

STRUCTURAL EQUATION MODELLING (SEM) OF EMPLOYEE WELLNESS AND ITS IMPACT ON ORGANIZATIONAL PERFORMANCE – A STUDY

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Abstract

Employee Wellness is one of main indicators of healthy workforce of any Organization. All Human Resource interventions aim at reduction of healthcare costs, absenteeism, and encourage employees to lead a healthy and successful life. The paper reviews the origin of wellness concept and development of this approach to workplace. It also provides a broad view of ancient history concerning to wellness concept in Indian context. Wellness as a concept is not new in India. Indian culture has a rich spiritual heritage. The Indian culture is deeply rooted in religious practices on one hand and spiritual practices on the other. Most corporate wellness programmes in India were launched in aftermath of IT/ITES industry revolution as American clients insisted on some wellness services for the workforce. In India, it is an open playing field where health promotion is only just finding its roots. It is futile to apply the American model of health promotion in India without a careful understanding the Indian paradigm. However, it would be a giant leap to bypass all the stages that other countries have been through and represent a great opportunity to adopt best practices.

Introduction

Organization is an open, dynamic system. There are inputs and outputs. Human resources are one of the most important inputs. Organizations mean human resources and depend on their efforts in the end. Companies invest in employees (salary, benefits, training, etc.) in the hope of making a profit on that investment. If the high investments are in knowledge workers and in managers, supervisors and executives than these investments and the profits that accrue from them are at the greatest risk in terms of job stress effects on employee performance.

Many Organizations are presumptuous that employee wellness being a HR issue with no business impact. Researchers, however, believe that there is substantial empirical evidence to prove otherwise. Even though half of the world's Organizations actively promote employee wellbeing and health, very fewer Organizations view Wellness as a strategic tool that can value add to the performance at both top-line and bottom-line.

This paper is based on the author's doctoral work to be submitted to MAHE.

Recent research proves that wellness plays a significant role in employee productivity, active engagement, talent growth along with innovation and creativity. Strategic approach to wellness with incorporation into Organizational effectiveness framework will enhance business gains.

Human resource management (HRM) has evolved rapidly from initial stage of being only into administrative functions like talent management and payroll though being an expertise in union relations/avoidance, employee satisfaction, and legal compliance. Human resources have become a vital aspect in the firm's profit equation by minimizing the cost and maximizing the value-addition through employee engagement.

Wellness Concept

Wellness as a concept has undergone several decades of complex formation. Its origin has been traced back to 19th century in USA being associated with American intellectual and religious movements. Absence of Illness was normally termed as Wellness in the earlier century. Prominent names like Kellogg, Quimby, Eddy and Fletcher are to be credited for the initial development of wellness concept. Dunn (1961) had proposed the definition of wellness as "an integrated method of functioning which is oriented toward maximizing the potential of which the individual is capable". According to Dunn (1961), an individual will strive to achieve balance and maintain focused path to achieve goals within the environment he is functioning. Jack Travis had created the concept of moving from Illness to wellness continuum with 12 dimensions of wellness model which he termed as "Wellness Energy System". One of the early wellness models developed was Positive Mental Wellness model (Jahoda 1958) which categorized six factors as indicators of "positive mental wellness". Here cultural and environmental factors were not considered during the model development. Maslahc's Burnout model (Maslahc and Jackson 1981) primarily focused on comparative measurement of burnout syndrome at an individual level compared to their occupational group levels. Perceived wellness model (Adams, Benzer, and Steinhardt 1997) was based on Systems theory. Various subparts / dimensions like physical wellness, spiritual wellness, psychological wellness, social wellness, intellectual wellness, etc which formed the holistic wellness model.

Employee Wellness

In the early 1950s, Organizations began helping employees in combating issues like alcoholism and mental health (Owens 2006) which were often peer-led that were the initial forms of Employee Assistance Programs (EAP) that became familiar even today (Call, Gerdes, Robinson, 2009). Numerous articles published in "Journal of Occupational Health" recommended Organizations to setup wellness programs to reduce healthcare costs, illness related absenteeism. In 1996, European Union for Workplace Health Promotion (ENWHP) was established where the union adopted the program for action on "Health, Education, Information and training" to improve public health standards in Europe in which workplaces were accorded a special role.

Every organization must answer these following questions - How well are your employees? And is their level of their Wellness increasing or declining and why? (Phillips 2002). Competent Employees who are skilled in their jobs, keen to learn new technologies and are motivated to do value addition to the companies by performing consistently are most desired by any corporations. These employees become the core of an efficient and productive organization and keeping them always motivated is vital.

Commitment to the company and its goals promotes motivation, but when an Employee is deciding whether to work hard, they also consider whether they know how to reach the goal, and have an affordable likelihood of success, and while enjoying the journey to their success (Tjosvold, 1986).

Ron Goetzel & Others (2002) conducted a study on the Health & Wellness program implemented at Johnson & Johnson at pre, at- & post implementation phases. In 1979, Johnson & Johnson had offered worksite health promotion program “Live for Life”. Subsequent evaluations of the program in 1980 & 1990 led to the launch of a new integrated “Health & Wellness Program” (H&W) programs.

Otto (2006) has conducted a study on “Organizational Wellness and Productivity Evaluation at Hutchinson Technology, Inc.” which gave general information regarding issues which had an impact on manufacturing productivity. The focus was on cultural, decisional, and individual developmental areas of the organization. An assessment tool was utilized to gather the information from the manufacturing floor and evaluate an organization's Wellness in a current operation. This study gave a general view of organizational Wellness impact on its performance only in a manufacturing set-up. However, study fails to emphasize on several factors like creativity and innovation, ownership etc. The assessment covered the organizational culture, decision making processes, communication, and employee development and did not cover other areas which could impact productivity in manufacturing which may be industry, customer driven, or labour related. This study divided the direct and indirect labour support within Hutchinson Technology, Inc. and focused on the manufacturing operations only. The conclusion and provided improvement plan are intended for usage by the Manufacturing Organization and is not to be considered feedback for any other organizations across industries.

Neethling (2008) has developed “The Organizational Wellness Instrument” that provides up-to-date and easy to read measures of the current situation or 'state of play' in any organization – or any part of it. This instrument identified ten critical success factors, namely, Trust, Learning, Gratification, Language, Ownership, Energy, Change, Interaction, Creativity and Innovation and Communication. The main objective of this tool to develop an Instrument that provides up-to-date and easy to read measures for Organizational Performance and to identify critical success factors which have significant impact on the workplace environment and that supports as well as sustains happiness, creativity and productivity. Various results of this tool include degree of dying, degree of growing; identify specific causes of problems etc. But this tool fails to take in to account main important factors like Gender, level of experience, skill levels and type of industry as these are important in identifying their socio-economic well-being.

Parks and Steelman (2008) conducted a meta-analysis study that examined the effects of participation in an organizational Wellness program (fitness or comprehensive) on absenteeism and job satisfaction. Lipsey and Wilson (2001) had proposed various meta-analytic procedures that were being followed. The results revealed that participation in an organizational Wellness program was associated with decreased absenteeism and increased job satisfaction. Numerous types of wellness programs were examined while no evidence of mitigatory effects were found.

Creating a work environment where people enjoy what they do is critical to maintaining an energized and creative work team. People are motivated in situations where they combine hard work with fun. In high performance work teams, members buy in to the organizational vision and identify with the team. People achieve more by working together as a team than through individual efforts (Heathfield, 2006).

Wellness in the Indian Context

Wellness as a concept is not new in India. Indian culture has a rich spiritual heritage. However, it is advised that the psychotherapy practices in India ought to consider the heritage and the people's psyche while deriving solutions to the wellness issues. The Indian culture is deeply rooted in religious practices on one hand and spiritual practice on the other. Well-being means individuals ability to enjoy life and efforts to achieve psychological resilience.

Many references to nature of pleasure have been found in "Brahadaranyka Upanishad" and "Taittiriya Upanishad". The Sanskrit language has many terms related to Happiness and Well-being that have percolated into other Indian languages. Those representing affect and common pleasure include sukha (agreeableness), santosha (happiness), ullasa (pleasant experience), harsha (joy), shanti (peace), trupti (satisfaction), and tushti (contentment). The most widely used terms by lay people, as synonyms for happiness and well-being, are sukha and santosha. This was referred as "Preyas" by ancient sages. The sense of well-being associated with spirituality is known as "Shreyas". There are two ways of leading our life: Preyas and Sreyas. Preyas is pleasant, enticing and leads to temptation. Sreyas is good, which serves our highest purpose of moksha, liberation. That which is wholesome though it may not appear desirable in the beginning. Preyas is contrary to Sreyas.

Most corporate wellness programmes in India were launched in aftermath of IT/ITES industry revolution as American clients insisted on some wellness services for the workforce. They offer sporadic training programmes on diet, nutrition, stress, common issues like exercise, sitting for long etc. Several other offer Health Risk Assessment (HRA). Very few offer continuing hand holding to achieve and maintain wellness. There is a great deal of debate on how to measure outcomes such as productivity, although some evidence exists on a range of interventions. The systematic review by Cancelliere et al. (2011).

Wellness in Indian Companies

Indian economy is one of the fastest emerging economies in the world. Technological innovations and business advancement have been the key differentiators in this growth run. Employee wellness has primarily evolved many years in the western countries and has eventually made headway in India as well due to the soaring pressures at workplace and outstanding performance expected from each individual, every day. Many Companies implement various wellness programs that allow employees to set health goals, access tools (tracked and apps), and reward them for completing healthy activities. They also provide Confidential support for challenging issues such as stress, substance abuse, depression and anxiety. Companies negotiate special rates with gyms / fitness centres across the country to encourage employees to take up best health practices. Another important feature is that company offers routine health camps for employees and their families. This ensure that effective wellness is percolated down to the family and hence enhance employees'

productivity at workplace. Numerous options of diet plans, health programs customized to gender specific employees are designed to boost the morale of employees.

Current Analysis

Structural equation modelling (SEM) is a statistical modelling technique that combines factor analysis and multivariate multiple regressions (Hair et al., 2006). It provides estimation of multiple and interconnected dependence relationship. This technique provides the evidence of unobserved variables by exhibiting measurement error in the assessment process (Hair et al., 1998). The primary aim of SEM is to explain the model of a sequence of inter-related dependence associations simultaneously among a set of dormant (unobserved) constructs, each measured by one or more manifest (observed) variables (Yu-Kai, 2009). SEM is a multivariate technique which combines confirmatory factor analysis modelling from psychometric theory and structural equations modelling (Yu-Kai, 2009).

The main objective of the present study is to analyse the different components of employee wellness and its influence on Organizational performance. The sample of the study is restricted to 580 employees by post stratification of sample into employees working in different IT organizations. These employees of the select Organizations create values in their designated positions and have internalized the values of the Organization. Employee Health Wellness and its four major considered are being considered as the independent variables whereas organizational performance is the dependent variable of the study. The Researcher has used descriptive survey method in the study.

Hypothesis being tested using Structural Equation Modelling (SEM) includes Null hypothesis (H₀): The hypothesized model has a good fit, while an Alternate hypothesis (H₁): The hypothesized model does not have a good fit.

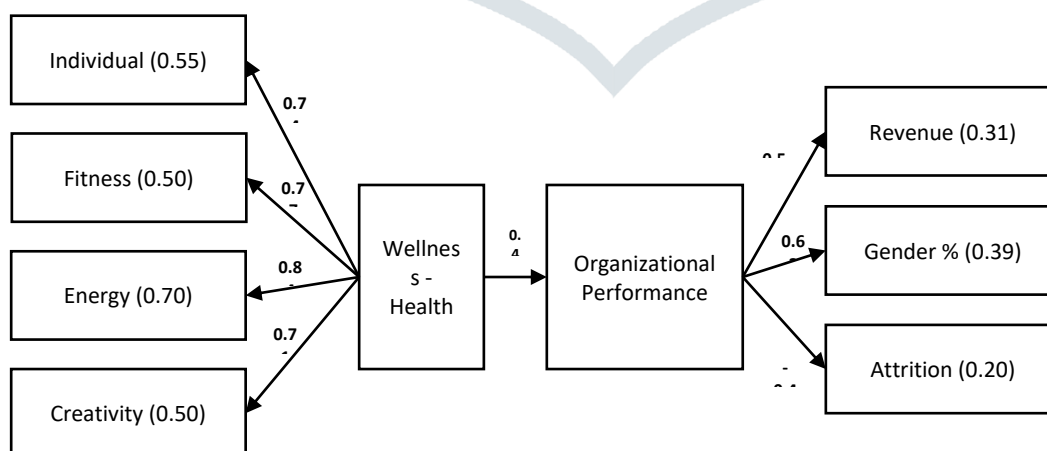


Fig 1: Structural Equation Model (SEM) based on Standardised Coefficient of Health Wellness Dimension on Organizational Performance

Variables	Un-standardised Co-efficient (B)	Standard Error (S.E) of B	Standardised co-efficient (Beta)	t value	P value
Health – Individual	0.865	0.044	0.741	19.549	<0.001**
Health – Fitness	3.456	0.167	0.771	20.639	<0.001**
Health – Energy	3.227	0.14	0.835	23.054	<0.001**
Health 0 Creativity	3.424	0.187	0.705	18.298	<0.001**

Table 1: Variables in the Structural Equation Model Analysis

Note: ** denotes significant level at 1% level

From the above table, Un-standardised coefficient of Health factor on Organizational Performance is 0.655 represents the partial effect of Health on Organizational Performance, holding the other path variables as constant. The estimated positive sign implies that such effect is positive that Performance would increase by 0.655 for every unit increase in Health and this coefficient value is significant at 1% level.

Conclusion

This study is designed to develop a reliable tool to measure important components i.e., Health along with its four dimensions Individual, Fitness, Energy and Creativity. This research is intended to help corporations develop wellness programmes that elicit greater employee participation.

The responses of the target group indicate a direct association between their perceptions and the literature regarding how to design and implement an effective of wellness programme. Respondents have stated that there is a great need for variety of programmes to accommodate the diverse needs of each participant. Parks and stealman (2008) explained various plans on fitness, comprehensive health care plans, individual's healthy behaviours in the work place and off-site memberships of health clubs. More broad variety of incentive arrangements and more discourse will be needed to promote creativity of the employees to get good returns for the company.

This study has considered the baseline characteristics of the workforce, such as health status, fitness, energy and creativity and revealed the influence on wellness programmes. Lastly, future research ought to focus on finding out what wellness approaches that yield optimal performance in any organization. They will facilitate good conditions to give much-needed guidance on the Organizational best practices.

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