

Employee Well-being: An Emerging Strategy for Human Capital Management

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Abstract

Wellbeing is fundamentally associated with numerous aspects in one's life say health, job, family, community, environment, and financial benefits to name a few of them. The term employee wellbeing is very comprehensive and hence it has a widespread impact not only on the employee's performance at the workplace and her/his life at home but also creates a great impact on the organizations where they are working. After the COVID-19 pandemic employers are focusing more on wellbeing now than ever before. On one side it is seen that this pandemic has introduced the Work from Home (WFH) concept more rigorously and employees could balance work and life profoundly. In contrast, on the other side, some found juggling between work and life, as there are no distinctive boundaries between work and life. When employees can maintain healthy and positive mental states, they can take on their roles confidently and enthusiastically, leading to higher productivity and job satisfaction. This article explores the concept of employee well-being, examining its advantages for organizations and current practices in Indian companies. Further, it offers recommendations for strategies that organizations can implement to enhance employee well-being.

Keywords: employee well-being, subjective well-being, objective well-being

INTRODUCTION

The World Health Organisation (WHO) estimates that poor mental health costs the global economy US\$1 trillion annually in lost productivity. In India alone, a 2019 estimate from WHO predicts that the economic loss due to mental health conditions between 2012 and 2030 will stand at around US\$1.03 trillion (Birla, 2019).

The "Mental health in the workspace 2022" survey by Deloitte, with 3,995 respondents across 12 key industries and demographics with more than 60 interviews of mental health experts, corporate leaders, and employees revealed that workplace-related stress is highest for white-collar employees. Due to mental health problems, 33% of respondents reported the workplace but had low performance, 29% remained absent and 20% resigned from the firm. Mental health adversely impacts the workplace performance and productivity of employees.

According to Aon India Primary Care Benefits Report 2023 which mapped 250 companies found that eight in 10 companies in India Inc. have increased their spending on well-being in 2023 compared to 2019 while two in three firms believe unhealthy employees have a direct impact on business financials.

OBJECTIVES OF THE STUDY

The objective of the study is to identify elements of employee well-being, factors affecting employee well-

being, and practices of employee well-being in Indian organizations. This study also identified innovative employee well-being strategies that can be adopted by employers.

Conceptual framework of employee well-being

The concept of employee well-being is very wide and comprehensive and one needs to understand it from a holistic perspective. Employee well-being is being used synonymously with other terms like Employee Welfare, Employee Happiness, Work-Life Balance, and Employee Satisfaction. The following definitions/discussions will give an insight into the concept of employee wellbeing. The terms employee happiness and employee well-being are used interchangeably.

The working paper by ILO discusses two basic approaches to well-being: objective well-being measures, which include a wide range of economic and social indicators and can be represented either by a dashboard of selected indicators or as a composite index based on a weighting scheme; and subjective well-being measures, often referred to as happiness metrics. The best-known composite index is the Human Development Index produced by the United Nations Development Programme (ILO working paper, 2022).

Organization for Economic Cooperation and Development (OECD) states, “[s]ubjective well-being reflects the notion that how people experience a set of circumstances is as important as the circumstances themselves and that people are the best judges of how their own lives are going” (OECD, 2011).

There are two measures of subjective well-being. The first is life satisfaction or the average measure of how persons evaluate their lives as a whole. This is a retrospective, long-term measure. The second measure of subjective well-being, which is short-term in nature, is affect, which can be both positive and negative and which measures emotions at a given point in time. Positive affect captures the experiences of feelings of happiness, joy, excitement, and love, while negative affect captures experiences of feelings of anger, pain, and sadness.

Objective well-being indicators have been developed for many areas, including housing conditions, health status, work-life balance, education and skill level, social connections, civic engagement and governance, environmental quality, and personal security (OECD, 2011).

There could be two perspectives to measure the employee's happiness, one is the organizational perspective (Workplace happiness/Employee's well-being) and the second is the individual perspective (Individual happiness). The factors contributing to an Employee's well-being or Employee's workplace happiness are economic wellness, environmental wellness, infrastructural wellness, social and academic wellness, and democratic wellness. The factors contributing to individual happiness are life satisfaction, interpersonal relationships, self-affirmation, and physical and mental health (Dharmesh Gadhavi et.al, 2021). The sources of deriving happiness cannot be distinctly observed in both cases as they are very much interweaved and it is necessary to understand the elements of employee happiness.

Elements of Employee Well-being

From the definitions provided, employee well-being encompasses various elements, which can be broadly categorized into five: physical, financial, mental, social, and community well-being. It's important to recognize that these elements are interconnected and do not function independently of each other. Some of the factors responsible for each of these elements are given below-

Physical well-being – means providing good health which includes factors like accessible spaces, physical fitness, and problems like diseases, immunity, musculoskeletal problems, and cardiovascular.

Mental or Psychological well-being – ensuring a positive emotional state which includes factors like job satisfaction, job engagement, autonomy, environmental mastery, personal growth, purpose in life, and problems like stress, anxiety, frustration, etc.

Financial well-being – includes factors like financial literacy, savings, income, borrowings, expenditures, debt, and insurance.

Social well-being – includes factors like the sense of belongingness, relations at the workplace with subordinates, colleagues & bosses, and relations with family, relatives & friends.

Community well-being – includes factors like place of stay, community people, relations with people in residence, voluntary contribution to the community

FACTORS AFFECTING EMPLOYEE WELL-BEING IN THE ORGANIZATIONS

Griffin & Danna (1999) in their study on Health and well-being at the workplace pointed out the following factors negatively affecting well-being at the workplace:

1. Factors intrinsic to the job that are potentially stressful include work overload or underload, shift work, long hours, travel, risk and danger, new technology, and the quality of the physical working environment.
2. Role in the organization like Role ambiguity, role conflict, and the degree of responsibility for others are also major sources of potential stress.
3. Relationships with superiors, colleagues, and subordinates have also been identified as potential stress.
4. Job insecurity and career development have increasingly become sources of occupational stress with multiple negative outcomes.
5. Organizational structure and climate. Sources of stress relating to organizational structure and climate may result from organizational culture and management style. These sources include the lack of participation and effective consultation, poor communication, politics, and the consequences of downsizing.
6. Home/work interface that manages the link between work and home has become an increasingly potential source of stress, particularly for dual-career couples and those experiencing financial difficulties or life crises.

ADVANTAGES OF EMPLOYEE WELL-BEING

There are many direct and indirect benefits of employee well-being which are listed as follows:

Better employee morale and engagement	Healthier and more inclusive culture
Lower sickness absence High productivity	Reduced health risks
Low level of absenteeism	Retention of good people
Good behavior toward customers'	Loyalty and commitment
Reduces employee turnover	High employee engagement
Induces positive work culture	Greater employer branding
Lower business cost	

EMPLOYEE WELL-BEING IN INDIAN ORGANIZATIONS

More than three-quarters of all the workers in Indian businesses reported low levels of well-being, but this is not unique to India. A joint report by Indeed and Forrester Consulting has found that only 24% of employees in Indian organizations experience high levels of well-being at their workplaces. The survey

results indicate that Indian organizations are almost on par with the global average of thriving employees – 25%.

Employee well-being has emerged as a pivotal focus for Indian organizations in 2024. A whopping 62% of the companies say employee well-being – including financial well-being and wealth creation – is the top consideration in their HR strategy for the year, according to The Future of Pay in India 2024 research released by ADP company which is named in FORTUNE Magazine's "World's Most Admired Companies". The idea of employee wellness in various businesses and sectors differs while taking into account the human resource management techniques prevalent there (Shukla & Pandey, 2022).

Kellanova India, the company behind popular brands including Pringles and Kellogg's, has a structured program called "My Total Health" for ensuring mental support. The company partners with Amaha, an external mental health support organization, which facilitates comprehensive support through counseling services for employees and their dependents. (Avlani, 2024).

P&G India had previously announced that it is further bolstering its mental well-being initiatives with the 'Happy Minds 2.0' program, which shifts the focus from mental health to mental well-being. It consists of a range of initiatives, including counselor services at the workplace, preventive mental health check-ups, enhanced awareness among company leadership to identify mental wellbeing impact indicators within work groups, and increased flexible working arrangements for employees, among other measures (Bandyopadhyay, 2023).

PwC deploys advanced data analytics BXT (Business-experience-Technology) methodology, for initial program diagnostics, solution design, employee listening, employee preference analytics, and perhaps most interestingly, for continuous feedback on employee behaviors and key program benchmarks. The firm also has been tracking employee wellness issues for years in pulse-style surveys like its annual Employee Financial Wellness Survey and its Health and Well-being Touchstone Survey.

A study of employee happiness of teaching and non-teaching staff at Ganpat University revealed that life satisfaction and physical and mental health contribute more to determining employee overall happiness at the individual level (Dharmesh Gadhavi et.al, 2021).

While companies boast mental health awareness-free yoga classes, and quiet rooms, these gestures often fall into the trap of "well-being washing," prioritizing appearances over genuine support. Imagine lengthy work hours negating the impact of yoga classes offered during crunch time or quiet rooms gathering dust, mocking the promise of peace. Consistent practices surrounding work-life balance create confusion and erode trust, ultimately harming employee morale, productivity, and retention (Yvonne Jacob, 2024).

INNOVATIVE EMPLOYEE WELL-BEING STRATEGIES

Employee well-being is more crucial than ever because businesses have finally recognized its potential to improve workers' lives, lower absenteeism, and healthcare expenses, and foster a positive workplace culture. The 2022-2023 Aon's Global Wellbeing Survey rated employee wellbeing as the first among top priorities for companies for the next five years. The following are employee wellbeing strategies adopted by employers:-

Employee Assistance Programs (EAPs) – EAPs help employees cope with personal problems that may impair their personal lives or job performance. Employers may choose two delivery options, The first one is referral EAPs which lists the names and contact information for a variety of professional services ranging from crisis hotlines to alcohol and substance abuse treatment programs, and the second option is full-service EAPs which may include service providers such as alcohol treatment programs through in-

house services, third-party providers or consortium EAPs (Martocchio J Joseph, 2010). The most popular solutions that employers offer to promote mental health in the workplace are employee assistance programs (62%), followed by digital health tools at 46%, and education at 43%. Flexible work schedules follow closely behind at 35% of companies that offer them as a new benefit (Wellable Labs, 2022).

Managers as Custodians of Well-Being- Managers check in with employees about their well-being, ensure employees' workloads are manageable; encourage employees to take breaks during the day; promote wellness benefits; encourage employees to use their paid time off and take necessary breaks from work; communicate openly about their well-being with employees; introduce model healthy habits; lead team wellness challenges or activities.

Creating organizational support - Employee belief in organizational support can enhance employees' positive feelings, motivations, and organization-benefitting actions (Pawar B S, 2020). Transformational leadership, organizational justice, organizational support, and workplace spirituality play vital roles in the enhancement of employee performance and employee well-being.

Employee engagement – Gallup has found that adoption rates of well-being initiatives are substantially higher when people have great managers who engage them in their work first and establish trust. It is difficult to get people excited about an organization's attempt to improve their well-being when their work is boring or miserable (Clifton J & Harter J, 2021).

Work-Life balance – Absolutely, maintaining a healthy work-life balance is crucial for employee well-being and productivity. It can be especially challenging for employees with dual-working parents who need to juggle work responsibilities with family commitments. Employers should prioritize creating a supportive work environment that allows employees to fulfill their family obligations while also pursuing career opportunities. By promoting work-life balance, employers can help their employees thrive both personally and professionally. Employers can encourage employees to use their vacation days and take mental health days when needed, leave work on time, allow flexible working hours, allow remote work, etc.

Use of HR analytics - HR analytics can be used to measure and analyze employee well-being metrics, such as work-life balance, stress levels, and job satisfaction. By understanding these factors, organizations can develop strategies to improve employee well-being and create a more positive work environment.

Generational well-being - A recent report by Indeed and Forrester Consulting — Work Wellbeing in India 2023 Report survey was based on 2,132 respondents in India in the active workforce, aged 18 or more, and working full-time, part-time or have been unemployed for less than two years found that Gen Z cohort of 18 to 26 years were less satisfied with their work wellbeing, compared with millennials at 24% and Gen X at 27%. The people who reported high well-being levels also felt more energized, were part of a respectful work environment, and had managers who helped them succeed. So organizations need to have employee well-being strategies customized to a multigenerational workforce rather than a "one size fits all" approach.

The 2023 Deloitte India Benefits Trends Survey reveals that millennials and Gen Z-s now make up around 65 percent of today's workforce, and hence companies are actively reimagining their benefits packages to align with this group's expectations, and to remain attractive in the competitive talent market. Gen Z wants gender-neutral childcare benefits, flexible work, and an inclusive and diverse culture as well as an organization that rewards and recognizes their performance.

Integrated well-being strategy - Aon –global well-being report 2022 pointed out that most are targeted to one dimension of well-being or another, though some can cross multiple dimensions for example, a

credit counseling program not only helps with financial well-being, but the resulting reduction in stress can be a positive for emotional wellbeing as well. But nearly as many organizations said that well-being incorporated parts of their DE&I, ESG, and Total Rewards strategies.

Dedicated well-being authority – The companies have separate authority to take care of the well-being of all employees and they are designated by different names like Chief Health Officer in Accenture Company whose focus is to devise strategies to improve the health and well-being of more than 600,000 people, so that they can bring their fullest and best selves to work or say Chief Fitness Officer in Zomato with a background in finance and fitness, to work closely with Zomato employees to promote wellness and healthy living (Johny Ritu Maria, 2024).

Flexible workspaces – After the pandemic, the momentum of remote working has not slowed down the technology-driven world, and increasing start-ups are demanding an ecosystem that will foster well-being, productivity, and creative and congenial workspaces. Physical fitness can be achieved in workplaces like ergonomic workstations, walking meetings or standing desks, on-site fitness facilities, or classes, such as yoga or gym.

Risk Management – Risk management involves proactively identifying physical as well as psychological hazards at the workplace and after evaluating the risks then it should be managed by altering those aspects of design, organization, and management of work, and their social and organizational contexts which have the potential of causing harm. Behavior-based safety interventions to remove unsafe behavior Cognitive Behavior Therapy and relaxation techniques for managing psychological risks are some of the widely used interventions (Kinder A et.al, 2008).

Beyond statutory boundaries – There are employee welfare statutory provisions that are mandatory for organizations under various social security labour legislations. Some organizations are having welfare practices over and above the mandate to take care of employee wellbeing. TATA Steel's exemplary social security scheme is one example that the company had introduced for their Tata Steel workers, employed directly. Amongst one of them is guaranteeing a standard of living to a disabled employee or his family even if he is not on duty but in the service (Patwardhan Vivek, 2024).

CONCLUSION

In conclusion, prioritizing employee well-being is not merely a trend but a fundamental aspect of fostering a productive and harmonious workplace. In today's rapidly changing business landscape, marked by Great Resignations, increased demand for hybrid or remote work, and the high expectations of aspirational Gen Z employees, organizations are facing significant challenges in retaining top intellectual talent. This talent, being a crucial intangible asset, is essential for the success of any business. When organizations invest in the physical, mental, and emotional health of their employees, they not only enhance job satisfaction and loyalty but also drive overall business success. A supportive work environment that promotes balance, offers growth opportunities and acknowledges individual needs creates a more engaged and motivated workforce. As companies continue to navigate an evolving landscape, embracing a holistic approach to employee well-being will remain a key factor in achieving sustainable growth and maintaining a competitive edge. Ultimately, the commitment to employee well-being reflects a forward-thinking ethos that values the most critical asset: its people.

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