Role of Work Stress as Mediating Variable between Compensation and Work-Life Balance on Employee Performance

Liana Paramita and I Wayan Gede Supartha

ABSTRACT

Good human resources are a determining factor for the company's success. Bank Perkreditan Rakyat (BPR) is a financial institution which specializes in fund-lending facilities to communities. This study aims to analyze the role of work stress in mediating the effect of compensation and work-life balance on employee performance. This research was conducted at BPR Sandi Raya Utama, with 51 respondents. Data was collected by distributing questionnaires that measured by a Likert scale. The data analysis technique used in this research is Smart PLS. The results of this study indicate that compensation and work-life balance have a positive significant effect on employee performance but have a negative significant effect on work stress, while job stress has a negative significant effect on employee performance. Work stress partially mediates the relationship between compensation and work-life balance on employee performance.

Keywords: Compensation, employee performance, job stress, work-life balance.

I. INTRODUCTION

Human resources with quality and good training and management can have a positive impact on the progress of the organization or company where they work. In addition to managing resources effectively and efficiently, improving company performance is also an important factor to increase the company's competitiveness. Pratiwi & Sriath (2017) mention that company needs to have human resources because the company's success is largely determined by these human resources. To achieve its goals, companies must pay close attention to employees so that they can work optimally in the company. Work environment has a very large role in improving employee performance in a company, so this supports the company in achieving its goals.

Bank Perkreditan Rakyat (BPRs) are banks with the main function of carrying out the function of financial intermediary, distributing funds to the community or in the form of a loan. One of the representative offices of BPR is BPR Sandi Raya Utama. Since the Covid-19 pandemic, many employees are unable to complete work on time, some employees also do not have the initiative to take on extra tasks. This was due to the perceived high enough target so that the target was not achieved, especially in the credit and funding marketing divisions. In addition, the bonuses and incentives provided are low. This causes employee performance to decrease.

Employee performance is influenced by internal factors that are associated with a person's characteristics, both because they have high abilities, and the person is a hard worker. Poor performance can be caused by low abilities and low employee responsibility for his work. External factors that affect a person's performance come from work stress, compensation, and work-life balance variables.

Compensation is an award given by the company to employees. Research conducted by Njoroge & Kwasira (2015) states that compensation has a significant positive effect on employee performance, while Murty (2012) states that compensation has no significant effect on employee performance. Meanwhile, Juniarti, (2014) concluded different results from previous research that compensation does not have a significant effect on employee performance.

Work-Life Balance is the ability of a person or individual to fulfill one's family commitments, fulfill work and other non-work responsibilities. Based on research conducted by Weerakkod & Mendis (2017) obtained the results WLB has a significant positive effect on employee performance. An employee can balance life between the world of work and his world, then the employee can be more productive at work, can be motivated in carrying out his responsibilities in the company, and can reduce stress at work. In contrast to the research conducted by Saina (2016), the results show that work-life balance has an effect but is not significant on employee performance.

Work stress is a condition in which employees feel pressure because they cannot fulfill their job duties and have an excessive workload (Yanthi & Piartini, 2016). Kotteswari & Sharief (2014) stated that there is a negative influence between work stress on employee performance. Zafar (2015) stated that there is a significant positive relationship between...
work stress and employee performance.

Compensation can affect work stress. Compensation that is following the workload will be able to reduce employee work stress. Compensation has a very important role, fair compensation will reduce work stress levels, otherwise unfair compensation will increase work stress. This means that the more employees feel the appropriate compensation, the lower their stress level at work (Kim, 2021).

Work-life balance can affect work stress. With this balance, employees can deal with work stress. Rezti (2018) found that work-life balance has negative significant effect on work stress. Meanwhile, Adi (2018) states that work-life balance has a positive and significant effect on work stress. A person's stress can be balanced when the individual can balance between work and outside of work.

A. Attribution Theory

Herlambang (2019), “attribution theory is refers to how a person expresses the causes of the behavior of others or himself which is determined from internal factors and external factors.” Pasaribu & Wijaya (2017), “attribution theory is related to the process of recognizing how a person interprets an event, the reasons, and causes of behavior. This relationship can be related to performance, that the results of performance are things that cannot be separated from the survival of the agency or company”.

B. Research Hypothesis

H1: Compensation has a significant positive effect on employee performance.
H3: Work Stress has a Significant Negative Effect on Employee Performance.
H4: Compensation has a significant negative effect on work stress.
H5: Work – Life Balance has a negative effect on work stress.
H6: Work stress mediates the effect of compensation on employee performance.

II. METHODOLOGY

This study uses an associative quantitative approach, aims to explain the relationship between the variables of work stress, compensation, work-life balance, and employee performance. The sample taken in this study amounted to 54 people. The data collection method used in this research is the questionnaire method in the form of data collection techniques that contain written questions to be given to respondents to be answered according to the research object. This study uses the Structural Equation Model (SEM) with Partial Least Square (PLS) using the SmartPLS 3.0 program.

III. RESULTS AND DISCUSSION

A. Characteristics of Respondents

From the total target sample of 54 respondents, researchers can only use 51 answers or about 94% of the total to continue the research because there are incomplete answers. Respondents in this study were dominated by men of 58.82% with ages ranging from 20 to 25 years and working years of less than 5 years. This means that employees are of productive age and are expected to have excellent performance even though their work experience is dominated by less than 5 years.

B. Performance

Respondent's answers to the 5 statement items used to measure performance obtained value of 4.14, which means that overall respondents or employees have high performance. The statement with the highest score is “I can complete more work than desired” with a score of 3.96 although it was still in the high category. This means that employees have a high intention to complete their work more than what they want, even though some respondents do not agree with this.

C. Work Stress

Respondent's answers to the 8 statement items used to measure work stress obtained a value of 2.37 which means that overall respondents or employees have low work stress. The statement with the highest score indicates that the statement is one of the triggers for work stress, namely the statement “I feel tired after work”. However, the statement with the lowest score indicates that the statement is one of the causes of work stress but not all employees feel that way, namely “I am not happy at work”.

D. Compensation

Respondent's answers to the 7 statement items used to measure the compensation received by employees obtained a value of 4.02 which means that overall respondents or employees feel that the compensation they receive has been able to meet their needs and expectations for compensation. The statement with the highest score is the statement “I get my salary on time every month” meaning that employees feel happy due to the company's attention to providing salaries according to the date or in other words the company always strives to provide its employees' rights on time. However, the statement with the lowest score is “I have an annual leave allowance” which is still relatively high. It can be explained that there are still some employees who are dissatisfied with the compensation in the form of annual leave allowances that they do not receive.
E. Work-life Balance

Respondent's answers to the 12 statement items used to measure the work-life balance undertaken by employees obtained a score of 4.00, which means that overall employees feel that their ability to manage work-life balance is high. feel the environment gives a good spirit. The statement with the highest score is the statement “I have a sense of responsibility towards my work” meaning that the employee has a work ethic that is responsible for what he does. However, the statement with the lowest score was “My work contribution is well appreciated by the company” with a value that is still relatively high. It can be explained that there are still some employees who are not satisfied with the appreciation given by the company for the hard work given by employees to the company.

F. Inferential Statistics

The value of R Square for the performance is 0.766, which 76.6% of the employee performance is influenced by compensation, work-life balance, and work stress. The R Square value for the work stress is 0.686, which means 68.6% work stress is explained by compensation and work-life balance.

G. VAF Test

From the results of these calculations, it can be seen that the VAF value for the model of the effect of compensation on employee performance mediated by work stress is 36%, while the effect of work-life balance on employee performance mediated by work stress is 28%. Because the VAF values of the two models are in the range of 20% to 80%, it can be concluded that these two models are partial mediation.

H. Discussion

1) Compensation on employee performance

The p-value is 0.021, which is lower than 0.05. The statistical value shows 2.315 which is greater than 1.96 while the coefficient value is 0.331. This means that compensation has a positive and significant effect on employee performance. Performance can be interpreted as the result of a person's work on the responsibilities assigned to him and is influenced by various factors such as compensation. Attribution theory also explains that individual behavior is influenced by internal and external factors, which in this study the relevance of performance is a form of action based on external factors such as compensation received. This is reinforced by findings regarding respondents’ answers to statements related to compensation which indicate that respondents feel that the compensation they receive is high, such as from salaries, bonuses, allowances, and other facilities (Chiekezie et al., 2017). The compensation system used for the sales force has a significant effect on the individual salesperson's performance and the effectiveness of the sales organization and is related to the control system used by the company (Darma & Supriyanto, 2017).

2) Work-life balance on employee performance

The p-value is 0.030, which is lower than 0.05. The statistical value shows 2.176 whose value is greater than 1.96 while the coefficient value is 0.284. This means that work-life balance has a positive and significant effect on employee performance. Performance is the result of a person's work on the responsibilities assigned to him and is influenced by various factors such as the ability of employees to maintain work and family commitments. Perceptions of workload affect the work-life balance of employees, because aspects of workload such as working time, number of jobs, and internal/external factors in the body affect a person's work-life balance in taking on his role. The balance of the life of each individual depends on how the individual perceives it, if the employee has a good perception, then the employee has a balance in his life. The important value of work-life balance is how individuals perceive the balance between work and family. Viewed from the point of view of attribution theory, work-life balance is a factor that comes from within a person in achieving performance. The results of this study are in line with the results of previous research conducted by Weerakkod & Mendis (2017) that to be able to provide maximum performance employees need to feel happy and one of the sources of employee happiness is from family and personal life. from that work-life balance must be balanced to support employees in working optimally Soomro et al. (2017) Hidayat et al. (2017) and Johari et al. (2017)

3) Work stress on employee performance

The p-value is 0.001 which is lower than 0.05. The statistical value shows 3.346 which is greater than 1.96 while the coefficient value is -0.336. This means that work stress has a negative and significant effect on employee performance. Employee performance is the realization of the factors that stimulate employees to act. These factors can come from within or from outside the employee. The high and low performance possessed by employees cannot be separated from the work stress they experience. Respondents’
answers to statements related to work stress are classified as low. The attribution theory used to explain the reason someone behaves in this research is the high performance of employees is influenced by the low work stress experienced by employees. The low work stress on employees is caused by the majority of respondents feeling that the environment in which they work does not provide excessive pressure, causing work stress (Dewi et al., 2018). The results of this study indicate that the lower the work stress experienced by employees, the higher their performance (Murali et al., 2017).

4) Compensation on work stress

The p-value is 0.000. The statistical value shows 4.940 which is greater than 1.96 while the coefficient value is -0.551. This means that compensation has a negative significant effect on work stress. Work stress can be interpreted as pressure felt by a person and is able to affect physical and psychological conditions which generally can come from within or outside himself. Work stress can also be associated with a person's level of satisfaction with the work he has done. The attribution theory used to explain behavior in this study reflects that low work stress is caused by employee satisfaction with the compensation they receive (Tamping et al., 2021). This means that the compensation received by employees will cause the work stress they experience will be lower (Jatimoyo, 2019; Puspitawati & Atmaja, 2020).

5) Work-life balance on work stress

The p-value is 0.004 which is lower than 0.05. The statistical value shows 2.898 which is greater than 1.96 while the coefficient value is -0.327. This means that work-life balance has a negative and significant effect on work stress (Al Momani, 2017). Work stress can be interpreted as pressure felt by a person and can affect physical and psychological conditions which generally can come from within or outside himself. Poor work-life balance is one of the factors that come from outside the individual to make someone experience work stress. Attribution theory explains a person's actions, if someone has a bad work-life balance, it will cause the individual to experience stress towards his work. This also applies to working employees. Respondents' answers to statements related to their work-life balance received good responses. This means that the overall work-life balance experienced by employees has a small possibility to make employees feel stressed about their work (Rezti, 2018).

6) Work stress mediates the effect of compensation on employee performance

The p-value is 0.005, which is lower than 0.05. The statistical value shows 2.833 which is greater than 1.96 while the coefficient value is 0.185. This means that the effect of compensation on employee performance is mediated by work stress. It can be explained that low work stress can be caused by the compensation received by employees and ultimately has an impact on increasing the performance of the employees themselves (Fonkeng, 2018). This situation is very relevant to the conditions described by attribution theory regarding the reason someone does an action (Erawati et al., 2019). High compensation will reduce work stress, with reduced work stress there will be an increase in employee performance (Saman, 2020)

7) Work stress mediates the effect of work-life balance on employee performance

The p-value is 0.033, which is lower than 0.05. The statistical value shows 2.135 whose value is greater than 1.96 while the coefficient value is 0.110. This means that the effect of work-life balance on employee performance is mediated by work stress. This finding is in line with what is explained in the attribution theory that the factors that cause a person to behave like a high work-life balance will reduce work stress and will increase employee performance. Rezti (2018), Rafsanjani et al. (2019), Jaeni (2021), Lukmiati (2020)

8) Research Implication

The results of this study indicate that there is a positive correlation between compensation and work-life balance on employee performance. Another finding is that compensation and work-life balance have a negative correlation with work stress, as well as work stress on employee performance. The results of this study also show that work stress mediates the effect of compensation and work-life balance on employee performance. Empirically the results of this study provide theoretical benefits that support previous research and also show that high compensation and a good work-life balance will reduce work stress and will improve employee performance.

IV. CONCLUSION

The indicator used in this study to assess the performance with the lowest score is a statement related to the employee's ability to complete the work by the desired target. So, BPR Sandi Raya Utama can take a personal approach to foster morale for its employees. The indicator used in this study to assess work stress with the highest score is a statement related to employee fatigue after doing work. So, BPR Sandi Raya Utama can review the workload policy so that it can be divided according to work standards. The indicator used in this study to assess the compensation with the lowest score is a statement related to the annual leave allowance. Therefore, BPR Sandi Raya Utama can review the financial policy for paying employees annual leave and consider the employee's tenure in providing annual leave allowances. The indicator used in this study to assess the work-life balance with the lowest score is a statement related to the company's appreciation of the contributions made by employees. So, BPR Sandi Raya Utama could consider creating a supportive working atmosphere, such as a policy for working time and shared recreation time. This is also beneficial for creating better working relationships between employees.

For further research, suggestions that can be given are related to the use of variables that are thought to influence employee performance and the possibility of other mediating variables that fully mediate the relationship between compensation and work-life balance on employee performance.
REFERENCES


