

# THE IMPACT OF WORKPLACE WELL-BEING ON EMPLOYEE PERFORMANCE: A CASE STUDY OF VIETNAMESE AUTOMOBILE MANUFACTURING COMPANIES

Nguyen Thi Thanh Binh<sup>a\*</sup>; Nguyen Thi Hoai Nga<sup>b</sup>

<sup>a</sup>Nguyen Thi Thanh Binh, Hanoi University of Mining and Geology, Hanoi, Vietnam

<sup>b</sup>Nguyen Thi Hoai Nga, Innovations for Sustainable and Responsible Mining (ISRM) Research Group, Hanoi University of Mining and Geology, Hanoi, Vietnam.

\*Corresponding author: binhntt.quynhon@gmail.com

**Abstract:** Well-being is a criterion describing a person's position and physical, mental, and spiritual balance in work and life. Studies on Work-Life Conflict reduce the quality of labor's work. Otherwise, Work-Life Balance or a happy workplace positively impacts employee productivity. To determine the relationship between Well-Being and Flourishing, the author used the PLS-SEM technique to assess the reliability of interrelationships among the factors. The analytical model includes nine factors, comprising (1) three independent factors of Family, Work, and Education; (2) five dependent factors: Happiness and Life Satisfaction, Physical and Mental Health, Meaning and Purpose, Character and Virtue, and Close Social Relationships; and a mediating factor - Well-Being. The study results suggest that welfare policies can be used to attract and retain talent, improve employee morale, and promote loyalty among a group of employees at some automotive companies.

**Keywords:** Well-being, welfare policies, relationship well-being, and flourishing.

## 1. INTRODUCTION

Well-being is essential to high-achieving organizations' success, productivity, and performance (Andrew Deutscher, 2023). Research in psychology and human resource management demonstrates a correlation between employees' well-being and productivity. In psychology, well-being has been defined as the combination of feeling good and functioning well, the experience of positive emotions such as happiness and contentment as well as the development of one's potential, having some control over one's life, having a sense of purpose, and experiencing positive relationships, according to (Huppert FA, 2009) cited by (Kai Ruggeri et al., 2020). In the human resource management field, Xinggui Zhang et al., 2020 cited (Pecci, 2004; Van de Voorde,

2009) found that scholars have examined the effect of human resource management practices (HRMPs) on Economic Well-being (EWB) to find a balance between organizational performance and EWB. Well-being, therefore, refers to a person's state (labor) of wellness, happiness, health, and contentment in life and work.

Diener, E. had a perspective involving people's cognitive and affective evaluations that progress has been made in understanding the components of SWB: the importance of adaptation and goals to feelings of well-being, the temperament underpinnings of SWB, and the cultural influences on well-being (Diener, E., 2000). On the one hand, (Martin Seligman, 2018) theorized that PERMA (Positive Emotion, Engagement, Relationships, Meaning, and



Accomplishment) are the elements of well-being. To clarify the impact of well-being, (Tyler J. Vander Weele, 2017) summarized the factors that create flourishing.

Several studies demonstrate that well-being and labor productivity have a positive relationship (Minh, 2024; Mahnaz Nazneen & Daniel Sgroi, 2023; Army Isham et al., 2021; Anh, 2020; Keya Sengupta, 2017). According to the International Labour Organization (ILO), well-being has a substantial impact on productivity, especially on health; policies and programs aimed at increasing the well-being of the population, either directly or indirectly, will have a positive impact on productivity performance (Andrew Sharpe & Shahrzad Mobasher Fard). Some studies found that happier workers were 12% more productive than their unhappy counterparts (Van, 2021; Bellet, Clément S. et al., 2024).

In Vietnam, research on work-life balance or happiness indicates that people seek fulfillment in their lives, including stability and wealth in finance, environmental well-being, strong family relationships, and personal satisfaction (Van, 2021). Moreover, (Sirgy & Lee, 2018) demonstrated the importance of work-life balance as the negative impact of conflict in relationship to work quality cited by (Quyen et al., 2022). According to (Hung, 2023), businesses are willing to raise salaries and offer substantial bonuses to experienced, skilled, and creative managers; however, it is difficult to attract highly qualified workers. On the one hand, Well-being-focused companies attract more talented and dedicated employees.

This study aims to find the relationship between employee well-being and flourishing factors by surveying and analyzing partial least squares structural equation modeling (PLS-SEM). The research explored employees' inner thoughts about well-being by surveying 216 individuals working at several automotive manufacturing

companies that have difficulty attracting highly qualified workers. Survey data were used to analyze PLS-SEM with 38 variables and nine factors, including three independent, five dependent, and one mediating factor.

## 2. LITERATURE REVIEW

### 2.1. The relationship between family, work, education, and well-being

Research has highlighted the influence of education on well-being and the effects of work and family on employee well-being. According to (Francesca Giambona<sup>1</sup> et al., 2022, 300), the positive impact of education on well-being is well recognized in terms of economic benefits and opportunities in many domains linked to higher skills and awareness. (Medina-Garrido et al., 2017) stated that organizational efforts to improve employee well-being (EWB) by developing work-family policies may help solve this problem. Work-family policies include work practices aimed at balancing work, family as noted by (López-lbor et al., 2010), and personal demands, cited by (Medina-Garrido et al., 2017). (Deniz Yucel & Deniz Yucel, 2019, 378) also support this view, drawing on stress process theory (Pearlin et al. 1981, 2005) to understand the actor and partner effects of work-family conflict on three health and well-being outcomes: life satisfaction, mental health, and self-reported physical health.

Based on experimental studies, the study proposes the following hypotheses:

- H1: Family has a significant positive to Well-being
- H2: Work has a significant positive to Well-being
- H3: Education has a significant positive to Well-being



## 2.2. The relationship between well-being and other factors

Well-being is the human state and impacts factors that influence prosperity; thus, in enterprises, well-being is a bond between members of the organization and commitment to personal discipline. The studies (Beyza ERKOÇ & Fethi GÜNGÖR, 2020; Patrick Lombardo et al., 2018) demonstrated when these factors of well-being include or affect life satisfaction, physical and mental health, meaning and purpose, character and virtue, and close social relationships. According to (Victor-Raúl López-Ruiz et al., 2021; Ortiz & Roser), well-being impacts national flourishing. Huppert FA defined Well-being as the combination of feeling good and functioning well; the experience of positive emotions such as happiness and contentment as well as the development of one's potential, having some control over one's life, having a sense of purpose, and experiencing positive relationships, cited by (Kai Ruggeri et al., 2020). Based on experimental studies, the study proposes the following hypotheses:

- H4: Well-being has a significant positive to Life Satisfaction
- H5: Well-being has a significant positive to Physical and Mental Health
- H6: Well-being has a significant positive to Meaning and Purpose
- H7: Well-being has a significant positive to Character and Virtue
- H8: Well-being has a significant positive to Close Social Relationships

## 3. RESEARCH MODEL

The theoretical and empirical research above has supported building the research model about factors affecting well-being and factors that are impacted by well-being. To study the factors impacting employees' well-being, the authors adopted the questionnaire content from studies measuring the job satisfaction index as referenced in (Knowledge and Management Institute, 2022; Huy, 2022; Tyler J. Vander Weele, 2017) with the research model in Figure 1.

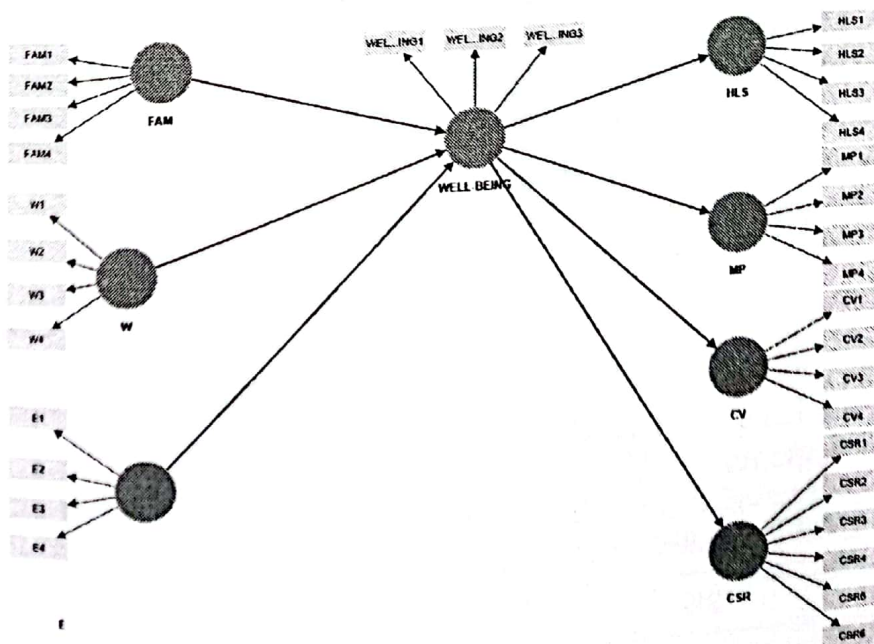


Fig 1. Research model

The survey method measures workplace happiness among many employee levels at the automobile industry enterprises in the Southeast region. The questionnaire is designed as The Likert 5 Scale measures all variables in the model. In addition, to determine the minimum sample size (n), the authors used the formula (Hair, 2006). The model has nine scales and 38 observed variables; the minimum sample size is 190. The authors collected 216 data from online surveys of employees at all company levels working in the automobile industry to observe.

#### **4. RESULT**

##### **4.1. Descriptive statistics of the sample**

The statistical data shows the similarity and diversity of the data, which can be used for statistical tests (Calder et al., 1981) cited by (Quyen, 2022). The descriptive statistics of the sample were measured by central tendency and frequency. To measure central tendency, authors used a single value with a median and mean to represent the middle of the data set. From SPSS 21 data statistics report, the MEAN ranges from 5.523 to 8.167, and the MEDIAN ranges from 5.0 to 9.0. To summarize individual data from survey participants by counting how often the individual variables within the dataset occur, such as age, gender, education, years of experience, position in the organization, and marital status, the authors use the table below.

**Table 1: Summarizing individual data from survey participants**

No	Individual variable	Quantity	Frequency
<b>I</b>	<b>GENDER</b>	<b>216</b>	
I.1	Male	127	59%
I.2	Female	89	41%

140

No	Individual variable	Quantity	Frequency
<b>II</b>	<b>AGE DISTRIBUTION</b>	<b>216</b>	
II.1	Between the ages of 20 and 30	45	21%
II.2	Between the ages of 31 and 41	136	63%
II.3	Individuals above 40	36	17%
<b>III.</b>	<b>MARITAL STATUS</b>	<b>216</b>	
III.1	Single	17	8%
III.2	Married	199	92%
<b>IV.</b>	<b>EDUCATION LEVEL</b>	<b>216</b>	
IV.1	Postgraduate	9	4%
IV.2	Bachelor's degree	70	32%
IV.3	High school diploma	137	63%
<b>V.</b>	<b>POSITION</b>	<b>216</b>	
V.1	Staff	104	48%
V.2	Team leader	54	25%
V.3	Department head	41	19%
V.4	Senior Manager & Director	17	8%
<b>VI.</b>	<b>WORK EXPERIENCE</b>	<b>216</b>	
VI.1	0 to 3 years	37	17%
VI.2	3 years to 10 years	58	27%
VI.3	10 years to 15 years	71	33%
VI.4	Over 15 years	50	23%

##### **4.2. Validity and Reliability of the measures**

According to (Hair et al. (2016), there are five steps to analyzing the resulting model using the PLS-SEM technique. The first step is Indicator reliability, the second is Reliability, the third is Convergent Validity, the fourth is Discriminant Validity, and the last is Model Fit.



To ensure the quality of the scale, the authors conduct a quality of the Outer Loading. According to Hair et al. (2016), a scale is considered acceptable when the Outer Loading is greater than or equal to 0.7.

After testing the measure scales, the variables FAM1, FAM4, HLS1, PMH4, and PMH5 do not satisfy the outer loading criteria. To protect the indicator reliability of the Cronbach alpha, the low correction items variables must be removed.

To test the composite reliability (CR) (Henseler & Sarstedt, 2013; Hair et al., 2016; Bagozzi & Yi (1988) Composite Reliability (Hair, 2006) coefficient select priorities Cronbach Alpha and Composite Reliability. The CR and Cronbach Alpha are good and must be greater than or equal to 0.7. After removing the low correction items variables, the scale ensures reliability for quantitative analysis.

To test the Convergent Validity, authors based on the average variance index extracting Average Variance Extracted (AVE). According to (Hock & Ringle, 2010), a scale achieves convergent validity if the AVE is greater than or equal to 0.5. Results of regression estimation

#### 4.3. Model and hypotheses testing

The summary result of regression estimation for Well-being shows that it is most influenced by the W (Work) factor and E (Education). In contrast, the Family factor, which is the negative variable, was predicted to have a significant impact on well-being and, in fact, has the lowest impact. It is shown that the working conditions at the company are pretty good. Employees do not misuse their time working from home; additionally, they are not under financial pressure, suggesting that the salary is relatively stable.

Table 2. Total effects, t values, confidence intervals

	Path Coefficients	Standard errors	T values	P values	Conclusion
E -> WELL-BEING	0.377	0.06	5.686	0	Approval
FAM -> WELL-BEING	0.119	0.052	5.313	0	Approval
W -> WELL-BEING	0.411	0.07	7.915	0	Approval
WELL-BEING -> CSR	0.817	0.074	10.2	0	Approval
WELL-BEING -> CV	0.768	0.091	8.548	0	Approval
WELL-BEING -> HLS	0.815	0.078	12.287	0	Approval
WELL-BEING -> MP	0.791	0.076	11.777	0	Approval
WELL-BEING -> PMH	0.057	0.086	0.795	0.427	Reject

Variables FAM, W, and E impact Well-being in the same direction, with statistical significance ( $P\text{-Value} < 0.05$ ). Well-being has a similar direct impact on CSR, CV, HLS, and MP (positive regression coefficient), with a statistical significance of ( $P\text{-Value} < 0.05$ ). In summary, hypotheses H1, H2, H3, H4, H6, H7, H8 are appropriate, while hypothesis H5 is not appropriate.

Regarding the impact of well-being on the factors that contribute to individual work productivity, it shows that well-being significantly affects CSR (Close Social Relationships), HLS (Life satisfaction), MP (Meaning and Purpose), and CV (Character and Virtue). On the other hand, PMH (Physical and Mental Health) was predicted to be most affected by Well-being, an outcome that was found to be independent of Well-being.

The study determined three main elements affecting well-being: work significantly impacts personal well-being in the workplace, while family has the least. Comparing the current linear structure model with other complex models shows that family and education have a positive relationship with the W factor. In addition, the influence of well-being on the factors contributing to individual work productivity. Well-being significantly affects CSR (Close Social Relationships) by 25.15%, HLS (Life satisfaction) by 25.09%, MP (Meaning and Purpose) by 24.35%, and CV (Character and Virtue) by 23.65%. PMH (Physical and Mental Health), which was predicted to be most affected by Well-being, appears to be almost independent of Well-being, with an impact of only 1.75%.

## 5. DISCUSSION

The result study shows that employee well-being is related to factors such as education, Work, Education, Life satisfaction, Meaning and Purpose, Character and Virtue, and Close Social Relationships. Based on the evidence provided, to improve employees' well-being, enterprises focus on life satisfaction, meaning and purpose, and character and virtue by improving:

- (i) Employee motivation,
- (ii) Working environment
- (iii) Improving the knowledge base on individual employees' abilities,
- (iv) Help employees balance work and family life by establishing rules for not bringing work home or using it entirely at the moment to optimize performance.

Furthermore, well-being positively impacts Close Social Relationships, Life Satisfaction, Meaning and Purpose, Character and Virtue, and Physical and Mental Health. Thus, to maintain employee performance, it is necessary to improve employee well-being at the enterprise. To effectively communicate well-being practices at businesses, the authors propose applying digital marketing to internal marketing activities as follows:

1. *Orienting digital marketing applications to develop internal marketing*
2. *Develop internal communication channels on a digital marketing platform focusing on factors affecting the happy workload index.*
3. *Impact the happy workload index by using digital marketing to spread a positive message*
4. *Investing time in social network interactions.*



5. Viral communication activities help businesses create multidimensional interactions between the organization and its employees and between its members.

## 6. CONCLUSION AND LIMITATION

The study aims to expand the theoretical framework and provide evidence in empirical results about the importance of the Well-being effect indirectly related to employee performance by surveying 05 automobile manufacturing sector enterprises in the Southeast region of Vietnam. The findings emphasize the Significant role of well-being and the relationship between work, education, and employee well-being. The study also provides several profound research insights into the interwoven relationships of factors through a linear structural analysis model. Based on the above findings, businesses are encouraged to focus on human resource activities and utilize Internal Marketing integrated with Digital Marketing to promote well-being practices within their organizations (Binh et al., 2023).

The research has certain limitations. The findings focus on the impact of well-being on employees' inner thoughts and perspectives. In addition, the survey sample data only focused on the automobile manufacturing industry in the Southeast. In the future, more businesses in different regions need to be surveyed, and results across regions need to be compared to enhance the uniqueness of the results.

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