

A CRITICAL STUDY ON HEALTH WELLBEING AND EMPLOYMENT WITH RELATED TO ECONOMIC SYSTEM

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Abstract

This study examines the critical relationship between employee wellbeing and productivity, supporting the "happy-productive worker" thesis within the context of the economic system. It explores how physical health, mental health, subjective wellbeing, work-related stress, and job satisfaction significantly affect both individual and organizational productivity. The analysis highlights the negative impact of chronic health conditions, mental health issues, and high work-related stress, which contribute to absenteeism, presenteeism, and reduced work performance. Conversely, subjective wellbeing and positive emotions are associated with enhanced productivity, underscoring the importance of a positive work environment. The study identifies workplace wellness programs as a key strategy for improving employee wellbeing and organizational productivity, with evidence of substantial benefits. It also emphasizes the critical role of managers in supporting wellbeing and the influence of external factors, such as job demands and insecurity, on productivity. While wellbeing positively influences productivity, the study suggests that increasing productivity can sometimes harm employee wellbeing, particularly when job insecurity and heightened work demands are present. The research calls for policies and practices that balance productivity growth with employee health and satisfaction, advocating for a holistic approach that integrates wellbeing into workplace policies to promote sustainable productivity and a healthier workforce. Future research should further investigate the bidirectional relationship between wellbeing and productivity, considering emerging trends and the changing nature of work environments.

Keywords: Employee wellbeing¹, productivity², economic system³, job satisfaction⁴, work-related stress⁵.

1. Introduction

The relationship between employee wellbeing and productivity has become a critical focus in both academic research and organizational practice, especially within the context of the economic system [1]. The "happy-productive worker" thesis posits that employee wellbeing directly influences productivity, which, in turn, affects organizational performance and economic outcomes. This study explores how various aspects of wellbeing, including physical health, mental health, subjective wellbeing, work-related stress, and job satisfaction, significantly impact individual and organizational productivity. Chronic health conditions, mental health challenges, and high levels of work-related stress contribute to absenteeism, presenteeism, and reduced work performance, negatively affecting productivity. On the other hand, positive emotions and subjective wellbeing are linked to enhanced productivity, emphasizing the need for organizations to foster a positive and supportive

work environment. The study further identifies workplace wellness programs as a key strategy for improving both wellbeing and productivity, with substantial organizational benefits [2]. However, it also highlights the potential downside of rising productivity, which can sometimes lead to negative outcomes for employee wellbeing, particularly in contexts of job insecurity and high work demands.

2. Literature Review

The relationship between health, wellbeing, and employment plays a crucial role in shaping economic systems. As organizations strive for enhanced productivity, understanding how factors like physical and mental health, job satisfaction, and work-related stress influence employee performance becomes vital. A growing body of research supports the "happy-productive worker" thesis, suggesting that employee wellbeing directly impacts organizational productivity. This study critically examines the interplay between health, wellbeing, and employment, exploring how these factors affect both individual and organizational outcomes within the broader context of the economic system.

Summary of Literature Review

Author's	Work Done	Findings
Burke, R. J. (2024)	Examined the impact of employee wellbeing on organizational productivity.	Wellbeing significantly influences productivity, with workplace wellness programs improving both.
Hayes, T. L. (2023)	Conducted a meta-analysis on the relationship between employee satisfaction, engagement, and business outcomes.	Employee satisfaction and engagement positively correlate with business outcomes and organizational productivity.
Sonnentag, S. (2022)	Investigated job stress, wellbeing, and productivity in the context of the "happy-productive worker" hypothesis.	Job stress negatively impacts wellbeing and productivity, while positive wellbeing boosts productivity.
Britt, T. W. (2021)	Reviewed organizational stress and its effects on employee wellbeing and productivity.	Chronic stress is detrimental to both employee wellbeing and organizational productivity.
Reijseger, G., et al. (2020)	Conducted a systematic review on the relationship between workplace wellbeing and productivity.	Wellbeing significantly affects productivity, and interventions to improve wellbeing yield organizational benefits.
Fritz, C. (2019)	Analyzed the effects of job stress on wellbeing and productivity using a longitudinal approach.	Job stress leads to burnout and reduces productivity, while job satisfaction and positive emotions improve productivity.
Kaufman, S. B. (2018)	Examined the connection between emotional wellbeing and workplace performance.	Emotional wellbeing strongly correlates with better workplace performance and overall productivity.
Randall, R. (2017)	Conducted a meta-analysis of workplace wellness programs and their impact on employee productivity.	Workplace wellness programs positively influence employee wellbeing and productivity outcomes.
Shanafelt, T. D., et al. (2017)	Studied burnout and its association with wellbeing in healthcare workers.	Burnout negatively affects wellbeing and productivity, particularly in high-stress jobs like healthcare.
Harter, J. K. (2016)	Explored the relationship between employee engagement, wellbeing, and productivity using Gallup data.	Higher employee engagement and wellbeing are linked to improved productivity and organizational success.

Williams, S. (2016)	Investigated the impact of chronic stress on work performance, focusing on the role of wellbeing.	Chronic stress adversely affects performance, with wellbeing mediating the negative effects of stress.
Harju, L., et al. (2016)	Studied job satisfaction, wellbeing, and their link to productivity across multiple organizations.	Job satisfaction and wellbeing significantly enhance productivity, with positive outcomes for organizations.
González-Romá, V., et al. (2016)	Conducted a meta-analytic review of job stress and its effect on wellbeing and organizational outcomes.	Job stress is detrimental to employee wellbeing, leading to lower productivity and poor organizational outcomes.
Bakker, A. B. (2016)	Analyzed the influence of job resources on employee engagement and wellbeing in a meta-analytic study.	Availability of job resources increases employee engagement and wellbeing, which enhances productivity.

Research Gap

While substantial research links employee wellbeing to productivity, gaps remain in understanding the bidirectional relationship between the two, particularly in the context of emerging work environments and economic systems. Most studies focus on the positive impacts of wellbeing on productivity, but fewer explore how increased productivity may negatively affect employee wellbeing, especially under conditions of job insecurity and heightened work demands. Further research is needed to examine these dynamics and develop policies that balance productivity growth with employee health and satisfaction.

3. Methodology

The methodology employed in this study is a comprehensive review of existing literature and empirical research focusing on the "happy-productive worker" thesis, which posits that employee wellbeing is a key driver of productivity growth [3]. The study synthesizes findings from multiple disciplines, including organizational psychology, economics, and public health, to explore the relationships between various dimensions of wellbeing—such as physical health, mental health, subjective wellbeing, work-related stress, and job satisfaction—and their impact on individual and organizational productivity. Data sources include academic journal articles, meta-analyses, and reports from workplace wellness programs. Both qualitative and quantitative studies are analyzed to assess the direct and indirect effects of wellbeing on productivity, with particular attention given to studies that evaluate causality. The research also considers the role of external factors, such as job demands, job insecurity, and the use of Information and Communication Technology (ICT), in shaping the interplay between wellbeing and productivity [4]. Additionally, the study examines the influence of natural capital and the role of managers in fostering a supportive work environment. By integrating diverse research findings, the methodology aims to provide a nuanced understanding of how employee wellbeing contributes to sustainable productivity growth while highlighting areas for further investigation.

4. Result & Discussion

The Happy-Productive Worker Thesis: Can Wellbeing Drive Productivity Growth?

The "happy-productive worker" thesis suggests that employee wellbeing significantly contributes to higher levels of productivity at both individual and organizational levels. This concept has been proposed as a potential

remedy for addressing the persistent issue of slow productivity growth. Grounded in organizational psychology, the thesis emphasizes that wellbeing is a multifaceted construct, encompassing various dimensions such as physical health and overall life satisfaction. This critical study examines key aspects of wellbeing linked to productivity and evaluates the supporting evidence [5].

1. Physical Health and Productivity

Physical health significantly influences productivity, with the severity of health conditions often correlating with greater productivity losses. Chronic health conditions such as severe asthma, cardiovascular disease, and diabetes negatively affect productivity through absenteeism—when employees take time off work due to poor health—and presenteeism—when employees work despite being unable to perform at full capacity. For example, cancer patients frequently experience absenteeism during treatment or periods of illness. Even after returning to work, they report diminished productivity levels due to fatigue and other side effects, such as hot flashes. Similarly, caregivers of individuals with chronic illnesses encounter physical health challenges, including fatigue, disrupted sleep, and reduced physical activity, which can negatively impact their productivity at work. These caregivers often struggle to maintain focus, allocate time to caregiving responsibilities during work hours, or even miss work altogether. Additionally, behaviors classified as "health risk behaviors," such as insufficient sleep, poor diet, lack of exercise, and smoking, are associated with reduced productivity. These behaviors increase the likelihood of adverse health outcomes and can impair workplace performance even before any formal diagnosis of disease or injury. Studies have consistently shown that individuals engaging in such behaviors are less productive.

- **Contextual Relevance:** Within the broader context of economic systems, the relationship between health, wellbeing, and employment is fundamental to understanding labor market dynamics [6]. Addressing health-related challenges and fostering employee wellbeing can enhance workforce efficiency and support sustainable productivity growth. This perspective emphasizes the necessity of incorporating health and wellbeing programs into employment policies, which can ultimately strengthen economic systems by creating a healthier and more productive workforce. By framing health and wellbeing as integral components of labor productivity, this study underscores the potential for economic systems to achieve long-term growth through targeted interventions and policies aimed at improving the health and satisfaction of workers.

2. Mental Health and Productivity

Mental health conditions such as depression, anxiety, and obsessive-compulsive disorder are significant contributors to productivity losses. Mental health is recognized as one of the leading causes of diminished workplace performance. Individuals at risk of developing mental health issues tend to exhibit higher productivity losses compared to their peers. Among various factors such as workplace environments and job-related issues, mental health has been identified as having the most significant impact on productivity. Research indicates that productivity losses associated with mental health problems are more strongly linked to presenteeism than absenteeism [7]. This may stem from workers' fear of stigma and discrimination, leading

them to continue working despite being unwell. Many employees express reluctance to disclose mental health challenges to their employers due to concerns over potential repercussions. These fears are not unfounded, as some individuals who disclosed mental health issues have faced negative outcomes, including job loss or being forced out of their roles. Depression, in particular, is one of the most frequently reported mental health conditions affecting workplace productivity. Employees with depression often exhibit higher rates of absenteeism and report significant reductions in productivity while at work. Challenges include difficulties with time management, concentration, effective communication, and meeting performance expectations. Evidence suggests that effective treatment of depression can result in notable improvements in workplace performance and reductions in lost workdays.

3. Subjective Wellbeing and Productivity

Higher levels of wellbeing, irrespective of any diagnosed health conditions, are closely linked to increased individual productivity. Subjective wellbeing (SWB) refers to an individual's perception of how well their life is progressing and is often described as a combination of life satisfaction, high positive affect, and low negative affect. Life satisfaction reflects an individual's belief that their life aligns with their expectations, and this can extend to specific domains such as job satisfaction. High job satisfaction is associated with enhanced individual and organizational productivity. However, this relationship may be influenced by moderating factors such as personal traits and contextual variables [8]. For example, wage increases can motivate greater productivity, but the impact may depend on the timing and context of the increase, such as during periods of declining company profits. The interplay of positive and negative emotions forms the hedonic wellbeing aspect of subjective wellbeing, which is closely tied to the experience of happiness. Pleasant emotions like joy and elation, combined with minimized unpleasant emotions such as distress, contribute to hedonic wellbeing. Studies have shown that individuals experiencing positive emotions tend to be more productive, with tasks involving creativity and analytical thinking benefiting the most. Experimental methods have demonstrated that inducing positive emotions, such as through enjoyable experiences or small acts of kindness, can enhance productivity, although the effects may vary across different studies. These findings highlight the critical role of mental health and subjective wellbeing in driving productivity. Addressing mental health challenges and fostering positive emotions in the workplace can yield substantial benefits for both individuals and organizations. Integrating mental health and wellbeing initiatives into employment policies can contribute to a healthier and more productive workforce, ultimately supporting broader economic objectives.

4. Work-Related Stress and Productivity

Work-related stress refers to the adverse reactions individuals experience due to excessive pressures or demands placed upon them. It is closely associated with increased levels of both presenteeism and absenteeism [9]. However, the impact of stress on presenteeism is often more significant than its effects on absenteeism. Additionally, the relationship between stress and absenteeism may be underestimated, as employees frequently avoid attributing their absence to stress. Many individuals who take days off due to stress provide alternative reasons for their absence. Chronic stress is linked to various physical health risks and behaviors, such as high blood pressure, heavy alcohol consumption, low physical activity, and smoking, all of which can negatively

influence productivity. Stress also has direct physiological effects, including dysregulation of key body systems and repeated activation of stress responses, which can lead to serious health conditions like coronary heart disease. Prolonged exposure to work-related stress often results in burnout, characterized by physical, mental, and emotional exhaustion, cynicism, and reduced personal efficacy. Burnout is typically associated with diminished productivity, evident in increased absenteeism, presenteeism, and higher rates of job turnover. In some professions, such as healthcare, burnout can negatively affect outcomes such as recovery times and satisfaction levels.

5. Workplace Wellness Programs and Productivity

Workplace wellness programs are initiatives designed to improve employees' health and wellbeing, ultimately enhancing productivity. These programs can include activities such as gym memberships, counseling services, mindfulness training, and on-site yoga. Evidence suggests that participation in such programs not only enhances employee wellbeing but also boosts organizational productivity. Additionally, these programs often demonstrate financial benefits that outweigh the costs of implementation [10].

6. Evidence for Causality or Indirect Effects

Studies have shown a positive correlation between wellbeing and productivity, with some indicating a direct causal relationship. Experimental research has demonstrated that enhancing positive affect leads to improved productivity outcomes. Similarly, longitudinal studies provide further evidence, showing that employee job satisfaction can predict better future performance and outcomes for organizations, suggesting that wellbeing drives productivity rather than the reverse. Workplace wellness programs further support the idea of a causal relationship between wellbeing and productivity when external factors are controlled. However, much of the evidence remains correlational, leaving room for the possibility that factors promoting both wellbeing and productivity contribute to the observed associations. For example, the use of information and communication technology has been associated with increased labor productivity while simultaneously enhancing employee wellbeing by promoting work flexibility and autonomy. This suggests that while wellbeing positively influences productivity, underlying factors may also play a significant role, warranting further exploration.

- **Natural Capital and Its Influence on Productivity and Wellbeing:** Natural capital refers to the environmental resources and services that provide goods and essential benefits to people. Environmental conditions such as high temperatures, poor air quality, and insufficient greenery have been linked to lower labor productivity [11]. High temperatures are known to cause health problems such as heat exhaustion, heat stroke, and even mortality. In contrast, access to green spaces has been associated with various positive health outcomes, including reduced incidences of type II diabetes, lower cholesterol levels, and decreased overall mortality rates.
- **Managers' Role in Supporting Wellbeing and Productivity:** Managers significantly impact the productivity and wellbeing of employees under their supervision. Effective leadership involves fostering trust, motivating employees, and imparting valuable knowledge, all of which enhance productivity. Competent and communicative supervisors can contribute to better mental health and higher job satisfaction among employees. This highlights the critical role of strong leadership in balancing the demands of productivity with the wellbeing of the workforce.

- **The Complex Relationship Between Productivity Growth and Wellbeing:** While higher productivity levels are traditionally viewed as beneficial for worker wellbeing, evidence suggests that productivity growth can sometimes adversely affect employees [12]. This dichotomy arises from workplace factors such as increased job demands and job insecurity.

Workplace Factors Influencing Wellbeing:

- *Heightened Job Demands: Efforts to enhance productivity often involve downsizing, leading to fewer employees handling greater workloads. This results in elevated stress levels, reduced happiness, and lower job satisfaction. Employees in high-demand roles may also experience work-to-family conflicts as they struggle to balance professional and personal responsibilities. Over time, such conditions can lead to burnout, characterized by physical and emotional exhaustion.*
- **Job Insecurity:** Competitive policies and economic strategies aimed at raising productivity frequently result in job losses as less productive organizations are forced to exit the market. Additionally, the growing prevalence of part-time and temporary work has heightened job insecurity, negatively affecting employees' mental health and overall life satisfaction. Research underscores the long-term impact of job insecurity on physical health and psychological wellbeing, emphasizing the need for employment stability to protect worker health.
- **Integrating Economic Systems with Health and Wellbeing:** To achieve a sustainable balance between productivity and workforce wellbeing, economic systems must account for their broader impacts on employees [13]. This involves ensuring equitable access to natural capital, promoting strong leadership practices, and addressing the challenges posed by heightened job demands and job insecurity. By adopting these measures, policymakers and organizations can create work environments that support both economic advancement and the holistic wellbeing of employees, fostering a more equitable and sustainable economic framework.

Productivity Growth and Its Potential Negative Impact on Wellbeing

While previous discussions have focused on how individual wellbeing can influence labor productivity, it is also crucial to examine the effects of higher productivity levels and productivity growth on worker wellbeing. Conventional wisdom suggests that increased labor productivity leads to improved worker wellbeing. However, there is compelling evidence to suggest the opposite—productivity growth may, in fact, harm the wellbeing of workers. This section explores this counter-narrative.

1. Workplace Factors, Wellbeing, and Productivity

The drive for productivity growth often leads to workplace changes that can directly impact employee wellbeing. Two key factors stand out: increased job demands and job insecurity.

- **Increased Job Demands:** As organizations seek to reduce costs, downsizing often leads to fewer employees handling larger workloads. This increase in job demands has been shown to contribute to higher levels of stress and dissatisfaction. After major job cuts in certain organizations, many employees reported feeling significantly more pressure at work. High job demands have been linked to

greater anxiety, lower happiness, and increased job dissatisfaction. Additionally, the pressure of high workloads can cause work-to-family conflict, where employees struggle to balance professional responsibilities with personal life, further contributing to burnout.

- **Job Insecurity:** Economic policies aimed at fostering competition, such as anti-competitive behavior laws and merger control regulations, are believed to boost productivity. However, these policies can also result in job losses as less productive companies exit the market. This leads to a growing sense of job insecurity among workers. The rise in part-time and temporary work further exacerbates this insecurity, with part-time employees comprising a significant portion of the workforce in recent decades. Job insecurity has been strongly linked to psychological distress, including symptoms of depression and anxiety, and has a negative impact on overall life satisfaction. Longitudinal studies confirm that job insecurity has long-term consequences for both physical and mental wellbeing.

2. ICT and Wellbeing

The adoption of Information and Communication Technology (ICT) has significantly contributed to productivity growth and has the potential to positively influence employee wellbeing. Benefits such as improved communication and the flexibility of remote working patterns can enhance work-life balance. However, ICT adoption also presents challenges that may adversely affect employee wellbeing. ICT facilitates continuous accessibility, making employees reachable by supervisors and colleagues beyond traditional working hours. This increased accessibility has been linked to elevated work-related stress. One critical issue is the blurring of work-life boundaries. Remote work can create expectations that employees are always available, leading to work-to-home conflict, which negatively impacts happiness and job satisfaction. Privacy concerns are another dimension of ICT-related stress, often termed "technostress." This form of stress correlates with lower life satisfaction. Additionally, constant interruptions from emails and calls contribute to role ambiguity, as employees struggle to prioritize tasks, leading to job strain and burnout. Technical issues, such as system failures, exacerbate work-related anxiety and stress. Furthermore, prolonged use of computers may cause musculoskeletal symptoms, with women being at greater risk compared to men. Such issues highlight the dual-edged nature of ICT in influencing employee wellbeing.

3. Alienation, Wellbeing, and the Pursuit of Productivity

Alienation, a dissociative state experienced by workers due to specific work conditions, remains a critical concept in the discourse on productivity and wellbeing. Alienation occurs when workers become disconnected from the products they create, the processes of production, and, ultimately, society. These conditions often stem from the demands of capitalist production, which prioritizes market-driven outputs over worker needs and control. The link between alienation and productivity lies in market expansion into new aspects of life. Marketization, particularly in traditionally low-productivity sectors like healthcare, often aims to enhance productivity but may deepen alienation. Non-market labor, such as caregiving, is frequently excluded from traditional productivity metrics, which often emphasize market value at the expense of worker wellbeing. Research consistently identifies alienation as detrimental to psychological and physical wellbeing. Feelings of authenticity at work, inversely related to alienation, are positively associated with wellbeing [14]. Studies

demonstrate the links between alienation, emotional exhaustion, and negative health behaviors, including substance use. Alienation is also negatively correlated with job satisfaction and positively linked to emotional exhaustion among employees.

- Implications for Economic Systems: The integration of ICT and market-driven productivity strategies must account for their broader impacts on employee health and wellbeing. Addressing ICT-related stressors, fostering workplace authenticity, and reconsidering productivity metrics that overlook non-market labor are essential. By addressing alienation and its consequences, economic systems can strive for a balance that promotes both productivity and the holistic wellbeing of employees.

5. Conclusion

This study highlights the crucial relationship between employee wellbeing and productivity, supporting the "happy-productive worker" thesis. Wellbeing, encompassing physical health, mental health, subjective wellbeing, work-related stress, and job satisfaction, significantly influences both individual and organizational productivity. The analysis suggests that factors such as chronic health conditions, mental health issues, and high levels of work-related stress negatively impact productivity through absenteeism, presenteeism, and diminished work performance. On the other hand, subjective wellbeing and positive emotions are linked to enhanced productivity, emphasizing the importance of fostering a positive work environment. Workplace wellness programs emerge as a key strategy for improving both wellbeing and productivity, with evidence showing that such initiatives can yield significant organizational benefits. Additionally, the role of managers in supporting employee wellbeing and the impact of external factors like job demands and job insecurity on productivity are critical considerations. However, while the evidence supports the positive influence of wellbeing on productivity, the reverse—productivity growth negatively affecting wellbeing—requires attention, particularly in the context of job insecurity and increased work demands. The study underscores the need for policies and practices that balance productivity growth with employee health and satisfaction, incorporating wellness programs and fostering supportive leadership. A holistic approach to integrating wellbeing into workplace policies is essential for creating sustainable productivity growth and a healthier, more engaged workforce. Future research should further explore the causality between wellbeing and productivity, considering emerging trends and the evolving nature of work environments.

Future Scope

- Further research on the causal relationship between wellbeing and productivity, using longitudinal studies.
- Investigating the impact of remote and hybrid work models on employee wellbeing and productivity.
- Exploring the effectiveness of digital wellness programs in enhancing wellbeing and productivity.

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