Sustainable Management: Balancing Organizational Performance and Employee Well-being

Ipsen, Christine; Edwards, Kasper

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Sustainability was defined as "Meeting the needs of the present generation without compromising the ability of future generations to meet their own needs." by the Brundtland Commission in 1987. While this definition was aimed at society in general the same must apply at a company level where a company meets the needs of the present without compromising the work life of current and future employees. Indeed companies need to turn a profit, plan for business and ensure performance, but this in turn depends on the knowledge and competence of the employees. However, knowledge work is not always socially sustainable (Brödner, 2009) resulting in work-related stress. The risk of work-related stress and the high costs associated with it has generated a large number of preventive stress management intervention studies. However, most of the primary intervention studies focus, neither on the work and production system, nor are they concerned with the performance of the organization (Westgaard, Winkel 2011). The systematic review by Westgaard and Winkel (2011) of organizational interventions states a need for studies on how work can be organized and managed in order to ensure both performance and well-being, which is termed sustainable production systems. The review also concludes that key factors of a sustainable production system, concern the managers and their management style. Defining sustainable management as the ability to balance organisational performance and employee well-being the question is then what characterizes a sustainable managerial practice which ensures a balance between performance and well-being. With this paper we want to contribute to the field of sustainable management and the discussion of upstream management balancing employee well-being and organizational performance and how it can be organized and managed. It is our thesis that a well performing work place has a higher degree of sustainable management and differs in terms of employee well-being and management style. Based on longitudinal data we develop a model of sustainable management which incorporates employee wellbeing, effects from performance management systems and management behaviour. The application of the model will support the reduction of stress cases without impairment of the organizational performance.