

# The importance of employee well-being

**Q: We understand that good mental health or psychological well-being has some benefits for employee performance at work. But as SMEs, we have a small team of staff and limited resources. All staff have to perform multiple roles in their work and we simply can't afford the time and money to organise activities or programmes to promote staff mental well-being. What can we do?**

**A:** Employee mental well-being directly affects how employees think and feel about their job and organisation. Research has consistently shown that employee well-being predicts job attitudes and performance. In the context of SMEs, employee well-being is critical and not just a "nice-to-have". It is critical because the small size of an SME and the multiple roles of the employee mean that the attitudes and performance of an individual employee matters a lot to the organisation. In the best organisations, the employees do not see their work as a source of unhappiness or constant conflict with what they want to pursue or enjoy. In fact, the workplace can provide many positive factors that contribute to mental well-being in terms of satisfaction and happiness.

Employee well-being also has important implications for productivity and work relationships. Satisfied and happy employees are more likely to trust their supervisors, comply with company rules and regulations, provide suggestions to improve the organisation, help their co-workers, and work cooperatively as a team to achieve group goals. Such behaviour contributes to a high-performing organisation that is productive and innovative, with employees who are socially integrated. Therefore, it is not surprising that research has also shown that employee well-being is positively associated with customer satisfaction.

The converse is also true. Research has

shown that employees who are dissatisfied and unhappy are also more likely to be disengaged, absent without valid reasons, cynical, non-cooperative and more likely to engage in counter-productive behaviour. Taken together, the research evidence is clear that positive employee well-being is an important asset to SMEs, whereas negative employee well-being is a serious liability.

So what can SMEs do to increase employee well-being? The good news for SMEs is that there is a large database of research evi-



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dence showing what employers can do to increase employee well-being, and the most important of these actions involve daily interactions at work rather than spending money and resources to send employees to well-being workshops and programmes. We suggest three areas that SMEs can focus on.

First, research has shown that the quality of the interpersonal interactions that employees have with their supervisor have direct effects on their job satisfaction and emotions or moods, which in turn affect employee performance and their commitment to the organisation. Satisfied and well-performing employees, with low intent to quit, are especially critical to SMEs given that there are opportunity costs for personnel selection, on-the-job training and turnover.

Two important features of quality interaction with a supervisor are perceived fairness and trust. These are especially important in SMEs given the relatively small number of supervisors and few layers in the supervisory hierarchy, which make the influence of the supervisor highly important. There are several ways that the supervisor can increase employee perceptions of fairness. For example, in addition to the equitable distribution of outcomes based on performance and contribution, employers should ensure that the process of determining these outcomes is also fair.

A process is more likely to be perceived as fair if the procedures are not influenced by personal bias and are implemented consistently for different employees in the same situation. It is also important to communicate relevant information and explanations for decisions that affect employees. Research has shown that employers who are perceived as fair are also seen as trustworthy. In addition, employees with positive perceptions of fairness and trust are more likely to engage in positive work behaviour. In contrast, those with negative perceptions are more likely to engage in retaliatory and counterproductive work behaviour.

Second, because interpersonal relationships provide an important source of social support, employers might create opportunities, inside and outside work, for employees to interact socially and get to know one another better.

Positive social relationships increase social integration and create a mutually supportive work culture among the employees, which will enhance trust, increase helping behaviours and strengthen cooperation. Strong and cohesive work groups are especially important in SMEs, given the relatively small size of the same group of people working together on a daily basis.

Third, foster an environment in which employees feel valued and respected. In a re-



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cent Gallup survey of close to 70,000 people around the world, one of the largest contributors to everyday experiences of negative emotions was not feeling respected.

Other studies have found that feeling respected and accepted by others contributed more to well-being than socio-economic status. Respect is critical. During a busy day when everyone is performing multiple roles and meeting deadlines, we are often unaware of the negative impression we create when issuing instructions rudely or giving terse replies to others.

We need to pay more attention to the choice of words and manner of communication in daily interactions, especially when supervisors communicate with employees. In some ways, SMEs are in a better position than larger companies to communicate and instil respect in their employees. Because of the smaller size of SMEs, owners and supervisors of SMEs can be highly visible and familiar to their employees by engaging in regular individual or small-group interactions. When employees are given personal attention, they are more likely to feel valued and respected.

Ironically, although the above recommendations may sound like common sense and

do not involve financial resources to implement, they are often neglected at many workplaces. Employee well-being matters to the performance and even survival of an SME. The best SMEs are likely to be the ones that will not view employee well-being as a luxury and will not give it low priority due to limited resources. Instead, the best SMEs will turn their small size into a strength to create social capital and increase employee well-being.

*This response is jointly written by William Tov and David Chan.*

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