, 2019). On the contrary, poor leadership degrades and makes staff inefficient. Employee efficiency declines when managers are not supportive. Leaders should not overlook the necessity of communication with their staff in order to effectively communicate responsibilities, listen to problems and challenges, and manage them accordingly (Qalati, Zafar, Fan, Limón, & Khaskheli, 2022; Tian et al., 2020).

The findings suggest that stress is not only contrary to employee success but also detrimental. This suggests that stress harms results, as tested in Hypothesis 3. Results found that stress can usually influence an employee’s performance. It was also established, however, that supportive management practices normalize the relationship between organizational stress and employee performance. Stress typically happens due to internal issues, so a leadership style that aids in organizational stress and exacerbates employee performance interaction. Moreover, the interaction between stress and job success makes it difficult to deal with encouraging leadership; furthermore,
an organization’s healthy compensation structure often plays a very positive role in retaining engaged workers at work. The findings have been substantiated by prior research, which posits that compensation plays a pivotal role in shaping the productivity of employees (Purba; Riyanto, Sutrisno, & Ali, 2017).

Comprehensive findings indicate that stress itself produces a negative environment that specifically hits employee performance; findings are sufficient as the variables relationship is demonstrated. Supportive leadership styles and compensation retain good results for workers, and management needs support when managers motivate employees to do their work well. The compensation system supports them when they feel stressed.

Managerial Implications

Leadership leads to systemic performance (Ali, 2020; Ekvall, 1996). This work endorses a common link between employee efficiency and supportive management; this partnership could be graver in terms of organizational success and produce progressive company outcomes in private firms. First, the findings of this study have valuable implications for workers employed in private companies. Several private companies do not follow a supportive leadership style; thus, high-level meetings should pursue a supportive working environment in private firms.

Empirical evidence suggests that an effective leadership style is positively correlated with employee satisfaction, which in turn has a direct impact on the overall productivity of the organization (R. S. Butt, Wen, & Hussain, 2020; Ren & Hussain, 2022). It is recommended that organizational leaders engage in equitable dialogue with their employees regarding work-related matters, with the objective of enhancing employee performance within the company. Establishing a direct communication channel between leaders and employees is a recommended approach for enhancing communication within an organization. Therefore, the existence of a supportive work environment is evident, as this research showed that a supportive leadership style had a substantial and beneficial impact. In addition to mediating, supportive leadership plays the same positive and significant role in workers’ success in private organizations.

Second, managers from different departments advise and assist employees in their supervision. They can shape their professional accountability and are inspired to make useful changes by supportive leadership. In a parallel direction, the compensation effect is also taken into account; this research showed that workers are compensated in a stressful workplace in private organizations; following that, compensation plays a major and beneficial role and recognizes that the mediating part of compensation also plays a significant role. It shows that compensation has a motivational role and honors equal financial assistance that retains workers in private organizations. Some managers may not be worried about their followers’ problems and may merely examine the consequences of the task imposed on them, which may have
adverse implications for the organization and, ultimately, an organization’s undesired suffering. Third, managers must have a consistent and detailed success and sustainability view (Bettencourt and Brown, 2003). As supervisory assistance is considered an important instrument for employee success, the above results are often considered critical provisions for private firms’ personnel.

Organizations ought to provide equitable and adequate compensation to their employees based on their job responsibilities. This approach can foster a sense of job security and appreciation among workers, thereby motivating them to enhance their work performance and prioritize productivity. Enhanced job satisfaction has been found to have a positive correlation with increased productivity. Additionally, compensation that is commensurate with employee satisfaction and expectations has been identified as a key factor in promoting job satisfaction. The remuneration provided to personnel typically establishes the level of material comfort and societal status. The significance of remuneration on the conduct and productivity of employees is substantial.

Limitations and Prospects Directions

Although the conclusions are based on a theory and the findings somewhat endorse theoretical predictions, certain limitations must be considered in this analysis. Since data is gathered to research the degree of employee support in private companies, the potential supervisor and stress found in the workplace should be considered when preparing the questionnaire and checking the further behaviors and activities of supervised employees. Another drawback is the sample size, thousands of workers work in private companies, where supervisors/managers often oversee. However, the study concludes some findings at this point, but researchers can get different results by raising the sample size, and future studies can try to set a good example. This study is limited to certain private-sector staff and companies, but it can also extend to public-sector personnel and companies’ duration. Gender stress must also be investigated; men and women experience unequal stress.

Some responses in questionnaires were not completed properly and not taken seriously, so some were dismissed. Qualitative analysis may also be undertaken on this subject, as the determinants causing stress among staff members and techniques to improve employee efficiency must be researched in-depth. In this analysis, compensation has three dimensions: the potential part of this variable compensation will add additional dimensions to verify compensation viability. The three-item reliability used for profit was greater than 0.7. In the future, support with many items should be used for beneficial dimensional variables. Provided statistical techniques and outcomes, the cooperative effects of stress and management assistance remain significant, and the inverse association between stress and employee success exists despite private companies having no place for new jobs.
Given the discussion above, the research findings give valuable insight into how work-oriented leadership styles influence employee performance. In other words, as companies allocate resources and distribute incentives for excellent results, stress was found to be negatively correlated with employee performance. There may be certain perceptions of stress, but stress views differ depending on the degree of justification (high/low). Stress (internal/external), degree of autonomy, and cost-benefit inquiry will be conducted before assessing output inceptions. Although these results show that stress is negatively correlated but may not always adversely affect individuals’ performance in some cases, a supportive leadership style and compensation may always improve performance.

Declarations

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Conflicts of interest/Competing interests

There is no conflict of interest/Competing interests.

Availability of data and material

Data will be made available on request.

Code Availability

Not applicable.

Authors’ Contributions

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Shellenbarger, S. (1999). Employees who value time as much as money now get their Reward. Wall street journal, B-1.


