Are You Focusing on Both Employee and Organizational Outcomes?

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Plenty of research explores the conditions that create a psychologically and physically healthy workplace (Cooper & Cartwright, 1997; Karasek, & Theorell, 1990; Mikkelsen, Ogaard, & Landsbergis, 2005; Noblet, 2003; Van Veldhoven, Taris, de Jonge, & Broersen, 2005; Williams, 1994). Unfortunately, employee outcomes are often of secondary interest, following a primary focus on key business or management outcomes. These approaches overlook that employee outcomes drive many of the key characteristics of an effective organization. For example, turnover is a function of individual employees leaving the company. Healthcare costs derive from individual employees using and misusing healthcare benefits and their reliance on treatment rather than prevention. Customer service reflects individual experiences with customers.

While issues of competition, technology, management, and core business processes do affect organizational outcomes, many of the key indicators of a successful organization are driven by the aggregated efforts and experiences of individual employees. The trick is to figure out how to create an organization that allows employees to perform at their best. The "psychologically healthy workplace" perspective allows for this optimization, and differs from a traditional "organizational effectiveness" or "employee benefits" approach in several aspects.

Organizational Effectiveness Approach

The "organizational effectiveness" approach focuses on how managers can improve the organization and its elements (selection methods, job design, reward systems, decision making, etc.) to increase performance, often by increasing employee motivation and/or satisfaction. This approach is rooted in the administrative and behavioral sciences with an emphasis on organizational outcomes. Managers, theorists, and researchers in this tradition often make the explicit assumption that employee outcomes and organizational outcomes covary – that is, if organizational effectiveness is positive, so are employee outcomes.

Research in this tradition typically considers some employee attitudinal outcomes, but it is telling that the most emphasized employee outcome, "satisfaction," is a tepid and uninspiring concept from the employee perspective. Other attitudinal outcomes, such as organizational commitment (including its current incarnation, "engagement") and job involvement, really are organizational outcomes in disguise, focusing on how much the employee is willing to give the employer. Indeed, too much involvement may actually lead to negative individual and organizational outcomes, such as burnout and turnover (Brown, 1996).

In the organizational approach, work is seen primarily from management's perspective. Employee views are relevant to the extent that employee motivation and outcomes pay off for the organization. In such a context, the enlightened leader understands how to design the organization to increase employee motivation, effort, and performance, and reduce dysfunctional behaviors. Leaders also assume that the employee will respond "appropriately" to well-designed management initiatives.
Employee Benefits Approach

In stark contrast to the organizational effectiveness approach, the "employee benefits" approach focuses on how managers can create an environment that values people and supports the employees' personal life and family needs. The focus is on enhancing employee well-being with the assumption that doing so is in management's best interest. This is often expressed by the rarely tested notion that "a happy worker is a productive worker," which assumes that increasing employee happiness will pay off for management in the form of greater productivity, employee loyalty, reduced turnover, and so on (Judge, Bono, Thoresen, & Patton, 2001). This stance is understandably popular with its advocates; it holds out the hope that expensive programs will pay off with no net loss to the employer.

The belief that meeting worker needs will benefit the organization has deep historical roots in management ideology. Barley and Kunda (1992) traced this idea as far back as the dawn of the industrial revolution in the U.S. After a lag of about 25 years, this movement enjoyed a revival in the 1920s. It was followed by the Human Relations movement, which was spawned by the famous Hawthorne studies. The behavioral sciences played an important role in the development and diffusion of this perspective. Human Relations proponents argued that organizational effectiveness resulted from meeting employee needs for constructive social relationships, satisfaction, and self-actualization. Barley and Kunda pointed to a resurgence of such ideas in the Organizational Culture and Quality movement of the 1980s and 1990s.

More recently, the Work-Life movement has become the most prominent embodiment of this perspective. It calls for increasing employee benefits, and especially highly customizable benefits, to meet employee needs better at work and at home. The current conceptualization emphasizes that employees with and without spouses/partners/children require a "balance" between work and non-work life (Frone, 2003). It focuses on ways of enhancing life outside of work. While some practices, such as flexible working hours and telecommuting, produce a win-win for employees and the organization, other benefits, such as generous leave and time off benefits, provide far greater positive outcomes to employees than to the organization. The annual Fortune magazine listing of the "100 best places to work" has helped bring attention to the benefits that some employers lavish on their employees.

The employee benefits approach also implies that improving the organization often will reduce the time and energy that employees invest at work. In addition, this approach emphasizes quantity over quality – the more benefits offered, the happier and more productive our employees will be. Both the reduction of time and effort and the maximization of employee benefits are at odds with the organizational effectiveness approach, which seeks to increase organizational commitment while simultaneously improving efficiency and profit. The cost-effectiveness of work-life techniques and other employee benefits has been the subject of relatively limited research. Anecdotal reports and informal company studies usually report that work-life approaches are effective because they reduce employee turnover and absenteeism, which are often very expensive to employers.

From the employee benefits perspective, employees are often viewed as passive recipients of management-provided benefits.

Effective management for proponents of this approach is benevolent and perhaps paternalistic. Management's job is to look out for employee needs. Although employees may request benefits that meet their needs, they are not necessarily involved in reshaping the work or the organization. In this perspective, employees are often viewed as passive recipients of management-provided benefits.

Psychologically Healthy Workplace Approach

The "psychologically healthy workplace" approach is the newest of the three perspectives. It attempts to integrate and extend the earlier perspectives. The American Psychological Association's Psychologically Healthy Workplace Program (PHWP) has spawned some
of the work in this area (see Grawitch, Gottschalk, and Munz, 2006). As in the Organizational Effectiveness perspective, there is great interest in changes in organizational systems that benefit employees and the organization.

The primary focus is on identifying programs and policies that, when combined with the organization’s other workplace practices, collectively enhance both employee health and well-being and organizational effectiveness. Like the employee benefits perspective, the psychologically healthy workplace approach focuses on employee needs. However, this perspective also emphasizes changing the work organization itself as a possible path to increase employee well-being, rather than simply finding more ways to help employees reduce their work demands. The psychologically healthy workplace approach differs from the organizational effectiveness approach because it emphasizes both employee and organizational outcomes, as well as the importance of finding empirical support for the relationship between the two.

This perspective emphasizes that employee well-being is not simply about organizational commitment or job satisfaction. Rather, employee well-being includes broader areas of focus, including psychological health, physical health, and behavioral outcomes. The component of psychological health is distinct from the other approaches in that it includes not only attitudinal outcomes, such as satisfaction, but also personal fulfillment, growth, and stress reduction.

The psychologically healthy workplace perspective makes two important assumptions that distinguish it from other approaches. First, job and work organization occupy a central place in the life of most employees and consume more time and energy than almost any other life activity. It is not enough simply to increase opportunities for employees to pursue non-work activities, especially at the expense of work demands. The workplace itself must be a healthy place if it is to foster employee well-being and productivity. Second, employees must be actively involved in shaping the workplace if it is to be healthy for them. Employee involvement is far more central to the healthy workplace perspective than to the other perspectives. It is not enough for employees to be passive recipients of management largesse.

Although there is a lot of emphasis on employee involvement in the organizational effectiveness tradition, employee involvement in designing the change is usually not a key consideration. Most often, management designs the programs based on its perspective, and employees are expected to take ownership of a program that they had little role in designing. This often results in low employee motivation to implement and sustain the program as intended because designing change initiatives energizes and encourages accountability for those involved.

In the employee benefits tradition, involvement often means simply providing employees with the opportunity to tell management what benefits they want. Human resource professionals and other managers may collect survey data from their employees and use the data to identify possible employee needs and new programs to meet those needs. Usually, however, there is little emphasis on employee ownership and responsibility in making these programs effective.

Alternatively, the psychologically healthy workplace perspective recognizes the critical role of employee involvement in ensuring that changes meet real employee needs. It goes beyond the other perspectives in recognizing that employees must be active, engaged, creative citizens of their organization, not merely passive recipients of organizational benefits. Under this approach, management and employees re-create the psychological contract as a partnership designed to meet the organization’s needs in a way that also optimizes employee well-being.

Exercising Your Organization’s Approach

This following table provides a summary of each of the three approaches. Using each of the categories on the left
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Three Frameworks for Defining a Healthy Workplace

<table>
<thead>
<tr>
<th>Primary goal</th>
<th>Organizational Effectiveness</th>
<th>Employee Benefits</th>
<th>Healthy Workplace</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Enhanced organizational performance</td>
<td>Enhanced employee well-being</td>
<td>Optimized organizational and employee outcomes</td>
</tr>
</tbody>
</table>


| Focus of organizational change efforts | Changes in organizational systems (jobs, rewards, training, organization design, etc.) that lead to performance improvements | Changes that provide greater employee benefits and opportunities outside of the work organization | Systemic changes in the areas of: 1. Employee involvement 2. Growth and development 3. Work-life balance 4. Employee recognition 5. Health and safety |

| View of work | Possible source of satisfaction, motivation and productivity | Risk to employees if in conflict with other life demands | Possible source of fulfillment and growth |

| Preferred leader style | Theory Y | Benevolent, paternalistic | Committed to the well-being of all stakeholders |

| Role of employees in achieving well-being | Respond as managers expect to initiatives | Ask for needed benefits | Engage in creating a healthy workplace |

| Major contributions | Understanding of organizational systems and interventions; research base | Focus on non-monetary rewards; employee needs outside of work | 1. Integration of Organizational Effectiveness and Employee Benefits perspectives 2. Broader view of employee and organizational health |

(i.e., primary goals, operational definition of employee well-being, etc.), you should be able to determine which approach your organization primarily emphasizes. However, you may find that your approach varies with each category, which is also telling. Inconsistencies in approaches for different aspects of your organization may illuminate sources of ineffectiveness and miscommunication with your employees. For example, your current organizational change focus may be on employee benefits and opportunities outside of the work organization (employee benefits), but your organization’s primary goal (usually a result of organizational strategy and culture) is to increase organizational performance (organizational effectiveness). Clearly, this change focus will not produce the desired effects because it will have a stronger influence on employee outcomes rather than organizational performance.

The psychologically healthy workplace perspective integrates the organizational effectiveness and employee outcomes for both organizations and employees. Additionally, this approach offers considerations and techniques with respect to employee involvement that minimize the disadvantages of focusing strictly on organizational effectiveness or strictly on employee benefits. In this way, you can ensure that your approach to a healthy workplace is truly systemic.

References


