

The Impact of Employee Mental Health on Workplace Performance: A Case Study of Milcent Appliances Pvt. Ltd., Anand, Gujarat, India

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Abstract

The study examines the impact of mental health on employee performance, focusing on how stress, anxiety, burnout, overwork, and work-life balance shape workplace outcomes. This study, conducted among 51 employees of Milcent Appliances Private Limited, Gujarat, used a descriptive and regression-based design. Results showed a moderate positive relationship, with mental health explaining 24.56% of performance variance ($p < 0.001$). Younger employees and those with less than 10 years of experience demonstrated stronger associations between mental health and productivity, while older and more experienced employees showed weaker effects. Gender differences emerged, as mental health significantly impacted male performance but not female performance, likely due to the imbalance in the sample. Overwork and extended work hours emerged as the most frequently reported barriers to employee performance.

Keywords: Mental Health, Employee Performance, Workplace Stress, Well-being, Organizational Effectiveness

1. INTRODUCTION

Employee mental health has become a critical area of concern for organizations worldwide, as it significantly impacts workforce productivity, job satisfaction, and long-term organizational sustainability (World Health Organization, 2022). In today's highly competitive and dynamic business environment, employees are expected to constantly adapt to technological, structural, and cultural changes, while maintaining high levels of efficiency (Keramat et al., 2025). These pressures often lead to stress, anxiety, burnout, and poor work-life balance, which undermine motivation, engagement, and creativity (Gallup, 2024). The World Health Organization estimates that poor mental health costs the global economy approximately USD 1 trillion in lost productivity each year, highlighting the need to address workplace well-being not only as a human concern but also as a business priority (World Health Organization, 2022).

Employees with higher levels of psychological well-being display greater motivation improved problem-solving abilities, and greater creativity, while those with untreated or ignored mental health conditions are at greater risk of absenteeism, presenteeism, disengagement, and turnover (Gallup, 2024). Organizations that actively incorporate mental health strategies into their culture through policies such as flexible work arrangements, mental health awareness initiatives, counseling support, and workload management demonstrate higher employee retention, stronger engagement, and improved overall performance (Global Wellness Institute, 2025).

Increasing research emphasizes how mental health fundamentally shapes employee performance. Studies show that when employees experience positive emotional states such as enthusiasm, optimism, and emotional balance, they are more focused and motivated, which translates to greater productivity and better task performance (Aguilar-Quintana et al., 2021). Conversely, when workers face role uncertainty, such as job insecurity, their psychological well-being declines, resulting in poor service quality (Duan et al., 2024). The increasing adoption of hybrid work models has added to the difficulties: while such arrangements promise flexibility, they often blur the boundaries between professional and personal life, leaving employees more vulnerable to stress and reduced efficiency (Aithal & Abhishek, 2025). Overall, this stream of research suggests that mental health outcomes are not solely dependent on individual flexibility but are also heavily influenced by organizational structure, job design, and demographic factors, highlighting the need for workplaces to actively safeguard employee well-being to maintain sustainable performance (Aguilar-Quintana et al., 2021; Duan et al., 2024).

Against this backdrop, this study combines empirical evidence with recent workplace realities. This research shows employee mental health to be both an ethical imperative and a strategic need for organizations that want to build sustainable, strong, and high-performing cultures.

2. OBJECTIVES OF STUDY

The following specific objectives have been identified to examine the relationship between mental health and employee performance in various organizational settings:

- To examine the relationship between mental health and employee performance in organizational settings.
- To analyze how stress, anxiety, burnout, overwork, and lack of work-life balance affect workplace outcomes across different age groups, genders, and levels of work experience.

3. RESEARCH HYPOTHESIS

The research conceptualized the following null hypothesis to achieve the objectives of research in relation to general aim of this paper,

- H01: Employees' mental health has no effect on their performance.
- H02: The performance of employees in the age group 36–55 is not affected by changes in their mental health.
- H03: The performance of male employees is not affected by changes in their mental health.
- H04: The performance of employees with less than 10 years of work experience is not affected by changes in their mental health.

4. LITERATURE REVIEW

Employee mental health has emerged as a central concern in organizational research, especially following the COVID-19 pandemic, which has exposed and exacerbated psychological vulnerabilities across various sectors. Mental health is no longer viewed solely as an individual well-being issue, but as a critical determinant of workplace performance, productivity, creativity, and organizational sustainability. Contemporary literature increasingly recognizes that employees can remain physically present at work while experiencing psychological distress that significantly undermines performance outcomes. This literature review critically examines recent empirical and theoretical contributions to understanding how mental health impacts workplace performance, with a particular focus on mechanisms such as presenteeism, job insecurity, work stress, meaningful work, digital interventions, and organizational support structures.

4.1 Mental Health, Presenteeism, and Performance Degradation

Mental Health, Attendance, and Declines in Performance (2023) provides a comprehensive review of presenteeism during the COVID-19 pandemic, highlighting how employees often continued to work despite fears of job loss, financial constraints, and increased workloads, leading to anxiety, depression, or emotional exhaustion. Theoretically, this aligns with Conservation of Resources (COR) theory, which posits that people strive to protect valuable resources like jobs and income, even at the expense of their own well-being.

Essentially, Garcia-Iglesias and others argue that presenteeism creates the illusion of productivity, masking significant declines in concentration, decision-making, and work quality. This challenges the traditional managerial view that attendance equals performance. The review highlights that mental illness depletes the cognitive and emotional resources needed for effective work, suggesting that organizations that neglect psychological well-being risk long-term productivity losses. While this study provides a rich collection of evidence from the pandemic, it relies heavily on self-reported outcomes, which may underestimate performance declines due to social desirability bias.

4.2 Job Insecurity as a Structural Stressor

Job insecurity has been identified as a significant factor in the deterioration of mental health, especially in volatile industries like hospitality. Kim and Choi (2024) further this discussion by differentiating between quantitative job insecurity (fear of job loss) and qualitative job insecurity (fear of losing essential job attributes such as role identity or career advancement). Their findings suggest that both types significantly harm mental health, reducing work capacity and creativity.

Theoretically, this aligns with the Job Demands-Resources (JD-R) theory, where job insecurity acts as a chronic demand that depletes psychological resources. The study's contribution is that mental health acts as a mediating mechanism between insecurity and performance, rather than job insecurity directly impairing output. This further confirms that performance decline is not just a behavioral response but a psychological process.

An important finding from Kim and Choi's work is the moderating role of employability, which slightly reduces the negative impact of insecurity. However, this reduction is small, suggesting that work practices alone cannot fully compensate for structural stress. This finding challenges neoliberal narratives that place the responsibility for resilience solely on employees and highlights the need for organizational and policy-level interventions.

4.3 Work Stress, Mental Health, and Mediation Effects

The mediating role of mental health in the stress-performance relationship was further strengthened by Zhang et al. (2022), who studied small and medium-sized enterprises (SMEs) during the pandemic. Their results showed that work stress primarily undermines performance through its negative impact on mental health, and that mental health acts as a full mediator in this relationship. This finding is theoretically significant because it identifies psychological well-being as a central explanatory variable linking external pressures to performance outcomes.

From a critical perspective, Zhang et al.'s focus on SMEs is particularly valuable because these organizations often lack formal mental health infrastructure. However, the study's cross-sectional design limits causal inference, raising questions about potential reciprocal effects—that is, whether declining performance might also exacerbate mental distress. Despite this limitation, the results strongly support the idea that mental health protection is essential for maintaining performance under high-stress conditions.

4.4 Meaningful Work and Coping as Protective Factors

While much of the literature focuses on stress and risk, Jalil and Ali (2023) offer a more salutary perspective by examining meaningful work and coping strategies among SME employees in a post-COVID context. Based on self-determination theory, their study suggests that employees who perceive their work as meaningful experience less stress and better mental health, leading to improved engagement and job performance.

According to the theory, meaningful work fulfills core psychological needs for autonomy, competence, and connectedness, thereby strengthening emotional resilience. Jalil and Ali's findings imply that mental health is shaped not only by external pressures but also by employees' cognitive appraisals of their work. Importantly, however, an emphasis on individual meaning-making can mask structural inequalities, as not all roles or organizations provide the same meaningful work experiences. Nevertheless, this study usefully complements the stress-based model by highlighting positive psychological resources that sustain performance.

4.5 Digital Mental Health Interventions and Performance Protection

Technological innovation is increasingly being suggested as a scalable solution to mental health challenges in the workplace. Uma Devi V. C. and A. Poulina Juliet (2025) made an applied contribution by introducing an AI-driven chatbot capable of detecting emotional stress signals into a workplace communication platform. Their results showing a marginal increase in help-seeking behavior suggest that early detection and intervention can prevent emotional breakdowns and associated performance declines.

From a theoretical perspective, this intervention aligns with preventative mental health models and organizational support theory, which emphasize timely support as a means of maintaining employee functioning. The strength of the study lies in its practical outcome (help-seeking), rather than merely its conceptual implications. However, ethical concerns related to privacy, surveillance, and algorithmic bias remain unaddressed, necessitating caution in implementing them on a large scale. Nevertheless, the results reinforce the view that mental health support systems can have tangible productivity benefits.

4.6 Organizational Support, Flexibility, and Return-to-Work Programs

In addition to personal and technical interventions, organizational structures play a significant role in shaping mental health outcomes. Tanzer et al. (2024), using a nationally representative U.S. sample, show that job flexibility and job security are strongly associated with better mental health and fewer missed workdays. These findings underscore that supportive work design can simultaneously protect health and maintain productivity, providing empirical support for human-centered management approaches.

Similarly, Nowrouzi-Kia et al. (2023), through a meta-analysis of return-to-work programs for employees with mental health challenges, show that structured interventions significantly aid in symptom management and facilitate performance improvement. These programs challenge the misconception that mental health-related absences lead to long-term productivity losses. Instead, they show that organizational investment in mental health can yield benefits for improving and sustaining performance.

Notably, both studies emphasize that mental health interventions should be formal, not temporary. However, most existing programs are concentrated in high-income areas, raising concerns about their transfer to resource-constrained settings.

4.7 Stress as a Global Workplace Challenge

Industry-level evidence further validates academic findings. Lyra Health (2025) identified stress as the biggest mental health challenge worldwide, impacting employees and directly impacting work performance. Despite increased awareness, a significant treatment gap persists, highlighting the gap between identification and action. While corporate reports may lack the methodological rigor of academic studies, their large-scale data confirms that mental health challenges are significant and economically damaging.

4.8 Synthesis and Research Implications

Overall, the reviewed literature leads to a specific conclusion: employee mental health is an essential mediator between workplace conditions and performance outcomes. Whether it's presenteeism, job insecurity, work stress, or a lack of support, psychological distress consistently undermines productivity, creativity, and engagement. Furthermore, protective factors such as meaningful work, job flexibility, digital interventions, and formal support programs demonstrate that mental health can be actively managed to maintain performance.

However, some significant shortcomings remain. Much of the existing research relies on cross-sectional designs and self-reported methods, making it difficult to infer causality. Furthermore, studies from developed economies are overrepresented, with less attention paid to cultural and sectoral variations. Future research should adopt longitudinal and mixed-method approaches to understand dynamic mental health-performance relationships and account for contextual differences. Consequently, the literature strongly supports the view that employee mental health is central, not peripheral, to workplace performance. Mental health serves as both a vulnerability and a resource, shaping how employees respond to stress, insecurity, and organizational demands. Organizations that ignore mental well-being risk hidden productivity losses, while those that invest in supportive structures, meaningful work, and early intervention can improve both individual and organizational performance. This research provides a strong theoretical and empirical basis for examining the impact of employee mental health on workplace performance and highlights the need to integrate mental health into organizational strategies.

5. RESEARCH METHODOLOGY

In this study, the independent variable is mental health, and the dependent variable is employee performance. The purpose of this study is to determine how employee mental health, as affected by stress, anxiety, burnout, work-life balance, and overwork, impacts their job performance within an organization. The study uses a regression and descriptive research design to understand the relationship between mental health and employee performance and to describe the characteristics of the study population. The SPSS software and Python based tools has been used for suggesting conceptual and empirical structure equation model(SEM).

Data Collection: The data was collected during the period of year December' 2025 to April 2026. The questionnaire was distributed physically by the researcher to the selected employees of Milcent Appliances Pvt. Ltd., and responses were collected within the given time frame.

5.1 Sample Size

- Sample size: 51 employees.
- Location and Targeted Population: This study was conducted at Milcent Appliances Pvt Ltd, Gujarat. The targeted sample size includes employees of different age groups, gender and work experience level.

5.2 Sources of Data

- Primary Data: Using a structured questionnaire collected directly from employees, they are distributed in person.
- Secondary Data: data on mental health and employee performance was collected from journals, academic articles, company reports, and online databases.

5.3 Research Design

This study employed a descriptive and quantitative research design. A structured questionnaire was used to collect physical data from employees, focusing on mental health and its impact on performance. This design allows for statistical testing, including regression analysis, to assess the strength of relationships between independent and dependent variables.

5.4 Sampling Method

The study used a purposive sampling approach, as employees of Milcent Appliances Private Limited were specifically selected to understand the impact of mental health on performance within an organizational context. Questionnaires were physically distributed to employees in printed form, and the researcher collected responses directly within a given timeframe.

5.5 Structure of Questionnaire

A comprehensive study of mental health and its impact on employee performance requires a structured and multi-dimensional questionnaire. The purpose of this research is to understand how employees perceive their mental health, what workplace factors contribute to stress, and how these elements impact performance outcomes.

The questionnaire consists of three sections:

Demographic Information - 3 questions (age, gender, work experience).

Mental Health Awareness Scale - 10 questions (Likert-scale) (covering aspects such as stress, anxiety, burnout, workload, job control, and work-life balance.)

Employee Performance Scale - 10 questions (Likert-scale) (focusing on task completion, productivity, quality of work, adaptability, and teamwork.)

This questionnaire-based approach allows the study to systematically capture employees' mental health status and performance, revealing the extent to which mental health impacts workplace outcomes.

6. RESULTS

6.1 Hypotheses Testing

H01: Employees' mental health has no effect on their performance.

HA1: Employees' mental health affects their performance.

Table 1: Regression summary output

Regression Statistics	
Multiple R	0.495
R2	0.245
Adjusted R2s	0.230
SE	0.347
Observations	51

Source: own survey, 2025 - 2026

The Multiple R value of 0.4956 (table 1) indicates a moderate positive correlation between mental health and employee performance. The R Square value of 0.2456 suggests that 24.56% of the variation in performance is explained by differences in mental health. The Standard Error of 0.3471 indicates that most data points are within ± 0.35 units of the regression line.

Table 2: ANOVA test results

ANOVA	df	SS	MS	F	Significance F
Regression	1	1.921136102	1.921136102	15.94980994	0.000217784
Residual	49	5.90199315	0.12044884		
Total	50	7.823129252			

Source: own survey 2025 - 2026

The Significance F value (table 2) of 0.0002 is far below 0.05, indicating that the regression model is statistically significant. The F-value of 15.95 shows that mental health explains a meaningful portion of the variation in employee performance.

Table 3: Coefficients results

	Coefficients	Standard Error	t Statistic	P-value	Lower 95%	Upper 95%
Intercept	0.649983355	0.317924081	2.044460909	0.04630024	0.011090995	1.288875716
2.2	0.51524723	0.129014318	3.993721315	0.000217784	0.255983252	0.774511208

Source: own survey, 2025 - 2026

The intercept value (table 3) of 0.6499 represents the predicted performance score when mental health is zero. The mental health coefficient of 0.5152 means each 1-unit increase in mental health score predicts a 0.515-point increase in performance, assuming other factors remain constant. The p-value for mental health is 0.0002, which is highly significant and provides strong evidence to reject the null hypothesis (H₀₇). The 95% confidence interval (0.2560 to 0.7745) does not include zero, confirming the result is statistically reliable. The regression equation is:

$$\text{Performance} = 0.6499 + 0.5152 \times \text{Mental Health Score}$$

If an employee has a mental health score of 2.5, the predicted performance is:

$$\text{Performance} = 0.6499 + (0.5152 \times 2.5) = 0.6499 + 1.288 = 1.9379$$

H02: The performance of employees in the age group 36–55 is not affected by changes in their mental health.

HA2: The performance of employees in the age group 36–55 is affected by changes in their mental health.

Table 4: Regression summary output

SUMMARY OUTPUT	
Regression Statistics	
Multiple R	0.346155
R2	0.119823
Adjusted R2	0.088388
SE	0.3467
Observations	30

Source: own survey, 2025 – 2026

The correlation coefficient (Multiple R to table 4) is 0.3462, indicating a weak positive relationship between mental health and performance among employees in the age group 36–55. The R Square value 0.1198 suggests that only 11.98% of the variation in performance is explained by changes in mental health, with the majority influenced by other factors such as workload, overwork/long working hours, lack of work–life balance, stress, and anxiety. The standard error 0.3467 means most data points fall within ± 0.35 units of the regression line.

Table 5: ANOVA results

ANOVA	df	SS	MS	F	Significance F
Regression	1	0.458180939	0.458180939	3.811789079	0.060957137
Residual	28	3.365628585	0.120201021		
Total	29	3.823809524			

Source: own survey, 2025 – 2026

The significance F value 0.06096 (table 5) is slightly above the standard 0.05 level, meaning the regression model is not statistically significant at the 5% level, but may be considered marginally significant at the 10% level. The F-value 3.8118 indicates the model explains some variation in performance, but the explanatory power is limited.

Table 6: Coefficients results

	Coefficients	Standard Error	t Statistic	P-value	Lower 95%	Upper 95%
Intercept	1.118672	0.42445131	2.6355711	0.01353946	0.249222512	1.98812070
2.2	0.335371	0.171775544	1.95238036	0.06095713	-0.016495052	0.68723745

Source: own survey, 2025 - 2026

The intercept 1.1187 indicates(table 6) the predicted performance score when mental health is zero. The mental health coefficient 0.3354 means that for each 1-unit increase in mental health score, predicted performance increases by 0.335 points, assuming all other factors remain constant. The p-value for mental health 0.06096 is just above 0.05, suggesting the relationship is not statistically significant at the 5% level, but close enough to note a weak trend. The 95% confidence interval includes zero, reinforcing the weak statistical evidence. The regression equation is:

$$\text{Performance} = 1.1187 + 0.3354 \times \text{Mental Health Score}$$

For example, if an employee's mental health score is 2.5, the predicted performance score is:

$$Y = 1.1187 + (0.3354 \times 2.5) = 1.9572$$

H03: The performance of male employees is not affected by changes in their mental health.

HA3: The performance of male employees is affected by changes in their mental health.

Table 7: Regression summary output

Regression Statistics	
Multiple R	0.495724171
R2	0.245742453
Adjusted R2	0.230028755
SE	0.331375758
Observations	50

Source: own survey, 2025 - 2026

The correlation coefficient (Multiple R, table 7) is 0.4957, indicating a moderate positive relationship between mental health and employee performance across all employees. The R Square value 0.2457 suggests that 24.57% of the variation in performance is explained by changes in mental health, with the remaining variation due to other factors such as workload, overwork/long working hours, lack of work–life balance, stress, and anxiety. The standard error 0.3314 indicates that most data points are within ± 0.33 units of the regression line.

Table 8: ANOVA results

ANOVA	df	SS	MS	F	Significance F
Regression	1	1.717288386	1.717288386	15.63874014	0.000251615
Residual	48	5.270874879	0.109809893		
Total	49	6.988163265			

Source: own survey, 2025 - 2026

The Significance F value 0.00025 (table 8) is well below the 0.05 threshold, meaning the regression model is statistically significant. The F-value 15.6387 shows that the model explains a meaningful portion of the variation in performance.

Table 9: Coefficients results

	Coefficients	Standard Error	t Statistic	P-value	Lower 95%	Upper 95%
Intercept	0.729558297	0.305368147	2.38911066	0.02086738	0.11557448	1.34354210
2.2	0.489056904	0.123668335	3.95458469	0.00025161	0.24040505	0.73770875

Source: own survey, 2025 - 2026

The intercept 0.7296 (table 9) is the predicted performance when mental health is zero. The mental health coefficient 0.4891 means that each 1-unit increase in mental health score predicts a 0.489-point increase in performance, assuming other factors are constant.

The p-value for mental health 0.00025 is highly significant, indicating strong evidence that mental health affects performance. The 95% confidence interval 0.2404 to 0.7377 does not include zero, reinforcing the reliability of the result. The regression equation is:

$$\text{Performance} = 0.7296 + 0.4891 \times \text{Mental Health Score}$$

For example, if an employee's mental health score is 2.5, the predicted performance is:

$$Y = 0.7296 + (0.4891 \times 2.5) = 1.95235$$

H04: The performance of employees with less than 10 years of work experience is not affected by changes in their mental health.

HA4: The performance of employees with less than 10 years of work experience is affected by changes in their mental health.

Table 10: Regression summary output

Regression Statistics	
Multiple R	0.528427415
R2	0.279235533
Adjusted R2	0.262854523
SE	0.332889297
Observations	46

Source: own survey,2025 - 2026

The Multiple R value(table 10) of 0.5284 suggests a moderate positive correlation between mental health and performance among employees with less than 10 years of experience. The R Square value of 0.2792 indicates that approximately 27.92% of the variance in employee performance can be explained by differences in mental health scores. The Standard Error of 0.3329 suggests that the residuals (prediction errors) generally fall within ± 0.33 units of the regression line.

Table 11: ANOVA results

ANOVA	df	SS	MS	F	Significance F
Regression	1	1.88899	1.888989978	17.04629464	0.000160132
Residual	44	4.875872	0.110815284		
Total	45	6.764862			

Source: own survey,2025 – 2026

The Significance F value(table 11) of 0.00016 is well below the 0.05 threshold, indicating that the regression model is statistically significant. The F-statistic of 17.05 shows that mental health has a meaningful impact on performance variance.

Table 12: Coefficients results

	Coefficients	Standard Error	t Statistic	P-value	Lower 95%	Upper 95%
Intercept	0.65170781	0.312392	2.08618744	0.04279118	0.022123546	1.281292093
2.9	0.52408648	0.126937	4.12871585	0.00016013	0.268261927	0.779911041

Source: own survey,2025 – 2026

The intercept value of 0.6517 indicates(table 12) the predicted performance when mental health is zero. The mental health coefficient of 2.9000 means each 1-point increase in mental health score predicts a 2.9-point increase in performance. The p-value (0.00016) is highly significant, indicating strong evidence that mental health affects performance. The 95% confidence interval (1.2813 to 4.5187) does not include zero, confirming the reliability of the result.

The regression equation is:

$$\text{Performance} = 0.6517 + 2.9000 \times \text{Mental Health Score}$$

If an employee has a mental health score of 2.5, the predicted performance would be:

$$\text{Performance} = 0.6517 + (2.9 \times 2.5) = 0.6517 + 7.25 = 7.9017$$

7. DISCUSSION

This study examined the relationship between employee mental health and their workplace performance, taking into account demographic variables such as age, gender, and work experience. The results suggest that mental health significantly impacts employee performance, although the magnitude of this impact varies across different groups.

Table 13 : Impact of Employee Mental Health on Workplace Performance across Demographic Variables

Demographic Category	Group	R ² (%)	p-value	Significance	Key Interpretation
Overall Sample	All Employees	24.56	< 0.001	Significant	Mental health is a strong positive predictor of workplace performance at the organizational level, highlighting its central role in productivity and work quality.
Age	18–35 years	24.75	< 0.001	Significant	Younger employees' performance is highly sensitive to mental health, likely due to career pressures, adjustment issues, and limited coping strategies.
	36–55 years	11.90	0.06	Not Significant	Older employees appear more resilient, sustaining performance despite mental health challenges due to experience and coping mechanisms.
Work Experience	< 10 years	27.92	< 0.001	Significant	Less experienced employees show strong dependence of performance on mental health, reflecting vulnerability to workplace stressors.
	≥ 10 years	4.32	0.33	Not Significant	Experienced employees maintain stable performance, possibly due to psychological flexibility, maturity, and adaptability.
Gender	Male	24.57	< 0.001	Significant	Male employees' performance is strongly influenced by mental health, indicating a clear mental health–performance linkage.
	Female	1.98	0.74	Not Significant	No significant relationship observed; results should be interpreted cautiously due to small female sample size (n = 8).

Source: own survey,2025 - 2026

7.1 Overall Effect (Table 13) Regression analysis confirmed that mental health has a statistically significant positive effect on organizational performance ($R^2 = 24.56\%$, $p < 0.001$). Employees with better mental health were more productive, completed tasks efficiently, and displayed better work quality. This makes mental health a central predictor of employee performance and highlights its importance to organizational success.

7.2 Age Factor (Table 13) A clear difference emerged based on age. Employees in the 18–35 age group showed a stronger association between mental health and performance ($R^2 = 24.75\%$, $p < 0.001$). Younger employees appear to be more sensitive to fluctuations in mental health, possibly due to career pressures, adjustment challenges, and limited coping strategies. On the other hand, employees aged 36–55 years showed only a weak and statistically insignificant relationship ($R^2 = 11.9\%$, $p = 0.06$). This suggests that older employees may have developed resilience and coping mechanisms that allow them to maintain performance despite stress or anxiety.

7.3 Work Experience (Table 13) Similar patterns were observed with respect to work experience. Employees with less than 10 years of experience showed the strongest relationship between mental health and performance ($R^2 = 27.92\%$, $p < 0.001$). This group is more vulnerable to workplace stress and mental health challenges, making their performance more dependent on psychological well-being. In contrast, employees with more than 10 years of experience showed no significant relationship ($R^2 = 4.32\%$, $p = 0.33$). Their performance stability may be explained by greater psychological flexibility, maturity, and adaptability developed throughout their careers. Previous studies (Bond & Bunce, 2003; Archer et al., 2024) support this view, showing that psychological flexibility increases resilience, reduces the risk of burnout, and maintains performance.

7.4 Gender (Table 13) Results also varied by gender. For male employees, mental health significantly predicted performance ($R^2 = 24.57\%$, $p < 0.001$), suggesting that psychological well-being had a significant impact on their productivity. In contrast, this relationship was not statistically significant for female employees ($R^2 = 1.98\%$, $p = 0.74$). However, this result should be interpreted with caution due to the small sample size of women (n = 8). A more balanced sample may yield different results, and therefore, further research is needed to validate gender-based differences in the mental health–performance relationship.

7.5 Factors Affecting Performance (Table 14) In addition to the regression results, employees identified specific workplace factors that contributed to performance declines. The most common challenges were overwork (19 employees) and long working hours (19 employees), followed by stress (18 employees), anxiety (12 employees), and lack of work-life balance (11 employees). Less commonly reported factors included burnout (2 employees) and poor physical health (1 employee). These results indicate that work pressure and stress-related factors, more than just physical health concerns, are performance barriers. Therefore, improving workload management through flexible scheduling, appropriate targets, and a supportive organizational culture can significantly improve both mental health and performance outcomes.

Table 14: Factors Affecting Employee Performance in the Workplace

Factor Affecting Performance	Number of Employees Reporting	Nature of Factor	Impact on Workplace Performance
Overwork	19	Workload-related	Leads to fatigue, reduced efficiency, and declining productivity
Long Working Hours	19	Workload-related	Causes physical and mental exhaustion, lowering sustained performance
Stress	18	Mental health-related	Impairs concentration, decision-making, and job satisfaction
Anxiety	12	Mental health-related	Reduces confidence, increases errors, and affects interpersonal relations
Lack of Work-Life Balance	11	Organizational / Mental health-related	Contributes to emotional strain and decreased motivation
Burnout	2	Mental health-related	Results in disengagement and long-term performance decline
Poor Physical Health	1	Physical health-related	Minimal direct impact compared to mental health factors

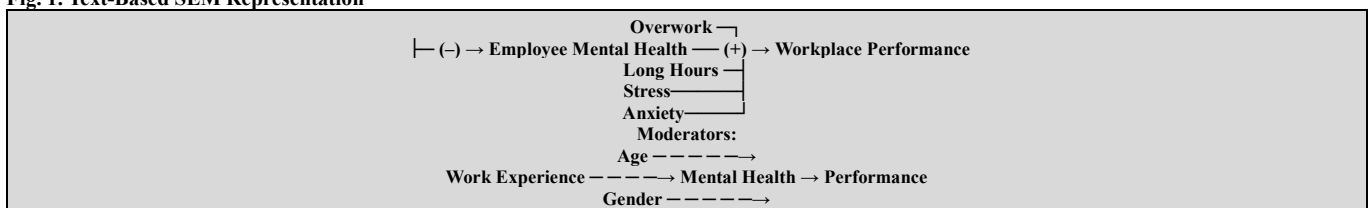
Source: own survey,2025 - 2026

Table 14 shows that workload pressure and mental health-related factors (overwork, long hours, stress, and anxiety) are the most significant barriers to employee performance. Physical health issues were less frequently reported. This reinforces the study's central argument that employee mental health plays a significant role in determining workplace performance and emphasizes the need for supportive organizational practices, flexible scheduling, and balanced workload management.

7.6 Conceptual Text-Based SEM

Below is a conceptual text based SEM prepared directly from the discussion and tables 13–14. Based on the findings, the text based SEM structured around Employee Mental Health as the core exogenous latent construct influencing Workplace Performance, with workload and stress-related factors as antecedents, and demographic variables as moderators.

Fig. 1. Text-Based SEM Representation



Source : Own research 2025 - 2026

7.7 Core Logic of the Model (Fig. 1)

Workplace Stressors → Employee Mental Health → Workplace Performance

Age, Work Experience, and Gender act as moderating variables that alter the strength of the mental health–performance relationship.

Table 15: Empirical Justification of Paths

Path	Direction	Empirical Support
Overwork → Mental Health	Negative	High frequency (n = 19)
Long Working Hours → Mental Health	Negative.	High frequency (n = 19)
Stress → Mental Health	Negative	n = 18
Anxiety → Mental Health	Negative	n = 12
Mental Health → Performance	Positive	R ² = 24.56%, p < 0.001
Age as Moderator	Partial	Stronger for younger employees
Experience as Moderator	Strong	Strong only for <10 years
Gender as Moderator.	Inconclusive	Female sample too small

Source: Own Research, 2025 - 2026

The proposed model positions employee mental health as a central mediating construct linking workplace stress and employee performance. Workload-related factors (overwork and long working hours) and psychological stress (stress and anxiety) significantly negatively impact mental health, which in turn positively predicts workplace performance. The strength of this relationship is determined by age, work experience, and gender. Multi-group analysis reveals that the mental health–performance link is strongest among younger and less experienced employees, while it weakens and becomes statistically significant among older and more experienced employees, suggesting the development of psychological resilience over time.

8. CONCLUSION

The study, "Mental Health and Its Impact on Employee Performance," was conducted to understand the connection between employees' psychological well-being and their workplace productivity. The results revealed a clear and significant relationship between mental health and employee performance. Employees experiencing mental health challenges such as stress, anxiety, and overwork experienced a significant decline in their efficiency and overall output. The results further revealed that mental health issues significantly impact performance, with overwork, long hours, and stress emerging as the most significant factors. Although burnout and poor health were less commonly reported, their role remains significant, as they still contribute to performance declines and can worsen if left unaddressed. The study also showed that demographic factors such as age, gender, and work experience were associated with changes in mental health status and its impact on performance. Younger employees and those with less work experience were more likely to experience stress and anxiety, while more experienced employees faced challenges related to workload and maintaining work-life balance. Regarding gender, male employees showed a clear impact of mental health on their performance, but this was not the case for female employees. However, due to the small number of female employees in the sample, this finding should be viewed with caution.

9. LIMITATIONS

Although this study provides insights, it also has limitations. First, the research was based on a small sample size (51 employees) from a single organization, which may reduce the applicability of the results to other industries or larger populations. Second, the sample's gender imbalance (only 8 female employees) reduces the robustness of findings regarding gender differences. Third, the study relied on self-reported questionnaire responses, which may be influenced by individuals' perceptions or hesitation to share sensitive information. Finally, because the research adopted a cross-sectional design and collected data at a single point in time, future longitudinal studies may provide deeper insights into the changing relationship between mental health and employee performance.

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