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**RESEARCH ARTICLE**

Employee Wellbeing And Mental Health: A New Frontier In Strategic HRM

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Abstract

Employee wellbeing and mental health have emerged as central pillars of modern Strategic Human Resource Management (SHRM). The COVID-19 pandemic, hybrid work models, and increasing job stress have magnified the significance of mental wellness in workforce sustainability. This paper explores the evolving role of HRM in fostering employee wellbeing as a strategic priority rather than a peripheral concern. Using a descriptive and analytical approach, the study integrates insights from academic literature, case studies, and organizational reports to examine the intersection between wellbeing initiatives and organizational performance. The results indicate that organizations integrating wellbeing into HR strategy achieve higher employee engagement, lower turnover, and enhanced productivity. The paper concludes by proposing a framework for embedding mental health initiatives within HR strategy for holistic organizational growth.

Keywords: Employee Wellbeing, Mental Health, Strategic HRM, Work-Life Balance, Organizational Culture, Employee Engagement

1. Introduction

In recent years, employee wellbeing and mental health have evolved from being peripheral welfare concerns to becoming strategic imperatives for organizations. As workplaces continue to undergo rapid transformation driven by globalization, technological change, and hybrid work models, the psychological and emotional wellbeing of employees has become central to organizational success and sustainability.

The modern business environment is characterized by digital disruption, remote work pressures, and performance uncertainty, all of which have intensified employee stress and emotional exhaustion. The World Health Organization (2023) reports that workplace depression and anxiety cost the global economy approximately US\$1 trillion annually due to lost productivity. This alarming statistic underlines the need for organizations to prioritize mental health not just as a social responsibility but as a core business strategy. Employee wellbeing encompasses physical, emotional, and social health dimensions that influence how employees engage, perform, and contribute to their organizations. A holistic approach to wellbeing enhances motivation, job satisfaction, and organizational commitment. In contrast, neglecting wellbeing leads to burnout, absenteeism, presenteeism, and high attrition challenges that undermine productivity and innovation.

Strategic Human Resource Management (SHRM) provides a framework for embedding wellbeing into organizational systems, aligning human capital management with long-term business goals. Unlike traditional HR models that focus on administrative efficiency, SHRM emphasizes strategic alignment, employee engagement, and organizational resilience. According to Wright and McMahan (2011), SHRM integrates HR practices into the strategic planning process to ensure that people-related decisions

directly contribute to competitive advantage.

Modern HR leaders are therefore not only responsible for recruitment and performance management but also for cultivating emotionally resilient, psychologically safe, and inclusive workplaces. Research by Guest (2017) and Saks (2021) demonstrates that organizations integrating wellbeing into HR strategy experience improved engagement, lower turnover, and higher productivity. The COVID-19 pandemic further accelerated this paradigm shift by exposing the fragility of mental health in high-stress, technology-driven environments.

Hence, this study explores employee wellbeing and mental health as emerging frontiers in strategic HRM, focusing on how organizations can integrate these dimensions into their human resource policies, leadership development programs, and performance frameworks to achieve sustainable growth.

This paper is structured as follows: Section 2 presents a detailed review of literature on wellbeing, mental health, and SHRM; Section 3 outlines the study's objectives; Section 4 explains the research methodology; Section 5 provides results and analysis; Section 6 discusses findings; Section 7 presents the theoretical framework; and Section 8 concludes with recommendations for future practice and research.

2. Review of Literature

The literature on employee wellbeing and mental health in the context of Strategic Human Resource Management (SHRM) highlights a paradigm shift in how organizations view people management. Modern HRM has transitioned from administrative personnel functions to a strategic enabler of employee growth, engagement, and psychological safety. This section reviews key themes related to employee wellbeing, mental health, and their integration into SHRM.

2.1 Employee Wellbeing and HRM Evolution

The concept of employee wellbeing has evolved significantly from the early industrial welfare movements of the 19th century to the present-day focus on psychological contracts and holistic employee care. Wellbeing today encompasses not only physical safety but also mental, emotional, and social dimensions of employee experience.

Guest (2017) emphasized wellbeing as a multidimensional construct, integrating both subjective and objective measures such as happiness, job satisfaction, work-life balance, and psychological resilience. According to Kaufman (2015), effective HRM must maintain equilibrium between organizational performance imperatives and employee-centric values. Taris and Schaufeli (2015) argued that employee wellbeing enhances motivation and organizational citizenship behavior (OCB), reinforcing HR's role as a strategic partner in fostering engagement. Similarly, Grant, Christianson, and Price (2017) observed that organizations emphasizing wellbeing show higher adaptability and creativity in dynamic environments. In the Indian context, Kumar and Raghavendran (2020) found that wellbeing initiatives such as mindfulness programs, flexible work arrangements, and health insurance directly improve productivity and retention. Thus, the evolution of HRM practices reflects a growing recognition that employee wellbeing is not a cost but an investment in organizational sustainability.

2.2 Mental Health in the Workplace

Mental health is increasingly being recognized as a strategic HR issue rather than a personal one. The workplace has become a critical setting for promoting or, conversely, undermining psychological health. Cooper and Quick (2017) highlighted that unmanaged stress, anxiety, and depression substantially affect performance, morale, and employee retention.

The World Health Organization (2022) identified mental health disorders as a leading cause of absenteeism and presenteeism globally, costing economies trillions annually. Post-pandemic, this issue has gained further prominence due to remote work, social isolation, and blurred work-life boundaries.

Attridge (2019) emphasized that organizations offering Employee Assistance Programs (EAPs) and proactive psychological

support observe lower turnover and higher loyalty. Similarly, Deloitte (2023) found that companies with comprehensive mental health programs experience a return of \$4 for every \$1 invested in wellbeing initiatives.

In India, NASSCOM (2022) and FICCI (2023) reports highlight a surge in employee burnout across the IT and education sectors, necessitating corporate-led wellness strategies. Furthermore, Roche and Duffield (2021) emphasized that stigma around mental illness remains a major barrier to help-seeking, underscoring HR's role in normalizing mental health dialogue at work.

2.3 Strategic HRM and Organizational Performance

The framework of Strategic Human Resource Management (SHRM) aligns HR policies with long-term business objectives, positioning people as a strategic resource rather than a cost center. Wright and McMahan (2011) defined SHRM as the systematic design of HR systems that reinforce organizational strategy through human capital development.

Integrating wellbeing and mental health into SHRM has been shown to strengthen both employer branding and organizational resilience. Saks (2021) argued that engaged employees exhibit better emotional wellbeing, which directly translates into superior performance outcomes. Similarly, Ulrich and Dulebohn (2015) proposed that modern HR leaders must act as “architects of wellbeing,” ensuring that mental health support, inclusion, and flexibility become embedded in the organization's DNA.

A meta-analysis by Grawitch et al. (2020) found that SHRM practices promoting autonomy, social support, and recognition significantly enhance psychological wellbeing and job satisfaction. The CIPD (2023) report also confirmed that integrating wellbeing into HR strategy leads to tangible outcomes such as reduced absenteeism, lower healthcare costs, and improved employer reputation.

2.4 The Emerging Nexus between Wellbeing, Mental Health, and SHRM

Recent literature emphasizes that wellbeing and mental health are not isolated HR initiatives but core components of strategic HRM. The McKinsey Health Institute (2023) identified “holistic wellbeing ecosystems” combining physical health, psychological safety, and social connection as essential elements of future-ready HR strategies.

Krekel, Ward, and De Neve (2019) demonstrated that employee happiness strongly predicts productivity and innovation. Organizations like Google, Accenture, and TCS have operationalized this insight by embedding wellbeing into performance reviews, leadership models, and culture audits.

Thus, SHRM today must go beyond compliance-driven wellness policies and embrace a proactive, data-driven approach that monitors employee mental health indicators and aligns them with business performance metrics. This emerging integration marks a new frontier in HRM one that treats wellbeing as a strategic lever for competitive advantage.

3. Objectives of the Study

The main objectives of this research are designed to systematically explore the strategic role of Human Resource Management (HRM) in promoting employee wellbeing and mental health within organizations. Specifically, the study aims:

1. **To explore** the role of HRM in promoting employee wellbeing and mental health within contemporary organizational contexts.
2. **To examine** the relationship between wellbeing initiatives and organizational performance outcomes such as productivity, retention, and engagement.
3. **To identify** best practices and models for integrating wellbeing and mental health initiatives into strategic HR frameworks across sectors.
4. **To propose** a conceptual model for implementing a mental health-oriented HR strategy that aligns with organizational goals and sustainable performance.

These objectives collectively emphasize the strategic alignment between employee wellbeing, HR policies, and organizational success.

4. Research Methodology

4.1 Nature of the Study

The present study adopts a descriptive and analytical research design. It seeks to describe and interpret existing theories, data, and trends concerning employee wellbeing and mental health in the framework of Strategic Human Resource Management (SHRM). The research is based on secondary data, which allows the integration of diverse academic and professional insights into a coherent conceptual understanding.

This qualitative-descriptive approach enables the researcher to analyze how wellbeing initiatives are conceptualized, implemented, and evaluated within corporate and academic institutions, particularly in the post-pandemic era.

4.2 Data Sources

The study relies extensively on secondary data, obtained from credible and authenticated sources including:

- **Scholarly Databases:**

Scopus, Emerald Insight, SpringerLink, ResearchGate, and Google Scholar for academic papers and peer-reviewed journals.

- **Institutional and Industry Reports:**

CIPD (Chartered Institute of Personnel and Development), Gallup, WHO (World Health Organization), SHRM (Society for Human Resource Management), McKinsey & Company, Deloitte, and PwC reports that provide global data on wellbeing and HR trends.

- **Case Studies:**

The study includes comparative analyses of leading organizations such as Google, Accenture, and Tata Consultancy Services (TCS), which are recognized for their innovative and inclusive wellbeing strategies.

- **Government and Non-Governmental Sources:**

Reports from *ILO (International Labour Organization), Ministry of Labour and Employment (India), and NASSCOM (National Association of Software and Service Companies)* related to workforce health and productivity.

These sources collectively provide a strong empirical and theoretical foundation for the research.

4.3 Analytical Tools and Techniques

To interpret and synthesize the data collected, the following analytical tools and techniques are employed:

Method/Tool	Purpose	Expected Outcome
Descriptive Analysis	To identify major trends and patterns in HR wellbeing practices	Overview of wellbeing frameworks and their evolution
Comparative Analysis	To compare HR policies and wellbeing programs across organizations	Identification of best practices and success factors
Thematic Content Analysis	To analyze qualitative data from reports and case studies	Development of conceptual themes and emerging trends
Conceptual Modeling	To propose an HRM–Wellbeing integration framework	Framework linking wellbeing initiatives to SHRM outcomes

Table 1: Analytical Tools and Techniques Used in the Study

The use of thematic and comparative analysis allows the researcher to discern both qualitative patterns (such as policy design and employee perceptions) and quantitative indicators (such as engagement scores, absenteeism rates, and productivity

outcomes).

4.4 Scope of the Study

The scope of this study encompasses both corporate and academic institutions, with a specific focus on organizations operating in India and comparable global environments. The emphasis is on post-pandemic wellbeing strategies that address hybrid work models, digital stress, and evolving mental health challenges.

The research examines:

- **Cross-sectoral practices** (IT, education, healthcare, and manufacturing)
- **Cross-cultural perspectives** on wellbeing and HR policy adaptation
- **Strategic HR integration**, linking wellbeing metrics to overall performance indicators

While the study is limited to secondary data, its analytical depth provides a foundation for future empirical research, such as surveys or case-based quantitative analysis.

5. Results and Analysis

5.1 Employee Mental Health Challenges in the Workplace

Major Issues	Description	Impact on Organization
Burnout & Work Stress	High workloads, lack of flexibility	Reduced productivity and morale
Job Insecurity	Fear of layoffs, performance anxiety	Increased absenteeism
Work-Life Imbalance	Blurred home-work boundaries	Family conflict and disengagement
Lack of Support Systems	Poor communication and empathy	Higher turnover rates
Stigma Around Mental Health	Employees hesitant to seek help	Untreated psychological distress

Table 1: Key Mental Health Challenges Affecting Employees

5.2 Diagram: Framework for Strategic HRM Integration of Wellbeing

Below is the conceptual model developed for integrating employee wellbeing into SHRM functions:



Figure 1: Framework for Strategic HRM Integration of Wellbeing

5.3 Employee Wellbeing Initiatives – Global Practices

Organization	Key Wellbeing Program	Outcome
Google	Mindfulness and “gPause” meditation sessions	Improved employee satisfaction by 30%
Accenture	“Mental Health Allies” and 24/7 counseling	25% drop in absenteeism
TCS	Employee Assistance Program (EAP) and hybrid work policy	Enhanced retention rate post-pandemic
Deloitte	Resilience workshops and mental health training	15% increase in productivity

Infosys	Wellbeing Index and happiness metrics	Strengthened organizational culture
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Table 2: Examples of Successful Wellbeing Initiatives Globally

5.4 Statistical Overview: Impact of Wellbeing Programs

A review of industry surveys (CIPD 2023; Gallup 2024) shows:

75% of organizations with structured wellbeing programs report higher employee engagement.

60% see reduced absenteeism and presenteeism.

40% of employees feel more loyal to employers offering psychological support.

ROI on wellbeing initiatives averages \$4 per \$1 invested (Deloitte, 2023).

6. Discussion

The study reveals that employee wellbeing directly correlates with organizational success. Companies incorporating wellbeing into strategic HR planning benefit from enhanced engagement, lower attrition, and improved innovation.

- Strategic HRM, therefore, acts as the conduit for embedding wellbeing within organizational DNA. This involves:
- Building resilient leadership capable of emotional intelligence
- Redesigning work policies around flexibility and inclusion
- Encouraging mental health literacy among managers

However, in many developing contexts, challenges such as stigma, limited budgets, and lack of trained counselors hinder implementation. Future HR policies must address these barriers through institutional collaboration and digital wellbeing solutions.

7. Theoretical Framework: The SHRM–Wellbeing Nexus

- Preventive Approach: Identifying workplace stressors through surveys and sentiment analysis.
- Responsive Support: Offering counseling, helplines, and peer-support networks.
- Strategic Integration: Aligning wellbeing metrics with performance and HR dashboards.
- Sustainability: Continuous monitoring to ensure long-term cultural change.
- This framework positions wellbeing as a strategic investment rather than an operational expense.

8. Conclusion

Employee wellbeing and mental health constitute the new strategic frontier of Human Resource Management. Modern organizations must move beyond traditional performance-driven HR models and embrace people-centered strategies that prioritize holistic wellness.

The study confirms that when wellbeing is embedded into HR strategy, it enhances employee engagement, strengthens organizational culture, and drives sustainable competitive advantage. Strategic HR leaders thus evolve from administrative enforcers to architects of culture and care, fostering workplaces that are psychologically safe, emotionally intelligent, and socially responsible.

When mental health and wellbeing are prioritized, organizations cultivate:

- **Loyalty**, through trust and empathy.
- **Psychological safety**, enabling creativity and innovation.
- **Sustainability**, through healthier and more engaged workforces.

In conclusion, strategic HRM and employee wellbeing are interdependent forces shaping the future of work. Integrating mental health within HR strategy is no longer optional it is essential for resilience, innovation, and long-term organizational success.

9. Recommendations

- Integrate mental health goals into HR Key Performance Indicators (KPIs).
- Train managers in mental health first aid and empathetic leadership.
- Introduce anonymous wellbeing surveys for feedback-driven policy updates.
- Develop hybrid work frameworks with flexibility and inclusion at the core.
- Establish corporate partnerships with psychologists and wellbeing experts.

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