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Discuss employee wellbeing in project based organizations from  
a human resource management perspective

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**Master Thesis**

**How to improve employee wellbeing in project based organization from human resource management perspective**

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**Abstract**

In our paper, we introduced employee wellbeing through physical, psychological and social dimensions. We discuss employee wellbeing in the context of project-based organization (PBO). Meanwhile we summarize features of project-based organizations and this kind of work settings brings some negative effects to employee wellbeing. We figure out some human resource management (HRM) policies and practices for improving employee wellbeing in PBO based on our case study results and theoretical research. These HRM policies and practices can be concluded that performance evaluation and appraisal in PBO should be dynamic and autonomic; employees in PBO should be more involved in work process; trainings and development should include basic skills, broad knowledge and deep technical excellence.

**Key words:** Employee wellbeing; Physical wellbeing; Psychological wellbeing; Social wellbeing; Project-based organization; Human resource management; Performance; Involvement; Development

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## Abbreviations

CRF	Corporate Research Foundation
ENG	Engineering
EW	Employee wellbeing
F	Function
FM	Function manager
HRM	Human resource management
MNG	Marketing
P	Project
PBO	Project-based organization
PM	Project manager
PWB	Psychological wellbeing
SM	Senior management

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## Chapter 1

### 1.1 Research background

In contemporary society, employees and corporations stay in a dynamic changing environment with rapid technology development (Magnusson and Berggren, 2011). Facing with the dynamic changing environment, a new organizational form-organizing by projects-becomes the business trend to response to fast-changing market (Clark and Wheelwright, 1992). According to Huemann et al (2007), projects are temporary with specific goals, constrained by limited budgets and composed by different employees.

There are growing interests in the maturity of project-based organizations (Project Management Institute, 2003), but there is little research considering personnel management as one specific and important aspect of project-based organization (Gareis, 2005), especially considering issues of employee wellbeing in PBO (Huemann et al., 2007). In other words, employee wellbeing (EW) in PBO has been overlooked. Employees as one of stakeholders are usually ignored in organizations (Sharma et al., 2009).

Research has shown that employee wellbeing has several impacts on organizations, such as performance, productivity, turnover and indirect costs (Page and Vella-Brodrick, 2009; Wright et al., 2007; Keyes et al., 2000; Danna and Griffin, 1999). A lot of scholars notice the importance of employee wellbeing and conduct research starting with defining what employee wellbeing is. Currie (2001) stated the definition of employee well-being that is the state of happiness, physical and mental health of workers. Grant et al., (2007) summarized three dimensions to explain well-being through reviewing various research results from psychologists and sociologists; the three dimensions are psychological, physical and social. The psychological dimensions contain satisfaction, self-respect, personal growth, purpose

in life, environmental mastery and autonomy (Keyes et al., 2000; Grant et al., 2007). The physical dimensions comprise nourishment, shelter, health care, clothing, and mobility (Grant et al., 2007). The social dimensions comprise participating in the community, being accepted in public, social actualization, social contribution, social coherence and social integration (Keyes et al., 2000; Grant et al., 2007). Unfortunately, employee wellbeing is usually ignored in human resource management (HRM) in organizations (Baptiste, 2008).

Besides the neglect of employee wellbeing in organizations, the features of projects and project-based organizations (PBO) would create big pressure to employees (Huemann et al., 2008). According to Tonnquist (2008), project is a work method or methodology with a strong goal focused; the project has specific time and resources. In PBO, temporary working processes in the form of projects or programs are used in order to deliver products and services to their customers on time, which create a transient and dynamic work environment (Huemann et al. 2008). Furthermore, human resources are always changing as employees are transferred from the line to the projects or from one project to another new one (Huemann et al., 2008). The dynamic of project work setting will lead employees to suffer from pressures such as role conflicts or role overload, uncertain future career plan and unbalanced life-work; these pressures are related to issues of employee wellbeing (Huemann et al. 2008).

Some firms have taken positive attitudes and made extra efforts in advancing employee wellbeing to promote performance; some managers argue that specific HRM policies and practices are needed in PBO to care about employee and achieve effective human resource management (Huemann et al., 2007). However, few scholars give suggestions in detail on how to improve employee wellbeing in project-based organizations from human resource management perspective.



## **1.2 Research purpose and research question**

The purpose of our paper is to find out a series of human resource management policies and practices to improve wellbeing of employees who work in project-based organizations, which is a neglected research topic in the field of project management. To achieve the research purpose, firstly we review related theories to explain employee wellbeing and project based organization, and we identify that PBO might bring some challenges to HRM, especially on issues of employee wellbeing. Next, we choose qualitative research type and case study research method to collect data. Finally, we aim to raise suggestions of specific HRM policies and practices which can improve employee wellbeing in project-based organizations.

As a result, during the research process, how to improve EW in PBO from HRM perspective as our research question always stay in our mind and guide us in exploring the neglected research topic.

## **1.3 Delimitations**

### **Three dimensions of employee wellbeing**

We explain employee wellbeing according to the category divided by Grant et al., (2007) and the classification include physical, psychological and social dimensions. In the following chapters, we follow this category to sort data, analyze cases and discuss how to improve employee wellbeing.

### **Project-based organization**

Pure project-based organization (PBO) has no formal functional coordination across project lines and pure project-based organization is not common and can be regard as an extreme in real business environment (Hobday, 2000). Therefore, we won't take pure PBO into consideration in our research thesis.

The scope of project-based organization we use in our paper includes project-led organization, project matrix raised by Hobday (2000) and heavy-weight and light-weight teams (Clark and Wheelwright, 1992).

### **Human resource management**

When we discuss the research question from human resource management perspective, we try to find out answers refer to the core areas of HRM (Bredin and Söderlund, 2011) that contain performance, involvement and development.

### **Content of five factors from CRF**

The five factors origin from human resource management (CRF, 2012a) contain primary benefits, secondary benefits & working conditions, training and development, career development and culture management. We analyze cases according to the five factors, as these explanations of the five factors are clear and coherent and based on human resource management perspective.

## Chapter 2

### 2.1 What is employee wellbeing(EW)

In order to understand employee well-being better, we explain well-being firstly. According to the explanation of Webster dictionary, well-being is the state of being happy and healthy. And World Health Organization (1946) defines health - “A state of complete physical, mental and social well-being and not merely the absence of disease or infirmity”. When comes to happy, lots of philosophers think that being happy is the best situation and most valuable reward to human; some scholars define happiness as psychological well-being (Wright et al., 2007) or subjective well-being (Diener, 1984).

Grant et al., (2007) summarized three dimensions to explain well-being through reviewing various research results from psychologists and sociologists; the three dimensions are psychological, physical and social. The psychological dimension contains satisfaction, self-respect, personal growth, purpose in life, environmental mastery and autonomy (Keyes et al., 2000; Grant et al., 2007). The physical dimensions contain nourishment, shelter, health care, clothing, and mobility (Grant et al., 2007). The social dimensions comprise participating in the community, being accepted in public, social actualization, social contribution, social coherence and social integration (Keyes et al., 2000; Grant et al., 2007).

In the research area of organization science, well-being is promoted to organizational level; employee wellbeing becomes a popular topic (Grant et al., 2007). Currie (2001) stated the definition of employee well-being that is the state of happiness, physical and mental health of workers. However, employee wellbeing is usually ignored by human resource management in organizations (Baptiste, 2008).

We follow the category of psychological, physical and social dimensions (Grant et al.,

2007) to analyze what influence employee wellbeing.

Firstly, job satisfaction and employees' psychological well-being (PWB) effect mutually (Judge and Watanabe, 1993). Happiness became the most popular index to measure job satisfaction in the early research of organization management (Wright et al., 2007). Some scholars think happiness is equal to PWB (Diener, 1984); however, Wright and Cropanzano (2000) stated that the content of PWB is broader than happiness. Wright et al., (2007) defined psychological well-being "has significant cognitive and affective components, PWB is primarily an effective or emotional experience" (p.95). Job-satisfaction could forecast job performance effectively (Judge et al., 2001). Employees' psychological wellbeing as a factor affect job-satisfaction becomes an important and essential research aspect to how to improve job-performance.

Secondly, working setting, personality traits and occupational stress have effects on physical well-being of employees (Danna and Griffin, 1999). Factors from work setting include "health hazards, safety hazards and other hazards and perils" (Danna and Griffin, 1999, p.360). Smith et al., (1995) found that illnesses and diseases, stress and working environment in workplace influence employees' physical situation. Facing with technology development, organizational personnel change and the pursuit of profit growth, these workplaces become more dangerous (Wright et al., 2007). For example, when organizations arrange work based on projects, personnel change frequently with frequent responsibilities change that might create potential risk to employees. Danna and Griffin (1999) identified that "The safety culture of an organization has also been recognized as being an important determinant of the safety and health of employees" (p.368). Personality traits include type A tendencies and locus of control; types A means the person is competitive, job involved but is difficult to steer (Danna and Griffin, 1999). Smith et al., (1995) found that type A employees are easy to be ill. At the same time negative psychological wellbeing will lead to unhealthy physical situation (Danna and Griffin, 1999). Objective and subjective

control are belonged to locus of control; objective control is original from employee own behavior and subjective control focus on external forces (Danna and Griffin, 1999). In organizations, if the employees have more control power, he or she will be much effective on making decision and more confident (Karasek and Theorell, 1990). Locus of control leads to more healthy physical wellbeing through balancing job stress and job satisfaction.

Thirdly, Baptiste (2008) found that trust and commitment in organizations is helpful to employees' social well-being by promoting social relationship; occupational stress interacting with personality effect employee social wellbeing (Danna and Griffin, 1999). Occupational stress contains role in organization, relationships at work, career development and organizational structure and culture (Danna and Griffin, 1999). Cooper and Marshall (1978) improved a comprehensive model that contains six factors to analyze how to control occupational stress. The six factors of the comprehensive model are intrinsic factors to the job, role in the organization, relationships at work, career development, organizational structure and climate and home/work interface. Work overload and shift between works as factors intrinsic to jobs will decrease employee "self-esteem" (Glowinkowski and Cooper, 1986). Role and responsibility ambiguity and role conflicts make employees have stronger psychological stress and deeply influence relationships with other persons in the organization (Danna and Griffin, 1999). The complex relationships between different stakeholders including line managers, supervisor and colleague can influence employee social wellbeing directly (Cooper and Cartwright, 1994). Employee relationships with support and attachment between colleagues help promote employee social wellbeing (Danna and Griffin, 1999). Cooper and Cartwright (1994) identified that career development become key factors that influence occupational stress and job-dissatisfaction, finally affect job performance. Furthermore, factors, such as bad communication and lack of involvement, from organizational structure and culture influence employee social wellbeing (Danna and Griffin, 1999; Cooper and Cartwright, 1994).

### **2.1.1 Happy/productive worker theory**

Many scholars analyze what influence employee wellbeing because they want to find out how to improve organization performance or productivity by promoting employee wellbeing effectively (Grant et al., 2007; Wright et al., 2007; Fisher, 2003; Russell, 2008).

The relationship between employee wellbeing and organization performance is a hot topic to organization scientist since 1930s (Zelenski et al, 2008). However, how to judge high level of employee wellbeing is debatable (Wright et al., 2007; Zelenski et al., 2008). Zelenski et al., (2008) stated that “Knowing whether or not happiness in the workplace promotes productivity has important implications for management and strategies for workplace improvements” (p.522).

Grant et al., (2007) found that organizations like to contribute more resources to improving employee well-being because people including managers believe happy-productive worker hypothesis - workers with more happiness will be more productive (Fisher, 2003). Lots of scholars try to explore the relationship between happiness and productivity. Zelenski et al., (2008) found that happier employees are more productive through reviewing research results from different scholars; and “happier employees are sensitive to opportunities, more helpful to co-workers and more confident” (p.522). Cropanzano and Wright (2001) detected that less happy employees are easily affected by work and role changes and cannot cooperate with colleagues effectively.

According to previous operational management research on happy-productive worker hypothesis, happiness becomes the most popular index to evaluate job-satisfaction that has relationship with job performance (Wright et al., 2007). Happiness is original from emotional wellbeing or psychological wellbeing (Wright et al., 2007) that is complex and subjective (Diener, 1984; Russell et al., 1989). However, Wright

et al., (2007) pointed out that how to measure and classify happiness is deserved to study and the causal relationship between job-satisfaction and performance is complex.

### **2.1.2 Social exchange theory**

If one partner wants to build up relationship with others, he or she needs to demonstrate trustworthiness to the others in social exchange (Blau, 1964; Haas and Deseran, 1981); deeply the partners should keep investment growth to consolidate or reinforce trust between them (Blau, 1964). Organizational scholars point that organizational commitment as show-off of trust worthiness (Mathews and Shepherd, 2002) becomes the important and essential link between employers and employees in society exchange. Employee behavior is categorized to attitudinal results such as job-satisfaction and happiness (Wright et al., 2007).

Organizational commitment comes from organizational behavior (Purcell and Hutchinson, 2007). At organization level, when organizational behavior concerns employee wellbeing and value employees' contributions, potential employees in society will be awaked (Eisenberger et al., 1990). To reinforce the social exchange relationship between employee and employer, human resource management becomes the most effective tool (Guest, 1999; Baptiste, 2008).

To explore the complex relationship between employee wellbeing and organization performance, more organizational scholars try to demonstrate what factors influence employee well-being, deeply influence firm performance from human resource management perspective. Whilst Baptiste (2008) summarized the six "high commitment" HRM practices between line managers and employees to improve employee wellbeing and reinforce relationship between employees and organizations deeply promote performance.

## **2.2 What is project-based organization?**

### **2.2.1 Project**

Nowadays the business environment has several new trends: the problem solving and products become complex; the market is rapidly changing which requires to shorten lead time to meet new market demands; at the same time the market is customer focused which requires innovation and technology development; these business environment trends indicate that a new organizational form organizing by projects, is needed in order to respond to the market effectively (Hobday, 2000).

#### **The definition and features of projects**

In this section the definition of projects and the features of project work setting will be presented. According to Tonnquist (2008), a project is a work method or methodology with a strong goal focused; the project has specific time and resources.

Some scholars conclude some features of projects. Firstly, Huemann et al. (2007) concluded the temporary nature of a project. When new project is started, the human resource configuration must change, which might create pressure and uncertainty to employees (Huemann et al., 2007). Secondly, Huemann et al. (2007) concluded the dynamism of projects. The number and the sizes of projects performed are constantly changing, permanent and temporary resources are employed (Gareis, 2005). Furthermore, projects are often cross-functional (Tonnquist, 2008). Finally, employee will meet problems of loyalty toward line and project managers (Tonnquist, 2008). Using another expression from Huemann et al. (2007), employees will have role conflict.

### **2.2.2 Project-based organization and work settings**

Unlike functional organization or other forms, in project-based organizations (PBO),



project is the primary unit for production, innovation, and competition; project work is routine rather than exception (Hobday, 2000). Hobday (2000) had concluded six organizational forms which facilitate to understand project-based organizations; the six forms are functional, functional matrix, balanced matrix, and project matrix, project-led and project-based organizations.

Before introducing project-based organization, traditional organization or functional organization will be presented firstly. According to Hobday (2000) and Clark and Wheelwright (1992), in the functional organizations (Type a in Figure 2-1) and traditional functional organizations (Type b in Figure 2-1), employees are grouped principally by discipline, each working under the direction of a specialized sub-function manager and a senior functional manager.

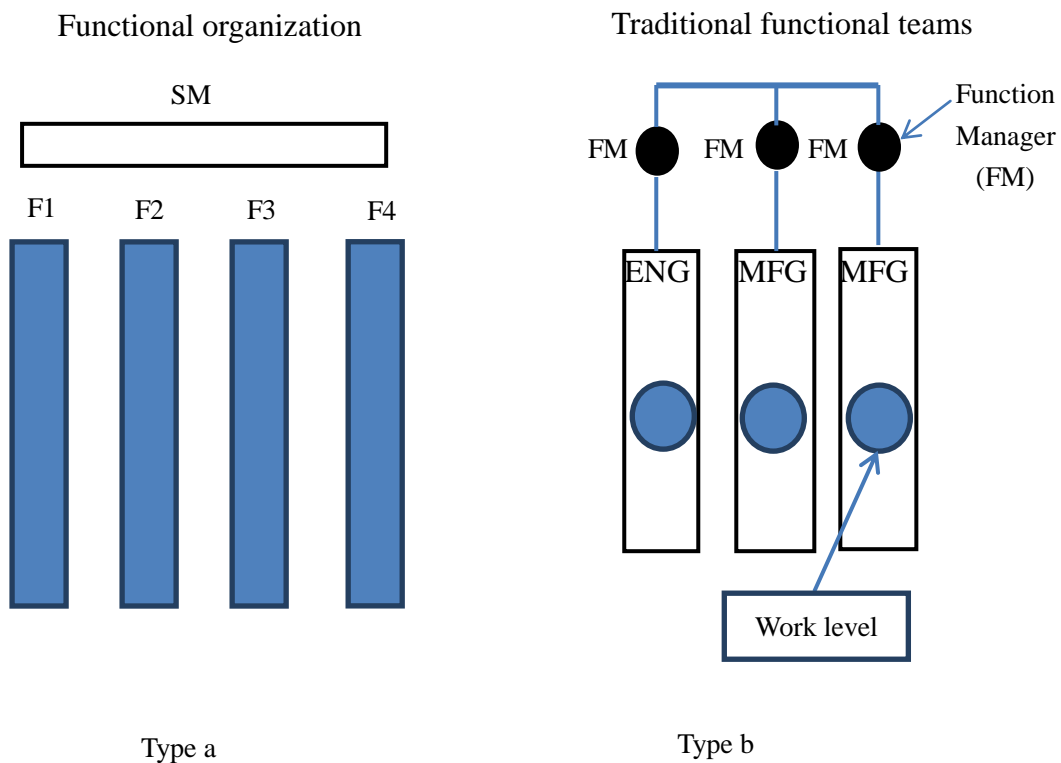


Figure 2-1 Functional Organization (Hobday, 2000) and Traditional Functional Teams (Clark and Wheelwright, 1992)

Pure project-based organization (PBO) has no formal functional coordination across project lines and pure project-based organization can be regard as an extreme in real

business environment (Hobday, 2000). According to Hobday (2000), in project matrix (Type c in Figure 2-2), project managers have equal status as functional managers; in project-led organization (Type a in Figure 2-2), to the decision-making the representation of senior management, the needs of projects overweight the needs of function; however, functional coordination still exists across project lines.

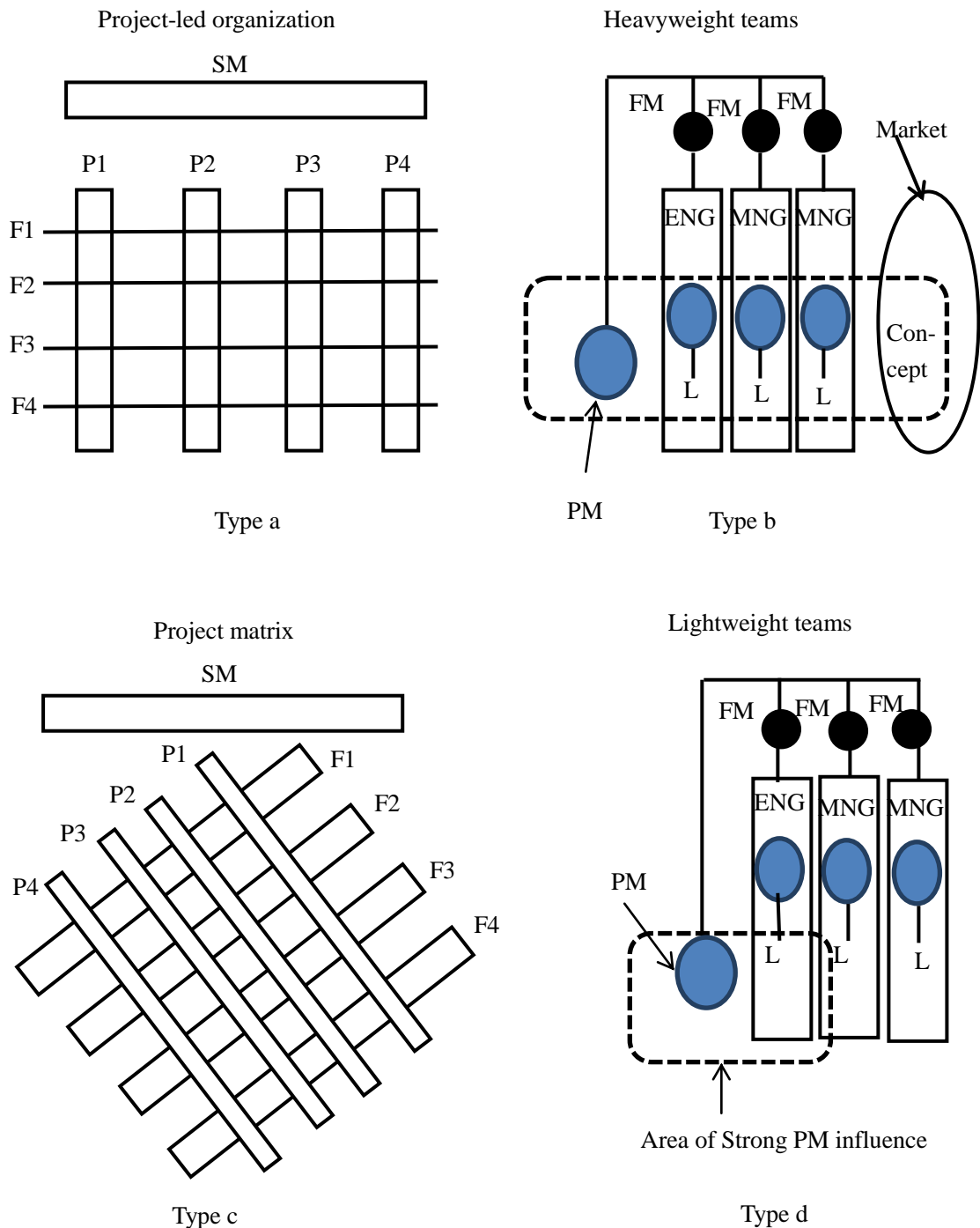


Figure 2-2 Project-led organization, Project matrix (Hobday, 2000), heavyweight teams and lightweight teams (Clark and Wheelwright, 1992)

The project-led organization (Type a in Figure 2-2) is equivalent to “heavyweight teams” raised (Type b in Figure 2-2) by Clark and Wheelwright (1992). They describe four basic types of organizational structure and one of it is “heavyweight teams” or it can be described as “heavyweight project structure”. In heavyweight project structure, functions are coordinated by managers across project lines which shares the same feature as project-led organization; the project manager has direct access and responsibility to resources and people in the project; the core group of employee are physically co-located with the project manager; however, the long-term career development of individual rest on functional manager although project managers play important roles in performance evaluation (Clark and Wheelwright, 1992). The project matrix organization (Type c in Figure 2-2) can be compared with “lightweight team structure” (Type d in Figure 2-2) suggested by Clark and Wheelwright (1992).

### **Project work-setting**

In project-based organization, project members spend all or most of their time working in different projects within a stable organizational framework (Packendorff, 2002).

Bredin and Söderlund (2011) concluded two types of project work: one is intra-functional work and the other is inter-functional work. They argued that the intra-functional project work can be compared with the project matrix discussed by Hobday (2000) and the ‘lightweight’ team structure as raised by Clark and Wheelwright (1992). Bredin and Söderlund (2011) explained that in intra-functional work settings, the majority of the project workers stay in their line function during the project. The Characteristics of project participation in this work setting are as follows: the participation is fragmented and often many projects are parallel simultaneously; employees work with colleagues with similar expertise (Bredin and Söderlund, 2011).

Bredin and Söderlund (2011) contended that the inter-functional project work can be related to the project-led organization (Hobday, 2000) and the “heavyweight” team

structure (Clark and Wheelwright, 1992). In this setting, employees have a basic long-term affiliation to a line organization; however they are normally dedicated to stay with the other team members during the project assignment (Bredin and Söderlund, 2011). The Characteristics of project participation in inter-functional project work are as follows: the participation is focused, normally focused on one project at a time; employees are working with colleagues with different expertise (Bredin and Söderlund, 2011)

### **2.3 Employee wellbeing in project-based organization**

Human resource management (HRM) is important in all organizations (Guest, 2002). Huemann et al., (2007) argued that HRM is important in project-based organizations (PBO). As part of study into human resource management (HRM) in PBO, the issue of employee well-being will be our focus.

As we discussed before, projects are temporary; and the working environment in PBO is dynamic (Huemann et al., 2007). This temporary and dynamic nature of projects will put additional pressures on the employee, such as work overload, uncertain requirements, and multiple role demands (Huemann et al., 2008). These pressures would bring issues of employee well-being and these issues should be resolved (Huemann et al., 2008).

In the former section, we mainly talk about what is employee wellbeing and what is project-based organization. In the next section, we will discuss why employee wellbeing is an important issue in project based organization. The discussion is based on the following three aspects: (1) employee wellbeing is a neglected but important issue in PBO; (2) project-based work setting would bring employee wellbeing issues; (3) employee wellbeing have several impacts on organizations;

#### **Employee wellbeing is a neglected but important issue in PBO**

There are growing interests in the maturity of project-based organizations (Project Management Institute, 2003), but there is little research considering personnel management as specific and important aspect of PBO (Gareis, 2005). Especially the issues of employee wellbeing (one perspective of personal management) are ignored (Huemann et al., 2007).

Due to the temporary and dynamic nature of projects, the human resource configuration of organization is always changing (Huemann et al., 2007). For example, the relationship is about the internal flow of human resources: job retention, mobility in line and project dimensions (Bredin, 2008). Some case studies show evidence that PBO have difficulties in dealing with the work and emotional situation of individuals (Söderlund and Bredin, 2006) as well as multi-role assignments (Zika-Viktorsson et al., 2006). Especially in the organizations dominated by intra-functional project work, project members stay in the line unit, but they are normally assigned to several parallel projects; their project participation is fragmented in several projects (Bredin and Söderlund, 2011). These parallel multi-assignments which might cause role conflict or work overload and bring stress to new project members and as a result that they are burned out and suffer work-life imbalance (Huemann et al., 2004).

Furthermore, from the perspective of organization and management, failure to recognize and manage employees' role conflicts or work overload issues will damage the efforts made to retain employees (Rau and Hyland, 2002). For example, the role conflicts which create work pressures will cause job dissatisfaction, and even in extreme cases will influence physical, psychological wellbeing and lead to job withdraw and turnover (Rau and Hyland, 2002). We agree with the argument from Huemann et al., (2007) that ensuring employee well-being in rapidly changing organizational settings is important but it is overlooked.

### **Project-based work setting would bring employee wellbeing issues**

Bredin and Söderlund (2011) summarized the most important human problems in project-based. They have presented a table that concluded the features of project-based organizations and also the negative consequences brought by these features (Bredin and Söderlund, 2011). The table will be presented as follows.

<b>Feature of project-based organization</b>	<b>Consequence</b>
Matrix organization	Dual affiliations, loyalty problems, and unclear responsibilities
Cross-functionality	Lack of deep expertise, lack of affiliation
Deadline and time pressure	Negative stress and burnout risks
Continuous work pressure	Limited time and opportunity for competence development
Task complexity	Feelings of chaos and insecurity
Technical uncertainty	Role ambiguity and role strain
Changing teams/temporary organizations	Lack of trust and social disconnectedness, corrosion of character
Fluctuating demand	Job insecurity

Table2-1 The human problems of PBO: a summary (Bredin and Söderlund, 2011)

As it shows in the table above, employees will suffer from negative stress, imbalanced development, role conflict, job insecurity and many other problems in PBO (Bredin and Söderlund, 2011). The human problems are closely related to employee wellbeing issues (Huemann et al., 2008). The employee wellbeing issues in PBO will be discussed according to employee wellbeing' three dimensions that psychological, physical and social wellbeing (Grant et al., 2007).

We will start with discussing employees' psychological well-being issues in PBO. The psychological wellbeing contains satisfaction, self-respect, personal growth, purpose in life, environmental mastery and autonomy (Keyes et al., 2000; Grant et al., 2007).

Employees work in project-based organizations may run a risk of losing deep and specific techniques, especially in heavyweight work setting or inter-functional work setting (Clark and Wheelwright, 1992). The consequence might be that employees have acquired broad competence but lost technical excellence (Bredin and Söderlund, 2011). In other words, there will be an imbalance of deep and broad knowledge. This imbalance is related to the problem of career development and career plan (Huemann et al., 2007). Bredin and Söderlund (2011) also concluded that there is limited time and opportunity for competence development due to continuous work pressure. Therefore, project-based working might influence personal growth negatively. In addition to that, sometimes employees are not assigned any projects or any training, so they have to be in the situation of “sitting on the bench” (Huemann et al., 2007). It is common sense that almost nobody will be satisfied with “sitting on the bench”. It will influence employees’ job satisfaction. Cooper and Cartwright (1994) identified that career development become one key factor. If employees don’t get career development opportunities, occupational stress and job-dissatisfaction will be increased (Cooper and Cartwright, 1994). Furthermore, when no projects or trainings are assigned to employees, employees will think that they are not involved and it will hurt their self-respect (Cooper and Cartwright, 1994). To sum up, in PBO, there are some issues exist which will decrease psychological well-being of employees.

Then we will discuss physical wellbeing of employee in PBO. According to Danna and Griffin (1999), working setting, personality traits and occupational stress have effects on physical well-being of employees. Due to the temporary and dynamic nature of projects, the human resource configuration of the organization is always changing as well as employees’ responsibility (Huemann et al., 2007). For example, project assignment, job retention, mobility in line and project are very common in PBO (Bredin, 2008). Because of the dynamic, temporary and changeable working environment in PBO, employees might feel uncertainty and risky (Huemann et al., 2008). Employees will feel job insecurity due to fluctuating demand in PBO (Bredin and Söderlund, 2011). The physical dimensions include health care and mobility

(Grant et al., 2007). The temporary feature and fluctuating demand will lead to mobility and job insecurity in PBO (Bredin and Söderlund, 2011), which is related to mobility. Therefore, physical well-being issue (mobility) exists in PBO. Furthermore, especially in the organizations dominated by intra-functional project work, project members stay in the line unit, but they are normally assigned to several parallel projects; their project participation is fragmented in several projects (Bredin and Söderlund, 2011). These parallel multi-assignments might cause role conflicts or work overload that bring stress to new project members (Huemann et al., 2004; Tonnquist, 2008). As a result, new project members will be burned out and suffer from work-life imbalance (Huemann et al., 2004). In addition to that, Packendorff (2002) mentions that due to over-optimistic time and limited resources, there is hardly any time for reflection or a short break between projects. Bredin and Söderlund (2011) concluded that there are negative stress and burnout risks due to deadline and time pressure in PBO. The burn out, lack of break and imbalance work-life is related to health which is a dimension of physical wellbeing. Therefore, we argue there would be serious physical employee wellbeing issues in PBO which needs to be managed.

Last but not least, we will talk about issues of employee's social wellbeing in PBO. Bredin and Söderlund (2011) conclude that employees meet problems like lacking trust or social disconnectedness due to changing teams in project-based organizations. Social wellbeing includes social actualization, social contribution, social coherence and social integration (Keyes et al., 2000; Grant et al., 2007). Hence the social disconnectedness may cause employee social wellbeing issues. Furthermore, Baptiste (2008) found that occupational stress interacting with personality effect employee social wellbeing (Danna and Griffin, 1999). In PBO, especially in the organizations dominated by intra-functional project work, project members stay in the line unit, but they are normally assigned to several parallel projects (Bredin and Söderlund, 2011). These multi-role assignments might cause role conflict and work overload (Huemann et al., 2004) and lead to stress, and deeply influence relationships with other persons in the organization (Danna and Griffin, 1999). In other words, when employees have



big working pressure due to role conflict and work overload, their relationship with colleagues and supervisors will also be influenced. In addition to that, the employment relationship in PBO is complex, employees sometimes will have several project managers, as well as their own line managers; also they will work with members from other functions, as well as with their own functional colleagues; besides that manager in HRM is also one stakeholder whom employees should deal the relationship with (Bredin and Söderlund, 2011). The complex relationships between different stakeholders influence employee social wellbeing directly (Cooper and Cartwright, 1994). Therefore, if the complex relationships in PBO cannot be coordinated properly, employees' social wellbeing will be influenced negatively.

To sum up, a table will be presented. We will conclude what negative consequences will be brought by project-based work when without having good human resource management; also we will point out what employee wellbeing issues are related to those negative consequences.

Work setting	Consequences brought by poor management	Issues of wellbeing
Project-based work settings	<ul style="list-style-type: none"> <li>● Imbalanced competence development</li> <li>● No projects or trainings are assigned (“sitting in the bench”)</li> <li>● Uncertain career development</li> </ul>	Psychological wellbeing <ul style="list-style-type: none"> <li>● Dissatisfaction</li> <li>● Hurt self-respect</li> <li>● Uncertain personal growth</li> </ul>
	<ul style="list-style-type: none"> <li>● Frequent changing of human resource configuration and responsibility</li> <li>● Burning out due to role conflicts and work overload, lack of break and imbalanced life-work</li> </ul>	Physical wellbeing <ul style="list-style-type: none"> <li>● Uncertainty and unsafely</li> <li>● Health issues</li> </ul>
	<ul style="list-style-type: none"> <li>● Complex employment relationship</li> </ul>	Social wellbeing

Table 2-2 Employee wellbeing issues in PBO

**The management of employee wellbeing has several impacts in organizations**

Recent research shows that employee well-being is an important concern for organizations (Grant et al., 2007). Extensive evidence indicates that employee well-being has a significant impacts on the turnover (Page and Vella-Brodrick, 2009), on the performance (Page and Vella-Brodrick, 2009; Wright et al., 2007), and on the indirect costs which related with organizational survival (Danna and Griffin, 1999).

***The link between employee wellbeing and turnover***

Firstly, we argue why employee wellbeing should be an important matter by linking it with turnover. Turnover is an important issue for organizations today, largely because of its significant business costs (Page and Vella-Brodrick, 2009). Cascio (2003) presented that the cost of losing an employee can range between 1.5 and 2.5 times the employee’s annual salary.

As discussed above, in PBO especially the work-setting is inter-functional project work, employees will suffer from the role conflicts which create work pressures will cause job satisfaction, and even in extreme cases will influence physical, psychological wellbeing and lead to job withdraw and turnover (Rau and Hyland, 2002).

***The link between employee wellbeing and performance***

Secondly, we will point the importance of employee wellbeing by linking it with performance. The presumption that happy workers are productive workers has been discussed several decades of organizational psychology research and practice (Staw, 1986). Judge et al., (2001) had conducted a very rigorous analysis on this topic. By their rigorous analysis, they found that the score correlation between job satisfaction and job performance is just 0.30. In other words, if the employee is satisfied with work it does not mean he will have high performance. As a consequence, they suggested that the job satisfaction–job performance relation is moderated by other variables (Figure 2-3).

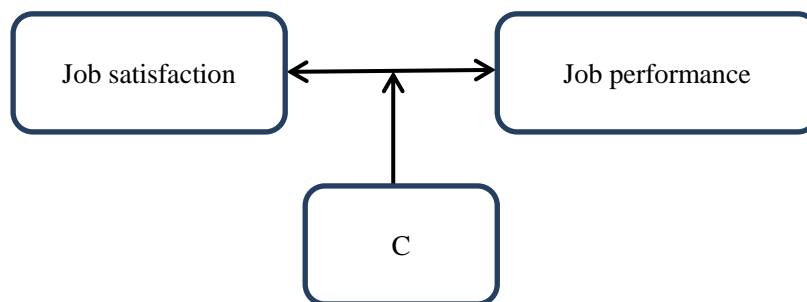


Figure 2-3 Job satisfaction and job performance (Judge et al., 2001)

Wright and Cropanzano (1997) made hypothesis that ‘happiness’ as measured by psychological well-being (PWB) that have relation with performance (Berkman, 1971). Wright et al., (2007) conclude that definitions of PWB/happiness have at least three characteristics. First, happiness is a subjective experience (Cropanzano and Wright, 2001). Second, happiness includes both the relative presence of positive emotions and the relative absence of negative emotions (Diener and Larsen, 1993). Third, happiness refers to one’s life as a whole (Diener et al., 1993). In other words, unlike job satisfaction, PWB is not tied to any particular situation (Wright, 2005).

Wright et al., (2007) made a graph to show the relationship among PWB, job satisfaction and job performances. In Figure 2-4, there is no discernible relationship between job satisfaction and job performance when it is low in PWB. This means that even employees feel most satisfied with their job, if they are low in PWB, their job performance won’t be very high.

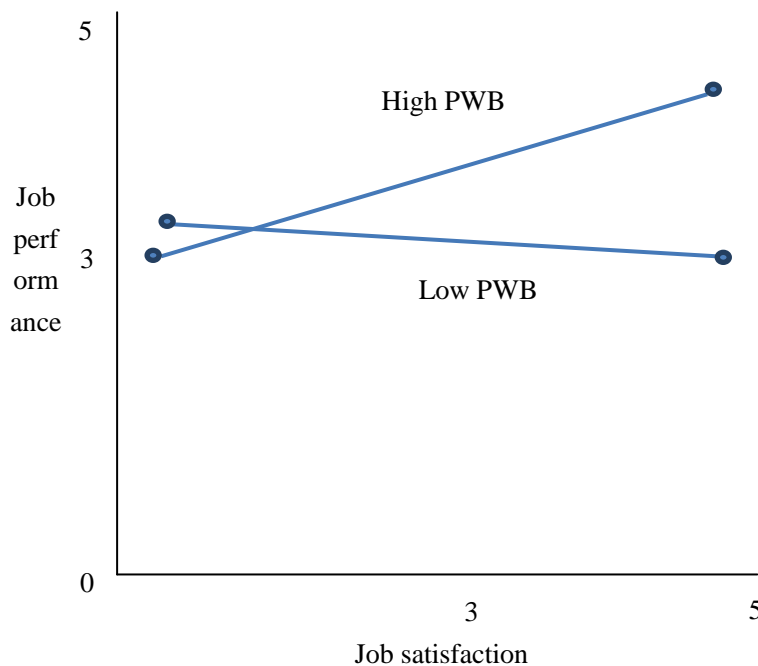


Figure 2-4 Interaction of PWB and job satisfaction in PBO (Wright et al., 2007)

To sum up, evidence is found to support positive correlation between PWB and performance ratings. Wright et al., (2007) tested this this argument in two separate

samples (study 1: n = 47 human service employees; study 2: n = 49 public sector professionals). Results support their assumption and indicates that psychological well-being, rather than job satisfaction, was correlated with job performance in both studies ( $r = .32$  and  $.44$  for studies 1 and 2 respectively), when demographic variables (e.g., age, gender, tenure) were controlled.

### ***The link between Employee wellbeing and indirect costs***

In the sections above, we talked about high level of employee wellbeing will increase job performance, productive and profitability of organizations. In the following part we will talk about what indirect costs will be incurred with low level of employee wellbeing.

Cooper and Cartwright (1994) contended that factors influencing employee wellbeing can have significant financial impact on organizations. According to Karasek and Theorell (1990), the total cost brought by pressure to American organizations is more than 150 US dollar a year. They also point out that costs brought by pressure (both direct and indirect) include absenteeism, reduced productivity, compensation claims, health insurance and direct medical expenses.

A survey conducted by Griffin and Danna (1999) revealed that 88% of respondents report that they have physical and or psychological reactions to their pressure; these reactions are insomnia, headaches, depressions, weight changes and panic attacks. How could such big percentage of people suffer from working pressure? The main source of working pressure is rapidly changing work environment (Griffin and Danna, 1999). As we have discussed before, organizing by projects is to meet the fast changing environment and respond to customers' needs in time. Therefore, working pressure won't be a surprising problem in PBO, such as work overload, role conflict and etc. Hence both direct and indirect cost brought by working pressure could exist in PBO.

## **2.4 Improve employee wellbeing from HRM perspective**

In the former parts, the definition and content of employee wellbeing have been presented, and the importance of caring about employee wellbeing in PBO has been strengthened. In this part, we will conclude some research about HRM policies/practices that can improve employee wellbeing. Baptiste (2008) argue that management relationship behavior in the form of developing trust in employees can promote employee wellbeing. Baptiste (2008) conclude six “high commitment” HRM practices that develop trust in employees: (1) Selection practices and internal promotion, (2) Employee voice, (3) Employee involvement, information sharing, (4) High compensation contingent on performance; (5) Extensive training, learning and development, (6) Greater involvement in decision making and work teams. While promotion (flows), involvement, compensation on performance, training and development are actually four core area of HRM concluded by Bredin and Söderlund (2011). In the following part, theoretical research of improve employee wellbeing from HRM perspective will be introduced according to these four core areas.

### **Flows and employee wellbeing**

Flow is one core area of HRM which include in-and-out flows of human resources across organizational boundaries as well as internal flows (Bredin and Söderlund, 2011). Baptiste (2008) argue that “high commitment” HRM practices that develop trust in employees can enhance employee wellbeing. As one aspect of “high commitment” HRM practice, internal promotion is suggested for improving employee wellbeing.

### **Performance and employee wellbeing**

Bredin and Söderlund (2011) stated that performance as one area of human resource management practices includes “design of work settings that allow for high performance and enhancement of proper and motivating work conditions” (p.60) and

“appraisal, feedback and reward systems” (p.60).

Russell (2008) argued that one way to promote employee well-being in the workplace is to examine how work is designed. Turner et al., (2002) suggested that the work design must be in a way that allows employees to do meaningful work in a healthy way. Working in a healthy way means to care about employees' health situation, which can promote physical wellbeing of employee. Nobody will feel unsatisfied when doing meaningful work. Thus the work design that allows employees to do meaningful work can make sure employees' job satisfaction. Then employees' psychological wellbeing can be promoted because psychological wellbeing includes satisfaction (Keyes et al., 2000; Grant et al., 2007).

Furthermore, Turner et al. (2002) identified that employees should be given autonomy to perform their jobs, and the opportunity for social interaction, which maximizes employee effectiveness and well-being. By giving autonomy can improve psychological wellbeing and by giving opportunity for social interaction can improve psychological wellbeing. The psychological dimension contains autonomy (Keyes et al., 2000; Grant et al., 2007) and the social dimensions comprise social actualization, social contribution, social coherence and social integration (Keyes et al., 2000; Grant et al., 2007).

Bredin and Söderlund (2011) found that performance as one area of human resource management practices also includes “appraisal, feedback and reward systems” (p.60). Baptiste (2008) argued that HRM practices that developing trust in employees can improve employee wellbeing. He concluded high compensation contingent on performance as one of the HRM practices developing trust in employees. This means if employees' performance results in enhanced organizational performance, workers should be appropriately and equitably rewarded for their effort.

### **Involvement and employee wellbeing**

Bredin and Söderlund (2011) summarized the content of involvement are “involvement in decision-making process” (p.60) and “individual influence on work and work condition” (p.60). Macky and Boxall (2008) found a clear relationship between high-involvement work processes and employee job satisfaction. Their study implies that when employees’ experience of knowledge, information, rewards and power increases, they feel more satisfied. Satisfaction is one component of psychological wellbeing (Keyes et al., 2000; Grant et al., 2007). Macky and Boxall (2008) also found that a greater sense of involvement in decision making is associated with less stress and better life-work balance. This means the purpose of life is more than just work. Thus, making employees more involved into work can improve employees’ wellbeing.

Baptiste (2008) concluded employees’ voice, employee involvement and information sharing as well as great involvement in decision making are three aspects of “high commitment” HRM-developing trust in employees. And Baptiste (2008) also found that “high commitment” HRM can improve employee wellbeing. Employees’ voice refers to that workers should have the opportunity to express their opinion openly and independently, in addition to being able to contribute to management decision making on task-related issues (Gould-Williams, 2004). Information sharing and involvement in decision making are not only about ensuring employees to be informed organizational issues; it also conveys a message that they are to be trusted in an open and positive manner (Baptiste, 2008). It means employees are respected in the whole organization and psychological wellbeing can be promoted. The psychological dimension contains self-respect (Keyes et al., 2000; Grant et al., 2007).

### **Development and employee wellbeing**

Bredin and Söderlund (2011) mentioned that development activities aim to give human resources a dimension of long-term competence development and a career plan that is beneficial for both individuals and organizations. Page and Vella-Brodrick



(2009) found that strength-based development can reliably enhance employee well-being. Hodges and Clifton (2004) defined strength as the competence to provide consistent and excellent performance in a given activity. Strengths are developed rather than inborn (Hodges and Clifton, 2004). Hence, employees' competence development can facilitate to enhance employee wellbeing. Several theories support the link between strengths development and well-being. Ryan and Deci (2000) found that strength development may enhance employees' ability to meet their psychological needs, such as competence, autonomy and relatedness. When employees achieve these needs and get higher level of competence, autonomy and relatedness, psychological growth and wellbeing are fulfilled (Ryan and Deci, 2000).

As mentioned above, Baptiste (2008) argued that "high commitment" HRM can improve employee wellbeing, while extensive training, learning and development are one aspect of "high commitment" HRM (developing trust in employees). Bramley (2003) gave explanation about training, learning and development. Employers must make sure that talented employees must remain at the front of their professional expertise. This can be achieved through training so that employees become more effective in their work. Hence, training, learning and development strengthen the importance of developing deep knowledge of employees when employees' wellbeing is aimed to be enhanced.

To sum up, some theories of improving employee wellbeing from HRM perspective are concluded. "High commitment" HRM is found to improve employee wellbeing. The "high commitment" HRM practices include practices in flows, performance, involvement and development, which are four core areas of HRM (Bredin and Söderlund, 2011). As we mentioned before, issues of employee wellbeing do exist in project-based organizations. Employee wellbeing is a neglected but important issue in PBO. Therefore how to solve these employee wellbeing issues and how to improve employee wellbeing in PBO is our main research topic. The theories about how to improve employee wellbeing from HRM perspective will facilitate our research.

## **Chapter 3**

### **3.1 Research type**

Research types are usually separated to qualitative and quantitative research types (Thomas, 2004). Creswell (2007) stated that qualitative research leads human to explore new things that are valuable to analyze by collecting abundant data from interviewing, observation and document. And qualitative research type could start with theory reviewing and find out research problems, then study research problems with interviewing or observing participants who stay in similar situations or experience similar problems (Creswell, 2007). We choose this kind of qualitative research type. And the qualitative research type guides us to explore new research topic.

In chapter 2, we reviewing theories about EW, HRM and PBO, deeply we find out there exist a theory gap that is how to improve EM in PBO through HRM perspective; and the theory gap became our research question. Finally we plan to explore this research question through collect document and interview employees from different firms who work in project-based organization and the firms need to focus on improving EW through HRM practices.

### **3.2 Research strategy**

Yin (2003) mentions that the use of research strategies is based on the following three conditions: one is the form of research questions. Research questions such as how and why questions can be answered by a case study research. Our main research is about how to improve employee wellbeing in PBO which is a how questions. Another condition is that case study analysis does not require control over the investigated behavioral element as for example experiments do. The last condition for use case study as research strategy is that case study focus on investigate complementary phenomenon. As we introduced in the former chapters, the research of project-base

organization especially HR problems is becoming more important. Meeting the three conditions, We choose case study as our research strategy. Thomas (2004) stated “a case-study seeks to examine a single instance of some broader class of phenomena in order to generate a rich and complex understanding of it” (p21). Thomas (2004) mentioned that usually case studies are used for explanatory purpose, which include theory-building and theory-testing. Case study is very useful for producing theory: closely related to real experience (Thomas, 2004). This is the main reason that drives us to choose case study as our research strategy. Our research question is about how to improve EW in PBO from HRM perspective. Furthermore, empirical data shows PBO do have problems in managing employee wellbeing and some choose to leave it alone and others choose to make extra efforts in HRM to manage EW (Huemann et al., 2008). So how to manage employee wellbeing in PBO is a business phenomenon that needs more research and it is an ignored topic. In other words, we need to have a deep investigation about improve employee wellbeing in PBO and figure out some methods. Therefore, case-study strategy can facilitate us to have deep investigation to resolve our research question.

As we mentioned the use of case study above, there are some important requirements needs to be met in order to conduct a good case study. The requirements consist of conceptual requirements and structure requirements (Yin, 2003and Siggelkow 2007). The conceptual requirements are based on validity and reliability. The validity of a case study includes construct validity, internal validity and external validity. According to Yin (2003), construct validity describes the extent of the case gives the support intended interpretation of variables. In order to increase the construct validity, the source of information should be multiple and the draft of case study should be reviewed so that the misunderstanding can be avoided. Internal validity is very important to cases used for answering what and how questions; researchers should make sure there is a certain relationship between two events (Yin, 2003and Siggelkow 2007). External validity describes to which extent the result of the case can be generalized to an entity (Yin, 2003). In order to make sure the external validity of a

case study, theory can be used in the design. Reliability is an internal requirement of a case study; a good documentation of case study research helps to increase the reliability of a case study.

A good case study also asks researchers to meet some structural requirements and Yin, 2003 and Siggelkow 2007) conclude some structural requirements of a good case study. The first one requires that the case should be written in manner that the readers can perceive the importance of the topic. The second requirements is that the case study should be alike a discovery process includes some unexpected insights. The third requirement is about the data: all necessary data should be included in order to achieve validity but the data shouldn't be too much. If the data is huge then the case study would be difficult to read. Therefore how to reach a good balance is important. The last requirement is about the written structure of a case study. A good case study won't let a reader lose interest and quit reading after a few lines. A clear written structure and well written text is a basic requirement of a good case study.

Some requirements for how to conduct a good case study is presented above. We'll keep it in mind when we collect data, analysis case and data as well as presented our case study result. Now we will continue with presenting the unit of analysis of our case study. The unit of case study can be any kind, but in management research they are usually organizations or departments within it (Thomas, 2004). The unit of case study we choose is organizations. In more details, the case study units are two project-based organizations; one is China Telecom and the other is Unilever China.

Many of classical case studies in management are based on one or at most two cases (Thomas, 2004). However, we don't use only single case study because we try to be more comprehensive. One case we choose is China Telecom that is a state-owned organization and the other one is Unilever in China which is a foreign-invested organization. Facing with dynamic changing environment, a new organizational form organized by projects becomes the business trend to response to fast-changing market

(Clark and Wheelwright, 1992). In China, not only foreign-invested organizations tend to organize by projects, state-owned organizations also blend in the trend. Therefore, we choose two firms for researching in order to get sufficient data and solve the research problem.

### 3.3 Data Collection Activities

In research type part, we mention that data collection is an essential part to qualitative research (Creswell, 2007). Case study is an effective approach to collect various data (Creswell, 2007). Deeply, Creswell (2007) summarized seven activities to data collection. Figure 3-1 will be shown to explain the seven activities according to Creswell (2007). And which activity as beginning depends on scholars' decision and all the seven activities might not be involved totally. To our case study, we finished four key activities that are Site/Individual, Access and Rapport, Collecting Data and Recording Information.



Figure 3-1 Data Collection Activities (Creswell, 2007, p.118)

Step 1: Locating Site/Individual - This activity means choose what institutes, process, program or individuals to research. We choose China Telecom and Unilever in China as research unit. China Telecom and Unilever are evaluated as “best employers” of 2011 (CRF, 2011; 2012). And CRF evaluated these participants from HRM perspective. At the same time, through prior interview and collect second hand data, we find out that two firms belong to project-based organizations. We will analyze deeply in chapter 4 to support the conclusion- the two firms belong to project-based organizations. The two PBOs rewarded as “best employers” match our research question – how to improve EW in PBO from HRM perspective.

Step 2: Access and Rapport: This activity means that try to connect some potential participants to support your study. We connect our interviewees through alumni system. And we send email to them, and they pay attention to our research and they want to give help to us.

Step 3: Forms of Data – Creswell (2007) introduced four forms of data that are observations, interview, documents and audiovisual materials. The types of interview includes “e-mail, face-to-face, focus group, online focuses group and telephone interviews” (Creswell, 2007, p.130). Because limited time and national boundaries, we choose interview and documents forms to collect data. Two firms’ official memos are our main documents. Face-to-face and email are our main interview type.

Step 4: Recording Procedures – Creswell (2007) mentioned a predesigned interview protocol is helpful to record data. We will introduce our interviewee, interview and recording method in detail as follow.

The first interviewee is from Beijing subsidiary of China Telecom and work in marketing department for three years. His name is Xiao Li. He has a master degree on Communications Engineering. First year, he worked in Research and Development department of Beijing subsidiary of China Telecom. With the expansion of kinds of

service in China Telecom, he was arranged to marketing department as technology consulting about two years ago. Now he is the manager of digital network service in marketing department. And the second interviewee comes from headquarter of Unilever in China and her name is Elaine Dong. She gained a bachelor degree on Supply Chain Management. She has worked in marketing and sale department for four years. Now she is a marketing assistant.

We made two interviews in Chinese to Xiao Li from China Telecom. The first interview was face-to-face and it is “semi-structure” (Creswell, 2007, p.130). We spent almost one day to interview Xiao Li. We choose take notes record method according to interview proposal that is listed in appendix. And the second one is on-line interview that is unconstructed. The two interviews to Elaine from Unilever in China are hold by on-line interview, and some parts of the interview are according to interview proposal and the others are unconstructed. Online chatting software help us record on-line interview information in Chinese.

### **3.4 Data Analysis**

After data collection, scholars need to analyze these data code to explain research questions (Creswell, 2007). Creswell (2007) summarized six steps about data analysis when scholars choose case study research strategy. First step is “create and organize files for data”; second one is “reading through text, make margin notes, form initial codes” (p.159). We arranged notes during interview and reading official memos. The third step is introducing the case and context. In this step, we introduced the two firms generally as follow. In chapter 4, we finish classify data (the fourth step) referring to our analysis structure and interpret them combining with suited theories (the fifth step); we finish the last step- “present in-depth picture of the case” through discussion in chapter 5.

## **Introduction of China Telecom and Unilever in China**

### **China Telecom**

China Telecom industry develops with enormous changes in recent 20 years. China telecommunication and post were operated together by China government. However, to adapt to economy development and technology improvement, China telecommunication and posts were managed separately in 1997; deeply, China Mobile was peeled off from China telecommunication in 2000.

After the enormous industry changes, China Telecommunications Corporation (China Telecom) were established in 2002, at the same time China Telecom is a huge State-owned telecom operator in China. At the end of 2010, China Telecom had 494 thousands staff members. The company provides several kinds of information service including fixed-line telephone, mobile service, internet connection and application service; China Telecom has subsidiary firms in 31 provinces and branches in Americas, Europe and Mexico. China Telecom Corporation Limited and China Communications Services Corporation Limited as China Telecom holding company were listed on Hong Kong Stock Exchange (China Telecom, 2010).

Beijing subsidiary of China Telecom was established in 2002. The firm supplies kinds of service to government, enterprises, commercial buildings, and residence community in Beijing. The kinds of service include fixed telephone, internet install and other telecommunication service; at the same time, Beijing subsidiary of China Telecom provide some related telecommunicating service to organizations such as business systems integration, information consulting and engineering design.

### **Unilever in China**

Unilever N.V. (NV) is a public limited company registered in the Netherlands. Unilever PLC (PLC) is a public limited company registered in England and Wales. The two parent firms, NV and PLC, together with their group firms, are operated as a single economic entity (the Unilever Group, also referred to as Unilever or the Group



(Annual reports and accounts 2011). Unilever is a company with more than 400 brands focused on health and wellbeing; the portfolio ranges from nutritionally balanced foods to indulgent ice creams, affordable soaps, luxurious shampoos and everyday household care products. Unilever produce world-leading brands including Lipton, Dove, Axe, Hellmann's and Omo, and so on. (Unilever, 2012a). Some key facts will be introduced for better understanding of Unilever. Consumers worldwide buy 170 billion Unilever products each year; the worldwide turnover was €46.5 billion in 2011; its products are sold in more than 190 countries; more than 171,000 people work for it. Unilever has more than 50 years' experience of working in Brazil, India and Indonesia (Unilever, 2012a).

Unilever came to Shanghai of China in 1986. In 2000, Unilever build up the sixth scientific research and development center in Shanghai and this center concentrates on hair, skin and oral care and packaging material. Unilever in China set up its mainland headquarter in Shanghai in 2004. Unilever has invested about \$ 1 billion in China since 1986 and employ 5, 000 employees in China.

China Telecom is a state-owned huge company and Unilever in China is a foreign-invested firm. Wang (2004) observed that commitment between employees and state-owned and foreign-invested firms, and the writer found out that the levels of multidimensional commitment are different between state-owned and foreign-invested companies. So we choose the two different firms to deep investigation.

### **3.5 Reliability and Validity**

Reliability is an important factor to measure the quality of qualitative research type; and validity is used to test the availability of these findings from qualitative research (Creswell, 2007; Patton, 2002). In our thesis, we follow reliability and validity

coherently.

To reliability, we collect reliable first hand data from our own interviews. And second hand data are from firms' official memo and webpage. Deeply, we analyze these reliable data according to the five factors (primary benefits, secondary benefits & working conditions, training and development, career development and culture management) from Corporate Research Foundation (CRF) that is an independent human resource assessment organization in thirteen countries since 1991 (CRF, 2012a).

To validity, these findings from our qualitative research could be used to project-based organizations to improve employee wellbeing from human resource management perspective, as China Telecom and Unilever as our cases are role model with the title of "best employers" (CRF, 2011; 2012) to improve employee physical, psychological and social wellbeing. Moreover, in the next chapter, we find out that China Telecom and Unilever in China work based on projects.

### **3.6 Limitation**

Limitation in our research method exists in selection sample. We summarize three aspects about selection sample.

First, the two firms we chosen are China Telecom and Unilever In China; and they from two different industries. But they cannot stand for other industries. Limited time make us choose the two firms according to CRF (2011; 2012).

Second, the two firms we chosen, China Telecom and Unilever In China, are researched in Chinese market. Especially, we do not research other national markets of Unilever, which is a world-leading international company (Unilever, 2012a). Deeply, Wang (2004) stated that employee wellbeing is influenced by different cultures from

different countries. To some extent, cultural difference becomes a big challenge in our research because of the limitation of selection sample.

The last one is about interviewees from the two firms. We interview one worker from China Telecom and one from Unilever In China, and the two interviewees are all from marketing department. The two interviewees also could not express his or her colleague's viewpoints. However, the two interviewees have cross-department working experiences and they know lots of coworkers from different departments. And we believe in the quality and logic of interviews.

## **Chapter 4**

We choose China Telecom and Unilever as our cases to analyze how project-based organizations improve employee wellbeing by means of human resource management. In the first part, we judge whether or not the two firms are project-based organizations according to eight distinct features of project-based organizations (Bredin and Söderlund, 2011). Next, we analyze how China Telecom and Unilever as best employers (CRF, 2011; 2012) improve employee wellbeing through human resource management practices. Our analysis refers to five aspects, primary benefits, training and development, career development, secondary benefits & working conditions, and company culture (CRF, 2012a).

### **4.1 Organization structure and how project works**

#### **China Telecom**

More and more firms choose project-based organizational structure, reasons are as follow: complex of production and problem solving, technology change (Hobday, 2000; Bredin and Söderlund, 2011) and fast response to market (Hobday, 2000). China Telecom as a member of high-technology industry in China also has to face with production complexity and rapid technology change, which drives China Telecom to reform its organization structure.

We analyze China Telecom through interviewing an employee from marketing department in Beijing subsidiary of China Telecom. The main task of the marketing department is to supply network and fixed-line phone install service according to customers' particular demand. These customers are firm-level (business units), not individuals or families.

The employee gave an example about working structure:

When our marketing department have one project such as install network for a new building,

product research, finance department and engineering construction need to arrange some employees to participate in the project. (Xiao)

Xiao told us the work of marketing department is based on projects and members from different departments work for one project. According to Hobday (2000) and Bredin and Söderlund (2011), they introduced one characteristic to describe this situation as that in China Telecom – project matrix. We will use a figure to show the matrix structure.

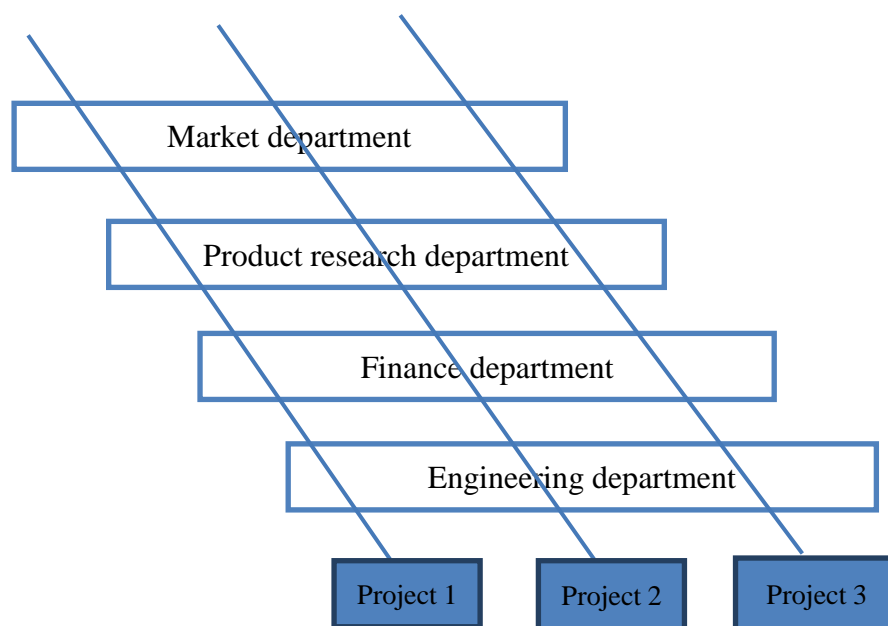


Figure 4-1 Project matrix of Beijing subsidiary of China Telecom

Why Beijing Subsidiary of China Telecom follow the matrix structure? The employee from marketing department told us:

These firm-level customers have different requirements on internet speed, budgets and building structure. (Xiao)

To some extent, these tasks become more complex and customers have more flexible requirements on telecom technology. We can say the marketing department should deal with “fluctuating demand” (Bredin and Söderlund, 2011, p.16). So the marketing

department needs the help from product research department and engineering construction department. The research department with engineering construction department will design particular proposals to satisfy these special requirements from customers. At the same time, because of task complexity and technology uncertainty, how to control costs is more difficult. Finance department are professional on cost control and the department needs to select some employees and take part in these projects. The cross-functional structure helps marketing department finish different projects accurately and on time.

Deeply, the employee explained that project deadline depends on the level of task complexity and some extrinsic factors such as property management, so time and deadlines of project is flexible. Facing with flexible deadline, project members do not have strong time pressure. However, during the process of projects, they have continuous work pressure as they need to negotiate constantly with many outside stakeholders including building developer and property managers.

### **Unilever in China**

There are several normal functional lines in Unilever China, such as research and development (R&D), manufacturing marketing and sales, supply chain management, financial and accounting, human resource management department, Information and technology department and so on. The interviewee told us:

A lot of our daily work is based on projects. These projects need employees from different departments. Of course, we still have work and assignment from our own functional departments.  
(Elaine)

Therefore, we can say that Unilever in China is a matrix organization (Bredin and Söderlund, 2011).

Unilever has six R&D centers worldwide and one is located in Shanghai of China

(Unilever, 2012b). During interview, Elaine explained that new products will be launched from time to time; launching new products can be considered as projects with strict deadline and these project members feel strong time pressure. Usually the new product launching needs innovative design from R&D, marketing proposal from marketing department, supply chain management and technological support from IT department. The project of launching new product needs cross-functional coordination.

Furthermore, Unilever in China promise to provide safety products to customers (Unilever in China, 2011). Launching new product needs kinds of experiments for security guarantees and these experiments sustain for a long time which increases task complexity. Our interviewee complained that:

The projects are usually very complex but we have limited time and resources. The top management insists to cut costs throughout the whole company...Our project work is usually very intensive. (Elaine)

From the interview we know that besides the task complexity, limited time and resources always intense the project work and brings continuous work pressure to employees.

In table 4-1, we choose eight distinct features of project-based organization (Bredin and Söderlund, 2011) to judge whether or not the two firms are project-based organization. Though interview and collect secondhand data, we find out Beijing subsidiary of China Telecom have six features except deadline and time pressure as well as technical uncertainty; Unilever in China have six features except fluctuating demand and technical uncertainty. We can say that the two firms belong to project-based organizations. This conclusion is basic and essential to our following research. In the next part, we will analyze the two firms as project-based organization how to improve employee wellbeing by human resource management practices.

Feature of project-based organization	China Telecom	Unilever in China
Matrix organization	×	×
Cross-functionality	×	×
Deadlines and time pressure		×
Continuous work pressure	×	×
Task complexity	×	×
Technical uncertainty		
Changing teams/temporary organization	×	×
Fluctuating demand	×	

Table 4-1 Define China Telecom and Unilever as PBO (× means have this feature)

## 4.2 Case analysis

Corporate Research Foundation (CRF) as an independent human resource assessment organization evaluates “best employers” in thirteen countries since 1991. The evaluation mythology from human resource dimension contain five factors – primary benefits, secondary benefits & working conditions, training and development, career development and company culture. Next, we will list the detail content of the five factors; deeply we analyze how are the performances of China Telecom and Unilever in these five fields and their influences on employees’ physical, psychological and social wellbeing.

### Content of five factors from CRF (2012a)

**Primary benefits:** Primary benefits are actually monetary benefits.

**Secondary Benefits & Working Conditions:** Non-monetary benefits like leave allowance, flexible working conditions, input channels, innovation, recognition, and the availability of well-being policies.



***Training and Development:*** The availability of function related development initiatives and programs. How the employer helps you grow in your role.

***Career Development:*** Includes long-term career paths development, talent management, succession planning, and performance management.

***Company Culture:*** The combined efforts of the employer to establish a strong company culture, i.e. social and networking opportunities, diversity initiatives, Corporate Social Responsibility programs and employee input.

#### **4.2.1 Primary benefits and employee wellbeing**

CRF (2012a) summarized the content of primary benefits are valued by money. In order to analyze of how primary benefits affect employee wellbeing, we collect some firsthand data about employee salary of China Telecom and Unilever through interview. During the process of interview, the employees from Beijing subsidiary of China Telecom and Unilever China introduced their performance evaluation systems and the relationship between salary and evaluation results in detail. Maslow (1943) put forward a theory of human motivation that is a hierarchy of needs; and physical needs stay at the basic level and supply support to safety, love, esteem and self-actualization needs. Deeply Maslow (1943, 1954) analyzed human motivation from psychological perspective. Primary benefits as the basic motivation method supply a platform to employees and employees could improve physical wellbeing directly with relative sufficient money, deeply improve psychological and social wellbeing.

#### **The frequencies and method of performance evaluation systems**

To Beijing subsidiary of China telecom, they evaluate work performance every month, every quarter and every year. The performance evaluation system is flexible. And employees need to sign in the performance evaluation contract every month, every quarter and every year. If employees disagree with some parts of the performance evaluation contract, they can negotiate with their line managers. Line managers will

change these parts of the contract according to employees' reasonable requirement. The employee in in Beijing subsidiary of China Telecom expresses that:

My college and I are satisfied with the performance evaluation system; and we gain respect through negotiating with line manager directly. (Xiao)

From the interview with Elaine, Unilever China implements 360-degree feedback method to evaluate performance each month. The 360-degree feedback method contains direct feedback from supervisor, subordinate and peers within the same department (Wikipedia, 2012). 360-degree feedback method gives employee more autonomy to take part in the performance evaluation process. And the content of performance evaluation is almost fixed. Satisfaction, autonomy and self-respect belong to psychological wellbeing (Keyes et al., 2000; Grant et al., 2007); to some extent, we can say the different frequencies and methods of performance evaluation in the two firms promote employee psychological wellbeing.

### **The implementation of performance evaluation**

Through the interview, we know that in China Telecom, line manager evaluate these employees performance according to performance evaluation contract, at the same time, line manager need to write another evaluate report about employee's performance; then line manager send these evaluation results to human resource department. Finally, finance department will calculate salary and bonus according to the reports from human resource department.

In Unilever China, line manager evaluates each employee in the department and line manager himself/herself will be evaluated by his/her supervisor; employees in the department evaluate each other and one random employee evaluates the line manager's performance.

The 360-degree feedback method in Unilever China is comprehensive to evaluate employee

performance which made us very satisfied. (Elaine)

In other words, the psychological wellbeing of employee is promoted. The psychological dimensions of wellbeing contain satisfaction, environmental mastery and autonomy (Keyes et al., 2000; Grant et al., 2007).

### **Extra payment for work overtime**

In Beijing subsidiary of China Telecom, the overtime payment is composed by fixed and flexible parts. The flexible part depends on the working results. However, the overtime payment in Unilever is 1.5 times of normal salary each hour, employee in Unilever China cannot work more than two extra hours every day. Furthermore the employees from Beijing subsidiary of China Telecom told us:

The situation of work overtime is very seldom. Line managers will arrange work according to our own schedule if work overtime is needed. (Xiao)

Frequent working overtime may increase physical and psychological pressure; and Danna and Griffin (1999) and Smith et al., (1995) found that working stress influence employees' physical wellbeing negatively. The effective control of work overtime improves employee physical wellbeing.

Besides the extra pay for work over time, China Telecom also provides secondary benefits to employees who work over time. Through the interview with the employee in marketing department, we know that employees who work during weekends have the right to choose one day off during the week days. Xiao told us that:

Our department sometimes needs to support propaganda activities of the projects in weekends. Besides extra payment, we can choose one day off in week days. We can discuss who take which day...we are quite satisfied with this policy because we have our own right to choose which day off and usually our manager will agree. (Xiao)

The psychological dimensions of wellbeing contain satisfaction, environmental mastery and autonomy (Keyes et al., 2000; Grant et al., 2007). We consider this policy can improve psychological wellbeing in China Telecom because employees are more satisfied with it and their autonomy has been raised.

To sum up, we identify that the employees from Beijing subsidiary of China Telecom and Unilever in China are satisfied to their salary and performance evaluation method; Employees in China Telecom have seldom chances to work overtime. Furthermore Employees in these two organizations also get more autonomy in evaluating their performance, it means their right and their voice means a lot to the company. The psychological dimension includes satisfaction, self-respect and autonomy (Keyes et al., 2000; Grant et al., 2007) and the physical dimensions contain health care (Grant et al., 2007). So the psychological and physical employee wellbeing in China Telecom and Unilever are positive.

In the part of firm introduction, the structures of the two firms we researched are cross-functional that is one of characters of project-based organizations (Bredin and Söderlund, 2011). Furthermore, we find the work settings of the two firms are intra-functional that most of project members stay in their line function in the process of project (Bredin and Söderlund, 2011). Because these project members do not leave line function and line managers supervise them directly and constantly, these members do not feel confused to performance evaluation. However, employees from inter-functional work settings usually have questions about performance evaluation because they leave line function during projects and line managers cannot supervise directly (Bredin and Söderlund, 2011).

#### **4.2.2 Secondary benefits and employee wellbeing**

##### **Allowance**

In this part we will summarize what contributions the two organizations have made to

secondary benefits and working conditions. We will also analyze how their contributions improve employee wellbeing. We will start with discussing allowance.

The employee in the marketing department of Beijing subsidiary of China Telecom introduced the allowance program. The allowance program exists in the firm for a long time and nowadays the program develops into mature one. The interviewee introduced their allowance program:

The allowance program contains five parts that are travel subsistence allowance, dietary allowance, subsistence allowance, health care allowance and housing allowance. (Xiao)

And Xiao told us subsistence allowance and housing allowance is a huge part of employee income; and the amount of health care allowance and housing allowance depends on employee's working age. Through interviewing, we find employees in Beijing subsidiary of China Telecom are very satisfied with their allowance. The allowance program supplies adequate support to improve employee physical (health care) and psychological (satisfaction) wellbeing.

### **Working conditions**

Another aspect is about working conditions. Unilever insist creating a safe working environment for employees (Unilever, 2012c). Some training about how to create and make sure a safe working environment are provided. In addition, managers are assigned responsibilities of making sure employees to work in a safe environment. Creating safe working condition is related with employees' physical wellbeing. Through interview, we know that Unilever in China make efforts in creating a relaxing and healthy working conditions besides safe working environment. Sometimes employees will suffer from work pressure because of work overload or role overload, therefore a relaxing room is available. The interviewee introduced the relaxing room to us:

In this relaxing room, facilities such as table football and Wii are provided and we feel more relaxed. Of course, we can meet and talk with colleague from other departments...free coffee, tea and snacks are always available. We are glad and proud that we have this relaxing room in Unilever. (Elaine)

Generally they feel really satisfied with that. We think that the availability of relaxing room can help employees get basic physical support (food and drink) to decrease work pressure, and to have more chances to have social activities. The psychological dimensions contain satisfaction, the physical dimensions contain nourishment and health care, and the social dimensions comprise participating in the community (Keyes et al., 2000; Grant et al., 2007). We can say the existence of relaxing room increases the physical, physiological and social wellbeing of employees.

Through interview, we know that China Telecom has the same idea to create a healthy and relaxing working environment. The company has put a lot of effort in creating a “green office”- put more green plants into the offices. Xiao introduce their “green office” as follows:

Because our company locate in the city center of Beijing and employees have few chances to experience nature. Different of green plants are put into offices and make them full of vitality. We sometimes feel we are working in a garden! Our air condition inside is getting better. (Xiao)

Employees feel more relaxed in the “green office” and really appreciate that. This action shows that China Telecom aim to care about employees’ health working condition and get positive feedback. Furthermore, free drinks are provided according to the season in China Telecom. Xiao mentioned that:

Special cool drinks in summer are provided in summer and warm drinks and dessert are provided in winter. These special seasonal drinks are full of nutrition. (Xiao)

The psychological dimensions contain satisfaction; the physical dimensions contain nourishment and health care (Keyes et al., 2000; Grant et al., 2007). Therefore we conclude that a healthy and relaxing working condition improve physical and physiological wellbeing of employees.

### **Heath care**

The third aspect of their contribution in secondary benefits is about caring employees' health. In PBO, employees might suffer from bad health condition due to time pressure and work pressure (Huemann et al., 2004). Our interviewee from Unilever in China introduced their busy work during intensive projects:

Because of the time pressure, we usually choose to sacrifice our regular break and even meal time, or choose eat fast food in order to finish our work in time. (Elaine)

Skipping break and meal and choosing fast food for meal are kinds of unhealthy behaviors that might result in health issues. Recently, Unilever has started to recognize these issues and make commitment to promote employees health so that they can enjoy healthy life both at work and at home. Unilever has a health and wellbeing program which named "lamplighter". This is an employee health promotion program seeking to assess employee health risks and puts in place intervention programs and systems to help them lower their health risks (Rajgopal, 2011). The components of the program are illustrated.

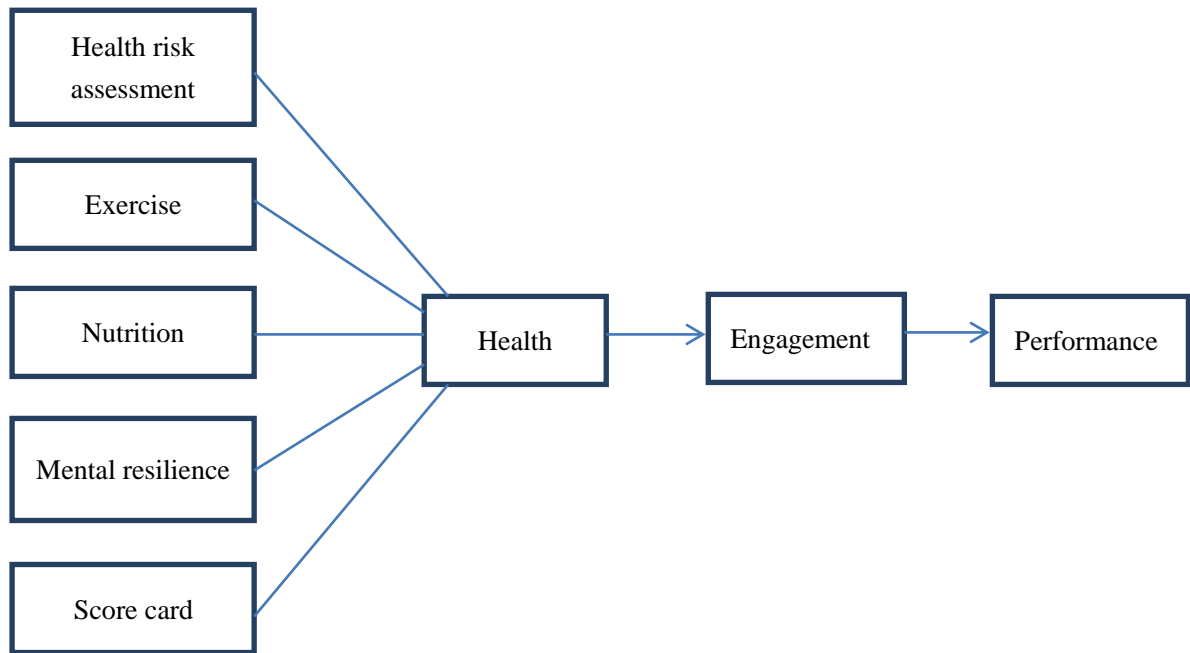


Figure 4-2 “Lamplighter” in Unilever (Rajgopal, 2011)

Through this program, employees are individually coached on their exercise regime, nutrition and mental resilience. There is a check-up every six months so that the progress can be monitored. Worth mentioned, Lunch and Learn sessions are provided to employees facilitated by in-house Unilever nutritionists. The content is focused on encouraging people to take action to improve their health through eating healthy food (Food and Drink Federation, 2004).

Unilever also focus on the mental health of employees.

Through the interview with Unilever China, we know that recently they have conducted an activity to promote mental health both at work and after work. Our interviewee introduced that:

Around six in the afternoon which is the time to end work and go back home, our company will choose some “best hit” songs to play in the broadcast. We feel more energetic and relief. Even it is a hard working day we go back with a positive mood. (Elaine)

China Telecom also insists on protecting the health (physical wellbeing) of employees.



Through the interview, we know that employees can get free physical examination/health examination twice a year. Health examination can be an effective way to find health risks and potential diseases, so that employees can prevent in advance or start to cure in time (baidu baike, 2012). The major contents of the health examination include major organs, blood pressure, cholesterol, mental health test and so on. Male employees and female employees will have reproductive health examinations separately. Usually firms in China provide health examination only once a year. China Telecom chooses to invest more in this field in order to promoting employees' physical wellbeing.

### **Work-life balance**

The last aspect of their contribution in secondary benefits is about promoting work-life balance and encouraging social activities. Through the interview with employee from Unilever in China, we know that employees give positive feedback to team buildings and "family day". Our interviewee introduced their organizational social activities as follows:

After the project is totally finished, our team will have some social activities such as go to a small trip and have a celebration party. (Elaine)

The "family day" activity Unilever arranged is to take family members to headquarter of Unilever China. The purpose of this activity is to let employees' family to know our working environment, know about the company culture, enjoy free products and get professional advices from personal caring. Employees mentioned that they have spare some quality time with family and other employees. They think the firm has shown the respect and care to their family members (Unilever in China, 2008). This activity helps employees to achieve better work-life balance. We can consider that will help to increase the psychological wellbeing of employees because satisfaction, self-respect, purpose in life is the dimensions of psychological wellbeing.

China Telecom also pays great attention on the balance of the employees' work and life. Lots of culture and sport activities are promoted which combine the knowledge and interest of employees. These activities direct the healthy spiritual and culture, and eliminating the tension; more than 400 activities had been organized in 2010 for all kinds of the culture and sport events by all levels of the Labor Union (China Telecom, 2011). These team building activities can help employees to achieve balanced life, strength their body and facilitate their social life. To sum up, these team building activities can improve the psychological, physical and social wellbeing of employees.

#### **4.2.3 Training and career development and employee wellbeing**

According to CRF (2012a), training is about how to help employees to grow in their role. Career development is about long-term career paths, talent management, and succession planning and performance management (CRF, 2012a). The information we collected from interview and official website of Unilever and China Telecom shows that both firms have made efforts in providing training and better career development. As a result, employees are beneficial from those trainings and development plan. Project-based working setting might cause that employees lose the balance of deep and broad knowledge (Clark and Wheelwright, 1992). Both Unilever and China Telecom consider deep knowledge and broad knowledge are equally important. In addition to that, both firms provide some basic competence trainings.

Firstly we will introduce basic trainings. Our interviewee from Unilever in China introduced their basic trainings as follows:

Every Friday afternoon, local employees from different department can take part in English training. Most employees get improved and have better communication with foreign employees and superiors. (Elaine)

The basic training enhances employees' language competence which belongs to personal growth that is one factor of psychological wellbeing (Keyes et al., 2000; Grant et al., 2007). Furthermore, they get better communication with others and achieve better social actualization.

Through the interview with employee from China Telecom, we know that China Telecom will provide specific trainings when firm implement new policies. The purpose of specific training is to get employees involved in the implementation of new policies. In other words, employees contribute to the whole complementation of new policies and achieve better social coherence and integration (Keyes et al., 2000; Grant et al., 2007). To sum up, this basic competence training can improve employees' psychological and social wellbeing of employees.

Unilever consider network is important since networks provide valuable opportunities for employees to interact with experienced colleague in local region and even in other counties (Unilever, 2008). This talent network can facilitate employees to get broad knowledge when doing a project. The interviewee from Unilever in China mentioned that:

Before foreign employees come to China, they can find someone in China to know about how the work is in Unilever China and what the organizational culture in China is (Elaine).

Getting broad knowledge can conduce to personal growth, which is actually to improve the psychological wellbeing because personal growth is one important dimension of psychological wellbeing (Keyes et al., 2000; Grant et al., 2007).

The last aspect is about providing trainings to increase deep knowledge. Through the interview with China Telecom, the company provides training opportunities to the whole functional line. Our interviewee mentioned that:

Regularly, expert in the marketing field will be invited to give lectures to marketing department... through the training we can get clear view about we can achieve in the future...it helps us to tap our technical potential . (Xiao)

Unilever has launched formal mentoring program to tap employees' technical potential (Unilever, 2008). Mentoring relationships provide ongoing feedback and advice on career progression and personal development plans. This program plays a key role in helping individuals achieve their full potential. Employees can have a good example to learn from and they will know what achievement they can make in the further.

#### **4.2.4 Company culture and employee wellbeing**

China Telecom as the huge telecom enterprise and service operator in China contributes to national information industry development, social development and environment protection.

Recent years, China Telecom try to implement "Connecting all the Villages" project, then narrow the digital gap between urban and rural regions (China Telecom, 2011). At the same time China Telecom participate in commonweal activities such as World Expo 2010 Shanghai and the 16th Asian Games in 2010 and provide kinds of service to international visitors. To environment protection, China Telecom chooses the non-noisy, non-electronic radiation, non-polluted fiber cable. When the firm installs cables, they will avoid forestry, natural plants, natural and cultural relics.

My colleague and I are proud as members of China Telecom; we help more and more people enjoy internet connection and more and more children use advanced internet technology and learn knowledge. In other words, we think we could be accepted and respected by public. (Xiao)

Being accepted in public as main context of employee's social wellbeing (Keyes et al., 2000; Grant et al., 2007) are improved in China Telecom.

Furthermore, China Telecom identify that human resource is the most important resource and the firm concentrates on the development of human resource management. China Telecom focuses on taking care of staff and explores their potential. To improve employees' capabilities of all-service operations, China Telecom create new mode of employee training program. The employee we interview introduced some training programs. Beijing subsidiary of China Telecom will hold different training program in different departments every month. For example, when product research department finish to explore a new mobile service system, the members of product research department will cooperate with China Telecom training institute and supply training program for marketing department and other related departments. Deeply, every quarter, Beijing subsidiary of China Telecom will supply training program for employees from all departments.

We can apply special training program according to the suggestions from line managers after performance evaluation each month. (Xiao)

To recruit and retain excellent employees, China Telecom carries out differential salary and incentives mechanism. These policies of human resource management improve employee well-being as we analyze in 4.1, 4.2 and 4.3.

Unilever also concern high ethical standards of people and the environment (Unilever, 2012e). Employees are a strategic priority for Unilever and focusing on employee health and wellbeing reflects that priority. Unilever believe that healthy employees contribute to a healthy company. They encourage employees to engage in healthy activities at work often through office facilities. Information and tools are provided to help employees to make well-informed decisions on a healthy lifestyle (Unilever, 2012d). The healthy company improves employee physical and psychological

wellbeing through creating a healthy working environment. Unilever supplies high-quality and trusted products to customers across the globe and the philosophy is “doing well by doing good”. Unilever is committed to the physical, mental and social wellbeing of its employees (Rajgopal, T., 2011).

## **Chapter 5**

In this chapter, we will give some suggestions about how to improve employee wellbeing. First, in organizational level we suggest that improve employee wellbeing through organizational culture and working environment. Next, we give suggestion about improving employee wellbeing from human resource practice perspective – performance, involvement and development (Bredin and Söderlund, 2011).

Before we suggest what specific HRM practices or policies can improve employee wellbeing in PBO, we will discuss the culture and the working environment can also promote employee wellbeing in PBO.

### **5.1 Improve EW in PBO from organizational culture and working environment**

#### **5.1.1 Organizational culture**

Firstly, we suggest project-based organizations should involve caring about employees into organizational culture in order to improve employee wellbeing. Organizational culture is the specific collection of values and norms; these values and norms are shared by people in an organization and control the way workers interact inside and outside the company (Charles and Gareth, 2008.) If the organizational culture concentrates on employee wellbeing, this value is shared by everyone and controls the way of employees' interaction.

#### **5.1.2 Working environment**

To project-based organizations, creating a healthy and relaxing working environment can facilitate to improve employee wellbeing. As we concluded in Table 2-2, employees in PBO will suffer from bad health condition due to work pressure and

work-life imbalance. Therefore to create a healthy and relaxing working environment will be an effective way in managing employee wellbeing issues. We will suggest some practical activities that can be conducted to improve wellbeing in PBO. These practical activities are some successful practices from China Telecom and Unilever in China.

Creating healthy and relaxing working environment by organizing team buildings is strongly recommended to improve employee wellbeing. Team building activities can be within the project-team or cross different project teams. For example, a celebration party for kicking off or for finishing project will be quite welcome by employees. Some sports activities can also be held cross different teams to training their body and provide chances for better communication and cooperation. These team building activities can help employees to achieve work-life balance-the purpose of life is far more than working; strength their body and increase their social life. Hence, psychological wellbeing (purpose of life), physical wellbeing (health) and social wellbeing can all be enhanced.

Creating healthy relaxing working condition by providing relaxing facilities is also suggested. These relaxing facilities can be really simple board football or dart. The cost is little but the influence is a lot. Employees can relax from intensive working; and can communicate with people from other functions or projects, which bring positive influence on psychological wellbeing and social wellbeing of employees.

To sum up, in order to promote employee wellbeing in PBO, we suggest creating an organizational culture focusing on employee wellbeing and creating a healthy and relaxing working environment by conducting several small activities.



## **5.2 Improve EW in PBO from HRM perspective**

Baptiste (2008) argued that management relationship behavior in the form of developing trust in employees can promote employee wellbeing. He concludes six “high commitment” HRM practices that develop trust in employees: (1) Selection practices and internal promotion, (2) Employee voice, (3) Employee involvement, information sharing, (4) High compensation contingent on performance; (5) Extensive training, learning and development, (6) Greater involvement in decision making and work teams. While promotion (flows), involvement, compensation on performance, training and development are actually four core area of HRM concluded by Bredin and Söderlund (2011). In this section, we will give suggestions about improving employee wellbeing from human resource practice perspective – performance, involvement and development (Bredin and Söderlund, 2011).

### **5.2.1 Performance**

Bredin and Söderlund (2011) stated that performance as one area of human resource management practices includes “design of work settings that allow for high performance and enhancement of proper and motivating work conditions” (p.60) and “appraisal, feedback and reward systems” (p.60).

#### **Design work settings**

First, design of work settings contains physical working factors and administrative policies such as enhancing job-satisfaction (Bredin and Söderlund, 2011).

Danna and Griffin (1999) found that working settings influence physical employee wellbeing. Deeply, they explained that high-risk working situation decreased the level of physical employee wellbeing as this kind of working conditions accompany with disease and high psychological stress. So how to construct healthy physical working

condition in PBO is basic and significant.

Turner et al., (2002) suggested that the work design must be in a way that allows employees to do meaningful work in a healthy way in order to improve employee wellbeing. Working in a healthy way means to care about employees' health situation, which can promote physical wellbeing of employee. Nobody will feel unsatisfied when doing meaningful work. Thus the work design that allows employees to do meaningful work can make sure employees' job satisfaction. Then employees' psychological wellbeing can be promoted because psychological wellbeing includes satisfaction (Keyes et al., 2000; Grant et al., 2007).

Therefore we suggest that: (1) the design of work settings in PBO should ensure that employees working in a healthy way. Both theoretical research and empirical data we collected indicate employees might suffer from bad health situation because of intensive project work, so ensuring the work design won't damage employees' health is vital. (2) The project work assigned to employees must be meaningful and can facilitate the development of employee competence.

### **Appraisal, feedback and reward**

First of all, we suggest that employees should be appropriately and equitably rewarded for their good performance. Baptiste (2008) argued that "high commitment" HRM practices-developing trust in employees-can improve employee wellbeing and high compensation contingent on performance is one aspect of "high commitment" HRM.

Secondly, about appraisal and feedback systems we suggest that employees should get more autonomy. More details about how does it work are discussed as follows. We suggest that autonomic and dynamic appraisal systems should be implemented according to different projects. The content of appraisal systems will change each month according to the process of project. Employees can give feedback to line

manager directly about which part of appraisal system they do not satisfy. Then line manager gives report to human resource department and human resource department will revise appraisal system properly. This system provides more autonomy to employees and show respect to them, which can improve the psychological wellbeing (satisfaction and autonomy) of employee in PBO. Especially in inter-functional project teams, Project-based working structure creates many challenges to appraisal, feedback and reward systems (Bredin, 2008; Bredin and Söderlund, 2011). In inter-functional project structure, employees are normally dedicated to stay with the other team members during the project assignment; project managers have direct supervise relationship with them during projects and line managers pay more attention on human resource arrangement (Bredin and Söderlund, 2011). Therefore we suggest that in inter-functional project-based organizations, project managers should be responsible to appraisal issue and the communication between project managers and line managers must be systematical. Furthermore, employees need to have autonomy on appraisal and feedback system in project-based organization; autonomy let employees feel happier and let employees realize self-respect, finally employees' psychological wellbeing (satisfaction and self-respect) is advanced.

Besides that, we also suggest to implement a 360 degree feedback for evaluation system. These feedbacks contain direct feedback from supervisor, subordinate and peers (Wikipedia, 2012). It means that one's performance is not only evaluated by his/her supervisor, as well as his/her subordinate and peers, which is a more comprehensive and fair way of evaluation. In one word, a 360 degree feedback and a dynamic appraisal system is strongly suggested in improve psychological wellbeing of employees.

To sum up, a high compensation contingent for reward, a dynamic and autonomy appraisal system and 360 degree feedback are suggested for improving employee wellbeing in PBO.

### 5.2.2 Involvement

Macky and Boxall (2008) found a clear relationship between high-involvement work processes and employee job satisfaction. Their study implies that when employees' experience of knowledge, information, rewards and power increases, they feel more satisfied. Satisfaction is one component of psychological wellbeing (Keyes et al., 2000; Grant et al., 2007). Macky and Boxall (2008) also found that a greater sense of involvement in decision making is associated with less stress and better life-work balance. This means the purpose of life is more than just work. Thus, making employees more involved into work can improve employees' wellbeing.

Bredin and Söderlund (2011) summarized the content of involvement that are "involvement in decision-making process" (p.60) and "individual influence on work and work condition" (p.60). Meanwhile, Baptiste (2008) stated that employee involvement is a necessary part of the high-commitment organizations. From human resource management perspective mutual development between employees and organizations is the locus of involvement (Bredin and Söderlund, 2011). Open dialogue between managers and employees as a direct path help employee involve business issues and build trustful relationship between employees and organizations (Marchington and Wilkinson, 2005).

According to our case studies, involvement of employees in decision-making process is accompanied with autonomy. Autonomy is helpful to improve psychological employee wellbeing (Keyes et al., 2000; Grant et al., 2007). Therefore we suggest giving enough autonomy to employees who can be involved in decision-making process in project-based organization. For example, employees should have the rights to have open communication with superiors, such as negotiating with line manager or evaluate supervisors.

Individual influence on work and work condition is debatable in PBO (Bredin and

Söderlund, 2011). The dynamic working environment in project-based organizations brings time pressures to employees; meanwhile, employees must deal with multiple role demands, (Huemann et al., 2007) and cooperate with other project members even from other parallel projects (Bredin and Söderlund, 2011). So they do not have time or power to influence work and work environment especially in inter-functional project work settings. Furthermore, freedom and autonomy become visionary slogan to project management (Hodgson, 2002). Project management lacking freedom and autonomy cannot improve employee wellbeing from psychological point. So in project-based organizations how to control work time is a deserving study. We suggest reasonable schedule must be provided to project members in project-based organization, open dialogue between project members and line managers and project managers about working condition will be an essential component to the schedule.

### **5.2.3 Development**

Page and Vella-Brodrick (2009) find that strength-based development can reliably enhance employee well-being. Hodges and Clifton (2004) defined strength as the competence to provide consistent and excellent performance in a given activity. Strengths are developed rather than inborn (Hodges and Clifton, 2004). Hence, employees' competence development can facilitate to enhance employee wellbeing. Baptiste (2008) "high commitment" HRM-developing trust in employees can improve employee wellbeing, while extensive training, learning and development is one aspect of "high commitment" HRM-developing trust in employees. Bramley (2003) gave explanation about training, learning and development. Employers must make sure that talented employees must remain at the front of their professional expertise.

In this part, we will discuss and suggest what HRM practice or policies in terms of training and development can improve employee wellbeing in PBO. Development as one HRM practice area deals with development of human resource both in individual level and unit/organizational level (Bredin and Söderlund, 2011). Bredin and

Söderlund (2011) concluded that a HRM challenge in PBO in terms of development is the imbalanced deep and broad competence. In the organizations with intra-functional project work, employees develop their competencies together with the functional line. Therefore they will acquire specialist competence but lack of general understanding of other disciplines; in the organizations with inter-functional project work, employees will develop skills for dealing with changing team affiliation and acquire more broad knowledge about other functions (Bredin and Söderlund, 2011). It will influence personal growth in a negative way which damages the psychological wellbeing (personal growth) of employee.

In order to promote employee wellbeing in PBO, some suggestions in terms of personnel development will be raised. The suggestions can be classified into three aspects: basic competence development, deep competence development and broad competence development.

The empirical data we collected shows that basic competence development is very important. Good communication, understanding and cooperation in projects cannot be separated from better language skill and software operating skills (operational software such as Excel, PowerPoint). Therefore we suggest conducting basic trainings through the whole organization. This training could include business English, Microsoft office. The training should not be intensive. For example, basic training can be provided every Friday afternoon which usually is not a busy period. The teacher can be colleague who is good at this field. By doing this, employees who lack of good language ability or Microsoft ability can increase their competence; furthermore, they will become more confident in communicating with other project members because they can express themselves better and others can easily understand them. Their psychological wellbeing (personal growth, self-respect) and social wellbeing can be improved eventually.

About developing employees' deep competence in order to improve employee

wellbeing, we suggest to build a mentor relationship. In intra-functional project work, the mentoring is a natural part of the work in the line units; in inter-functional project work, learning from experienced colleagues in the line unit is much more difficult, therefore the support from experienced colleagues becomes important, especially to new employees (Bredin and Söderlund, 2011). Hence, building a “mentor relationship” is quite important in PBO. From the mentoring relationship, ongoing feedback and advice on career progression and personal development plans are provided to less-experienced employees. Employees can know what they can achieve in the future and their potential can be totally tapped out. The deep competence development is related to personal growth. Hence we suggest to building “mentor relationship” to increase employee psychological wellbeing.

We have a specific suggestion of enhancing employees’ broad competence in order to promote employee wellbeing in PBO. We suggest creating a “talent network”. The “talent network” can be a system or an inside website which contains comprehensive information of the talents. The information need to include the working field of employees, what projects they have taken part in and their basic information. This network can provide valuable opportunities to interact with experience colleague in local region and people in other counties. Therefore it can facilitate to improve employees’ broad knowledge and to have a broad social network. Therefore employees achieved personal growth and social actualization. This suggestion hence can promote psychological wellbeing (personal growth) and social wellbeing (social actualization) (Keyes et al., 2000; Grant et al., 2007).

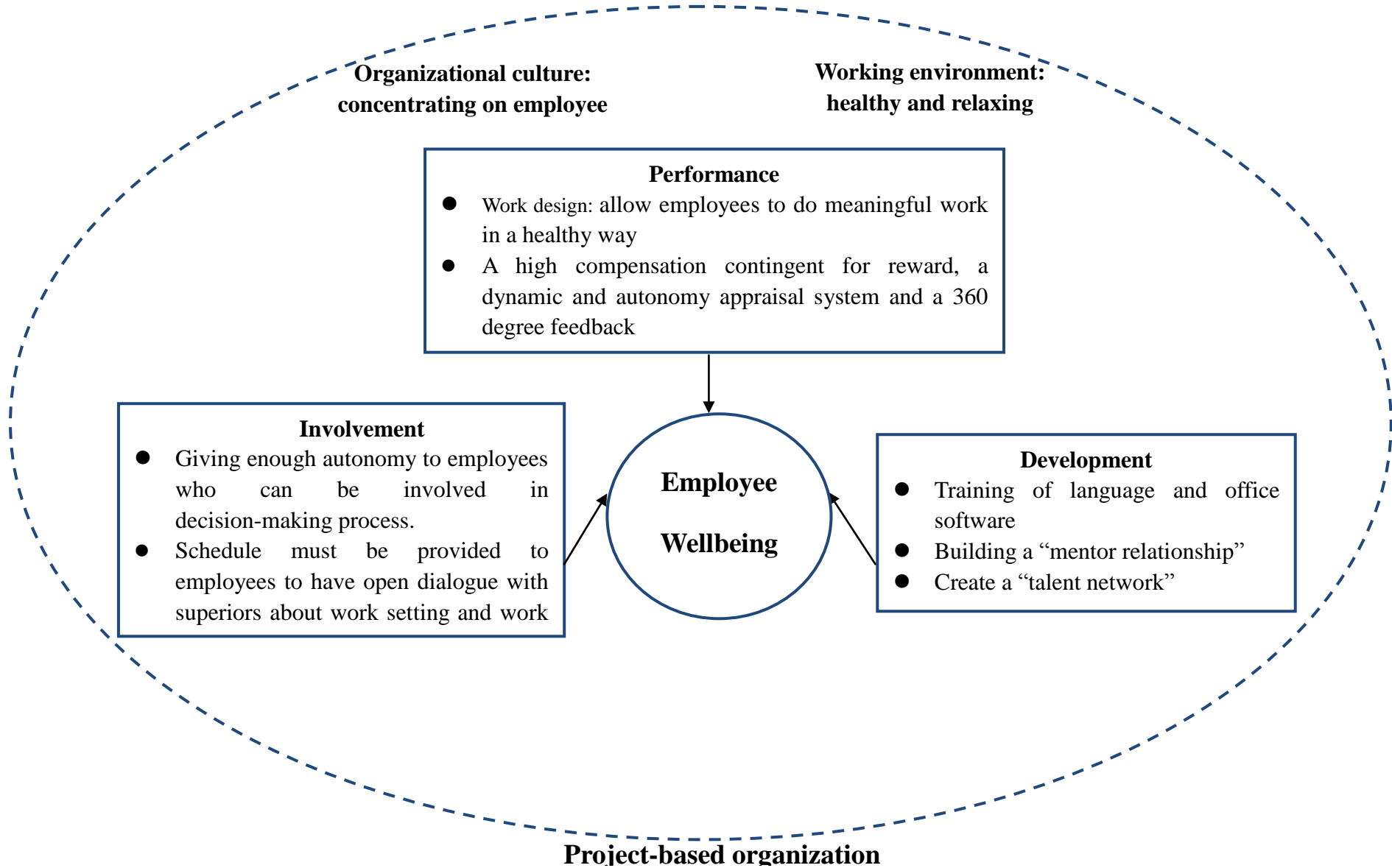


Figure 5-1 Improve EW in PBO from HRM perspective



## Chapter 6

### 6.1 Conclusion and implication

The aim of our thesis is to fulfill a theory gap in the research area of HRM in project-based organizations. There are growing interests in the maturity of project-based organizations (Project Management Institute, 2003), but little research has been conducted from employees perspective (Huemann et al., 2007). By reviewing literatures of employee wellbeing and project-based organization, the importance of managing employee wellbeing in PBO is addressed. The main research purpose of this paper is to give suggestions about how to improve employee wellbeing in PBO from HRM perspective. The suggestions raised by us are based on our case studies as well as literature research of employee wellbeing. Specifically, our suggestion is based on three core HRM aspects: performance, involvement and development (Bredin and Söderlund, 2011). We argue that these suggestions can lead to improve employees' psychological wellbeing (satisfaction, self-respect, personal growth, purpose in life, and autonomy), physical wellbeing (nourishment, health care, and mobility) and social wellbeing (participating in the community, being accepted in public, social actualization, social contribution, social coherence and social integration) in the context of project-based organizations.

The suggestions of how to improve employee wellbeing in PBO from HRM perspective are concluded as follows:

The first aspect of our suggestion is from performance perspective. We suggest that the work design in PBO should allow employees to do meaningful work in a healthy way. It will be an effective way for improving employees' physical wellbeing (health) as well as psychological wellbeing (satisfaction, purpose in life). In addition to that, a high compensation contingent for reward, a dynamic and autonomy appraisal system and a 360 degree feedback are strongly recommended. We argue that this reward, appraisal and feedback system can improve psychological wellbeing (autonomy,

satisfaction and self-respect).

The second aspect of our suggestions is from involvement perspective. We suggest giving enough autonomy to employees who can be involved in decision-making process. We also recommend making schedule for employees to have open dialogue with superiors about work setting and work conditions, which can improve employee wellbeing. This can improve employees' wellbeing from psychological wellbeing.

The third aspect of our suggestion from HRM perspective is about development. We argue that not only deep and broad competence developments are important, basic competence development also plays an important role in improving employee wellbeing in PBO. We suggest to providing basic trainings of language and office software, which can improve employees competence and communication skills. Therefore employees' psychological wellbeing (personal growth and self-respect) and social wellbeing are improved. In terms of deep competence development, we suggest building a mentor relationship so that employees' potential can be tapped out and get clear vision of career path. About broad competence development, we suggest creating a talent network. Those suggestions can not only improve employees' psychological wellbeing (personal growth, satisfaction), but also employees' social wellbeing.

## **Implications**

Our research result can be used both for theoretical and practical purpose. Since there isn't much research has conducted about improving employee in the context of project-based organizations. Our research has provided a theoretical frame of how to improve employee wellbeing in PBO from HRM perspective. It can be implicated in the research area of PBO and employee wellbeing.

About the practical implications, the suggestions we have raised are can be used in the administration in PBO. Our suggestions concern improving employee wellbeing from HRM perspective, which include three main aspects: involvement, performance and development. Furthermore, our research results can help project-based organizations to achieve better management in employee wellbeing.

## **6.2 Drawback and further research**

We choose qualitative research type through case study with interviews. And we collect and sort lots of qualitative data. On the other hand, we do not gain many quantitative data to support our research. Moreover, the two interviewees are all from marketing department and to some extent, they cannot stand for most employees' viewpoints about whether or not and how much human resource management improve employees' wellbeing. At the same time, the number of interviewees should be abundant to qualitative research.

Some scholars found that employee wellbeing has several and great impacts on organization performance (Page and Vella-Brodrick, 2009; Wright et al., 2007; Keyes et al., 2000; Danna and Griffin, 1999). In our thesis, we do not research how employee wellbeing will influence organization performance, productivity and profits.

In future, the combination of qualitative and quantitative research types should be carried out to research the relationship between high-level employee wellbeing and performance of project-based organization; furthermore, figure out practicable methods in detail to improve performance of project-based organization with high-level employee wellbeing.

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## **Appendix**

### Interview Protocol

Interview protocol Project: Improve employee wellbeing in project-based organization from human resource management perspective

Date:

Place:

Interviewer:

Interviewee:

Position of interviewee:

Nowadays, project-based organizations become main trend and this trend bring brings some negative effects to employee wellbeing. Employee well-being is the state of happiness, physical and mental health of workers. We want to figure out some human resource practices from performance, involvement and development dimensions to improve employee wellbeing in project-based organizations.

1. What's the basic structure of organization?
2. Does the organization tend to operate based on projects? If yes, please introduce in details. Such as set an example.
3. Why does the organization prefer to organize projects? We know you are from marketing department, whether organizing by projects can meet the fluctuated demand of customers in time? Please give us more information or an example.
4. Do you usually work with project members during project assignment and only focus on one project? Or do you stay in your marketing department during the project?
5. By reading official memos of your organization, we find that your organizational culture regards employees as strategic priority and concentrate on employee

wellbeing. Do you feel the culture of caring employees guide daily operations? Set an example please.

In the following interview, we will ask some specific questions about improve employee wellbeing. Our questions are based three aspects: (1) primary benefits, (2) Secondary benefits and working conditions (3) training and career development.

6. (1) Primary benefits are actually about money (salary). Introduce the components of your salary. Does your salary relate to your performance? If so, please introduce how does it work?  
(2) Do you have overwork frequently? During the overwork time, how is the extra payment calculated?
7. (1) Will you get extra secondary benefits besides your monthly salary, such as allowance?  
(2) Do you have any safety risks in your working environment? Besides the safety factor, does your organization create healthy and relaxing working condition? Set some examples.  
(3) Do you suffer from imbalanced life and work due to working pressure and overwork brought by project-based work settings? Does your organization put extra efforts to balance your personal life and work?
8. (1) Do your organizations provide regular trainings? What kind of trainings are they and how often are they?  
(2) Do you consider the projects you have taken part in are consistent with your career development?