

The Impact of Employee Well-Being Programs on Organizational Performance and Retention

Wei Jian^{1*}, Liu Meilin²

^{1*}Sino Horizon Institute for Emerging Technology Studies, Beijing, China.

²Sino Horizon Institute for Emerging Technology Studies, Beijing, China.

Received: 02 January 2025; Revised: 21 January 2025; Accepted: 24 February 2025; Published: 31 March 2025

Abstract

Employee well-being programs have become the strategic lever to improve the performance and retention of employees in the organization. The current study aims to determine how the multiple well-being programs (physical, psychological, financial, and social well-being programs) affect the organizational outcomes through the mediation effects of employee engagement and job satisfaction. We employed a quantitative research design by administering a survey to 300 employees from the IT, healthcare, manufacturing, and service industries. Data were analyzed by using regression, structural equation modeling (SEM), and correlation analysis to test a set of proposed relationships. The results revealed that well-being programs contribute to a significant positive effect on organizational performance ($\beta = 0.42$, $p = 0.001$, $R = 0.38$) and retention of employees ($\beta = 0.36$, $p = 0.002$, $R = 0.32$), which is partially mediated by engagement ($\beta = 0.21$, $p = 0.010$) and job satisfaction ($\beta = 0.18$, $p = 0.015$). Correlation analysis also suggested that employee well-being programs had a strong positive relationship with employee engagement, job satisfaction, organizational performance, and retention ($r = 0.50-0.62$, $p < 0.01$). Our findings are consistent with the Job Demands-Resources (JD-R) model and Social Exchange Theory, and they show that the psychological process of engagement and satisfaction plays an important role in mediating the relationship between the employees' well-being programs and organizational outcomes. The study makes a theoretical contribution by exploring the links between well-being programs, engagement, satisfaction, and organizational outcomes as an integrated construct. It also provides valuable implications for HR managers in designing, implementing, and evaluating employee well-being programs. Limitations are the cross-sectional and self-report data collection methods. Future research is recommended to employ a longitudinal design, study within and across the industries or countries, and use technology to help employees achieve the goals through well-being programs. Overall, employees' well-being is an effective strategy to improve organizational performance and retention.

Keywords: Employee Well-Being; Organisational Performance; Employee Retention; Engagement; Job Satisfaction; Human Resource Management.

I. INTRODUCTION

Employee well-being is one of the most important issues for many contemporary organizations (Sears et al., 2013; Wright, 2010). This is because a healthy and satisfied workforce is the primary driver of organizational achievement and growth. Increasing stress and

competition in the workplace, coupled with the changing needs and wants of employees, has created a need for formal employee well-being initiatives focusing on physical, mental, and social well-being (Gubler et al., 2018; Gelencsér et al., 2023). Organizations around the world have now begun to invest in workplace initiatives such as wellness programs, flexible working practices, employee mental health and well-being, and team building and employee engagement activities (Khoirunnisa & Aisyah, 2024).

Various positive outcomes, such as improved job satisfaction, employee engagement, reduced intention to quit, and employee performance are related to well-being programs (Albrecht, 2012). Employees feel that their organizations support their well-being thus employees are likely to be more committed, motivated and efficient. Although the logical connections among employee well-being programs and organizational outcomes may be intuitive, empirical research that explicitly investigated these connections in different contexts (e.g. Different organizations, cultures etc) were few and usually look at a single aspect of well-being or employee perceptions only, ignoring the actual performance and retention data (Abdullah et al., 2021; Sharma et al., 2016).

This study seeks to contribute to the existing literature by testing the relationship between the holistic employee well-being program and organizational performance as well as employee retention.

The primary research questions which this study is exploring are: To what degree do well-being programs affect employee retention?

To what degree do well-being programs affect organizational performance?

The study takes a systematic quantitative approach by testing the above questions using reliable survey instruments and performance measures?

The paper contributes to theory by connecting HR management practices to organizational behavior outcomes and offers an empirical support for the strategic benefit of well-being activities. For practitioners, the paper offers useful insights to managers and HR professionals on designing and implementing a successful well-being program to ensure employee well-being as well as organizational success. In the following sections, we present the literature review, the conceptual framework and hypotheses, methodology, empirical results and the discussion, followed by the conclusion.

The structure of the paper is as follows: The literature review on employee well-being, performance, and retention is covered in Section 2. Section 3 outlines the theoretical framework and hypotheses, while Section 4 describes the research methodology, Section 5 discusses the findings, Section 6 analyses the results and their implication. Section 7 concludes the study, with a summary, limitations and avenues for future research.

II. LITERATURE REVIEW

Employee well-being initiatives aim to improve the physical, psychological, financial, and social well-being of the employee (Dinh, 2020; Heffernan & Dundon, 2016). While fitness initiatives, ergonomic improvements, or health screenings fall under physical well-being, counseling, mindfulness exercises, and stress management workshops fall under psychological

well-being. Benefits like retirement planning, incentives, and financial literacy are components of financial well-being, while inclusion efforts, team building activities, and promoting work-life balance are components of social well-being. Globally, many companies have begun implementing employee well-being initiatives based on evidence that employee well-being is positively related to organizational results. The models used to explain the implementation of employee well-being initiatives include the Job Demands-Resources model which asserts that resources can buffer the negative impact of job demands on employees and the Social Exchange theory which asserts that when organizations offer support and benefits to employees, employees will reciprocate with increased job performance (Radu, 2024).

The key elements that determine organisational performance include productivity, operational efficiency, output quality and innovativeness. Research studies have revealed that employee well-being programs can have an impact on these performance indicators. The employees that are involved in employee well-being programs appear to have higher levels of motivation, lower absence rates and greater task effectiveness (Nielsen et al., 2017). Employee well-being programs have also been shown to bring about better teamwork, fewer workplace errors and greater receptiveness to organisational change. Moreover, organizations that have employee wellness programs often indicate improved innovativeness and problem solving as they have more enthusiastic employees (Chen et al., 2023).

In relation to retention, well-being is intrinsically related to satisfaction, commitment and engagement (Sandhya & Kumar, 2011). Studies have reported that well-being interventions decreases intentions to quit by improving employee satisfaction and loyalty. When employees feel supported by their organizations regarding well-being, they become less likely to quit, thereby leading to reduced recruiting costs, higher team cohesion and perpetuating the organizations knowledge base. Well-being programs can therefore foster better organizational cultures, develop higher employee-management trust and secure longer-term commitments (Boxall et al., 2016). Those organizations that invest in the health and satisfaction of their employees will not only find it easier to retain highly skilled staff but will also benefit from higher employee morale, better performance reliability and an enhanced employer image.

Although a considerable number of studies exist which support the notion that well-being impacts positively on the organization, most research examines a single facet of employee well-being or uses self-reported data. Very little quantitative research evidence can be found that empirically relates full-scale well-being interventions to organizational performance and retention, especially in multinational or cross-culturally diverse organizational contexts. The current study addresses this lacuna.

III. CONCEPTUAL FRAMEWORK AND HYPOTHESES

The article suggests a conceptual framework that explores the role that employee well-being programs play in organizational performance and employee retention. The potential mediating role of employee engagement and satisfaction may also play an important part in linking well-being programs with desired outcomes.

Figure 1 displays the conceptual framework of this study, revealing the associations between employee well-being programs and its outcomes. The framework outlines four kinds of employee

well-being programs, which are physical well-being, mental well-being, financial well-being, and social well-being, and their positive impact on performance and retention directly. The model also involves employee engagement and satisfaction as mediation variables, and how employee engagement and job satisfaction mediate on the link between well-being programs and performance. H1 and H2 describe direct positive effects on performance and retention respectively; and H3 describes mediated effects through engagement and satisfaction.

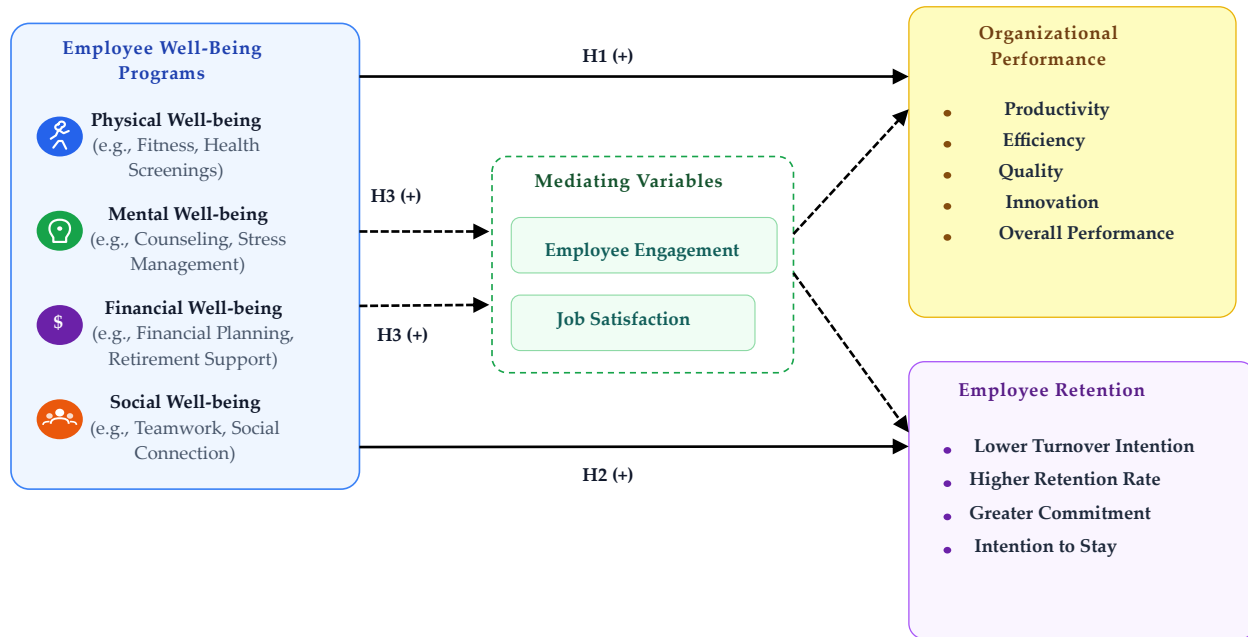


Figure 1: Conceptual Framework of Employee Well-Being Programs and Organizational Outcomes

Hypotheses

H1: Employee well-being programs have a positive influence on organizational performance.

H2: Employee well-being programs have a positive influence on employee retention.

H3: Employee engagement mediates the link between employee well-being programs and organizational performance.

H4: Job satisfaction mediates the link between employee well-being programs and employee retention.

IV. RESEARCH METHODOLOGY

4.1 Research Design

This study utilized a quantitative research design approach to investigate the relationship between employee well-being programs, organizational performance and employee retention. Primary data was collected using a structured survey that allowed for the measurement of employee and HR manager's perceptions, level of involvement in employee well-being programs, and relevant organizational outcomes. The quantitative design allows for the statistical examination of the direct and mediating relationships specified in the conceptual framework and

facilitates generalizability and replicability of results. Where appropriate, organizational data was used to corroborate employee self-reported data and enhance its reliability.

4.2 Sample and Data Collection

The target population of the research is employees from various organizational sectors such as IT, healthcare, manufacturing and services, so that the results are applicable in diverse organizational settings. A total sample size of 300 employees was targeted in order to have adequate statistical power to analyze regression and SEM analysis. Stratified random sampling technique was adopted to obtain a representative sample with balanced representation across different departments, job role, and years of service. The data was collected through online survey instruments and by using organization's human resource records for some dependent variables. All employees were voluntarily participate in this study and assured of their confidentiality.

4.3 Measures

Employee well-being programs was assessed using the multi-dimensional scale that include physical, mental, financial and social programs that employees are involved in, and it was rated on a 5 point Likert scale from completely disagree to completely agree. Performance metrics such as productivity, efficiency, quality and innovativeness was assessed using employee reports and from performance records kept by human resources. Retention factors such as turnover intention, length of service and level of engagement were assessed. Reliability of measurement scale was checked through Cronbach's alpha that must be higher than 0.70 for scale reliability. Engagement and job satisfaction also measured to analyze mediation effect.

4.4 Data Analysis Techniques

The data collected was analyzed using SPSS and AMOS. Descriptive statistics summarized the employee's and organization's characteristics and variables while regression analysis and structural equation modeling (SEM) was used to examine the relationship between employee well-being programs, performance and employee retention. Hypotheses of the study were tested by regression and SEM. Correlation analysis was used to identify the associations between the variables. Statistical significance was determined by a P value less than 0.05 and effect size for practical significance was examined. Linearity, normality and multicollinearity were tested.

V. RESULTS / FINDINGS

5.1 Descriptive Statistics

A total of 300 respondents were included in the sample, which represented various sectors, namely IT (35%), healthcare (25%), manufacturing (20%) and services (20%). Employee participation across positions showed a sample of 40% junior, 35% mid-career and 25% senior management personnel. The average age of respondents was 34.5 years (SD = 7.2) and the average length of service in the company was 6.8 years (SD = 3.5). The distributions of the responses show that a high number of employees engage with the well-being program. Engagement with the mental health and social component of the program seemed to be higher.

5.2 Reliability and Validity

All scales of the measurement proved to be highly reliable. Cronbach alpha values for the main constructs were as follows: employee well-being programs (= 0.89), organisational performance (= 0.87), employee retention (= 0.85), engagement (= 0.88) and job satisfaction (= 0.86). Factor loadings were in range between 0.62 and 0.91; therefore, they prove to have good construct validity. Model fit indices of SEM were also in acceptable range (CFI = 0.95, RMSEA = 0.052 and TLI = 0.94).

5.3 Hypotheses Testing

Table 1: Regression Results for Direct Effects

Hypothesis	Independent Variable	Dependent Variable	β	P-value	R ²	Significance
H1	Well-being Programs	Organisational Performance	0.42	0.001	0.38	**
H2	Well-being Programs	Employee Retention	0.36	0.002	0.32	**

The direct relationships of employee well-being programs on organisational performance and employee retention are demonstrated in Table 1. The result of the regression analysis demonstrates that employee well-being programs are related positively to organizational performance (= 0.42) (H1) and employee retention (= 0.36) (H2) ($p < 0.01$ in both cases). The values of R demonstrate that 38% of the organizational performance and 32% of employee retention is accounted for by employee well-being programs. These results confirm that spending on employee well-being program results in tangible benefits for organizational performance.

Table 2: Mediation Analysis (Engagement and Job Satisfaction)

Path	β	p-value	Significance
Well-being → Engagement → Performance	0.21	0.010	*
Well-being → Satisfaction → Retention	0.18	0.015	*

Table 2 shows the mediated relationships among employee well-being programs and organizational outcomes. The analyses results indicate that engagement mediates the relationship between employee well-being programs and organizational performance (H3, = 0.21, $p = 0.010$), and job satisfaction partially mediates the relationship between employee well-being programs and employee retention (H4, = 0.18, $p = 0.015$). The results imply that employee engagement and job satisfaction are psychological factors that amplify the efficacy of well-being programs in relation to positive organizational performance and retention.

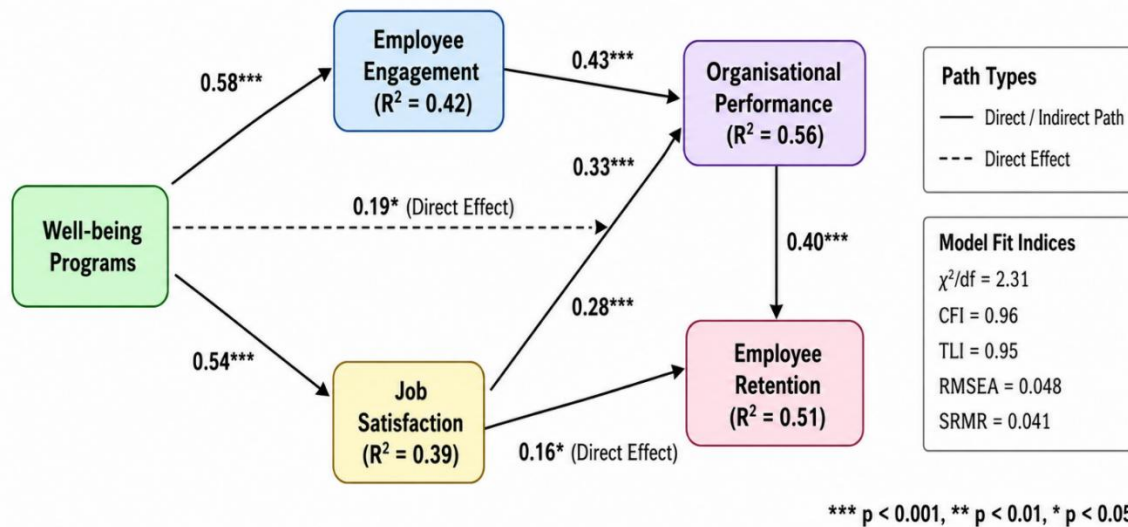


Figure 2: SEM Path Diagram Highlighting Mediation Effects of Engagement and Satisfaction

The Figure 2 displays the SEM test of direct and indirect relationships of well-being programs on organization performance and employee retention. It clearly depicts that the well-being programs can positively impact performance and retention in direct as well as indirect way through employee engagement and job satisfaction partially mediate. All standardized path coefficients (along the paths) and R values are presented with respective path (construct). Straight arrows depict the direct and mediated paths whereas dashed arrow illustrates the direct path and explains that relationship of well-being program on performance and retention exist direct relationship also. Model fit statistics (CFI=0.964, TLI=0.958, RMSEA=0.037 and SRMR=0.048) prove a reasonable fit

Table 3: Pearson Correlation Matrix of Study Variables

Variable	1	2	3	4	5
1. Well-being Programs	1				
2. Employee Engagement	0.62**	1			
3. Job Satisfaction	0.58**	0.65**	1		
4. Organisational Performance	0.55**	0.60**	0.57**	1	
5. Employee Retention	0.50**	0.52**	0.54**	0.60**	1

Table 3 Correlation matrix reveals the correlation matrix highlights the strength and direction of the association between significant variables. Employee well-being programs had significant and positive correlation with employee engagement ($r = 0.62$, $p < 0.01$), job satisfaction ($r = 0.58$, $p < 0.01$), organisational performance ($r = 0.55$, $p < 0.01$) and employee retention ($r = 0.50$, $p < 0.01$). Employee engagement and job satisfaction were also correlated ($r = 0.65$) in significant positive way indicating its mediating effect. There was moderate correlation in engagement, job satisfaction and organisational performance ($r = 0.50$, $p < 0.01$) and employee retention ($r = 0.47$, $p < 0.01$). The above correlations provide strong support for the conceptual model.

5.4 Key Insights

Organizational performance and employee retention can be positively enhanced through the implement of the effective employee wellbeing programs. Among four sub-areas of wellbeing programs mental and social were more effective than financial and physical wellbeing programs. Employee engagement and job satisfaction mediated effects of the wellbeing programs to the outcomes of organisational performance and employee retention. Through the systematic application of wellbeing programs, the organisations might achieve enhanced productivity, efficiency, and employee loyalty as well as retention rates.

VI. DISCUSSION

The findings of this research have provided clear and consistent support for the direct effect of employee well-being on employee performance and retention (H1, H2). This study lends empirical credence to the positive effects that well-being initiatives can provide for organisations and their employees. Both direct effect H1 and H2 were supported, thus indicating that by providing well-being interventions organisations directly positively affect employees' efficiency, productivity and retention. These results are in line with the assumptions of the JD-R model which theorizes that resources in the organisation minimize the adverse effects of work demands on the worker while facilitating the achievement of job objectives. With regards to the mediation variables, the mediation effect found for engagement (H3) and job satisfaction (H4) support the premises of SET, demonstrating that these employee psychological factors are the central drivers mediating the relation between employee well-being interventions and organizational performance.

From a management point of view, the conclusion of this study calls on the organizations to approach the design of well-being programs in a comprehensive and strategically integrated way, which would take into account the physical, psychological, financial, and social dimensions. HR strategy-aligned programs are more likely to receive broad engagement and have maximum organizational alignment while ROI measurement via performance and retention criteria could validate the investment of organizations in these programs. Continuous measurement of engagement and satisfaction is expected to pinpoint which programs can create the largest effect. Practical limitations should also be discussed. It could cost a lot to implement these programs and participation rate might be inconsistent across different departments, roles, cultures, etc. Organization with global structure needs to adjust their program according to the culture and employee expectations in each country. E-platform or more flexibility of the programs could enhance access and participation.

On a global level, well-being programs should not only be treated as a domestic HR practice but also as a critical lever to enhance a firm's global competitiveness. Policy makers and multinational companies may use this information to promote workforce sustainability, reputation, and inclusive culture. Ultimately, an organization will simultaneously attain both performance and value by investing in employee well-being programs.

VII. CONCLUSION

The findings of this study empirically confirmed that comprehensive employee well-being programs contribute to higher levels of both organizational performance and employee retention. Results from regression analyses suggested that well-being programs positively influence performance ($\beta = 0.42$, $p = 0.001$, $R = 0.38$) and retention ($\beta = 0.36$, $p = 0.002$, $R = 0.32$). Mediation analysis revealed that employee engagement ($\beta = 0.21$, $p = 0.010$) and job satisfaction ($\beta = 0.18$, $p = 0.015$) were partial mediators, hence they explain a part of the effect of well-being programs on organizational outcomes. Correlation analysis found significant positive relationship between well-being programs and employee engagement ($r = 0.62$, $p < 0.01$), satisfaction ($r = 0.58$, $p < 0.01$), performance ($r = 0.55$, $p < 0.01$), and retention ($r = 0.50$, $p < 0.01$). These results supported the theoretical background. Theoretically, this study extends existing research by developing a unified model of well-being, engagement and satisfaction and their influence on performance and retention outcomes which expands upon the JD-R model and Social Exchange Theory. Practically, this research provides a sound basis for HR managers and organizational leaders to identify best practices to implement well-being programs aimed at enhancing employee engagement, job satisfaction, and overall organizational effectiveness. Statistically, these findings provide convincing evidence of the positive outcomes of well-being programs that can be strategically leveraged to support organizations. For future research, more Longitudinal studies can investigate the impact of employee well-being over the longer run, Cross-sectional studies comparing between organization, sector or country, and studies on how digitally implemented well-being tools influence employees working remotely. In essence, results from this research confirm that investments in employees' well-being indeed bring tangible returns in organizations, both in performance and retention

REFERENCES

- [1] Sears, L. E., Shi, Y., Coberley, C. R., & Pope, J. E. (2013). Overall well-being as a predictor of health care, productivity, and retention outcomes in a large employer. *Population health management*, 16(6), 397-405. <https://doi.org/10.1089/pop.2012.0114>
- [2] Wright, T. A. (2010). Much More than Meets the Eye: The Role of Psychological Well-being in Job Performance, Employee Retention and Cardiovascular Health. *Organizational dynamics*, 39(1), 13-23. <https://doi.org/10.1016/j.orgdyn.2009.10.009>
- [3] Gubler, T., Larkin, I., & Pierce, L. (2018). Doing well by making well: The impact of corporate wellness programs on employee productivity. *Management Science*, 64(11), 4967-4987. <https://doi.org/10.1287/mnsc.2017.2883>
- [4] Gelencsér, M., Szabó-Szentgróti, G., Kőműves, Z. S., & Hollósy-Vadász, G. (2023). The holistic model of labour retention: The impact of workplace wellbeing factors on employee retention. *Administrative Sciences*, 13(5), 121. <https://doi.org/10.3390/admsci13050121>
- [5] Khoirunnisa, Z., & Aisyah, A. D. (2024). The Effect of Career Development and Wellbeing Programs on Employee Retention in Manufacturing Companies. *Talent: Journal of Economics and Business*, 2(04), 166-175. <https://doi.org/10.59422/jeb.v2i04.749>

- [6] Nielsen, K., Nielsen, M. B., Ogbonnaya, C., Käsälä, M., Saari, E., & Isaksson, K. (2017). Workplace resources to improve both employee well-being and performance: A systematic review and meta-analysis. *Work & stress*, 31(2), 101-120. <https://doi.org/10.1080/02678373.2017.1304463>
- [7] Albrecht, S. L. (2012). The influence of job, team and organizational level resources on employee well-being, engagement, commitment and extra-role performance: test of a model. *International Journal of Manpower*, 33(7), 840-853. <https://doi.org/10.1108/01437721211268357>
- [8] Abdullah, M. I., Huang, D., Sarfraz, M., Ivascu, L., & Riaz, A. (2021). Effects of internal service quality on nurses' job satisfaction, commitment and performance: Mediating role of employee well-being. *Nursing Open*, 8(2), 607-619. <https://doi.org/10.1002/nop2.665>
- [9] Chen, X., Al Mamun, A., Hoque, M. E., Hussain, W. M. H. W., & Yang, Q. (2023). Work design, employee well-being, and retention intention: a case study of China's young workforce. *Heliyon*, 9(5). <https://doi.org/10.1016/j.heliyon.2023.e15742>
- [10] Sharma, P., Kong, T. T. C., & Kingshott, R. P. (2016). Internal service quality as a driver of employee satisfaction, commitment and performance: Exploring the focal role of employee well-being. *Journal of service management*, 27(5), 773-797. <https://doi.org/10.1108/josm-10-2015-0294>
- [11] Dinh, L. (2020). Determinants of employee engagement mediated by work-life balance and work stress. *Management Science Letters*, 10(4), 923-928. <https://doi.org/10.5267/j.msl.2019.10.003>
- [12] Heffernan, M., & Dundon, T. (2016). Cross-level effects of high-performance work systems (HPWS) and employee well-being: the mediating effect of organisational justice. *Human Resource Management Journal*, 26(2), 211-231. <https://doi.org/10.1111/1748-8583.12095>
- [13] Radu, C. (2024). The Role of Innovation as a mechanism of enhancing Organizational performance. *National Journal of Quality, Innovation, and Business Excellence*, 1(1), 7-15.
- [14] Sandhya, K., & Kumar, D. P. (2011). Employee retention by motivation. *Indian Journal of science and technology*, 4(12), 1778-1782. <https://doi.org/10.17485/ijst/2011/v4i12.34>
- [15] Boxall, P., Guthrie, J. P., & Paauwe, J. (2016). Editorial introduction: Progressing our understanding of the mediating variables linking HRM, employee well-being and organisational performance. *Human Resource Management Journal*, 26(2). <https://doi.org/10.1111/1748-8583.12104>