EMPLOYEE WELLBEING - EFFECTIVENESS ON MOTIVATION AND ORGANIZATIONAL PERFORMANCE

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Abstract

Wellbeing is increasingly a focus of many governments across the globe. It is viewed as a legitimate target of government policy in its own right, but there are also reasons to think that improvements in employees' wellbeing may be conducive to economic growth. With this context business organizations need to focus on their employee’s wellbeing closely. Many researchers have identified significant positive relationship between employee wellbeing and many human resources functions. Furthermore wellbeing has beneficial effects on the firm’s performance, growth and profitability, in both absolute and relative terms. Therefore employee wellbeing is critical factor to examine for any organizational prospective and legislation compliance as well.

This paper focuses on the wellbeing of employees and its potential impact on workplace performance. As yet there is relatively little empirical evidence on the relationship between employees' subjective wellbeing and workplace performance. The purpose of the paper is to show that, though essential, the achievement of business performance outcomes has obscured the importance of employee wellbeing at work. With this in mind, this paper seeks to examine the effects of employee wellbeing on human resources management practices and organizational performance. The paper follows deductive approach to examine the associated theories and empirical evidences of employee wellbeing. Literature review use as the research tool for this study.

Key Words: Employee Wellbeing, Human Resources Management Practices, Organizational Performance
1. Background of the Study

The competitiveness of business environment is influence for every industry. To gain sustainable development within this competitive environment, organizations need to have continuous improvements in performance. In here organizations can enhance its product and service quality and features, reduce the cost of product etc. To achieve this high level of performance are necessary for this purpose every organization should strengthen its human resource management function. Human resource management is considered as a key solution to elevate organizational performance through organization capability (Katou, 2010; Chang and Huang 2005). This human resources function focuses on problems and issues arise in organizational perspective context and in the meantime it support the business activities as well (Liao, 2005). Few authors recommended that the association of planned HR practices with business strategy enable organization to achieve its desired performance level and competitive advantage (Wright and McMahan, 1992; Chang and Huang, 2005; Chan and Mak, 2012; Altarawneh and Aldehayyat, 2011). The principles and techniques designed by the HR function influence how the entire organization is managed (Marchington and Wilkinson, 2005). Accordingly HRM can be defined as high performance work system (Appelbaum et al., 2000), “high commitment” (Guest, 2001) or “high involvement” (Wood, 1999). Currently, there have been calls to emphasize more on employee - centered outcomes and not only on the effects of Human Resources Management on organizational performance (Boxall and Macky 2009;) In addition to that, HR is system of management that brings out employees commitment and involvement to achieve organizational expectation (Guest, 2001). There is a long history of interest in how to enhance organizational performance through improving the management of work and people, including such well-known developments as scientific management, the human relations movement, socio-technical work systems, industrial democracy, and job enrichment (Boxall and Purcell 2011; Karasek and Theorell 1990; Watson 1986, inter alia).

However, economic performance may incorporate short or long run financial outcomes and organizational performance can extend to wider notions of social legitimacy or corporate social responsibility (Boxall and Purcell 2011; Edwards and Wright 2001; Paauwe 2004). Bakke (2005). They further emphasize that wellbeing can be linked to promote an
environment that make-work exciting, rewarding, stimulating, enjoyable and proposes that joy-filled workplaces improve financial performance. This argument was future elaborated by Currie (2001) as “For organizations to be able to remain sustainable it is inevitable that promoting the wellbeing of its employees is necessary to enhance performance, and thereby survival and further development of the organization” (Currie, 2001).

Employee wellbeing is increasingly a focus of governments and private organizations attention in Europe and many developed countries. Employee wellbeing is a vital factor for organizational success. Because of this reason many companies and researches seriously analysis about the concept of employee wellbeing. Developed countries such as USA, UK, Japan, Denmark, and Sweden highly focus on the employee wellbeing in the organizational premises while achieving their higher economic goals. However, developing countries such as Sri Lanka and other Asian countries have not paid much attention, reading this concept and appear to lag behind developed countries in the world. There will be no compromise of an individual's well-being in anything we do.” Even governments have become involved in employee well-being: Consistent with these trends, research shows that employee well-being is an important concern for organizations. Extensive evidence indicates that employee well-being has a significant impact on the employee performance and survival of organizations by affecting costs related to illness and health care (Danna & Griffin, 1999), absenteeism, turnover, and discretionary effort (Spector, 1997). Himalayan kingdom of Bhutan has maintained a national happiness index since 1972, which has begun to attract the attention of the world and the global media (Revkin, 2005). It is viewed as a legitimate target of government policy in its own right, but there are also reasons to think that improvements in employees' wellbeing may be conducive to economic growth.

The concept of employee wellbeing at work promotes advantages to organizations of having a healthy workforce (Cooper and Robertson, 2001). Therefore, the dynamics of employee wellbeing at work is pivotal in the understanding of the different domains that affect the quality of life at work. Research has been undertaken by economists, sociologists and psychologists into understanding people’s sense of wellbeing or distress (Kersley et al., 2006; Peccei, 2004; Warr, 2002). The better handling of employee well-being may give many
advantages to a company to achieve expected performance levels. In other hand, provide long-term advantage to achieve corporate goals.

According to the research and practice prospective Sri Lankan government sector and privet sector both have not shown a significant focus on employee wellbeing. The paper is going to look at how organizations are managing its employees’ well-being and the effects of employee wellbeing on human resources management practices and organizational performance.

1.1 Methodology

The methodology section describes the research procedures. This paper adopts the deductive approach in which arguments and explanations are mainly supported by empirical evidences and associated theoretical contents. The author attempt to examine journal articles and other publications related to the Employee Wellbeing. Literature review use as the main research tool for this paper. This paper attempts to explore the different dimensions and applicability of the concept of employee wellbeing which is relatively new to the Sri Lankan context. Finally this paper attempted to discuss and conclude by giving future research directions for intended researchers.

2. Literature Review

2.1 Employee Wellbeing

Today most of the organizations are highly concerned regarding the employee wellbeing. So employee well-being is the hottest topic in the organization now a day. According to the Lyubomirs, 2001, there is no clear definition for employee wellbeing but everyone can understand the meaning of this term. Fisher (2003) realized that most of the organization owners and managers realized that satisfied and healthy employees contribute the organizational productivity than others. This reflects that employee wellbeing has considerable impact on performance and endurance of organizations in different ways. In here few authors describe that employee wellbeing cause to high job performance, organizational citizenship behavior, and flexible effort and reduce employee turnover and absenteeism (Judge et al., 2001; Wright & Cropanzano, 2000). According to the Judge & Watanabe, (1993), the managerial practices of the organizations are highly influence for the employee
wellbeing. Warr (2002) argued that cognitive factors that affect the quality of life are likely to be linked to people’s perception of their own level of wellbeing. Therefore effective wellbeing (psychological) emphasizes the centrality of feelings about life. Nevertheless, Currie (2001) views employee wellbeing at work as the physical and mental health of the workforce. That is, employees should be working in a stress-free and physically safe environment. Healthy organizations are critical for survival in this competitive global business environment. Essential factors leading to organizational and personal wellbeing involves open communication, team working and co-operation, flexibility, support, and a balance between work and personal life (Kraybill, 2003). This view is reinforced by (Schuster, 1998) who purports that a significant relationship exists between attention to employees and superior organizational performance. Introducing wellbeing at work into business and public sector organizations is likely to introduce a change in the organizational climate that makes room for innovative practices that can produce positive organizational outcomes.

However, we define well-being more broadly as the overall quality of an employee's experience and functioning at work (Warr, 1987). Employee well-being encompasses physical, emotional and financial strength of employees and is not limited to health management but rather a combination of physical, emotional and financial strength. In the words of the physician and writer Atul Gawande, “It is about the reasons one wishes to believe.” The dimensions of well-being are inter-related, and by solving issues for the whole rather than a part, employers can maximize performance and make their organizations great places to work. A single sentence definition of employee well-being would be, ‘the active state of pursuing good health and life skills with the aim of achieving sound physical and emotional health as well as financial security. It’s the confidence that a person possesses and the ability, tools, and support to sustain individual good health and productivity”.

Many authors have identified a direct link between employee well-being and organizational performance. Apart from that the employee wellbeing can achieved through human resources management practices. Currently and gradually, well-being is of great importance in our lives. For individuals to maintain good rates of motivation and physical and mental health, it is necessary that they feel good about themselves, their lives, and the events that occur in them.
(Imaginário, Vieira & Jesus, 2013). Individuals are always in a continuous search for obtaining and maintaining resources (such as energy, time, conditions, and personal characteristics) to ensure their wellbeing (Hobfoll, 2002). However, as noted above, the time, energy, and attentional resources of an individual are finite, and a greater commitment to one role necessarily implies that less dedication is given to the other, increasing work family commitment and consequently diminishing the wellbeing of the individual.

The concept of employee wellbeing illustrated that the company is available with a healthy workforce (Cooper and Robertson, 2001). Therefore the feature of employee well being describe about the different domains that impact for the quality of life of employee. Because of this reason large number of researchers tries to find out the people’s sense of wellbeing or distress (Kersley et al., 2006; Peccei, 2004; Warr, 2002). The cognitive factors are highly influenced for the quality of life and the people’s perception regarding their quality of life emphasis their own level of wellbeing Warr (2002). So the wellbeing is totally link with feeling about life. The employee wellbeing in the work place categorized into two concept, physical health of workforce and mental health of workforce. (Currie, 2001). The stress free and physical safe environment can generate physical and metal healthiness workforce to the company. Bakke (2005) explain this view and describe that wellbeing can generate enjoyable, rewarding, stimulating, exciting and joy filled workplace.

Healthcare researchers use the term health to describe "A state of complete physical, mental and social well-being and not merely the absence of disease or infirmity" (World Health Organization, 1946). Similarly, philosophers have suggested that well-being consists of a person's psychological, physical, and social functioning (Nussbaum, 2001; Sen, 1993). The psychological dimensions include agency, satisfaction, self-respect, and capabilities. The physical dimensions include nourishment, shelter, health care, clothing, and mobility. The social dimensions include participating in the community, being accepted in public, and helping others. Likewise, psychologists and sociologists often define well-being in terms of these same three dimensions. In fact, psychologists have developed a proposal for a national well-being index that includes psychological, physical, and social parameters in order to capture a person's well-being in its entirety (Diener & Seligman, 2004), and sociologists have offered similar conceptualizations (Allardt, 1993).
2.2 Dimensions of Employee Wellbeing

Together, these interdisciplinary perspectives suggest that a person's well being can be assessed in terms of three dimensions. The psychological approach defines well-being in terms of subjective experience and functioning, the physical approach defines well being in terms of bodily health and functioning, and the social approach defines well-being in terms of relational experience and functioning.

2.2.1 Happiness

Employee happiness is interconnecting with the psychological wellbeing of the employees. Psychologists and other social scientists have spent many years to the study of psychological well-being, which focuses on the subjective experiences of human being. Psychologists identified two components of psychological well-being: hedonic and eudemonic (Ryan & Deci, 2001).

The hedonic component is concerned with subjective experiences of pleasure, or the balance of positive and negative thoughts and feelings in individuals' judgments. In organizations, research with regard to the job satisfaction represents the hedonic approach to understanding psychological wellbeing. Job satisfaction is defined in terms of employees' subjective judgments about their employment situations (Locke, 1976; Weiss, 2002). However, some scholars have argued that job satisfaction is a passive state, describing satisfied employees as "contented cows" (Koprowski, 1981, p. 459) and arguing that "a high level of job satisfaction probably is closer to a state of bovine contentment than a state of happiness" (Ledford, 1999, p. 30). According to that most of the organizations highly considered about the employee satisfaction before think about the employee wellbeing.

The eudemonic components totally focus on the fulfillment and realization of human potentials meaning is defined in terms of employees' feelings of fulfillment and purpose in their efforts (Wrzesniewski et al, 2003)

2.2.2. Health

Healthcare researchers use the term health to describe "A state of complete physical, mental and social wellbeing and not merely the absence of disease or infirmity" (World Health
Organization, 1946). Similarly, philosophers have suggested that wellbeing consists of a person's psychological, physical, and social functioning (Nussbaum, 2001; Sen, 1993). Physical wellbeing has been extensively studied in the social and natural sciences in terms of both objective physiological measures and subjective experiences of bodily health (Testa & Simonson, 1996). Organizational researchers study the link between work and employee physical health in at least three ways. First, work is a potential source of injury or disease (Danna & Griffin, 1999). Second, work can be a source of stress (Karasek & Theorell, 1990). Third, work is a source of benefits that allow, directly and indirectly, for the purchase of healthcare services in geographical areas that do not otherwise provide universal healthcare (Adler et al., 1993).

Heavy workload, stress, work intensification is common issues related to the job environment. These factors are highly influencing for the employee health. Here what is referred to as health is occupational health literature, stressors and stress (Spector and Jex 1998). The health of individual is related with the physical wellbeing and it is consist with both objective psychological measures and subjective experiences of bodily health (Testa & Simonson, 1996). Fisher (2003) realized that most of the organization owners and managers realized that satisfied and healthy employees contribute the organizational productivity than others.

2.2.3 Relationships

Relationship is mainly talk about the communication aspect of the individuals and the connection between employees and employers of the organization (Grant 2007). According to the clarification of Adler & Kwon (2002) the social wellbeing consist with few terms such as conviction, social support, reciprocity, leader-member exchange, collaboration, harmonization, and incorporation. Social well-being refers to the quality of one's relationships with other people and communities (Keyes, 1998). Whereas psychological well-being and physical well-being are properties of the individual employee, social well-being focuses on the interactions that occur between employees (Brad Bury & Lichtenstein, 2000). Organizational researchers study social well-being in terms of trust, social support, reciprocity, leader-member exchange, cooperation, coordination, and integration (Adler & Kwon, 2002; Gerstner & Day, 1997; Kramer, 1999).
Van Veldhoven (2005) and Vanhala and Tuomi (2006) found that the majority of relationships between human resources practices, strain and organizational performance were non-significant. Only De Joy et al. (2010) established a positive relationship between a healthy workplace intervention and reduced stress, while no effect on organizational performance was the connectivity of relationship with employee wellbeing can be named as social wellbeing.

2.3 Self-Determination Theory (SDT) and Employee Wellbeing

Self Determination Theory (SDT) is a macro theory of motivational level of individual and personality that discusses people's integral growth tendencies and inherent psychological needs. Theory concerned with the motivation effecting to the process of selections people make minimum or zero external influence and interference. SDT focuses on the degree to which an individual’s behavior is self-motivated and self-determined. This theory (SDT) involves a set of associate theories that explain human behavior by explaining different types of motivation that an individual may involve in for a task or set of activities (Deci and Ryan, 1985). Also SDT (Deci and Ryan, 1985) predicts that employees’ perceptions of their superiors autonomy support will forecast satisfaction of their intrinsic needs for competence, autonomy, and relatedness, and in turn will predict work performance and flexibility of work (Baard et al., 2004)

Likewise various theories of psychological wellbeing have shown an association with elements of self-determination theory (i.e. autonomy, environmental mastery, positive relations with others, personal growth, purpose in life, self-acceptance) (Ryff, 2004). Research identified that satisfaction of all psychological (Autonomy, Environmental and Relatedness) needs are associated with higher level of well-being across age, cultural dimensions (Hahn and Oishi, 2006), and across the lifespan (Kasser and Ryan, 1999). Several studies, across different life domains, have provided support evidence for this claim (e.g., (Deci and Ryan, 2008). Deci et al. (2001) assessed satisfaction of the three needs at work and found direct positive relationship between the degree of need satisfaction, and both work engagement and well-being on the job. Kasser and Ryan (1999) found that satisfaction of autonomy and relatedness needs in residents of a nursing home were positively related to their well-being and perceived health.
Evidence has been found for correlations between need satisfaction of the three needs and employees’ general (Deci and Ryan, 2000, Baard et al., 2004), and work-related well-being (i.e., job satisfaction, work engagement, and lower burnout), favorable attitudes (i.e., decreased turnover intentions, increased readiness to change), higher performance (Van den Broeck et al., 2010), and optimal functioning (Gagne & Deci, 2005). Satisfaction of basic needs has been found to predict psychological health, even after controlling for employees’ salary and organizational status (Ilardi et al., 1993). Employees’ reports of satisfaction of their basic needs in the workplace relate positively to self-esteem, general health, and vitality, and inversely to anxiety (Baard et al., 2004). More specifically, autonomy-supportive leadership style has a positive impact on employees’ well-being and performance (Baard et al., 2004, Van den Broeck et al., 2008, Deci et al., 1989, Breaugh, 1985). Studies have found that managers’ autonomy support led to greater satisfaction of the needs for competence, relatedness, and autonomy and, in turn, to more job satisfaction, higher performance evaluations, greater persistence, greater acceptance of and motivation for organizational change, and better psychological adjustment (Baard et al., 2004, Deci et al., 2001, Gagne et al., 2000, Ilardi et al., 1993, Kasser et al., 1992).

In addition to relating to employees’ optimal functioning, basic need satisfaction is also useful in understanding the impact of supervisors’ leadership styles (Deci et al., 2001) and job characteristics (Van den Broeck et al., 2008), and their impact on employees’ well-being and performance.

2.4 Human Resource Management Practices and Employee Wellbeing

According to the findings of researchers, there is direct combination between the human resource management and the employee wellbeing. There are lots of literature and meta-analysis which describe about this interconnection Ford, Cerasoli, Higgins, & Decesare, (2011). Appelbaum (2002) highlighted that it is difficult to draw any definitive conclusions a shortcoming of analyses to date is that they focus solely on the associations between HRM and well-being, or between HRM and organizational performance. In addition to that they describe about the positive relationship among Human resource practices and the above mentioned dimensions of employee wellbeing. According to that, there is a positive
relationship among the human resource practices and the relationship dimension of the employee wellbeing. Because human resources function is developed the team empowerment practices within the organization by practicing work designs, leadership, and team process. Not only that Collins and Smith (2006) illustrate that human resource practices shape the employee trustworthy regarding the organization as well. Alongside that few researches realized human resource practices are negatively impact for the employee well being due to high work load pressure, job strain, emotional exhaustion, work intensification etc Van Veldhoven (2005).

Anantharaman (2003) found that the majority of Human Resources practices were associated with organizational performance, but not with team processes. In short, the studies show that HRM is predominantly positively associated with relational aspects of employee well-being and with organizational performance established. Two studies (Ramsay et al. 2000; Truss 2001) reported a positive relationship between HRM and performance but also reported a simultaneous negative effect of HRM on employee health wellbeing (workload and strain).

Thus studies may explore the effective applicability of employee wellbeing and how wellbeing will contribute to the employee satisfaction, performance and largely to the development of the economical aspect. On the other hand detail analysis about the human resource function of organizations and its contribution to improve the employee well being also will be beneficial for human resource professional and in other service and manufacturing organizations as well. Also Human Research professional can take necessary actions and convince top management to increase the level of employee well being to satisfactory level.

3. Conclusion and Further Research Areas

Recently concept of wellbeing has gained the more attention of both human resources practitioners and scholars (Robertson & Cooper, 2010), Also it is evident that employee wellbeing is showing a positive association with many of the human resources functions such as motivation, employee engagement, job satisfaction performance etc. These human resources functions are very critical for the success of any organization.
Addition to this Gao, Zheng, & Yan, (2010) has identified that cultural differences between Eastern countries and Western countries tend to lead to differences in Chinese and Western beliefs in regards to wellbeing. Specifically, Western cultures emphasize the importance of environmental mastery, autonomy, and personal emotions in well-being, whereas Chinese culture places greater emphasis on harmony and social values in achieving a higher level of well-being.

This calls for future research that would replicate the present status utilizing a wider variety of samples and especially involving many studies from different contexts and cultural backgrounds. Many researchers are warranted in the future who would like to move forward with the topic of employee wellbeing to examine the practicality of the topic and influence of different aspect of employee wellbeing to the human resources management. The role of psychological wellbeing of employees towards performance has been claimed as a proposition to investigate within services sector whilst its relationship with different employee-related perspectives is also highlighted (Javed, Sambasivan & Dissanayake, 2015). Thus, future research may examine the concept of employee wellbeing in different industries and sectors considering the human resource management practices found within
5 References


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