

The Impact of Employees' Health and Well-being on Job Performance

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Abstract. In today's competitive business environment, companies are constantly seeking strategies to enhance employee performance. Despite various efforts, a crucial aspect often overlooked is the direct impact of employees' physical and mental health on their productivity and overall contribution to the organization. The World Health Organization emphasizes that mental and physical well-being are inseparable, and both are essential for an individual's ability to handle stress, work efficiently, and contribute positively to their workplace. When employees are healthy and mentally sound, their motivation, focus, and job satisfaction naturally increase, leading to fewer sick days and enhanced job performance. Additionally, companies that prioritize their employees' well-being often report better job satisfaction and improved overall performance. This paper delves into the research highlighting the significant effects of employee health and well-being on job performance, advocating for a long-term approach that balances work and life for sustained organizational success and employee satisfaction.

Keywords: Employees' health, job performance, customer satisfaction.

1. Introduction

Nowadays, more and more employees pay attention to health and well-being problems after the Covid-19 pandemic. According to the online report from World Health Statistics "Monitoring health for the SDGs, Sustainable Development Goals", the data show that "the COVID-19 pandemic has led to 14.9 million excess deaths and cost 336.8 million years of life lost globally in 2020 and 2021. This means that, on average, each death directly or indirectly attributed to the COVID-19 pandemic by the end of 2021 led to a loss of more than 22 years of life -equivalent to over 5 years of life loss every second. The COVID-19 pandemic has led to 14.9 million excess deaths and cost 336.8 million years of life lost globally in 2020 and 2021." [1]. Due to the global pandemic, the importance of health and well-being has been brought to the forefront for both employees and employers. The conditions in the workplace play a critical role in influencing employees' physical, mental, and emotional states, which can either positively or negatively affect their overall well-being. This research aims to explore the connection between employee health and well-being and their impact on job performance, shedding light on how these elements interrelate in the context of a post-pandemic work environment.

It's widely recognized that employees devote a significant portion of their lives to their jobs, making a safe and healthy work environment crucial for their job performance. Factors such as flexible work schedules, remote working options, comprehensive health insurance, Employee Assistance Programs (EAP), and emotional salary programs contribute positively to employee well-being. The "happy worker-productive worker" hypothesis posits that employees who enjoy high levels of well-being tend to exhibit better performance, and conversely, productive employees are often happier. However, the challenge for organizations lies in creating strategies that foster such happy and productive employees in the workplace.

2. Employees' Health Impacts on Job Performance

"A healthy employee is the cornerstone of a thriving business." This statement underscores the vital role employees, as the most valuable human capital, play in any organization's success. Recent WHO data highlights the significant occupational risks and the alarming numbers of deaths

attributable to workplace-related issues. The importance of health in the workplace extends far beyond basic welfare; it directly influences job performance. Chronic health conditions and unhealthy lifestyle choices not only impact employee well-being but also significantly reduce productivity. In the United States, five key health issues - high blood pressure, diabetes, smoking, lack of physical activity, and obesity - collectively cost employers an estimated \$36.4 billion annually due to lost workdays. This data underscores the critical need for organizations to prioritize employee health as a fundamental component of their operational strategy [2]. A healthier employee means lower direct labor costs including fewer personal insurance premiums and fewer compensation claims for work injury. However, a healthier employee can make more contributions and promote performance than an unhealthier employee.

The significance of health in the workplace cannot be overstated, as the well-being of employees has a considerable impact on their performance. Healthy employees are vital to the progress and development of a business. The overall health of staff members influences an organization in numerous ways. For most companies, a substantial portion of their expenses is devoted to labor costs, encompassing salaries and benefits for employees. Therefore, ensuring and supporting the optimal performance of employees is crucial for organizational success.

Under Chinese labor law, employees who are absent due to illness or non-work-related injuries are granted sick leave, the duration of which varies based on their overall work experience and tenure with the current employer. This period ranges from 3 to 24 months. The right to sick leave doesn't imply it can be taken all at once; it may be utilized at different times as needed. Additionally, if an employee is assessed by the Labor Capacity Appraisal Center and found to have completely lost their ability to work, and if they have not yet reached retirement age, their sick leave can be extended. This extension is determined through an agreement between the employee and employer, considering the employee's total years of service since the start of their career and their tenure with the current employer. The specifics of sick leave treatment in Shanghai, are outlined in the accompanying table 1.

Table 1. The specifics of sick leave treatment in Shanghai

Working Experience	Years with Current Employer	Allowed Medical Treatment
< 10 years	< 5 years	3 months
< 10 years	≥ 5 years	6 months
< 10 years	< 5 years	6 months
≥ 10 years	≥ 5 years, < 10 years	9 months
≥ 10 years	≥ 10 years, < 15 years	12 months
≥ 10 years	≥ 15 years, < 20 years	18 months
≥ 10 years	≥ 20 years	24 months

In Shanghai, China, employees on sick leave typically receive a portion of their salary, ranging from 60% to 100%. This compensation rate is dependent on their length of service, with seniority influencing the percentage they are entitled to. It's important to note that these percentages and criteria for seniority may differ across various regions of China. Industrial cities and rural areas have their interpretations of national regulations, leading to variations in how sick leave compensation is calculated. An accompanying table 2 summarizes the sick leave compensation in Shanghai, demonstrating how the percentage of salary paid is related to the employee's seniority.

Primarily, when an employee is on sick leave and unable to contribute to the organization, the company is obligated to provide sick pay by the stipulations of local labor laws. In such cases, the employee's performance is understandably non-existent due to their absence. This situation highlights the direct impact of employee health on job performance, underscoring the importance of maintaining a healthy workforce for organizational efficiency.

Table 2. The sick leave compensation in Shanghai

Company Service Years	Employee's Salary (Payout)
During the first 6 months of an employee's sick leave period	
< 2 years	60%
2-4 years	70%
4-6 years	80%
6-8 years	90%
>8 years	100%
When the employee consecutively takes leave of more than 6 months	
< 1 year	40%
1-3 years	50%
> 3 years	60%

3. Employee’s Well -being Impacts on Job Performance

When employees experience a work environment free from stress and anxiety, marked by happiness and contentment, there is a notable improvement in their performance and productivity. A positive and joyful workplace atmosphere not only boosts employee morale but also enhances their eagerness to seek personal and professional growth opportunities within the company. Such employees are more inclined to foster and maintain robust relationships with customers, contributing to a safer and more productive workplace. This, in turn, leads to increased business opportunities and enhanced job performance. Additionally, interactions with happier employees tend to be more enjoyable for both customers and colleagues, often resulting in higher-quality service.

Furthermore, fostering a work environment that promotes employee engagement not only benefits the internal dynamics of a company but also enhances its external image, often more effectively than traditional advertising. Engaged employees serve as authentic ambassadors for their organization, positively influencing its public perception. According to studies by the Harvard Business Review, this increased engagement can potentially boost sales by as much as 150%, affirming the notion that satisfied employees contribute to client satisfaction. Conversely, the Harvard Business Review has also noted that unhappy employees are not just less productive compared to their contented counterparts, but they also incur additional costs for companies, emphasizing the economic impact of employee well-being [3].

A growing body of research indicates a direct correlation between the well-being of employees and their performance. In the wake of the Covid-19 pandemic, an increasing number of companies are adopting smart or flexible work policies. These policies aim to provide employees with greater flexibility in their work environment while simultaneously fostering a stronger company culture. Such approaches enable employees and managers to better align their work schedules and environments—whether physical or virtual—with the company's objectives. This flexibility also facilitates effective interaction with various stakeholders, including team members, colleagues on specific projects, and external partners. Ultimately, this strategy places responsibility on the employees to manage their work effectively, contributing positively to both their performance and the overall success of the organization.

As organizations grow more adept at embracing and overseeing flexible work arrangements, many leaders are transitioning towards a boundaryless work model, where employees have the freedom to work from any location at any time. This shift, primarily aimed at boosting productivity and facilitating round-the-clock business operations, also offers the benefit of cost savings. In the 1990s, several companies, including notable names like IBM, Deloitte, and PwC, began experimenting with this model, deploying a globally distributed, mobile workforce that operated from various locations, including home offices and client sites. Through this process, leaders learned to focus on performance management based on measurable outcomes and results, rather than physical presence or traditional

office hours. The results consistently showed that job insecurity was not only negatively related to job satisfaction, physical well-being but also negatively related to job performance [4].

This results-oriented, employer-driven flexibility does indeed yield bottom-line benefits. Studies show that teleworking professionals who are conscientious and highly identified with their jobs are motivated to work long hours, especially in the absence of commutes and watercooler chitchat [3]. The costs saved from reducing office space are a plus for employers. Boundaryless work can hurt employers in the long run, even if they don't realize it. Companies' talent pools may suffer. For example, recent news reports indicate that despite highly lucrative pay, investment banking jobs are now less popular with young professionals because of the long hours, lack of work-life balance, and work-anytime culture.

Flexible working arrangements provide significant benefits for both employees and employers. By adopting flexible work schedules, companies can create a more positive and empowering workplace environment. This approach, especially in the post-COVID-19 era, not only enhances employee well-being but also influences productivity and outcomes. For instance, starting from January 2024, Nike has announced a policy requiring employees to be present in the office for four days a week, as confirmed by a spokesperson from Nike. This decision reflects the evolving nature of work environments and the balance between flexibility and in-office collaboration.

Flexible work schedules enable employees to balance their personal and professional commitments more effectively. There is a distinct correlation between an employee's well-being and their job performance. A flourishing sense of well-being in employees often leads to enhanced performance. Conversely, discontented employees tend to be less productive. Therefore, a decline in employee well-being is likely to result in a corresponding drop in both productivity and performance [5].

For optimal performance, it's crucial that employees feel safe, and secure, and maintain good mental health. In today's challenging economic climate, businesses increasingly depend on their workforce performing at peak levels, making this aspect more critical than ever. HR departments play a key role in enhancing employee performance by focusing on their well-being. Understanding and improving performance through supporting employee well-being is essential. Here's an overview of the connection between employee well-being and performance, along with strategies for measuring, comprehending, and boosting performance by nurturing employee well-being.

4. Employee Well-being Impact on Customer Satisfaction

It's widely acknowledged that customer satisfaction is pivotal to the success of any business. Achieving high levels of customer contentment necessitates a parallel investment in the workforce. Ensuring that employees, who are the primary interface with customers, are satisfied with their jobs is crucial. This concept echoes the early 20th-century department store philosophy, famously summarized as, "The customer is always right." Echoing this sentiment, Jeff Bezos, a renowned figure in modern business, attributes Amazon's remarkable success to its intense focus on customers. He has been quoted as saying, "While you can center your business strategy around competition, product, technology, or business models, I believe that an obsessive focus on customers is the most crucial for maintaining the essence of a company." This perspective underlines the importance of customer-centricity in sustaining business vitality and success.

If the company has done a good job of understanding a customer's motivation and target and is making it easy for them to achieve them, customers will experience something like excitement, anticipation, joy, confidence, peace of mind, or satisfaction. If the company is not making it easy for customers to achieve their purpose, they experience something like confusion, frustration, exasperation, or anger. High Higher well-being, and higher job satisfaction [5]. An employee's well-being has a direct impact on customer satisfaction, which is a part of job performance.

Customer contentment and the rate at which employees leave a company are significant factors influencing business performance. Employers need to enhance the well-being of their workforce and

strengthen the resilience of their business operations. The health and well-being of employees play a critical role in several key areas: productivity, workplace safety, ongoing business operations, the reputation of the employer brand, the cost of benefits, and the overall performance of the organization [6].

5. Employee Well-being Impact on Employee Turnover

Sometimes when an employee leaves, it's unavoidable. It is avoidable. If employees have a high level of affective commitment to the organization, employees enjoy relationships with employers.

Affective commitment, often equated with company loyalty, is a key element of Meyer and Allen's Three Component Model of Commitment. This model describes an employee's commitment to an organization as a psychological state. The three components – affective commitment, continuance commitment, and normative commitment – each play a role in shaping an employee's feelings towards their workplace. Affective commitment, in particular, refers to the emotional attachment an employee has to their organization. Enhancing employee well-being is not just a crucial aspect of a company's ethical responsibilities; it is also a vital source of competitive advantage for the organization [7].

High employee turnover presents a significant challenge for HR departments. It involves not only managing the departure logistics for the exiting employee but also updating the job description, initiating the search for new candidates, conducting several rounds of interviews, and onboarding the new hires. There's a clear link between improved employee well-being and a reduction in their intention to leave the job. As employees feel more satisfied and content in their roles, their likelihood of leaving decreases, consequently reducing the workload and stress on HR departments. Additionally, a lower rate of employee turnover positively impacts organizational performance, leading to more stable and effective operational outcomes.

Higher well-being, higher company loyalty. Employee well-being has a direct impact on employee turnover, which is a part of the job performance of the company.

Elevated employee turnover rates are generally detrimental to employers. For the remaining team members, high turnover often results in increased workloads, additional responsibilities disrupted teamwork, and the need to adapt to new tasks. A constant stream of departing employees can adversely affect the morale and productivity of the remaining staff, which in turn impacts the quality of the company's products and services. The burden of additional duties and the stress of an unreasonable workload can leave employees feeling overwhelmed. Furthermore, high turnover can also lead to substantial financial costs for the company. Employee well-being is typically assessed across three dimensions: happiness, health, and relationships. Key findings indicate that while employee well-being in terms of happiness and relationships aligns positively with organizational performance, health-related well-being often presents as a conflicting factor. This suggests new directions for future research and theoretical development in this field [8].

6. New Way to Improve Employees' Well-being with an Emotional Salary

"Emotional salary" touches on emotional gains rather than monetary benefits. The happiness of an employee depends on more than throwing more money at them. Some employees in your organization are not just working for their money or making a living for themselves in their lifetime. Some employees would have plans to have a great career development in the organization. Some employees continue to work for the company because they have great team leaders or managers. Different employees have different purposes to work for the company.

"Emotional salary" refers to the non-monetary rewards that contribute to an employee's happiness and satisfaction. Enhancing employee contentment goes beyond mere financial compensation. It's important to recognize that not all employees are solely motivated by their paycheck or the necessity to earn a living. Many have aspirations for career development within the organization. Others find motivation in the strong leadership and support from their team leaders or managers. The reasons for

commitment to a company vary among employees, each driven by different motivations and personal goals.

In essence, when employees perceive that their personal needs and lives are valued by their company, they often feel more motivated and appreciated, leading to lower stress levels and enhanced performance at work. Employers must assist their employees in maintaining a healthy work-life balance. Moreover, providing opportunities for self-improvement and development is highly valued by most employees. This can include talent development initiatives like coaching, mentoring, and learning new skills or languages, which offer employees avenues for personal and professional growth. Employers should foster an environment that encourages continual skill enhancement and learning. Such an approach not only improves the quality of life for employees but also positively affects the organization's culture, ultimately boosting team productivity and overall efficiency [9, 10].

7. Conclusion

Activities geared towards supporting employee well-being are crucial for fostering both mental and physical resilience and empowerment. Recognizing that mental health is a significant determinant of productivity, it's imperative for employers to actively support the mental wellness of their employees. Furthermore, the state of an individual's mental health doesn't just affect them personally; it also impacts their colleagues and the broader team, thereby influencing the productivity and efficiency of the entire organization, not just the individual.

The COVID-19 pandemic has significantly escalated employee stress and anxiety in recent years. Prioritizing employee satisfaction not only enhances employer branding but also attracts top talent locally, essential for business growth, and the profound negative effects of poor mental health on individual performance and productivity. Employers need to take proactive steps to safeguard and enhance the mental well-being of their employees.

The company should put the welfare of staff at the heart of their workplace to ensure their well-being and productivity. Focusing on employee satisfaction, well-being, benefits, and working workplace helps improve employer branding, attract the most qualified talent, and then improve company performance. For businesses, well-being should be a people and performance approach that balances resources and opportunities. If organizations wish to give employees a greater sense of ownership and ensure retention of staff, they must adopt an outcome-oriented approach. HR needs to take the lead on well-being and help the company create a safe and healthy workplace for employees. Managers can play a crucial role in supporting their employees' mental health, especially during challenging times. They need to engage in meaningful conversations with team members, asking specific and thoughtful questions to understand their needs better. The key is to listen actively and show genuine compassion, respecting the employees' choice of how much they wish to disclose. Creating an environment where employees feel safe to share their concerns is vital. Moreover, employers should focus on bolstering health and well-being initiatives, offering more flexible working conditions and additional time off when needed. Increasingly, organizations are embedding well-being into their corporate culture and strategic plans, recognizing that this integration not only improves company performance but also helps in achieving broader business objectives. Research has also shown that enhancing various aspects of employee well-being can significantly boost company performance.

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