

## **MODERATING ROLE OF EMPLOYEE SATISFACTION ON THE RELATIONSHIP- BETWEEN EMPLOYEE WELLBEING AND EMPLOYEE PERFORMANCE A PROPOSED FRAMEWORK**

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### **Abstract**

*Employee performance remains a critical determinant of organizational success, yet studies on the link between employee well-being and performance have produced inconsistent results. This paper proposes a conceptual framework that examines the moderating role of employee satisfaction in the relationship between employee well-being and employee performance. Drawing on Social Exchange Theory (SET), the study argues that when employees perceive organizational support and experience satisfaction with their work, the positive effects of well-being on performance are strengthened. Using a conceptual approach, relevant empirical studies were reviewed to establish the theoretical connections among the variables. The findings from the literature suggest that employee well-being enhances performance, but this relationship becomes more robust when employees are satisfied with their jobs. The proposed framework provides valuable insights for organizations seeking to improve productivity through strategies that promote both employee satisfaction and well-being. The study concludes that integrating satisfaction into well-being initiatives can enhance sustainable performance and competitive advantage.*

**Key words: Employee Satisfaction, Employee Well-being and Employee Performance**

### **1. Introduction**

Employee Performance and Employee wellbeing are progressively understood as the factors in attaining continued competitive advantage in today's dynamic organisations. Employee performance is important for the success and

sustainability of any organisation, serving as a key indicator of its effectiveness in achieving strategic goals and maintaining competitive advantage. Employee high performance does not lead only to increased profitability and market share in organisation but also promotes employee engagement and satisfaction, creating a positive response circle that improves overall productivity (Raghavedra & Kamaraj, 2024). Furthermore, organizations that excel in performance through Employees are better equipped to adapt to market changes, innovate, and respond to customer needs, ensuring long-term capability. Stakeholders, including employees, customers, and investors, benefit from strong organizational performance, as it translates into improved services, job security, and higher returns on investment (Yunikawati et al., 2021). As such, understanding and improving Employee performance is crucial for fostering a successful work environment and achieving sustained success in an increasingly competitive landscape.

Employee performance is also a factor in determining the profitability of the organisation and can be defined as the outcome of an employee's work over a period of time in comparison to the criteria, goals, or norms established and agreed upon by the firm (Eliyana et al., 2019). To effectively manage employee performance, performance appraisal is necessary as an end goal that should motivate employees to improve their performance (Fithriyana et al.,2022). According to Chowdhury et al., (2020) a good performance can be achieved by completing work above the established standards. A person can be said to perform well if the resulting performance meets or exceeds predetermined standards or goals.

Several factors influence employee satisfaction, which subsequently affects employee performance. Factor affecting well-being includes various elements such as work-life balance Cherniss and Goleman (2023), and emotional intelligence( ). Pipera and Fragouli, (2021) identified that employee dissatisfaction has resulted in a decline in the quality of work produced and unsatisfied employees are less motivated to maintain high standards, directly affecting customer satisfaction and organizational performance. Enhancing employee well-being has become a priority for many global organizations and leaders due to its direct impact on both individual and organizational performance (Johari et al., 2019). High levels of employee well-being not only improve personal performance but also contribute to overall organizational effectiveness and productivity (Katabalo & Mwita, 2024). High levels of employee well-being not only improve personal performance but also contribute to overall organizational effectiveness and productivity (Katabalo & Mwita, 2024).

Studies have shown that employee well-being has a significant impact on Employee performance (Ramesh, 2022).

However, research on the relationship between employee wellbeing and Employee performance has produced inconsistent findings. While some studies, including those by Rufeng et al. (2023), Harshitha and Senthil (2021), and Bharat (2024), reveal a positive and significant relationship between the two variables, other researcher, such as Dhir et al. (2023), Al-Romeedy and Khairy (2024), and Chryssa et al. (2024), suggest a negative association. These contradictory results create uncertainty for organizations seeking to understand how to effectively leverage employee wellbeing to enhance Employee performance. Such inconsistencies indicate the need for further investigation into additional factors that might influence this relationship.

Given this ambiguity, the current study explores the role of employee satisfaction as a potential moderator between employee wellbeing and Employee performance. In addition, prior research suggests that when employees experience high levels of job satisfaction, their wellbeing is likely to improve, which could lead to better performance outcomes (Basuki & Elmi, 2023; Maria & Evangelia, 2021). This study, therefore, seeks to clarify the impact of employee satisfaction on this relationship, providing insights that may help organizations better support their employees and improve overall performance.

## **1.1 Objectives**

1. To examine the relationship between employee wellbeing and employee performance
2. To assess the relationship between employee satisfaction and employee performance
3. To examine the moderating effect of employee satisfaction on the relationship between employee wellbeing and employee performance.

## **2. Literature Review**

### ***2.1 Employee Performance***

Employee performance can be defined as the quality and quantity of work accomplished by employees in carrying out their obligations in accordance with the responsibilities assigned to them (Selvaran et al., 2018) Employee performance, on the other hand, is defined by (Khusniah et al., 2022) as the responsibility of an employee's competence, skills, and effort in a specific situation. Similarly,

performance is an actual behavior displayed by each individual as a result of work generated by employees in accordance with their job functions (Ali & Anwar 2021)).

### ***2.2 Employee well being***

Employee well-being is commonly defined by the physical and mental health of employees, which includes their ability to handle stress, maintain good physical condition, and experience low levels of anxiety and burnout. Organizations that prioritize health programs and work-life balance see improvements in overall well-being and productivity (Bello et al., 2024). Employee well-being include balancing work responsibilities with personal life, which, when positive, leads to greater job satisfaction and reduced stress. This balance helps employees feel more fulfilled both professionally and personally (Rasool et al., 2021). According to Brunetto et al. (2023), well-being also includes emotional satisfaction and psychological resilience, centering on employees' sense of purpose, belonging, and fulfillment in the workplace. Their definition emphasizes the importance of a supportive workplace culture and accessible mental health resources in fostering well-being. For a holistic approach to well-being, companies must address both physical and mental health needs, ensuring employees feel valued and supported. Moreover, several crucial factors significantly influence well-being, all of which should be considered by organizations (Fransiska & Turangan, 2023). In addition, employee well-being is a multifaceted concept that emphasizes an individual's overall functioning and experience at their best. ( Wai.a 2021)

### ***2.3 Work life balance***

Work-life balance is defined as "the extent to which an individual is able to meet their work and family commitments, while also having time for personal interests and activities" (McCarthy et al., 2023). This definition underscores the need for individuals to balance job demands with personal life, promoting overall well-being. And at the same time Greenhaus and Allen (2023), define Work -life balance as "the degree to which an individual can integrate and manage both work and personal life roles in a way that minimizes conflict and enhances satisfaction in both domains." This definition highlights the importance of reducing role conflict and increasing satisfaction across all life areas.

### ***2.4 Emotional intelligence***

Emotional intelligence is defined as "the ability to perceive, understand, manage, and regulate emotions in oneself and others, facilitating effective communication, empathy, and interpersonal relationships" (Mayer, Salovey, & Caruso, 2023). Similarly, Schutte et al. (2023) describes emotional intelligence as "a set of skills related to the recognition, understanding, and management of emotions that contributes to performance and well-being in both personal and professional settings.

### ***2.5 Employee Satisfaction***

Employee satisfaction refers to the positive feelings and sense of happiness that arise from assessing one's job and overall work experience. (Permana et al., 2021). And also, employee satisfaction is closely linked to work-life balance, where satisfaction stems from successfully balancing time, involvement, and contentment in both professional and personal roles. This balance minimizes conflicts between work and personal life, increasing employee motivation, reducing turnover intentions, and enhancing overall performance (Popescu et al., 2023) .

Another definition describes employee satisfaction as a positive emotional state derived from evaluating one's job experiences. This approach, often referred to as job satisfaction, focuses on employees' overall affective response to their roles and aligns with how they perceive job fulfillment, fairness, and appreciation, impacting their loyalty and productivity (Locke, 2020)

### ***2.6 Theoretical Framework***

Social Exchange Theory (SET): Social Exchange Theory (SET) was initially developed by sociologist George Homans in 1958, who focused on the dynamics of social behavior through a cost-benefit lens, suggesting that social interactions resemble economic transactions where individuals seek to maximize benefits and minimize costs. This concept was later expanded by Peter Blau in 1964, who formalized SET and applied it to organizational settings. Blau emphasized that social exchanges in the workplace involve not only material rewards (such as salary) but also intangible factors, like trust, respect, and emotional support, which are crucial for fostering employee loyalty and motivation. This theory posits that relationships in the workplace are based on reciprocal exchanges between employees and their organizations. When employees feel satisfied and valued, they are more likely to engage in behaviors that enhance performance. Employee

satisfaction, in this case, can serve as a moderator between well-being and performance, as satisfied employees are more likely to invest effort in their roles due to perceived organizational support and rewards.

### 2.7 Proposed Framework

This section presents the conceptual framework which was used to gain an understanding and analyse the relationship between employee well-being and Employee performance in which employee satisfaction as a moderator.

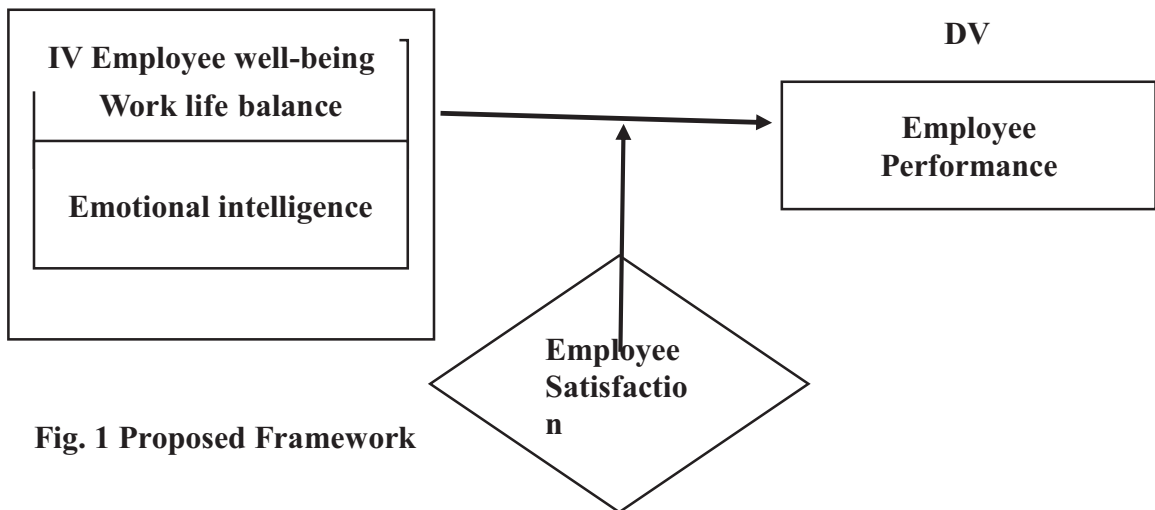


Fig. 1 Proposed Framework

### 3. Methodology

This study employed a conceptual research design, relying exclusively on secondary data obtained from existing scholarly literature, peer-reviewed journals, and theoretical publications related to employee well-being, employee satisfaction, and employee performance. The approach is both descriptive and analytical, aimed at synthesizing existing theoretical and empirical evidence to develop a framework that explains the moderating role of employee satisfaction in the relationship between employee well-being and employee performance. The Social Exchange Theory (SET) underpins the study, positing that when employees perceive organizational fairness, support, and reciprocity, they are more likely to exhibit positive attitudes and enhanced job performance.

A systematic literature review was conducted using reputable databases such as Google Scholar, ResearchGate, Emerald Insight, and ScienceDirect, focusing on

publications between 2019 and 2025. The selection of literature was guided by relevance, credibility, and conceptual alignment with the study variables. The reviewed materials were critically analyzed to identify recurring themes, theoretical gaps, and interconnections among constructs.

#### **4. Findings and Discussion from Reviewed Literature**

Findings from the reviewed literature reveal a strong association between employee well-being and employee performance, though the strength and direction of this relationship vary across contexts. Studies such as those by Ramesh (2022) and Harshitha and Senthil (2021) indicate that enhanced well-being positively influences employee performance. Conversely, research by Dhir et al. (2023) and Al-Romeedy and Khairy (2024) presents mixed results, suggesting that organizational and individual differences may weaken or reverse this association. These inconsistencies highlight the need to identify moderating variables that could clarify the nature of this relationship.

Employee satisfaction emerges as a critical factor in explaining variations in the well-being–performance link. Empirical studies (e.g., Basuki & Elmi, 2023; Maria & Evangelia, 2021) demonstrate that employees who are more satisfied with their jobs tend to exhibit higher levels of well-being, which subsequently enhances performance outcomes. Satisfaction fosters positive emotions, loyalty, and organizational commitment, all of which motivate employees to exert greater effort. Within the context of Social Exchange Theory (SET), employee satisfaction acts as a reciprocal response to perceived organizational support and fairness, reinforcing the positive effects of well-being on performance. Therefore, the integration of employee satisfaction as a moderating variable provides a comprehensive understanding of how organizations can leverage well-being initiatives to achieve sustainable performance and long-term competitive advantage.

#### **5. Conclusion**

This study highlights the critical role of employee satisfaction in strengthening the relationship between employee well-being and employee performance. The findings reveals that well-being serves as a foundational element for enhancing employee productivity, satisfaction acts as a vital moderating factor that amplifies these benefits. Employees with high levels of satisfaction are more likely to exhibit increased engagement, motivation, and commitment, leading to improved performance outcomes. Furthermore, fostering a workplace environment that

prioritizes well-being through work-life balance, emotional intelligence development, and mental health support creates a positive feedback loop that not only enhances individual performance but also contributes to organizational success.

By integrating employee satisfaction into strategies aimed at improving well-being, organizations can unlock greater potential for sustainable growth and competitiveness. This approach aligns with the principles of Social Exchange Theory, emphasizing the reciprocal relationship between employees and their organizations. When employees perceive fairness, appreciation, and support, they are more inclined to contribute positively to organizational goals. Thus, investing in employee satisfaction and well-being is not merely a matter of employee welfare but a strategic imperative that drives long-term organizational performance.

## 6. Recommendations

Based on the reviewed literature, this study recommends that:

1. Organizations prioritize strategies that enhance both employee well-being and satisfaction to improve overall performance. They should implement policies that promote work-life balance, such as flexible working arrangements, employee assistance programs, and mental health initiatives. Additionally, developing emotional intelligence through training and supportive leadership can help employees better manage stress and interpersonal relationships, thereby improving productivity.
2. Furthermore, organizations should regularly assess employee satisfaction through surveys and feedback mechanisms to identify factors that contribute to performance. Finally, integrating employee satisfaction into organizational well-being programs ensures a sustainable approach to enhancing employee performance.
3. Future empirical studies are encouraged to test the proposed framework using quantitative methods to validate the moderating role of satisfaction in the well-being–performance relationship.

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