

## EMPLOYEE WELL-BEING AND ORGANIZATIONAL PERFORMANCE: INVESTIGATING THE MEDIATING ROLE OF WORK ENGAGEMENT IN CONTEMPORARY WORKPLACES

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### Abstract

In modern workplaces where technological change is rapid, globalization is a phenomenon, and the job demands are increasing, employee well-being is becoming an increasingly significant factor that affects organizational performance. Although much has been researched regarding employee well-being and work engagement, there is little research that has been conducted to understand the processes behind the fact that employee well-being leads to organisational performance. The purpose of this study is to examine the function of job engagement as a mediator between employee well-being and organizational performance, using the ideas put forward by the Job Demands Resources (JD-R) hypothesis as a foundation. This quantitative study utilized a cross-sectional survey to gather data from employees in both the corporate and service sectors. After administering standardized questionnaires to the sample of 285 participants, the data was analyzed using SPSS software. The PROCESS macro (Model 4) and bootstrapping were used to undertake descriptive statistics, correlation, multiple regression, and mediation analyses. Work engagement and organizational performance are positively impacted by employees' well-being, according to the research. Engagement at work has a major effect on organizational performance and also moderates the effect of employee well-being on organizational performance. Based on these findings, it's clear that a healthy work environment is an invaluable psychological resource for any company looking to increase morale, productivity, and success. Organizations seeking to boost employee engagement and long-term performance through wellness program promotion can use the research's empirical support for the mediational effect of work engagement as well as other practical findings to inform their own efforts.

**Keywords:** Employee Well-Being; Work Engagement; Organizational Performance; Job Demands–Resources Theory; Employee Motivation; Workplace Well-Being; Mediation Analysis.

### 1. Introduction

The well-being of employees in present-day organizational settings, where change in technology is rapid, globalization is widespread, and job demands are on the rise, has proven to be an important factor of organizational performance and sustainability. Organizations are becoming more aware of the fact that psychological well-being and emotional stability of employees as well as their job satisfaction are important drivers of productivity, devotion and organizational success in the long term. With the emergence of a dynamic and diverse workplace, the ability to ensure the well-being of the employees and simultaneously deliver high performance has emerged as a strategic concern to the management and human resource practitioners. Employee well-being can be described as the general psychological, emotional, and social conditions that employees are exposed to in their workplaces. It includes job satisfaction, mental health, work-life balance, and positive affective experiences at work. Researchers have highlighted that well-being in the workplace does not only enhance personal performance in workplaces but also plays a major role in organizational performance in terms of productivity, innovativeness, employee engagement, and organizational performance (Bryson et al., 2017; Yadav et al., 2022). Organizations that invest in the well-being of employees tend to enjoy increased motivations in their workforce, better relationship in the workplace, and better performance of the organization.

Research in organizational behavior has recently shifted its focus to studies that seek to identify the psychological mechanisms that may link organizational effectiveness to employee welfare. Work engagement is one of the most important constructs in this situation. Work engagement refers to a good, satisfying work-related psychological condition, which is vitality, commitment, and engagement to work-related activities (Schaufeli, 2017). Energetic, enthusiastic, and involved employees have a high degree of engagement of their work and this eventually leads to increased job performance and performance of their organization. Empirical studies also reflect that employees, who have good working conditions and are psychologically stable, tend to show the boosted degree of engagement in the working positions (Hakanen et al., 2018).

Most theoretical frameworks for understanding the relationship between workers' happiness and their level of engagement in their jobs draw on the JD-R theory. Employees' motivation and engagement, as well as the quality of their work, can be enhanced through the use of job resources such as supportive leadership, autonomy, and organizational support, according to the JD-R framework (Bakker and Demerouti, 2017). In the given framework, employee well-being may be regarded as a valuable psychological asset that helps employees to adjust to job demands and ensure a high degree of engagement and productivity. Current literature proposes that engagement at work is a key in converting to better organizational outcomes the positive work experiences. Individual and organizational performance are both enhanced when workers are enthusiastic about their work and have a strong sense of purpose, according to studies (Khan, 2013). Research by Bhatti et al. (2018) and Nagar et al. (2024) suggests that several organizational and psychological factors impact both employee and organizational performance. One possible mediator of this relationship is work engagement.

Although the amount of research on the issue of employee well-being and employee engagement has been increasing, the mechanisms of how employee well-being can influence the organizational performance have not been studied in depth. Although the direct correlation between employee well-being and job performance has been previously studied, little interest has been paid to the intervening influence of work engagement in the correlation amidst modern organizational settings. In today's workplace, when factors like employee engagement, mental toughness, and motivation are increasingly determining the long-term success of organizations, understanding this mediating process is more important than ever.

This research intends to address that information gap by exploring how job engagement mediates the relationship between modern workers' happiness and their companies' success. This study aims to offer a holistic picture of the relationship between employee well-being and organizational performance by merging insights from JD-R theory with data on engagement and well-being.

The study aims to achieve the following:

1. So that we can learn more about how contented workers contribute to a successful business.
2. Find out how employee happiness affects their level of dedication on the job.
3. So that you may find out how staff engagement impacts company output.
4. Through the moderating effect of job engagement, this study intends to examine the connection between employee happiness and organizational performance.

The research offers empirical support of the connection between employee well-being and organizational performance and it provides practical information to enhance the engagement between employees and organizations by the means of well-being programs and positive working environments.

## 2. Literature Review

The new studies in organizational behavior pay more and more attention to the impact of psychological and behavioral aspects on the effectiveness of organizations. Specifically, scholars have taken an interest in the connections between employee well-being, work engagement and organizational performance. In this section, the researcher reviews some of the important studies that present the theoretical and empirical ground on the current research.

### 2.1 Employee Well-Being

Employee well-being is generally accepted as a multidimensional construct comprising psychological health, emotional satisfaction as well as positive functionality in the workplace. It also represents how employees perceive their environments, relations, as well as the equilibrium of work and life, and is becoming a strategic source of productivity in organizations. Pandey et al. (2025) have revealed key preconditions and consequences of employee well-being, indicating that it determines job satisfaction, engagement, and performance. On the same note, Hakanen et al. (2018) established that more psychologically well employees tend to undertake proactive activities like job crafting. Bryson et al. (2017) have shown that subjective wellbeing has a positive impact on workplace productivity, and Kundi et al. (2021) have demonstrated that psychologically healthy employees are more resilient and perform better at workplace. These studies have brought out employee well-being as a vital organizational resource that determines employees' attitudes, behavior, and performance.

### 2.2 Work Engagement

Work engagement is an affirmative psychological condition of work which is energetic, committed, and in the state of absorption. It has been much studied in the field of organizational psychology in that it is closely related to motivation and performance. The theory is very similar to Job Demands Resource (JD-R) model. Bakker and Demerouti (2017) described the buildup of engagement when employees have adequate job resources like power to do whatever they want, support of the organization, and chances of growth. Schaufeli (2017) pointed out that motivated staff members allocate more cognitive and emotional resources to their activities, which results in a better performance. These effects are also supported by empirical studies. Baethge et al. (2021) discovered that engagement does not always lead to physiological strain in case the resources are sufficient. Equally, Maricuțoiu et al. (2017) have established positive work outcomes and burnout protection engagement as predictors, and Miralles et al. (2015) have established positive workplace experiences to be enhancers of employee engagement.

### 2.3 Organizational Performance

Organizational performance is a term that describes how well organizations attain their strategic goals being efficient and competitive at the same time. It has indicators like productivity, innovativeness, quality of service and performance of employees. Khan (2013) stressed that committed employees can enhance the success of organization as they work more and display increased commitment. On the same note, Gracia et al. (2013) also established that collective work engagement enhances the quality of services and organizational performance. The same study by Zeglat and Janbeik (2019) has also shown that employees who feel that their work is meaningful will perform better and will be of greater contribution towards organizational objectives.

### 2.4 Work Engagement as a Mediating Mechanism

The recent research emphasizes the significant role of work engagement as a mediator between the well-being and the performance outcomes of the employees. In a study by Ahmed et al. (2018), the author established the connection between organizational practices, well-being, and employee performance to be mediated by engagement. Likewise, Bhatti et al. (2018) demonstrated that job resources and job performance have a mediating relationship through the work engagement.

Lu et al. (2022) found work engagement to be a mediator between employee mental health and job performance, and Imran et al. (2020) have shown that perceived organizational support breeds employee thriving and their engagement. In more recent works, Nagar et al. (2024) and Alnagbi et al. (2025) have again established that work engagement is an intermediate variable between such workplace variables as happiness and work-life balance and the performance of employees. Similarly, Yu et al. (2024) emphasized engagement as one of the psychological processes connecting organizational support, empowerment, and workplace wellness.

In spite of these results, numerous researches look at well-being, engagement and performance independently, which means that a combined framework is required that would look at these constructs concurrently.

### 2.5 Research Gap and Contribution of the Study

Despite the already existing studies on the well-being of employees, work engagement, and organizational performance, there are certain gaps. Numerous researchers conduct their studies on these constructs as separate entities and do not put within a single framework the mechanisms that connect them. Further, current studies are likely to be sector-specific or restricted in the characteristics of variables of the workplace.

Specifically, there is a gap in the research on the role of employee well-being in determining organizational performance by engaging in work within the Job Demands Resources model. To fill this gap, the current study formulates and empirically validates a theoretical framework that combines employee well-being, work engagement, and performance of an organization. The analysis of the mediating impact of work engagement enables the study to give better detail on the psychological processes by which employee well-being is related to organizational effectiveness in modern working environments.

## 3. Theoretical Framework and Hypotheses Development

To comprehend the connection between the well-being of employees and the performance of the organization in question, a theoretical construct would be needed explaining the impact of psychological resources on employee attitudes and behavior. The current research relies on the theory of Job Demands Resources (JD-R) that gives insights into the way job resource and work characteristics impact employee motivation, engagement, and performance outcomes.

### 3.1 Overview of the Job Demands–Resources (JD–R) Theory

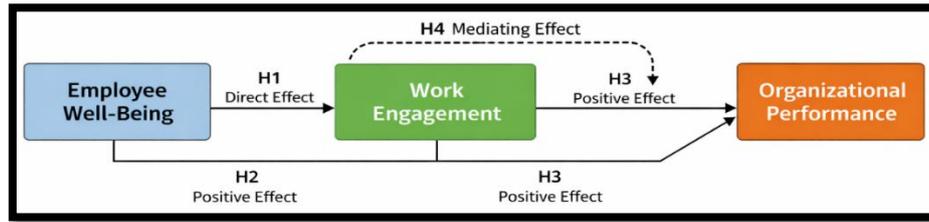
JD-R model is an extensive model that is applied to elucidate employee motivation and wellbeing. It indicates that any workplace has job demands (e.g., workload and time pressure) and job resources (e.g., organizational support, autonomy and career advancement opportunities) that determine both employee performance and psychological consequences.

According to Bakker and Demerouti (2017), job resources can provoke arousal and enhance engagement at work, making the job performance better. Equally, Schaufeli (2017) reiterated that work engagement is a major motivational process within the JD-R model as it is vigorous, dedicated and absorbed. Individual resources like psychological wellbeing also enhance the capacity of the employees to handle job demands and be engaged.

### 3.2 Conceptual Framework of the Study

Based on the JD-R theory and other prior research this study is expected to offer a model that will connect employee well being, work engagement and organizational performance. The model presumes the well-being of employees has both a direct and indirect impact on the performance of an organization via work engagement.

In this model, employee well being serves as an independent variable, organizational performance serves as a dependent variable and work engagement serves as a mediating variable. In line with the JD-R model, engagement is boosted by psychological resources thus leading to better organizational results. The conceptual framework of the study is given in Figure 1.



**Figure 1. Conceptual framework illustrating the mediating role of work engagement between employee well-being and organizational performance.**

### 3.3 Relationship Between Employee Well-Being and Organizational Performance

Employee well-being in an organization is a boost to its success. These employees have high chances of showing motivation, creativity and commitment due to their positive psychological states. Bryson et al. (2017) discovered that a better subjective well-being enhances productivity and performance at work. On the same note, Kundi et al. (2021) stated that psychological well-being improves the resilience of employees and their workplace output. Employee well-being is another strategic organizational resource reported by Pandey et al. (2025) to affect engagement, innovation, and productivity.

**H1:** Organizational performance is positively impacted by employee well-being.

### 3.4 Employee Well-Being and Work Engagement

Work engagement is also reinforced by the well being of the employees. Workers fully engaged with their jobs and whose work conditions are not stressful have high chances of showing an increase in the engagement levels. Hakanen et al. (2018) demonstrated that more well-being employees are becoming proactive, e.g., they job craft, which contributes to engagement. In a similar vein, Imran et al. (2020) have discovered that environments that support encourage psychological thriving and engagement, whereas Yu et al. (2024) emphasized engagement as a path between workplace support and well-being.

**H2:** Optimal health of workers significantly boosts their enthusiasm for their jobs.

### 3.5 Relationship Between Work Engagement and Organizational Performance

Employee engagement is one of the important predictors of the performance of employees and organizations. The involved employees display more passion, perseverance and dedication. Khan (2013) highlighted the importance of having engaged employees who lead to the success of an organization. Equally, Gracia et al. (2013) discovered that shared engagement enhances quality of service and organizational performance. Lu et al. (2022) also found that job performance is improved with the help of work engagement motivated by the engagement and innovative behavior.

**H3:** A company's bottom line benefits greatly from employee enthusiasm for their work.

### 3.6 The Mediating Effect of Work Engagement

Work engagement can be used as a mediator between organizational performance and well-being of the employees. According to Ahmed et al. (2018), the relationship between the affective well-being and performance of employees is mediated by engagement. The same study by Bhatti et al. (2018) also found that the mediating role of engagement in the correlation between job resources and job performance exists. Nagar et al. (2024) confirmed the mediation between engagement and the workplace happiness and performance, whereas Alnagbi et al. (2025) determined that engagement mediates the work-life balance and individual performance.

**H4:** Employee happiness and organizational success are mediated by job engagement.

## 4. Research Methodology

This part outlines research design, sampling strategy, measurement scales, data analysis procedures to be employed in testing the relationships between employee well-being and work engagement and organization performance and to test hypotheses and mediation effects of work engagement.

### 4.1 Research Design

This research design is a cross-sectional survey based on a quantitative research design in order to test the correlation between the employee well-being, work engagement and organizational performance. Organizational behavior research normally employs quantitative research methods since it enables the researchers to conduct a systematic analysis of variable relationships using statistical procedures.

The three major constructs that are addressed in the study include the employee well-being (independent variable), work engagement (mediating variable), and organizational performance (dependent variable). The model presumes that employee welfare has both direct and indirect impacts on organizational performance by engaging employees in their work.

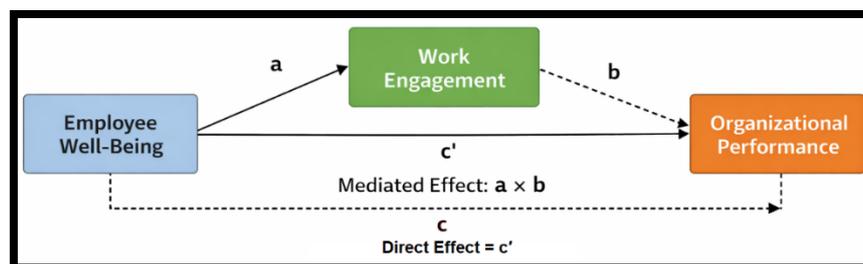
The connection between the variables can be expressed in the form of the regression equations as under:

$$WE = \alpha + \beta_1 EWB + \epsilon$$

$$OP = \alpha + \beta_1 EWB + \beta_2 WE + \epsilon$$

Where EWB represents employee well-being, WE represent work engagement, OP represents organizational performance,  $\beta$  denotes regression coefficients, and  $\epsilon$  represents the error term.

These equations enable one to look at the direct and indirect impacts of employee well-being on the performance of the organization. The mediation model (Figure 2) describes the role of the work engagement between employee well-being and organizational performance in terms of a, b, and c with the indirect effect of  $a \times b$ .



**Figure 2: Mediation Model Tested in the Study**

#### 4.2 Population and Sampling

The sample size was made up of individuals who are employed in corporate and service-sector companies in which employee well-being and engagement are crucial to productivity and organizational performance. Convenience sampling method was employed because of accessibility and time as well as the survey questionnaire was dispersed electronically via the online means and organizational networks. Among the 350 questionnaires dispatched, 285 valid responses are collected and analyzed, which is sufficient to be used in the regression and mediation analysis. Table 1 provides the demographic description of the respondents.

**Table 1: Demographic Characteristics of Respondents**

Variable	Category	Frequency	Percentage
Gender	Male	162	56.8%
	Female	123	43.2%
Age	21–30 years	118	41.4%
	31–40 years	96	33.7%
	Above 40	71	24.9%
Education	Bachelor's Degree	134	47.0%
	Master's Degree	116	40.7%
	Others	35	12.3%
Work Experience	Below 5 years	121	42.5%
	5–10 years	98	34.4%
	Above 10 years	66	23.1%

Demographic distribution reveals that the respondents are of different age groups and level of professional experience, which increases the generalizability of the results.

#### 4.3 Data Collection Procedure

The information was gathered with the help of a structured questionnaire which was created to evaluate the well-being of employees, their engagement, and the performance of the organization. The survey was administered online via internet platforms and communication channels in the organization. To achieve ethical research, the participants were told why the study was done and guaranteed confidentiality and volunteering in the research.

The survey was divided into two parts, which were demographic data of the participants and measurement variables of the study variables. The measurement of all the items was based on a five-point Likert scale between 1 = Strongly Disagree and 5 = Strongly Agree.

#### 4.4 Measurement of Variables

Validated scales that were developed by earlier studies were used to measure the constructs in this study to make sure that they were reliable and conceptually consistent. The constructs and the sources used to measure them are provided in Table 2.

**Table 2: Measurement Constructs and Sources**

Construct	Description	Items	Source
Employee Well-Being	Measures employees' psychological and emotional well-being in the workplace	5	Hakanen et al. (2018)
Work Engagement	Measures vigor, dedication, and absorption in work tasks	6	Schaufeli (2017)
Organizational Performance	Measures employees' perception of productivity and organizational outcomes	5	Ahmed et al. (2018)

Example questionnaire items include:

- "I feel satisfied with my work environment."
- "I am enthusiastic about my job."
- "My work contributes positively to the performance of my organization."

These scales were based on measurement scales that had been used before so that they could be content valid.

#### 4.5 Reliability and Validity Analysis

A reliability analysis was carried out to evaluate the internal consistency of the measurement scales before hypothesis testing. We utilized Cronbach's alpha coefficient to find the reliability. Tabulated in Table 3 are the study's findings regarding the construct dependability.

**Table 3: Cronbach's Alpha Reliability Coefficients for Study Constructs**

Construct	Cronbach's Alpha
Employee Well-Being	0.86
Work Engagement	0.88
Organizational Performance	0.84

All constructs show alpha values of Cronbach's alpha to be above the advised 0.70 value and therefore satisfactory internal consistency.

#### 4.6 Data Analysis Techniques

The data collected were analyzed by the use of SPSS software. A number of statistical tests were to analyze the interactions between the variables in the study, which were descriptive statistics, correlation tests, and multiple regression tests to test the hypotheses put forward. Moreover, the mediation analysis with the PROCESS Macro (Model 4) was used in accordance with the procedure proposed by Hayes (2013). Bootstrapping of 5000 resamples was applied in estimating the indirect impact of employee well-being on organizational performance through work engagement and the chance to investigate both the direct and indirect relationships between the variables.

### 5. Results and Data Analysis

This section presents the practical outcomes of the statistical analysis conducted using SPSS software. Using PROCESS macro (Model 4), it is subjected to descriptive statistics, correlation, multiple regression, and mediation analyses. These tests were conducted to analyze how well being of employees is related to their engagement in work and the performance of the organization and test the hypotheses of this study.

#### 5.1 Descriptive Statistics

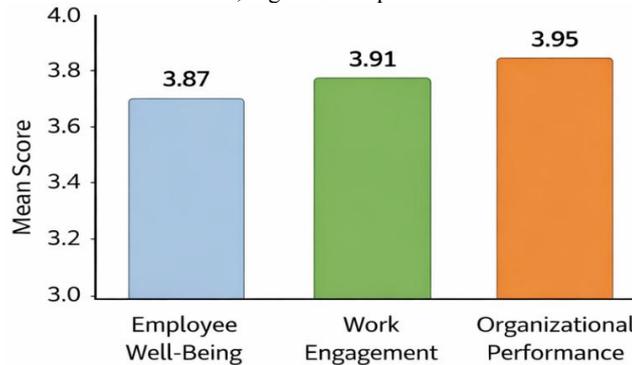
In order to shed light on the study variables' core tendencies and variability, descriptive statistics were also computed. In terms of employee happiness, workplace engagement, and organizational performance, the results provide a synopsis of the respondents' perspectives. Table 4 displays the means and standard deviations of the study's important variables.

**Table 4: Descriptive Statistics of Variables of the Study**

Variable	Mean	Standard Deviation
Employee Well-Being	3.87	0.64
Work Engagement	3.91	0.68
Organizational Performance	3.95	0.62

The results suggest that all three variables have mean values above the middle of the Likert scale. This suggests that respondents generally perceive their organizations as having high levels of employee well-being, work engagement, and organizational effectiveness. The moderate values of the standard deviation indicate that the variability of the replies is acceptable.

To better understand the distribution of the research variables, Figure 3 compares their mean scores.



**Figure 3: Mean Scores of Variables of the Study**

Employees report a nice work environment and good performance achievements when the organization's performance has the highest average score, followed closely by work engagement and employee well-being.

### 5.2 Correlation Analysis

A correlation study was carried out to examine the connections between organizational performance, employee engagement, and well-being on the job. The direction and type of the correlations between the variables were determined by calculating Pearson correlation coefficients. The results of the correlation analysis are shown in Table 5.

**Table 5: Correlation Matrix of Study Variables**

Variable	1	2	3
1. Employee Well-Being	1		
2. Work Engagement	0.61**	1	
3. Organizational Performance	0.58**	0.67**	1

Note:  $p < 0.01$

The association indicates a positive relationship between organizational success ( $r = 0.58, p < 0.01$ ) and employees' well-being, as well as work engagement ( $r = 0.61, p < 0.01$ ). There is a high positive correlation between work engagement and a company's performance ( $r = 0.67, p < 0.01$ ). Employees who put their health first are more invested in their work, which in turn boosts the company's productivity, according to these results.

### 5.3 Multiple Regression Analysis

The study's variables and the hypotheses were tested using multiple regression analysis, which sought to identify any predictive correlations between them.

#### 5.3.1 Effect of Employee Well-Being on Organizational Performance

The initial regression equation was the direct relationship between the well-being of employees and the performance of an organization.

**Table 6: Regression Results: Employee Well-Being → Organizational Performance**

Predictor	$\beta$	t-value	p-value
Employee Well-Being	0.52	8.74	0.000
Model Statistics		Value	
R <sup>2</sup>		0.34	
Adjusted R <sup>2</sup>		0.33	
F-value		76.38	

The findings indicate that employee well-being positively impacts the performance of the organization ( $\beta = 0.52, p < 0.001$ ). This observation suggests that well-being of employees increases their chances of providing better outcomes in the organizational performance.

Hypothesis H1 is thus accepted.

#### 5.3.2 Effect of Employee Well-Being on Work Engagement

Employee happiness and its effect on engagement in the workplace was the subject of the second regression model.

**Table 7: Regression Results: Employee Well-Being → Work Engagement**

Predictor	$\beta$	t-value	p-value
Employee Well-Being	0.61	10.12	0.000
Model Statistics		Value	
R <sup>2</sup>		0.37	
Adjusted R <sup>2</sup>		0.36	
F-value		102.41	

A substantial predictor of work engagement, according to the regression outcome ( $\beta = 0.61, p < 0.001$ ), is the employees' well-being. What this means is that engagement levels are higher among workers who report feeling emotionally and psychologically supported by their employers.

Thus, we can conclude that Hypothesis H2 is correct.

### 5.3.3 Impact of Work Engagement on Organizational Performance

The impact of employee involvement on company output was the focus of the third regression model.

**Table 8: Regression Results: Work Engagement → Organizational Performance**

Predictor	$\beta$	t-value	p-value
Work Engagement	0.57	9.28	0.000
Model Statistics		Value	
R <sup>2</sup>	0.41		
Adjusted R <sup>2</sup>	0.40		
F-value	86.15		

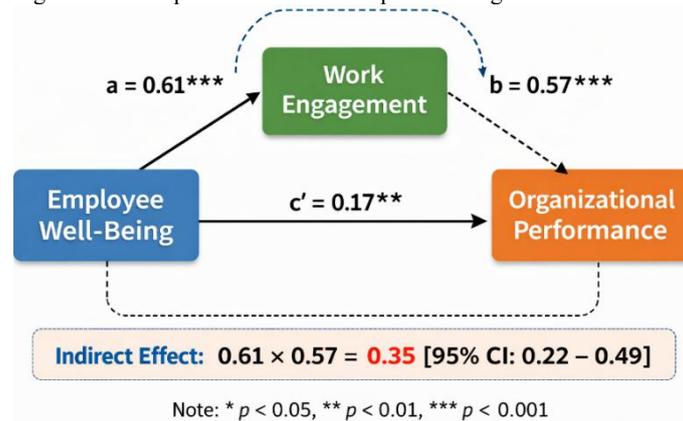
Positive effects of work engagement on organizational performance were seen ( $\beta = 0.57, p < 0.001$ ), as per the results. Having engaged personnel can boost a company's productivity and performance.

Thus, Hypothesis H3 is accepted.

### 5.4 Mediation Analysis

Following the recommendation of Hayes (2013), a bootstrap sample size of 5,000 was used in the PROCESS Macro (Model 4) mediation study to examine the mediating effect of work engagement.

The mediation hypothesis that is being tested in the present research is depicted in Figure 4.



**Figure 4: Mediation Model Results**

The image illustrates the relationships, as well as the direct and indirect effects, between employee well-being, job engagement, and organizational performance.

**Table 9: Mediation Analysis Results (PROCESS Model 4)**

Effect	Coefficient	Boot SE	BootLLCI	BootULCI
Indirect Effect (a × b)	0.35	0.07	0.22	0.49

A non-zero confidence interval indicates a statistically significant indirect association between employee well-being and organizational performance as measured by work engagement, according to the bootstrap findings.

These results add to the growing body of literature suggesting that workplace engagement mitigates the correlation between employee happiness and corporate success.

So, Hypothesis H4 is accepted.

### 5.5 Hypothesis Testing Summary

In Table 10, we can see a summary of the outcomes from the hypothesis testing.

**Table 10: Summary of Hypothesis Testing**

Hypothesis	Relationship	Result
H1	Employee Well-Being → Organizational Performance	Supported
H2	Employee Well-Being → Work Engagement	Supported
H3	Work Engagement → Organizational Performance	Supported
H4	Work Engagement mediates the relationship between Employee Well-Being and Organizational Performance	Supported

Employee happiness greatly boosts organizational performance and engagement on the job, according to all the research. Organizational performance is improved when workers are engaged in their work, which is a crucial psychological component.

## 6. Discussion

Both the link between employee welfare and organizational performance and the mediation role of job engagement in modern workplaces have been explored in this study. The results give light on the mental mechanisms that contribute to enhanced organizational success as a result of happy employees. Overall, the results show that a healthy work environment improves both employee engagement and organizational performance, with engagement playing a key mediating role between the two. In addition to lending credence to the JD-R model's theoretical foundations, these results add to the growing body of literature on the subject of psychological resources and organizational performance.

### 6.1 Influence of Employee Well-Being on Organizational Outcomes

The findings also highlight the importance of employee well-being on an organization's performance. The higher the psychological and emotional well-being of the employees, the greater the motivation, commitment and effectiveness of the employees in their working positions. When employees are satisfied and psychologically supported in their workplace setting, there are more chances of them to hold positive attitudes towards their work and working towards the achievement of organizational objectives in a productive manner.

Consistent with other research, these findings highlight the critical role of employee happiness on the bottom line. According to Bryson et al. (2017), subjective well-being of employees contributes greatly to the productivity and organizational performance of the workplace. Likewise, Kundi et al. (2021) emphasized that psychological health enhances the resilience of employees and their capacity to address challenges at work. Pandey et al. (2025) also defined employee well-being as a highly important organizational resource that determines engagement, innovative,

and productive processes. The JD-R hypothesis provides a theoretical framework for making sense of these results; this theory states that characteristics including employees' psychological well-being contribute to their increased ability to handle stress and keep up performance.

### **6.2 Role of Employee Well-Being in Enhancing Work Engagement**

It can also be seen that employee well-being is relevant in enhancing work engagement. When workers have positive psychological experiences in the workplace, they tend to exhibit great enthusiasm, commitment, and engagement in work duties. In such case, well-being is an incentive resource that makes employees more willing to apply more cognitive and emotional efforts to work-related activities.

These results are consistent with other studies that have looked at the link between happiness and involvement at work. According to Hakanen et al. (2018), employees who have better levels of well-being are more inclined to participate in proactive actions, including job crafting that activates engagement and work performance. In a similar vein, Imran et al. (2020) shown that employee engagement is significantly higher in organizations that foster psychological well-being.

In the context of the JD-R model, employee well-being may be interpreted as an individual resource that enhances motivation among employees and offers engagement, which will eventually lead to better work results.

### **6.3 Contribution of Work Engagement to Organizational Effectiveness**

Work engagement is a key component in enhancing organizational success, according to the results. Employees that have been established to have an increased degree of engagement tend to be more persistent, enthusiastic, and devoted to their work in the workplace. These attributes allow the employees to play a more productive role in the organization in terms of productivity and meeting organizational goals.

This finding is in line with the existing literature that highlights the importance of participation in achieving organizational success. In addition, as Khan (2013) pointed out, engaged workers are more invested in the success of the company, have more ideas, and provide better results. Similarly, Gracia et al. (2013) found that when employees are actively involved in their groups' work, it improves both the efficiency and quality of service provided by the organization. Lu et al. (2022) also support the findings by showing that work engagement positively affects job performance by stimulating innovative behavior and long-term motivation. In the JD-R model, engagement is the motivational mechanism that employees use in order to convert psychological resources into productive work behavior.

### **6.4 Mediating Mechanism Linking Well-Being and Performance**

A significant implication of this study is that the concept of work engagement is proved to play a mediating role that exists between the well-being and performance of staff members within an organization. The findings show that the employee well-being has both positive and negative effects on the organizational outcome due to the heightened engagement in work.

This observation indicates that employees with better psychological well-being will have much likelihood of being actively involved in their work positions and the involvement later leads to an enhancement in performance achievement.

Previous study has also indicated engagement as a crucial modulator of relationships in the workplace. Work involvement mediates the relationship between employees' emotional health and their productivity, according to research by Ahmed et al. (2018). Similarly, Bhatti et al. (2018) discovered that engagement mediates the association between job resources and job performance.

This mechanism is further supported by recent studies. For example:

- The authors have established that work engagement is a mediating factor between workplace happiness and employee performance (Nagar et al., 2024).
- The results reported by Alnagbi et al. (2025) found that there is a relationship between work-life balance and individual performance through engagement.

The current study builds upon this body of knowledge by demonstrating how the employee well-being is related to organizational performance via the motivational process of work engagement.

### **6.5 Implications for Contemporary Workplace Environments**

The findings can point out some significant implications on organizations working in a more dynamic and demanding work environment. The results show that the initiatives that should be given priority by organizations aiming to enhance productivity and performance are those that will lead to the improvement of employee well-being and engagement.

Organizations can enhance the results of the workplace by:

- Building positive leadership behaviors that foster psychological safety and support of employees
- Putting in place flexible working schedules to enhance work-life balance
- Promoting professional growth that will motivate employees
- Developing such inclusive work environments that appreciate employee involvement and free interactions

Such initiatives have the ability to generate good working conditions within the workplace where employees feel appreciated, driven and dedicated to the roles they play in their organizations. This way, employee well-being will not only be an individual gain but also a strategic tool to ensure sustainable organizational performance.

### **6.6 Theoretical Implications**

This study can make a number of contributions to the body of literature on organizational behavior and human resource management.

To begin with, the research combines the well-being of employees, work engagement, and organizational performance into one analytics framework. Although these constructs have been a common subject matter in past studies, the current study offers a clearer insight into the relationship between them.

Second, the results provide empirical evidence supporting the theory of Job Demands-Resources since it revealed that psychological resources including well-being of employees contribute to motivation and engagement which, in turn, affect performance outcomes.

Third, the importance of work engagement as a major motivational pathway between workplace experiences and organizational outcomes is supported by the study, contributing to the theoretical knowledge of the psychological mechanisms underlying employee performance.

### **6.7 Practical Implications**

The results are also very informative to organizational leaders, human resource managers, and policy makers who are interested in enhancing the productivity of employees and the effectiveness of the organization. Organizations need to appreciate employee well-being as part of the strategy that directly affects motivation and performance. Some of the real steps that organizations can implement involve:

- Encouraging accommodative leadership and communication openness
- Introducing the well-being programs like stress management and mental programs
- Career growth and recognition of employees
- Promoting participative and team work culture in an organization

These programs are able to make employees feel more involved, sense of belonging and motivated, and thus improve individual and organizational performance.

## 6.8 Limitations of the Study

Despite its usefulness, there are a lot of caveats to keep in mind when drawing conclusions. First of all, finding causal links between the variables is not possible because the study used a cross-sectional research approach. The links between employee well-being, engagement, and organizational success may become clearer as a result of longitudinal research.

Second, self-reported questionnaire data was used in the study, and it can create a possibility of response bias. It can be assumed that in the future, it might be possible to use several sources of data to improve measurement validity, including supervisor ratings or objective measures of performance.

Third, convenience sampling can be a limitation to the inferences of the results to a wider organizational setting.

## 6.9 Directions for Future Research

Future research might build on the present findings by investigating additional factors that may be linked to the relationship between employee happiness, engagement, and organizational success. Possible causes encompass:

- Organizational culture
- Leadership styles
- Psychological empowerment
- Workplace support systems

Future research can also address the industry-specific settings like healthcare, education, and technology industries, where the workplace conditions might affect the employee well-being and engagement in different ways. Moreover, longitudinal and mixed-method research design can offer more insight into the dynamic mechanisms by which employee well-being affects engagement and organizational performance over a period of time.

## 7. Conclusion

The purpose of this research was to examine the role of employee engagement as a mediator between modern workplace wellbeing and organizational performance. The research used quantitative data collected from organizational sector employees to experimentally assess a conceptual model based on JD-R theory, which is based on employee well-being, work engagement, and organizational performance.

Organizational performance can be enhanced by prioritizing employee welfare, according to the data. Employees' motivation, dedication, and output at work are all positively correlated with their mental and emotional well-being. Employees who envision positive and supportive workplaces are likely to be more invested in their work and show greater enthusiasm for their tasks, according to the results, which also indicate that workers' well-being significantly boosts engagement at work.

In addition, the findings confirm that employee engagement at work is a key factor in improving organizational efficiency. Workers who feel connected to their work are more inclined to give their all to their tasks at hand, which in turn boosts the efficiency and output of the business. The study's most salient finding is that employee engagement at work moderates the connection between employee well-being and organizational performance. This suggests that engagement is a crucial psychological process that explains the transformation of employee well-being into desirable organizational performance.

In sum, the results support the idea that a healthy work environment is an important factor in overall employee happiness, which in turn boosts organizational strategy and long-term success. In the long run, organizational success is supported by employee well-being, which can be enhanced when organizations create good working conditions and encourage employee connection.

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