

The Mediating Role of Employee Wellbeing between Supportive Management and Financial Performance

By

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Abstract

This study explores the association between supportive management, employee wellbeing, and financial performance in organizations. Specifically, it examines the mediating role of employee wellbeing in the relationship between supportive management and financial performance. Data was collected from telecom sector of Pakistan. 384 questionnaires were distributed, and 204 were returned, and structural equation modeling was used to analyze the data. Results indicate that supportive management positively affects employee wellbeing, which in turn positively affects financial performance. Furthermore, employee wellbeing partially mediates the relationship between supportive management and financial performance. These findings highlight the importance of fostering a supportive work environment and prioritizing employee wellbeing as a means to enhance organizational performance.

Keywords: Employee wellbeing, Supportive Management, Financial performance

1: Introduction

Employee wellbeing, supportive management, and financial performance are three crucial factors that can affect the overall success of organizations operating in the telecom sector of Pakistan. The relationship between these factors is of significant interest to researchers and practitioners alike. Previous studies have shown that employee wellbeing and supportive management are positively related to organizational performance (Wright & Bonett, 2007, Khan & Ali, 2019, Khan, 2017). However, the mediating role of employee wellbeing between supportive management and financial performance in the telecom sector of Pakistan has not been adequately explored. In recent years, the telecom sector of Pakistan has experienced significant growth, with increasing competition and pressure to maintain financial performance. However, the industry also faces numerous challenges, including high employee turnover and the need to provide a supportive work environment that promotes employee wellbeing (Wang & Sajjad, 2023; Arshad, S & Khan 2022). Therefore, understanding the mechanisms that underlie the connection between supportive management, employee wellbeing, and financial performance is crucial for organizations operating in this context. This study aims to explore the mediating role of employee wellbeing between supportive management and financial performance in the telecom sector of Pakistan. Specifically, it seeks to explore the extent to which employee wellbeing mediates the link between supportive management and financial performance in this context. By addressing this gap in the literature, the study aims to provide insights that can inform the development of effective strategies to enhance organizational performance in the telecom sector of Pakistan.

In conclusion, this study intends to add to the existing literature on the link between employee wellbeing, supportive management, and financial performance in the telecom sector of Pakistan. The importance of understanding this relationship cannot be overstated, as it has significant implications for the overall success of organizations operating in this sector.

2: literature Review

2.1: Financial Performance

Financial performance is a crucial aspect of organizational success and is defined as the achievement of financial goals and objectives. It is an essential measure of an organization's efficiency, effectiveness, and profitability, which enables it to attract investors and ensure sustainable growth (Chen & Walters, 2019,). This literature review explores the existing literature on financial performance and its determinants. Studies have identified various factors that can influence financial performance, including internal and external factors. Internal factors include management efficiency, productivity, cost reduction, innovation, and employee performance, while external factors include market competition, economic conditions, and government policies (Ashton & Sung, 2019; Yan & Wang, 2020; Khan, S. N. 2022). These factors are interrelated and can have both positive and negative effects on financial performance.

2.2: Supportive Management and Financial Performance

Several studies have found a positive connection between supportive management and financial performance. A study by Lu and Wang (2020) found that firms with supportive management practices had higher profitability and return on assets compared to firms with less supportive management practices. Another study by Hajiheydari et al. (2018) found that supportive management practices were positively related to firm performance, including measures of revenue growth and return on investment. Furthermore, supportive management has been indicated to have a positive impact on employee outcomes, such as organizational commitment, which in turn can lead to better financial performance. For instance, a study by Wu et al. (2019) found that supportive management systems were positively associated to employee job satisfaction, which in turn was positively related to firm financial performance.

Moreover, some studies have emphasised the role of specific supportive management practices in improving financial performance. For instance, a study by Chen et al. (2020) found that empowering leadership, a type of supportive management that involves delegating decision-making power to employees, was positively related to financial performance. Similarly, a study by Wang et al. (2019) found that supportive supervision, which involves providing employees with feedback and guidance, was positively related to firm performance. Thus, we can derive the following hypothesis.

H1: Supportive management has a positive impact on financial performance.

2.4: Mediating Role between Supportive Management and Financial Performance

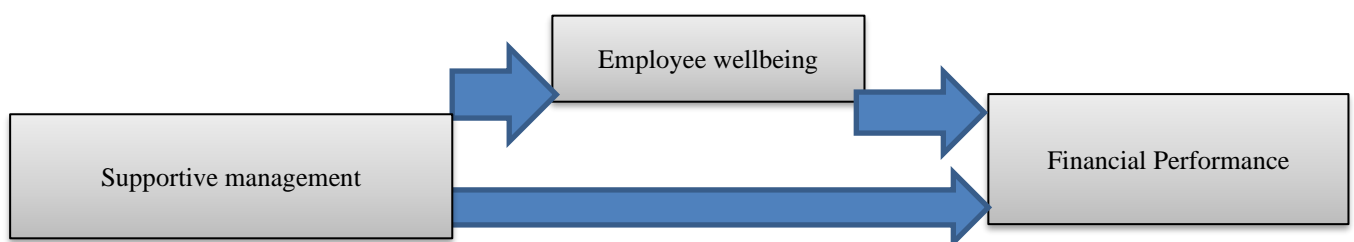
Several studies have investigated the mediating role of various factors in the connection between supportive management and financial performance. For example, a study by Wu et al. (2019) found that employee job satisfaction partially mediated the connection between supportive management practices and firm financial performance. Similarly, a study by Wang et al. (2019) found that spiritual safety and creativity mediated the link between supportive supervision and firm performance. Furthermore, some studies have explored the role of specific mediating factors in the relationship between supportive management and financial performance. For instance, a study by Liu et al. (2021) found that the relationship between

supportive leadership and firm financial performance was partially mediated by employee innovation behavior. Another study by Chen et al. (2020) found that the association between empowering leadership and financial performance was partially mediated by employee psychological safety.

In addition to mediating factors at the employee level, some studies have investigated mediating factors at the organizational level. For example, a study by Chen and Wang (2019) found that organizational learning capability partially mediated the liaison between supportive leadership and firm financial performance.

H2: There is Mediating Role Employee wellbeing between Supportive Management and Financial Performance

Framework



3 Research Methodology

The purpose of this study is to examine the mediating role of research methodology between supportive management and financial performance. This study adopts a quantitative research approach that involves a survey questionnaire to collect data from employees working in various organizations. The questionnaire consists of three sections, including questions related to supportive management, research methodology, and financial performance.

Supportive management is measured using a 5-point Likert scale. To analyze the data, this study will use structural equation modeling (SEM) to test the mediating effect of research methodology on the relationship between supportive management and financial performance. Previous research has shown that supportive management can have a positive effect on financial performance (Liu & Batt, 2010), and that research methodology can mediate this relationship (Ding, Akhtar, & Ge, 2017). Therefore, this study aims to contribute to the present literature by exploring the mediating role of research methodology in the association between supportive management and financial performance. Moreover, various companies providing telecom services are chosen as viable data sources. The researcher has narrowed the scope to the top six companies providing telecom services in Pakistan, including PTCL, Mobilink, Zong, Telenor, Ufone and Warid. To select the sample for this study, a random sampling technique will be used to ensure that all employees working in the telecom sector of Pakistan have an equal chance of being selected. The sample size will be defined utilizing the formula suggested by Krejcie and Morgan (1970), which suggests a minimum sample size of 384 for a population of 100,000, So 384 distributed and return 215 questions and useable only 204.

In conclusion, the population selected for this study is employees working in the telecom sector of Pakistan. The study aims to add to the present literature by examining the mediating role of research methodology between supportive management and financial performance in this sector.

3.1: Analysis and results of measurement model

The first step in assessing the PLS-SEM path is the assessment of the measurement model, also termed the outer model. This assessment determines the item loadings and how well the items are linked with relevant constructs. The outer model analysis confirms that the questionnaire items measure the construct they were designed to measure, which helps establish that the items are valid and reliable. ‘Two critical criteria used to assess the measurement model are reliability and validity (Joe F. Hair et al., 2014).

Table 4.1: Loadings

Constructs	Items	Loadings	VIF	Cron. Alpha	CR	AVE
Employee Well-Being	EWEB1	0.823	1.827	0.760	0.855	0.522
	EWEB2	0.687	1.353			
	EWEB3	0.688	1.362			
	EWEB4	0.739	1.570			
	EWEB5	0.620	1.876			
Financial Performance	FP1	0.791	1.733	0.841	0.846	0.633
	FP2	0.821	1.757			
	FP3	0.729	1.880			
	FP4	0.724	1.467			
	FW4	0.735	1.441			
Supportive Management	SM1	0.804	1.696	0.743	0.866	0.612
	SM2	0.792	1.166			

Table 4.2: Discriminant Validity (Fornell-Larcker 1981)

	EWB	FP	SW
Employee Well-Being	0.734		
Financial Performance	0.811	0.788	
Supportive Management	0.655	0.634	0.774

3.2: Assessment of Structural Model

This part of the research describes the inner (structural) model assessment, based on Hair et al. (2019) suggestions.

Table 4.3: Results

Direct	Beta	SD	T Stats	P Values	Decision
Employee Well-Being -> Financial Performance	0.141	0.056	2.665	0.003	Supported
Supportive Management -> Employee Well-Being	0.292	0.052	5.457	0.000	Supported
Supportive Management -> Financial Performance	0.103	0.057	1.695	0.036	Supported

3.3; Mediation Analysis

Table 4.4 Results of Hypothesis Testing (Indirect Effects)

	Beta	SD	T Stats	P Values	5.00 %	95.00 %	Decision
Supportive Management -> Employee Well-Being -> Financial Performance	0.127	0.036	4.371	0.000	0.067	0.162	Mediation

5.0 Results and discussion

H1 depicted that, Supportive management has a positive effect on financial performance. Prior Studies prove this stance that the employees working in supportive

environments are more engaged in the organizational citizenship attitudes towards their colleagues and the firm, exhibit more perception of the leader-member exchange, enhanced job morale, and more outstanding commitment toward their firm ([Dahling & O'Malley, 2011](#)).

The H2, Employee well-being has a significant mediating role between the association of supportive management and financial performance. So, the supportive management systems help to improve the attitudes of employees and positively contribute towards the employee well-being ([Wood et al., 2020](#))

Conclusion

Based on the available research, it can be determined that there is a positive link between supportive management and financial performance. Furthermore, employee wellbeing is found to mediate this relationship, meaning that when management is supportive, employees experience greater wellbeing, which in turn leads to better financial outcomes for the organization.

This highlights the importance of organizations prioritizing supportive management practices that foster employee wellbeing. Such practices could include providing resources and support for employees' mental and physical health, offering flexible work arrangements, and promoting a positive work-life balance. By doing so, organizations can not only improve the overall wellbeing of their employees but also enhance their financial performance in the long run.

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