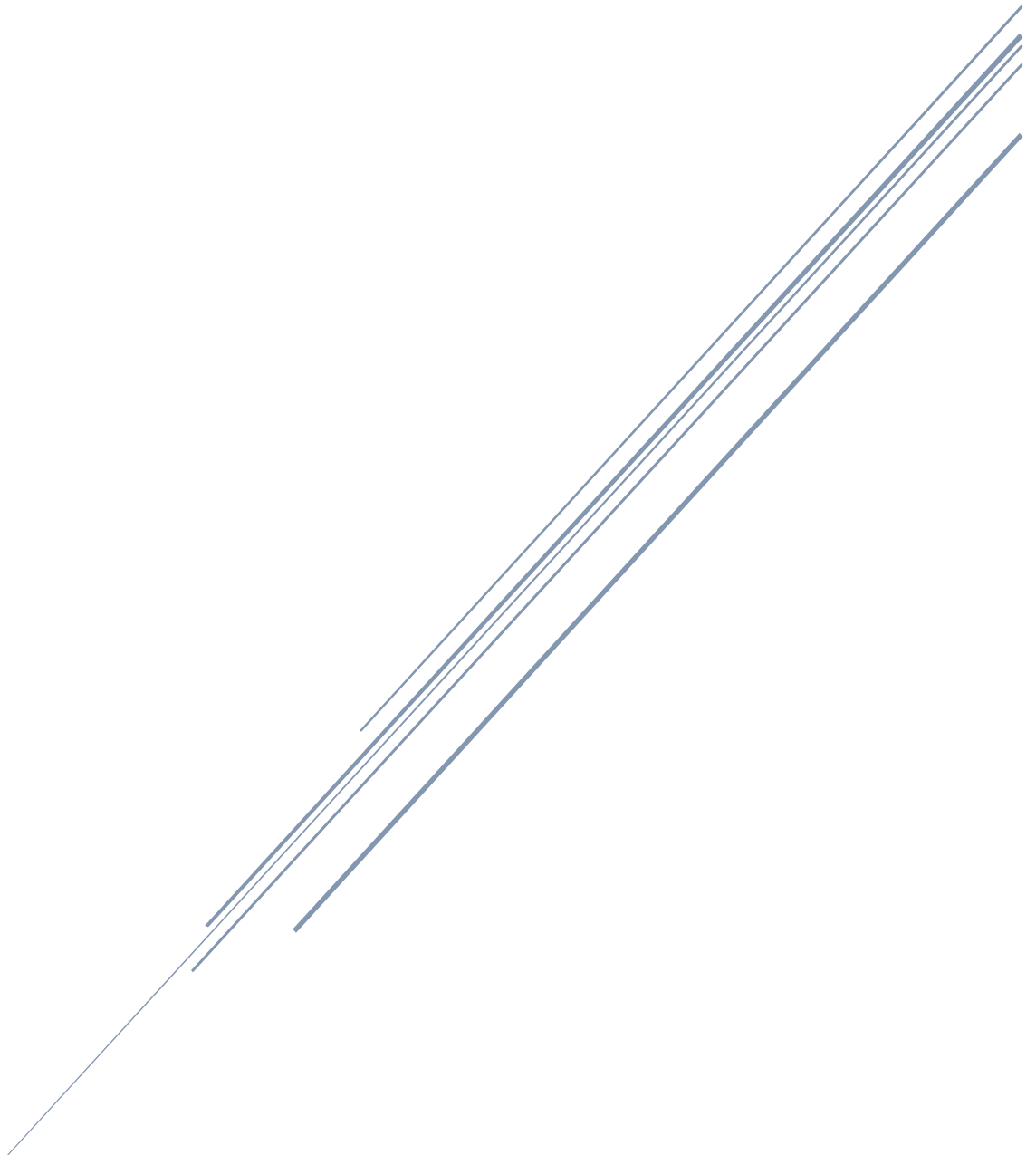


BMO0270: MANAGING EMPLOYEE RELATIONS

INDIVIDUAL REPORT



STUDENT NAME

Executive Summary

Employee relations typically refer to the actions or efforts made by an organisation to develop and sustain strong and positive relationships with the employees. This study focuses on evaluating the impact of managing employee well-being by the organisations on their business outcomes. Employee well-being is a physical or mental state that results because of the workplace dynamics. Employees are the key resource of an organisation as they are responsible for completing the organisational tasks, handling customer concerns, and managing the organisational strategy. Given the same consideration, the majority of the scholars agree with the relationship between employee well-being and business outcome in terms of productivity. However, there is a clear difference existing between those researches related to the achievement of these benefits by the employers either directly or indirectly but still, it is a considerable and critical factor. Therefore, business organisations need to adopt effective well-being approaches to keep the employee satisfied and motivated to generate a wide range of business outcomes amongst which the most effective ones include higher profits, low turnover rate, high loyalty, and high commitment. Here, business organisations could make use of different approaches like Herzberg's Two Factor Theory, and Alderfer's ERG Theory. The fulfilment of monetary needs for the employees to manage their well-being might not be possible for the business organisation in all cases as it might affect the competitiveness of the business organisation in the market. To overcome this issue, the study recommended the usage of the performance management system for the organisations based on the Vrooms Expectancy Theory by which the employer must develop and maintain a proper relationship with the employees in terms of rewards. Despite having clear knowledge about the importance of employee well-being, many organisations still struggle to manage this aspect effectively amongst the workforce by not involving psychological or emotional elements. Therefore, the organisational leadership built on Human Relations Theory must take positive actions in this regard to set up a positive culture and meet the employee well-being needs positively.

Table of Contents

Executive Summary	0
Introduction	3
Critical Analysis	4
Recommendations	8
References	10

Introduction

Employee relations typically refer to the actions or efforts made by an organisation to develop and sustain a strong and positive relationship with the employees (Garg, 2017). With the improvement in employee relations, Dijkhuizen *et al.* (2017) argue that the employer or organisation expects to receive better performance from the employees with a high amount of loyalty. However, it is imperative to mention that employment relations are a quite broad aspect involving a wide range of actions or areas. For instance, Hendriks *et al.* (2020) mention some key aspects or areas in this regard like well-being, equality and diversity, employee engagement, employee voice, and others. Principally, Garg (2017) argues that an organisation needs to ensure proper attention and focus on all of these aspects to receive better responses from the employee side. Some of the key business outcomes in this regard include the intention to quit, retention rate, work engagement, job satisfaction, and others. The study cannot cover all of the employment relations in this particular report; therefore, the study focuses on evaluating the impact of managing employee well-being by the organisations on their business outcomes.

Huang, Xing, & Gamble (2016) mention employee well-being as a physical or mental state that results because of the workplace dynamics. In simple terms, it defines the satisfaction level of the employees at the workplace and the amount by which they feel positive or good at the workplace. Focusing on physical well-being in this regard, then the employee shall feel healthy and energetic at the workplace; otherwise, they shall look disturbed and demotivated at the workplace. Inceoglu *et al.* (2018) provide information about motivation as per which the employees take value from the self-excitement and encouragement to carry out all of their allocated tasks with complete responsibility and accountability. Hendriks *et al.* (2020) provide a similar advantage of the employee well-being by which the employee starts feeling connected positively to the employer or organisation. Therefore, they do not hesitate to carry out effective actions for delivering high performance to boost the business profit or productivity for the organisation.

Critical Analysis

Employee well-being is one of the critical aspects to be maintained by organisations to develop and sustain a healthy and positive relationship with the staff members at the workplace and keep them interested in their particular roles. Huang, Xing, & Gamble (2016) provide a rationale to the same that employee well-being is something that is not limited to a particular employee or set of the employee; instead, it covers the entire organisation including all the business functions like marketing, finance, operations, and others requiring an inclusive and effective approach from the employer side. Hendriks *et al.* (2020) agree to the same extending this element to highlight the criticality for the organisation that the employee well-being is not particularly dependent on the benefits being offered by them to the employee; instead, this area is linked majorly with the living and working conditions at the workplace. Inceoglu *et al.* (2018) refer to the same aspect as the culture of an organisation that needs to be set positively by the organisation to ensure that proper support and encouragement are available to all the employees to keep them satisfied and motivated; otherwise, it is going to create adverse results for the employer.

Employees are the key resource of an organisation as they are responsible for completing the organisational tasks, handling customer concerns, and managing the organisational strategy (Nielsen *et al.*, 2017). McLellan (2017) argues similarly by making use of Human Capital Theory. As per this theory, the employees are the key entities responsible for translating the organisational strategy into the resources to generate better positive results. Inceoglu *et al.* (2018) assert similar findings here by making use of the Resource-Based View Theory. As per this theory, the employees provide great support to the business employers for developing and sustaining a competitive edge in the business market. It allows the business companies to remain competitive in the business market. To ensure achieving decent support and performance from all the employees in this regard, Nielsen *et al.* (2017) recommend that organisations pay attention to employee well-being and satisfaction to generate the above-mentioned results. This recommendation comes with a belief that good or satisfied workers are productive for the organisation because the well-being acts authoritatively for the employees at the workplace benefitting the organisation to achieve its strategic goals positively.

In continuation to the last section, McLellan (2017) also mention that employee well-being is linked with the high productivity of the organisation in terms of employee satisfaction linked with monetary values. However, it is an arguable aspect because employee well-being is generally linked with the development of a positive culture at the workplace resulting in improved employee productivity as an indirect benefit. To resolve this issue, Krekel, Ward & Neve (2019) investigated to evaluate the link between employee well-being and tangible benefits for the business. The study findings informed that there is a positive correlation existing between employee well-being customer loyalty and employee performance; whereas this element contains a negative correlation with employee turnover at the workplace. The research findings also mention that the monetary benefits like profits are not determined immediately by the organisation; however, a process is generated at the organisation in which the employees continue to deliver strong performance creating monetary benefits as well as indirect findings. Sohierset *et al.* (2020) findings are similar here despite the involvement of the employees in the research ageing more than 50 years. As per this research findings, the employee despite their age factor constantly looks for well-being support and encouragement from the employer side to remain to motivate and productive at the workplace.

Krekel, Ward & Neve (2019) carried out research discussing a wide range of job-linked and context-free well-being elements like supervisor support, salary, leaves, and others to evaluate their impact on the employee's constructive or innovative behaviour. The researcher made use of the satisfying worker-productive theory here mentioning that the employees with a high level of well-being achieve their targeted objectives positively as compared to the employees having a low amount of well-being. Coffey, Warren, & Gottfried (2014) assert similar findings; however, the research mentions that employee well-being is a context-free element that is needed by the employees to remain satisfied and motivated at the workplace showcasing the existence of a substantial relationship between the employee well-being and productivity. Aryan & Kathuria (2017) carried out research involving 100 respondents from the IT companies operating in India to inform that employee well-being is capable of making a difference at the workplace.

It is quite clear from the critical analysis so far that majority of the scholars agree with the relationship between employee well-being and business outcome in terms of productivity. However, there is a clear difference existing between those researches

related to the achievement of these benefits by the employers either directly or indirectly (Nielsen *et al.*, 2017). Despite having clear knowledge about the importance of employee well-being, many organisations still struggle to manage this aspect effectively amongst the workforce. To counter this issue, Ogbonnaya, Tillman, & Gonzalez (2018) mention Herzberg's Two Factor Theory. As per this theory, there are intrinsic as well as extrinsic needs for the employee's well-being at the workplace. The intrinsic elements in this regard include supervisor support, and work-time flexibility; whereas the extrinsic element in this regard comes in the form of rewards or salary. Although, it seems like a simple approach; however, Page & Nilsson (2017) argue that it is not always possible for organisations to offer all of these rewards or needs completely to the employees at their will. It is quite understandable because the offering of a high salary by the organisation to all the employees might end up increasing the operational cost of the business making them non-competitive in the business market. To counter this issue, Sivapragasam & Raya (2017) inform about the Vrooms Expectancy Theory by which the employer must develop and maintain a proper relationship with the employees in terms of rewards. It means that the employee must be rewarded fairly based on the efforts being made from his side.

Ogbonnaya, Tillman, & Gonzalez (2018) provide information about Alderfer's ERG Theory in which there are three critical needs of the employee at the workplace including existence, growth, and relatedness. An organisation needs to manage all of these three needs of the employee to keep them satisfied and fulfil their well-being needs. However, Page & Nilsson (2017) argue about these aspects do not come with clear guidelines meaning that it makes it difficult for the organisation to manage and measure the achievement and delivery of all of these elements to the employee creating an obstacle for them to achieve high well-being. However, some organisations find creative ways to resolve this issue ending up with high well-being and business outcomes. For instance, Wilson (2021) inform about Next Jump i.e. An ecommerce based company that initiated different health support and psychological and emotional coaching programs at the workplace from which they were able to increase their annual profits by 100 to 120%. Similarly, Wilson (2021) shares an example about Johnson and Johnson operating for the last 50 years in more than 70 countries that promoted a mental and physical health culture at the workplace to boost and meet the employee well-being level resulting in achieving an improvement in its business profits by 20%.

From the above aspects, it is quite clear that employee well-being is certainly challenging for business companies; however, it is a completely rewarding one as well with the availability of sufficient self-explanatory examples. However, it is imperative to mention here that employee well-being does not exist in the physical form only; instead, there is a great involvement of psychological element in this regard as well. For instance, Shuck & Reio (2013) carried out research in which they evaluated the impact of poor workplace satisfaction on the results of an organisation. As per the study findings, there is a direct correlation existing between the emotional exhaustion, personal attainment, and depersonalisation of the employee on their engagement and well-being level after involving about 216 healthcare workers from different regions including the United States, Canada, and Japan. Sivapragasam & Raya (2017) found similar results mentioning the strong impact of the psychological elements on employee well-being that ultimately affects business outcomes adversely. Hendriks *et al.* (2020) understand a similar issue mentioning the leadership role in this regard. Taking value from the Human Relations Theory, a business leader or line manager needs to ensure the development and sustain a strong relationship with the employees or team members. It allows the organisation to take proper care of the employees' well-being needs leading to the generation of the best possible results in terms of business outcomes.

As mentioned earlier that the business outcomes emerging from the employee well-being are not limited to the monetary aspect only as it delivers a wide range of non-monetary benefits as well to deliver more results to the organisation. Dijkhuizen *et al.* (2017) argue similarly finding a strong correlation between organisational commitment and employee well-being. Consistent with the Nielsen *et al.* (2017) findings, Adams Equity Theory validates these results mentioning that the employer's behaviour and attitude are improved positively towards the organisation that takes proper care of him by offering him necessary rewards and benefits linked to the effort made from his side. This benefit is then extended to the reduced turnover rate or intention to quit for the employees at the workplace. Now, Hendriks *et al.* (2020) link these non-monetary benefits with the monetary benefits for the organisation by which there is no disturbance experienced by the organisation within their operations due to the low employee turnover delivering improved profits. Apart from that, the HR cost for the organisation is also reduced as they do not have to spend frequently on the advertisement of the vacant positions and hiring of new employees causing cost-

cutting for the organisation (Ogbonnaya, Tillman, & Gonzalez, 2018). It means that employee well-being carries a strong and positive link with the business outcomes for an organisation. These business outcomes come in both monetary and non-monetary aspects that allow the business companies to offer consistent service to the customers for keeping them satisfied and generating high profits in the business market to improve their revenue (Page & Nilsson, 2017).

Recommendations

Based on the above critical analysis, there is a wide range of recommendations existing for business organisations related to employee well-being as follows:

Employee well-being is one of the critical aspects for the organisation through which they could gain monetary as well as non—monetary benefits. Given the same consideration, an organisation must focus on meeting the employee well-being requirements. Nielsen *et al.* (2017) recommend the usage of Maslow's Theory of Hierarchy in this regard supporting the organisation to fulfil all of the employee motivational needs through which the organisation could suitably achieve the employee well-being level leading to the generation of higher profits, low turnover rate, high loyalty, and high commitment.

The fulfilment of monetary needs for the employees to manage their well-being might not be possible for the business organisation in all cases as it might affect the competitiveness of the business organisation in the market. To overcome this issue, Sivapragasam & Raya (2017) inform about the Vrooms Expectancy Theory by which the employer must develop and maintain a proper relationship with the employees in terms of rewards. It means that the employee must be rewarded fairly based on the efforts being made from his side. In other terms, this framework is linked with the performance management system through which the business organisations could effectively review and improve employee performance effectively to generate and sustain desired results including higher profits, low turnover rate, high loyalty, and high commitment (Ogbonnaya, Tillman, & Gonzalez, 2018).

The psychological or emotional aspects also play a critical role in the employee's well-being. It is one of the key aspects that must be fulfilled by the organisational leadership with the development of an effective and positive culture at the workplace. Hendriks *et al.* (2020) understand a similar issue mentioning the

leadership role in this regard. Taking value from the Human Relations Theory, a business leader or line manager needs to ensure the development and sustaining of a strong relationship with the employees or team members. It allows the organisation to take proper care of the employees' well-being needs leading to the generation of the best possible results in terms of business outcomes.

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