Assessment of Employee Well-Being on Organisational Effectiveness & Productivity: A Literature Review

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Abstract

This paper examines the various and complex aspects of employee well-being, including global and individual perspectives. The study examines the pivotal role of leadership, organizational culture, job satisfaction, job quality, age and gender dynamics, and family-friendly practices in shaping employee well-being. Through a synthesis of existing research, key findings emerge, highlighting the significance of engaged leadership in promoting employee performance and well-being. Additionally, the impact of organizational justice and supportive work environments on employee perceptions of fairness and well-being is discussed. Furthermore, the relationship between job satisfaction, job quality, and employee well-being is explored, emphasizing the importance of addressing diverse employee needs. The study also delves into age and gender differences in well-being, as well as the influence of family-friendly practices on reducing work-life conflict. Overall, this literature review provides valuable insights for organizations seeking to prioritize employee well-being as a strategic imperative in today’s dynamic business landscape, ultimately contributing to enhanced organizational performance and success.

Keywords: absenteeism, employee well-being, job satisfaction, and productivity

1. Introduction

Employee well-being stands as a cornerstone of organizational success, shaping not only individual satisfaction and fulfilment but also influencing overall productivity and profitability. In recent years, the discourse surrounding employee well-being has evolved, with organizations recognizing its profound impact on various facets of operations, from workforce engagement to retention. This literature review delves into the multifaceted concept of employee well-being, exploring its definitions, determinants, and implications within organizational settings. By examining the interconnectedness of factors such as leadership styles, organizational culture, job satisfaction, and family-friendly practices, this review seeks to provide a comprehensive understanding of the complex dynamics shaping employee well-being. Furthermore, it explores the economic implications of employee well-being, underscoring its pivotal role in driving organizational performance and sustainability. As organizations navigate an ever-changing landscape, characterized by technological advancements and socio-economic shifts, understanding and prioritizing employee well-being emerges as a strategic imperative for fostering a healthy, engaged, and resilient workforce.

2. Literature Review

2.1 Employee Well-Being

There are various definitions of employee well-being. Analysing well-being from a global outlook involves aspects of one's life expectancy, economic status, and environmental influences (Juchnowicz & Kinowska, 2021). When analysing well-being from an individual standpoint, it includes a person's psychological measurement of their well-being (Juchnowicz & Kinowska, 2021). This refers to one individual evaluation of their quality of life and work, which is influenced by their physical, social and psychological quality (Juchnowicz & Kinowska, 2021). Well-being includes both the hedonic and eudaimonic perspectives. Hedonic well-being is the happiness one has through experiences of satisfaction and fulfilment (Kundi, Aboramadan, Elhamalawi, & Shahdi, 2020) or the notion that life is good when pleasure is maximized and pain is minimized (Bartels, Peterson, & Reina, 2019). Whereas eudaimonic well-being refers to the happiness that occurs through one’s meaning and purpose (Kundi et al., 2020) and encompasses six dimensions of psychological well-being (Bartels et al., 2019). These six...
dimensions include self-acceptance, positive interpersonal interactions, autonomy, environmental authority, purpose of oneself, and an overall sense of purpose (Bartels et al., 2019). It was found by Bartels et al. that to have a complete understanding of workplace well-being it involves both hedonic and eudaimonic perspectives (2019). The World Health Organization (WHO) has defined employee well-being as “a state of complete physical, mental, and psychological well-being” (Misselbrook, 2014). According to Juchnowicz & Kinowska (2021), psychological well-being is the most important factor of employee well-being, and WHO emphasizes the importance of organizations having supportive cultures as it minimizes workplace conflicts and improves employee work performance (World Health Organization, 2021). A recent study conducted by Future Workplace: 2021 HR Sentiment Survey, found that 68% of Human Resource Professionals ranked employee well-being, including mental health as a top priority for their organizations (Meister, 2021). The same study by Future Workplace has also evolved the definition of employee well-being to include seven pillars. These include physical well-being, career well-being, financial well-being, social well-being, community well-being, emotional well-being, and lastly purpose-driven well-being (Meister, 2021). These pillars represent an important component of well-being that affects individuals in the workplace, and therefore, organizational effectiveness.

Well-being has been demonstrated through using various constructs such as job satisfaction, workplace happiness, employee commitment and engagement (Sivapragasam et al., 2014). As per above, well-being has a complex definition, involving various indicators. However, as per Sivapragasam et al. (2014), the most basic understanding of well-being is one's happiness, including a person's autonomy, positive relationships, purpose, potential and self-acceptance. An individual's well-being at work is a subjective measure as it is one's attitude toward their job, co-workers, and organization (Sivapragasam et al., 2014).

The diverse perspectives on employee well-being, encompassing global and individual considerations, emphasize the intricate web of factors influencing an individual's quality of life and work. Whether viewed through the lens of the World Health Organization's holistic definition, the evolving seven pillars outlined by Future Workplace, or the fundamental constructs of job satisfaction and workplace happiness, well-being remains a subjective measure tied to one's attitude toward their job, colleagues, and organization.

2.2 Influences on Employee Well-Being

One of the main concerns for organizations regarding employee well-being is what exactly affects it. Literature has shown that workplace leadership, environment, conflict, job satisfaction and control, flexibility, age and gender, and the changing labour market post the COVID-19 pandemic contribute to the well-being of employees. Employee well-being and organizational commitment are also an essential pillar for an organization's success (Anitha & Shanthi, 2020).

Leadership is defined as the method by which specific individuals guide and impact employees to acquire specific results (Mazetti & Schaufeli, 2022). Supervisors who practice engaging leadership have a direct impact on their employees and are more likely to improve employee performance as their engagement increases (Mazetti et al., 2022). Furthermore, a recent study found that when organizations have engaged leadership, it boosts the effects of employees’ mental, physical, and social well-being (Mazetti et al., 2022). The study also found that employees who have an engaged leader have higher levels of satisfaction at work and increased trust in their leadership. These employees also displayed lower levels of burnout compared to their co-workers who have lowly engaged managers (Mazetti et al., 2022). It was also found that happiness and trust were pivotal factors in improving team performance and indicate that engaged managers implement human resource strategies that are focused on improving and promoting employee well-being as it is being driven by high employee performance (Mazetti et al., 2022).

An organization’s work environment and culture also have an impact on employee well-being. When employees view organizational perceived justice as low, it harms their well-being (Elovainio, Jokela, Hakulinen, Aalto, Heponiemi, Presseau, & Kivimaki, 2015). An organization’s work environment includes the culture, climate, and perceived organizational justice. Organizational justice is an employee’s “perceived” view of fairness in the workplace, including treatment and policies (Elovainio et al., 2015). Employees who view that their input matters, rules are fair and followed, and the treatment that they receive from supervisors is fair, organizational justice will be high. However, when employees view or experience organizational injustice or unfairness, it will affect an employee's physical and mental health (Robbins, Ford, & Tetrick, 2012). Organizational culture also adapts over time due to changing employee expectations and contentment (Uddin, Luva, & Hossian, 2012). Moreover, when there is a disparity between job demand, control, and perceived fairness, research indicates that it will have a negative effect on employee well-being, specifically, psychological well-being (Elovainio et al., 2015). Supportive organizational culture will influence employee positivity and have a direct impact on employee productivity.
Lastly, the opportunity for career advancement is important for an individual's job quality as it influences effort can create stressful conditions for employees, negatively impacting their well-being (Sivaprahasam et al., 2014). Influence is important for their well-being as the average adult spends most of their time at work (Sivaprahasam et al., 2014). A study conducted by Wilks & Neto (2012) found that men scored higher than women for job-related affective well-being. Affective well-being is defined as the frequency and intensity that individuals feel positive affect or negative affect (Lushman, 2017). Furthermore, the study found that younger respondents of both sexes had higher scores of affective well-being compared to their older counterparts (Wilks et al., 2012). It was also found that individuals between the ages of 35 and 49 years of age were least likely to be satisfied compared to other age groups. This may be because this age group tends to have occupations with more responsibilities, increasing stress levels compared to their younger co-workers, and can result in less job satisfaction (Wilks et al., 2012). Furthermore, during these time family responsibilities may also be greater, especially for women who tend to have more responsibility in balancing their family and work obligations (Wilks et al., 2012). This can cause this age group to delay families to balance their careers. The most satisfied age group was those over the age of 50 as it was found these individuals have more positions of autonomy, satisfaction, and feelings of personal achievement, causing them to have increased well-being (Wilks et al., 2012). Lastly, the study found that overall, gender differences in job satisfaction were minimal. While men seemed to have more satisfaction with career projection and opportunities compared to women, women were more satisfied with their working hours and job demands (Wilks et al., 2012). Family-friendly practices which are defined as practices which support employee's work and family obligations, are important in creating a supportive and non-discriminatory environment between men and women in the workplace (Guedes, Soares, Mosquera, & Borregana, 2023). These practices generally include flexible working arrangements...
such as flexible working hours or telework, as well as childcare assistance (Guedes et al., 2023). Organizations that offer flexible working arrangements tend to provide the most satisfaction for employees, specifically employees who have the option to work reduced organizational core hours or the capability to change their daily or weekly schedules (Hayman, 2010). Moreover, it’s been found that telecommuting can reduce work overload, reduce stress and commuting time, and increase employees’ time with their families, leading to increased well-being (Hayman, 2010). The recent COVID-19 pandemic has also shifted the way organizations and employees conduct their work. More organizations have moved towards working from home, remote work, hybrid work models, and virtual meetings (Juchnowicz & Kinowska, 2021). The study conducted by Guedes et al (2023) found that family-friendly practices have a positive impact on women’s job satisfaction and well-being compared to their male counterparts. Furthermore, when organizations provide employees with the option to avail of family-friendly practices, it positively correlates with employee attitudes, resulting in greater well-being (Guedes et al., 2023). Work-life conflict (WLC) has also been shown to decrease for employees when organizations partake in family-friendly practices (Vyas, Cheung, Ngo, & Chou, 2022). When family-friendly practices are implemented in a supportive environment, it positively affects employee behaviour and success. Leaders in an organization play an important role in showing employee support and establishing a culture where family-friendly practices are supported and encouraged for employee well-being (Vyas et al., 2022).

Employee well-being can affect employee job performance. A study conducted by Lu, Yu, & Shan (2022) found that employees who have positive mental health have higher job performance, as they are more engaged with their work. COVID-19 has also had an impact on employee performance due to lower levels of well-being. For example, it was found that individuals in China, Spain, and Italy had demonstrated higher levels of anxiety, depression, stress, and other mental health disorders due to the COVID-19 pandemic (Xiong, Lipsitz, Nasri, Lui, Gill, Phan et al., 2020). This supports the earlier findings of Wright & Cropanzano (2000) where it was found that psychological well-being is related to job performance.

The well-being of employees in organizations is a multifaceted aspect influenced by various factors. The exploration of the literature presented has delved into the significant elements affecting employee well-being, ranging from leadership styles and organizational justice to job satisfaction, job quality, age, gender, and family-friendly practices. Engaged leadership has emerged as a crucial factor positively impacting not only employee performance but also mental, physical, and social well-being. Moreover, organizational culture and justice play pivotal roles in shaping employee perceptions of their workplace, directly influencing their well-being. Job satisfaction, closely tied to positive emotional reactions towards one's job, is identified as a key contributor to overall health, emphasizing the interconnectedness of mental and physical well-being. Job quality, encompassing competency, influence, effort, and advancement opportunities, further shapes employees' satisfaction and well-being. Age and gender differences have also been highlighted, with family-friendly practices proving instrumental in creating supportive work environments. As organizations adapt to the changing landscape, especially in the post-COVID-19 era, the implementation of family-friendly practices and flexible work arrangements has gained significance, positively impacting employee job satisfaction and well-being. Recognizing the intricate interplay of these factors is essential for organizations seeking to foster a healthy, engaged, and productive workforce, ultimately contributing to their overall success and sustainability.

2.3 Economic Impact

The well-being of employees plays a crucial role in shaping an organization’s economic outcomes, aligning with the Human Relations Theory that posits a positive association between employee well-being and productivity (Krekel et al., 2019). Diminished levels of employee well-being are linked to reduced productivity, increased rates of absenteeism, and elevated turnover. Recognizing the profound impact of employee engagement, organizations actively seek to cultivate high engagement levels, foreseeing positive ramifications for productivity, innovation, profitability, and employee commitment (Adekoya, Jimoh, Okorie, & Olajide, 2019). A recent investigation by Bryson, Forth, and Stokes (2017) further underscores the interconnection between job satisfaction and job performance, highlighting that heightened job satisfaction positively contributes to increased job performance, thereby enhancing overall organizational productivity. This is also supported by Latif, Ahmad, Qasim, Mushtaq, Ferdoos, & Naeem (2013), in which employees who have more job satisfaction have less turnover and absenteeism compared to less satisfied employees. As a result, organizations that have satisfied employees have higher productivity (Latif et al., 2013).

In accordance with Koys (2001), two critical employee behaviours—performance and retention—are pivotal for organizational success. Koys’ study explores the influence of organizational citizenship behaviour (OCB) on performance, emphasizing the five OCB factors: conscientiousness, altruism, civic virtue, sportsmanship, and courtesy. OCB, as demonstrated, can enhance customer satisfaction, with conscientious employees aiming to
exceed customer expectations, altruistic individuals aiding both internal and external customers, civic virtue proponents analysing and suggesting improvements for the overall customer experience, and those exhibiting sportsmanship and courtesy behaviours fostering a positive environment for both employees and customers. Cross-sectional research further establishes direct links between conscientiousness, altruism, civic virtue, courtesy, and the financial performance of an organization (Walz & Niehoff, 1996).

Moreover, a recent comprehensive study by Krekel et al. (2019) reveals a significant positive causation between high employee well-being and business profitability. Analysing 339 independent research papers encompassing 1,882,131 individuals and the performance of 82,248 businesses, the study robustly supports the Human Relations Theory, affirming that elevated employee well-being corresponds to superior organizational performance (Krekel et al., 2019). This hypothesis is also supported by the study completed by Taris & Schreurs (2009), which reaffirmed that happy and healthy employees contribute to productive organizations. Authors Uribetxebarria, Garamendia, & Elorza found that employee participation is also found to influence higher productivity for employees, which contributes to increased sales for organizations (2021). Furthermore, a study that was conducted by De Witte & Naswall (2003) found that job insecurity is directly linked to organizational commitment. Employees who perceive high job insecurity tend to exhibit lower levels of commitment to their organization, particularly those in temporary positions compared to their counterparts in permanent roles, thereby impacting organizational retention rates (De Witte et al., 2003).

The significance of employee well-being in influencing an organization's economic outcomes is evident. Aligned with the Human Relations Theory, the positive association between employee well-being and productivity underscores the pivotal role of employees' mental, physical, and psychological health in organizational success. The research examined in this section emphasized the pivotal role of employee well-being in shaping organizational economic outcomes. Recognizing the multifaceted impact of employee engagement, organizations actively pursue strategies to foster high levels of engagement, anticipating positive ripple effects on productivity, innovation, profitability, and overall employee commitment. The research presented reaffirms the critical importance of prioritizing employee well-being as a strategic imperative for organizations. By fostering a culture that values employee well-being, organizations can enhance productivity, profitability, and overall organizational performance, thereby ensuring long-term success and sustainability in today's competitive business landscape.

2.4 Practices to Improve Employee Well-being

Ensuring employee well-being is integral to an organization's success, necessitating an examination of practices that positively influence it. A healthy workplace, defined as one maximizing the alignment of worker well-being with company profitability and productivity goals (Sauter, Lim, & Murphy, 1996), requires continuous and evolving efforts, as opposed to a fixed endpoint (Garwitch, Gottschalk, & Munz, 2006). Organizational commitment to fostering employee well-being revolves around five key areas: (1) promoting work-life balance, (2) investing in training and development, (3) prioritizing employee health and safety, (4) recognizing employee contributions, and (5) encouraging employee involvement and voice (Garwitch et al., 2006). Embedded in the Practices for the Achievement of Total Health (PATH) model, these categories, as outlined by Koinig & Diehl, positively impact both employee and organizational health (2021). Complementing this model, the Stimulating Health and Practice Effectiveness (SHAPE) framework emphasizes not only healthy workplace practices but also their implementation through effective communication (Garwitch et al., 2006). Additionally, Jac Fitz-enz identified eight critical organizational practices, including ongoing communication, improvement analysis, acknowledgement of culture, relationship building, cross-functional collaboration, risk-taking, alignment with strategic goals, and adherence to organizational values (1993). Neglecting these practices can undermine organizational objectives, highlighting the need for constant evaluation of the PATH model's implementation, clear communication of objectives, addressing employee needs and implementing processes to gauge the impact of healthy workplace practices (Garwitch et al., 2006).

3. Conclusion

This literature review has provided a comprehensive exploration of the multifaceted concept of employee well-being, its various definitions, and its significant implications for both individuals and organizations. The impact of employee well-being on organizational performance has been established as a growing concern, with research emphasizing its crucial role in fostering organizational success. Organizations with high employee well-being are associated with increased morale, reduced absenteeism, and lower turnover.

The review delved into the intricacies of defining employee well-being, encompassing global and individual perspectives, and highlighted the importance of considering both hedonic and eudaimonic dimensions. It also
presented diverse constructs such as job satisfaction, workplace happiness, employee commitment, and engagement as indicators of well-being. Moreover, the influences on employee well-being were explored, spanning leadership styles, organizational culture, job satisfaction, job quality, age, gender, and family-friendly practices. Engaged leadership emerged as a critical factor positively impacting not only employee performance but also mental, physical, and social well-being. Organizational culture, justice, and job satisfaction were identified as pivotal in shaping employee perceptions and well-being. Age and gender differences, along with the implementation of family-friendly practices, were also discussed in the context of their impact on employee well-being.

Furthermore, the literature review emphasized the economic impact of employee well-being, emphasizing its association with organizational productivity, innovation, profitability, and employee commitment. Research findings supported the Human Relations Theory, suggesting a positive causation between high employee well-being and business profitability. The review also highlighted the interconnected nature of job satisfaction, performance, and organizational success.

Finally, practices to improve employee well-being were discussed, focusing on areas such as promoting work-life balance, investing in training and development, prioritizing health, and safety, recognizing employee contributions, and encouraging employee involvement. The importance of ongoing communication, improvement analysis, acknowledgement of culture, and adherence to organizational values was emphasized in fostering a healthy workplace.

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