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## **EMPLOYEE WELL-BEING AND ORGANIZATIONAL DEVELOPMENT**

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### **ABSTRACT**

This paper reviews the strategic relationship between employee well-being and organizational development in modern workplaces. It moves beyond traditional views that treat employee health as a secondary human resource concern. The paper examines employee well-being as a core organizational development issue that shapes engagement, innovation, productivity, retention, and long-term organizational resilience. The review is guided mainly by the Job Demands-Resources model and the Individual, Group, Leader, and Organizational framework. These models show that employee well-being is influenced by job design, leadership behaviour, team support, organizational culture, and available workplace resources. The paper further examines current debates in the field, including the overlap between employee experience and employee well-being, the rise of technostress, and the risk of high performance occurring alongside psychological strain. The review concludes that sustainable organizational development requires organizations to treat employee well-being as a strategic investment rather than a workplace benefit. It recommends integrated, sector-specific, and long-term interventions that address both individual and structural sources of workplace strain.

**Keywords:** *Employee, Well-Being, Organizational, Development*

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## INTRODUCTION

Employee well-being has become a major concern in organizational development because modern workplaces face growing levels of stress, burnout, turnover, and technological disruption. Traditional management approaches often viewed employees mainly as productive inputs whose value was measured through output and efficiency. However, this view has become inadequate in contemporary organizations that operate in volatile, uncertain, complex, and ambiguous environments (Hasyim, 2024). Organizations now recognize that employee well-being directly influences long-term performance, adaptability, innovation, and resilience. Employee well-being has therefore shifted from being a narrow human resource benefit to becoming a strategic organizational development priority (Camron, 2024). This shift reflects the growing understanding that sustainable performance depends on the psychological, physical, social, and emotional condition of employees. Employee well-being is a broad concept that includes physical health, emotional stability, job satisfaction, psychological safety, and sense of purpose at work (Molek-Winiarska et al., 2024). It is not limited to the absence of illness, stress, or injury. It also includes positive experiences such as vitality, belonging, autonomy, growth, and meaningful work (Nagle, 2024). Organizational development refers to planned and systematic efforts aimed at improving organizational effectiveness, adaptability, culture, and capacity for change. It uses behavioural science knowledge to align people, structures, processes, and strategy. In this sense, employee well-being and organizational development are closely connected because organizations cannot develop sustainably when employees are strained, disengaged, or emotionally exhausted (Hasyim, 2024).

The link between employee well-being and organizational development has become more important due to hybrid work, digital transformation, artificial intelligence, and increased job complexity. Remote and hybrid work arrangements have blurred the boundary between personal and professional life, creating new psychological demands for employees (Mahapatra, 2026). Similarly, Industry 5.0 has introduced human-centred digital systems that require employees to collaborate with intelligent technologies while maintaining autonomy and well-being (Amiri et al., 2026). This paper reviews existing literature on employee well-being and organizational development. It examines theoretical models, empirical evidence, sector-specific issues,

workplace stressors, current debates, and future research directions. The paper argues that organizations must integrate employee well-being into their development strategies to achieve sustainable performance.

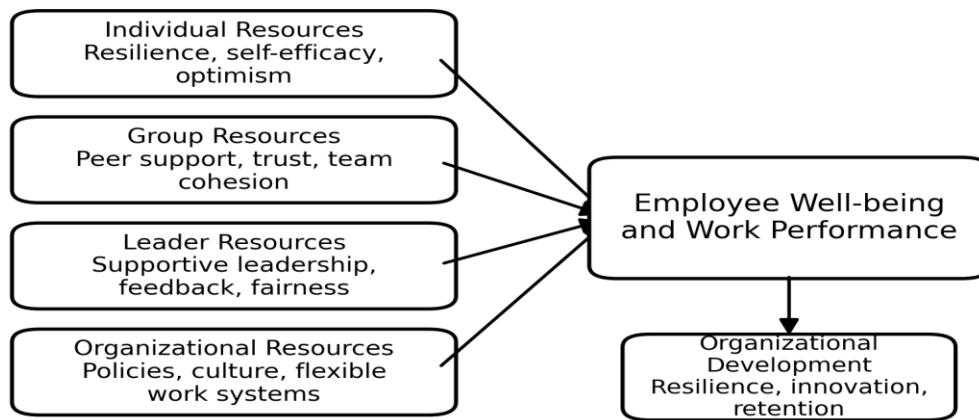
## **LITERATURE REVIEW**

Employee well-being is often discussed through two major perspectives. The first is the hedonic perspective, which focuses on happiness, job satisfaction, pleasure, and positive emotional states. The second is the eudaimonic perspective, which focuses on meaning, personal growth, purpose, and self-realization at work (Amiri et al., 2026). Modern organizational development approaches treat employee well-being as a multidimensional state. This means that well-being is shaped by both individual factors and structural workplace conditions. It is not only the employee's personal responsibility. It is also affected by leadership, organizational culture, job demands, team climate, communication, flexibility, autonomy, and available resources. The Job Demands-Resources model is one of the most widely used frameworks for understanding employee well-being. The model classifies workplace conditions into job demands and job resources (Bakker & Demerouti, 2017). Job demands refer to physical, emotional, psychological, social, or organizational aspects of work that require sustained effort. These include workload, time pressure, emotional demands, role conflict, and complex tasks.

Job resources refer to physical, social, psychological, or organizational factors that help employees achieve work goals. They also reduce job demands and support personal growth. Examples include supervisor support, autonomy, recognition, feedback, career development, and flexible work arrangements (Nagle, 2024). When job demands remain high and job resources remain low, employees experience strain. This strain can lead to exhaustion, burnout, absenteeism, reduced commitment, and withdrawal from the organization. However, when organizations provide adequate resources, employees experience motivation, engagement, job satisfaction, and stronger performance. The model therefore shows that employee well-being is linked to how organizations design jobs, manage workloads, and support employees. The IGLO framework expands this understanding by showing that well-being is created at four levels. These levels are the individual, group, leader, and organizational levels (Nielsen et al., 2017). At the individual level, employee well-being depends on personal resources such as resilience, self-efficacy, optimism, and

emotional regulation. At the group level, it depends on peer support, team cohesion, trust, and collaboration.

At the leader level, well-being depends on leadership style, feedback, support, fairness, and psychological safety. At the organizational level, it depends on policies, culture, human resource systems, flexible arrangements, and organizational norms. This framework is useful because it shows that well-being interventions should not focus only on employees as individuals. They must also address teams, leaders, and organizational systems.



**Figure 1: The IGLO Resource Framework**

The IGLO framework is important for organizational development because it links employee well-being to performance through multiple pathways. A supportive leader can reduce stress and improve engagement. A cohesive team can increase belonging and collaboration. A flexible policy can improve work-life balance and reduce burnout. These levels work together to shape employee experience and organizational outcomes.

### **EMPIRICAL EVIDENCE AND LITERATURE SYNTHESIS**

Empirical research shows a strong relationship between employee well-being and organizational performance. Nielsen et al. (2017) conducted a systematic review and meta-analysis of 84 quantitative studies. The study examined how resources at the individual, group, leader, and organizational levels influenced both employee well-being and performance. The findings showed

that resources at all four levels were positively related to well-being and performance. The study also found no major difference in the strength of relationships across the four levels. This suggests that organizations can improve well-being through different entry points. They can intervene through individual development, team support, leadership improvement, or organizational policy reform. However, Nielsen et al. (2017) also found that cross-sectional studies reported stronger relationships than longitudinal studies. This indicates that short-term research may overstate the immediate impact of well-being interventions. It also shows the need for longer-term studies that track the lasting effects of employee well-being on organizational development.

Kumar (2024) examined the mediating role of employee engagement in the relationship between employee well-being and organizational performance. The study showed that well-being improves performance partly through engagement. Employees who experience higher well-being are more likely to invest cognitive, emotional, and behavioural energy in their work. Cognitive engagement improves focus and problem-solving. Emotional engagement supports commitment, collaboration, and positive workplace relationships. Behavioural engagement improves effort, persistence, and task completion. These dimensions show how employee well-being can translate into stronger organizational outcomes. Well-being initiatives can therefore create a cascading effect. They improve satisfaction, strengthen engagement, reduce turnover, and support innovation. Examples include flexible work arrangements, participatory human resource training, recognition systems, health promotion programs, and supportive leadership practices (Shekhar, 2025).

## **SECTOR-SPECIFIC NUANCES**

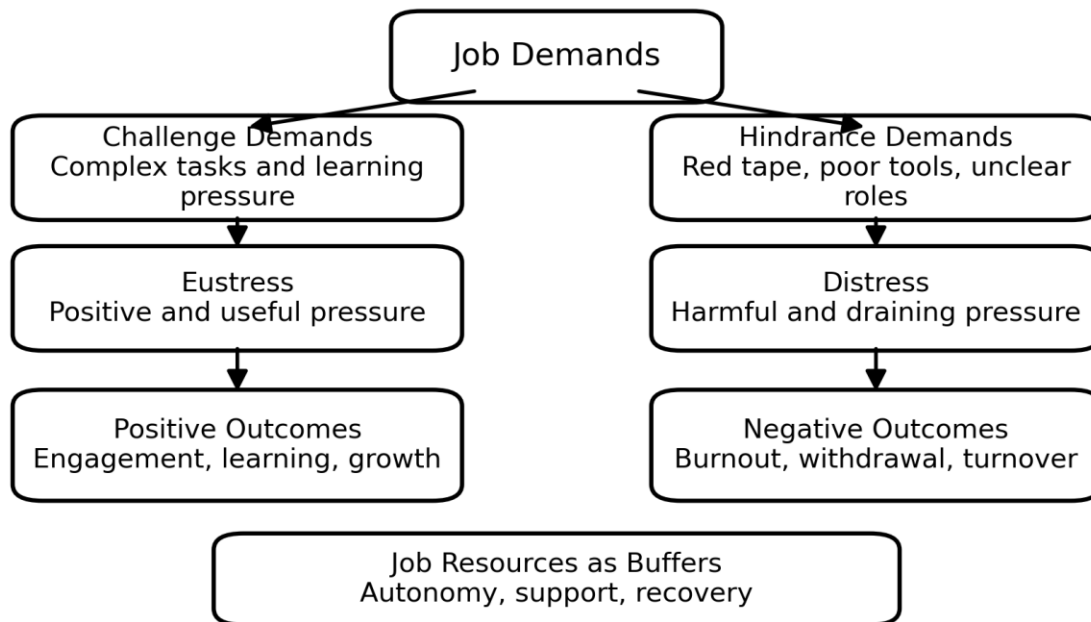
Employee well-being does not operate in the same way across all sectors. Different industries expose employees to different psychosocial demands. Therefore, organizational development interventions must be shaped by sector-specific realities. Nagle (2024) examined psychosocial factors affecting employee well-being across public administration, healthcare, pharmaceuticals, and energy services. The study showed that some factors are broadly important across sectors. However, their relative importance changes depending on sector demands. In public administration, employees often face bureaucratic inertia, rigid procedures, and unclear roles. In this context, well-being interventions should focus on role clarity, transparent communication, and

manageable autonomy. Generic wellness programs may not be effective if deeper structural barriers remain unresolved.

In healthcare, employees face emotional exhaustion, heavy workloads, patient trauma, and long shifts. Well-being interventions must therefore prioritize psychological safety, peer support, flexible scheduling, and recovery time. Individual resilience training is useful, but it cannot replace structural support. In knowledge-intensive sectors such as pharmaceuticals and technology, employees face high cognitive demands and innovation pressure. These employees benefit from professional development, autonomy, and clear long-term support. When these resources are available, innovation stress can become positive engagement rather than harmful strain. In energy services and physically demanding sectors, employees face safety risks and changing operational environments. In such settings, well-being depends strongly on safety-focused leadership, clear procedures, and reliable structural support. These examples show that one-size-fits-all approaches to employee well-being are often ineffective.

### **DIAGNOSTIC ANALYSIS OF WORKPLACE STRESSORS**

Effective organizational development requires accurate diagnosis of workplace stressors. Managers should not treat all stress as the same. Contemporary stress models distinguish between challenge demands and hindrance demands. Challenge demands are difficult work conditions that can support growth, learning, and achievement. Examples include complex tasks, high-stakes presentations, and expanded responsibilities. These demands may create pressure, but they can also increase motivation when employees have enough resources. Hindrance demands are barriers that block progress and drain employee energy. Examples include office politics, unclear reporting lines, excessive bureaucracy, poor tools, and unfair procedures. These demands are harmful because employees often see them as unnecessary and unproductive.



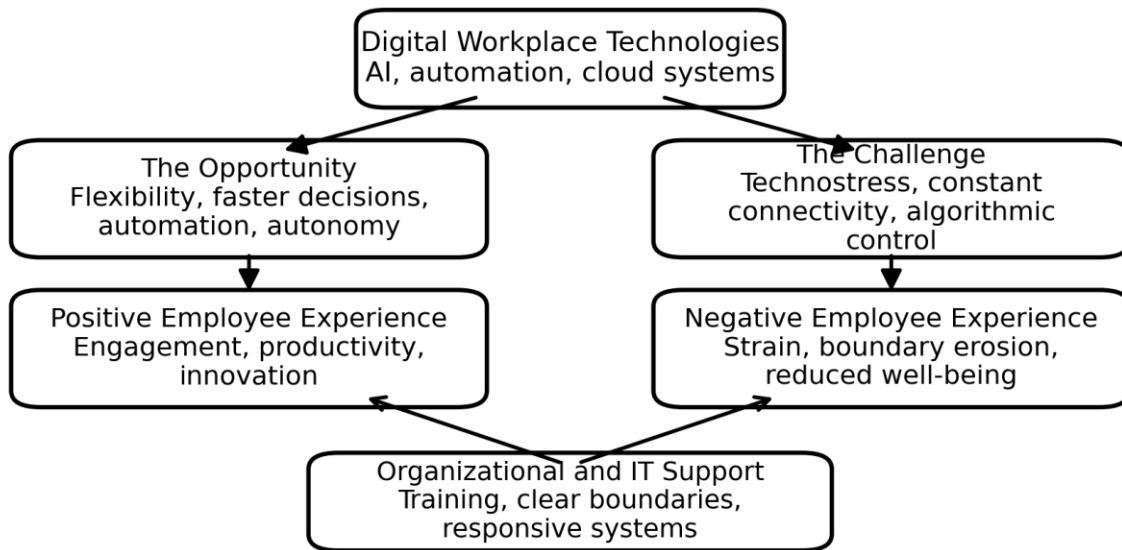
**Figure 2: Workplace Stressors and Employee Outcomes**

Challenge demands can create positive stress when they remain manageable. This can improve engagement and learning. However, hindrance demands usually create distress, burnout, frustration, and withdrawal. Organizational development should therefore reduce hindrance demands while keeping challenge demands at a healthy level.

### **CURRENT CONTROVERSIES AND DEBATES**

One major debate concerns the difference between employee well-being and employee experience. Employee experience refers to the overall journey employees have within an organization. It includes recruitment, onboarding, work design, culture, development, recognition, and exit experiences. Employee well-being is more specific because it focuses on physical, psychological, emotional, and social health at work. Molek-Winiarska et al. (2024) found that human resource practitioners often use employee well-being and employee experience interchangeably. This creates confusion in practice. Organizations may invest in surface-level experience initiatives, such as office games or comfort benefits, while ignoring deeper well-being issues such as workload, autonomy, psychological safety, and burnout. Another debate concerns technostress in the digital workplace. Industry 5.0 promotes human-centred technology and collaboration between humans

and intelligent systems (Amiri et al., 2026). Digital tools can improve flexibility, productivity, and decision-making. However, they can also increase constant connectivity, surveillance, algorithmic control, and work-life boundary erosion.

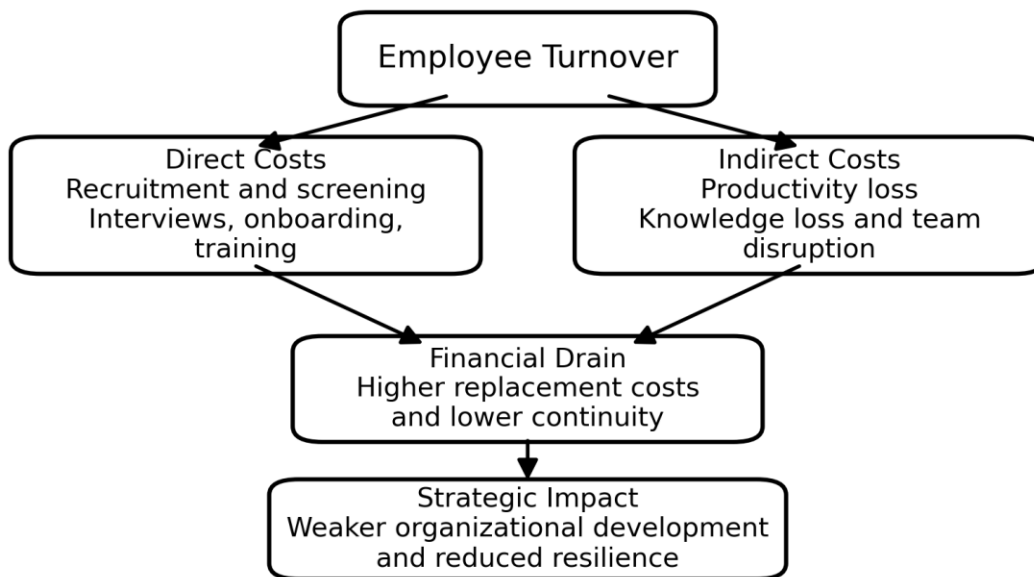


**Figure 3: Technological Opportunity and Technostress Challenge**

Technostress affects work engagement and workplace flourishing. Harunavamwe (2025) argued that perceived organizational support can reduce the negative effect of technostress. This means that organizations must provide adequate training, digital support, clear boundaries, and employee-centred technology policies. A further debate concerns the assumption that happy employees are always productive employees. Traditional models often present a simple positive relationship between well-being and performance. However, recent literature suggests that the relationship is more complex and context-dependent (Amiri et al., 2026). Some organizations achieve high performance while employees experience serious strain. This may happen in high-pressure cultures where output is driven by tight deadlines, intense monitoring, and fear-based competition. Such performance may appear successful in the short term. However, it can cause burnout, disengagement, turnover, and long-term organizational decline (Maryadi, 2025).

## MACROECONOMIC IMPACT AND STRATEGIC CAPITAL RETURN

Employee well-being has direct financial implications for organizations. When organizations ignore well-being, they face costs related to absenteeism, presenteeism, medical claims, low productivity, disengagement, and voluntary turnover. These costs can weaken organizational development by draining resources and interrupting long-term projects. Turnover is one of the clearest financial consequences of poor employee well-being. Replacing skilled employees can be expensive because organizations must recruit, select, onboard, and train new staff. The loss of experienced employees also affects institutional knowledge, team stability, customer relationships, and service quality.



**Figure 4: Turnover Cost Components**

Well-being programs should therefore be treated as investments in strategic human capital. Organizations that improve job design, leadership support, work-life balance, and psychological safety can reduce turnover and absenteeism. They can also increase engagement, innovation, and revenue per employee. The return on well-being investment should not be measured only through short-term output. It should also include long-term outcomes such as retention, resilience, trust,

adaptability, and employee commitment. These outcomes are essential for sustainable organizational development.

## **CONCLUSION**

The literature reviewed in this paper confirms that employee well-being is central to sustainable organizational development. Employee well-being is not an isolated human resource issue. It is shaped by job design, leadership, team relationships, organizational culture, technology use, and policy systems. The Job Demands-Resources model shows that employees experience strain when demands are high and resources are inadequate. The IGLO framework further shows that well-being is created at the individual, group, leader, and organizational levels. These models provide a strong foundation for designing practical workplace interventions. Empirical evidence shows that well-being supports engagement, innovation, productivity, and retention. However, the relationship between well-being and performance is not always simple. Organizations may achieve short-term performance while damaging employee health. Such performance is not sustainable because it leads to burnout, turnover, and reduced organizational resilience. Organizations should therefore integrate employee well-being into strategic planning and organizational development. This requires more than wellness campaigns. It requires better leadership, clear roles, fair workloads, psychological safety, supportive technology, and sector-specific interventions. Sustainable organizational development depends on building workplaces where employees can perform well without sacrificing their health.

## **FUTURE DIRECTIONS FOR RESEARCH AND PRACTICE**

Future research should examine the long-term effects of employee well-being interventions. Many studies show immediate positive outcomes, but fewer studies track effects over three to five years. Longitudinal research would help organizations understand the lasting value of well-being investments. Future studies should also develop sector-specific frameworks. Healthcare, public administration, technology, and energy services have different psychosocial demands. Tailored interventions are likely to be more effective than general well-being programs.

More research is also needed on digital work and technostress. Organizations should explore how artificial intelligence, remote work tools, and algorithmic systems affect employee autonomy,

work-life balance, and psychological safety. This area is becoming more important as digital systems continue to expand. Lastly, organizations should clarify the relationship between employee experience and employee well-being. Employee experience initiatives should not replace well-being interventions. Instead, employee well-being should be treated as a core part of a broader employee experience strategy.

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