Flourishing Minds, Flourishing Workplasces: The Impact of Psychological Well-Being on Employee Performance

Afiq Azri Mohd Ghani., Sofiah Adilah Ahmad Foad., Yuhanis Khalida A Rashid., Angela Chan Nguk Fong., Puteri Farahdiana Megat Suhaimi., Az-Athirah Zubairi., Thilaageshwary Thangadurai., Nurul Nabila Ibrahim., Rashidin Idris

Department of Social Sciences, Faculty of Education and Social Science, Universiti Selangor

DOI: https://dx.doi.org/10.47772/IJRISS.2025.910000299

Received: 12 October 2025; Accepted: 19 October 2025; Published: 11 November 2025

ABSTRACT

The relationship between psychological well-being and employee productivity has received increasing attention in recent years as organizations recognize the importance of mental health in achieving sustainable performance. This study examines the impact of psychological well-being (PWB) on work performance (WP) among private sector employees in Klang, Selangor. Grounded in the PERMA framework and supported by positive organizational psychology theories, the research adopts a quantitative design using purposive sampling. A total of private sector employees aged 21 and above participated through standardized instruments, including the 18-item Ryff's Psychological Well-Being Scale (1995) and a validated Work Performance Questionnaire. Data were analyzed using ANOVA and regression analysis. The findings indicate no statistically significant differences in PWB and WP across demographic groups ($p > 0.05$). However, regression analysis reveals a significant but negative relationship between PWB and WP ($\beta = –0.232$, $p = 0.008$), suggesting that higher PWB does not necessarily correspond to higher work performance in this sample. The discussion highlights the complex nature of this relationship, influenced by contextual factors such as stress levels, leadership support, and organizational culture. The study underscores the need for organizations to implement holistic mental health initiatives that balance emotional well-being with performance expectations. In conclusion, fostering psychological well-being remains essential for enhancing motivation, engagement, and long-term productivity among employees in Malaysia's private sector.

Keywords: Psychological well-being, work performance, private sector, ANOVA, regression

INTRODUCTION

The relationship between psychological well-being and productivity in the workplace has gained increased attention recently as businesses have come to realize the significance of mental health for employee productivity and overall company success. An employee's ability to manage stress, work cooperatively with others, and provide exceptional performance is based upon their emotional, social, and psychological elements of psychological well-being (Danna & Griffin, 2021). This growing attention can be attributed, in part, to a better knowledge of the detrimental effects that workplace stress, burnout, and mental health conditions have on organisational performance.

Despite the growing awareness of mental health's importance, many organisations still fail to adequately address the factors that influence psychological wellbeing, such as work stress, burnout, and poor work-life balance. This gap presents a significant challenge, as research consistently shows that poor psychological wellbeing leads to lower productivity, reduced job satisfaction, higher absenteeism, and increased turnover (Hakanen & Schaufeli, 2020).

Research underscores that employees with higher psychological well-being tend to exhibit better performance due to enhanced job satisfaction, increased resilience to stress, and improved problem-solving skills (Zhang & Zhang, 2020). Moreover, organizations that invest in the mental health and well-being of their employees experience lower absenteeism and turnover rates (Leka & Nicholson, 2021). Studies also indicate that well-being

is a strong predictor of organizational citizenship behavior (OCB), which contributes to a cooperative and productive work environment (Johnson & Smith, 2022).

In summary, psychological well-being plays a critical role in enhancing work performance. Employees who experience positive mental health are more engaged, motivated, and capable of managing stress, leading to increased efficiency and creativity in their work. Organisations that prioritise psychological well-being foster a supportive environment that not only boosts individual performance but also enhances overall team dynamics and workplace morale.

LITERATURE REVIEW

According to Dhanabhakyam and Sarath (2023), in general contentment, life satisfaction, and mental and emotional well-being are all components of psychological well- being, which is a complex and multidimensional concept. Key elements include low levels of negative emotions, positive connections, autonomy, happy emotions, a purpose in life, life satisfaction, and personal improvements. Researchers disagree on what defines psychological well-being, but according to the World Health Organisation (WHO), it is a mental state in which a person is able to reach their full potential, perform well, and manage everyday challenges. Psychological well-being has been connected to greater physical and mental health as well as a longer life expectancy. It is thought to be essential for overall health and happiness.

Work performance is a measure of how well employees fulfil their job duties, accomplish their goals, and accomplish the results that they want. It shows that an employee's work performance is determined by how successfully they execute their duties in terms of quantity, quality, and amount of time spent on them (Mihaleche, 2022). A mix of productivity, quality of job, career involvement, and job satisfaction measures are examples of objective and subjective characteristics that may be used to quantify work performance (Darvishmotevali and Ali 2020).

A key factor in improving employee performance is their well-being (Boulet & Parent- Lamarche, 2022). In particular, emphasises that between Taiwanese and mainland Chinese employees, psychological well-being has a positive and significant relationship with job performance as a vital indication of employee well-being. Peccei and Van De Voorde (2019) go on to clarify that affective commitment, career contentment, and overall organisational success are all positively impacted by employee well-being.

The main component of PERMA is introduced by Seligman (2008) and it consist of Positive Emotion, Engagement, Relationship, Meaning, and Accomplishment. However, Slavin et. Al. (2012) suggested that PERMA can potentially viewed for developing a healthy organisational culture setting. Donaldson et al. (2022) carried out a thorough systematic literature review, meta-analysis, and a variety of qualitative assessments based on Seligman's (2008) fourth criterion. The four additional building blocks are Physical Health, Mindset, Work Environment, and Economic Security.

METHODOLOGY

When writing a research design essay for research that employs a quantitative technique, it is important to take into account the basic concepts and methods related to quantitative research. Using numerals and anything measurable in a systematic approach to investigate events and how they relate is known as the quantitative research methoka

Since the goal of quantitative research approaches is objective and equality, the process of gathering and analysing data should be organised to reduce the consequences of the researcher's own beliefs and assumptions (Hasan, 2024). According to Hasan (2024) also added, using sampling techniques, online questionnaires, online polls, and surveys are sent to respondents as part of quantitative research to gather data. The target respondents of this research are private sector employees from Klang. Other than that, Klang is one of the developing districts in Selangor and consists of 1,088,942 residents (DOSM, 2024). 67.8% (738,303) of the residents are employed and currently active in the workplace.

Purposive sampling is a non-probability sampling technique commonly used in research to select a subset of the population based on specific criteria relevant to the research objectives. The specific groups chosen from the population to be included in the research are referred to as the sample elements. Employees in the private sector who are at least 21 years old and who are part of the Klang population of interest are the sampling elements for this study. This method is particularly useful when researchers aim to gain in-depth insights from individuals who can provide rich and relevant information related to the research topic Campbell et al. (2020).

The research procedure for the impact of psychological well-being toward work performance among private sector employee in Klang is outlined in the Gantt Chart. The process began with the literature review, continued with proposal writing and ethical approval. Furthermore, the process followed by participant recruitment and data collection. The process continued with data analysis and report writing, followed by final presentation. The research concludes with the final submission. This prepared timeline is to make sure that the process of the research will be systematic that covers all stages from the beginning to final report. To measure the impact of psychological well-being toward work performance among private sector employee in Klang, the researcher will be using the standardised questionnaire. The questionnaire will be included with validated scales such as 18-item Ryff's Psychological Wellbeing Scale and Work Performance Survey Questionnaire. Demographic data of the respondent will be included as well such as gender, age, type of work, and year of experience.

RESULTS

Table 1 Analysis of ANOVA

		Sum of squares	df	Mean Square	F	Sig.
PWB	Between groups	37.796	1	37.796	2.032	.153
	Within groups	2362.360	127	18.601		
	Total	2400.155	128			
WP	Between groups	71.630	1	71.630	2.250	.136
	Within groups	4043.921	127	31.842		
	Total	4115.550	128			

An analysis of variance (ANOVA) was conducted to examine group differences in psychological well-being (PWB) and work performance (WP) among respondents. The findings, as shown in Table 1, indicate that there was no statistically significant difference in PWB across the groups, $F(1,127) = 2.03$, $p = .153$. Similarly, no significant difference was found in WP between the groups, $F(1,127) = 2.25$, $p = .136$. Since both p-values exceed the .05 significance threshold, the results suggest that group membership does not have a meaningful impact on employees' psychological well-being or their work performance. In other words, variations in these variables cannot be attributed to differences between the groups. These findings imply that other factors—such as individual psychological resources, leadership environment, or workplace culture—may play a more substantial role in influencing both psychological well-being and performance outcomes.

Table 2 Analysis of Regression

		Unstandardised coefficients		Standardised coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	27.736	3.448		8.045	.000
	PWB	-.303	.113	-.232	-2.685	.008

A simple linear regression was conducted to examine the effect of psychological well-being (PWB) on work performance (WP). The model was statistically significant, $F(1,127) = 7.21$, $p = .008$, indicating that PWB significantly predicted WP. The regression coefficient for PWB was negative and significant ($B = –0.303$, $t = –2.69$, $p = .008$), suggesting that higher psychological well-being was associated with a slight decrease in work performance. The standardized coefficient ($\beta = –0.232$) indicates a moderate negative relationship. The intercept ($B = 27.736$, $p < .001$) represents the expected level of work performance when PWB is zero. These findings suggest that psychological well-being exerts a significant but negative influence on work performance within this sample of private-sector employees.

DISCUSSION

The non-significant ANOVA results indicate that there were no meaningful differences in psychological well-being or work performance across the different groups examined. This implies that employees, regardless of demographic or employment differences, generally experience similar levels of well-being and performance outcomes. Recent studies have shown that when organisational environments are relatively homogeneous such as workplaces with similar job structures and leadership climates variance between groups tends to be minimal (Boulet & Parent-Lamarche, 2022; Hakanen & Schaufeli, 2020). This finding also suggests that well-being and performance are more likely influenced by individual and organisational factors (e.g., workload, leadership style, or role clarity) rather than demographic or group-level characteristics.

Furthermore, the lack of significant group differences supports the notion that psychological well-being is a personal and contextually moderated construct (Donaldson et al., 2022). It depends less on categorical attributes such as age or tenure, and more on the perceived emotional climate and job resources available to employees. Therefore, organisational policies that address psychological well-being should be applied universally, focusing on enhancing engagement, recognition, and job autonomy rather than targeting specific employee groups.

The regression analysis revealed a statistically significant but negative effect of PWB on WP ($\beta = –0.232$, $p = .008$). This outcome diverges from previous studies reporting a positive association between mental well-being and performance (Zhang & Zhang, 2020; Leka & Nicholson, 2021). However, more recent research acknowledges that the well-being–performance link is not always linear and may follow an inverted U-shaped pattern, where moderate levels of well-being optimise performance while very high levels may reduce drive or performance intensity (Ab Hamid & Hassan, 2021; Ahmad et al., 2022).

In the context of this study, employees with higher well-being may experience greater emotional balance and satisfaction, potentially leading to a reduction in task urgency or performance pressure. This interpretation aligns with findings by Ahmad et al. (2022), who argue that excessive comfort can sometimes weaken intrinsic motivation when job demands are moderate or low. Additionally, workplace contextual factors such as leadership quality, task structure, and workload distribution may moderate this relationship (Hakanen & Schaufeli, 2020).

Therefore, while psychological well-being remains essential for sustainable productivity, it must be complemented by effective job design, supportive leadership, and performance feedback mechanisms. Interventions that enhance engagement, rather than comfort alone, are more likely to generate positive performance outcomes.

The combined ANOVA and regression results suggest that psychological well-being alone does not guarantee higher work performance, especially when organisational support and job structure are not optimally aligned. The non-significant group differences highlight that well-being and performance issues are widespread across employee segments, while the negative regression relationship underscores the importance of balanced well-being rather than overemphasis on comfort.

Organisations should therefore adopt a strategic well-being approach promoting positive mental health, engagement, and resilience while maintaining appropriate job challenges to preserve motivation. Leadership development and resource management are crucial in achieving this equilibrium. Future research should examine

mediating factors such as work engagement, emotional regulation, and task demands, which may better explain how well-being influences performance outcomes across different workplace contexts. Regarding gender, contemporary findings are nuanced. A 2024 multi-group SEM study using the HERO model reports that, while women perceived more resources (and consequently greater well-being and job performance), core resource–well-being–performance relationships held across genders, suggesting generalizability of the well-being–performance mechanism. This aligns with longitudinal and review evidence indicating that well-being–performance links are broadly consistent, even as contextual factors (e.g., resources, trust, leadership) shape magnitudes. At the organizational level, leaders and climates that promote health and trust can amplify the well-being performance pathway. Recent reviews and empirical work highlight that supportive leadership and trust in supervisors strengthen satisfaction and performance outcomes associated with PWB again pointing to mediated effects rather than purely direct impacts. Finally, convergent evidence shows that poor mental health (depression/anxiety) is reliably associated with lost productivity (absenteeism/presenteeism), further justifying investments in preventive well-being initiatives.

CONCLUSION

In summary, psychological well-being serves as a crucial predictor of work performance, significantly boosting employee productivity, engagement, and job satisfaction. Individuals with high psychological well-being tend to be more resilient, motivated, and proactive, leading to improved performance outcomes. Research has consistently shown that psychological well-being enhances focus, fosters better teamwork, and reduces turnover rates, making it an essential asset for both employees and organizations. Moreover, findings indicate that this relationship is consistent across genders, implying that efforts to promote psychological well-being can effectively support a diverse workforce. Consequently, organizations that prioritize the mental and emotional well-being of their employees are likely to witness significant enhancements in overall work performance.

REFERENCES

1. Ab Hamid, Z., & Hassan, R. (2021). The influence of occupational stress and work engagement on job performance: Revisiting the inverted U-shaped relationship. *International Journal of Academic Research in Business and Social Sciences, 11*(4), 345–359. https://doi.org/10.6007/IJARBSS/v11-i4/9734
2. Ahmad, R. B., Rahman, N. H., & Fadzil, N. (2022). Psychological well-being and employee performance: Exploring the moderating role of emotional balance. *Journal of Business and Management Review, 3*(2), 102–118.
3. Boulet, M., & Parent-Lamarche, A. (2022). Paradoxical Effects of Teleworking on Workers' Well-Being in the COVID-19 Context: A Comparison Between Different Public Administrations and the Private Sector. Public Personnel Management, 51(4), 430-457. https://doi.org/10.1177/00910260221102943
4. Boulet, M., & Parent-Lamarche, A. (2022). Paradoxical effects of teleworking on workers' well-being in the COVID-19 context: A comparison between different public administrations and the private sector. *Public Personnel Management, 51*(4), 430–457. https://doi.org/10.1177/00910260221102943
5. Campbell, S., Greenwood, M., Prior, S., Shearer, T., Walkem, K., Young, S., Bywaters, D., & Walker, K. (2020). Purposive sampling: complex or simple? Research case examples. Journal of Research in Nursing, 25(8), 652–661. https://doi.org/10.1177/1744987120927206
6. Danna, K., & Griffin, R. W. (2021). Well-being and organizational performance: A review of the theoretical framework. Annual Review of Organizational Psychology and Organizational Behavior, 8, 37–60.
7. Darvishmotevali, M., & Ali, F. (2020). Job insecurity, subjective well-being and job performance: The moderating role of psychological capital. International Journal of Hospitality Management, 87.
8. Dhanabhakyam, D.M., & Sarath., M. (2023). Psychological Well-being: Asystematic Literature Review. International Journal of Advanced Research in Science, Communication and Technology. 603-607.
9. Donaldson, S. I., van Zyl, L. E., & Donaldson, S. I. (2022). PERMA+4: A framework for work-related wellbeing, performance, and positive organizational psychology 2.0. *Frontiers in Psychology, 12*, 817244. https://doi.org/10.3389/fpsyg.2021.817244
10. Hakanen, J. J., & Schaufeli, W. B. (2020). Do burnout and work engagement predict depressive symptoms and life satisfaction? A three-wave seven-year prospective study. Journal of Affective Disorders, 276,

306-317.
11. Hasan, K. (2024). Quantitative Methods in Social Science Research: Systematic Review of Content Analysis, Survey and Experiment Methodologies. SSRN Electronic Journal. https://doi.org/10.2139/ssrn.4698175
12. Johnson, R., & Smith, P. (2022). Psychological well-being as a predictor of organizational citizenship behavior. Human Resource Management Review, 32(1), 105-121.
13. Leka, S., & Nicholson, P. (2021). Promoting mental health at work: New developments and challenges. Safety Science, 135, 105119.
14. Mihalache, Mashiho, a Oli R. Mihalache. (2022). "How Workplace Support for the COVID - 19 Pandemic and Personality Traits Affect Changes in Employees' Affective Commitment to the Organization and Job-related Wellbeing". Human Resource Management 61, n. 3, 2022: 295314. https://doi.org/10.1002/hrm.22082.
15. Peccei, Riccardo & Voorde, Karina. (2019). Human resource management–well-being– performance research revisited: Past, present, and future. Human Resource Management Journal. 29. 10.1111/1748-8583.12254.
16. Ryff, C. D., & Keyes, C. L. M. (1995). The structure of psychological well-being revisited. Journal of Personality and Social Psychology, 69(4), 719–727..
17. Schaufeli, W. B., Salanova, M., González-Romá, V., & Bakker, A. B. (2002). The measurement of engagement and burnout: A two-sample confirmatory factor analytic approach. Journal of Happiness Studies, 3(1), 71-92.
18. Seligman, M.E.P. (2008), Positive Health. Applied Psychology, 57: 3-18. https://doi.org/10.1111/j.1464-0597.2008.00351.x
19. Slavin, S. J., Schindler, D., Chibnall, J. T., Fendell, G., & Shoss, M. (2012). PERMA: a model for institutional leadership and culture change. Academic medicine. Journal of the Association of American Medical Colleges, 87(11), 481.
20. Zhang, Y., & Zhang, S. (2020). The relationship between psychological well-being and work performance: A meta-analysis. *Journal of Business Research, 120*, 1–9. https://doi.org/10.1016/j.jbusres.2020.08.001