

How employee
wellbeing can
become a core value



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Leadership is the ability to effectively use strategic competencies and influence to accomplish organizational goals. It is a partnership between managers, followers, and external constituencies, and one of the main differences between leaders and managers is power and authority. Leaders yield power which cannot be transferred, however, managers yield authority due to their position and can be delegated. When organizational requirements are fast-changing as a result of rapid fluctuation, a Transformational leader is called for. Transformational leadership is defined as a relationship between a leader and follower(s) based on a set of leader behaviors perceived by subordinates as exhibiting idealized influence, motivational inspiration, intellectual stimulation, and individual consideration. In today's modern complex organizations, which are going through constant change, it required the roles of management and leadership be intertwined.

An organisation that has an environment which promotes a state of contentment allowing employees to flourish and achieve their full potential for the benefit of themselves and the organisation can be considered as employers who put high emphasis on their employee wellbeing. The concept of wellbeing includes concepts of psychological and physical health.

Today increasingly companies are focused more about their employees' wellbeing as organisations are seeing its benefits. Organisations such as IBM, established Well-Being Management System (WBMS), the company's holistic approach to managing the health and safety of employees wherever they work. This enables physical and psychological fitness of its employees.

When employee wellbeing becomes a shared organisational value deeply rooted in the organisational culture it is evident from the following companies that productivity of the organisations increases as a result of high moral and satisfaction as well as organisations are able to retain their talents.

Values influence attitudes and behaviour therefore for transformational leaders to create employee wellbeing as a shared value they need to create trust between leader and employees. This is possible when the leader practice high emotional and social intelligence and honour the psychological contract between the management and employees.

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1. 0 INTRODUCTION

This report presents discussions on how employee wellbeing can become a core value shared among the employees of an organization that can be deeply rooted in the organizational culture and the role of transformational leadership in facilitating this change.

Transformational leaders are called for when traditional leadership fails to bring about a change aligning the organizational culture to the changes in the environment. As these form of leadership focus on employees in achieving their goal it suits well in an era of fast globalization.

In the second part of the report concepts of leadership and their difference from management will be introduced . as well as an explanation of transformational leadership and what it is all about.

Third part of the report explains the concept employee wellbeing and its benefits. Companies who are initiating employee wellbeing and the response will be highlighted.

The main part of the report will discuss how transformational leadership help facilitate employee wellbeing in the organizational culture that would eventually improve performance.

Concepts of how leaders create trusts among employees and towards themselves, how leaders practice emotional and social intelligence and the concepts of psychological contract will be discussed.

Finally case evidence will be provided when employees' wellbeing is taken care off their performance in terms of absenteeism etc will rise significantly.

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1. 2 Scope and limitation

The scope of the report is limited to the examination of how employee wellbeing can become the cultural norm within the organization and how transformational leadership facilitates in embedding it to the organizational culture as a shared core value.

Little robust research exists on the relationship between health and individual job performance.

2. 0 leadership

Leadership defined by Weiss (2001, p. 194) states that it is the ability to effectively use strategic competencies and influence to accomplish organizational goals. It is a partnership between managers followers and external constituencies and one of the main differences between leaders and managers is power and authority. Leaders yield power which cannot be transferred however managers yield authority due to their position and can be delegated. (Mullins 2002).

Whetten et. al (1995, p. 17) states that “ traditional definition of management is outmoded and irrelevant today”. Their argument is based on the similarity between leaders and managers in terms of how they function. And that a good manager functions as an effective leader . a similar view was held by Hodgetts (1990, p. 3) and defines management as “ getting things done through people” and leadership influence people towards particular goal.

Weiss(2001) referencing Bass (1985, 1990)states that when organizational requires a fast changing as a result of rapid fluctuation a transformational leader is called for.

Transformational leadership exhibits behaviors such as idealized influence, motivational inspiration, intellectual stimulation, and individual consideration. And can be defined as a relationship between a leader and a follower based on this behavior (Flood 2008)

A number of studies have shown a strong positive relationship between this leadership style and desirable outcomes including organizational commitment, job satisfaction, and decreased employee turnover intentions (Flood 2008)

“ As an example of the magnitude of leadership influence on the attitudes and behaviors of employees, a study of 25, 000 workers across a variety of firms by Wilson Learning, a US based management training company; found that 69% of employees’ job satisfaction related to the leadership skills of their bosses (Davids 1995). A significant productivity lag was associated with a lack of or poor leadership. On the basis of this finding, Davids (1995) asserts that the days of the heroic leader who gets things done by people are numbered, to be replaced by the post-heroic leaders who get things done with people. Hence, mutual understanding, trust and strong communication skills have been growing in importance as factors in the leader follower relationship.”(Flood, 2008)

3. 0EMPLOYEE WELLBEING

An organisation that has an environment which promotes a state of contentment allowing employees to flourish and achieve their full potential for the benefit of themselves and the organisation can be considered as employers who puts high emphasis on their employee wellbeing.(Tehrani et. al 2010)

The concept of wellbeing includes concepts of psychological and physical health. According Arnold (2007) they can be distinguished between subjective and psychological wellbeing ...Subjective wellbeing focuses on the affective (hedonic balance; balance between pleasant and unpleasant affect) and cognitive (life satisfaction) components of well-being (Arnold et. al 2007). “ Psychological well-being draws on various conceptualizations of mental health” (Arnold et. al 2007). Tehrani et . al (2010) described wellbeing as a subjective experience that may involve practical measures such as introducing healthy food or a gym at work, or perhaps less tangible initiatives such as working to match the values and beliefs held by employees with those of their organization. It could be argued that a change in the way employees are engaged in discussions about how their work is organized could have more of an impact on an individual’s well-being than the introduction of a corporate gym.

Today increasingly companies are focused about their employee’s wellbeing as organisations are seeing its benefits . Organisations such as IBM, established Well-Being Management System (WBMS) the company’s holistic approach to managing the health and safety of employees wherever they work. This enables physical and psychological fitness of its employees. This

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integrated approach to employee well being ranges from the more traditional aspects of occupational health and safety , such as industrial hygiene, safety, medical issues and ergonomics-to innovative and proactive wellness initiatives, including a broad array of health promotion options and disease prevention benefits for employees.(IBM , 2010)

Marks & Spencer is known as an employer who values employees.

Historically, well-being was delivered through a traditional benefits package, including flexible working and family-friendly policies. In addition, a good physical working environment was provided, including good catering facilities. Other ancillary benefits for some or all employees included hairdressing, chiropody, dentistry and holistic services. As the business moved through a change management program it was realized that more focus was needed on the health and well-being areas that were directly affected by the workplace. (Tehrani et. al 2010)

Scota Chiropractic Ltd is another company that focused on employee wellbeing . Established in 1986 and currently employs 17 employees working across two sites the growing public awareness of alternative and complementary therapies has been a major driver of business growth. The company works with the NHS and has recently branched out into sports therapy, rehabilitation and ergonomic-based health and safety interventions.

The organization has increasingly concentrated on employee well-being for its own staff during the past five years. (Tehrani et. al 2010)

3. 1 Employee wellbeing and culture.

Organisational Culture is defined as a set of shared values & beliefs which interact with an organisation's people, structure and system to produce behavioural norms. In a strong organisational culture the organisation core values are both intensely held and widely shared. Core values are the primary or dominant values that are accepted throughout the organisation. The more members who accept the core values and the greater their commitment to those values is, the stronger the culture gets. A strong organisation culture will have a great influence on the behaviour of its members ((Robbins 1998)

When employee wellbeing becomes a shared organisational value deeply rooted in the organisational culture it is evident from the following companies that productivity of the organisations increases as a result of high morale and satisfaction as well as organisations are able to retain their talents.

According to Tehrani et. al(2010) Marks & Spencer's three-month wellbeing trial programme demonstrated an 8% reduction in its employee sickness absence for musculoskeletal health issues. Store management teams reported improved morale of the departmental team and the general store, all of which are difficult to estimate in financial terms, further improvement in customer service and improved efficiencies.

Nike company employees share a core value of enhancing people's lives through sports and fitness. Nike has created a strong sports oriented culture and promoted it through company practices such as paying employees extra for biking to work instead of driving. (Robbins 1998)

Companies adopting such measures aimed at promoting health and well-being among their employees influence several aspects of their employee's physical and psychological well-being in ways which result in improved productivity, commitment and attendance. This includes providing good quality jobs which allow employees more control, autonomy and involvement in the way their work is done (Coats et. al 2008)

Recently an OEM manufacturer, FOXCONN of china supplies to companies like DELL, APPLE and Hewlett-Packard came under scrutiny for its below standard employee relations and maltreatment. Some estimates put the company's labour turnover in to 50000 a month and reports claim a drop in recruitment standards to just about anyone with an ID. (Engadget 2010)

4. 0 Transformational leadership and culture

Organisational Culture is defined as a set of shared values & beliefs which interact with an organisation's people , structure and system to produce behavioural norms. Values influence attitudes and behaviour (Robbins 1998) therefore For transformational leaders to create employee wellbeing as a shared value they need to create trust between leader and employees. This is possible when the leader practice high emotional and social intelligence and honour the psychological contract between the management and employees.

Leaders facilitate in creation of value for employee wellbeing and facilitate in embedding it in to the organisational culture. They achieve this by creating trust among employees towards the leader as well as between each other

and develop emotional and social intelligence of employees and honouring the psychological contract.

4.1 Trust

trust is a characteristics of high performance teams where the relationship between members is based on integrity , competence, consistency, loyalty and openness (Robbins 1998)

According to Rosen (1996) trust is one of the major principles in leading people. it binds people together creating a strong resilient organisation. It cannot be achieved over night according to Kouzes et. al (1987) but takes years to learn however an instance to loose it.

Idealised influence dimension of transformational leadership helps create such relationship of trust and confidence through its attribution charisma. They are thought to display certain attributes (eg. percieved power, focus on higher order ideals and values. When this happens the followers develop an emotional tie to their leader which ultimate results in the trust specified above.(Arnold 2007)

“ Transformational leaders gain follower trust by maintaining their integrity and dedication, by being fair in their treatment of followers, and by demonstrating their faith in followers by empowering them. It has been suggested that one way that charismatic and transformational leaders can demonstrate their dedication and build follower trust is through self sacrificial behaviours. Leaders can self sacrifice by taking on a proportionately larger workload, by foregoing the trappings of power (e. g. Gandhi’s peasant lifestyle), or by postponing rewards, such as Chrysler’s

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Leelacocca and Apple's Steve Jobs deciding to work for 1\$ a yr .."(Bass et. al 2006)

Transformational leaders build trust by practicing open communication between employees and leaders. " mistrust comes from what people don't know as from what they do know" (Robbins 1998). They are excellent team players , and they lead by example, support the teams through words and actions and demonstrating loyalty as well as treating them with respect and considering their perception in terms of objectivity and fairness in decision making. They show consistency in basic values that guide their decision making and they maintain confidences and become someone who teams can rely on.

3. 2Emotional intelligence

Goleman (1995) describes emotional Intelligence as " self-awareness, managing our emotions effectively, motivation, empathy, reading other people's feelings accurately, social skills like team work, persuasion, leadership and managing relationships".

Transformational leaders have high emotional intelligence. They properly manage emotions that drive trust, loyalty, and commitment. The leader enables People to recognize their own emotions as well as others , differentiates those emotions to make choices for thinking and action. (Cooper et. al 1997). It is an intelligence that may be learned, developed and improved (Perkins 1994).

Emotional intelligence is the ability of a person to use his awareness and sensitivity to detect, identify or understand the feelings underlying

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interpersonal communication and avoiding to respond on impulse and thoughtlessly, Instead to act from receptivity , authenticity ad candor. (Ryback 1998). Emotional intelligence is about influence without manipulation or abuse of authority. It is about perceiving, learning, relating, innovating, prioritizing and acting in ways that take into account and legitimize emotions, rather than relying on logic or intellect or technical analysis alone (Ryback, 1998).

Transformational Leaders are highly self aware facilitating them to read one's emotions and recognize their impact while using gut feelings to guide decisions. Their social awareness enables them to sense, understand and react to others emotions while comprehending social networks.

As a result of these qualities and the ability of transformational leaders to manage self inspire employees influence them and develop these qualities among them by managing conflict. This successfully results in resolved issues of workplace bullying and increase in employee satisfaction leading to higher performance.

Goleman, (2010)have shown that high levels of emotional intelligence can create climates in which information sharing, trust, healthy risk taking and learning flourish. as well as how workplace competencies based on emotional intelligence can exert greater impact on performance than do intellect or technical skills.

4. 3Psychological contract

When an employer distributes a performance bonus every year since it inception, employees within that particular company will expect to receive it

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in the coming years as well, because of the fact that every year the company distributes it. The point here is that Humans beings are very adaptable to situations . the more leaders practice employee wellbeing initiatives within the organisation the likely it will become an expectation in the psychological contract between employers and employees.

Psychological contract defined by Robbins (1998) states that it is an unwritten agreement that sets out what management expects from the employee and vice versa. It sets out mutual expectations.

Everyone performs different roles both at work place and society. And each role demands attitudes and behaviours consistent to that particular role. Therefore both the organisation and the employee have certain expectations of that role which could mean acceptable working conditions, clear communication and a fair days work etc for employees and for organisations demonstration of a good attitude following instructions and showing loyalty to the organisation.(Robbins 1998)

However when these expectations are not met trust between the employees and employers is lost, resulting in negative effects on employee performance and satisfaction.

Globalisation and work force diversity further complicates the situation. Although Members of different groups share common within their group common values, attitudes and perceptions much diversity exists within each of these categories. (Bateman et. al 2009). similarly in multi racial societies such as the United States for example values shared among Asian Americans differ from values shared among Asians living in Asia.

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Since values influence the attitudes and behaviours of employees attaining a common shared value among the multi ethnic groups and multinational groups within an organisation is a challenge to the transformational leaders. As each of these groups will have different expectations from employers.

4. 4 Social intelligence

However the transformational leader's ability to connect with individuals at a personal level enables them to build a relationship of trust and influence their behaviour and attitude to share a common value which is emotional and psychological wellbeing of employees.

Many leaders are appointed because of their drive, ambition and business expertise but often they are unable to work with or get along their director colleagues, colleagues and direct reports, or with others on whom their own success depends. Building on his work on emotional intelligence, Daniel Goleman coined the phrase " Social Intelligence", in which he enlarges his focus to encompass our capacity to connect with one another." We are wired to connect ... Neuroscience has discovered that our brain's very design makes it sociable, inexorably drawn into an intimate brain-to-brain linkup whenever we engage with another person." (Goleman 2010)

Therefore in order to identify the attitudes , values and perceptions of people the leader needs to have social intelligence skills to connect to the individuals or initiate emotions in order to gain trust which ultimately leads to acceptance of ideologies and behaviours the leader intends to communicate which in turn becomes the norm of the organisation.

5. 0 Employee wellbeing, Culture and performance

Harter et al (2002) believes that “ worker quality of life and performance originates with the behavioural, cognitive , and health benefits of positive feelings and positive perceptions. according to him proponents of the well being perspective argue that the presence of positive emotional states and positive appraisals of the worker and his or her relationships within the people seek out interesting , meaningful, and challenging tasks. when demands match or slightly exceed resources, individuals experience positive emotional states (e. g. pleasure , joy, energy) and they perceive themselves as growing , engaged, and productive . From the wellbeing perspective, a healthy workforce means the presence of positive feelings in the worker that should result in happier and more productive workers.”

a survey carried out by Aon Consulting on UK workers found out that more than 35 million sick days a year are taken for personal reasons rather than for a genuine illness and one in three UK workers (33 per cent) say that the last time they took a day off from work as sick leave were addressing personal issues including looking after a family member, letting repairmen into their home, grieving a dead relative or pet, or feeling down after breaking up with a partner and they did not have anything wrong with them .

52 per cent of British say they would not feel forced to take a day as sick leave if they could just be honest and have access to flexible working hours or ‘ social days’,” said Peter Abelskamp, director of health and benefits EMEA, at Aon Consulting. “ Of course, employers should also not ignore the fact that 16 per cent of people say that more interesting work would keep them in the office (PM Online, 2010)

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In 2003 the Royal Mail sickness absence levels were 7 per cent (an average of 16 days per employee per year) As a result their Customer service standards were affected and incurred a daily cost of £1m. the company had been experiencing issues of long-term absence for many years which was commonly due to musculoskeletal health.

Therefore Royal Mail introduced a range of integrated measures to counter the problem such as as

- Health screening
- Health clinics at 90 sites
- Fast access to occupational health services
- Access to physiotherapy
- Employee assistance programme (EAP)
- Incentive scheme
- Rehabilitation centres focusing on improving back, neck and shoulder injuries
- Phased and partial return to work (RTW)
- Case management

four years later, it was reported that sickness absence levels had fallen to 4 per cent (10 days per employee) and saved Royal Mail almost £230m. Up to

3, 600 more staff were available to work each day as a result of these measures (Scribed, 2010)

8. 0 CONCLUSION

In this fast changing global environment organisations are increasing needing leaders who concentrates on building relationships with their employees in order to increase productivity and meet the global demands. Emphasis on employee wellbeing has become a trend in today's companies which is seeing its benefits. However in order to produce a full impact leaders need to create wellbeing as a shared core value deep rooted in the culture of the organisation. This can be achieved only when the leader creates trust among employees as well as between him. This is only possible if the leader has high emotional and social intelligence and promotes it within employees and finally honouring the psychological contract between them.

Therefore transformational leadership can bring about a change in organisational culture by creating values which will in turn influence the attitude and behaviour of the employees in this case employee wellbeing as a core value in the organisational culture.