Enhancing Employee Wellbeing: The roles of psychosocial safety climate and psychological contract

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Abstract

A thriving business requires thriving employees – a simple formula for a successful business. The equation of works leads to the wellbeing of the employee has raised a big question mark among the behaviourists as more researches conclude differently. This study examines the relationship of psychosocial safety climate, psychological Contract on wellbeing through a positive employment relationship. With a total of 235 employees for the public, semi-government and private sector business/organisation in Selangor. The findings reveal that enhancing the psychological contract can improve employee wellbeing. Moreover, a positive employment relationship is found to play an important role in flourishing employee wellbeing.

Keywords: Psychosocial Safety Climate; Psychological Contract; Positive Employment Relationship; Wellbeing

1.0 Introduction

Wellbeing enables people to have a productive life, physically and mentally healthy. Wellbeing at work just not has implications on both individual and organisational it would affect and spillover others life areas, the community and nation as well. Today, the issue of employee wellbeing is getting attention worldwide. However, the concern of employee wellbeing is too often neglected. The organisation as an employer is much concern to promote health and wellbeing concept to improve the organisational business outcomes, including enhancing employee commitment, employee engagement and attendance (MacLeod & Clarke, 2014) rather than focus on employee wellbeing itself as the outcome (Guest, 2017).

In the current dynamic business landscape, the employee is required to have diverse skillsets and capabilities progression level in their job profile and should be fit to take on more critical, coordinating and inventive errands with higher responsibility (Hecklau, Galeitzke, Flachs and Kohi, 2016). Furthermore, the employee is expected to be able to work in a complex, volatile and rapid technological convergence environment (Schwab & Sala-i-Martin, 2016). Although a few changes are certain, prompting build up the capacity of the employees to apply advanced knowledge and technologies, proactively do innovation using latest technologies; the automation of production and routines activities, provide greater access to information and chances to work from home, others offer
challenges to employee wellbeing. Instead of rapidly changing and complexity of the processes and expanding need for innovation, changes in technology may build request and influence work to over-burden (Derks and Bakker, 2010), cause work-home intrusion (Derks, Brummelhuis, Zecic and Bakker, 2014), leading to skill obsolescence, job insecurity and increased stress (Guest, 2017). The exposure of employees with psychosocial risks in the workplace potentially was driven or worsen psychological health wellbeing (Lee Lam Thye, 2017). Stress can be normal in the workplace due to the solicitations of today's working environment. However, the disproportionate and unmanageable burden can be harming to the individuals' wellbeing as it influences their psychological and physical prosperity.

As of economic and environmental challenges, the demographic change or generational inclinations is one of the social problems that need to be addressed in the workplace regarding wellbeing. As more Generation Y access today's workplace, the workplace concept, the conduct by which work is done and the possible disposition of relationship within the organisation are generally evolving quickly. Generation Y is the cohort of people born in the 1980s and early 1990s. As for the year 2018, Generation Y is 38 years old. This generation has also been called as Millennials, GenMe, Net Generation (NetGen) (Baida & Mora, 2011) as well as "digital native" (Prensky, 2001). Generation Y is heavily relying on technology where mobile phones and online social networks are said as an icon of the millennial lifestyle (Hershatter and Epstein, 2010).

Regarding the work environment, generation Y is more concern about wellness and sustainability (Ryan, 2017). Generation Y employees are demanding toward work-life balance orientation (Kultalahi, 2015; Roebuck, Smith, and Haddaoui, 2013; Jyothi & Jyothi, 2012) and demanding for reciprocal compensation and acknowledgement from monetary perspectives (Kultalahi, 2015; Hershatter and Epstein, 2010; Ng, Schweitzer and Lyons, 2010). The organisational structure is expected to be autonomy, open communication and less bureaucracy work environment (Baida and Mora, 2011; Thompson and Gregory, 2012; Kultalahi and Vitala, 2015). Generation Y explicit contrary, social values from older employees. For Generation Y, career development, lifelong learning opportunities, flexibility are the fundamental motivational elements in the workplace. The notion of work and life success was their life priorities (Kultalahi, 2015; Wong, Wan and Gao, 2017; Khera and Malik, 2017); and it clearly expresses that Generation Y value holistic wellbeing as their quality of life.

However, the role of the employer in improving employee wellbeing in the workplace is given too little focus. The interest of employee as key stakeholders is too often overlooked (Guest, 2017; CIPD, 2016; AIA, 2017). Based on research by AIA (2017), it reveals that forty-four per cent (44%) of the employer in Malaysia has not offered any wellbeing workplace interventions in their organisation. Traditionally, organisational research is focused on the processes or responses for reducing stress rather than improving employee wellbeing (Subramaniam, 2017; Rick, Hillage, Honey and Perryman, 1997). Beside, Guest (2017) argued that most researchers have concentrated on building up our understanding of employees' attitude and behaviour as an outcome rather than as an end to the employees themselves. The research primarily focuses on ways to improve performance, while relatively little concern on employee wellbeing. Thus, this current study purposely to investigate the organisational interventions that suitable for enhancing the wellbeing of the employees and their overall quality of life, which in return can facilitate the employees and organisations for mutual gains. This study focuses on organisational interventions that integrating both the organisational and the individual level of resources.

2.0 Literature Review

The concept of wellbeing can be captured from objective and subjective perspectives. According to (Gasper, 2007), objective wellbeing is an "externally approved, and thereby normatively endorsed, non-feeling features of a person’s life, matters such as mobility or morbidity". It captures the material resources (level of pay/income, food, shelter) and public attribute (education, health care, infrastructure, community networks) that can be easily measured as the quality of life indicators that individual should have to survive fulfilling lives (Western & Tomaszewski, 2016). In contrast, subjective wellbeing captures individual assessment of their life evaluations based on what they feel and think (Diener, Suh, Lucas, & Smith, 1999).

In academic literature, much of researcher has distinguished between hedonic (experience of pleasure/ displeasure of life) and eudaimonic wellbeing (meaning in life and functioning well) (Waterman, Schwartz, and Conti, 2008; Ryan and Deci, 2001; Waterman, 1993, McMahan and Estes, 2011). The hedonic approaches are prominently used to describe subjective wellbeing (Ryan & Deci, 2001), that fundamentally consists of tripartite constructs including satisfaction of life, the existence of positive emotions and the absence of negative emotions (Cooke, Melchert, & Connor, 2016). Meanwhile, psychological wellbeing is a prominent model to describe eudaimonic approaches (Ryan & Deci, 2001) (Waterman A. S. et al., 2010).

The understanding of extensive literature advocates that wellbeing is a multi-dimensional nature that captures objective and subjective wellbeing; a mixture of an individual's life experiences and functionality. It recognises that to measure wellbeing should emphasise on individual's multi-dimensional assessments of their life; which taking consideration of combination effects from individual personality, health condition, quality of a personal or social relationship, supportive social support, positive employment relationship and others environmental factors (intrinsin or extrinsic) that add as per the general inclination of the fundamental needs and the experience of overall individuals' life fulfilment (Gasper, 2007) (Diener, Suh, Lucas, & Smith, 1999) (Waterman, Schwartz, & Conti, 2008) (Rath & Harter, 2010)(Lai & Ma, 2016).

2.1 Psychosocial Safety Climate

The changes in the world and nation socio-economic landscapes have potentially led to the changing of working condition. Therefore, imbalance connection between higher job demands and low job supports (Bakker and Demerouti, 2016) lead employee to struggle
with work-related stress. Even though higher job demands are necessary for producing organisation productivity, if there were not supported by enough resources, it unpleasantly will affect the employees' psychological health and influence on their performance (Bakker and Demerouti, 2016). As one of intervention to alleviate psychosocial hazard in the workplace, this study focuses on psychosocial safety climate.

Psychosocial Safety Climate (PSC) is a definite organisational climate that features on enhancing conducive work environment that prioritises employee psychological health (Dollard, Dormann, Tuckey, & Escartin, 2017). PSC is an organisational-level of resources. PSC is defined as "policies, practices and procedures for worker psychological health and safety" (Dollard & Bakker, 2010, p.580). The assumptions of the basic principle of psychological safety climate are the commitment and involvement of senior management in creating psychologically healthy workplace lead to minimising the risk of psychological and social impairment to the employees (Dollard & Bakker, 2010). Therefore, we anticipated that mitigating psychological hazards and creating a psychologically safe environment in the workplace is a strong potential target to improve employee wellbeing.

H1: Psychosocial Safety Climate has positively significant on employee wellbeing.

2.2 Psychological Contract

Psychological Contract is referred as employees' belief or set of unwritten agreements between employer-employee about the content and the degree exchange that rely on reciprocal obligations in the organisation (Ruokolainen, et al., 2016). Obligations is an assurance of commitment to future action which both employer and employee have agreed upon. In an employment context, psychological Contract is dynamic, open-ended and need to be flexible based on current working condition and socio-economic landscapes (Patrick, 2008). It draws the special attention of employees’ structures is what is expected to have in an organisation (i.e. career development, work-life balance, physical and mental health workplace) and what is expected from them (i.e. commitment, loyalty). However, the extent of the mutuality and fulfillment of the contract is open to contentions (Krishnan, 2011).

Research has revealed that Generation Y is holding different values, attitudes, beliefs, preferences and expectations that are significantly different as compared to other generations prior them (Ng, Schwitzer and Lyons, 2010; Kultalathi and Viitala, 2015). The generation Y likewise appear to contemplate that work correspondingly as a solitary compartment in their lives that need to be adjusted with the rest of other lives domains such as family and leisure time. Balancing role in work and outside work is important for them. Motivated generation Y are prepared to be adaptable, spend impressive physical and mental effort by learning and attending the courses to develop their skills and capabilities in completing challenging tasks and perform their best to deliver a good performance. Furthermore, it clearly is shown that generation Y want their learning to be of the hands-on assortment, that makes it possible for them to complete and move one task to another. With regards to the psychological Contract, time is more precious, adaptable and individual commodity to be considered as a significant medium of exchange instead of financial issues.

However, the psychological contract research has overlooked the influence of these generation growths on the arrangement of and responses to the psychological Contract specifically for the latest generation in the workplace (Lub, P Matthijs Bal and Schalk, 2016). The expansions of new generations in the workplace would reflect the modification of the techniques and mechanisms on how organisations communicate with their employees, and altered the employee's perspectives on the psychological Contract shaped in new meaning for latest generations. Moreover, psychological Contract plays an important role to explain the modern employment relationship (Turnley, Bolino, Lester and Bloodgood, 2003). This study emphasised the content of the psychological contract (obligations) and examined the employees' perceptions of both employer's and their responsibilities. As suggested in the social exchange theory literature, we anticipated that employees who perceived fair and square obligations between employer and employee, an employment relationship appeared to have a good exchange and positive consequences. Directly, it leads to better employee wellbeing.

H2: Psychological Contract is positively significant on employee wellbeing.

2.3 Positive Employment Relationship

The positive employment relationship refers to positive work relationship that requires high connectivity that develops among employees in the organisation (Smith & Diedericks, 2016). Gouldner (1960) argued that the idea of the employment relationship is a method of exchange that expand upon the standard of mutuality. According to social exchange theory, relationships are built after some time and develop into trusting, loyal and providing mutual gains of partnership. The outstanding of employment relationships are depending on the optimisation the quality of resources available in the working environment such as transparent communication, fairness, support, commitment, attachment, autonomy (Croppanzano and Mitchell, 2005) (Venkataramani, Labianca, & Grosser, 2013), prioritising human resource policies and practices (Guest, 2017), exchanged of resources such as rewards and motivation (Kultalathi, 2015) and social interaction (Balu, 1964) (Venkataramani, Labianca, & Grosser, 2013). Previous research has revealed that a positive employment relationship has a significant influence on enhancing employee work engagement, level of commitment, organisational commitment and job satisfaction (Gaur, 2013; Smith and Diedericks, 2016). This study proposed that a positive employment relationship will, therefore, have both a direct and indirect effect on employee wellbeing.

H3: Positive Employment Relationship mediate the relationship between Psychosocial Safety Climate and employee wellbeing.
H4: Positive Employment Relationship mediate the relationship between Psychological Contract and employee wellbeing.
H5: Positive employment relationship is positively significant on employee wellbeing.
3.0 Methodology

3.1 Design and Participants
Due to low reaction rates utilising random sampling in Malaysian organisational studies (Idris, Dollard, and Yulita, 2014; Ali, Abdullah and Subramaniam, 2009), this study used admixture of purposive and professional connection approach. Data were collected based on a cross-sectional design. Total 235 employees participated in the study from the public (20%, n=47), semi-government (17%, n=40) and private (63%, n=148) sector organisations/companies in Malaysia (i.e. manufacturing, education, federal and local government, bank, IT, construction and services). Participants aged range between 32-37 years old (38.7%, n=91), 38-43 years (20.9%, n=49), 26-31 years (18.7%, n=44) and the lowest is 56-61 years (2.6%, n=6). Majority of the participations are come from Generation Y (57.4%). Based on the level of position, 87.7% (n=206) are from managerial level and 12.3% (n=29) are non-managerial. Most participants are female (80.4%, n=189) and the rest (19.6%, n=46) are Male.

3.2 Instruments

a. Psychosocial safety climate.
The 12-item PSC scale (PSC-12) by Hall, Dollard, & Coward,(2010) was used to measure psychosocial safety climate. The PSC-12 consist of four components: management commitment, organisational communication, management priority and organisational participation. Each segment comprises of three questions, and alpha values for PSC are 0.967. The responses scored on a five-point Likert scale, ranging from 1 (Strongly Disagree) to 5 (Strongly Agree).

b. Psychological Contract
Psychological Contract has measured the obligations from both parties, employer and employees. Total 38 items are used to assess to what extent the Psychological Contract obligations existed based on employees’ self-report in their current employment relationship. The alpha values (α) for the Psychological Contract is 0.967. The items were adapted based on previous psychological contract research by Rousseau (2008); Patrick (2008) and Ruokolainen, et al., (2016). The employees’ obligation scales (18 items) comprises of proactive behaviour, performance support, loyalty and affective commitment. Meanwhile, the employer obligations scale consists of elements of work-life balance, reward, stability, career and development plan and community relations (20 items). The responses scored using a five-point scale ranging from 1 (Not at all) to 5 (To a great extent).

c. Positive Employment Relationship
Positive employment relationship was assessed by adapting Fairness Scale from Niehof and Moorman (1993) and Transparent Communication scale from Vandenberg, Richardson and Eastman (1999). The questionnaire consists of 11 items, and it is appeared to have excellent internal consistency, α = 0.942. The responses scored on a five-point Likert scale, ranging from 1 (Strongly Disagree) to 5 (Strongly Agree).

d. Wellbeing
Wellbeing was measured by adapting Wellbeing: The Five Essential Elements by Rath and Harter (2010). The questionnaire consists of 20 items, α=0.881; assessing five elements of wellbeing -career, financial, physical, social and community. The responses scored on a five-point Likert scale, ranging from 1 (Strongly Disagree) to 5 (Strongly Agree).

4.0 Findings
To test Hypothesis 1 and Hypothesis 2, we used multiple regression model. Wellbeing: Dependent Variable; Psychosocial Safety Climate, Psychological Contract: Independent Variables. Based on the results, F-value= 118.379, p-value= 0.000; Regression fit is good. R square= 0.505, 50.5% of the variance in wellbeing can be explained by Psychosocial Safety Climate and Psychological Contract. Psychological contract, B= 0.238, t-value= 11.433, p-value= 0.000 has significant relationship with employee wellbeing. Meanwhile, Psychosocial Safety Climate, B=0.074, t-value=1.224, p-value= 0.222 has no significant relationship with employee wellbeing.

To test Hypothesis 3 and 4, we made use of the bootstrapping procedure by Andrew F. Hayes. Based on the results of the test: Hypothesis 3. The indirect effect of Psychosocial Safety Climate on Wellbeing. Effect size= 0. 3811, LCL = 0.2934, UCL=0.4785, p-value= 0.0000. The indirect effect is significant. Direct Effect of Psychosocial Safety Climate and Wellbeing; Effect size= 0.1127, t-value= 1.6554, p-value= 0.0992. The direct effect is not significant. Therefore, Positive Employment Relationship plays a role as a full mediator.

Hypothesis 4. Indirect effect of Psychological Contract on Wellbeing. Effect size= 0.0647, LCL = 0.0055, UCL=0.1108, p-value= 0.0009. Indirect effect is significant. Direct Effect of Psychological Contract and Wellbeing; Effect size= 0.1888, t-value= 7.5191, p-value= 0.0000. Direct effect is significant. Therefore, Positive Employment Relationship play a role as partial mediator.

For Hypothesis 5, we tested the hypothesis we used Linear Regression model (employee wellbeing – Dependent Variable; Positive Employment Relationship– independent variable). Based on the results; F-value=168.823, p-value=0.000. Regression fit is good. R square = 0.420= 42% of variance in wellbeing can be explained by positive employment relationship. Positive Employment
Relationship ($B = 0.648$, t-value = 12.993, p-value = 0.000) has significant relationship with wellbeing. Wellbeing = 48.627 + (0.648*Positive Employment Relationship).

In summary, the finding supports all the Hypotheses (2, 3, 4 and 5) except Hypothesis 1. For mediation effects, it is shown that Positive Employment Relationship plays a full mediation role in the relationship between Psychosocial Safety Climate and Wellbeing and partial mediation in the relationship between Psychological Contract (partial) and wellbeing.

### 5.0 Discussion

#### Theoretical and Practical Implications

Most prior research that investigates the influence of the psychosocial safety climate was dominant in the stress, work psychology, and occupational health and literature (Hall, Dollard and Coward, 2010; Dollard and Bakker, 2010; Idris, 2011; Becher and Dollard, 2016) and used Job Demands Resources (JD-R) Model (Demerouti, Bakker, Nachreiner and Schaufeli, 2001) as an underpinning theoretical model. This study extends the Psychosocial Safety Climate research in the organisational and Human Resource Management literature as one of the organisational interventions for the prevention of psychosocial risks as well as to boost employee wellbeing. Most concern the priority is the highlight on the ramifications of psychosocial safety climate to improve employees' overall wellbeing and quality of life, which indicate Social Exchange Theory as a basis of the research framework.

Based on the findings, psychological Contract has been identified as the most suitable organisational intervention to enhance employee's quality of life or overall wellbeing. It supports the argument of this study that pressures in the external context convey a threat to employee wellbeing and requires the employer to revise existing employment needs that tailor with the quality of life and life stages of the employees based on current socio-economic condition. This study validates that considerable practical benefits can be achieved when employers are committed to enhancing employee wellbeing. It also helps the leaders in strengthening and developing management styles that suit the current demand for the modern employment relationship. Meanwhile, it is suggested that employers need to refocus and readjust the human resource management practices based on current psychological contract expectations. The ideal workplace will continue to recognise employees' lives at work and outside work such as marriage, birth, death, and family welfare and considering that financial is also important as physical and psychological wellness and should be incorporated financial support to suit employees needs and life phases in the organisation comprehensive wellbeing strategies.

### 6.0 Conclusion

The current study is a non-probability sampling technique and referred only in Selangor. Therefore, the results cannot be used to generalise to the overall population. Nevertheless, we predict that this study provides valuable information for employer regarding efforts that can be considered to improve employee wellbeing based on Malaysian preferences. This study makes the contributions including 1) It underscore the social exchange theory as underpinning theory for the hypothesised relationships 2) It extent the psychosocial safety climate literature in organisational and Human Resource Management research 3) addressing multifaceted of employees’ wellbeing concepts (comprises of career, financial, social, physical and community wellbeing) 4) it confirms that psychological Contract has significant evidence for improving individuals’ wellbeing.

### References


